

**A. Purpose**

1. Frederick County Public Schools (FCPS) is committed to maintaining public trust and financial integrity. Internal controls have been implemented to safeguard FCPS assets to ensure that FCPS funds are spent in accordance with Board policy and the annual budget. To help safeguard FCPS assets and ensure financial integrity, FCPS encourages employees to report dishonest, fraudulent or illegal activities, waste and abuse to their supervisor, or through an available confidential hotline.
2. This procedure outlines how employees can report alleged dishonest, fraudulent or illegal activities they believe may impact FCPS business operations. These guidelines share important information regarding maintaining confidentiality of the reporter, to the extent possible, and protecting the employee against retaliation.

**B. Background**

It is an expectation that FCPS leadership and its management will create a culture that supports employees who report dishonest, fraudulent or illegal activities, waste or abuse. Employees are also expected to embrace and support a climate that promotes ethical behavior. It is important that employees reporting a fraud claim understand the degree to which their identity can be held confidential. It is an expectation that supervisors ensure that the employee(s) making the initial report will not be responsible for conducting an investigation, determining fault or recommending disciplinary action. Finally, it is important that the employee(s) understand that retaliation will not occur.

**C. Definitions**

1. “Abuse” is defined as behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances.
2. “Dishonest, Fraudulent or Illegal Activity, Waste or Abuse” is defined to mean intentional acts to obtain unauthorized or unlawful gain. Reportable activities may include but are not limited to the following: alleged violations of school system policies and regulations; breaches in local, state or federal laws; billing for goods and/or services not performed; and other fraudulent financial reporting. Examples include theft or embezzlement of money or inventory; misuse of FCPS assets; submitting timesheets for hours not worked; not reporting leave taken; falsifying expense reports; conflicts of interest; waste or abuse of FCPS resources, etc.
3. “Employee” is defined to mean a benefitted or non-benefitted staff (whether full-time, part-time or temporary), approved volunteers and/or contracted service providers.

4. “Fraud” is defined to mean dishonest and deliberate course of action which results in obtaining of money, property or an advantage to which the recipient would not normally be entitled.
5. “Illegal Acts” is defined to mean the violation of laws and regulations and violations of provisions of contracts or grant agreements.
6. “Waste” is defined as the misuse of funds or resources through excessive or nonessential expenditures or allocations.
7. “Reporter” is defined to mean an employee who makes an anonymous or identified report to a supervisor or external fraud hotline regarding an activity that is alleged to be dishonest, fraudulent or illegal, wasteful, or abusive.
8. “Retaliation” is defined as an adverse employment action causally connected to an employee’s reporting of dishonest, fraudulent or illegal activities such as termination, compensation decrease, unrequested change in work assignment, harassment, and/or intimidation. Any employee who retaliates against a reporter shall be subject to disciplinary action, up to and including termination.

#### **D. Procedures**

##### **1. Reporting Process**

- a. FCPS seeks to foster an environment where employees are encouraged to speak freely with their supervisors, including concerns they may have about their workplace. In certain cases, employees may deem it inappropriate to discuss a concern with their supervisor and may feel more comfortable making an anonymous report. For this reason, FCPS has taken additional steps to foster an ethical workplace for all employees by contracting with Lighthouse Services (3<sup>rd</sup> party service provider) to provide a place where they can report concerns anonymously. The hotline and website represent the FCPS commitment to fostering an ethical workplace for all employees and to protecting public resources.
- b. An employee shall first seek to make an oral or written report to an immediate supervisor. Supervisors are required to report complaints or concerns about alleged dishonest, fraudulent, or illegal activity, or waste or abuse, in writing to the appropriate Cabinet level supervisor. Any complaints or concerns brought forth to a Cabinet level supervisor will be shared with the Associate Superintendent of Fiscal Services, or designee, who will determine and assign the appropriate investigator.
- c. In the event an employee does not feel comfortable going to their direct supervisor, or Cabinet level supervisor, employees can contact the external fraud hotline by phone 855-990-0017 or email [reports@lighthouse-services.com](mailto:reports@lighthouse-services.com), as published on the InsideFCPS intranet. Employees can make a report 24 hours a day, 7 days a week. When reporting a fraud claim via phone or email to the external fraud hotline, the employee should identify FCPS in the report. Employees may provide their contact information or elect anonymity. When electing to remain anonymous through the

- external fraud hotline, there will be no way to contact the reporter for more information about the submission, however the fraud hotline does provide the reporter an opportunity to receive follow-up on their concern. Providing as much detail as possible when submitting a fraud claim will help facilitate the investigation process.
- d. If the employee is not comfortable speaking to the supervisor or an outside-party hotline, or if the matter involves the supervisor, the employee is encouraged to contact the Associate Superintendent of Fiscal Services, Chief of Staff or Director of Human Resources directly.
  - e. Any employee who submits a report about dishonest, fraudulent or illegal activity must do so in good faith and have reasonable grounds to make the claim. Any report made maliciously or knowingly false will result in disciplinary action against the employee, up to and including termination.

## **2. Confidentiality Process**

- a. Reports about dishonest, fraudulent or illegal activity, fraud or abuse, may be submitted on a confidential basis (oral or written). To the extent possible, and in accordance with law, that management is able to conduct an adequate investigation, every effort will be made to protect the complainant's identity. The information provided by the employee may be the basis of an internal and/or external investigation into the issue being reported and the employee's anonymity will be protected to the extent possible. However, the identity may become known during the course of the investigation.
- b. Callers to the fraud hotline will have the ability to remain anonymous if they choose. The information provided by the employee may be the basis of an internal and/or external investigation into the issue being reported and the employee's anonymity will be protected to the extent possible. However, the identity may become known during the course of the investigation.

## **3. Investigation Process**

### **a. Initial Review**

- i. Concerns expressed anonymously will be investigated, but consideration will be given to:
  - 1. The seriousness of the issue raised;
  - 2. The credibility of the concern; and
  - 3. The likelihood of confirming the allegation from attributed sources.
- ii. Although the employee is not expected to prove the truth of an allegation, the employee needs to demonstrate to the person contacted that there are sufficient grounds for concern with as much detail as possible.
- iii. Initial inquiries will be made to determine whether an investigation is appropriate, whether the claim meets the definition of fraudulent activity and the form that it should take.
- iv. Some concerns may be resolved by agreed action without the need for investigation.
- v. Complaints received by the fraud hotline are submitted to FCPS, and may or may not be investigated at the sole discretion of FCPS.

### **b. Investigation**

- i. The investigation shall be initiated promptly and a written report of findings must be prepared by the assigned investigator.
- ii. The assigned investigator will be determined by the Associate Superintendent of Fiscal Services or their designee and may include external professionals (i.e., Frederick County Internal Audit Director or an independent third-party with appropriate expertise).
- iii. The reporter will not be entitled to receive the investigative report, nor will management share disciplinary actions taken against those who may have engaged in dishonest, fraudulent or illegal activity, waste or abuse.
- iv. When appropriate, the investigator may share the status of the investigation (ongoing or completed) with the employee who made the report.
- v. Regardless of how the claim was submitted (internally or via fraud hotline), the investigator's report detailing the findings and recommendations will be submitted to the Financial Reporting Manager or their designee to update the outcome of the fraud claim in Lighthouse's Case Management System (CMS).

**E. Related Information**

**1. Board Policy**

- a. [Policy 324, Reporting Allegations of Fraud or Illegal Activity Impacting FCPS Business Operations](#)

**2. FCPS Resources**

- a. [Employee Concern and Non-Discrimination Resolution Options Website](#)
- b. [FCPS Maryland Fraud Hotline YouTube Video](#)

**F. Regulation History** (Maintained by Legal Services)

<i>Responsible Office</i>	<i>Fiscal Services</i>
Adoption Dates	06/16/14
Review Dates	09/23/15, 01/03/24
Revision Dates	01/03/24