

<b>Saliga Machine Company</b>	WI-20	Revision: 1
Title: Contract Compliance and Malpractice Prevention	Date: 11/14/2024	Date: 11-14-24

Approval:	Approval:
Mike Paradis, President	James Kallio, Quality Engineer/ISO Manager

## **QUALITY PROCEDURE**

### **QUALITY OBJECTIVE**

Clarify business ethics and standards of conduct. These guidelines apply to all aspects of work preforms by Saliga Machine Co. Inc and its employees, including manufacturing, inspection, and other services.

### **RESPONSIBILITY**

It is the responsibility of the Quality Manager to ensure this document is maintained.

It is the responsibility of the management team to ensure that these practices are followed.

### **PRACTICES**

#### **1.0 Definitions**

- 1.1. Malpractice – Any intentional or inexcusable deviation from established requirements or procedures that is a dereliction of professional duty or ethics, or a failure of professional skill, regardless of result on contract compliance.
- 1.2. Fraud and Falsification- Any intentional deceit, lie, misrepresentation, falsehood, negligence, omission, etc. to preform contract compliance. Key to this is that the error is intentional.
- 1.3. Error- When pretraining to contract compliance is an unintentional deviation from compliance. Key to this is that an error is unintentional.
- 1.4. Contract compliance- verbatim (word for word) compliance with contract requirements expressed in written contracts and technical documents. Deviations for any reason (such as interpretation, editorializing, partial expressions of the truth, omissions, and historic practices) do not satisfy compliance. All changes to the contract must be documented though the appropriate channels with both parties.

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## **2.0 General:**

- 2.1. Saliga Machine Co management and employees, along with suppliers and sub-tier suppliers' management and employees, are contractually obligated to meet all purchase order requirements.
- 2.2. Saliga Machine Co, suppliers, and sub-tier suppliers shall be aware and vigilant of malpractice and fraud and falsification (F&F), as it affects contract compliance. All parties associated with product and services destined for delivery to the purchaser must maintain awareness of malpractice and F&F are serious matters. The acts of malpractice or F&F has potential for severe and costly damages.
- 2.3. It is the responsibility of all parties to avoid the possibility of impropriety or malpractice and report known or suspect occurrences to the proper authorities. All personnel working with the program must maintain awareness of malpractice and F&F, pitfalls that could lead to malpractice or F&F, methods to eliminate potential situations, and purchaser requirements for employees, suppliers, and subcontractors.
- 2.4. Consequences of malpractice and fraud and falsification could involve the failure of product in operation, causing loss of equipment or life. Consequences include severe dollar loss to the purchaser, the government, and the supplier due to lengthy investigation, possible disqualification from future contracts, production shutdown, and loss of employment. Acts of malpractice or F&F 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. Saliga Machine Co, suppliers, and sub-tier suppliers must ensure that employees are provided documentation and information necessary to preform assigned and contracted work correctly. All employees must follow established work procedures (including but not limited to work instructions and quality assurance procedures) and contract documents to preform their best effort within the program.
- 2.6. Any party aware of, or having reason to suspect malpractice or F&F 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

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e. Department of Defense Hotline

telephone (800) 424-9098 or

- website <http://www.dodig.osd.mil/hotline/hotline7.htm>
- email [hotline@dodig.osd.mil](mailto:hotline@dodig.osd.mil)
- 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. Any 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 1 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. These audits may be included as part of ISO audits.
- 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 Suppliers of malpractice and F&F by pass down of this specification in supplier purchase orders.

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- 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.

### **5.0 RECORD KEEPING PROCEDURES**

#### **5.1 Creations of Certificate of Compliances**

- a) Certificates of Compliance (CofC) must be signed by authorized representatives of the company. These representatives are inspectors from the quality department, quality manager, or management representative.
- b) All CofC's must postdate any changes made to parts and must occur after inspection.

#### **5.2 Quality Documents**

- a) Test reports and other verification reports must be reviewed by an authorized representative prior to shipment. Authorized representatives include inspectors from the quality department, and the quality manager.
- b) Erasures and destruction of information on quality records is prohibited. Alterations and corrections may only be made by striking through the error with a single line, accompanied by the correction, initials of the individual, and date of correction.
- c) Fraudulent alterations to quality documents is prohibited.

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## **ASSOCIATED DOCUMENTS**

- Saliga Machine Employee Handbook
- CofC
- AS9102 First Article form
- Saliga Machine Lot inspection Form

## **REVISION HISTORY**

### **Revision: 1**

1/14/2024

- 1.) Initial release of procedure

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Appendix 1

# NOTICE

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. Company 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](http://www.dodig.osd.mil/hotline/hotline7.htm)
  - email [hotlineAdodig.osd.mil](mailto:hotlineAdodig.osd.mil) or
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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.

# NOTICE