



## Consent

### Agenda Item 4g

June 16, 2015

**ITEM NAME:** CalPERS Ethics Helpline Report

**PROGRAM:** Enterprise Compliance Division

**ITEM TYPE:** Information Consent

#### EXECUTIVE SUMMARY

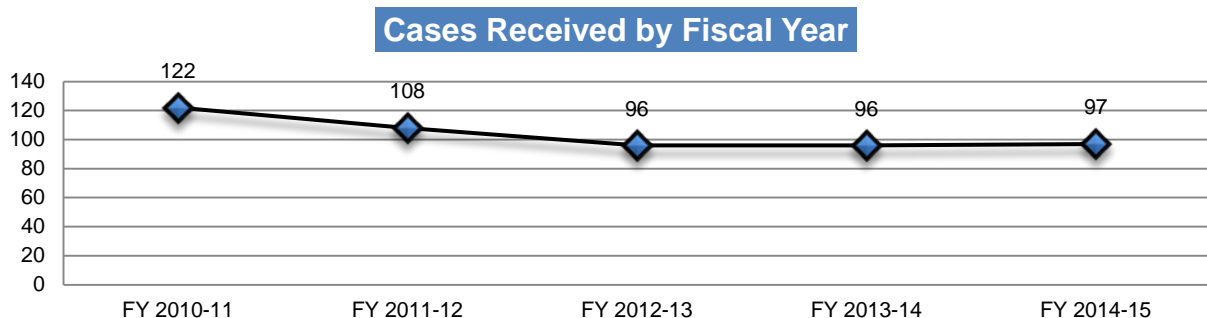
This report provides the status of open and closed CalPERS Ethics Helpline cases covering the period February 16, 2015 through May 15, 2015.

#### STRATEGIC PLAN

The CalPERS Ethics Helpline supports the CalPERS Strategic Plan Goal B: Cultivate a high-performing, risk-intelligent and innovative organization.

#### BACKGROUND

The CalPERS Ethics Helpline (Helpline) was launched in September 2010. The Enterprise Compliance Division (ECOM) administers the Helpline process, and is responsible for receiving cases from the vendor and conducting an initial inquiry before assigning the case to the appropriate CalPERS program area for investigation and resolution. A Helpline user submits their complaint to an independent third-party administrator, NAVEX Global, and has the option to remain anonymous. Program staff and management either substantiate the allegation made or close the case with no finding. ECOM provides ongoing oversight and monitoring of the process, with periodic reporting.



Since the Helpline's launch, CalPERS has received a total of 519 ethics complaints. As seen by the chart above, titled "Cases Received by Fiscal Year", CalPERS receives, on average, 100 complaints each year. The current year's total reflects cases received through May 15, 2015.

**ANALYSIS**

This item covers the status of 44 total cases for the period of February 16, 2015 through May 15, 2015, including 18 new cases that were received during the period. Of the 44 cases reported, five cases were closed with findings; 21 cases were closed with no findings; and 18 cases remain open, pending further analysis or determination. The chart below provides a detailed breakdown of the cases by category and status type.

**Total Cases: February 16, 2015 – May 15, 2015**

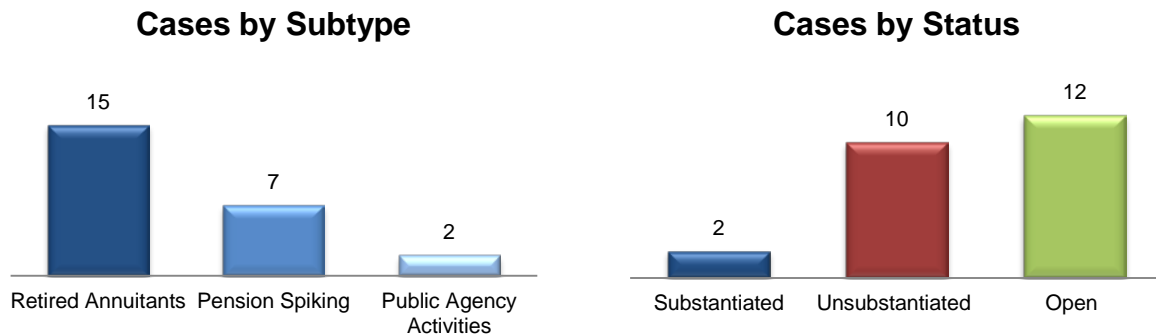
Case Category	Closed: Substantiated	Closed: Unsubstantiated	Open: Pending	Total Cases
Accounting and Auditing Matters	0	0	1	1
Compliance with Laws and Regulations	1	1	1	3
Fraud	0	3	0	3
HIPAA	0	2	0	2
Human Resources (HR)	2	2	2	6
Other*	0	2	2	4
Outside Employment and Compensation	0	1	0	1
Retirement Benefits Fraud or Abuse	2	10	12	24
<b>Total</b>	<b>5</b>	<b>21</b>	<b>18</b>	<b>44</b>

*\*Selected by reporting party when a specific category does not meet criteria for their complaint.*

**Retirement Benefits Fraud or Abuse**

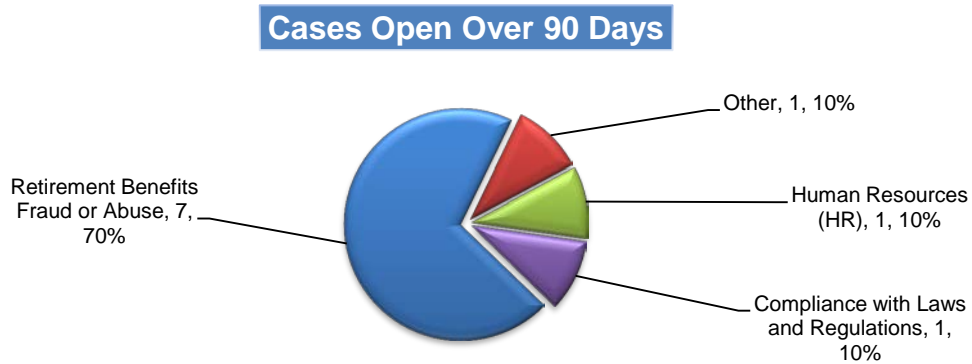
Retirement benefits fraud or abuse comprises 24 of the 44 cases being reported, and are broken out into three subtypes as follows: Retired Annuitants, Pension Spiking, and Public Agency Activities. As seen below in the chart titled “Cases by Subtype,” retired annuitant cases are the majority of retirement benefits fraud or abuse cases reported, and this is consistent with historical trends. Additionally, the chart titled “Cases by Status” shows two cases were closed with findings; 10 were closed with no findings; and 12 remain open, pending further analysis or determination.

**Retirement Benefits Fraud or Abuse: February 16, 2015 – May 15, 2015**



### Cases Open Over 90 Days

The average length of time to review and close a case is 60 days from receipt via Navex Global. In reviewing the 18 open cases, 10 have been open for longer than 90 days. It is important to note that the investigation process takes an average of 22 days to gather and research information from public agencies.



This concludes the Ethics Helpline report for this period. The next report will be provided at the September Risk and Audit Committee meeting.

### **BENEFITS / RISKS**

The Ethics Helpline provides the following benefits to the organization:

- Confidential reporting tool for allegations and concerns associated with unethical conduct, improper business activity, retirement benefits fraud or abuse or illegal activity
- Provides a method to identify and assess allegations of incompatible activities, conflicts of interests and other inappropriate activities that pertain to CalPERS business
- Opportunity to report allegations outside of the workplace 24 hours a day, 7 days a week
- Early detection and opportunity to address compliance risks proactively.

The Ethics Helpline reduces CalPERS exposure to the following risks:

- Legal and financial risk due to violations of CalPERS post-retirement laws or regulations
- Reputational risks resulting from significant noncompliance or appearance of misconduct

### **BUDGET AND FISCAL IMPACTS**

There is no new information to report.

### **ATTACHMENTS**

Attachment 1 – Summary of Closed Substantiated Cases

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KAMI NIEBANK  
Interim Chief Compliance Officer  
Enterprise Compliance Division

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CHERYL EASON  
Chief Financial Officer