



DEFENSE CONTRACT MANAGEMENT AGENCY

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DCMA-DPS 013

MEMORANDUM FOR ALL DCMA EMPLOYEES

SUBJECT: Director's Policy Statement on Contractor Fraud Reporting and Whistleblower Protection Rights

Whistleblower reprisal is unacceptable conduct and violates DCMA's core values. Reprisals are any adverse personnel actions taken after making a "protected disclosure."

I expect all employees to:

- Attend mandatory annual Fraud Awareness training or complete such training when offered by Computer Based Training
- Be alert for indicators of possible contractor fraud, waste, abuse, or corruption as described in Fraud Awareness training and Focus on Fraud newsletters
- Report suspicions of contractor fraud to the Contract Integrity Center
- Cooperate in any subsequent investigations

I expect Commanders/Directors to ensure there is no formal or informal policy that requires the reporting of fraud, waste, abuse, or corruption through the chain of command. Doing so violates DCMA policy and may result in management liability in the case of any reprisal investigation.

Here's Why: "*Tacky to the touch.*" That's how a DCMA QAR described the fraud indicator to his Contract Integrity Center (CIC) Fraud Counsel. The QAR was referring to the painted-on date for shock mounts he discovered during a routine inspection. The shock mounts are used in the construction of F414 High Pressure Turbine Module Shipping Containers, Critical Application Items for sensitive aircraft parts. The DLA contract required that the shock mounts be no older than one year old when installed in the container. In fact, the contractor had buffed off and re-marked the parts with a false date to make it appear that they complied with the contract. The QAR's prompt reporting led to a CIC fraud referral and joint Defense Criminal Investigative Service and Naval Criminal Investigative Service investigation that resulted in a contractor guilty plea to fraud charges and remedies including jail time, a hefty fine, and debarment from federal contracting.

The above example is a real case where DCMA took the lead in "Raising the Red Flag" when fraud indicators surfaced. It illustrates the continuing threat to Government operations from individuals intentionally using the Government's acquisition system to line their own pockets at taxpayer expense, thereby risking the health and welfare of the members of the Armed Services. Procurement fraud squanders limited funds, threatens safety, cheats American taxpayers, and harms DOD efforts to obtain needed goods and services for our troops. Our

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responsibilities as federal employees are to make sure we are alert to indicators of fraud, report them when discovered, and cooperate in contractor fraud investigations.

Presidential Executive Order 12731 requires all federal employees to disclose suspected waste, fraud, abuse, and corruption to appropriate authorities. Within DCMA, the Contract Integrity Center is the required and appropriate authority for referral of *contractor fraud matters*. In addition, you can report other instances of internal DCMA waste, fraud, and abuse to the DCMA Hotline, DCMA Ombuds or the Office of General Counsel. Outside of DCMA, you may make such reports to a variety of authorities, including the Office of Special Counsel and the DODIG. In cases of contractor fraud, you are also encouraged to notify your chain of command, but you are not required to do so.

The Whistleblower Protection Act provides statutory protections from reprisal for federal employees who disclose such potential violations. A protected disclosure is:

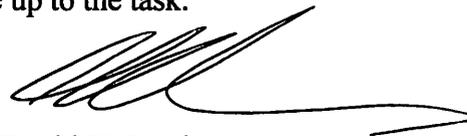
- A communication of a violation of rule, law or regulation
- To officials reasonably expected to act upon them

To meet the requirements of a "protected disclosure" you must have a reasonable belief that information disclosed indicates:

- A violation of a law, rule, or regulation;
- An incident of gross waste or mismanagement of funds;
- An abuse of authority;
- A substantial and specific danger to public health and safety

You only need a reasonable belief that something is illegal, wasteful, or dangerous. You don't have to be able to actually prove it. But be aware that the mismanagement or waste of funds must be "gross." Disagreements with management about policy or relatively minor expenditures do not rise to this level.

Combatting procurement fraud is a major step in protecting our warfighters and saving taxpayer dollars. It takes a team effort and is a responsibility that DCMA takes seriously. I have full faith and confidence DCMA employees are up to the task.



David H. Lewis
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Director