



Foundation

FRAUD POLICY

GENERAL STATEMENT

Management is responsible for establishing the cultural environment, training employees and volunteers, assessing fraud risks, implementing internal controls and monitoring activities designed to prevent and detect misappropriations of the assets of the LSU Foundation (the “Foundation”), as well as the intentional material misrepresentation of the Foundation’s financial or other data or other actions constituting fraud. It is further management’s responsibility to communicate this policy to all board members, employees and volunteers and their responsibility to comply with this policy.

Management’s goal is to establish and maintain a business environment which reflects the Foundation’s core values of integrity, accountability, transparency, stewardship of resources and donor-centered development. To maintain such an environment requires the active assistance of every employee and manager on a daily basis.

PURPOSE

The purpose of this document is to communicate the Foundation’s policy regarding the deterrence and investigation of suspected misconduct and dishonesty by employees and others, and to provide specific guidance regarding appropriate action in case of suspected violations.

ACTIONS CONSTITUTING FRAUD

It is the Foundation’s policy that there is zero tolerance for misconduct, dishonesty and all other actions constituting fraud. These actions include but are not limited to:

- Theft or other misappropriation of the Foundation’s cash, securities, supplies, promotional items, donor recognition items or other assets
- Unauthorized use of the Foundation’s employees, property, credit cards, equipment, supplies or other resources
- Submission of personal or fictitious employee expenses for reimbursement or fictitious or inflated vendor invoices or payroll records for payment
- Accepting or seeking anything of value or other unauthorized personal benefits from contractors, vendors or other persons providing services or materials to the Foundation
- Forgery or fraudulent alteration of any check, bank draft, statement, billing, record, form, report, return or other financial document

- Intentional material misstatements and irregularities in Foundation records, including the results of operations or other data in financial statements, reports, regulatory returns, applications or other communications
- Intentional failure to disclose material related party transactions, noncompliance with lender requirements or donor restrictions or other required disclosure matters
- Intentional improper use or disclosure to outside parties of confidential donor, client, employee or Foundation proprietary information
- Any similar acts

The Foundation specifically prohibits these activities and any other illegal or unethical activities in the actions of its board members, employees, volunteers, vendors, contractors, consultants and others doing business with the Foundation.

RESPONSIBILITIES

A. Reporting

- It is the responsibility of every employee, supervisor, manager and executive to immediately report suspected misconduct or dishonesty in accordance with the protocol outlined in the Employee Handbook in Section 510, Reporting Provision.
- Due to the important, yet sensitive, nature of the suspected violations, effective professional follow up is critical. The reporting party must not attempt to personally conduct investigations, interviews or interrogations related to the suspected fraudulent activity, nor in any circumstances perform any investigative or other follow up steps on their own. All relevant matters, including suspected but unproved matters, should be referred immediately to those with follow up responsibility.

B. Additional Responsibilities of Supervisors

- All employees have a responsibility to report suspected violations. Employees with supervisory and review responsibilities at any level have additional deterrence and detection duties.
- Specifically, personnel with supervisory or review authority have three additional responsibilities:
 - Become aware of what can go wrong in their area of responsibility
 - Implement and maintain effective monitoring, review and control procedures that will prevent acts of wrongdoing
 - Implement and maintain effective monitoring, review and control procedures that will detect acts of wrongdoing promptly should prevention efforts fail

Authority to carry out these three additional responsibilities is often delegated to subordinates; however, accountability for their effectiveness cannot be delegated and will remain with supervisors and managers. Assistance in effectively carrying out these responsibilities is available upon request through the Chief Financial Officer (CFO).

C. Reported Incident Follow Up

Care must be taken in the follow up of suspected misconduct and dishonesty to avoid acting on incorrect or unsupported accusations, to avoid alerting suspected individuals that follow up and investigation is underway and to avoid making statements which could adversely affect the Foundation, its employees or other parties.

The general procedures for follow up and investigation of reported incidents are outlined in the Employee Handbook in Section 510, Reporting Provision.

Investigative or other follow up activity will be carried out without regard to the suspected individual's position, level or relationship with the Foundation.

QUESTIONS OR CLARIFICATIONS RELATED TO THIS POLICY

All questions or other clarifications of this policy and its related responsibilities should be addressed to the President/CEO or the Chairman of the Audit Committee, who shall be responsible for the administration, revision, interpretation and application of this policy.

This policy shall be periodically reviewed by an appropriate committee or subcommittee of the Board of Directors, and any recommended revisions and updates will be presented to the Board of Directors for approval.

Adopted May, 2012

EXHIBIT I

ACKNOWLEDGMENT

My signature confirms that I have read this policy and that I understand my responsibilities related to the prevention, detection and reporting of suspected misconduct, dishonesty and other acts of fraud.

I further acknowledge that I am not aware of any activity that would require disclosure under this or any other existing LSU Foundation policy or procedure statements at this time.

Signature

Printed Name

Title

Date