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November 1, 2013

TO: MEMBERS, AUDIT COMMITTEE

I. AGENDA ITEM # AND TITLE :	Open Agenda Item 5 - Whistleblower Hotline
II. NAME AND PROGRAM:	Andreas Acker, Human Resources and Dante Robinson, Internal Audit
III. ACTIVITY:	<input checked="" type="checkbox"/> Informational <input type="checkbox"/> Request for Direction <input type="checkbox"/> Action Proposed <input type="checkbox"/> Exploratory
IV. JUSTIFICATION:	<input checked="" type="checkbox"/> Standard/Required Item <input type="checkbox"/> Board Request – New Item <input type="checkbox"/> New Topic from Staff

V. EXECUTIVE SUMMARY:

This report is a recap of the quarterly ethics hotline activity.

VI. ANALYSIS:

There were 112 reports received reported as follows:

- a. Ethics Hotline – 28
- b. Management referral – 36
- c. Privacy – 48

Investigations were completed on 80 cases of which 64 involved suspected privacy breaches due to improper transmission out of State Fund of information including personal information of policyholders and claimants and proprietary information for unapproved business or personal use. The increase in Privacy reports represents an increase in understanding of personal identifiable information and what constitutes a breach.

VII. RECOMMENDATION:

Management works with HR or the Privacy Office to implement corrective actions and to execute any disciplinary actions.

VIII. APPENDIX: 2013 3rd Quarter Ethics Hotline Report

APPENDIX: 2013 3rd Quarter Ethics Hotline Report (Open Session)
7/1/2013 – 9/30/2013

Corporate Investigations and Programs investigate matters raised through the Ethics Hotline, Management Referrals, and Privacy.

For the 3rd quarter, there were 112 reports received highlighted in the tables below based on the category the reporting employee or individual used. The tables show the breakdown based on the Investigation Status, Category, and Sources.

The table below provides a breakdown and number by investigation status.

Investigation Status	Total
Investigation Completed - Allegation not Substantiated	9
Investigation Completed and Substantiated. Action Taken	2
Investigation Completed Pending Action	8
Investigation in Process	93
Grand Total	112

The table and chart below provides a breakdown by category and sources.

Count of Source Category	Source Ethics Hotline	Management Referral	Privacy	Grand Total
Accounting and Financial Control	1			1
Claims Practices	2	1		3
Compliance and Regulatory Matters		1		1
Conflict of Interest	2	26		28
Human Resources	8	6		14
Information Security		1		1
Inquiry	1			1
Other	9	1		10
Privacy	5		48	53
Vendor/Contract Relations				0
Grand Total	28	36	48	112

