

TERMS & CONDITIONS

TC-04 (MALPRACTICE, FRAUD & FALSIFICATION PREVENTION PROGRAM)

This Malpractice, Fraud & Falsification Prevention Program is provided in conjunction with TC-01, TC-02, and TC-03. All related terms are incorporated by reference herein.

1. **Scope:** The purpose of this procedure is to clarify business ethics and standards of conduct for FEC personnel and suppliers. **These guidelines apply to all aspects of work performed by FEC and our “sub-tier” Suppliers, including manufacturing, inspection, and services.** All FEC employees are introduced to the FEC Company Handbook and related Ethics & Business Conduct Policies at the time of initial hire. Within those documents are various topics pertinent to ethics and standards of conduct while doing business with FEC. Acceptance of employment signifies the employee’s commitment to comply with these policies. Acceptance of a PO signifies the supplier’s commitment to comply with these policies as well.
2. **General:** Management and employees are also contractually obligated and expected to meet all customer purchase order requirements. Furthermore, by entering into a purchase order with FEC or its affiliates, supplier understands that it is likewise contractually obligated and expected to meet all purchase order requirements including the provisions contained herein. Prevention of malpractice, fraud, and falsification (F&F) is a top priority for FEC, and as such, FEC requires its subcontractors to develop, maintain, and enforce a substantively equivalent policy to ensure compliance with FAR § 52.203.
 - FEC and its Suppliers will be aware and vigilant for Malpractice and Fraud and Falsification (F&F), as it affects contract compliance. All parties associated with product and services destined for ultimate delivery to the Purchaser will be aware that Malpractice and F&F are grave and serious matters. The act of Malpractice or F&F has the potential for severe and costly damages.
 - It is the responsibility of all parties to avoid the slightest possibility or appearance of impropriety or malpractice and to report known or suspected occurrences to the proper authorities. All personnel working within the program must be aware of malpractice and fraud & falsification, pitfalls that could lead to malpractice and fraud & falsification, methods to eliminate potential situations, and Purchaser expectations of supplier’s, their employees, and subcontractors.
 - Consequences of malpractice and fraud & falsification could involve functional failure of product in operation on land or at sea, causing loss of equipment and life. Consequences also include sever dollar loss to the customer, the Government, and/or FEC due to lengthy investigations, possible disqualification from future contracts, production shutdown, and loss of employment. Acts of malpractice or fraud & falsification may result in purchase order contractual action and may also be subject to federal criminal prosecution for violations of law under Title 18 of the U.S. Code, Chapter 47, Section 1001.
 - FEC will ensure that employees and sub-tier suppliers are provided documentation and information necessary to perform assigned and contracted work correctly. Employees and suppliers must follow established work procedures and contract documents to perform best possible effort within the program.
 - Any party aware of, or having reason to suspect, malpractice or fraud & falsification is obligated to report this violation anonymously or in person to:
 1. FEC Local Supervision;
 2. FEC Local Management;
 3. FEC Human Resources;
 4. FEC Company President;
 5. Customer Supervision or Management;
 6. Customer Quality Representative;
 7. Customer Buyer; or
 8. **Department of Defense Hotline:** Telephone: (800) 424-9098 / Email: hotline@dodig.osd.mil
 - Website: <http://www.dodhotline.dodig.mil/Hotline/hotlinecomplaint.html>
 - Mail to: Department of Defense Hotline
The Pentagon
Washington, DC 20301-1900
 - Should such a notification be necessary, information including location, date(s), time, names of people involved, and violation suspected would be most helpful to promote and investigation.
 - False allegations of malpractice and fraud & falsification are likewise serious matters and subject to federal investigation and prosecution. It is imperative that persons making allegations be knowledgeable and truthful with the facts and not be with vindictive or spiteful intent.
3. **Contract Compliance:** To demonstrate contract compliance with this specification, FEC will perform, and maintain records for, the following:
 - a. Alert all employees to the Malpractice, Fraud & Falsification Prevention Program during new hire indoctrination.
 - b. Annually provide refresher training to the Malpractice, Fraud & Falsification Prevention Program for all employees.
 - c. FEC will post a visual notice (TC-04 NOTICE) in conspicuous and prominent locations throughout the facility, especially work areas, at a minimum rate of one (1) copy for every fifty (50) employees.
 - d. Include verification during internal quality audits that malpractice and F&F training is performed and reminder notices are posted.
 - e. Include an awareness in audit requirements that auditors be alert for malpractice and F&F during internal and external quality audits.
 - f. Perform periodic and independent overchecks of final inspections and testing.
 - g. Alert suppliers of malpractice and F&F by flow-down of this specification in supplier purchase orders.
 - h. While performing on-site quality audits at supplier’s facilities, confirm and verify supplier awareness of malpractice prevention.
4. **Examples of Malpractice and Fraud & Falsification (F&F):**
 - Issuing a procedure or instructions known to contain unauthorized deviation(s) to contractual requirements.
 - Knowingly waiving or eliminating a contractual requirement without authority to do so.
 - Deliberately accepting unsatisfactory work.
 - Intentionally performing unacceptable work.
 - Failing to report problems or unsatisfactory conditions in one’s own workmanship.
 - Verifying by signature that an action was taken, knowing in fact that the action was not taken, or not performed the required checks or verifications to assure the action was taken.
 - Verifying performance of action based on hearsay, not personal observation.
 - Tampering with calibrated instruments to avoid rejection of work.
 - Falsifying dates on records to comply with frequency or deadline requirements.
 - Falsifying data to cover-up a procedure or drawing deviation.
 - Falsifying data to have work accepted, thereby avoiding further work or rework.
 - Concealing or not reporting information on malpractice, fraud, or falsification known to have been committed by others.