As we begin a new year, the need to promote ethical behavior has never been greater. Every day we read about financial misconduct, bullying in schools, misuse of social media, misuse of federal grant funds, and the half truths and misrepresentations throughout organizations and the political process.

There were so many issues last year with solutions even more complex than the simplistic solutions offered by our sound-bit culture. We have seen that solutions can be found, but only with the cooperation of everyone that allows different perspectives and viewpoints and the use of reason, goodwill, optimism, and respect for other opinions. All of these problems cry out for an increased use of common sense and a dedication to values and strong ethical behavior that will continue to be a leading force in changing ethical conduct and strengthening moral courage to “do what is right.”

It is also a reminder that our Values and Code of Conduct and the internalization of these important guidelines are the basis for our development of corporate conscience. Ethics have to come from the inside out, not from the outside in. Aristotle states, “Neither by nature, then, nor contrary to nature do the virtues arise in us; rather we are adapted by nature to receive them, and are made perfect by habit.” According to Aristotle, we can grow and expand in our virtuous behavior through habit.

We can begin by doing our part to build ethical habits by making it a habit to use the 7 reflection points below every day:

1. Find every opportunity to practice the virtues of integrity, trustworthiness, honesty and compassion.
2. Ask yourself, how can the College become better today because you are a part of our organization? In what ways?
3. Weigh potential actions in order to cause more good than harm. Consider the short-term vs. long term consequences of your actions.

“What we think, or what we know or what we believe is, in the end, of little consequence. The only thing consequence is what we do.”
- John Ruskin
3. Remember to treat each person with the dignity and respect that every human being deserves.
4. Make sure you are aware of whom you benefit, whom you burden and how that decision is made.
5. Find and identify strengths of the College that can help you to become more human.
7. Practice getting beyond your own interests to make the College stronger.

Internalize these ethics and values, making them a natural part of your decision-making process. Remember, ethics are honesty not just in principle, but in action. **Ethics are what you do even when nobody is looking.** When you internalize our Code, when principles like honesty, decency and looking out for the other team member forms the basis of your daily decisions and actions, then you can make the tough choices with more confidence.

Just remember that even when you have a clear Code to guide you, the tough choices are not any less difficult, they are just clearer. Often the “right” course is simply the one that will cause less damage in the long run. For example, the ethical choice may be that you refuse to support your boss in fudging figures on a report. In the short term, this might cause a rift between you and your boss, perhaps even make you both look bad to others. But in the long run, your credibility, as well as your boss’s integrity, will be less damaged by telling the truth than by lying and possibly getting caught.

Once you have internalized the Code of Conduct and Ethics (please see https://www.morehouse.edu/administration/ethics/index.html), then comes the hard part: We each must choose to abide by these values and ethics in each situation that arises.
**Beware of Making a “False Claim” When Applying for a Federal Grant**

Recent media coverage is replete with stories about organizations and institutions of higher education that have gotten into trouble because they have submitted a false, fictitious or inaccurate financial claim to the federal government in connection with expenditures they made on a federal grant or subgrant. The False Claims Act, (31 U. S. C. §§ 3729-3733, also known as the “Lincoln Law”) is a federal law that imposes liability on persons and companies (recipients of federal funds) who defraud federal government programs. The law includes a provision that allows people who are not affiliated with the government to file actions on behalf of the government (informally called “whistleblowing”). Persons filing a Whistleblower claim under the False Claims Act stand to receive a portion (usually about 15-25%) of any recovered damages.

But it is a real “man bites dog” story when the false claim involves something that was submitted before the grant was ever awarded—such as on the grant application. To reinforce the statement, federal grant applications contain a somewhat ominous citation (18 U.S.C. §1001) to the False Claims Act, a federal criminal statute, makes it a federal crime to willfully provide false information in a grant application and its supporting documents or in reports required under an ensuing award. Federal grant applications require the official signing on behalf of the institution to certify that the factual statements made in the application are true and correct.

Be aware and mindful of the certification signature block on the Standard Form 424, Application for Federal Assistance. It can have just as many teeth as the one on the Standard Form 425, Federal Financial Report, which receives the bulk of audit and cost disallowance attention in the federal grant area. The block on the SF 424 states, “By signing this application, I certify (1) to the statements contained in the list of certifications and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious or fraudulent statements or claims may subject me to criminal, civil or administrative penalties.” Further, the applicant is also providing certifications regarding federal debt status, debarment and suspension, drug-free workplace, and lobbying activities as set forth in the agency’s proposal and submission guidelines.

Taken together, the False Claims Act and the required certifications in the document are the federal government’s effort to assure that there are no misrepresentations in an attempt to get a federal agency to make a positive award decision, and that the person signing the application has been duly authorized to commit the organization to this course of action (i.e., that he or she is legally competent to do so). False, fictitious, or fraudulent statements or claims can result in criminal, civil, or administrative penalties.

**What Were They Thinking?**

The Board of Trustees at Alabama State University recently decided to fire its new President, Joseph Silver, after he began asking questions about suspicious contracts and finances. As a result, Governor Robert Bentley, has commissioned an independent forensic audit of the finances and other activities at the University. Bentley has hired Forensic Strategic Solutions to conduct the audit.

The University of the District of Columbia has agreed to pay $530,000 to the Federal government to resolve allegations that the University submitted false claims for payment on a National Science Foundation (NSF) grant. The grant, awarded in June 2004, was to establish the STEM program, increase enrollment and graduation rates in STEM disciplines. The government claims that during the grant period, the University reprogrammed certain funds without prior approval from the NSF.
New Ethics and Compliance Website

We are pleased to announce the launching of our Ethics and Compliance website. The website provides information on the College’s Ethics and Compliance Program as well as important links to federal laws and regulations to ensure that everyone has access to the most recent federal updates. In addition, it includes important compliance policies and procedures that have been reviewed and approved by our Sr. Leadership team. As further compliance policies and procedures are approved, they will be posted not only on Tigernet, but on the Compliance website as well. The website also contains a direct link to required training.

We are very pleased with this new addition to our Compliance Program as we continue to ensure that all areas of the College embrace and fully participate in continuing to promote an ethical culture for all staff, faculty and students. Please visit us at https://www.morehouse.edu/administration/ethics/index.html.

Grants Administration
Faculty Release Time

As a reminder to all PIs/PDs and others who have responsibility for federal grants, OMB Circular A-21, Cost Principles for Educational Institutions, requires that salary and wage amounts charged to federally sponsored projects be based on proper and adequate payroll documentation. Therefore, all faculty members working on grants must be reflected at the level proposed and certified for work actually performed in the grants budget. All requests for new positions and/or employees, under the grant, must be reviewed and approved by the Grants Accounting Office and the HR department.

To process release time on a grant, a Personnel Action Form (PAF) must be completed by the faculty member who has the release time. On the PAF, they must show the percent of time allocated to the grant(s) and the percent of time allocated to the institutional account. If an individual is hired as a replacement for the released faculty member, a job requisition must be completed and the cost for the replacement is charged to the institutional account. The Grants Accounting Office will review the PAF request and determine if the request is for personnel specified in the grants budget. Faculty members working on federal grants must be specified, in personnel documents, based on the proportion of their assigned College activities. In addition, all personnel working on grants are hired for the grant period only.

“Everything you do sends a message about who you are and what you value.”

Michael Josephson
Morehouse EthicsLine Reporting

EthicsLine is the name of our confidential reporting telephone and web-based system for reporting a concern regarding business conduct and was first implemented in 2004. The purpose of the EthicsLine is first to ensure that you as an employee, student, business partner or anyone associated with the College has a place to report any inappropriate behavior or practices you may experience within the Morehouse community. Second, the EthicsLine provides guidance if you are in doubt about ethical issues. The College is committed to operating with integrity in full compliance with all applicable laws, regulations, policies and procedures and in compliance with our ethical values.

The EthicsLine can be used to:

- report misconduct that has been observed or is suspected; and
- ask questions about Morehouse policies, or difficult issues of behavior or ethics, when the answers cannot be found elsewhere.

The College relies on you to speak up if you believe that you have observed unethical, illegal or suspicious behavior. When you speak up, you provide the information necessary to investigate and remedy a potentially damaging situation.

The EthicsLine is operated by an independent and impartial company. Anyone using it may remain anonymous. All matters reported through the EthicsLine are investigated. The College will not tolerate retaliation against anyone who files a report in good faith, regardless of whether or not the claim can be substantiated.

How To Use The EthicsLine

As an employee, student, business partner or anyone associated with the College, you may submit a report online at www.tnwinc.com/morehouse or by phone at 1-888-299-9540, 24 hours a day, seven days a week. Posters regarding the EthicsLine can be found throughout the campus along with NSF and NASA Fraud posters. These posters are in 12 locations throughout the campus in Gloster Hall, Kilgore Hall, the Physical Plant Building, Campus Police Building, Post Office Building, Nasbrit Hall, Tech Tower, Archer Hall, Brawley Hall, Dansby Hall, Wheeler Hall, Sale Hall and the Leadership Center. We have an EthicsLine page on Tigernet that is accessible to all employees and students. In addition, every new hire is introduced to the EthicsLine during New Hire Orientation and receives a brochure and pocket card with information on contacting the EthicsLine. If you have any questions about EthicsLine reporting, please contact C. O. Hollis at ext. 8562 or Doris Coleman at ext. 7589.

We again remind you that you may access and file your concern(s) with the EthicsLine by email, phone. You may also choose to meet with the Ethics and Compliance Officer, Chief Audit Officer or the Assistant Vice President of Human Resources to discuss and/or report any issues that you want to raise. Remember, that an ethical workplace starts with YOU! By acting with integrity every day, you help the College build a reputation for excellence and integrity.
Morehouse Ethics and Compliance Employee Hotline

2012 Annual Report

INCIDENT REPORT SUMMARY

<table>
<thead>
<tr>
<th>Incident Reports Jan-Dec 2012</th>
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<td>Anonymous Reports</td>
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<tr>
<td>Non-Anonymous Reports</td>
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CALL ACTIVITY SUMMARY

| Total Calls | 74 |

ISSUE TYPE SUMMARY

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<td>Theft of Time</td>
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<td>Safety Issues &amp; Sanitation</td>
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