

BWC Board of Directors
Audit Committee Agenda

William Green Building
Thursday, August 26, 2010

Level 2, Room 3
1:30 p.m. – 2:30 p.m.

Call to Order

Ken Haffey, Committee Chair

Roll Call

Jill Whitworth, Scribe

Approve Minutes of July 28, 2010 meeting

Ken Haffey, Committee Chair

Approve Agenda

Ken Haffey, Committee Chair

New Business/ Action Items

1. BWC Code of Ethics

James Barnes, General Counsel and Chief Ethics Officer

Motions for Board Consideration

- A. For Second Reading

1. FY 2012/2013 Biennial Budget

Tracy Valentino, Chief of Fiscal and Planning

Discussion Items*

1. External Audit Update

Tracy Valentino, Chief of Fiscal and Planning

2. Open Discussion with Internal Auditor

Caren Murdock, Chief of Internal Audit

3. Committee Calendar

Ken Haffey, Committee Chair

4. Litigation Update, if necessary, Executive Session

James Barnes, General Counsel and Chief Ethics Officer

Adjourn

Ken Haffey, Committee Chair

Next Meeting: Thursday, September 23, 2010

* Not all agenda items have material.

** Agenda subject to change.

ETHICS4BWC

BWC Ethics Program

James A. Barnes

General Counsel & Chief Ethics Officer

Law and Policy

- A. Ohio Law
- B. Code of Ethics
- C. Nepotism Policy
- D. Outside Employment Policy
- E. Gift Acceptance Policy
- F. Gift Return Letter
- G. Internal Fraud Policy
- H. Ohio Ethics Law
- I. Governor Strickland's Executive Orders

Governor's Executive Order

Chief Ethics Officer – Agency Requirement

- **Ethics Committee**
- **Ethics 4 BWC Mailbox**

Resource for employees that allows them to submit questions, comments and suggestions regarding ethics at BWC

- **Ethics4BWC Website:**

Internal website for BWC staff filled with resources, FAQs, etc, and links to policies, training materials and links to other Ethics related sites

Ethics 4 BWC - Bureau of Workers Compensation

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Ethics4BWC

Ethics Commission Frequently Asked Questions Inspector General Law and Policy Education Home

BWC Web

Message From Marsha Ryan

Welcome to the Ethics 4 BWC intranet page. Here you will be able to access a wealth of resources and information regarding BWC's ethics policy, educational seminars, frequently asked questions and more. I have said before, as public employees, we should be proud of the service we provide to the citizens of Ohio every day. Being government employees, we also occupy a position of public trust so our behavior must consistently demonstrate that we are impartial and fair. Furthermore, we must act only in the public interest, uninfluenced by any consideration of self-interest, except those inherent in the proper performance of our duties. It is in support of these guiding principles that this page has been created.

As you use this resource, I encourage you to submit your ethics questions or concerns to the Ohio Ethics Commission, whose link is located above. Also, you can send your questions, comments and suggestions to the [Ethics 4 BWC](#) email box.

Local intranet



- Ethics Commission
- Frequently Asked Questions
- Inspector General
- Law and Policy
- Education
- Home
- BWC Web

- Ohio Ethics Law
- Governor Strickland's Executive Orders
- Code of Ethics
- Nepotism Policy
- Revolving Door Policy
- BWC Outside Employment Policy
- Internal Fraud Policy
- Gift Acceptance Policy**
- Gift Return Letter
- Ethics Commission Information Materials

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http://ati-irpd1/divisions/hr/Handbook/Memo404.pdf - Bureau of Workers Compensation

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Memo 4.04

GIFT ACCEPTANCE POLICY

This policy is based upon the Ohio Ethics Law, Rule 4121-15-03 of the Ohio Revised Code (as applicable to BWC), and the Governor Strickland's Executive Order 2007-01S, January 8, 2007, titled "Establishing New Ethics Requirements."

DEFINITIONS:

Gift and/or gratuity: anything of economic value, including money, service, hospitality, loan or promise.

Economic value: includes money, goods, future employment, interest in property, and "every other thing of value."

Improper party(ies): for purposes of this policy, any individual or entity who is

- doing or seeking to do business with BWC,
- regulated by BWC, or
- interested in any matter before BWC.

Done Unknown Zone



- Ethics Commission
- Frequently Asked Questions
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Information Session Material
Ethics Training Requirements

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Ethics Training Requirements

POSITION	MANDATORY TRAINING REQUIREMENT	TRAINING REQUIRED
<ul style="list-style-type: none"> BWC administrator 	At least three hours of ethics training each year	Three hours annually
<ul style="list-style-type: none"> Senior staff Financial disclosure filers 	At least one three-hour training session each year	Three hours annually
<ul style="list-style-type: none"> Chief ethics officers 	One three-hour training session each year; and one additional hour of training quarterly	Seven hours annually
<ul style="list-style-type: none"> Board and commission members Board senior staff who are financial disclosure filers 	At least one two-hour training session every other year	Two hours every two years
<ul style="list-style-type: none"> Other staff at board and commissions 	Ethics training plan determined by board and submitted to governor's chief legal officer	As determined by board
<ul style="list-style-type: none"> All other BWC employees 	One hour of training every other year	One hour every two years
<ul style="list-style-type: none"> New hires 	Must obtain requisite training within nine months of hire	Requisite training within nine months of hire

TRAINING

- Train the Trainer Session (Supervisors)
 - August 30, 2010
- All Staff Training
 - September and October 2010

Questions



**BWC Board of Directors
Audit Committee
Fiscal Year 2012 - 2013 Biennial Budget
Executive Summary**

Attached is information regarding BWC's proposed Fiscal Years 2012 and 2013 biennial administrative budget. The information reflects proposed funding levels for the Administrative Cost Fund and the Safety & Hygiene Fund. In addition, the information reflects proposed funding levels associated with the Disabled Workers' Relief Fund, the Marine Industry Fund and the Coal Workers' Pneumoconiosis Fund.

The current biennium has brought major changes to BWC. The accomplishments and milestones of the recent past have provided a strong foundation. We are now moving forward to comprehensively improve service for our customers and make fundamental changes to workers' compensation in Ohio. By providing effective, customer-focused services, BWC will enhance the quality of life of Ohio's work force, promote economic success for Ohio's employers, and strengthen the state's economic vitality.

BWC is proposing a total budget of \$300 million for each fiscal year of the biennium. This request is a 5.6 percent increase over the Fiscal Year 2010 annual budget. This is primarily the result of increased payroll costs due to the elimination of payroll related cost savings mandates. It will also enable BWC to be flexible in addressing future budget needs. As BWC moves into the next biennium, there will be a continuation of major program reforms and additional capital projects. As such, BWC is requesting a funding level that will enable the agency to adapt to future needs.

In addition, this request is approximate \$28 million (8.7 percent) less than the appropriation request submitted in the previous biennium. BWC will continue to perform a detailed, annual budget methodology. This may result in an actual annual budget below the established biennial budget requested.

**BUREAU OF WORKERS' COMPENSATION
PROPOSED BUDGET SUMMARY
FISCAL YEARS 2012 AND 2013
In Millions**

Expense Type	Fiscal Year 2010 Estimated Spending	Fiscal Year 2011 Approved Budget	Fiscal Year 2012 Preliminary Budget	Fiscal Year 2013 Preliminary Budget
Payroll	\$181.6	\$187.4	\$200.6	\$195.6
Personal Services	12.4	12.5	12.3	12.5
William Green Rent	19.8	19.0	18.3	17.5
Leases and Term Software Licenses	11.2	10.1	10.2	10.5
Software and Equipment Maintenance and Repairs	14.2	14.7	15.0	15.3
Inter Agency Payments	9.9	9.6	9.7	9.8
Communications	3.2	3.2	4.2	4.3
Supplies and Printing	1.2	1.3	1.4	1.4
Other Maintenance	3.3	3.4	3.4	3.5
Equipment	1.6	1.4	1.2	1.5
Subtotal	\$258.4	\$262.6	\$276.3	\$271.9
Safety Grants and Long Term Care Loans	2.0	4.0	6.0	6.0
Strategic Projects Examples: Rate Reform Core Computer System Upgrades ICD 10 Conversion Enhance Electronic Communications Software and Hardware Upgrades	9.4	14.5	14.7	19.1
Capital Improvements Examples: Recondition Escalators Replace Cooling System replace Domestic Water Pumps	0.5	2.9	3.0	3.0
Grand Total	\$270.3	\$284.0	\$300.0	\$300.0
Total Agency Appropriation	\$328.8	\$328.6		
Decrease in Appropriation			\$28.6	

**BUREAU OF WORKERS' COMPENSATION
 PROPOSED BUDGET SUMMARY
 BY APPROPRIATION LINE ITEM
 FISCAL YEARS 2012 & 2013**

<u>Line Item</u>	<u>Fiscal Year 2010 Estimated Spending</u>	<u>Fiscal Year 2011 Approved Budget</u>	<u>Fiscal Year 2012 Proposed Budget</u>	<u>Fiscal Year 2013 Proposed Budget</u>
855-407 Claims, Risk & Medical Total	120,677,513	127,551,035	134,679,404	136,003,049
855-408 Fraud Prevention Total	10,458,747	10,762,213	11,441,713	11,236,793
855-409 Administrative Services Total	91,338,047	97,236,531	103,234,343	103,268,209
855-401 WGB Lease	19,871,795	19,049,395	18,291,365	17,533,370
855-410 Attorney General Payments*	<u>4,621,850</u>	<u>4,621,850</u>	<u>4,621,850</u>	<u>4,621,850</u>
Fund 023 Total	246,967,952	259,221,024	272,268,675	272,663,271
855-606 Coal Workers' Fund	78,306	91,894	150,586	147,665
855-608 Marine Industry	45,632	53,952	76,532	75,526
855-605 Disabled Workers Relief Fund	430,250	296,234	327,068	322,763
855-609 Safety & Hygiene Operating	19,164,459	18,719,204	19,495,009	19,141,548
855-610 Safety Grants Program	2,000,000	3,980,000	4,000,000	4,000,000
855-601 OSHA Enforcement	1,503,465	1,535,454	1,682,130	1,649,227
855-604 Long Term Care Program	<u>20,000</u>	<u>20,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
Agency Total	<u><u>270,210,064</u></u>	<u><u>283,917,762</u></u>	<u><u>300,000,000</u></u>	<u><u>300,000,000</u></u>

*BWC staff is currently negotiating 2012 and 2013 budget with Attorney General Staff.

12-Month Audit Committee Calendar

Date	August 2010
8/26/2010	1. BWC Code of Ethics Review
	2. FY 2012/2013 Biennial Budget (2 nd Reading)
	3. External Audit Update
	September 2010
9/23/2010	1. Internal Audit QES Review
	2. Inspector General Semi-Annual Report (Executive Session)
	October 2010
10/21/2010	1. Audit Committee Charter Review (1 st Reading)
	2. Internal Audit Annual Accomplishments Report
	3. Quarterly Litigation Update (Executive Session)
	November 2010
11/18/2010	1. External Audit Update
	2. Audit Committee Charter Review (2 nd Reading)
	December 2010
12/15/2010	1. Internal Audit QES Review
	2. Office of Budget and Management Update – BWC Staff Transfer
	January 2011
1/20/2011	1. Annual Disaster Recovery/Business Continuity Plan
	2. External Audit Comments - Update
	3. Quarterly Litigation Update (Executive Session)
	February 2011
2/23/2011	1. Inspector General Annual Report (Executive Session)
	March 2011
3/24/2011	1. Internal Audit QES Review
	2. Discount Rate and Financial Metrics (1 st Reading)
	April 2011
4/28/2011	1. Discussion of External Audit
	2. Discount Rate and Financial Metrics (2 nd Reading)
	3. FY 2012 Administrative Budget (1 st Reading)
	4. Quarterly Litigation Update
	May 2011
5/26/2011	1. FY 2012 Administrative Budget (2 nd Reading)
	2. Internal Audit Charter
	June 2011
6/15/2011	1. FY 2012 Internal Audit Plan
	2. External Audit Update

12-Month Audit Committee Calendar

	July 2011
7/28/2011	1. Internal Audit QES Review
	2. FY 2012 Financial Projections
	3. Quarterly Litigation Update (Executive Session)