



Consent

Agenda Item 4f

May 15, 2012

ITEM NAME: CalPERS Ethics Helpline Report

PROGRAM: Enterprise Compliance Division

ITEM TYPE: Consent Information

EXECUTIVE SUMMARY

The CalPERS Ethics Helpline (Helpline) received 29 new reports for the period of February 16, 2012, to April 15, 2012.

BACKGROUND

The Helpline is available to all persons for reporting inappropriate or incompatible activities and conflicts of interest pertaining to CalPERS business. The Helpline enables CalPERS to foster a business culture of integrity and compliance by facilitating the reporting and identification of issues and events.

The Enterprise Compliance Division (ECOM) reviewed each report for the issues identified and directed reports to the appropriate channels for resolution, within approximately two days of receipt. The status of each report is tracked with updates on resolution from the identified primary business line every two to four weeks. In some cases, the Legal Office and Office of Audit Services are provided secondary review of reports. Reports dispatched from EthicsPoint are considered pending until they are closed. Each closed report is assigned a resolution category, as reported in Attachment C.

ANALYSIS

In the cumulative reporting period, February 16 to April 15, 2012, the average time to close a report was 28 days. A total of 14 out of 20 reports closed within 30 days of opening. The remaining 24 reports are of pending status, awaiting resolution.

The Helpline continues to receive the most reports about suspected retirement benefits fraud or abuse. A detailed analysis shows continuing public concern about pension spiking and appropriate use of retired annuitants, but during Fiscal Year 2011-12, only 5 of 15 closed pension spiking cases have been substantiated, and only 1 of 18 closed reports regarding retired annuitants has been substantiated.

Intake method continues to be more or less evenly divided between Internet and Call Center reporting, with 51 percent of members using the EthicsPoint website and 43

percent using the Call Center. The remaining 6% of cases came in through other reporting avenues, such as mail or e-mail.

CalPERS continues to experience a high level of anonymous reporting, with 72 percent of reports being submitted anonymously.

ATTACHMENTS

CalPERS Ethics Helpline, Report Status Summary (Attachment A) provides a point-in-time summary of the 44 reports that were new, closed, or remained pending during the report period (February 16 to April 15, 2012). To allow easy identification of reports received during the reporting period, these reports are shown in white. Cases reported at the March 13, 2012, Risk and Audit Committee meeting are shown in gray.

CalPERS Ethics Helpline, Report Data Graphs (Attachment B), reflect the issue types, reports by resolution, management implication, report intake method, and anonymity of the reporter, over the course of FY 2011-12 to date. The "other" category on the data graph labeled "Report Intake Method" includes reports received via mail, e-mail, or by callers who contacted CalPERS directly rather than using the Helpline.

CalPERS Ethics Helpline, Report Resolution Chart (Attachment C), reflects the actions taken in the closed reports, over the course of FY 2011-12 to date. It is the goal of CalPERS to resolve all reported issues as soon as possible. However, reports have different priority levels. Certain timelines for the required processes, which includes the audit cycle and process as well as personnel actions, may extend the timeframe for resolution of these reports.

The *Summary of Closed Substantiated Cases* (Attachment D) report reflects a brief point-in-time summary of the disposition of substantiated cases that were closed during the reporting period of February 16, 2012 to April 15, 2012.

The *Transmittal and Escalation Protocol for Ethics Helpline Issues and Allegations* was approved and is available on request.

STEPHANIE POTTS
Acting Assistant Division Chief
Enterprise Compliance Division

RUSSELL G. FONG
Acting Chief Financial Officer