

**FEDERAL GOVERNMENT TIGHTENS INTEGRITY REPORTING
REQUIREMENTS FOR FEDERAL CONTRACTORS**

January 2009 – Pursuant to recently enacted regulations requiring integrity reporting, architects and engineers doing business with the federal government will have to be more vigilant in identifying and reporting *potential evidence* of criminal conduct, violations of the civil False Claims Act, or significant overpayment of government contracts. This amendment tightens an already strict set of Federal Acquisition Regulations (“FARs”) requiring greater integrity in companies doing business with the federal government.

In 2007, federal regulators enacted business integrity requirements for government contractors. The guidelines required that on contracts worth more than \$5 million or having performance periods of 120 days or more, that architects and engineers have a written code of business ethics and conduct and institute an accompanying compliance training program.

New regulations that became effective in December 2008 require all government contractors, regardless of value of the contract or duration of performance, to disclose to the Office of Inspector General of the relevant government agency *credible evidence* of federal criminal law violations involving fraud, conflict of interest, bribery, or gratuities; violations of the civil False Claims Act; or significant overpayment of the contract. The potential penalty for failure to disclose under the new rules includes debarment or suspension, thereby precluding the company from entering into other contracts with the federal government.

This new rule does not mandate the disclosure of every alleged violation of law that comes to a government contractor’s attention. The company must only disclose alleged violations when there is reasonable credible evidence to support the claim. A federal contractor, therefore, must exercise due diligence in investigating the allegations and determine whether a reasonable basis exists to believe a violation of law has occurred.

If you are pursuing projects for agencies of the federal government, we urge you to carefully review these recent regulations that can be found at http://www.acquisition.gov/far/current/html/52_200_206.html at FAR 52.203-13 and FAR 52.203-14. Larger firms with offices in multiple states or operating under a variety of business identities will need to be particularly careful not to inadvertently miss relevant disclosures.

For more information, contact Douglas Marrano, Partner, Donovan Hatem LLP at 617-406-4584 or dmarrano@donovanhatem.com.