

OCERS Board Policy
Ethics, Compliance, and Fraud
Hotline

Purpose and Background

1. The OCERS Ethics, Compliance, and Fraud Hotline (the Hotline) was established to aid management in the detection of activities that are unethical, fraudulent, or not in compliance with OCERS' policies. 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.
 - a. The Hotline assists in reinforcing OCERS' efforts to ensure transparency, accountability, fairness, and integrity in the workplace.

Policy Objectives

2. 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. Workplace complaints against members of the Board or OCERS executive staff are not covered under this policy. Workplace complaints are instead handled under the Protocol for Handling Workplace Complaints Against Board Members and Executives Policy.

Policy Guidelines

3. 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 a knowing misrepresentation of the truth or concealment of a material fact to induce another to act to his or her detriment. 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.
4. 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.
5. 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.
6. If an accusation is made against the Director of Internal Audit, then the Director of Internal Audit or a member of the Internal Audit department, as appropriate, will inform the Chief Executive Officer, who will then be responsible for directing an investigation.
7. 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

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the Director of Human Resources. Internal Audit may also seek the assistance of Legal or other informed parties in conducting an investigation.

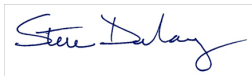
8. Except as provided in Section 10, below, the Chief Executive Officer will make the final determination regarding action to be taken upon completion of the investigation.
9. The Audit Committee or Chair of the Audit Committee will make the final determination regarding action to be taken upon completion of the investigation where:
 - a. the accusation is against a member of OCERS Senior Executive management;
 - b. the results of an investigation indicate criminal acts have occurred; or
 - c. there are high-level policy implications resulting from an investigation.
10. If a report to the hotline indicates that illegal acts may have been committed, Internal Audit will refer those reports to General Counsel and 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).
11. The final outcome of all investigations will be reviewed with the Chair of the Audit Committee and a summary will be submitted to the Audit Committee unless deemed confidential by the Director of Internal Audit in consultation with the Chief Executive Officer, the Chair of the Audit Committee and Legal Counsel.
12. The identities of the complainant and the subject of the complaint will remain confidential to the fullest extent possible, consistent with the law and customary practice.

Policy Review and History

13. This policy will be reviewed every three years.
14. The Board adopted this policy on June 06, 2013, and amended on January 1, 2017, May 18, 2020 and April 17, 2023.

Secretary's Certificate

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



Steve Delaney
Secretary of the Board

4/17/2023

Date