



## Risk and Audit Committee

# Agenda Item 7a

---

**February 14, 2022**

**Item Name:** 2021-22 Enterprise Compliance Mid-Year Plan Update

**Program:** Enterprise Compliance

**Item Type:** Information

### **Executive Summary**

This is a mid-year update of activities in the Enterprise Compliance Plan for the period July 1, 2021 through December 31, 2021.

### **Strategic Plan**

This item supports CalPERS' FY 2017-22 Strategic Plan Goal: Enhance compliance and risk functions throughout the enterprise, and the 2021-22 initiative: Increase compliance program maturity, by annually identifying and completing initiatives across a broad set of functional objectives and activities that strengthen CalPERS' compliance and ethics culture.

### **Background**

On April 19, 2021, the Risk and Audit Committee approved the 2021-22 Enterprise Compliance Plan that considers current industry practices and management priorities to carry out a successful organization-wide compliance program (Attachment 1). The plan matures protocols and processes in all areas and implements program area standards and frameworks. In addition, the plan continues to develop compliance principles and standards to support a strong ethical culture.

### **Analysis**

The 2021-22 Enterprise Compliance Mid-Year Plan Update provides a dashboard view of the status of this year's compliance initiatives as of December 31, 2021 (Attachment 2). Each initiative displays a completion status as a percentage of the total project accomplished and an associated color to indicate whether the initiative is on track to be completed this fiscal year. Additional status details and completion dates are provided under the Q2 Updates column where applicable.

Key accomplishments for the first half of fiscal year 2021-22 include:

- Co-authored a conflicts guidance memorandum with Legal and INVO for the Investment Office
- Conducted a comprehensive review of all Form 700s for a 2–5-year period and oversaw the corresponding amendment process
- Created and shared discussion guides outlining the Code of Conduct including team exercises relevant to a virtual work environment
- Worked to identify business requirements and researched systems to strengthen the personal trading compliance control environment
- Partnered with ITSB to determine if legal and regulatory tracking can be integrated with other enterprise-wide tracking efforts

### **Budget and Fiscal Impacts**

N/A

### **Benefits and Risks**

The purpose of the Enterprise Compliance Plan is to ensure that CalPERS strives to maintain compliance with the letter and spirit of all applicable laws, regulations, and policies in partnership with program areas.

Benefits of implementing the plan include the following:

- Coordinated compliance efforts enhance the controls and monitoring for adherence to policies and procedures
- Creates clarity in compliance roles, responsibilities, and expectations
- Enhances internal controls and compliance effectiveness

Risks associated with failure to implement the plan include the following:

- Allowing failures of policies, procedures, and laws to remain undetected

### **Attachments**

Attachment 1 – Enterprise Compliance 2021-22 Enterprise Compliance Plan

Attachment 2 – Enterprise Compliance 2021-22 Mid-Year Plan Update

---

Warren Astleford  
Assistant Chief Counsel