Contract Compliance and Awareness of Malpractice Prevention

1.0 SCOPE

1.1 The purpose of this specification is to clarify business ethics and standards of conduct. These guidelines apply to all aspects of work performed by direct Suppliers and their "sub-tier" Suppliers, including manufacturing, inspection, and services.

1.2 All Suppliers providing product or services to Electric Boat Corporation (EBC) are provided the General Dynamics "Blue Book", titled *Standards of Business Ethics and Conduct* at time of initial purchase order placement. Within this booklet are various topics pertinent to ethics and standards of conduct while doing business with Electric Boat Corporation. Acceptance of purchase orders and, by extension, acceptance of the business ethics and conduct contained within the Blue Book, signifies Supplier's commitment to comply with purchase order (contractual) requirements.

2.0 GENERAL

2.1 Suppliers (management and employees) are contractually obligated and expected to meet all purchase order requirements. Suppliers are required to inform sub-tier Supplier's hired by the Supplier that they are likewise contractually obligated and expected to meet all purchase order requirements.

2.2 Suppliers and sub-tier Suppliers shall 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 must 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.

2.3 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 (See 2.6). 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.

2.4 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 severe dollar loss to the Purchaser, the Government, and the Supplier due to lengthy investigations, possible disqualification from future contracts, production shutdown, and loss of employment. Acts of malpractice or fraud & falsification will result in purchase order contractual action and will also be subject to federal criminal prosecution for violations of law under Title 18 of the U.S. Code, Chapter 47, Section 1001.

2.5 Suppliers must ensure that employees and sub-tier suppliers are provided documentation and information necessary to perform assigned and contracted work correctly. Employees and sub-tier suppliers must follow established work procedures and contract documents to perform best possible effort within the program.

2.6 Any party aware of, or having reason to suspect, malpractice or fraud & falsification is obligated to report this violation anonymously or in person to:
a.) Local Supervision or Management,
b.) Purchaser Supervision or Management,
c.) Purchaser Quality Representative,
d.) Purchaser Buyer, or
e.) Department of Defense Hotline
- telephone (800) 424-9098 or
- website http://www.dodig.osd.mil/hotline/hotline7.htm
- email hotline(cV,dodig.osd.milor
- 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 an investigation.

2.7 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.

3.0 CONTRACT COMPLIANCE

3.1 To demonstrate contract compliance with this specification, the Supplier is required to perform, and maintain records for, the following:

a.) Alert all employees to this (Contract Compliance and Awareness of Malpractice Prevention) Appendix during new hire indoctrination.

b.) Annually provide refresher training to this (Contract Compliance and Awareness of Malpractice Prevention) Appendix for all employees.

c.) **Appendix D** is provided as a visible reminder notice, and provides contact information should malpractice or fraud & falsification be observed or suspected. Suppliers are to post this reminder 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 all sub-tier Supplier's of malpractice and F&F by passdown of this specification in supplier purchase orders.

h.) While performing on-site quality audits at sub-tier Supplier's facilities, confirm and verify sub-tier awareness of malpractice prevention.

4.0 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 the action was not taken, or not performing 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.

Additionally AS9100 requires that you:

Understand the quality policy

Understand the relevant objectives

Understand your contribution to the effectiveness of the QMS including the benefits of improved performance.

Are aware of the implications of not conforming to the QMS requirements

Are aware of the QMS documented information and how to access it

Are aware of your contribution to product conformity and product safety