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Date: November 2, 2012

**AGENDA ITEM 7ai – INFORMATIONAL ONLY FOR BOARD OF DIRECTORS**

**TO: MEMBERS, GOVERNANCE COMMITTEE**

- I. SUBJECT:** Governance and Compliance Update
- II. PROGRAM:** EXECUTIVE
- III. RECOMMENDATION:** Informational Only – No Action Required
- IV. ANALYSIS:**

The following summarizes compliance related activity for the period<sup>1</sup>.

**Compliance Model alignment – Consistent monitoring, evaluation & reporting**

- Code of Conduct training and acknowledgement compliance rates as of October 26, 2012
  - Employees, consultants and their supervisors are accountable for compliance by performance plan or contract
  - 41 cost centers representing 652 employees have achieved 100% compliance
  - Final follow-up will commence for achievement of full compliance and reported in 1Q 2013

<i>State Fund Workforce</i>	<i>Members</i>	<i>CoC Training</i>	<i>CoC Acknowledgement</i>
Employees	4594	94.3%	92% <sup>^</sup>
Consultants	153	49%	46%

<sup>^</sup>*Mitigating event* - Some acknowledgements are known to have been routed directly to official personnel files; quality review is underway to account for the compliance differential. 2013 deployment planned for electronic approval and tracking of acknowledgements.

**Compliance Model alignment – Effective training, communication & awareness**

- Targeted Privacy and Data Security training provided during 3Q:
  - Executive – August by International Association of Privacy Professionals
  - Senior leaders – September by Governance, Enterprise Security and Organizational Development
    - Message cascaded to staff by October 1
  - Specialized training road shows for business units
    - Scheduled for November, December 2012 and 1Q 2013

<sup>1</sup> All Governance reports are grounded in State Fund’s Compliance Framework – resource USSG Ch. 8 Part B2.1(b)

**Compliance Model alignment – Clear written standards, policies & procedures**

- AB 53 (Solario) effective 1/1/2013. Insurance Carrier diversity contracting outreach
  - Summary compliance action requirements:
    - Develop a supplier diversity Corporate Policy statement
    - Develop Corporate Procedures to support the Policy statement
    - Collect and retain the necessary information
    - File an activity report beginning in July 2013 with the Insurance Commissioner, and every two years following
- SB 863 (De León) effective 1/1/2013. Workers' compensation
  - Summary compliance action requirements:
    - Steps to reasonably assure consistency with existing HIPAA privacy and security standards for electronically submitted claims for payment of medical services<sup>2</sup>
    - No other new governance requirements

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BARBARA SIMMONS, Governance,  
Compliance and Privacy Manager

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<sup>2</sup> CA Labor Code §4603.4(b)