

June 13, 2016

Item Name: CalPERS Ethics Helpline Report**Program:** Enterprise Compliance Division**Item Type:** Information Consent**Executive Summary**

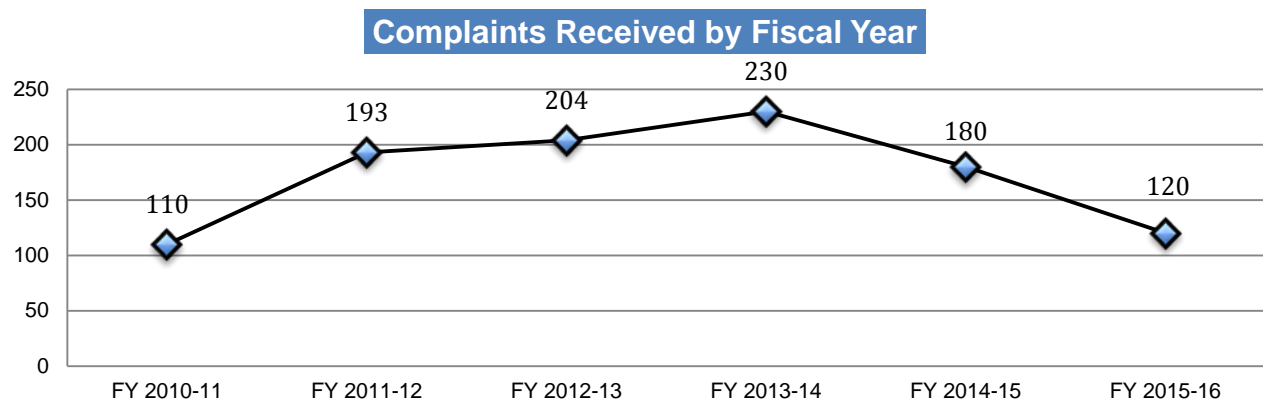
Enclosed is the CalPERS Ethics Helpline Report for the period of January 1, 2016 through March 31, 2016. This report provides the status of CalPERS Ethics Helpline complaints received and administered for the period.

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 the complaints 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 1037 complaints. As seen by the chart above, titled "Complaints Received by Fiscal Year", CalPERS receives approximately 189 complaints each fiscal year. Through the third quarter of the current fiscal year, CalPERS has received 120 new complaints.

Analysis

Of the 64 complaints being reported, 46 are new complaints received during the reporting period and 18 were still pending at the time of the April 2016 Risk and Audit Committee.

The chart below provides a detailed breakdown of the 64 complaints being reported by category and status type.

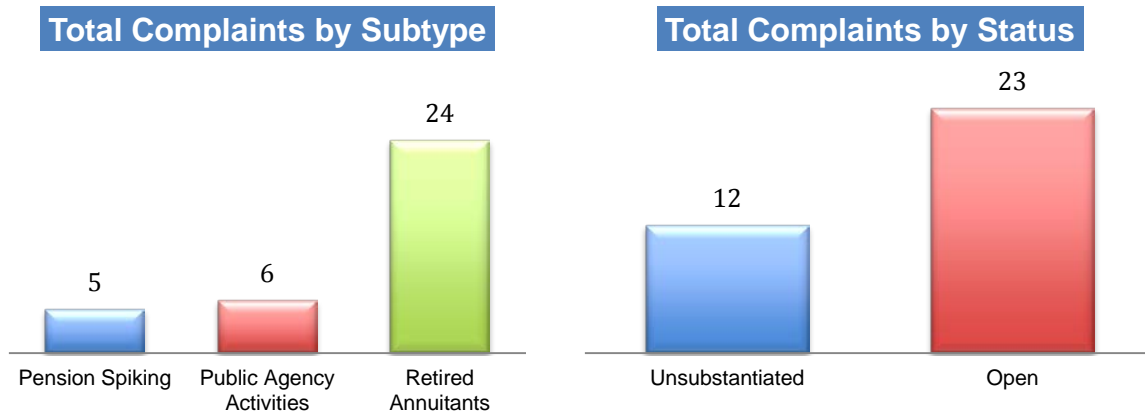
Total Complaints: January 1, 2016 – March 31, 2016

Complaint Category	Closed: Substantiated	Closed: Unsubstantiated	Open: Pending	Non-Ethics Related	Total
Conflict of Interest	2	0	0	0	2
Fraud	0	2	3	0	5
Improper Supplier or Contractor Activity	0	1	1	0	2
Non-Ethics Related	0	0	0	13	13
Retirement Benefits Fraud or Abuse	0	12	23	0	35
Relationships with Clients, Suppliers or Vendors	0	1	0	0	1
Human Resources (HR)	0	4	0	0	4
Regulatory Compliance	0	1	0	0	1
Discrimination or Harassment	1	0	0	0	1
Total	3	21	27	13	64

Retirement Benefits Fraud or Abuse

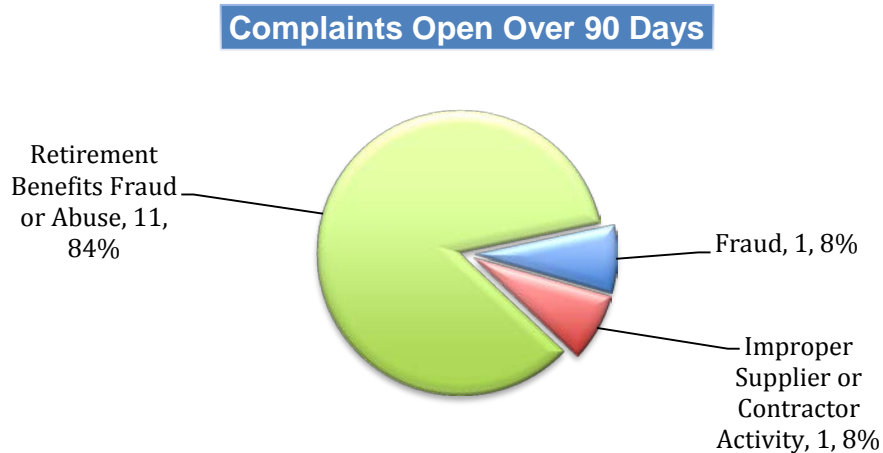
Retirement benefits fraud or abuse comprises 35 of the 64 complaints being reported, and are broken out into three subtypes as follows: Retired Annuitants, Pension Spiking, and Public Agency Activities. As seen below in the chart titled “Complaints by Subtype,” retired annuitant complaints are the majority of retirement benefits fraud or abuse complaints reported. This is consistent with historical trends. Additionally, the chart titled “Complaints by Status” shows zero complaints were closed substantiated; 12 were closed unsubstantiated; and 23 remain open, pending further analysis or determination.

Retirement Benefits Fraud or Abuse: January 1, 2016 – March 31, 2016



Complaints Open Over 90 Days

The average length of time to review and close a complaint is 63 days from receipt via NAVEX Global. In reviewing the open complaints, 13 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 and 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 can reduce 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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