



January 7, 2008

Ms. Laurieann Duarte
General Services Administration
Regulatory Secretariat (VIR)
1800 F Street, NW
Room 4035
Washington, DC 20405-0001

Reference: FAR Case 2007-006, Contractor Compliance Program and Integrity Reporting

Dear Ms. Duarte:

The Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council have proposed to amend the Federal Acquisition Regulation (FAR) in FAR Case 2007-006. The proposed changes require government contractors to have a code of ethics and business conduct, to adopt internal controls to detect and prevent improper conduct relating to their government contracts, and to notify agency offices of inspectors general and contracting officers of violations of federal criminal law with regard to those contracts. The amendments are published at 72 Federal Register 64019, November 14, 2007. I submit these comments in support of those proposed FAR amendments.

The National Procurement Fraud Task Force (NPFTF) Private Sector Outreach Committee has commented on FAR Case 2007-006 in a December 20, 2007, letter. The committee strongly supports the proposed amendments and urges their adoption without dilution. It asserts the proposed amendments should lead to increased and earlier reporting of violations and to working relationships built on greater sharing and trust, as a similar National Reconnaissance Office (NRO) initiative has done. The U.S. Postal Service Office of Inspector General (OIG) agrees with the committee's comments.

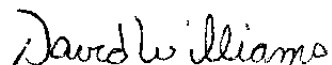
The amendments should aid the OIG's mission to prevent and detect fraud and abuse in Postal Service programs and operations. The Postal Service does not follow the FAR, but many Postal Service suppliers also contract with federal agencies applying the FAR. To comply with the new rule, these contractors will implement codes of business ethics and conduct, ethics and compliance training programs, and internal control systems for contracts with other agencies. Changes in contractors' organizational culture in response to the rule to promote

ethical conduct, compliance with the law, and mandatory reporting of violations should facilitate our mission.

The proposed rule should benefit federal contractors. It provides guidance for contractors consistent with U.S. Sentencing Commission guidance on effective compliance and ethics programs for organizations. Compliance with the rule should assist contractors subject to the Sarbanes-Oxley Act of 2002 in fulfilling their responsibilities under the Act. The rule makes reporting violations of federal criminal law by employees, agents, or subcontractors in connection with government contracts or subcontracts mandatory. Mandatory reporting will simplify contractors' decisions on whether to report suspected violations.

The proposed rule's objective is to emphasize integrity in contracting and to reduce improper conduct in federal contracts and subcontracts. Federal contractors should help to ensure that the government expenditures from which they benefit are free from fraud and abuse. The OIG strongly supports the proposed FAR amendments.

Sincerely,

A handwritten signature in cursive script that reads "David Williams".

David C. Williams
Inspector General