

# Monthly Status Report – Enterprise Compliance Activity

January 2022

To Be Presented  
Risk and Audit Committee  
April 2022

## 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 January 2022. 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, 85% were filed timely.
- Of all the Consultant Form 700 filers, 90% were filed timely.
- There was one Personal Trading violation for the month.
- There were six ethics 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 16.

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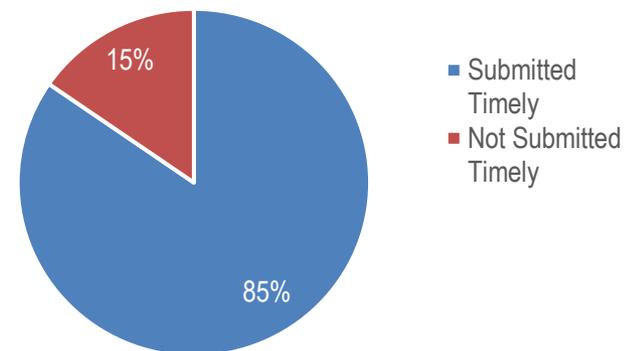
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## Board & Employee Form 700 Filings

| January 2022 Statements Due (Board & Employee) |                  |                |             |           |
|--|------------------|----------------|-------------|-----------|
| Statement Type                                 | Submitted Timely | Submitted Late | Outstanding | Total Due |
| Assuming Office                                | 1                | 1              | -           | 2         |
| Leaving Office                                 | 21               | 2              | 1           | 24        |
| <b>Grand Total</b>                             | <b>22</b>        | <b>3</b>       | <b>1</b>    | <b>26</b> |

Percent Submitted Timely  
January 2022



### Observations:

- There were 26 Board and Employee statements due in January 2022.
- There was one outstanding Board and Employee statement as of 01/31/2022.

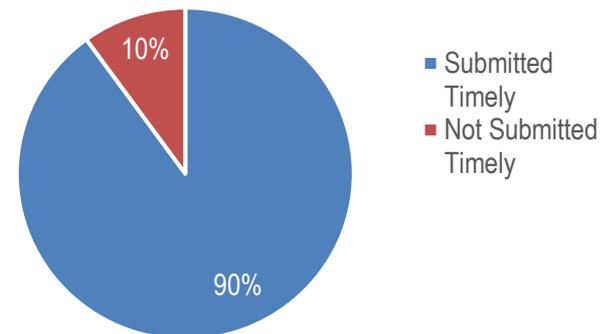
### Notes:

- See Appendix for related details and definitions.

## Consultant Form 700 Filings

| January 2022 Statements Due (Consultant) |                  |                |             |           |
|--|------------------|----------------|-------------|-----------|
| Statement Type                           | Submitted Timely | Submitted Late | Outstanding | Total Due |
| Assuming Office                          | -                | -              | -           | -         |
| Leaving Office                           | 9                | -              | 1           | 10        |
| <b>Grand Total</b>                       | <b>9</b>         | <b>-</b>       | <b>1</b>    | <b>10</b> |

Percent Submitted Timely  
January 2022



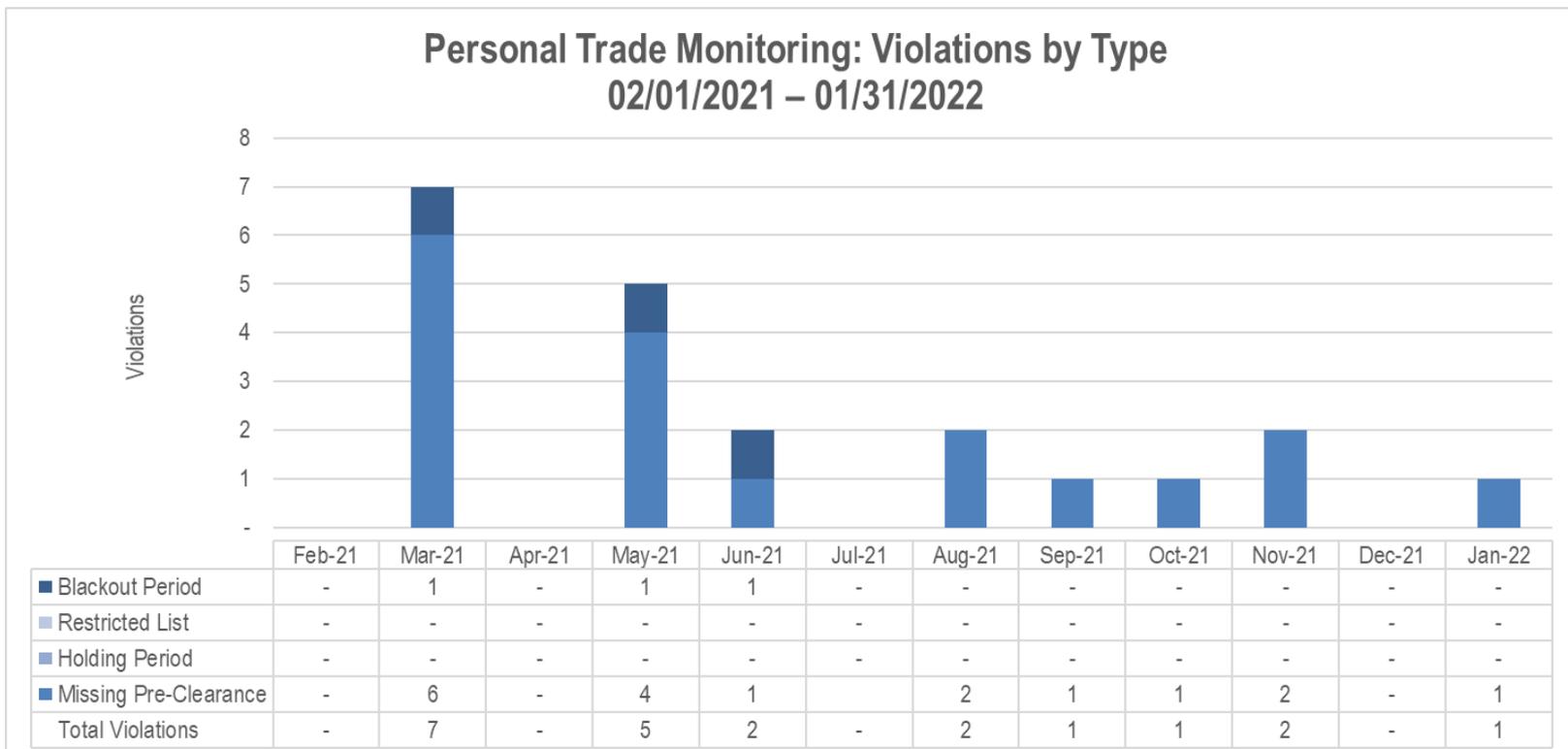
### Observations:

- There were 10 Consultant statements due in January 2022.
- There was one outstanding Consultant statement as of 01/31/2022.

### Notes:

- *Update: As of February 7, 2022, there were no outstanding Consultant Form 700 Filings.*
- *See Appendix for related details and definitions.*

# Personal Trade Monitoring: Violations



## Observations:

- One Covered Person failed to pre-clear their transaction, resulting in one Missing Pre-clearance violation.

## Notes:

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

## Personal Trade Monitoring: Personal Trading Affirmations

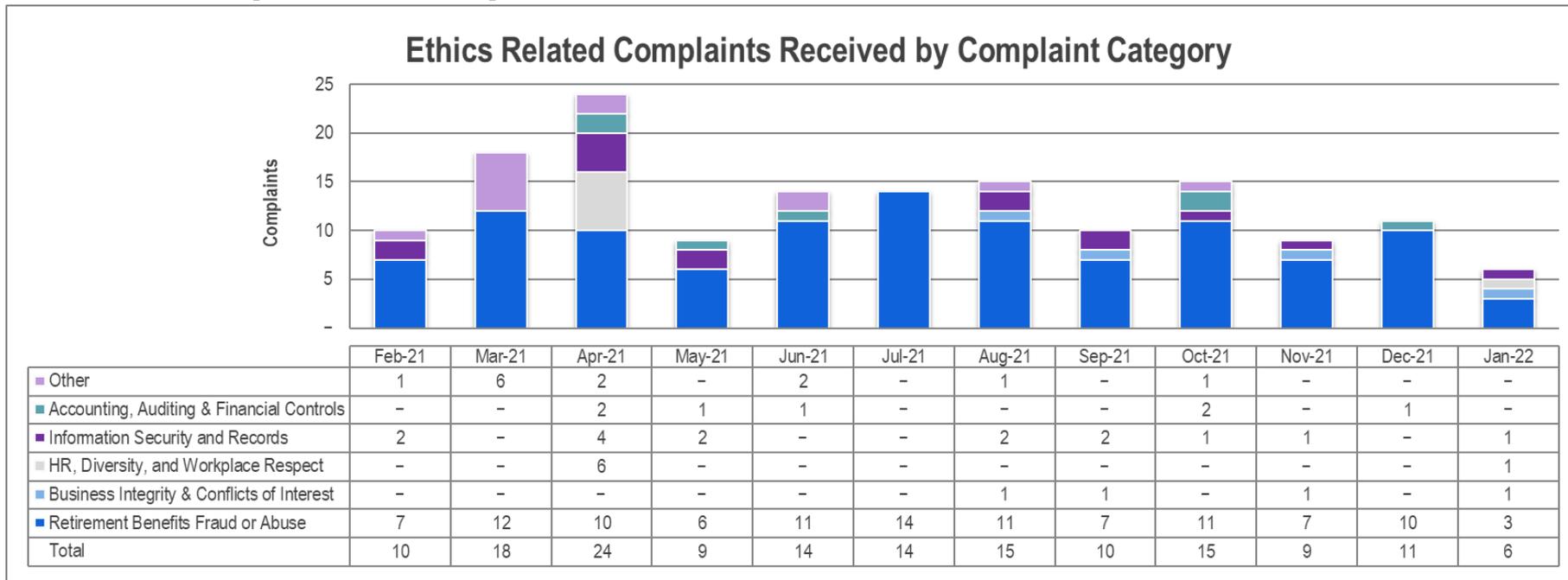
| Personal Trading Affirmation / Attestation Filing Report<br>January 2022 |           |                  |                |             |
|--|-----------|------------------|----------------|-------------|
| Affirmation Type   | Total Due | Submitted Timely | Submitted Late | Outstanding |
| Initial Personal Trading Affirmations                                    | 1         | 1                | -              | -           |
| FY 2021-22 Q2 Transaction Affirmations                                   | 37        | 37               | -              | -           |
| <b>Total</b>   | <b>38</b> | <b>38</b>        | <b>-</b>       | <b>-</b>    |

### Observations:

- There was one Initial Personal Trading Affirmation due in January 2022; the affirmation was submitted timely.
- There were 37 FY 2021-22 Q2 Transaction Affirmations due in January 2022; all were submitted timely.

*Note: See Appendix for related details.*

# Ethics Helpline: Complaints Received



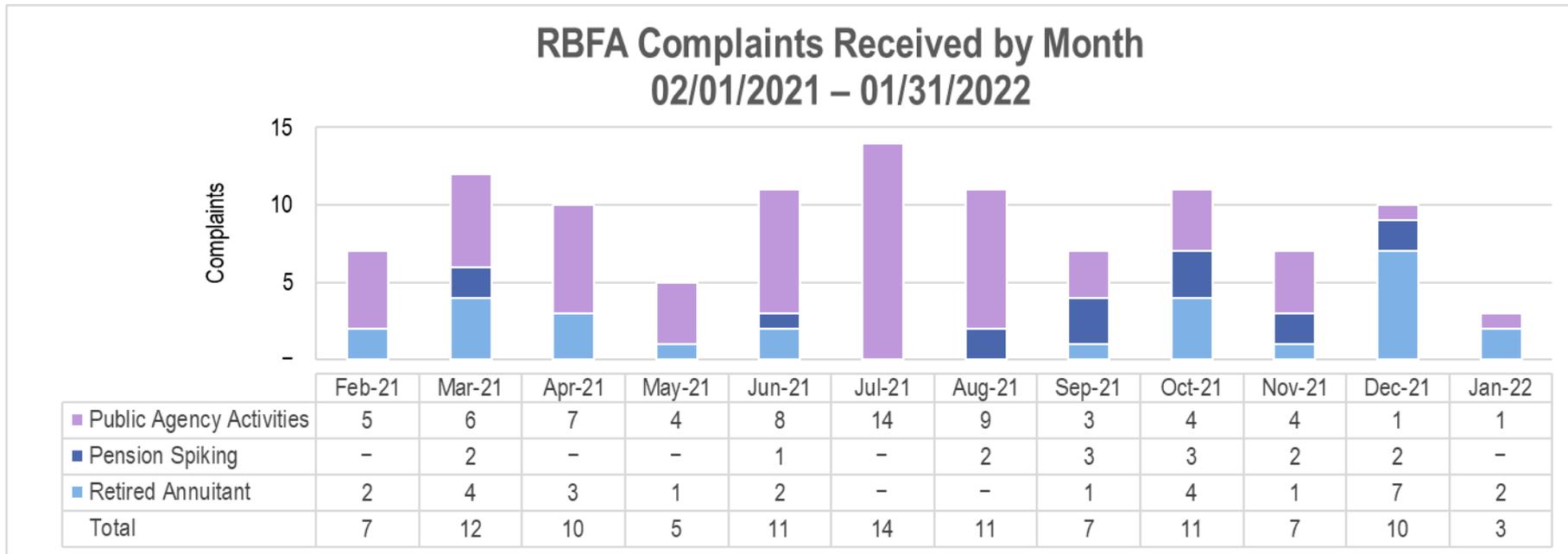
## Observations:

- In January 2022, there were six new complaints, a decrease from the prior month.
- Of the ethics related complaints received in January 2022, 50% (3 of 6) fell under the Retirement Benefits Fraud or Abuse category.
- There was one non-ethics case received in January 2022.

## Notes:

- See Appendix for category descriptions.

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

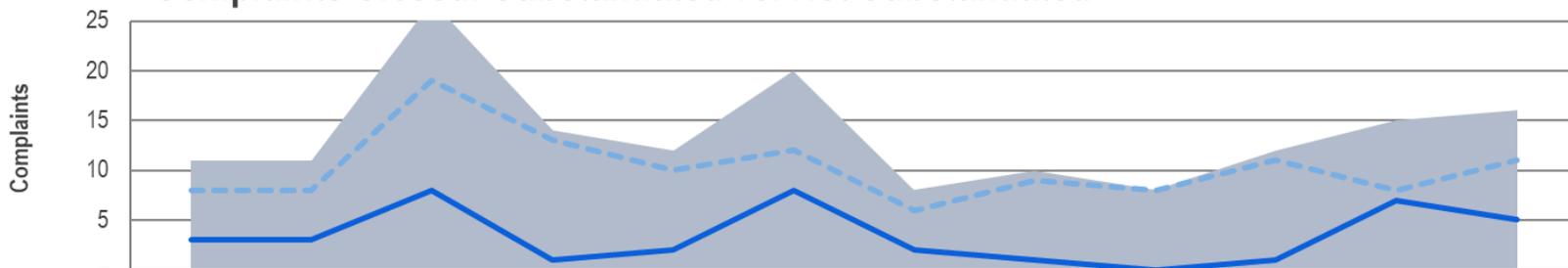


**Observation:**

- The Public Agency Activities subcategory accounted for 33% (1 of 3) of the RBFA complaints received in January 2022.

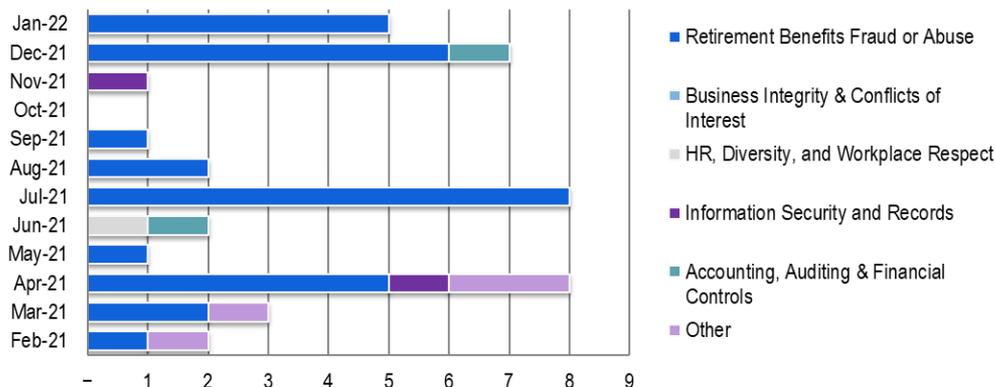
# Ethics Helpline: Complaints Closed

## Complaints Closed: Substantiated vs. Not Substantiated



|                           | Feb-21 | Mar-21 | Apr-21 | May-21 | Jun-21 | Jul-21 | Aug-21 | Sep-21 | Oct-21 | Nov-21 | Dec-21 | Jan-22 |
|---------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Total                     | 11     | 11     | 27     | 14     | 12     | 20     | 8      | 10     | 8      | 12     | 15     | 16     |
| Closed: Substantiated     | 3      | 3      | 8      | 1      | 2      | 8      | 2      | 1      | –      | 1      | 7      | 5      |
| Closed: Not Substantiated | 8      | 8      | 19     | 13     | 10     | 12     | 6      | 9      | 8      | 11     | 8      | 11     |

## Substantiated Complaints by Category



### Observation:

- During the month of January, 69% (11 of 16) of closed complaints were not substantiated.

### Notes:

- “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 01/01/2022 – 01/31/2022

| Case Number | Issue Type                         | Allegation   | Finding   | Action Taken       |
|-------------|------------------------------------|--|---|--------------------|
| 2021-1313a  | Retirement Benefits Fraud or Abuse | The reporting party alleges an employer is participating in pension spiking.                                 | The reported compensation was non-compliant for employee #1 of the two employees identified. It was verified that employee #2's payroll was accurately reported and in compliance with the law. | Closed: 01/03/2022 |
| 2021-1313b  | Retirement Benefits Fraud or Abuse | The reporting party alleges an employer is participating in pension spiking.                                 | The reported compensation was non-compliant for employee #1 of the two employees identified. It was verified that employee #2's payroll was accurately reported and in compliance with the law. | Closed: 01/03/2022 |
| 2021-1307   | Retirement Benefits Fraud or Abuse | The reporting party alleges an employer is hiring retired annuitants in violation of retired annuitant laws. | The employer is in violation as the employer appointed the member to the vacant position without an active recruitment for a permanent replacement. Program has addressed the violation.        | Closed: 01/31/2022 |
| 2021-1302   | Retirement Benefits Fraud or Abuse | An incorrect designation was submitted to collect death benefits.  | The initial designation was incorrect. This has been corrected and all benefits have been paid to the correct beneficiary   | Closed: 01/31/2022 |

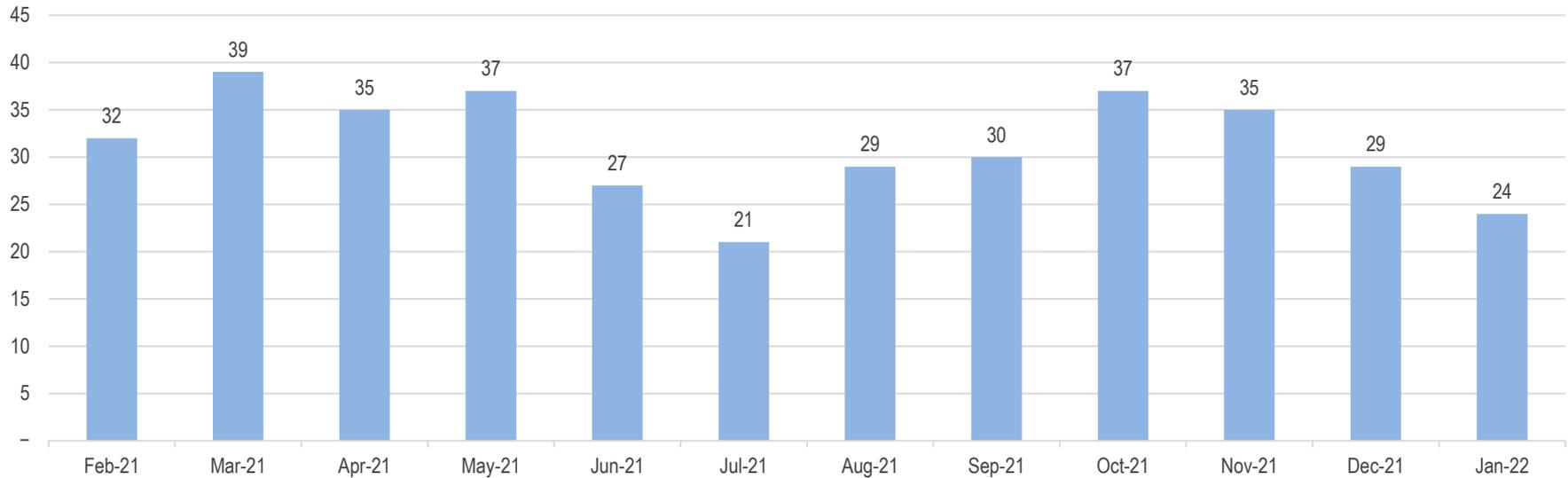
# Ethics Helpline: Summary of Closed Substantiated Complaints

## Closed Substantiated Complaints 01/01/2022 – 01/31/2022

| Case Number | Issue Type                         | Allegation   | Finding  | Action Taken       |
|-------------|------------------------------------|--|--|--------------------|
| 2021-1248   | Retirement Benefits Fraud or Abuse | The reporting party alleges a CalPERS retiree receiving disability retirement is working in the same capacity again. | The retiree has obtained attorney representation and filed a timely appeal. The case will follow the normal appeals process. | Closed: 01/31/2022 |

# Ethics Helpline: Complaints Open

**Complaints Open**  
**02/01/2021 – 01/31/2022**

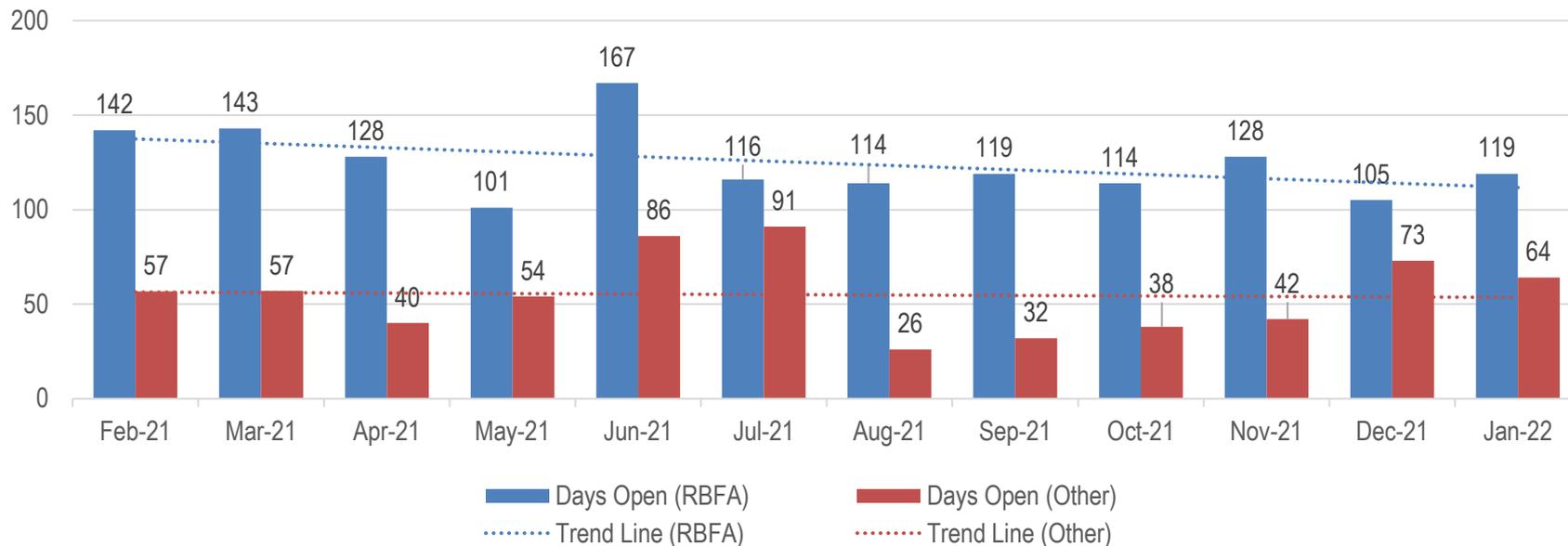


## Observation:

- There were 24 open Ethics Helpline complaints as of 01/31/2022.

# Ethics Helpline: Average Days Open

Average Days Open  
02/01/2021 – 01/31/2022



**Observation:**

- As of 01/31/2022, Retirement Benefit Fraud or Abuse (RBFA) complaints were open for an average of 119 days, while all other complaints were open for an average of 64 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

| Employee Mandated Training – Due January 2022       |            |             |                 |  |
|---|------------|-------------|-----------------|--|
| Training Type                                       | Completed  | Outstanding | Completion Rate |  |
| Acceptable Use Policy                               | 12         | -           | 100%            |  |
| CalPERS Personal Trading Regulations                | 1          | -           | 100%            |  |
| Gift Policy Attestation for New Filers              | 8          | -           | 100%            |  |
| Harassment Prevention for Team Leaders              | 4          | -           | 100%            |  |
| Harassment Prevention for Team Members              | 12         | -           | 100%            |  |
| Health Insurance Portability and Accountability Act | 11         | -           | 100%            |  |
| Information Security and Privacy                    | 12         | -           | 100%            |  |
| Workplace Violence Prevention Training              | 12         | -           | 100%            |  |
| COVID-19 Prevention Plan                            | 12         | -           | 100%            |  |
| AG Ethics   | 16         | -           | 100%            |  |
| <b>Total</b>  | <b>100</b> | <b>-</b>    | <b>100%</b>     |  |

### Observation:

- Employees completed 100% (100 of 100) of assigned mandatory training courses due in January 2022.

### 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
- Ethics Helpline Summary of Closed Substantiated Complaints

## 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.

### 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 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 Pages 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 9-11 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 11 for details.