



2860 Gateway Oaks Drive  
 Sacramento, CA 95833  
 (415) 263-5400  
[www.statefundca.com](http://www.statefundca.com)

Date: August 2, 2023

**TO: MEMBERS, AUDIT COMMITTEE**

<b>I. AGENDA ITEM # AND TITLE:</b>	Open Agenda Item 5 – Whistleblower Hotline
<b>II. NAME AND TITLE:</b>	Andrea Bailey, Vice President, Corporate HR
<b>III. ACTIVITY:</b>	<input checked="" type="checkbox"/> Informational <input type="checkbox"/> Request for Direction <input type="checkbox"/> Action Proposed <input type="checkbox"/> Exploratory
<b>IV. JUSTIFICATION:</b>	<input checked="" type="checkbox"/> Standard/Required Item <input type="checkbox"/> Board Request – New Item <input type="checkbox"/> New Topic from Staff

**AIM:** The purpose of this report is to provide the Audit Committee a summary of alleged ethical issues reported to State Fund by employees or members of the public. Six items were reported from April 1, 2023 through June 30, 2023.

**SITUATION:** State Fund receives reports from a number of different sources, including our internal Case Management System, referrals from the Privacy Office, and through our whistleblower and ethics hotlines.

**PLAN:** Human Resources provides the State Fund Audit Committee with a quarterly report regarding the number of reported item and type of allegation. This report includes statistical information for the quarter, and if any, trends.

**ATTACHMENTS:**

1. Q2-2023 - Ethics Allegations Report (Open Session) 04/01/2023-06/30/2023
2. Allegations Reported by Month
3. Allegations Reported by Hotline Benchmark category
4. Benchmark category definitions

**Open Agenda Item 5 – Attachment 1**

**ITEM NAME:** 1. Q2-2023 - Ethics Allegations Report (Open Session) 04/01/2023-06/30/2023

**EXECUTIVE SUMMARY:** Human Resources and Internal Affairs investigate the majority of the matters referred through the internal Ethics Hotline, California Whistleblower Hotline, directly to Human Resources and our Case Management System. For the second quarter of 2023, there were six new allegations received, all six were still in progress. In addition, ten investigations from prior quarters were closed.

**ANALYSIS:** During the second quarter of 2023, there were six reports received from the following sources. The average number of allegations reported from all sources was two per month, which represents a decrease from the prior quarter. The chart below shows the reports by source:

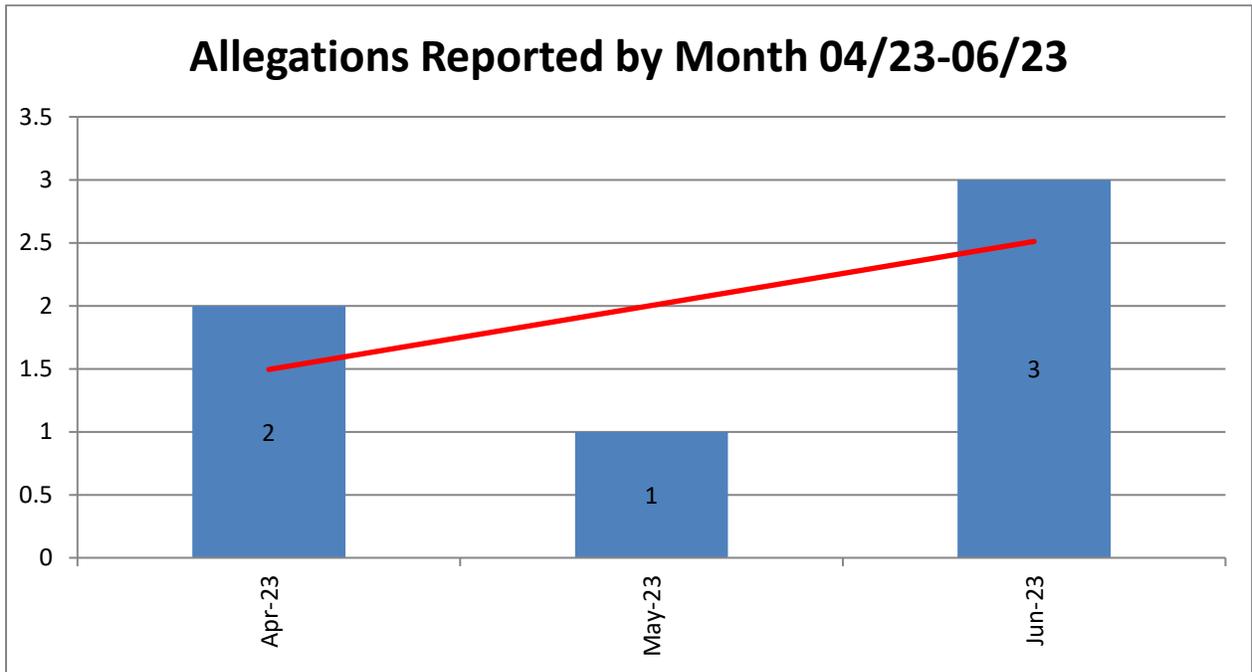
<u>Reporting Method</u>	<u>Q1 Reports</u>	<u>Avg Rpts/Mo</u>
Direct Report	3	1
Case Management System	2	<1
EEO Mailbox	1	<1

Of the six cases, four were EEO related cases and two were conduct related cases.

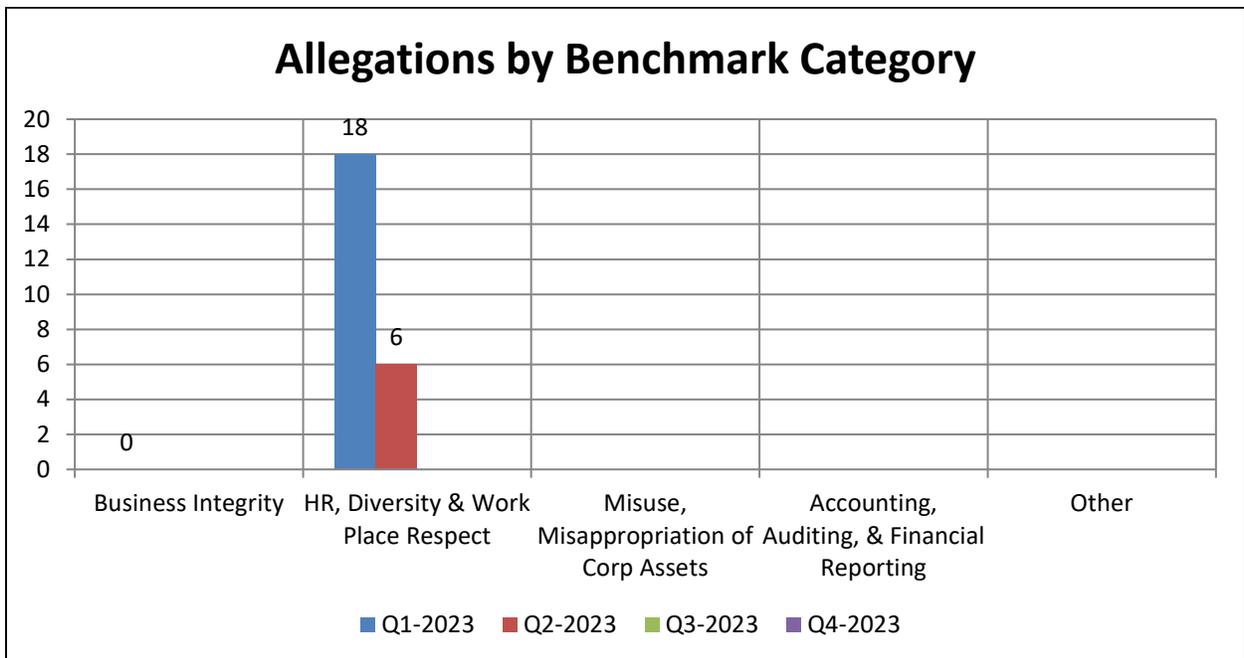
Each reported item is reviewed as it could represent a risk to the organization. Human Resources works with management on identifying and implement risk mitigation measures, implements corrective actions and when necessary disciplinary measures. Where trends are identified, additional corrective measures will be developed and implemented.

**Recommendations:** As this an informational item, there are no recommendations at this time.

Open Agenda Item 5 – Attachment 2 and 3



(Chart 1)



(Chart 2)

## Hotline Benchmark category definitions

**Business Integrity:** Falsifying Records, Privacy and Data Security Breaches, Theft, Compliance and Regulatory Matters, Information Security, Vendor Relations, Claims, Policy, Legal, and other Business Practices

**HR, Diversity and Work Place Respect:** Attendance, Code of Conduct Violation, Conflict of Interest, Equal Employment Opportunity (Discrimination, Retaliation, Sexual Harassment), Favoritism, Inappropriate/ Offensive Behavior, Hiring Practices

**Misuse, Misappropriation of Corporate Assets:** Fraud, Misuse/ Abuse of Time or Resources

**Accounting, Auditing and Financial Reporting:** Forgery, Accounting and Financial Control

**Other:** Types of misconduct that fails to fall into the above categories such as Safety, Assault or Environmental Protection Compliant