

LSU PM-76 Training

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LOVE PURPLE
LIVE GOLD

Agenda

- Internal Audit at LSU
- Permanent Memoranda (PM) 76 - Detection, Reporting, and Investigation of Incidents of Financial Irregularity
- LSU Ethics & Integrity Hotline
- Questions

Internal Audit at LSU

- Part of LSU yet organizationally independent
- Established by Audit Charter
- Our goal is to help the University accomplish its objectives by evaluating and improving the effectiveness of risk management, control, and governance processes.

Internal Control

- Who is responsible for establishing internal controls?
- Who is responsible for ensuring they are operating?
- Who is responsible for identifying when controls are not working or are being circumvented?

- Management is responsible for all



Three Lines of Defense

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Three Lines of Defense

- <https://na.theiia.org/news/Pages/The-Three-Lines-of-Defense-in-Effective-Risk-Management-and-Control-Is-Your>

Permanent Memoranda (PM) 76 - Detection, Reporting, and Investigation of Incidents of Financial Irregularity

- PM was established August 1, 2014
- Defines 'financial irregularity'
- Establishes responsibility for reporting and investigating financial irregularities

Financial Irregularity includes but is not limited to:

- Misappropriation
- Misclassification
- Alteration or forgery
- Misuse / personal use
- False claims
- Identity theft
- Accepting or seeking anything of value
- Fraud or deceptive practice
- Intentional acts or omissions that violate LSU policy, procedure, or law regarding financial matters

Who is responsible for detecting and reporting financial irregularities?

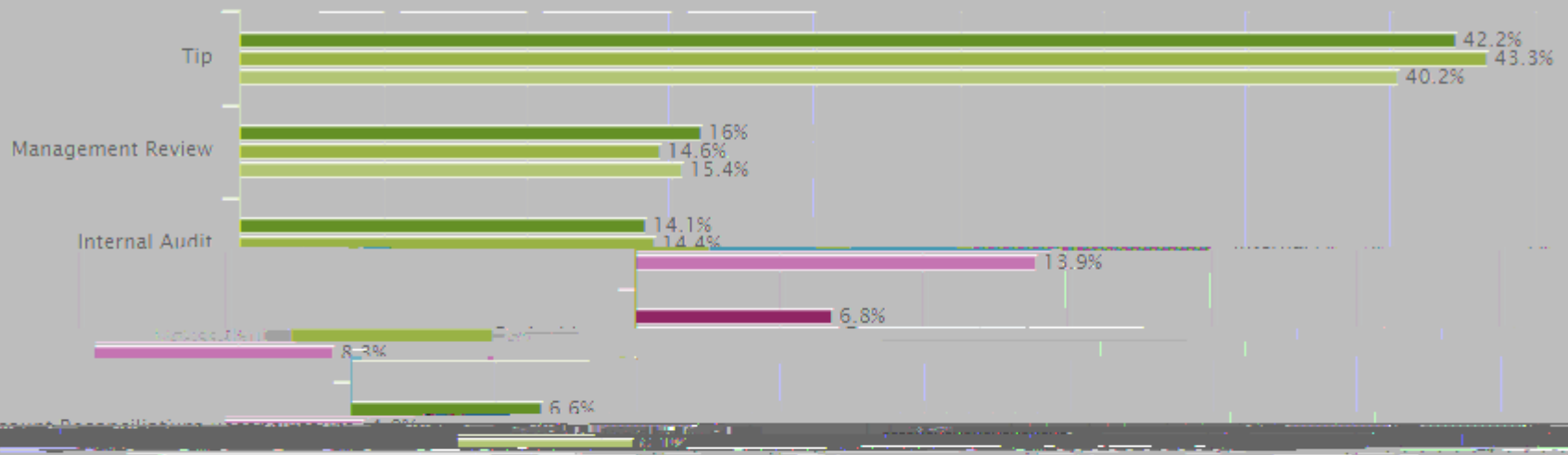
- Management is responsible for the prevention and detection of financial irregularities and for ensuring that proper internal controls are in place to reduce the risk of such conduct.
- Management is responsible for reporting known or suspected issues and are authorized to take action within their scope of duties to prevent further loss.

Who is responsible for detecting and reporting financial irregularities?

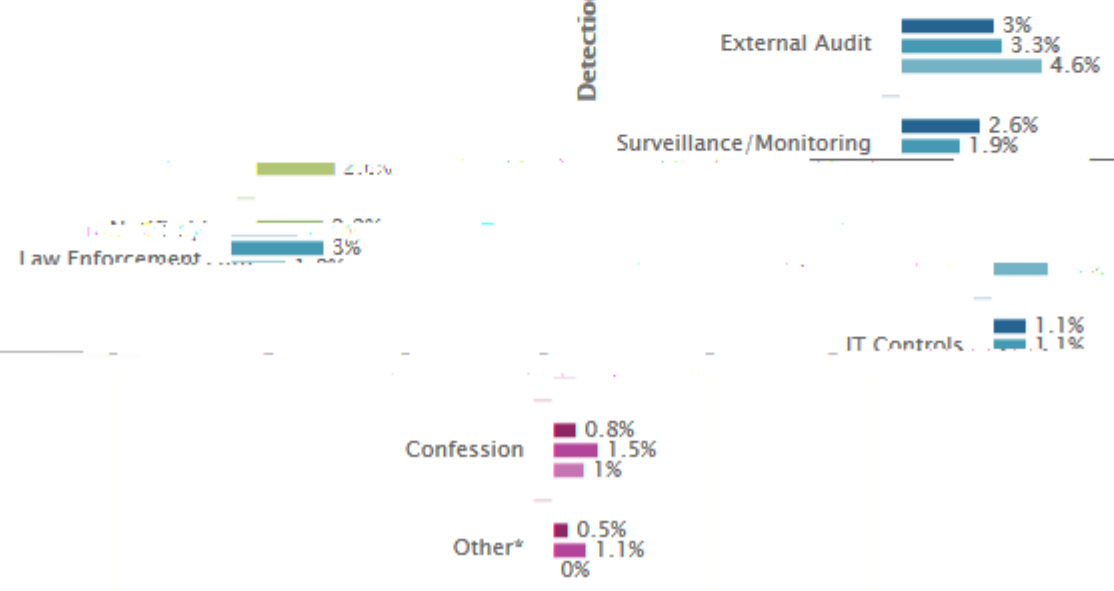
- All LSU faculty, employees and students have an affirmative duty to report.
- A duty arises when a reasonable person is in possession of facts that a possible incident of financial irregularity under this policy has occurred.
- A knowing failure to report an incident covered by this policy may be subject to disciplinary action.
- “Reprisal or retaliation of any kind against a person who reports a financial irregularity will not be tolerated.”

Initial Detection of Occupational Frauds

2014 2012 2010



Detection



How should known or suspected financial irregularities be reported?

- Report to your immediate superior;
- Direct notification to the Internal Audit;
- Notification to an LSU administrator; or
- Anonymous telephone call (855-561-4099) or internet report www.lsu.ethicspoint.com

Who is responsible for investigating financial irregularities?

- The Office of Internal Audit has the responsibility of responding to and investigating financial irregularities.
- IA, in coordination with General Counsel and the CFO, determines whether to request assistance of law enforcement.
- Upon conclusion of investigation, if there has been a misappropriation, IA notifies the DA and LLA as required by R.S. 24:523.

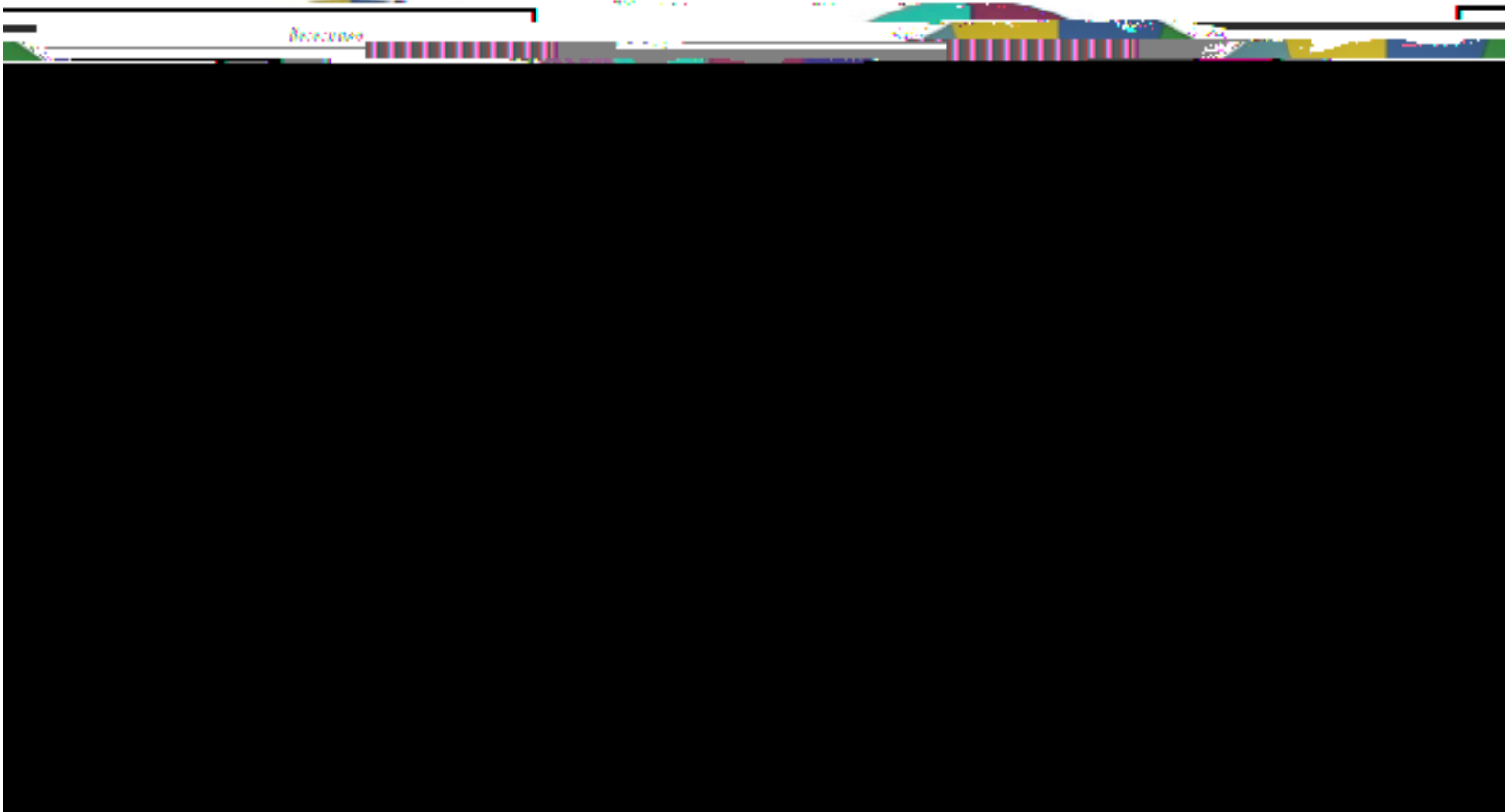
Duty to cooperate

- Employees are required to cooperate timely with investigations. This could include
 - Interviews
 - Providing documentation
 - Compiling necessary information
 - Responding to inquiries
- Please do not question employees or try to gather documents or facts on your own prior to reporting.

Quiz – Who investigates?

- Purchasing bid rigging (IA)
- Professor working at two Universities (IA)
- Stolen computer (Police)
- Missing petty cash (IA)
- Conflicts of interest (IA)
- Employees absent but not taking leave (IA)
- (IA =Internal audit)
- Inappropriate grant expenses (IA)
- Financial statement fraud (IA)
- Sexual harassment (HRM)
- NCAA Violations (Athletics Compliance)

Reports since implementation





Reports since implementation

Questions?

- Chad Brackin, Chief Auditor – cmb@lsu.edu
- James Ponce, Audit Director – jponce3@lsu.edu
- Sammy Wyatt, Manager of Investigations – Swyatt@lsu.edu
- LSU Ethics and Integrity Hotline - (855-561-4099) or www.lsu.ethicspoint.com