

Enterprise Compliance, Risk & Governance

FY 2023–24 Mid-Year Update

Kevin Fein

February 21, 2024

Goal

Mature best-in-class enterprise compliance and risk program utilizing integrated technology systems, people, and process capabilities to manage and mitigate compliance and ethics risks.

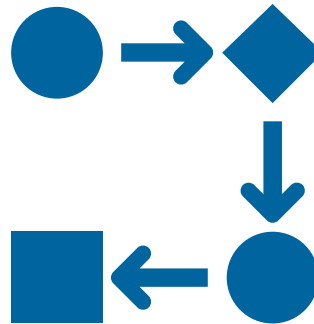
Priorities

PEOPLE



- Expand Compliance Team
- Clarify First/Second Line Roles & Responsibilities

PROCESS



- New Reporting, Monitoring & Assurance Processes

TECHNOLOGY



- eGRC Technology Platform

People



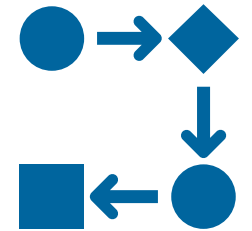
Upgrading and Upskilling Talent
Actively recruiting for subject matter expertise in compliance and risk with investment, health/benefits backgrounds
Upskill staff through business initiatives engagement and targeted coursework

Reorganized ECRG
Two major pillars of focus:
- Risk Oversight Team
- Advisory Services Team

Rebranded
Enterprise Compliance Risk and Governance (ECRG)

Process Enhancements

To continue to enhance risk intelligence across the organization, ECRG continues to build risk awareness and understanding of risk and its impact in day-to-day activities through process enhancements



Introduced	Risk and Control Self Assessments (RCSAs) to the organization, pilot in progress with Information Technology Services Branch (ITSB)
Enhanced	On-boarding of covered persons by providing more comprehensive education to new and potential team members on federal securities laws, FPPC rules, and internal policies
Delivered	On-going advisory services for all new hires, ensuring awareness of conflict-of-interest rules and accurate key filings
Conducted	Enterprise-wide Form 700 team leader review, resulting in 719 completed reviews providing further guidance and understanding of potential conflicts of interest, resulting in improvements in accuracy and completeness over prior years
Launched	Comprehensive Gift and Entertainment Training in compliance with the Incompatible Activities Statement for 677 CalPERS team leaders with supporting technology

Technology Upgrades



As the foundation for a best-in-class compliance and risk program, ECRG has undertaken a multi-year project to set up My Compliance Office. The modules implemented or in progress during 2023–24 include:



Material Inside Information (MII) – centralize and enhance automation of screening and monitoring of inside information, covered persons holdings, pre-clearance of trading activities (completed)



Gifts and Entertainment (GEM) – Team Leaders monthly disclosure of gifts received and attestation (target completion April 2024)

The technology provides key data connection points to further monitor, assess, and discuss potential conflicts of interest.