

VIII-7.11 Policy on the Communication of Suspected Fraud, Unethical and Illegal Activity and Misconduct

(Approved by the Board of Regents, April 26, 2010; Revised by the Board, April 11, 2025)

I. **Purpose:** The purpose of this policy is to establish the principle that University System of Maryland (USM) employees, students and others in the campus community are strongly encouraged to communicate suspected fraud or other financial irregularities, suspected illegal or unethical conduct, and any other suspected misconduct by employees or contractors to appropriate authorities in their institution or to the USM's Office of Internal Audit; to establish mechanisms that create a confidential and convenient USM "Hotline" for the reporting of such concerns; and, as a result, to advance the deterrence and detection of fraud, unethical practices, financial irregularities, illegal or unethical misconduct or other misconduct at USM institutions.

II. **Scope:** This policy describes a non-retaliatory resource ("the USM Hotline") for University stakeholders to report perceived fraud, theft and other suspected unethical or illegal business activity, perceived illegal or unethical conduct and other suspected misconduct. Fraud generally involves a willful or deliberate act, expression, omission or concealment with the intent of obtaining an unauthorized benefit, such as money or property, by deception or other unethical means.

Other incidents that may be reported to the USM Hotline include:

- Forgery or unauthorized alteration of institution documents, including checks, bank drafts, computer files, or any other financial document;
- Misappropriation or theft of funds, securities, supplies, or other assets;
- Fraudulent activity relating to research grants and contracts;
- Impropriety in handling or reporting of money or financial transactions;
- Purposely reporting inaccurate financial information;
- Authorizing or receiving compensation for goods not received or services not performed;
- Accepting or seeking anything of material value from contractors, vendors, or persons providing services/material to the institution that is not consistent with campus or USM policy;
- Destruction, removal, or inappropriate use of institution records, furniture, fixtures, and equipment; and/or unethical procurement practices.
- Using one's University position to obtain economic benefit for the employee, a relative, or a business in which the employee has an interest or is employed
- Illegal, unethical or criminal conduct affecting the University or a member of the University community

The USM Hotline is also not intended to supplant individual campus channels of communication for the reporting of suspected wrongdoing. Employees who know or suspect that other employees, business partners or Vendors, or other members of the campus community are engaged in a fraudulent, unethical or illegal activity or other misconduct are encouraged to report such activity to their supervisor, department head, responsible official, or campus Hotline. The USM Hotline provides an additional option for the confidential communication of such concerns.

III. Hotline Options and Operations: The USM provides the following mechanisms for reporting suspected or known fraudulent, unethical or illegal activities to the USM Office of Internal Audit:

- A. Online: A hotline link provided on the homepage of the USM website and operated by USM's Office of Internal Audit.
- B. Telephone: A toll free telephone number operated by the USM's Office of Internal Audit, and voicemail messages recorded on the system are accessible only to the Internal Audit staff.
- C. U.S. Mail: Written communication by U.S. Mail to the headquarters of the Office of Internal Audit. Mail directed to the hotline is received by Internal Audit staff.
- D. Email: Written communication directed to [email address], accessible only to Internal Audit Staff.
- E. Text: Text messages directed to [telephone number], accessible only to Internal Audit Staff.

Upon receipt of an allegation the Office of Internal Audit will evaluate the submission and determine an appropriate strategy for investigating and resolving the situation. As appropriate, institution officials or the Office of the Attorney General may be asked to conduct or participate in an investigation. Decisions regarding the appropriate response to a report made on the Hotline are otherwise wholly within the discretion of the Office of Internal Audit.

IV. Protections for Hotline Reporters: Persons who make reports to the USM Hotline will have the following protections:

- A. Non-Retaliation: Persons using the USM Hotline will have the full protections of Maryland's Whistleblower Act for state employees (Maryland Code §§ 5-301 through 5-314 of the State Personnel and Pensions Article).

No faculty, administrator, staff, student, or other member of the campus community may be subject to interference, coercion or reprisal for making a hotline report in good faith. The USM and its institutions will not retaliate against any person making a good faith report of an unethical or illegal act or other misconduct, and will not knowingly permit retaliation by any

manager, supervisor, faculty, or administrator.

Confidentiality: Individuals reporting via the Hotline may choose to identify themselves or remain anonymous. The identity of any person reporting an incident will be used for investigative purposes only and will not be disclosed outside of the investigative team, except under narrow circumstances where disclosure is expressly required by law or necessary to protect the safety of the reporting individual or others. Strict confidentiality otherwise shall be maintained over Hotline documents at all times, and hotline cases should not be discussed with anyone outside of the investigative personnel.

V. Reporting by the Office of Internal Audit: On an annual basis, the Office of Internal Audit will prepare a USM Hotline Summary Report. The report will be presented to the Board of Regents for review and approval.

The Director of Internal Audit will, on a case-by-case basis, determine if an audit report will be issued for allegations investigated by the Office of Internal Audit. When a report is issued it will include the results of the investigation, and if appropriate, recommendations for further action.

VI. Effective Date: This policy shall become effective on 04/16/2010.