



Consent

Agenda Item 4h

September 16, 2015

ITEM NAME: CalPERS Ethics Helpline Report

PROGRAM: Enterprise Compliance Division

ITEM TYPE: Information Consent

EXECUTIVE SUMMARY

Enclosed is the CalPERS Ethics Helpline Report for the period of April 1, 2015 through June 30, 2015. This report provides the status of open and closed CalPERS Ethics Helpline cases for the period.

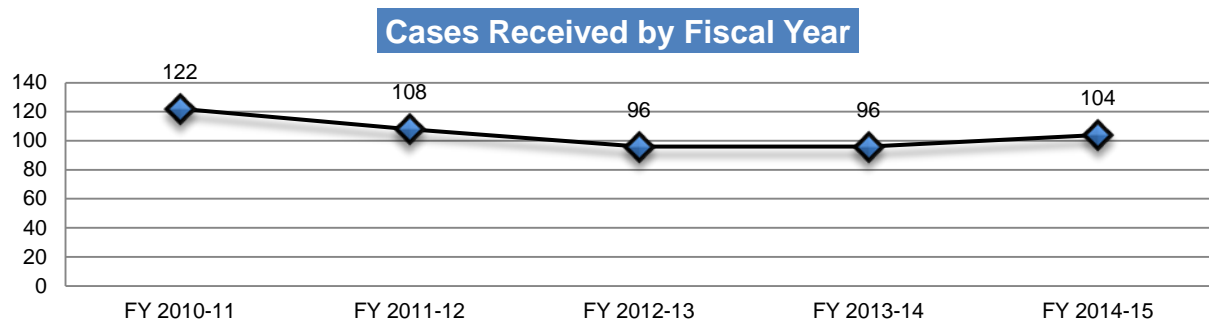
STRATEGIC PLAN

This item supports CalPERS Strategic Plan Goal B: Cultivate a high-performing, risk-intelligent and innovative organization. By providing effective compliance monitoring and oversight, Enterprise Compliance aids in the prevention, detection, and correction of ethical and compliance risks throughout the organization.

Enterprise Compliance also supports the following 2015-17 Business Plan initiative: "Enhance Internal Controls – Develop and implement enhanced internal controls that improve compliance and reduce operational risks."

BACKGROUND

The CalPERS Ethics Helpline (Helpline) was launched in September 2010. The Enterprise Compliance Division 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. Enterprise Compliance provides ongoing oversight and monitoring of the process, with periodic reporting.



Since the Helpline's launch, CalPERS has received a total of 526 ethics complaints. As seen by the chart above, titled "Cases Received by Fiscal Year", CalPERS receives, on average, 105 complaints each year.

ANALYSIS

This item covers the status of 34 total cases for the period of April 1, 2015 through June 30, 2015, including 16 new cases that were received during the period. Of the 34 cases reported, four cases were closed with findings; 19 cases were closed with no findings; and eleven cases remain open, pending further analysis or determination. The chart below provides a detailed breakdown of the cases by category and status type.

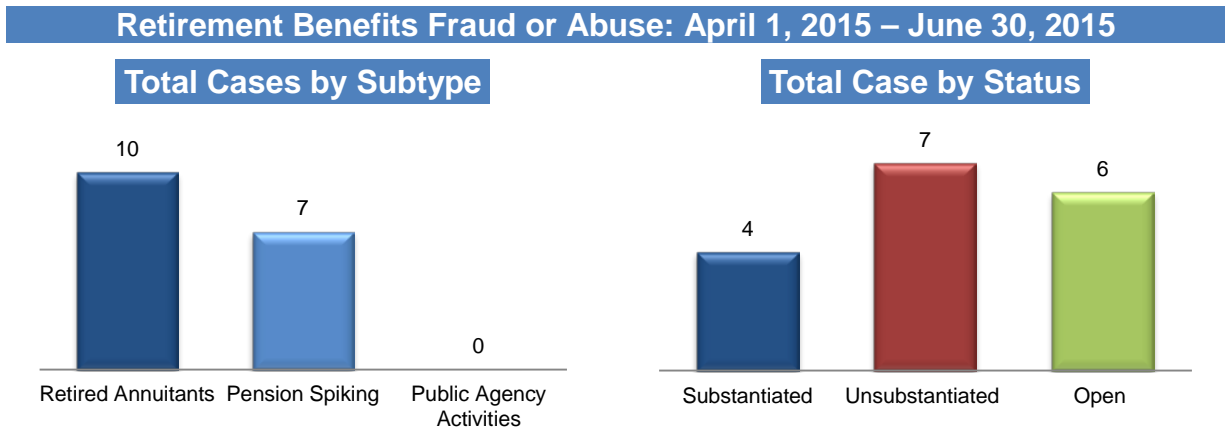
Total Cases: April 1, 2015 – June 30, 2015

Case Category	Closed: Substantiated	Closed: Unsubstantiated	Open: Pending	Total Cases
Accounting and Auditing Matters	0	0	1	1
Compliance with Laws and Regulations	0	2	1	3
Fraud	0	1	0	1
HIPAA	0	2	0	2
Human Resources (HR)	0	5	1	6
Other*	0	2	1	3
Retirement Benefits Fraud or Abuse	4	7	6	17
Workplace Violence	0	0	1	1
Total	4	19	11	34

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

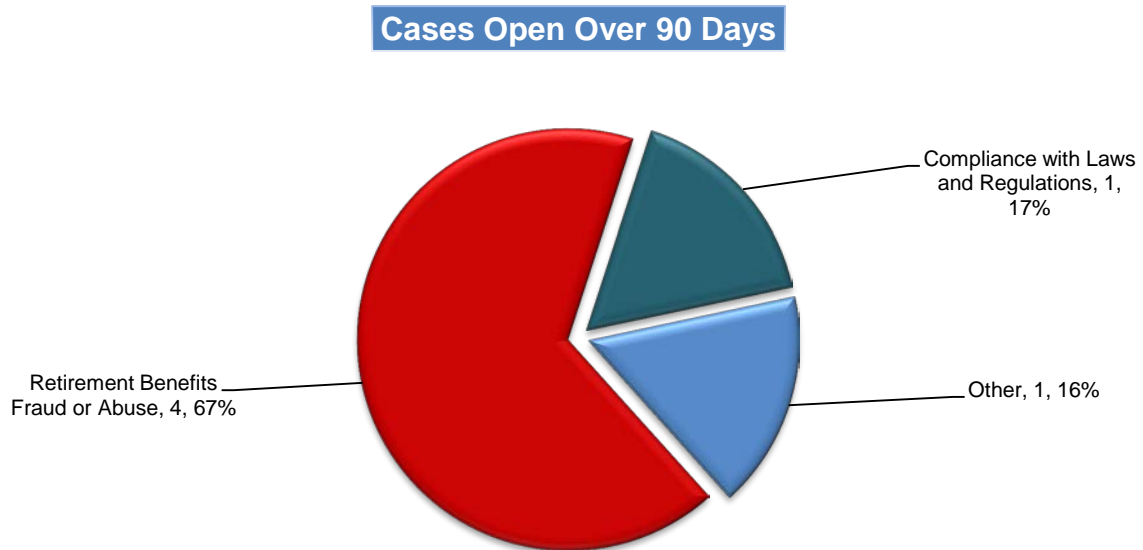
Retirement Benefits Fraud or Abuse

Retirement benefits fraud or abuse comprises 17 of the 34 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 four cases were closed with findings; seven were closed with no findings; and six remain open, pending further analysis or determination.



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 nine open cases, six 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 November 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

KAMI NIEBANK
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