



April 19, 2016

**Item Name:** CalPERS Ethics Helpline Report

**Program:** Enterprise Compliance

**Item Type:** Information Consent

**Executive Summary**

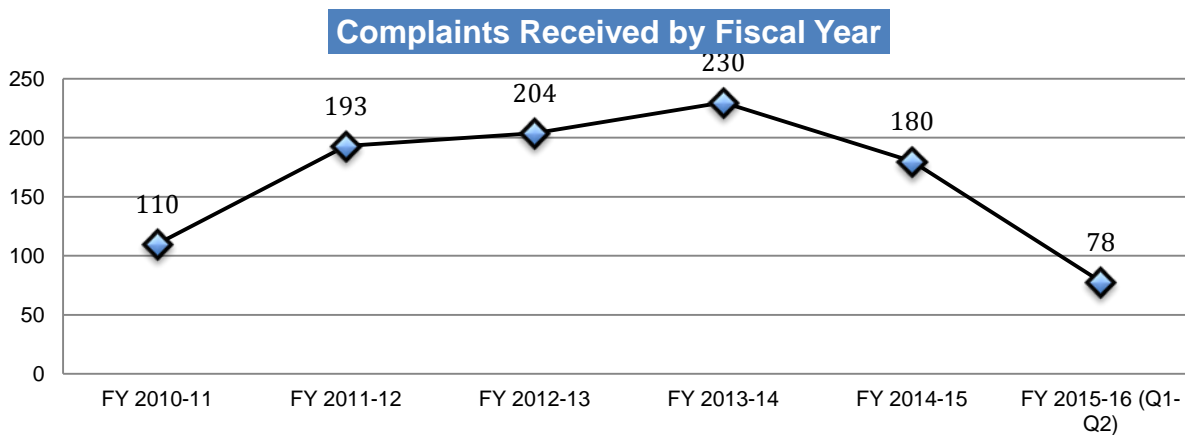
Enclosed is the CalPERS Ethics Helpline Report for the period of October 1, 2015 through December 31, 2015. This report provides the status of CalPERS Ethics Helpline complaints received and administered for the period.

**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.

**Background**

The CalPERS Ethics Helpline (Helpline) was launched in September 2010. The Enterprise Compliance Division is responsible for receiving Helpline complaints from the vendor and assigning to the appropriate CalPERS program area for investigation and resolution. A Helpline user submits through 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 complaint with no finding. Enterprise Compliance provides ongoing oversight, monitoring and reporting of the process.



Since the Helpline’s launch, CalPERS has received a total of 995 complaints. As seen by the chart above, titled “Complaints Received by Fiscal Year”, CalPERS receives approximately 183 complaints each fiscal year. In the current fiscal year, CalPERS has received 78 new complaints during the first six months, tracking slightly lower than previous years.

## Analysis

Of the 63 complaints being reported, 38 are new complaints received during the reporting period and 25 are still pending since the last quarterly report. The chart below provides a detailed breakdown of the 63 complaints being reported by category and status type.

### Total Complaints: October 1, 2015 – December 31, 2015

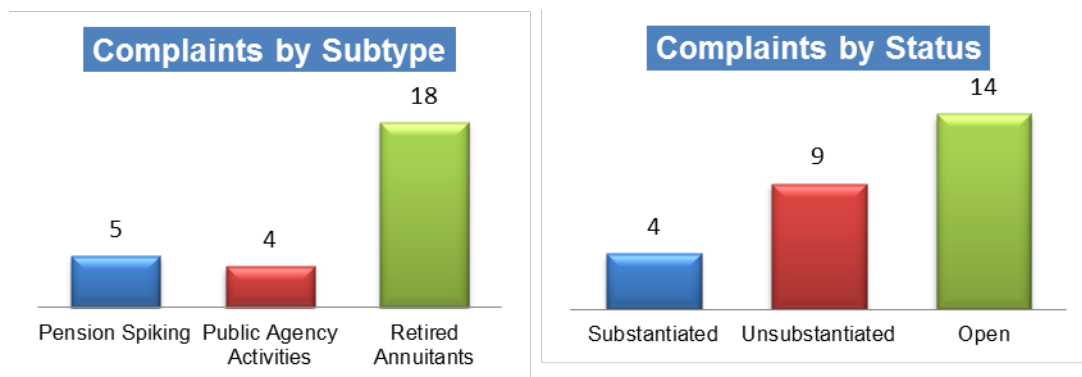
Complaint Category	Closed: Substantiated	Closed: Unsubstantiated	Open: Pending	Non-Ethics Related	Total
Accounting and Auditing Matters	1	0	0	0	1
Compliance with Laws and Regulations	1	2	0	0	3
Conflict of Interest	0	1	0	0	1
Discrimination or Harassment	1	6	0	0	7
Fraud	1	7	1	0	9
Human Resources (HR)	0	1	2	0	3
Improper Supplier or Contractor Activity	0	0	1	0	1
*Other	1	3	0	0	4
Non-Ethics Related	0	0	0	5	5
Regulatory Compliance	0	0	1	0	1
Retirement Benefits Fraud or Abuse	4	9	14	0	27
Workplace Violence	0	1	0	0	1
<b>Total</b>	<b>9</b>	<b>30</b>	<b>19</b>	<b>5</b>	<b>63</b>

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

### Retirement Benefits Fraud or Abuse

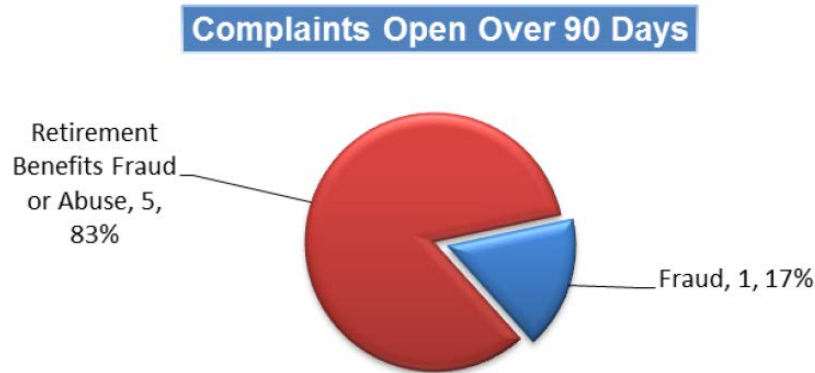
Retirement benefits fraud or abuse comprises 27 of the 63 complaints being reported, and are broken out into three subtypes as follows: Retired Annuitants, Pension Spiking, and Public Agency Activities. As seen below in the chart titled “Complaints by Subtype,” retired annuitant complaints are the majority of retirement benefits fraud or abuse complaints reported. This is consistent with historical trends. Additionally, the chart titled “Complaints by Status” shows four complaints were closed substantiated; nine were closed unsubstantiated; and 14 remain open, pending further analysis or determination.

### Retirement Benefits Fraud or Abuse: October 1, 2015 – December 31, 2015



### Complaints Open Over 90 Days

The average length of time to review and close a complaint is 134 days from receipt via NAVEX Global. In reviewing the 19 open complaints, six have been open for longer than 90 days. As seen by the chart below, the majority of complaints open over 90 days involve retirement benefits fraud or abuse.



### 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 Complaints

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Enterprise Compliance Division

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#### CHERYL EASON

Chief Financial Officer

