



## Consent

### Agenda Item 5f

March 20, 2013

**ITEM NAME:** CalPERS Ethics Helpline Report

**PROGRAM:** Enterprise Compliance Division

**ITEM TYPE:** Consent Information

#### **EXECUTIVE SUMMARY**

The CalPERS Ethics Helpline Report provides the status of 39 reports for the time period November 16, 2012 through February 15, 2013.

#### **BACKGROUND**

The Ethics Helpline is available to the public for reporting inappropriate or incompatible activities and conflicts of interest pertaining to CalPERS business. Users can report to an independent third-party host while remaining anonymous. The Helpline allows CalPERS to foster a business culture of integrity, transparency and compliance by facilitating the reporting and identification of issues and events.

The Enterprise Compliance Division (ECOM) receives, reviews and directs incoming Helpline reports to the appropriate CalPERS program area for investigation and resolution. The assigned program area provides ECOM with updates until investigations are completed and the issues resolved. CalPERS Legal Office and Office of Audit Services provide a secondary review of Helpline reports during the investigative process when necessary. Open investigations into Helpline reports are considered pending. Upon completion of an investigation, staff will substantiate allegations or close reports with no finding. Substantiated Helpline reports are closed with a resolution type describing the action taken by CalPERS staff.

#### **ANALYSIS**

Sixteen new Helpline reports were received during the reporting period. During the same period, 23 reports were investigated and closed; 8 of 23 were substantiated and 15 were closed with no finding. On average, staff took 126 days to complete the investigations.

Sixteen reports are pending as of February 15, 2013. Of those, 8 reports have been open longer than 90 days. Although it is CalPERS goal to resolve all reported issues as soon as possible, investigations into allegations of retirement benefits fraud or abuse are often lengthy. An analysis of recent Helpline report submissions shows an increase in the number of allegations that name multiple public agency employees and employers. A pie chart located in Attachment A provides additional information.

Alleged retirement benefits fraud or abuse represent the majority of Helpline reports received during this reporting period. The hiring of retired annuitants by public agencies is a concern as 8 of the 15 new reports received allege misuse of retired annuitants. The graphs included in Attachment A offer a picture of the overall distribution of reports by issue type and status and breakout of the subtypes for reports alleging retirement benefits fraud or abuse.

The graphs providing information on intake method and anonymous versus non-anonymous reporting have been eliminated; ECOM will continue to provide statistics on the percentage of anonymous reporting. During this reporting period, 63% of helpline reports were submitted anonymously compared to an average of 62% for the two years ending December 2012. For the period 2009 through 2011, the average anonymous reporting rate for the finance, insurance and real estate industry was 58% as reported by competing helpline provider The Network, in their 2012 benchmarking report.

## **ATTACHMENTS**

The Ethics Helpline attachments have been revised to increase readability and add value by being visually more informative. The information provided in the *CalPERS Ethics Helpline, Report Status Summary* is now reflected in the graphs located in *CalPERS Ethics Helpline, Report Data Graphs* (Attachment A).

Attachment A shows the issue type and status of reportable cases, a breakout of retirement benefit fraud or abuse subtypes and a pie chart explaining the reasons why some reports remain open longer than 90 days.

*CalPERS Ethics Helpline Report Data Graphs* (Attachment B) compares Helpline data compiled for the time period November 16, 2011 through February 15, 2012 with data from November 16, 2012 through February 15, 2013. The graphs show an overall decrease in the current number of substantiated reports and reports closed with no finding compared to same time last year. The data also show an increase in the number of pending cases.

The CalPERS Ethics Helpline, Report Resolution Chart was eliminated. The *Summary of Closed Substantiated Cases* (Attachment C) provides a summary of reports that were substantiated during the reporting period November 15, 2012 through February 15, 2013.

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