

Proposed Regulation Imposes New Ethics Standards and Internal Control Procedures on Government Contractors

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The government's aggressive enforcement approach to government contracting fraud is now reaching directly into the internal policies and operations of contracting companies. On November 14, 2007, the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council ("Councils") issued a proposed rule to amend the Federal Acquisition Regulation ("FAR") to establish new ethics standards and internal control procedures for government contractors. The proposed rule, issued at the request of the Department of Justice ("DOJ"), imposes three new regulatory requirements on government contractors. Non-compliance with the rule, if adopted, could result in elimination from an award evaluation process, suspension, or debarment. Written comments on the proposed rule must be submitted to the FAR Secretariat on or before January 1, 2008.

Kelley Drye's [White Collar Crime/Internal Investigations](#) Practice Group has prepared this client advisory, which details the proposed rule and its implications for government contractors.