
Integrity Interactive

ETHICAL CULTURE REDUCES RISK.

IMMEDIATE RELEASE

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Integrity Interactive Announces Ethics Risk Assessments for Companies Doing Business with U.S. Government

U.S. Government Set to Impose Sweeping New Ethics Requirements on Public & Private Companies

Waltham, MA – July 17, 2007 – Integrity Interactive® Corporation, a company that helps leading global corporations build ethical cultures that reduce risk, today announced a new service designed to help federal contractors and subcontractors comply with sweeping new ethics and compliance requirements about to be imposed by the U.S. Government. In Fall 2007, the U.S. Government is expected to amend the Federal Acquisition Regulation (the “FAR”) to make effective, well-funded ethics and compliance programs a requirement for companies receiving federal procurement contracts and subcontracts worth \$5 million or more. The FAR is the body of rules regulating the procurement policies and practices of approximately 25 different federal agencies (civilian and defense). Under the newly-revised FAR, well-founded and effective compliance programs will become “table stakes” for winning federal contracts, keeping them, and actually getting paid.

The proposed changes will affect tens of thousands of companies – public and private, foreign and domestic. And they will impact the one thing these companies care about most – winning deals and getting paid. Integrity Interactive is helping companies get a head-start on satisfying the new federal requirements. Integrity has announced a new service that will help companies: evaluate their current ethics and compliance programs; identify gaps between existing programs and the new federal requirements; and create a roadmap and timeline for closing those gaps.

“Up until now, compliance risk management has largely been considered a cost of doing business – not a critical requirement for winning and keeping business. That’s all about to change for tens of thousand of companies around the world,” said Richard J. Cellini, a vice president at Integrity Interactive. “Integrity’s risk assessment service for federal contractors will help companies get a quick read on whether they are clean enough to do business with the federal government. ‘Good enough for Government work’ is about to take on a whole new meaning.”

Good Enough for Government Work? What the New FAR Requires:

The U.S. Government is in the final stages of amending the Federal Acquisition Regulation by adding FAR Subpart 3.10, entitled *Contractor Code of Ethics and Business Conduct*. If approved, FAR Subpart 3.10 would require companies doing business with any of a broad range of federal agencies to establish and maintain compliance programs consisting of at least the following four elements:

- a written code of ethics and business conduct;
- an employee ethics and compliance training program;

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- an internal system of compliance controls;
- a consistent practice of placing government fraud hotline posters in designated areas.

Companies will have to prove that these programs are more than window-dressing. Integrity has identified 20-25 strict tests that compliance programs will have to meet in order to satisfy the new federal requirements. For example, federal contractors will have to demonstrate that their compliance training programs and controls are adequately funded (in relation to the company's overall size and procurement revenue), and actually effective in detecting and correcting compliance breaches.

The new federal requirements are expected to become final in September-November 2007. Deadlines for complying will be extremely short (30-90 days). Penalties for failing to satisfy these new requirements will range from *serious* (e.g., payment delays) to *severe* (e.g., payment forfeiture, and possibly even debarment from the federal procurement arena).

“This regulatory development will be as big as the Sarbanes-Oxley Act, but substantially broader in its impact,” said Michael Levin, Director of Corporate Integrity Strategy at Integrity Interactive. “If your company is a federal contractor or subcontractor – or would like to enter the federal marketplace – you need to be familiar with these changes. Conducting a FAR Risk Assessment is the first step in the process. Whether you use internal staff or an external expert like Integrity Interactive, you need to do a basic check-up on your company's ethical infrastructure.”

Integrity's Ethics Risk Assessment Service for Federal Contractors

Integrity's Ethics Risk Assessment service will help federal contractors and subcontractors quickly and efficiently:

- Identify any federal contracts large enough to trigger application of the new U.S. requirements;
- Evaluate existing compliance programs and practices;
- Measure current compliance spending against spending levels of similar companies;
- Apply federal tests and standards to existing compliance programs;
- Identify programmatic gaps and shortfalls;
- Create a roadmap and schedule for eliminating programmatic gaps.

Integrity Interactive expects to be able to conduct no more than 100 FAR risk assessments this calendar year. To learn more about Integrity's Ethics Risk Assessment service for federal contractors, [click here](#) or call an Integrity Interactive ethics and compliance expert at 781-891-9700.

About Integrity Interactive

Integrity Interactive helps leading companies and large organizations build ethical cultures that reduce risk. We design, develop, and deliver programs and services that mitigate risk in three areas: compliance, ethics, and corporate responsibility. Our comprehensive culture-building and risk reduction services include: Strategy and Assessment; Training and Communication; and Measurement and Reporting.

Integrity Interactive works with hundreds of the world's greatest companies, and serves millions of employees on six continents. For more information about Integrity Interactive, please visit www.integrity-interactive.com.

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