

Ethics, Compliance, and Fraud Hotline

Purpose and Background

1. The OCERS Ethics, Compliance, and Fraud Hotline (the Hotline) was established in October 2012 to aid management in the detection of activities that are unethical, fraudulent, or not in compliance with the policies of OCERS. The Hotline facilitates anonymous reporting by employees, contractors, members, and the general public to report concerns about potential misconduct or inappropriate activities, including but not limited to, harassment, conflict of interest, violation of policy, fraud, and waste of resources.
2. The Hotline reinforces OCERS efforts to ensure transparency, accountability, fairness, and integrity in the workplace.

Policy Objectives

3. The purpose of this document is to establish a policy for conducting an investigation when a report of potential misconduct or inappropriate activity is made through the Hotline, and for assigning responsibility for taking appropriate actions as a result of the investigation.

Policy Guidelines

4. OCERS management is responsible for the implementation of procedures and controls designed to prevent and detect fraud, misappropriations, deception, wrongdoing, and other inappropriate conduct. Fraud is defined by the Association of Certified Fraud Examiners as any intentional act to deprive another of property or money by acts of guile, deception, or other unfair means. Fraud can include conflict of interest, theft, or breach of fiduciary duty. Each member of the OCERS management team must be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.
5. All allegations of potential misconduct or inappropriate activity raised by any source will be taken seriously and properly investigated. Retaliation against anyone who reports suspected misconduct or inappropriate activity will not be tolerated.
6. OCERS Director of Internal Audit will be responsible for conducting an investigation as a result of a report being filed on the Hotline. The investigation will be conducted without regard to the alleged wrongdoer's length of service, position, title, or relationship with OCERS.
7. If an accusation is made against the Director of Internal Audit, then the Director of Internal Audit or Internal Auditor, as appropriate, will inform the Chief Executive Officer, who will then be responsible for directing an investigation.
8. Depending on the nature of the complaint, some investigations regarding human resources matters such as matters related to performance appraisals or harassment may be turned over to the Manager of Administrative Services. Internal Audit may also seek the assistance of Legal or other informed parties in conducting an investigation.
9. The Chief Executive Officer will make the final determination regarding action to be taken against the accused individual upon completion of the investigation.

Ethics, Compliance, and Fraud Hotline

10. In some cases, the final report of the outcome of an investigation may be submitted to the Audit Committee, or Chair of the Audit Committee. This may occur if an accusation has been against executive management, or if the results of an investigation indicate criminal acts have occurred, or there are high-level policy implications resulting from an investigation. The Audit Committee will make the determination for corrective action, if any, as it deems appropriate.
11. If a report to the hotline indicates that illegal acts may have been committed, Internal Audit will refer those reports to the appropriate law enforcement agency or the district attorney. If a report to the hotline indicates that a violation of the Political Reform Act has occurred, such as a conflict of interest, illegal acceptance of gifts or honorarium, or restrictions on activities of former investment officials, then Internal Audit will refer the report to the California Fair Political Practices Commission (FPPC).
12. OCERS will maintain the confidentiality, to the extent that it is legally possible, of any individual reporting any detected or suspected fraudulent activity, ethics violations, or compliance failures.

Policy Review

13. This policy will be reviewed every three years.

Policy History

14. The Board adopted this policy on June 06, 2013.

Secretary's Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this policy.



1/17/17

Steve Delaney
Secretary of the Board

Date