



## **Contractor Ethics Final Rule**

The Federal Government recently amended the Federal Acquisition Regulation (FAR) to implement a new business conduct rule that has sent tremors across industry. FAR Part 3 now changes the responsibilities that corporate officials bear to detect and report improper conduct in connection with the award or performance of a government contract. In summary, the industry concern has been that the rule adopts standards that are imprecise, while at the same time imposing consequences that can be great. Specifically, the rule, which went into effect on December 12, 2008, requires that a contractor or subcontractor:

- Establish and maintain internal controls to detect and prevent improper conduct in connection with the award or performance of any Government contract or subcontract;
- Timely disclose to the agency Inspector General, and contracting officer, credible evidence of a violation of Federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations found in Title 18 of the United States Code; or a violation of the civil False Claims Act (31 U.S.C. 3729-3733).

Failure to comply with the requirements could result in suspension or debarment.

The government is taking this rule very seriously. The GSA Office of the Inspector General (OIG) has already created an on-line form to facilitate the receipt of contractor disclosures. The new self reporting provisions of FAR could have implications on how you manage your government business.

Is your corporation ready to demonstrate compliance with this latest change to the government's standards of business conduct? If your answer is not an unequivocal "yes", contact the Washington Management Group today.