



Risk and Audit Committee

Agenda Item 7a

February 17, 2021

Item Name: 2020-21 Enterprise Compliance Mid-Year Plan Update

Program: Enterprise Compliance

Item Type: Information

Executive Summary

The purpose of this item is to provide the Risk and Audit Committee with the mid-year update of activities in the Enterprise Compliance Plan for the period July 1, 2020 through December 31, 2020.

Strategic Plan

This item supports CalPERS' FY 2017-22 Strategic Plan Goal: Enhance compliance and risk functions throughout the enterprise, and the 2020-21 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 21, 2020, the Risk and Audit Committee approved the 2020-21 Enterprise Compliance Plan that considers current industry practices and management priorities to carry out a successful organization-wide compliance program. 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 2020-21 Enterprise Compliance Mid-Year Plan Update provides a dashboard view of the status of this year's compliance initiatives as of December 31, 2020. 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 2020-21 include:

- Revised and streamlined proposed changes to the Conflicts of Interest Code.
- Implemented an enhanced onboarding for key positions.
- Enhanced oversight and reporting of Personal Trading.
- Implemented a new Exit Clearance process.
- Assumed Placement Agent Disclosure process and reporting function from INVO.
- Conducted multiple Personal Trading education sessions targeting Covered Persons that set the expectation of a zero tolerance for Personal Trading Violations.

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 effort enhances 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 2020-21 Mid-Year Plan Update

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