



Consent

Agenda Item 5e

June 19, 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 45 active and closed reports for the time period from February 16, 2013, through May 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 requests and collects documentation for 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 reports are closed with a resolution type describing the action taken by CalPERS staff.

ANALYSIS

This report details the status of 45 active and closed Ethics Helpline reports for the reporting period February 16, 2013, through May 15, 2013. During that time period, 28 new Helpline reports were received; 17 of those new reports alleged retirement benefits fraud or abuse. Twenty-four reports were closed while 21 reports remain active and pending. The graphs in Attachment A show the overall distribution of reports by issue type and status, and the breakout of the subtypes for reports alleging retirement fraud or abuse.

Eight of the 24 reports closed during this reporting period were substantiated while 16 reports were closed with no finding. CalPERS staff took an average of 118 days to complete their investigations. This is down from an average of 126 days for the time period from November 16, 2012, through February 15, 2013, as reported to the March Risk & Audit Committee meeting.

Twenty-one Helpline reports remain open and pending as of May 15, 2013. During the last Risk & Audit Committee meeting, ECOM reported that 8 reports were open longer than 90 days. Since that time, CalPERS staff have completed their investigations into 5 of those 8 reports. Currently, 3 reports remain open longer than 90 days. Attachment A provides a brief explanation as to why these reports remain open (see pie chart).

Investigations into allegations of retirement benefits fraud or abuse are often lengthy. Staff must request and receive documentation from employers before beginning their analysis which can be time consuming. ECOM and Customer Services and Support (CSS) have recently instituted changes in the way retirement benefits fraud or abuse complaints are assigned, tracked and processed to help expedite their resolution. As of February 16, 2013, ECOM and CSS staff began tracking the number of days CalPERS staff spend waiting to receive requested documentation. Seven cases were received and closed during the current period beginning February 16, 2013. Staff waited an average of 4 days to receive requested documentation and took an average of 21 days to complete their investigations. Going forward, ECOM will continue reporting this data in the analysis.

During this reporting period, 64% of helpline reports were submitted anonymously compared to an average of 62% for the two years ending December 2012.

ATTACHMENTS

The Ethics Helpline attachments were 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 certain reports remain open longer than 90 days.

CalPERS Ethics Helpline Report Data Graphs (Attachment B) compares Helpline data for reporting period February 16, 2012, through May 15, 2012, to data collected for the reporting period February 16, 2013, through May 15, 2013. The graphs show an increase in the number of substantiated reports and decrease in the number of reports that were closed with no finding compared to same time last year. The data also shows an increase in the number of pending cases.

The *Report Resolution Chart* (Attachment C) describes the actions CalPERS staff took on complaints that were investigated and closed during the reporting period.

The *Summary of Closed Substantiated Cases* (Attachment D) provides a summary of substantiated Helpline complaints closed during the reporting period from February 16, 2013, through May 15, 2013.

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