

WEST ASCENSION PARISH HOSPITAL (WAPH)

**COMPENSATION AND HUMAN RESOURCES POLICY AND SEPARATION PAYOUT
PROTOCOL**

Policy Number: HR-001

Effective Date: _____

Approved By: Board of Commissioners

Review Cycle: Annual

1. PURPOSE

The purpose of this policy is to establish lawful compensation, bonus, retention, severance, leave payout, and employee separation practices for West Ascension Parish Hospital (WAPH) and to ensure compliance with Louisiana constitutional requirements governing public funds.

This policy is specifically intended to eliminate audit findings related to:

- Unauthorized compensation payments.
 - Retroactive bonuses.
 - Improper retention incentives.
 - Separation payouts.
 - Vacation and leave overpayments.
 - Executive compensation calculations.
 - Lack of independent review of final compensation settlements.
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2. LEGAL AUTHORITY

This policy shall be administered in accordance with:

- Louisiana Constitution Article VII, Section 14(A).

- Louisiana Wage Payment laws.
 - Louisiana Hospital Service District statutes.
 - Louisiana Legislative Auditor guidance.
 - IRS regulations.
 - Fair Labor Standards Act (FLSA).
 - Applicable employment agreements approved by the Board of Commissioners.
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3. POLICY STATEMENT

All compensation paid by WAPH shall be:

- Authorized in advance.
- Supported by written policy.
- Budgeted.
- Properly documented.
- Approved by appropriate authority.
- Consistent with Louisiana law.
- Supported by services to be rendered.

No employee, officer, physician, executive, contractor, or Board member shall receive compensation that constitutes a donation, gratuity, gift, or unconstitutional use of public funds.

4. ANTI-GRATUITY POLICY

Prohibited Payments

WAPH strictly prohibits:

- Retroactive bonuses.

- After-the-fact performance rewards.
- Unapproved retention incentives.
- Discretionary severance payments.
- Gift payments.
- Donations of public funds.
- Compensation not supported by a written policy or contract.
- Payments made after services have already been rendered without prior authorization.

Any payment determined to violate this policy shall be immediately reported to:

- CEO.
 - Board Chair.
 - Legal Counsel.
 - External Auditor.
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Constitutional Compliance Standard

Before any payment may be issued, management must document:

1. Public purpose.
2. Legal authority.
3. Adequate consideration received by WAPH.
4. Pre-existing obligation to pay.

If any element is absent, payment shall be denied.

5. COMPENSATION APPROVAL AUTHORITY

Board of Commissioners

The Board shall approve:

- CEO compensation.
- CEO incentive plans.
- Executive employment agreements.
- Executive retention programs.
- Executive separation agreements.
- Executive leave payouts.

Approval must occur before compensation is earned.

CEO

The CEO may approve compensation actions within approved salary structures and personnel policies.

The CEO may not approve:

- Retroactive bonuses.
 - Executive compensation changes.
 - Separation settlements outside policy.
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Human Resources Director

HR shall:

- Maintain compensation records.
- Verify policy compliance.
- Monitor leave balances.
- Review separation calculations.
- Maintain personnel documentation.

6. PROSPECTIVE RETENTION INCENTIVE POLICY

Permitted Retention Programs

Retention incentives may be utilized only when:

- Recruitment or retention needs are documented.
 - Funding is identified.
 - Program is approved before services are rendered.
 - Written agreement exists.
 - Measurable service obligations are established.
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Required Retention Agreement Elements

Every retention incentive agreement must include:

- Employee name.
- Position.
- Incentive amount.
- Service period.
- Performance requirements.
- Repayment obligations.
- Board approval (if applicable).
- Effective date.

No retention payment shall be earned for past service already performed.

7. BONUS COMPENSATION POLICY

Permitted Bonuses

Bonuses may only be paid under a documented prospective incentive plan approved before performance begins.

Examples include:

- Quality incentive plans.
- Executive incentive plans.
- Recruitment incentives.
- Performance compensation plans.

Required Approval Process

Before implementation:

1. HR review.
2. CFO financial analysis.
3. Legal review.
4. CEO recommendation.
5. Board approval when required.

Bonus calculations shall be documented and retained.

Prohibited Bonus Practices

The following are prohibited:

- Retroactive bonuses.
- Verbal bonus agreements.
- Holiday gifts paid through payroll.
- End-of-year discretionary bonuses lack prior authorization.
- Bonuses approved after work have been completed.

8. LEAVE ACCRUAL AND PAYOUT POLICY

Leave Tracking Requirements

HR and Payroll shall maintain:

- Vacation balances.
- Sick leave balances.
- Compensatory time balances.
- Paid leave accrual schedules.

Leave balances shall be reconciled monthly.

Maximum Payout Standard

Leave payouts shall be limited to:

- Amounts allowed under Board-approved policy.
- Amounts authorized by written employment agreement.
- Verified accrued balances.

Unused leave not authorized for payout shall be forfeited in accordance with policy and applicable law.

9. EMPLOYEE SEPARATION AND PAYOUT PROTOCOL

STEP 1 – NOTICE OF SEPARATION

HR shall open a Separation Review File immediately upon:

- Resignation.
- Retirement.
- Termination.

- Reduction in force.
 - Contract expiration.
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STEP 2 – FINAL COMPENSATION REVIEW

HR shall verify:

- Employment agreement.
 - Pay rate.
 - Leave balances.
 - Benefit deductions.
 - Outstanding obligations.
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STEP 3 – DUAL-CALCULATION METHOD

A mandatory dual-calculation review shall be performed.

Calculation A

Total accrued eligible leave.

Calculation B

Leave earned less leave used.

Both calculations must be independently reconciled.

Any discrepancy must be resolved before payment processing.

STEP 4 – INDEPENDENT REVIEW

Final payout calculations shall be reviewed by:

Position	Responsibility
HR Director	Initial Calculation
CFO	Financial Validation
Payroll Manager	Payroll Verification
External CPA (Executives)	Independent Audit

No final payment may be issued without all required reviews.

STEP 5 – EXECUTIVE SEPARATION REVIEW

For executives, including the CEO:

Required reviews include:

- Employment contract review.
- Leave audit.
- Compensation verification.
- Board authorization verification.
- External CPA validation.
- Legal Counsel review.

The external accounting firm shall audit the final payment calculation against the employment agreement before issuance of payment.

10. SEVERANCE POLICY

Authorized Severance

Severance may only be paid when:

- Authorized by written contract.

- Approved by the Board.
- Supported by legal review.
- Consistent with Louisiana law.

Prohibited Severance

The following are prohibited:

- Informal severance arrangements.
- Verbal commitments.
- Ex gratia payments.
- Discretionary separation awards.
- Severance approved after employment ends.

11. AUDIT AND DOCUMENTATION REQUIREMENTS

Every compensation adjustment, bonus, retention payment, severance payment, or leave payout shall contain:

- Approval documentation.
- Supporting calculations.
- Legal authority.
- Budget verification.
- Payroll confirmation.
- HR verification.

Records shall be retained for a minimum of seven years.

12. EXECUTIVE COMPENSATION CONTROL MATRIX

For all executive compensation actions:

Required Reviews

- HR Review.
- CFO Review.
- Legal Counsel Review.
- Board Approval.
- External CPA Verification.

No single individual may approve and process executive compensation independently.

13. AUDIT FINDING #3 CORRECTIVE ACTION PROTOCOL

To permanently close Finding #3:

1. Obtain an official written closure determination from the appropriate governmental authority, District Attorney, or authorized reviewing entity.
 2. Maintain the correspondence in the audit resolution file.
 3. Scan and archive the document in the permanent audit repository.
 4. Present closure documentation to the Board Finance Committee.
 5. Include documentation in future audit response packages.
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14. BOARD REPORTING REQUIREMENTS

Quarterly reports shall include:

- Bonus payments issued.
- Retention agreements approved.
- Executive compensation changes.
- Separation payouts.

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- Leave liability balances.
 - Policy exceptions.
 - Open audit findings.

15. PERFORMANCE STANDARDS

WAPH shall maintain:

- Zero unconstitutional compensation payments.
- Zero retroactive bonuses.
- 100% documented compensation approvals.
- 100% executive payout audits.
- 100% dual-calculation compliance.
- Zero repeat audit findings related to compensation, bonuses, severance, or leave payouts.