

# Monthly Status Report – Enterprise Compliance Activity

**April 2024**

**Presented to  
Risk and Audit Committee  
June 2024**

## 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 key risk indicators (KRI) specific to four components of the Enterprise Compliance, Risk, & Governance program for the month of April 2024. Those components are Form 700 filings, Personal Trading Monitoring, Ethics Helpline, and Mandatory Training completion rates.

- Of all the Board & Employee Form 700 filers, 84% were filed timely.
- Of all the Consultant Form 700 filers, 84% were filed timely.
- There were four Personal Trading violations for the month.
- There were eight Ethics Helpline complaints received in the month.
- Of the Mandatory Employee Trainings, 100% were completed on time.

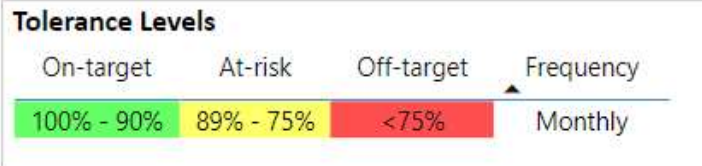
Additional details relating to these compliance activities can be found in pages 5 through 15.

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## Form 700: Board & Employee and Consultant Statement Activity



Board & Employee Statements (KRI)				Consultant Statements (KRI)			
Month	Total	Submitted Timely	% Submitted Timely	Month	Total	Submitted Timely	% Submitted Timely
Apr-24	38	32	84%	Apr-24	32	27	84%
Mar-24	445	440	99%	Mar-24	132	127	96%
Feb-24	411	407	99%	Feb-24	33	31	94%
Jan-24	184	181	98%	Jan-24	27	27	100%
Dec-23	22	19	86%	Dec-23	7	3	43%
Nov-23	18	14	78%	Nov-23	6	6	100%
Oct-23	44	37	84%	Oct-23	11	8	73%
Sep-23	32	27	99%	Sep-23	8	6	75%
Aug-23	29	28	99%	Aug-23	9	3	33%
Jul-23	31	28	90%	Jul-23	20	14	70%
Jun-23	30	29	97%	Jun-23	22	22	100%
May-23	36	35	97%	May-23	40	39	97%

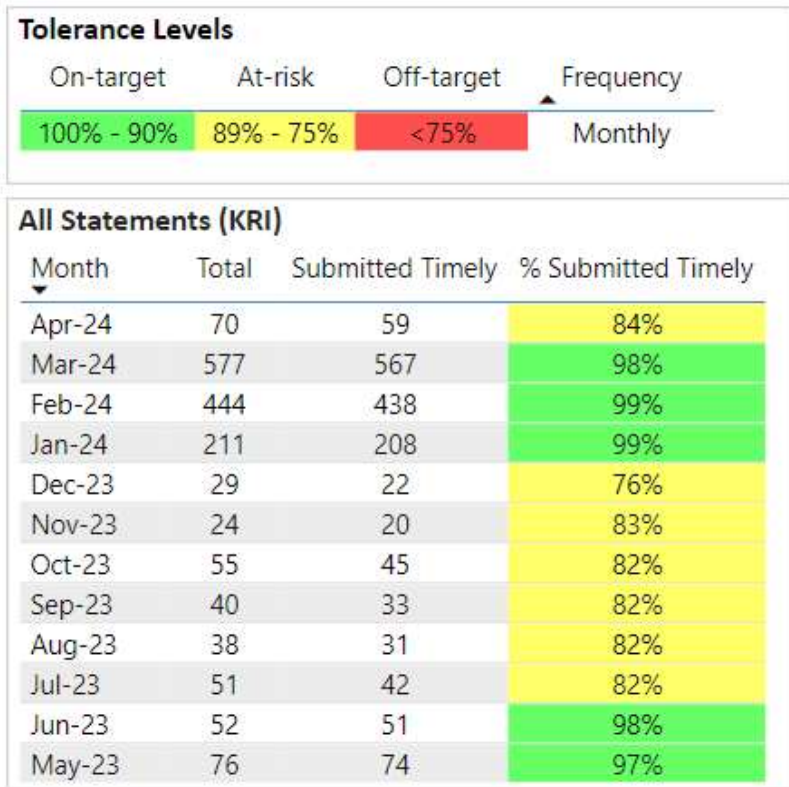
**Observations:**

- Of the Board & Employee statements due in April 2024, 84% (32 of 38) were submitted timely.
- Of the Consultant statements due in April 2024, 84% (27 of 32) were submitted timely.
- There were five overdue Board & Employee statements, and no overdue Consultant statements as of 04/30/2024.

**Notes:**

- Monthly statement activity includes all Form 700 statements submitted during the month and all overdue statements.
- See Appendix for related details and definitions.

## Form 700: Combined Statement Activity



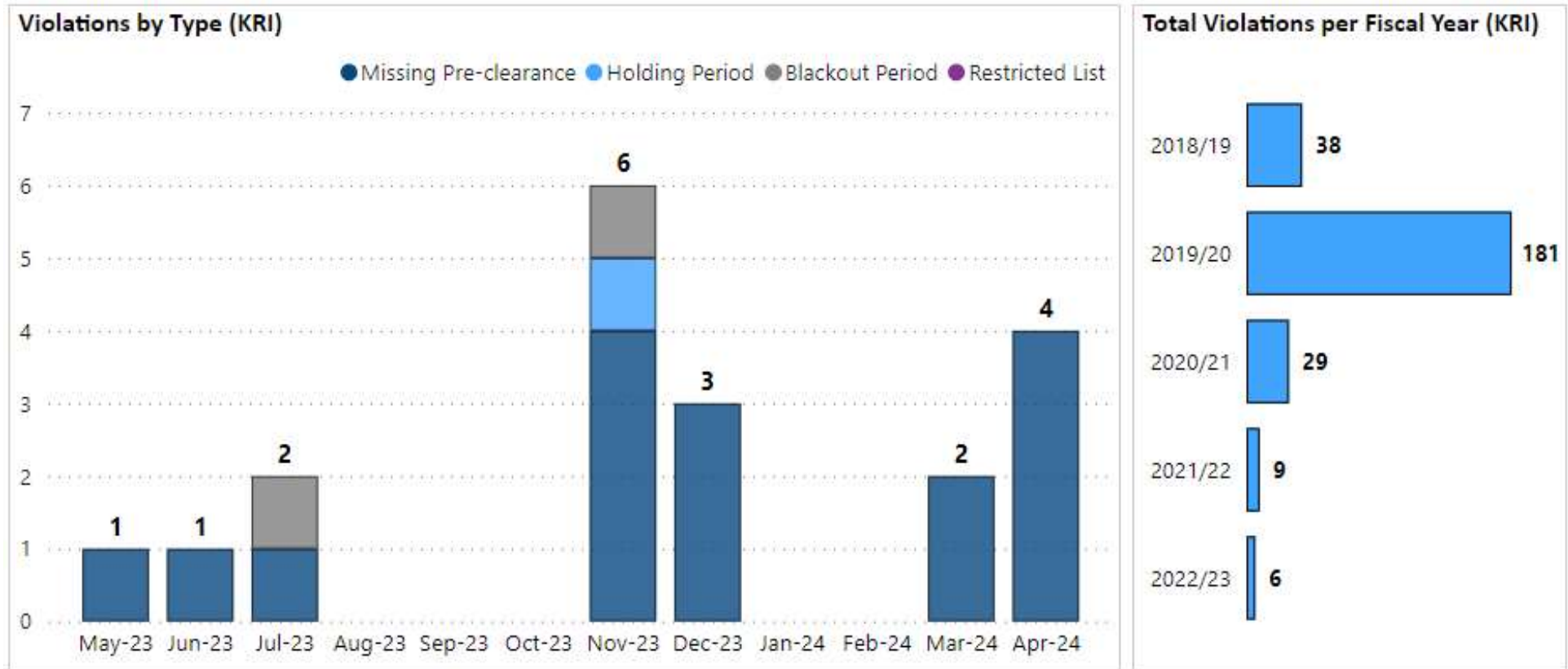
**Observations:**

- There were 59 statements submitted timely in April 2024.
- There were six statements submitted late in April 2024.
- There were five overdue statements in April 2024.

**Notes:**

- This graphic combines all Board & Employee and Consultant statement activity.
- Monthly statement activity includes all Form 700 statements submitted during the month and all overdue statements.
- See Appendix for related details and definitions.

## Personal Trade Monitoring: Violations



**Observation:**

- One Covered Person failed to pre-clear their transactions, resulting in four Missing Pre-clearance violations.

**Notes:**

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

## Personal Trade Monitoring: Personal Trading Affirmations

Personal Trading Affirmation / Attestation Filing Report April 2024				
Affirmation Type	Total Due	Submitted Timely	Submitted Late	Overdue
Initial Personal Trading Affirmations	4	4	-	-
Annual Personal Trading Attestations	5	-	-	5
<b>Total</b>	<b>9</b>	<b>4</b>	<b>-</b>	<b>5</b>

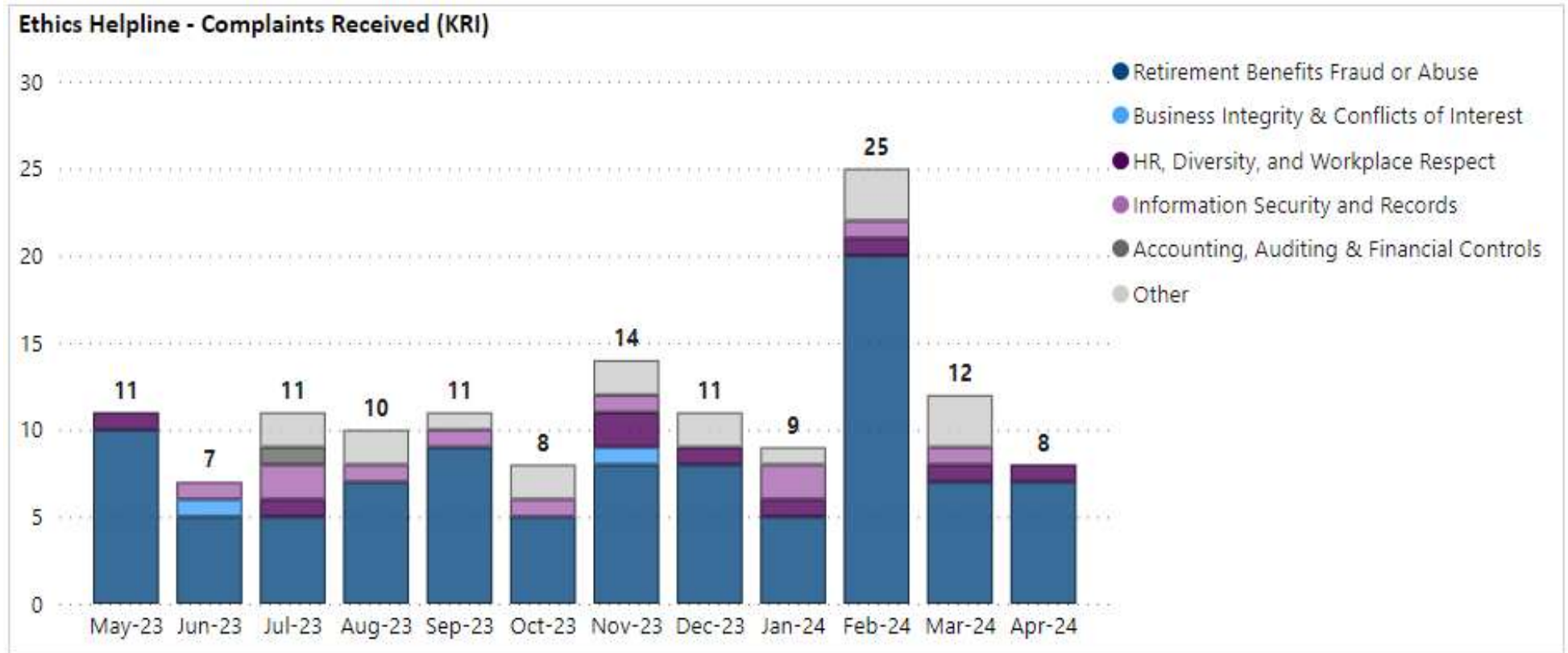
**Observations:**

- There were four Initial Personal Trading Affirmations due in April 2024; all affirmations were submitted timely.
- There were five Annual Personal Trading Attestations due in April 2024; all five affirmations are overdue.
- 402 Annual Personal Trading Attestations due in April were submitted in March 2024.

*Note: See Appendix for related definitions.*



## Ethics Helpline: Complaints Received



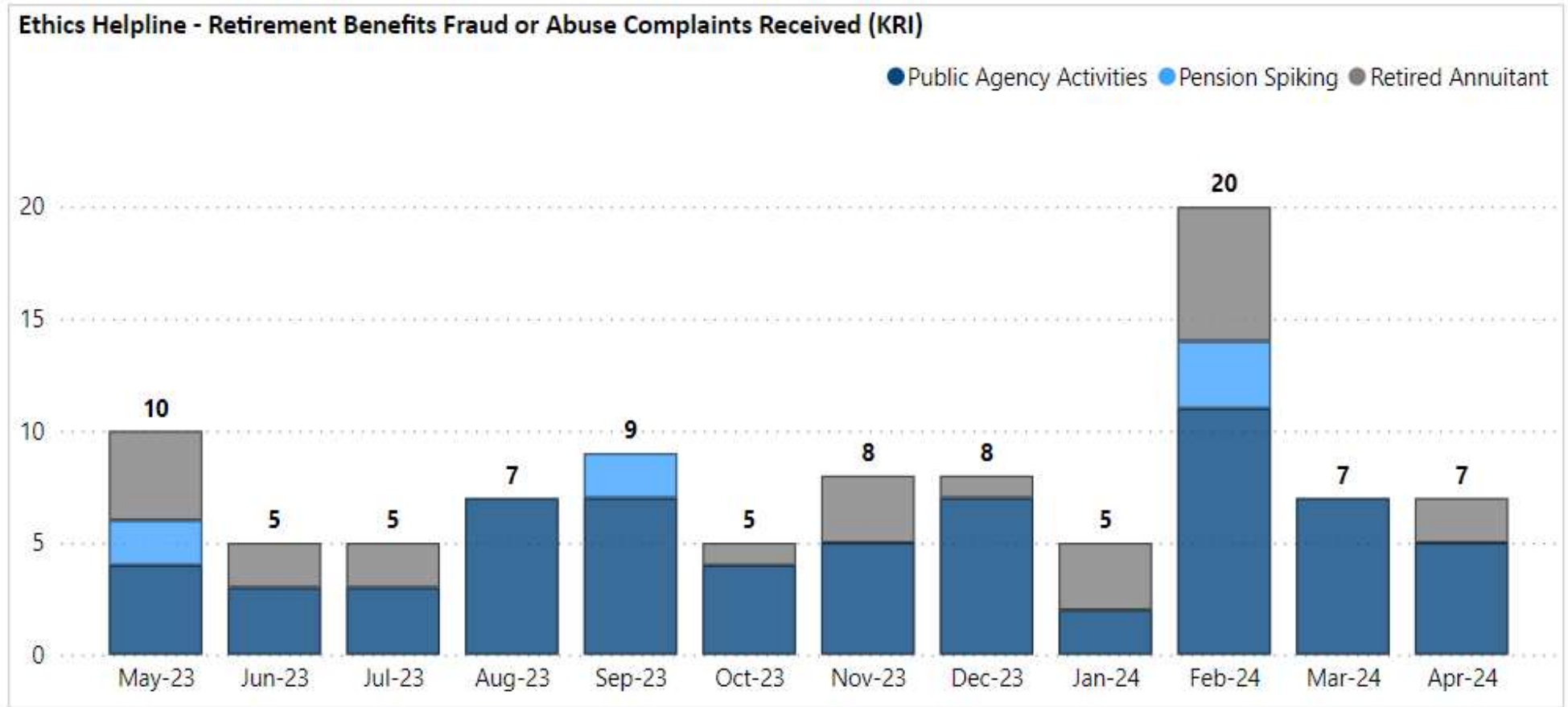
### Observations:

- In April 2024, there were eight new complaints; 88% (7 of 8) fell under the Retirement Benefits Fraud or Abuse category.
- There were two non-ethics cases received in April 2024.

### Notes:

- Tolerance levels are not applied to ethics helpline metrics.
- See Appendix for category descriptions.

## Ethics Helpline: Retirement Benefits Fraud or Abuse (RBFA) 1-Year Trend

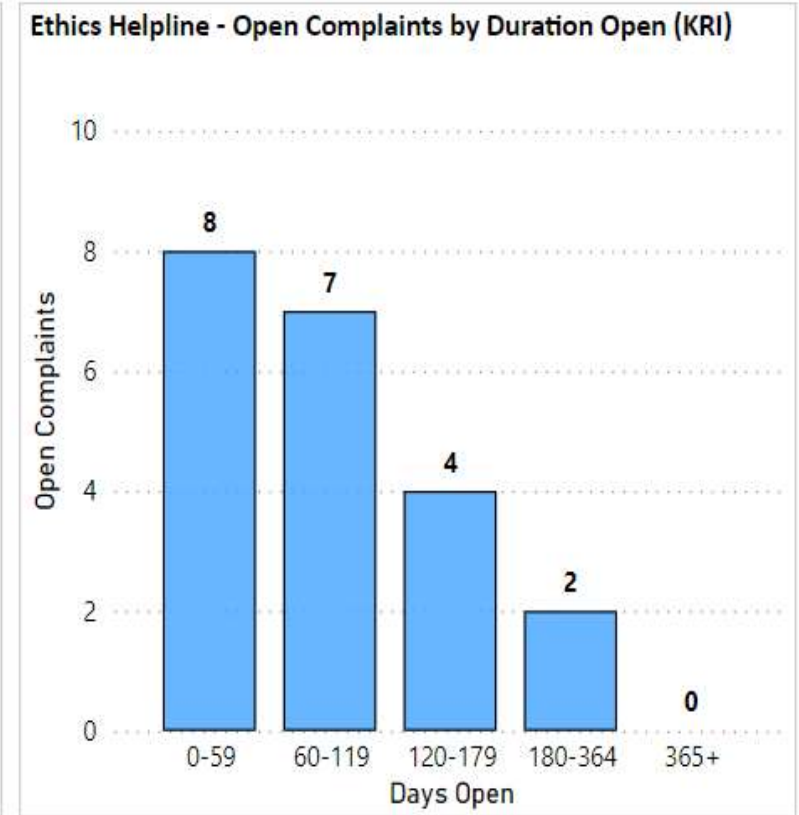
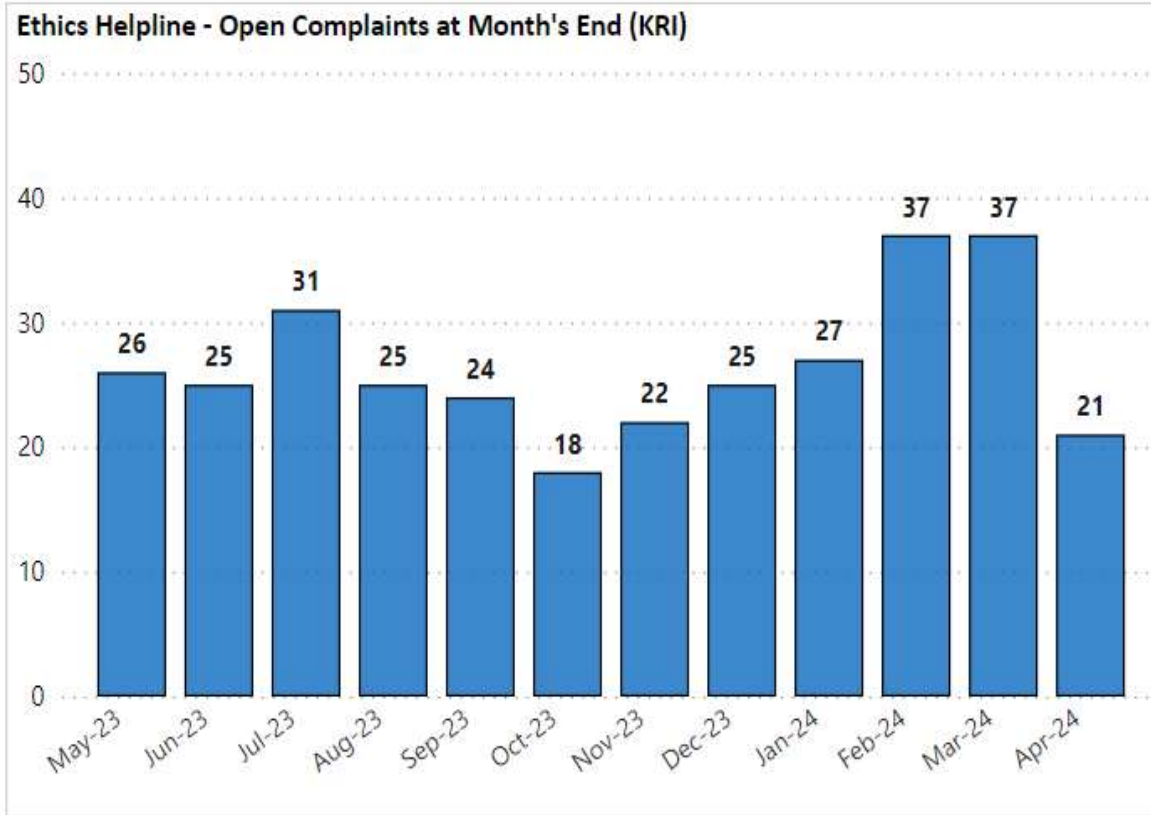


**Observation:**

- The Public Agency Activities subcategory accounted for 71% (5 of 7) of the RBFA complaints received in April 2024.

*Note: Tolerance levels are not applied to ethics helpline metrics.*

## Ethics Helpline: Open Complaints

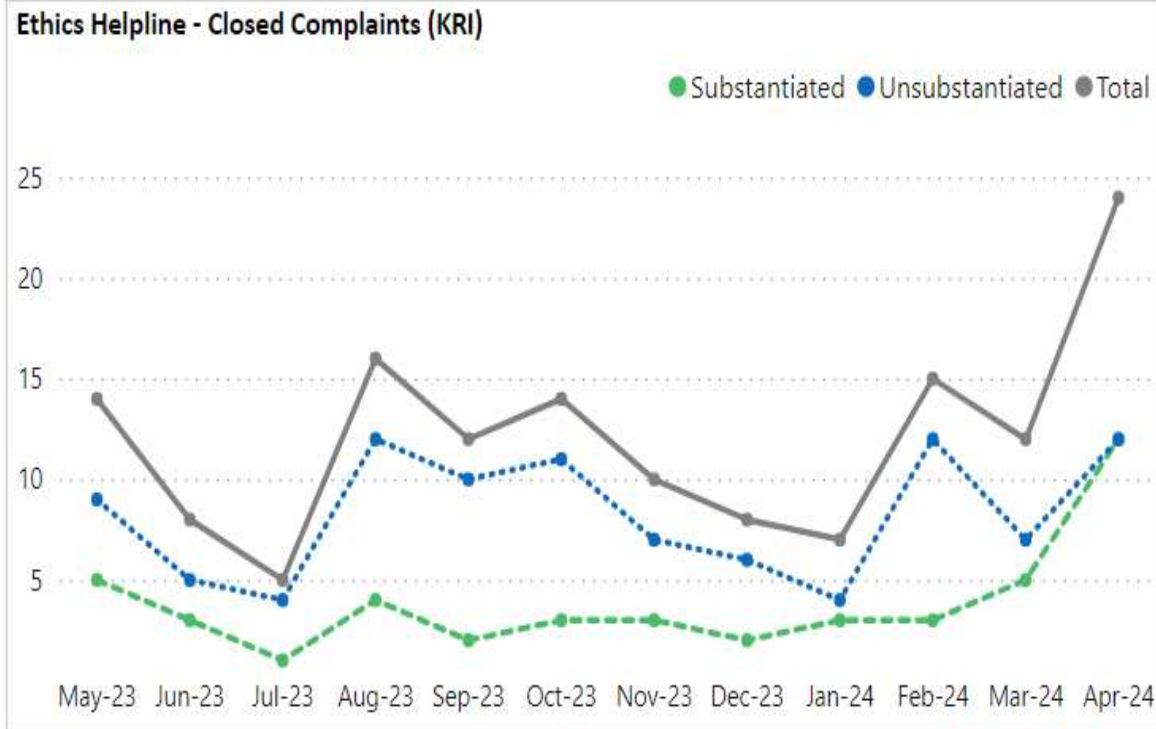


**Observation:**

- There were 21 open Ethics Helpline complaints as of 04/30/2024.

*Note: Tolerance levels are not applied to ethics helpline metrics.*

## Ethics Helpline: Closed Complaints



Month	Total Closed	Substantiated	% Unsubstantiated
Apr-24	24	12	50%
Mar-24	12	5	58%
Feb-24	15	3	80%
Jan-24	7	3	57%
Dec-23	8	2	75%
Nov-23	10	3	70%
Oct-23	14	3	79%
Sep-23	12	2	83%
Aug-23	16	4	75%
Jul-23	5	1	80%
Jun-23	8	3	62%
May-23	14	5	64%

**Observation:**

- During the month of April 2024, 50% (12 of 24) of closed complaints were not substantiated.

**Notes:**

- Tolerance levels are not applied to ethics helpline metrics.
- “Not substantiated” includes complaints that were closed as unsubstantiated, inconclusive, or for insufficient information.
- See Appendix for complaint category definitions and case status definitions.

## Ethics Helpline: Summary of Closed Substantiated Complaints

### Closed Substantiated Complaints 04/01/2024 – 04/30/2024

Case Number	Issue Type	Allegation	Action Taken
2024-1570	Retirement Benefits Fraud or Abuse	The reporting party alleges CalPERS canceled their disability retirement without approval.	Closed 04/03/2024
2023-1534 a/b/c/d/e	Retirement Benefits Fraud or Abuse	The reporting party alleges a CalPERS retiree is working in violation of post-retirement employment laws.	Closed 04/25/2024
2023-1450b	Retirement Benefits Fraud or Abuse	The reporting party alleges a CalPERS retiree is working in violation of post-retirement employment laws.	Closed 04/25/2024
2024-1562	Retirement Benefits Fraud or Abuse	The reporting party alleges a CalPERS retiree is working in violation of post-retirement employment laws.	Closed 04/25/2024
2024-1550	Retirement Benefits Fraud or Abuse	The reporting party alleges a CalPERS retiree is working in violation of post-retirement employment laws.	Closed 04/25/2024

## Ethics Helpline: Summary of Closed Substantiated Complaints

### Closed Substantiated Complaints 04/01/2024 – 04/30/2024

Case Number	Issue Type	Allegation	Action Taken
2023-1540	Retirement Benefits Fraud or Abuse	The reporting party alleges an employer is overpaying an employee and not enrolling them into CalPERS.	Closed 04/25/2024
2023-1501	Retirement Benefits Fraud or Abuse	The reporting party alleges employment violations by their employer.	Closed 04/25/2024
2023-1433	Retirement Benefits Fraud or Abuse	The reporting party alleges an employer is inappropriately using consultants, retirees, and interim positions instead of hiring employees.	Closed 04/25/2024

## Training Compliance: Employee Mandatory Training

Employee Mandatory Training (KRI)			
On-target	At-risk	Off-target	Frequency
100% - 97%	96% - 90%	<90%	Monthly
Month	# of Courses Assigned	Completed Timely	% Completed Timely
Apr-24	230	230	100%
Mar-24	582	574	99%
Feb-24	259	259	100%
Jan-24	199	199	100%
Dec-23	200	200	100%
Nov-23	297	297	100%
Oct-23	106	106	100%
Sep-23	286	283	99%
Aug-23	759	732	99%
Jul-23	400	395	99%
Jun-23	153	153	100%
May-23	299	298	100%



**Observation:**

- Employees completed 100% (230 of 230) of assigned mandatory training courses due in April 2024.

**Notes:**

- Mandatory training is due within 30 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.

## **Appendix - Additional Information**

- Form 700 Statement Definitions
- Board and Employee Form 700 Filings: Detail Report
- Consultant Form 700 Filings: Detail Report
- Personal Trading Violation Type Definitions
- Personal Trading Violation: Detail Report
- Personal Trading Affirmations Past Due: Detail Report
- Ethics Helpline Complaint Category Definitions
- Ethics Helpline Case Status Definitions
- Employee Mandatory Training: Detail Report



## Form 700 Statement Definitions

### Statement Type

**Annual:** Form 700 statement that is due on April 1st (or the following Monday if April 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.

**Amendment:** An amended Form 700 statement that is due within 30 days of the amendment request date.

### Statement Status

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

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

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

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

*Note: See Pages 5 & 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 Page 7 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"> <li>Retired Annuitants - Involves retired CalPERS members who work for a CalPERS covered agency post retirement.</li> <li>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.</li> <li>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.</li> </ul>
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 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.