

Monthly Status Report – Enterprise Compliance Activity

April 2021

To Be Presented
Risk and Audit Committee
September 2021

Purpose

Provide the Risk and Audit Committee with compliance monitoring and oversight analytics to aid in fulfilling their role in overseeing key compliance and ethics activities.

Executive Summary

This report provides activity regarding four components of the Enterprise Compliance program for the month of April 2021. Those components are Form 700 filings, Personal Trading Monitoring, Ethics Helpline Complaints, and Mandatory Training completion rates.

- Of all the Board and Employee Form 700 filers, 99% were filed timely; one was outstanding.
- Of all the Consultant Form 700 filers, 100% were filed timely.
- There were no Personal Trading violations for the month.
- There were 24 ethics complaints received in the month.
- Of the Mandatory Employee Trainings, 98% were completed on time.

Additional details relating to these compliance activities can be found in pages five through seventeen.

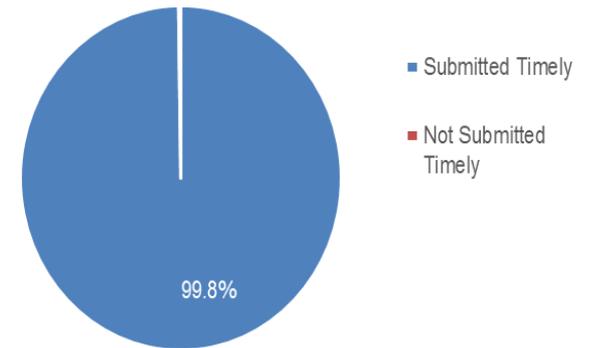
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Board & Employee Form 700 Filings

April 2021 Statements Due (Board & Employee)				
Statement Type	Submitted Timely	Submitted Late	Outstanding	Total Due
Annual	887	–	–	887
Assuming Office	6	1	–	7
Leaving Office	5	–	1	6
Grand Total	898	1	1	900

Percent Submitted Timely
April 2021



Observations:

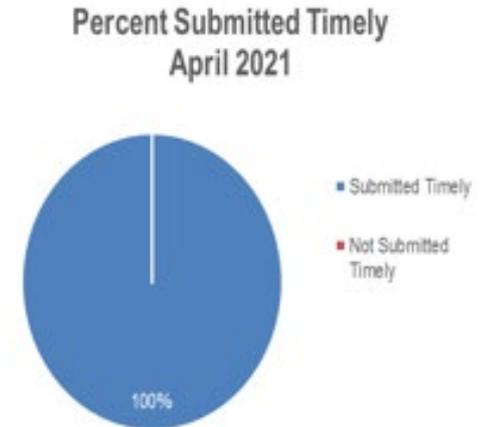
- Of the total filings due in April 2021, 99.8% (898 of 900) were filed timely.

Notes:

- As of August 24, there were no outstanding Board & Employee Form 700 Filings for the reporting period.
- See Appendix for related details and definitions

Consultant Form 700 Filings

April 2021 Statements Due (Consultant)				
Statement Type	Submitted Timely	Submitted Late	Outstanding	Total Due
Annual	149	–	–	149
Assuming Office	14	–	–	14
Leaving Office	8	–	–	8
Grand Total	171	–	–	171

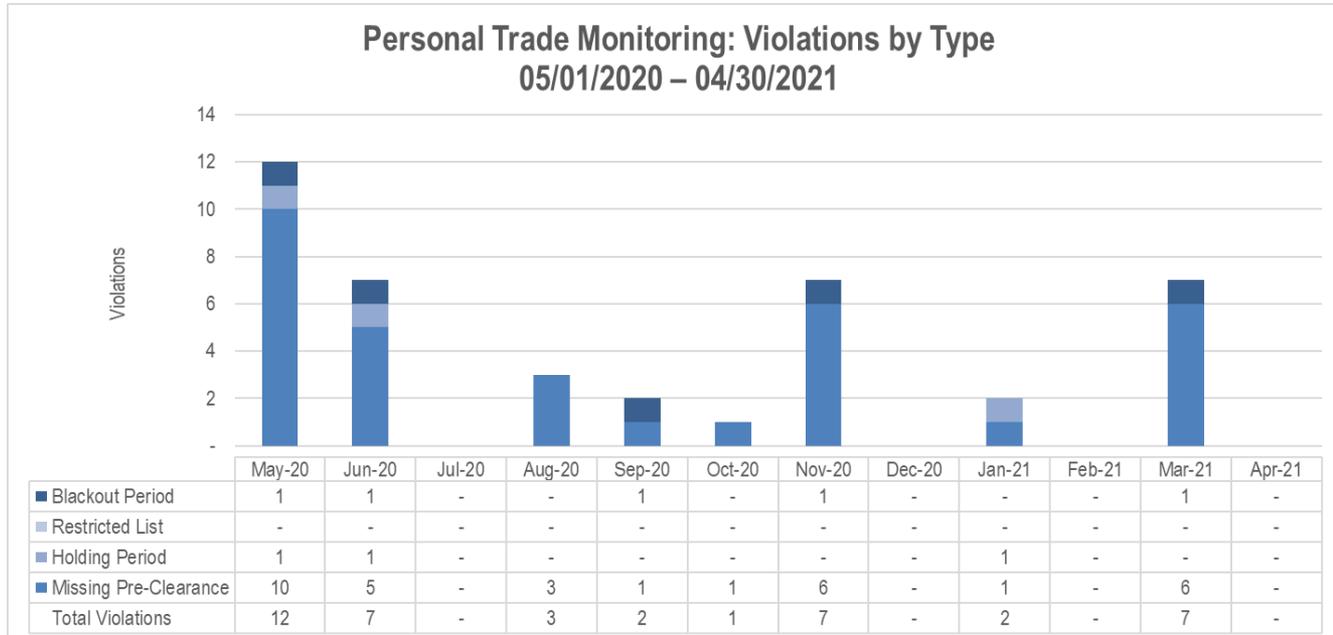


Observations:

- Of the total filings due in April 2021, 100% (171 Of 171) were filed timely.

Note: See Appendix for related details and definitions.

Personal Trade Monitoring: Violations



Observations:

- There were no personal trading violations during April 2021.

Notes:

- See Appendix for definitions.
- Multiple violations can be triggered by a single Covered Person at one time..

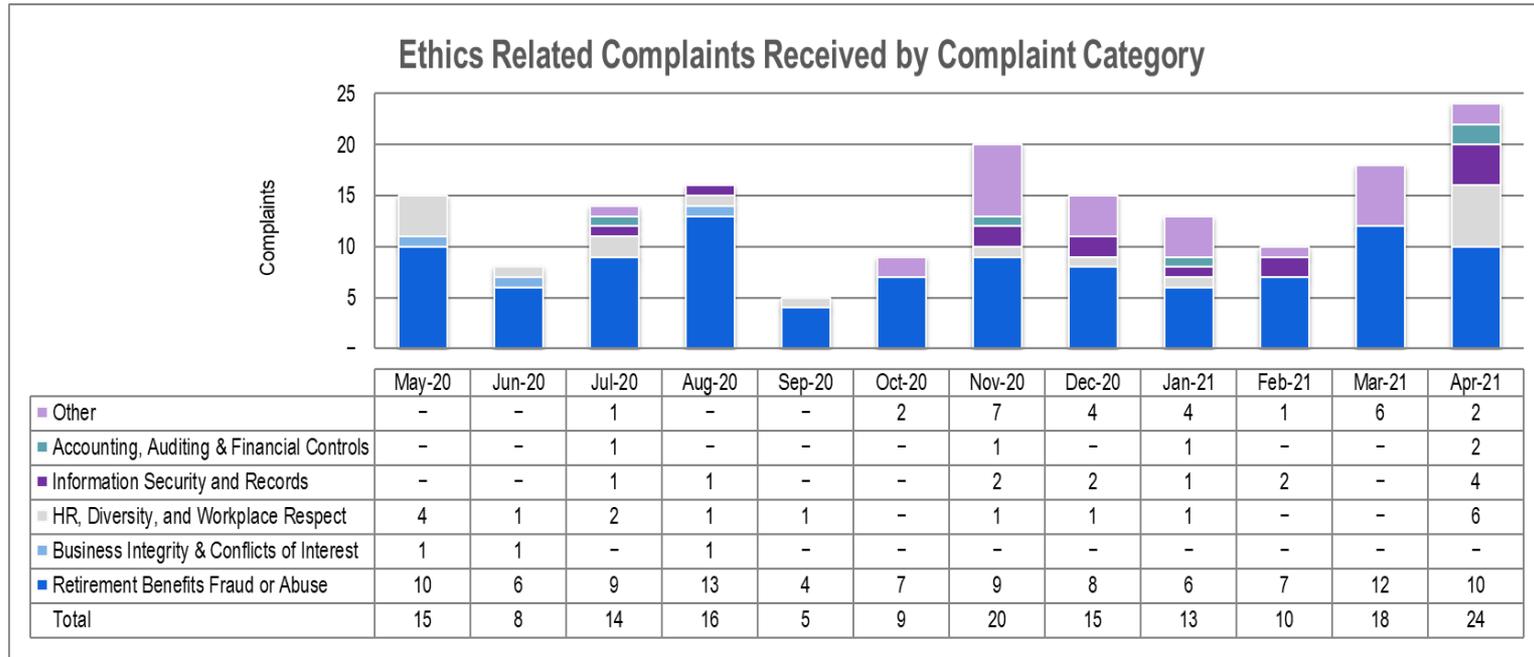
Personal Trade Monitoring: Personal Trading Regulation Affirmations

Personal Trading Affirmation / Attestation Filing Report April 2021				
Affirmation Type	Total Due	Submitted Timely	Submitted Late	Outstanding
Initial Personal Trading Affirmations	1	1	-	-
Total	1	1	-	-

Observations:

- One Initial Personal Trading Affirmation was due during the month of April 2021; it was submitted on time.

Ethics Helpline: Complaints Received



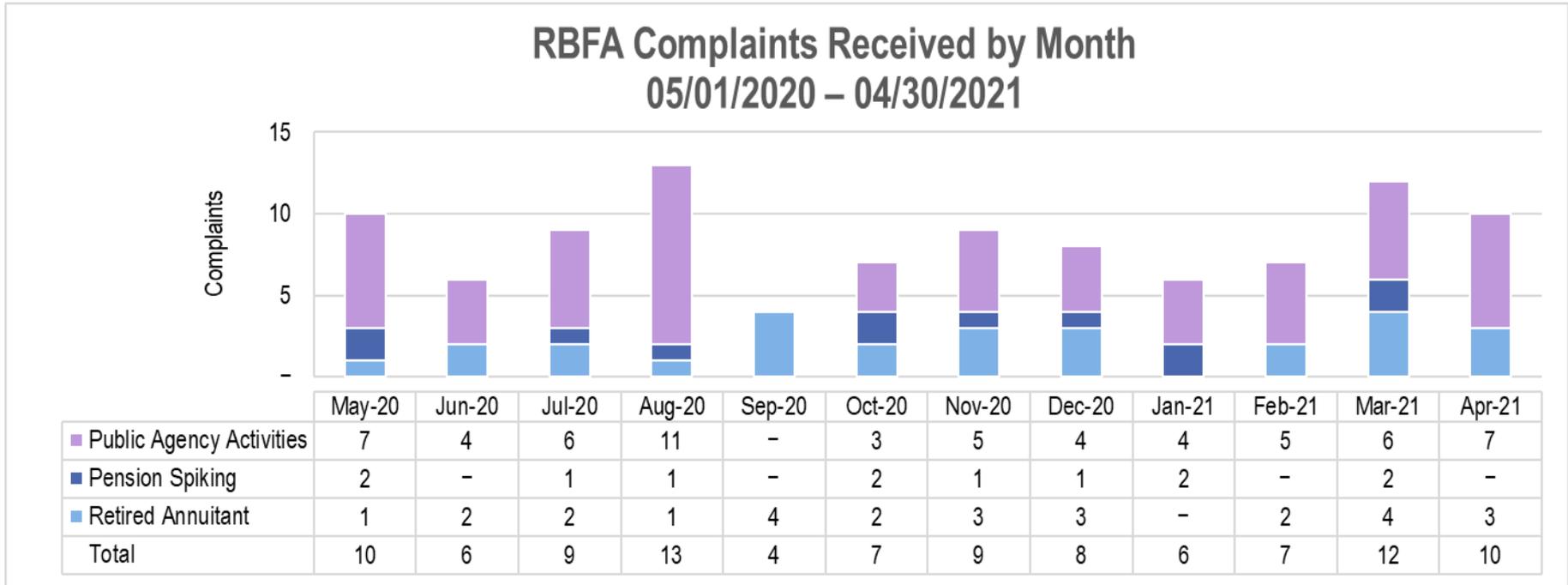
Observations:

- In April 2021, the number of complaints increased by 6 (18 to 24) compared to the prior month.
- Of the 24 ethics related complaints received in April, 42% (10 of 24) fell under the Retirement Benefits Fraud or Abuse category.

Notes:

- Two non-ethics related complaints received during the reporting period are not represented in the above graph, since they are not ethics related.
- See Appendix for category descriptions.

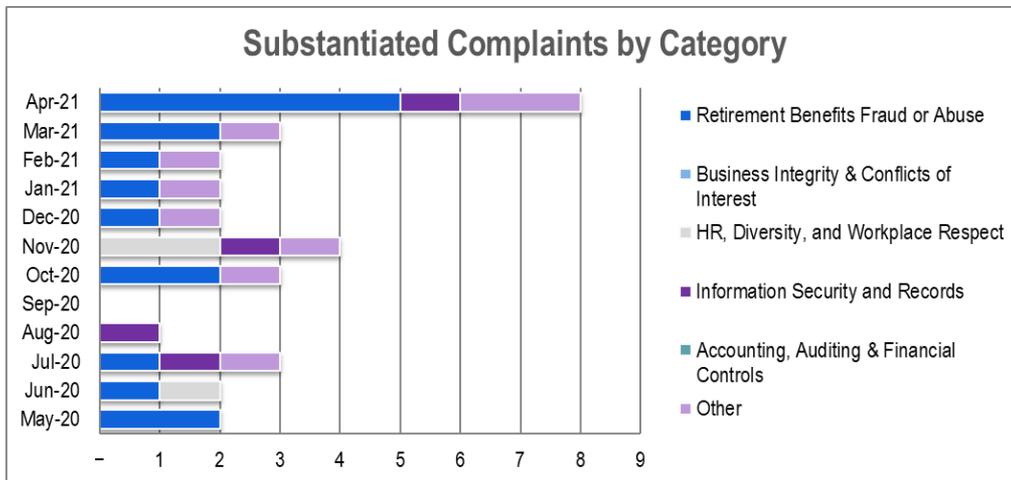
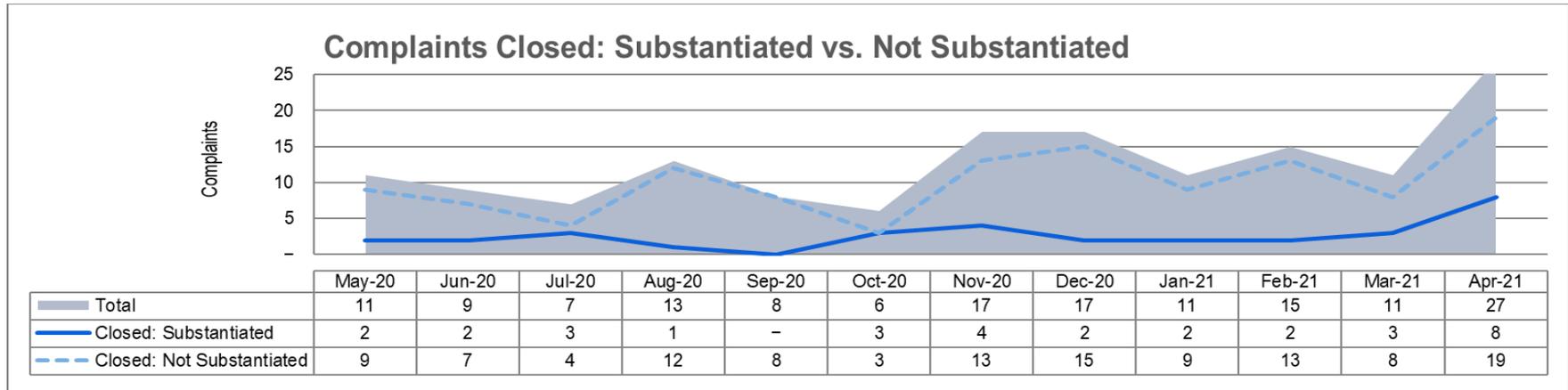
Ethics Helpline Retirement Benefit Fraud or Abuse (RBFA) 1-Year Trend



Observation:

- The Public Agency Activities subcategory accounted for 70% (7 of 10) of the RBFA complaints received in April 2021.

Ethics Helpline: Complaints Closed



Observation:

- During the month of April, 70% (19 of 27) of closed complaints were not substantiated.

Notes:

- “Not substantiated” includes complaints that were closed as unsubstantiated, inconclusive, or for insufficient information.
- See Pages Appendix for complaint category definitions and case status definitions.

Ethics Helpline Summary of Closed Substantiated Complaints

Closed Substantiated Complaints 4/1/2021 – 4/30/2021

Case Number	Issue Type	Allegation	Finding	Action Taken
2021-1230	Information Security & Records	The reporting party alleges CalPERS disclosed medical information about reporter.	4/29/21, Investigation completed; no HIPAA violation.	Closed: 04/29/2021
2021-1226	Other	The reporting party alleges that their prescription provider is unresponsive and acting unethically.	4/7/21, OptumRx was not responding because their employee is on leave. The employee covering has confirmed that they contacted the reporter and left contact information for the member.	Closed: 04/13/2021
2021-1224	Other	The reporting party alleges her husband is not receiving benefits he is entitled to.	4/1/21, The spouse was deleted due to not receiving the required documentation for dependent eligibility verification. Spouse has now been reinstated with no lapse in coverage.	Closed: 04/01/2021

Ethics Helpline Summary of Closed Substantiated Complaints

Closed Substantiated Complaints 4/1/2021 – 4/30/2021

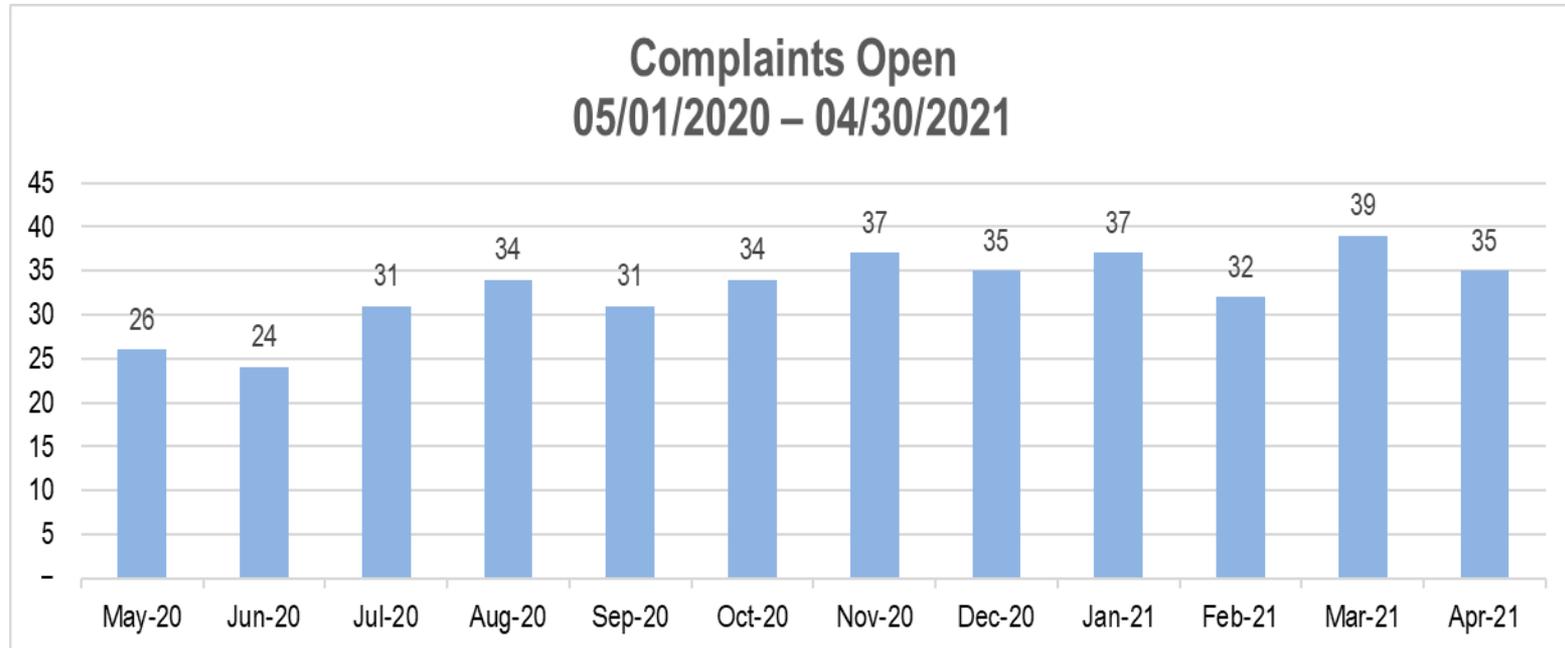
Case Number	Issue Type	Allegation	Finding	Action Taken
2021-1221	Retirement Benefits Fraud or Abuse	The reporting party alleges a CalPERS retiree is working in violation of post retirement laws.	4/27/21, Case has already been addressed in a previous complaint. Retiree was issued a final determination letter on 2/12/21. Retiree has since appealed.	Closed: 04/27/2021
2021-1215a 2021-1215b	Retirement Benefits Fraud or Abuse	The reporting party alleges an employer is hiring a consultant to avoid paying CalPERS.	4/27/21, CalPERS reported: Employee is working OT in position while working full-time with another PERS agency. Instructed the employer to enroll the member and report payroll as non-contributory.	Closed: 04/27/2021
2020-1111b	Retirement Benefits Fraud or Abuse	The reporting party alleges a CalPERS employee is stealing money from a retiree's account.	4/26/21, Legal action taken to recover stolen assets.	Closed: 04/26/2021

Ethics Helpline Summary of Closed Substantiated Complaints

Closed Substantiated Complaints 4/1/2021 – 4/30/2021

Case Number	Issue Type	Allegation	Finding	Action Taken
2020-1100	Retirement Benefits Fraud or Abuse	The reporting party alleges a retiree with a disability retirement is working again.	4/7/21, Member was collecting IDR while also working as a police officer. Reinstatement letter sent out with the effective date of 04/22/2021.	Closed: 04/7/2021

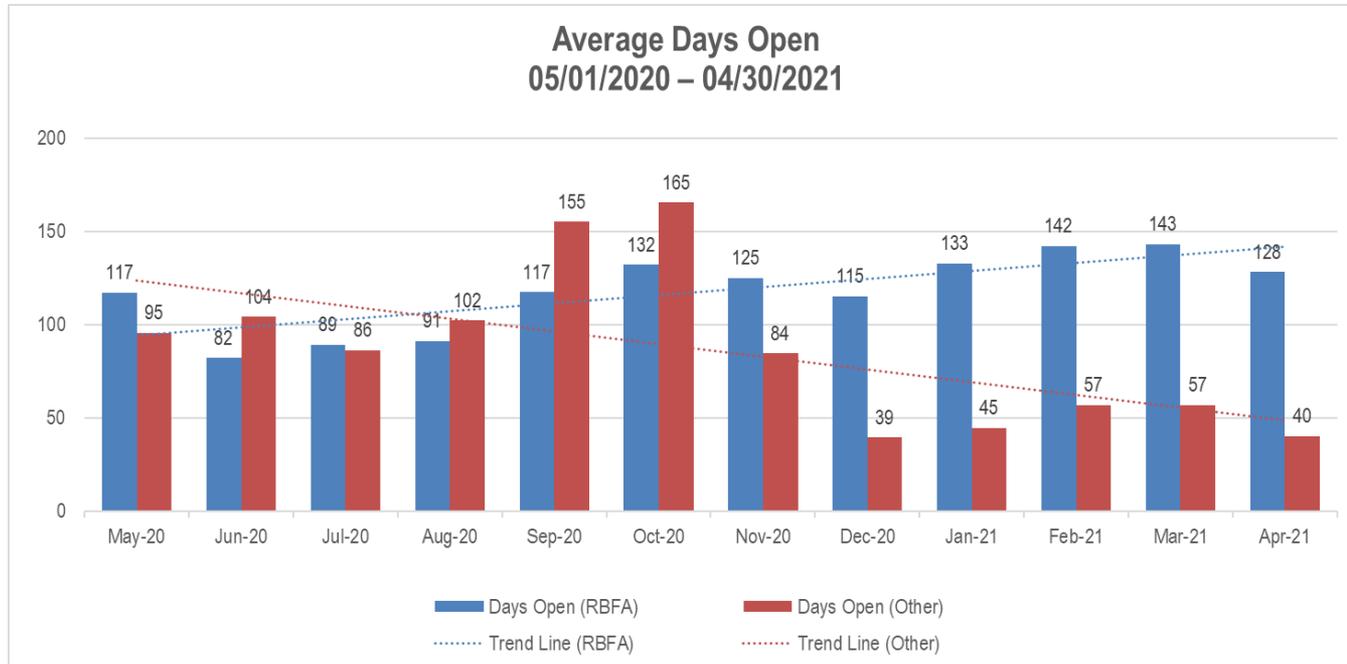
Ethics Helpline: Complaints Open



Observation:

- There were 35 open complaints as of 04/30/2021.

Ethics Helpline: Average Days Open



Observation:

- As of 04/30/21, Retirement Benefit Fraud or Abuse (RBFA) complaints were open for an average of 128 days, while all other complaints were open for an average of 40 days.

Note: Retirement Benefits Fraud or Abuse complaints often require research by external agencies, resulting in closure times greater than 30 days.

Training Compliance: Employee Mandatory Training

New Employee Mandated Training – Due April 2021			
Training Type	Completed	Outstanding	Completion Rate
Acceptable Use Policy	11	0	100%
CalPERS Personal Trading Regulations	1	0	100%
Gift Policy Attestation for New Filers	4	0	100%
Harassment Prevention for Team Leaders	2	0	100%
Harassment Prevention for Team Members	10	0	100%
Health Insurance Portability and Accountability Act (HIPAA)	8	1	89%
ISOF Cybersecurity	11	0	100%
ISOF Privacy Training	11	0	100%
Tools for an Ethical Workplace	10	1	91%
Workplace Violence Prevention Training	11	0	100%
AG Ethics	7	0	100%
Total	86	2	98%

Observation:

- Employees completed 98% (86 of 88) of assigned mandatory training courses due April 2021.

Notes:

- *Mandatory training is due within 60 days of a new employee’s start date.*
- *Annual enterprise-wide mandatory training due December 31 is reported separately.*
- *Completion rates are calculated based on all active team members required to take each mandatory training. Team members on an official leave of absence and retired team members who have separated are not included in the calculation.*
- *As of August 24, there were no outstanding Employee Mandatory Trainings for the reporting period.*

Appendix - Additional Information

- Form 700 Statement Definitions
- Personal Trading Violation Type Definitions
- Ethics Helpline Complaint Category Definitions
- Ethics Helpline Case Status Definitions
- Ethics Helpline Summary of Closed Substantiated Complaints

Form 700 Statement Definitions

Statement Type

Annual: Form 700 statement that is due on May 1st (or the following Monday if May 1st falls on a weekend).

Assuming Office: Form 700 statement that is due within 30 days of assuming office.

Leaving Office: Form 700 statement that is due within 30 days of leaving office.

Statement Status

Submitted Timely: Form 700 statements submitted within the due date.

Submitted Late: Form 700 statements submitted after the due date.

Outstanding: Unsubmitted Form 700 statements after the due date has passed.

Referred: Unsubmitted Form 700 referred to Fair Political Practices Commission (FPPC) for enforcement.

Note: See Pages 3-6 for details.

Personal Trading Violation Type Definitions

Blackout Period: Covered Persons are prohibited from buying, selling or transferring Covered Securities during the Blackout Period, which is the three (3) day period of time that commences one market day before and ends one market day after a transaction in Covered Securities by CalPERS.

Holding Period: The 30-calendar-day period between the acquisition and sale, and the 30-calendar-day period between sale and re-acquisition, of a Covered Security.

Missing Pre-Clearance: Covered Persons are required to obtain pre-clearance approval before the purchase, sale or transfer of Covered Securities is executed in a Covered Account, unless the transaction is exempt from the requirement of pre-clearance.

Restricted List: A Restricted List means the list of Covered Securities that identifies companies that CalPERS Employees and/or Board Members have information that may be material non-public.

Note: See Pages 8 and 9 for details.

Ethics Helpline Complaint Category Definitions

All Ethics Helpline complaints now fall under one of the following six issue types. These categories were developed with CalPERS’ priorities in mind and to bring our reporting processes in line with established industry standards.

Complaint Categories	Examples of Violations
Accounting, Auditing & Financial Controls	Accounting & Auditing Matters; Compliance with Laws & Regulations; Document Creation & Retention; Fraud (Non-retirement benefits related); Override of Internal Controls; Securities Valuation; Tax Issues
Business Integrity & Conflicts of Interest	Contract Compliance; Foreign Corrupt Practices Act & Improper Payments; Improper Giving & Receiving of Gifts; Insider Trading; Outside Employment & Compensation; Relationships with Clients, Suppliers & Vendors
Human Resources, Diversity & Workplace Respect	Discrimination or Harassment; EEOC or ADA Matters; Human Resources (HR); Retaliation; Safety, Health & Environment; Sexual Harassment; Workplace Violence
Information Security & Records	Badging & Access Control; Computer, Email & Internet Use; Data Privacy; Disclosure of Confidential Information; Health Insurance Portability & Accountability Act (HIPAA) Violations; Identity Theft
Retirement Benefits Fraud or Abuse	<ul style="list-style-type: none"> • Retired Annuitants - Involves retired CalPERS members who work for a CalPERS covered agency post retirement. • Pension Spiking - Involves situations where a CalPERS covered employer inflates the compensation of an employee in the years immediately preceding retirement for the purpose of increasing their monthly retirement allowance. • Public Agency Activities - Refers to a CalPERS public agency’s failure to bring a qualified employee into CalPERS membership or any other allegations that do not fit either of the other subtypes.
Other	Reporting parties can select this issue type if they feel the ethical violation they are reporting doesn’t fall under one of the other five categories.

Note: See Pages 11-13 for details.

Ethics Helpline Case Status Definitions

Case Status	Definition
Substantiated	The investigation establishes that it is more likely than not that the alleged conduct occurred.
Unsubstantiated	The investigation establishes that it is more likely than not that the alleged conduct did not occur.
Inconclusive	The investigation fails to establish one way or another whether the alleged conduct occurred.
Insufficient Information	Information submitted was not sufficient to initiate investigation.

Note: See Page 13 for details.