



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

APR 22 2004

MEMORANDUM FOR DIRECTOR, DEFENSE ACQUISITION REGULATION
COUNCIL

SUBJECT: Defense Federal Acquisition Regulation Supplement Case No. 2003-D012,
"Improper Business Practices and Contractor Qualifications Relating to
Debarment, Suspension, and Business Ethics"

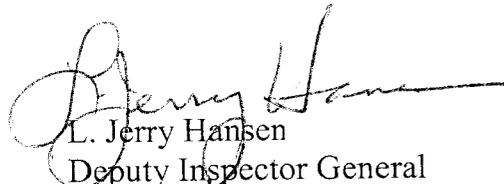
We have reviewed the proposed Defense Federal Acquisition Regulation Supplement (DFARS) Case No. 2003-D012, "Improper Business Practices and Contractor Qualifications Relating to Debarment, Suspension, and Business Ethics," and generally agree with the intent of the proposed changes to Part 203, "Improper Business Practices and Personal Conflicts of Interest." However, we recommend that the following legal and regulatory requirements be included in the proposed revision and that erroneous criteria references be corrected.

(1) Section 203.070, "Reporting of violations and suspected violations." This section, which specifies which violations or suspected violations must be reported, should also include the Truth in Negotiations Act (19 U.S.C. 2306(f)) and the False Claims Act (31 U.S.C. 3729 et seq.). This section should reference FAR 9.406-2(a)(3), which lists causes for debarment and FAR 9.407-2(a)(3), which lists causes for suspension. These causes include: commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, or receiving stolen property.

(2) Section 203.070. The correct reference for the DoD directive entitled "Coordination of Remedies for Fraud and Corruption Related to Procurement." is DoDD 7050.5 (emphasis indicates change).

(3) Section 203.070 (c). The proper reference for the gratuities clause is FAR 3.203 (emphasis indicates revision).

Thank you for the opportunity to comment on the proposed rule. If you have any questions, please contact Ms. Diane Stetler at (703) 604-8737.


L. Jerry Hansen
Deputy Inspector General
for Inspections and Policy