

2007-006-42

**Pension Benefit Guaranty Corporation**

Office of Inspector General

1200 K Street, N.W., Washington, D.C. 20005-4026

January 14, 2008

VIA FAX: 202-501-4067

General Services Administration
1800 F Street NW
Room 4035
ATTN: Laurieann Duarte
Washington DC 20405

Re: **Comments in Support of FAR case 2007-006**
Contractor Compliance Program and Integrity Reporting
72 Fed. Reg. 64019 (November 14, 2007)

Dear Ms. Duarte:

As Acting Inspector General of the Pension Benefit Guaranty Corporation (a wholly-owned Government corporation), I write to express our office's support for the proposed FAR amendments that would require contractors to have a robust code of business ethics and conduct. These FAR changes which apply to contractors with contracts of \$5 million or greater include, among other things, requirements that the contractors:

- have internal controls to prevent/detect criminal misconduct and promote ethical business behavior;
- take steps to communicate and promote its business ethics program;
- report suspected criminal activity of its employees or subcontractors with respect to the contract award or performance to the Office of Inspector General and makes failure to do so a cause for suspension or debarment; and
- clearly state that the contractor is to fully cooperate with those responsible for audits, investigations or corrective action.

Contracting with the Federal Government has become a big business. We've long had ethics rules for our Federal employees and focused agencies' attention on strong internal controls to prevent and detect fraud. It's time for our contractors who perform increasingly more Federal work and often work side-by-side with Federal employees to have similar systems.

Here at the Pension Benefit Guaranty Corporation, we conservatively spend 2/3 of the administrative budget through contracts, and have about two (2) contractor employees for every one (1) Federal employee. Tools to strengthen fraud prevention and detection, particularly requiring our contractors to be more assertive in monitoring their own actions through effective internal controls, would be welcomed.

We are particularly encouraged that the amendment includes requirements that strengthen the Offices of Inspector General (OIG) mission to prevent and detect fraud, and conduct effective audits and investigations. We note that, like the National Reconnaissance Office, our OIG auditors and investigators have had some difficulty with some contractors in obtaining

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information needed for our work. Therefore, we note the following requirements in Part 52 are of importance to OIGs:

- the contractor must notify the OIG when it has reasonable grounds to believe the contractor or one of its subcontractors has violated a Federal criminal law; and
- the contractor's business practices must explicitly require full cooperation with those responsible for Government audit, investigation and corrective action.

Thank you for the opportunity to submit our comments in support of these proposed FAR amendments.



Deborah Stover-Springer
Acting Inspector General