

**LSU HEALTH CARE SERVICES DIVISION  
BATON ROUGE, LOUISIANA**

**POLICY NUMBER:** 2538-21 (this policy replaces HCSD Policy 2523)

**CATEGORY:** Fiscal Services

**CONTENT:** Detection, Reporting and Investigation of Incidents of Financial Irregularity

**EFFECTIVE DATE:** April 6, 2021 (previous HCSD Policy 2523 issued May 28, 2002)

**INQUIRIES TO:** Financial Reporting  
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**LSU HEALTH CARE SERVICES DIVISION POLICY FOR  
Detection, Reporting and Investigation of  
Incidents of Financial Irregularity**

**I. INTRODUCTION AND SCOPE:**

LSU Presidential Memorandum-76 (PM-76) is the authoritative basis for this policy.

This policy, and the duties and responsibilities provided in it, are applicable to the Louisiana State University Health Care Services Division (HCSD) and to all employees during the course of their association with HCSD.

**Note:** Any reference herein to HCSD also applies and pertains to Lallie Kemp Medical Center (LKMC).

This policy addresses the detection, reporting and investigation of known or suspected financial irregularities, as defined herein. HCSD will not tolerate or condone any acts or omissions that constitute a financial irregularity whether or not such act or omission results in an economic loss to HCSD. This policy does not affect any existing policy or procedure providing for disciplinary action that may be initiated involving an employee arising out of or connected with conduct that constitutes a financial irregularity. Similarly, this policy does not affect any existing policy or procedure for the reporting, investigation or disposition of conduct that does not constitute a financial irregularity. Employees must not tolerate or condone fraudulent or dishonest acts such as those discussed in this policy.

**II. PURPOSE:**

This policy fixes responsibility for reporting and investigation of incidents of financial irregularities. It provides for the authority and responsibility of the LSU Office of Internal Audit to promptly conduct investigations of reported incidents of financial irregularity and to report the results of such investigation internally and to outside agencies as required by law.

**III. MANAGEMENT RESPONSIBILITIES:**

Management throughout HCSD is responsible for the prevention and detection of financial irregularities and for ensuring that proper internal controls are in place to reduce the risk of such conduct. Similarly, management employees are responsible for reporting acts of known or suspected financial irregularities that become known to them and are authorized to take such action, in the course and scope of their duties, to prevent further loss to HCSD or to mitigate such loss as may have occurred.

**IV. FINANCIAL IRREGULARITY DEFINED:**

For purposes of this policy, a financial irregularity includes, but is not limited to the following as they relate to HCSD facilities, property and financial resources:

- A. Misappropriation or misapplication of funds or other property (tangible and intellectual) belonging to HCSD;
- B. Alteration or other unauthorized modification or forgery of official documents or records to include time sheets, travel vouchers, purchase orders, checks, academic records, or other similar documents;
- C. Misuse for personal or other inappropriate purposes of any property or asset of HCSD;
- D. False claims of any kind or nature relating to financial matters; (**See NOTE Below\***)
- E. Identity theft;
- F. Accepting or seeking anything of value when such conduct is prohibited by law;
- G. Accepting or authorizing compensation for work not performed or engaging in conduct that constitutes a financial conflict of interest;
- H. Any other fraud or deceptive practice involving financial matters;
- I. Other intentional acts or omissions of a similar nature that violate HCSD policy, procedure, or law regarding financial matters.

**\*NOTE:** False Patient Billing Claims will be audited/reviewed by HCSD Compliance as subject matter experts in patient billing. Additional agencies, such as the payer, shall be notified in accordance with HCSD Compliance policies. The HCSD Compliance hotline for reporting False Patient Billing Claims is **800.735.1185**.

## **V. DETECTION AND REPORTING OF FINANCIAL IRREGULARITIES:**

### **A. Routine or Regular Audit Process**

Should the Internal Auditor detect any financial irregularity during the conduct of a routine or regular audit of any HCSD activity, he/she shall make such further inquiry as may be required by applicable standards for the conduct of such audit and include in the report of such audit his/her findings together with any recommendation for corrective or remedial action designed to preclude such financial irregularity in the future.

### **B. Reporting Suspected Financial Irregularities**

All HCSD employees have an affirmative duty to report any known or suspected incidents of financial irregularities. For purposes of this policy, a duty to report arises when a reasonable person in possession of facts concerning a possible incident of financial irregularity would conclude that a violation of this policy has occurred. The reporting individual should not attempt to personally conduct investigations or interviews in order to determine whether or not a suspected activity is improper.

Reports of financial irregularities may be made in any of the following ways:

1. Report to immediate supervisor or superior within the affected activity or unit;
2. Notification to the LSU Office of Internal Audit; or
3. Notification to the HCSD Chief Operations Officer
4. Telephone call (855-561-4099) or internet report [www.lsu.ethicspoint.com](http://www.lsu.ethicspoint.com) to the LSU Ethics and Integrity Hotline which communication may be anonymous

When the report is not anonymous, the reporter may request that that his/her identity be held confidential and this will be done to the extent possible and allowed by law.

A supervisor, designated officer, or other employee receiving a report of a financial irregularity shall immediately notify the LSU Office of Internal Audit of the report.

A knowing failure to report an incident that is covered by this policy is, in itself, a violation and may subject the violator to appropriate disciplinary action.

### **C. Responsibility of the LSU Office of Internal Audit**

The Office of Internal Audit ("the auditor") shall have responsibility to respond to and investigate reports of financial irregularity from whatever source. The auditor shall acknowledge every report of financial irregularity in a timely manner, but within no more than three business days. The auditor shall also notify the head of the affected HCSD entity or his/her designee of the initiation of an investigation. In the event that the auditor determines that the potential loss to HCSD may exceed the sum of \$50,000, or the irregularity is deemed to be of a high profile nature, he/she shall immediately report such determination to the Vice President for Finance and Administration/CFO, to the General Counsel, to University Relations, and to the head of the affected HCSD entity or his/her designee notwithstanding that the investigation has not been completed.

The auditor shall preserve all documents, records, tangible items, statements or other things that might constitute evidence of a crime or may be of value in any administrative or judicial proceeding, shall preserve the chain of custody and shall safe-keep all such items pending the final disposition of the investigative findings.

Upon completion of an investigation, the auditor shall provide a draft of the written report which shall include any relevant findings of fact and recommendations for corrective action (if any) to the head of the affected HCSD entity and provide an opportunity for the HCSD entity head to respond in writing. The response shall not be unreasonably delayed.

Upon receipt of the HCSD entity head's response, the auditor shall prepare and submit the final report to the Vice President for Finance and Administration/CFO and to the General Counsel. A copy of such report shall be provided to the President and Chancellor, the head of the affected HCSD entity or his/her designee. A copy of the report may also be provided to the LSU Board of Supervisors Audit Committee. In accordance with R.S. 24:523, following consultation with the head of the affected HCSD entity or his/her designee, the auditor shall report all instances of misappropriation of funds to the Louisiana Legislative Auditor and the District Attorney for the parish in which the financial irregularity occurred on behalf of the President and Chancellor. The auditor will also provide to the Legislative Auditor and/or District Attorney a copy of any other report of an investigation required by law to be so reported. The auditor shall cooperate with the Legislative Auditor or District Attorney with respect to any proceedings initiated by those offices.

In the event the misappropriation also constitutes an apparent violation of the Louisiana Ethics Code, following consultation with the head of the affected HCSD entity or his/her designee, the auditor shall report the apparent violation to the Ethics Board on behalf of the President and Chancellor in accordance with R.S. 42:1161.A.

Nothing in this policy shall prohibit or restrict the auditor from requesting the assistance of an appropriate law enforcement agency or other agency or organization in connection with any investigation provided, however, that the auditor shall first receive concurrence with the proposed involvement of any law enforcement agency or other agency from the Vice President for Finance and Administration/CFO, the head of the affected HCSD entity or his/her designee and the General Counsel.

The auditor may assemble an investigative team the makeup of which will be based on the nature of the reported financial irregularity and may include officers or other employees of the affected entity. The auditor may also refer for investigation to an officer designated by the head of the affected HCSD entity those matters that in the auditor's determination may be most appropriately addressed by the entity. In the case of a matter referred by the auditor to the affected entity, the results of the investigation will be reported to the auditor in writing within an agreed upon timeframe.

Nothing in this policy will require the auditor to compromise the investigation by providing pertinent information to a subject of the investigation.

**VI. GENERAL COUNSEL:**

The LSU Office of General Counsel shall provide legal advice to the auditor in the conduct of any audit governed by this policy and with regard to the scope and applicability of this policy to any reported act or omission.

**VII. DUTY TO COOPERATE:**

All employees shall fully cooperate with the LSU Office of Internal Audit during the performance of an investigation. Such cooperation may include, but not be limited to, participation in interviews, providing relevant documents, compiling of necessary documentation and/or data, and otherwise responding to inquiries pursuant to any investigation conducted in accordance with this policy. Any employee who refuses to comply with this policy may be disciplined.

**VIII. PROTECTION FROM REPRISAL/CONFIDENTIALITY:**

Nothing in this policy affects the protections provided by state or federal law that may be afforded to any HCSD Employee who reports an act of known or suspected financial irregularity.

Reprisal or retaliation of any kind against a person who reports a financial irregularity will not be tolerated. R.S. 42:1169-Freedom from Reprisal for Disclosure of Improper Acts provides whistleblower protection for Louisiana public employees.

**IX. EFFECTIVE DATE:**

This policy and subsequent revisions shall become effective upon signature of the HCSD Chief Operations Officer.



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