



Federal Allies Institute Corporate Ethics Certification

Corporate ethics is a subject of increasing concern in federal acquisition. Contracting officials are increasingly looking at adverse actions against companies that commit unethical acts, including disbarment from future federal acquisition activities and criminal penalties.

Because of this, corporate ethics is becoming something that evaluators look at during the acquisition process. How can they tell if a company practices ethical business activities? The fact that they have never received any punishment for unethical actions is an indicator, but it may just mean that a company hasn't been caught, yet.

But how do you prove a negative? If a company hasn't been caught doing something unethical, how can that company show that it's because the firm is ethical, not just lucky?

For a small business, the problem is even greater, because the company doesn't have a very long track record.

Federal Allies Institute (FAI) can be your ally in helping you establish your credentials as an ethical business partner, by reviewing your corporate ethics program and awarding you the Certified Ethical Company (CEC) designation!

When you sign up for the FAI CEC program, here's what will happen:

- FAI will send you our CEC Handbook that explains all of the steps and the evaluation factors.
- With the help of the handbook, you will improve (or develop) your written corporate ethics policy and a copy of the documentation relevant to your policy must be provided to FAI. If you wish, you can use the FAI Corporate Ethics Policy Template provided by FAI, but using the FAI template isn't necessary to gain CEC status. It is necessary, however, that your policy addresses all of the key areas addressed in the CEC Handbook.
- You will provide copies of your written corporate ethics materials to FAI for review by an FAI-certified evaluator. This review will be conducted against the criteria identified in the CEC Handbook to ensure that you have appropriate written policies in all of the key areas addressed in the handbook. If shortcomings are identified, FAI will work with your company to develop appropriate improvements in your policy.
- You will provide corporate ethics training for 100% of your employees. Documentation of this training must be provided to FAI. If you wish, you can base your training program on a PowerPoint slide deck template provided by FAI as a part of the CEC Handbook, but basing your training on the FAI template isn't necessary to gain CEC status.

- An FAI-certified CEC evaluator will make a site visit to your company within two business weeks of your documentation submission. The evaluator will conduct an entrance interview with key company officials. Then, he will interview randomly-selected individual employees to ascertain that they are aware of the corporate ethics program, have received appropriate corporate ethics training, and have internalized the actions required of them to ensure that the company performs its work in an ethical manner. Companies with large numbers of personnel at other than the corporate headquarters may require telephone interviews or additional site visits to those locations at the discretion of the evaluator. At the conclusion of the site visit, the evaluator will conduct an exit interview with the key company officials. The site visit will normally require a minimum of one business day. Larger companies will require one business day for each 100 (or major fraction thereof) employees in the company.
- If the site visit reflects any inadequacies in the corporate ethics program, these will be identified to you within three days of the conclusion of the site visit, and FAI will provide assistance in developing a get-well plan. FAI will work with you to schedule a follow-up site visit schedule.
- Within one business week of the conclusion of a successful site visit, the company will receive the CEC certificate. From this point onward, for a period of one year, you may cite its CEC status in advertising, proposals and other marketing collateral as proof of ethical business behavior.

Initial certification is good for one year. Certification must be renewed annually as follows:

- You must conduct an annual internal review of corporate ethics policies. This review must be documented, and a copy of the documentation, together with any revisions, must be forwarded to FAI.
- You must provide annual refresher training to 100% of your employees and this training must be documented. This documentation must be provided to FAI.
- Within two business weeks of your documentation submission, an FAI-certified evaluator will conduct a review of your documentation.
- Within two business weeks of a favorable review of your documentation, an FAI-certified evaluator will make a site visit to your company. This site visit will normally take approximately half as much time as an initial site visit.
- Within one business week of the conclusion of a successful site visit, the company will receive a new CEC certificate.

The FAI CEC certificate is your documentation that a highly-respected industry organization outside of your company has reviewed your corporate ethics policies and practices and has determined that you are an ethical company!

How much does it cost? The FAI CEC is one of the best values in corporate certifications. While other corporate certifications such as ISO can cost tens of thousands of dollars, FAI CEC certification is only \$1500 for non-members, \$1000 for members.

For more information, contact CEC@FederalAllies.org, or call (571) 217-0823.

Key points of your corporate ethics program that must be documented and trained:

- Assignment of responsibility for compliance to a senior officer
- Allocation of sufficient resources to assure the program's effectiveness
- Periodic reviews
- New hires
 - Conflicts of interest with obligations to previous employers
 - Accuracy of information provided during new hire process
 - Offers
- Conflicts of interest
 - Personal
 - Corporate
- Confidentiality
- Misuse of sensitive information
- "Inherently governmental functions"
 - "Advisory and assistance services"
 - "Management and operating" functions
 - Developing agency policy or regulations
 - Providing alternate dispute resolution services on contractual matters
 - Serving as primary authority for managing or administering a project or operating a facility
 - Preparing budgets, organizing, and planning agency activities
 - Supporting substantive acquisition planning
 - Evaluating another contractor's performance or contract proposal
 - Assisting in the development of the statement of work or and contract management
 - Participating as a technical advisor to a source selection board
- Proposal process
 - Sourcing of resources
 - Promises made
- Flow-down of contract clauses (FAR §52.203-13)
 - Value in excess of \$5 million
 - Performance period of more than 120 days
- Gifts and gratuities
 - Offering
 - Accepting
- Protection of government property
 - Misappropriating
 - Misusing or abusing

- “Sensitive information-risk” contracts
 - Access to information regarding deliberative processes
 - Access to business-related information such as trade secrets or financial information
 - Access to personally identifying or other sensitive personal information
- Disciplinary processes
- Hiring former government employees
- Time sheet practices
 - Accuracy of time recording
 - Timeliness of time recording
 - Changes to time sheets
- Expenses
 - Allowable
 - Unallowable
- Use of Information Technology resources
 - Corporate resources
 - Customer resources
- Reporting system
 - Instructions to encourage use
 - Confidential
 - Anonymous

For more information

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Federal Allies Institute is a national nonpartisan nonprofit dedicated to federal acquisition best practices.