

Policy Number: FB-IV.XIV.-1

University of Louisiana System

Title: Detection, Reporting, and Investigation of Incidents of Financial Irregularity

Effective Date: December 11, 2025

Last Reviewed: December 11, 2025

Chapter: Finance and Business

Policy and Procedures Memorandum

I. INTRODUCTION AND SCOPE

This policy, and the duties and responsibilities provided in it, are applicable to all entities and member institutions of and under the supervision of the Board of Supervisors of the University of Louisiana System ("ULS"), and to all faculty, employees, and students during the course of their association with ULS.

This policy addresses the detection, reporting and investigation of known or suspected financial irregularities, as defined herein. ULS 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 ULS. This policy does not affect any existing policy or procedure providing for disciplinary action that may be initiated involving an employee, faculty member, or student 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. Faculty, staff and students must not tolerate or condone fraudulent or dishonest acts such as those discussed in this policy.

II. PURPOSE

This policy establishes responsibility for reporting and investigation of incidents of financial irregularities. It provides for the authority and responsibility of the 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 ULS 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 ULS 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 ULS facilities, property, and financial resources:

- A. Misappropriation or misapplication of funds or other property (tangible and intellectual) belonging to ULS
- 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 ULS;
- D. False claims of any kind or nature relating to financial matters;
- E. Circumvention of or noncompliance with existing budgetary policy and procedures;
- F. Unusual budgetary adjustments due to their timing or nature, regardless of whether such adjustments are allowed by policy, procedure, or law;
- G. Suspected or actual errors in the Quarterly Financial Reports submitted to the ULS Board office;
- H. Identity theft;
- I. Accepting or seeking anything of value when such conduct is prohibited by law;
- J. Accepting or authorizing compensation for work not performed or engaging in conduct that constitutes a financial conflict of interest;
- K. Any other fraud or deceptive practice involving financial matters;
- L. Other intentional acts or omissions of a similar nature that violate policy, procedure, or law regarding financial matters.

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 ULS activity, they 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 their 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 ULS faculty, employees and students 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. Phone or email notification to any Office of Internal Audit staff member;
3. Notification to an officer designated by the ULS Entity Head or their designee; or
4. Online report (<https://ulsystem.edu/internal-audit-reporting>) to the ULS Office of Internal Audit, which may be an anonymous report

When the report is not anonymous, the reporter may request that their 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 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 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 in order to assess the risk associated with each reported irregularity and determine the validity of each irregularity reported. 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 ULS entity or their designee of the initiation of an investigation. In the event that the auditor determines that the potential loss to ULS may exceed the sum of \$50,000, or the irregularity is deemed to be of a high-profile nature, they shall immediately report such determination to the ULS Audit Committee Chair, ULS President, ULS Vice President for Business and Finance, and to the head of the affected ULS entity or their 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 ULS entity and provide an opportunity for the ULS entity head to respond in writing. The response shall not be unreasonably delayed and should be submitted to the Office of Internal Audit within ten business days.

Upon receipt of the ULS entity head's response, the auditor shall prepare and submit the final report to the ULS Vice President for Business and Finance and to the ULS President. A copy of such report shall also be provided to the head of the affected ULS entity or their designee and to the Dean or head of the business unit or activity in which the financial irregularity occurred. A copy of the report may also be provided to the ULS Board of Supervisors Audit Committee. For all instances of misappropriation of funds reported to and investigated by the auditor, in accordance with R.S. 24:523, following consultation with the head of the affected ULS entity or their designee, the auditor shall be authorized to immediately report such instances to the Louisiana Legislative Auditor and the District Attorney for the parish in which the financial irregularity occurred on behalf of the entity. 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 ULS entity or their designee, the auditor shall report the apparent violation to the Ethics Board on behalf of the entity in accordance with R.S. 42:1161A.

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 ULS Vice President for Business and Finance, the head of the affected ULS entity or their designee, and the ULS President.

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 ULS 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. LEGAL COUNSEL

The Office of Internal Audit shall have the authority and access to seek advice from the legal counsel of the ULS or designated legal counsel of the affected ULS entity 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 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 ULS faculty member, employee or student 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.

Ownership:

UL System Office of Internal Audit

Policy References:

- Louisiana Revised Statute 24:523
- Louisiana Revised Statute 42:1161A
- Louisiana Revised Statute 42:1169

Review Process:

- Vice Presidents for Business and Finance (CFOs)
- UL System Internal Audit Staff
- Audit Committee of the Board of Supervisors

Next Review Date:

No later than 12/11/2030

Distribution:

- University Presidents
- Vice Presidents for Business and Finance (CFOs)
- Fiscal Officers
- UL System Internal Audit Staff