

Compliance Education Market Trends

HCCA Compliance Institute, April 2011
Rethinking Compliance Training

Marsha H. Ershaghi, CCEP
Practice Leader, Education

LRN *Inspiring Principled PerformanceSM*

Compliance Education Goals

Go Beyond Compliance ... reinforce comprehension, help employees internalize principles, progressive learning approach

Connect with your Audience... learner-centered cases increase knowledge retention and motivate greater participation

Deliver High-Impact Education... use multi-media, innovative tools and drive interactive case design

Promote awareness and knowledgeenable learning through real-life business cases, contextualized for regional and role-based needs



New Corporate Learning Landscape

- Corporate Learning undergoing a transformation
 - New Vehicles to drive engagement
 - Global workplace demands ease of accessibility & On Demand knowledge
 - 24/7 Work Environment
 - Convergence of generations in the workforce
- Employees seek freedom to share ideas
- Flatter organizations, less hierarchy
- New generation seeks management to coaches not 'rule'

LRN *Inspiring Principled PerformanceSM*

ethics & compliance
Alliance
LRN

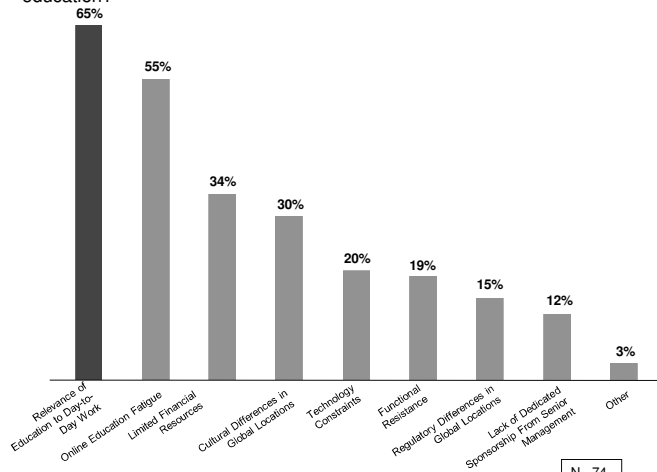
Lack of Relevance to Work is the Biggest Compliance Education Challenge

Key Insight:

E&C leaders continue to struggle with making education applicable to daily work and online education fatigue. In comparison, last year's participants indicated the following challenges:

- Lack of business unit support (56%)
- Making education relevant (41%)
- Low employee engagement (33%)
- Lack of education and/or certification materials in key risks (30%)
- Online training fatigue (28%)

Q: What are the biggest challenges you face when providing E&C education?



© 2010 LRN®
LRN Proprietary and Confidential. Not for Redistribution.



What Enables Good Learning?

Discussion ● Practice & Application ● Collaboration ● Evaluation

How do you Enable Learning?

- How do learners learn?
- Why do learners learn?
- How do you make sure that learning sticks?

- Three core learning styles:
 - Auditory
 - Visual
 - Kinesthetic

VISUAL
SEE IT 

AUDITORY
HEAR IT 

KINESTHETIC
DO IT 

Learners gravitate towards learning styles that fit their comfort, style.

Are you Promoting Learning or Memorization?



- Learning is the act, process, or experience of gaining knowledge or skills.
- Memory is the ability to temporarily store, retrieve and act on that knowledge.
- Why choose Learning?
 - Learning helps us move from novices to experts and allows us to gain new knowledge and abilities, further enhancing our contributions in our roles and responsibilities in the workplace, in our families, in society.
 - Learning is lifelong. We draw on our experiences from the past consciously and sometimes subconsciously.

LRN Inspiring Principled PerformanceSM

7

Value in Reminders

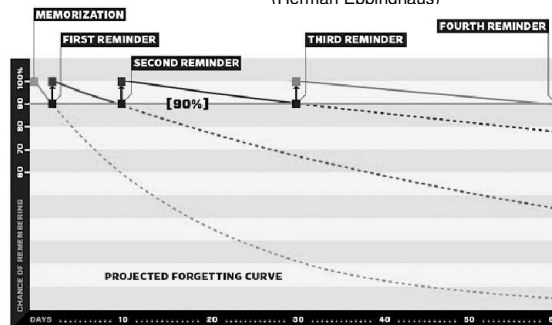
- Why are Reminders important?
- Social conditioning
- Frequent touch points with learners
- Reinforcement of content
- Refreshers

I hear, and I forget
I see, and I remember
I do, and I understand.

—Ancient Chinese proverb

Forgetting Curve

(Herman Ebbinghaus)



LRN Inspiring Principled PerformanceSM

Source: http://www.wired.com/medtech/health/magazine/16-05/ll_wozniak?currentPage=all



Know Your Audience

Future Workforce: Start Planning Now

In 5 years, Millennials will make up 47% of the workforce



Gen Y or Millennials (1980-2000)

- **Technology** has transformed how this generation works, collaborates, seeks knowledge.
- Expect **immediate feedback** with interactions
- Seek **stimulation & engagement**
- Expect **integrated media** (streaming video, epistemic gaming)
- Expect organization to address **different learning styles**
- Expect **brief & succinct learning**, short attention span
- Seek to be a part of the learning experience
 - Self Directed or
 - Peer to Peer (social collaboration)
- Desire to **self-manage learning**

*Gen Y seek leaders to **coach rather than manage**

Recognizing Generational Preferences



- Traditionalist & Boomers
 - believe experience comes with age and tenure
 - loyalty to company
 - stronger deference to hierarchy
- Boomers
 - find too much feedback annoying or insulting
 - find it uncomfortable to facilitate dialogue or promote knowledge sharing
- Gen X & Y seek equal respect, regardless of age or experience
 - *greater loyalty to individuals than companies*
 - more likely to seek employment elsewhere if the organizational culture & access to knowledge is strained or limited
 - Gen Y: Millennials - constantly trying to connect, engage, dialogue

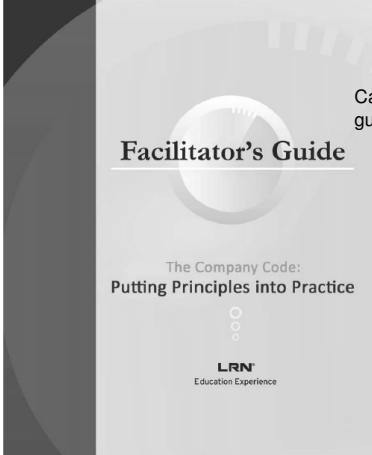
Traditionalists (1927-1945) ♦ Boomers (1946-1964) ♦ GenX (1968-1982) ♦ GenY (1980-2002)
Data from Tobize, A. (2008), "Generational Differences in the Workplace, University of Minnesota.

LRN Inspiring Principled PerformanceSM

Interactive Learning

LRN Inspiring Principled PerformanceSM

12



Facilitator's Guide

The Company Code:
Putting Principles into Practice

LRN
Education Experience



Case by Case summary and guiding discussion points

Discussion Exercise

After viewing/listening to a scenario (either for a single topic or several topics, depending on the format being used), each team will spend 5-10 minutes talking about the issues in a discussion exercise. If required, each person on the team should assume the role of a character in the scenario. The team should then address the questions that you will pose to them. The questions will differ for each scenario.

If the teams have trouble getting their discussion started, you can help them by providing the content summary for each topic. This summary will also guide you in the larger group discussion of key learning points.

Each scenario has one or more icons associated with it. Use the following legend to know what they mean.

Icon	Description
	This scenario is available in a video format. Please play the scenario using the Code of Conduct online course link.
	This scenario is not available in a video format and needs to be narrated to the audience. Please read the scenario carefully, and then narrate it to the audience, either as is or in your own words.

Content Summary by Topic Guide

Topic 1—A Culture of Respect: Values and Ethics

Scenario synopsis: Michael, a purchasing manager, is working at his desk when his colleague Annette stops by to hand him some documents. Annette notices a connector sitting on Michael's desk. She asks Michael if the purchase had burnt a hole in his pocket, to which he replies that he didn't have to spend a penny on it. One of the company's suppliers, Allied, sent the connector as a baby shower gift for Michael's soon-to-be-born baby. Annette raises an eyebrow to this and points out to Michael that it isn't appropriate to accept expensive gifts from suppliers as it could create a conflict of interest. Michael declines that one little gift is not going to affect how he processes bids. Besides, he doesn't even make the final decisions.

Discussion exercise: After viewing the scenario, each team will spend 5-10 minutes discussing the issues. Participants from each team should assume the role of a character in the scenario. The team should then address these questions:

- o Should Michael report the gift and risk having to give it back?
- o Michael knows the gift won't affect his business decisions. Should he simply keep the gift?
- o Should Allied have offered Michael the connector? Does the action imply a potential conflict of interest?

Group discussion: After the teams discuss the questions, ask one representative from each team to share the team's responses to the questions.

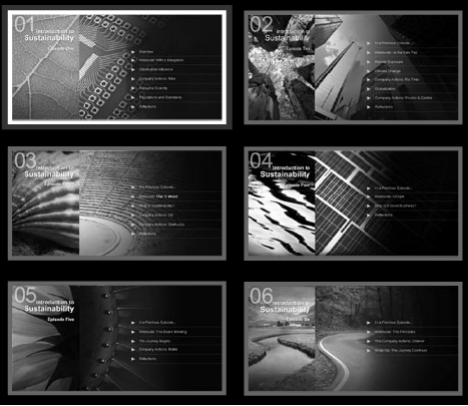
Summary: Following the group discussion, you should summarize the key learning points. The central lesson in this topic is that ethical choices come in all shapes and sizes, and sometimes there's no law or specific policy to aid in the choice for us.

Key learning points: Use these points for your summary at the end of the session.

- o Compliance means following the law and company policies—playing by the rules, as they say.
- o Ethics, on the other hand, takes you beyond the law. It means doing the right thing even when the law or company policy allows something less.
- o When you face an ethical dilemma, first stop and determine the facts. Then, ask yourself these four questions about the action you're considering:
 - o Will it break any laws or company policies?
 - o Could it appear wrong?
 - o Will anyone be unfairly harmed by my decision?
 - o Will anyone feel that I owe them something in return—or they owe me something—if I take this action?
- o Always do the right thing and maintain the company's ethics. Your integrity is part of the company's brand—its "good name," you could say—and once it's tarnished, it can take decades to repair.

Episodic Learning: Webisodes

A series of online episodic modules, which include videos, web-enabled user accessed content, and testing



Example: Sustainability Webisodes

Topics covered include:

- What is sustainability?
- Why is sustainability good for business?
 - o Operational efficiency
 - o Brand Reputation
 - o Employee loyalty
 - o Access to resources
 - o Innovation
- Climate change
- Resource scarcity
- Regulations and standards
- Stakeholder influence
- Human exposure
- Globalization

• Case studies include Rio Tinto, GE, P&G, Unilever, Nike, Starbucks, Mattel

Realistic, compelling, emotive



Interactive Testing

Rollover choices
Immediate feedback

Global trends can dramatically change how businesses operate and what society expects of them. A company that doesn't pick up on trends risks losing its position in the marketplace.

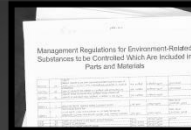
Click each item below to review the global trends we discussed in this episode.



Stakeholder Influence



Resource Scarcity



Government Regulations and Industry Standards

Stakeholder Influence

A stakeholder can be anyone, or any group, who can affect or be affected by an organization's activities. Any stakeholder with an opinion and access to the Internet can impact a company's reputation and make a difference in how it operates.

Do you know what your stakeholder's concerns are?
Does your company engage with your stakeholders on a regular basis?
What might you learn from them that would help you achieve your objectives?

Click on each one to find out more.



Emerging Trends – Social Learning

- Mobile
 - Virtual Worlds
 - 3-D Simulation
 - Serious Games
 - Multi-player
 - Social Collaboration
-
- Learners seek to be 'Edu-tained'
 - ✓ Blend of analysis
 - ✓ Critical thinking
 - ✓ An element of entertainment
 - ✓ Immediate feedback
 - ✓ Practical application
 - ✓ Personal relevance



World of Social Networks

Fundamental Shift in How We Communicate

- Video
- Audio (podcasts)
- Photo
- Event-based
- Collaborative Tools
- Wikis
- Email
- SMS
- Micro blogs
- Personal Social Networks



LRN Inspiring Principled PerformanceSM

Social Media in your compliance education strategy??

Harnessing the Collective Intelligence of Others

- Enables learning and entertainment to 'mash up'
- Promotes concept of 'supporting the tribe', community
- Attractiveness of social media tools
 - Forum of diverse angles
 - Points of view on same issue
 - Learn through observation
 - Safe to 'engage' or 'disengage'
- Impact:
 - Quick adoption
 - Frequent and regular contact
 - Learn faster
 - Innovate and build knowledge faster
 - Share knowledge faster
 - Engage with peers, business, customers Technologically expanding platforms



LRN Inspiring Principled PerformanceSM

How are organizations using Social Learning?

- Social Media = productivity tool.
 - Learn more in less time (40% - Millennials: ASTD-i4cp research study)
- Top Reasons:
 - Share knowledge & experience of colleagues (90.7%)
 - Social 'momentum' motivates learners in the learning process (48%)
- Types of Social Learning activities*:
 - Collaborative documents (wikis, blogs) for learning (77.5%)
 - Internal social networks / media for learning (67.3%) (e.g. Yammer)
 - Classroom-based collaboration or group learning (44.5%)

(*source: The Masie Center)



LRN Inspiring Principled PerformanceSM

Role of Leadership



Leadership should lead
Leadership should communicate
Evaluate and measure your leader participation

LRN Inspiring Principled PerformanceSM

22



Leadership can Engage the Enterprise

Leadership should exemplify the behaviors they want to see in others:

- Enlist leadership early
- Define Leader's role and expectations for leading with learning
- Coach: How do leaders have the conversation?


Lead from the Middle:

- Manager as learner is a powerful influence on the employees
- Securing manager buy-in and support for delivery = critical step
- Managerial delivery promotes greater cultural adoption of Compliance education

Cascade Approach:

Board & Sr. Executives > Sr. Leadership > Middle Management > Enterprise > Agents & Contractors

Source: 2009 ASTD State of Industry Report
(American Society of Training and Development)

- 
- Know Your Audience
 - Flexible Formats
 - On-Demand
 - Frequent
 - Have a Conversation
 - Keep it Fresh!
 - Ask for Feedback
 - Involve Learner in the solution
 - Build Leader Cascade Plan
 - Repeat and Remind

Al Josephs, Senior Director, Policies and
Training, Tenet Healthcare Corporation

LRN *Inspiring Principled PerformanceSM*

April 10, 2011

Objectives

- Overview of training initiatives
- Delivery Methods
- Tracking
- Other approaches to training



The Scope Of The Training Initiatives

- Requirements (New and Existing Employees)
 - Covered Persons
 - Specific Covered Persons
 - Billing and Reimbursement Covered Persons
 - Arrangements Covered Persons
 - Clinical Quality Covered Persons
 - Medical Staff
 - Standards of Conduct Certifications
- Other Compliance Related Training
 - Information Privacy and Security, Red Flags, HITECH
 - Clinical Research
 - Policies and Procedures



Defining Compliance in Eight Key Areas

- Healthcare is compliant when it is:



Creating A Plan



• C

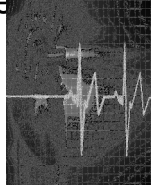
CP Type	Type of Training	Time Required	Due	Method
All Covered Persons	General Training	Initial - 2 hours	30 days	Live
		Refresher - 1 hour	Annually	Live
Billing and Reimbursement Covered Persons	Billing and Reimbursement Training - Hospital	Initial - 4 hours	30 days	Online
		Refresher - 2 hours	Annually	Online
	Billing and Reimbursement Training - Physician Practice	Initial - 4 hours	30 days	Online
		Refresher - 2 hours	Annually	Online
	Coding Training	Initial - 4 hours	30 days	Online
		Refresher - 2 hours	Annually	Live
Cost Report Training	Initial - 4 hours	30 days	Live/Video	
	Refresher - 2 hours	Annually	Live	
Arrangements Covered Persons	Focus Arrangements Training	Initial - 4 hours	30 days	Live/Video
		Refresher - 2 hours	Annually	Live
Clinical Quality Covered Persons	CQ for Nursing	Initial - 3 hours	30 days	Online
		Refresher - 2 hours	Annually	Online
	CQ for Non Nursing	Initial - 3 hours	30 days	Online
		Refresher - 2 hours	Annually	Online
CQ for GB Members, Medical Directors, Employed Physicians	Initial - 3 hours	30 days	Live/Video	
	Refresher - 2 hours	Annually	Live/Video	
Excepted Physician	Best Efforts General and Specific	General - 2 hours	Annually	Video
		Specific - 3 hours	Annually	Video

Delivery Method

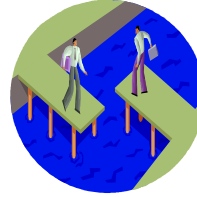
- Computer Based
 - Initial
 - Refresher



Audience Participation Approach to Training/ Video Segments



Hospital Not Meeting Budget



Hiring your Sister



Second-guessing Physician peers



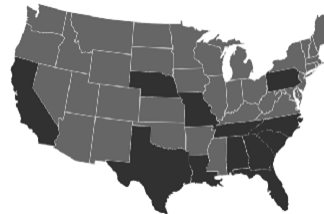
Backdating Patient Charts



Unethical Behaviors


Scope of Training

- 49 acute care hospitals in 12 states
- 57 outpatient centers in 11 states
- 13,149 licensed beds
- 14 office locations
- 60,297 employees
- 20,000 contractors
- 24,000 physicians
- 300+ telecommuters



Is It REALLY Required?

- Mandatory training vs. “highly recommended” training
 - Compliance training is mandatory. Period.
 - Compliance program effectiveness review

	Human Resource Policy	No.	HR-411
	Title:	Page:	1 of 4
	ETHICS AND COMPLIANCE TRAINING POLICY	Effective Date:	10-01-09
		Retires Policy Dated:	08-21-06
		Previous Versions Dated:	07-14-06

I. SCOPE:

This policy applies to (1) Tenet Healthcare Corporation and its wholly-owned subsidiaries and affiliates (each, an “Affiliate”); (2) any other entity or organization in which Tenet Healthcare Corporation or an Affiliate owns a direct or indirect equity interest of 50% or more; and (3) any hospital or healthcare facility in which Tenet Healthcare Corporation or an Affiliate either manages or controls the day-to-day operations of the facility (each, a “Tenet Facility”) (collectively, “Tenet”).

II. PURPOSE:

The purposes of this policy are to establish the participation requirements for Current Employees in annual Ethics and Compliance Training, and New Employee initial Ethics and Compliance Training and to ensure compliance with the training requirements contained within the Corporate Integrity Agreement, dated September 27, 2006 between Tenet Healthcare Corporation and the Office of Inspector General of the Department of Health and Human Services.

III. DEFINITIONS:

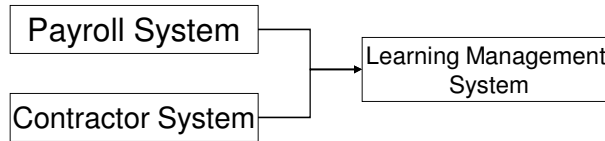
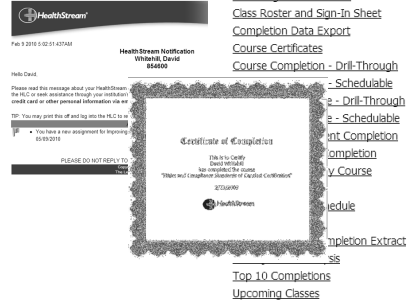


How Will You Know You Are Done?

- Ensure tracking system is place before starting
 - Listing of Relevant and Specific Covered Persons
 - Schedule of Training Sessions
 - Number of individuals required to be trained, by category
 - Number of individuals required to complete the Code of Conduct certification, percentage of individuals who completed

Determine How Assignments Will Be Made and Completion Documented

- Assignments
- Email notifications
- Permanent transcripts
- Reports



Collaborate

- Combine training efforts with others when practical (Risk and Quality)
- Cost savings with streaming video
- Online certifications and evaluations
- CME for Physicians and continuing education credit for non-physicians



Policy and Procedures

- Rolling out new or updated policies and procedures

Policy Flash



Al Josephs, Senior Director, Policies and Training
al.josephs@tenethealth.com



Effective Compliance and Ethics Programs

-

-

Ethics & Business Conduct Program

Sentencing Guideline Requirement	Ethics & Business Conduct Program
Standards and procedures	<ul style="list-style-type: none"> • <u>Code of Conduct</u> • Corporate Policy Statements • Internal Control Procedures
Board knowledge and oversight	<ul style="list-style-type: none"> • Periodic reports (oral and written) • Metrics and Survey Results • <u>Annual Awareness Training</u>
High-level person responsible for program <ul style="list-style-type: none"> • Report to executives and Board • Resources, authority and access 	<ul style="list-style-type: none"> • VP of Ethics and Business Conduct • Periodic meetings with Ethics and Corporate Responsibility Committee of the Board • Steering Committees (Corporate, Business Area and Business Unit) • Ethics Officers and staff • Adequate budget • No restriction on access to CEO, COO, GC or Board • CPS-001, <i>Ethics and Business Conduct</i>



Ethics & Business Conduct Program

Sentencing Guideline Requirement	Ethics & Business Conduct Program
Due diligence for substantial authority positions	<ul style="list-style-type: none"> • Background Checks • Ethics Database • HR hiring processes
Communication and training	<ul style="list-style-type: none"> • <u>Integrity Minute</u> • <u>LM Today articles</u> • Ethics Intranet and <u>Internet sites</u> • AskUs • Ethics blog • Speaking engagements (internal and external) • Arts & Film Festival • Be an Ethics Star • <u>Ethics posters</u> • <u>Business Conduct Compliance Training</u> • Awareness Training • <u>Ethics Officers</u>



Ethics & Business Conduct Program

Sentencing Guideline Requirement	Ethics & Business Conduct Program
Monitoring, auditing, and periodic evaluation	<ul style="list-style-type: none"> • Monthly metrics review • Internal and external audits • Annual internal controls audit • Biennial survey • Ethics Program Assessments • External benchmarking
System for reporting misconduct or seeking guidance, without fear of retaliation	<ul style="list-style-type: none"> • Helpline • Ethics Officers • AskUs • Corporate Ethics Email box • Code of Conduct and CPS-001
Consistent enforcement	<ul style="list-style-type: none"> • Chairman's Award • Business Area Ethics Awards • Discipline review committees • Internal investigations • Multiple communication channels

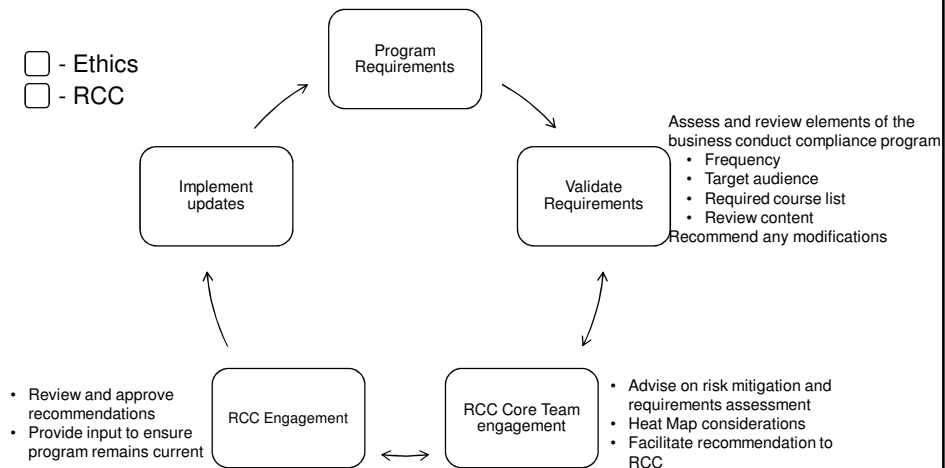


Lifecycle of Compliance Program...

...for new and existing course requests

- Federal Sentencing Guidelines
- FAR requirements
- Legal (e.g., consent agreements, other)
- Identified SMEs

- Ethics
- RCC



Lockheed Martin
Proprietary



Business Conduct Compliance Training

Compliance Training Information

Below is each compliance topic. Check your Business Area/Business Unit's plan for target audience and training interval.

Anti-Trust Compliance

Addresses compliance with antitrust laws, as required by CPS-720, to include the Sherman Act, (anticompetitive practices such as price fixing, bid-rigging, market allocation and other anti-competitive practices), and the Clayton Act (exclusive dealing arrangements and tying arrangements).

Drug-Free Workplace

Covers the Drug-Free Workplace Act, describes controlled substances and their side effects, and demonstrates the appropriate handling of performance problems in the workplace.

Equal Employment Opportunity/Affirmative Action

The objective of the course is to provide leaders with a basic understanding of EEO/AA laws, regulations and policies, and knowledge of their responsibilities in the workplace. Upon completion of the course, managers are expected to be able to apply this knowledge in the workplace and know where to go for additional support and resources.

Former Government Employees

Examines restrictions placed on hiring of former government employees. Describes the process for Fed. finding and hiring.

Export Control

Covers the provisions of the Export Administration Act and the Arms Export Control Act. Explores the ways sensitive or proprietary items might reach foreign companies, individuals, or governments.

Harassment in the Workplace

Explains how to prevent, recognize, and address various harassment issues in the workplace.

Information Protection

Reviews the types of sensitive information and the associated requirements for protection based on CPS-710.

Insider Trading

It provides an overview of U.S. Securities laws as those pertain to the disclosure of confidential information and to trading in securities while in possession of confidential information and to ensure audience familiarity with CPS-720 and CPS-724 which address this subject.

International Business Practices

Course covers compliance with anti-corruption laws in the US and other countries in which we do business. Highlights requirements of the U.S. Anti-bribery Law, and the U.S. Foreign Corrupt Practices Act.

Kickbacks & Gratuities

Discusses the provisions of the Anti-Kickback Act of 1986, the corporation's policies and procedures, and the potential result of non-compliance.

Labor Charging

Provides specific information on labor classification, details how labor charging works, why it is important, and how labor charges are audited and addressed. Personal labor charging responsibilities and integrity and accuracy in labor charging on government contracts are key points.

Truth in Negotiations Act

Defines the provisions of the Truth in Negotiations Act (TINA), which governs the conduct of people involved in the development or negotiation of contract proposals for the government or with a prime contractor.

© Lockheed Martin Corporation | Disclaimer

Back

<http://www.lockheedmartin.com/cgi-bin/pfv.pl>

1/31/2011

<http://www.lockheedmartin.com/cgi-bin/pfv.pl>

1/31/2011



Dear Colleague:

I am honored and proud to work for a company that contributes so much to our communities, our industry, and freedom around the world.

Our continued success as a Corporation depends upon delivering innovative solutions to our customers while maintaining our commitment to integrity – in everything we do.

All of us have a shared responsibility to maintain the highest standard of integrity and ensure that we sustain a place where we are proud to work. If you are faced with an ethical dilemma, you have a responsibility to speak up and seek resolution. We all must be accountable for acting with integrity and upholding the values of the Corporation.

Setting the Standard, our Code of Ethics and Business Conduct, provides guidance on our expectations for all employees, contract labor, agents, consultants, members of the Board of Directors, and others when representing or acting for the Corporation. Our Code spells out the values we live by and the standards we set. You should read and refer to it often as I do.

Of course, this booklet will not have all the answers to every question that may arise. In those situations where the answer isn't obvious, there are various resources available to provide guidance on doing the right thing. If you observe misconduct or you have a question, talk to your manager, human resources, legal, security, internal audit, energy, environment, safety and health, or the ethics office.

Thank you for your help in Setting the Standard for ethics and integrity.

Robert J. Symons
Chairman, President and
Chief Executive Officer

October 2006



Table of Contents

- A Culture of Integrity1
- Our Vision and Our Values1
- Report Violations of this Code2
- Contacting Your Ethics Officer or the Office of Ethics and Business Conduct3
- Be Accountable for Upholding the Code4
- Comply with Laws and Regulations5
- Zero Tolerance for Discrimination and Harassment6
- Maintain a Safe and Healthy Work Environment7
- Accurately Charge Labor and Other Costs8
- Maintain Accurate Business Records9
- Responding to Investigations and Legal Action10
- Strictly Adhere to All Antitrust Laws11
- Do Business Ethically Outside the United States12
- Political Contributions and Activities, Including Lobbying14
- Compete Fairly for All Business Opportunities16
- Provide and Accept Appropriate Business Courtesies17
- Avoid Personal Conflicts of Interest22
- Avoid Conflicts of Interest when Hiring and Working with Former Government Employees24
- Properly Engage Consultants, Representatives, and Other Third Parties25
- Protect Sensitive Information26
- Protect Personal Information27
- Properly Use Company and Customer Assets28
- Do Not Engage in Insider Trading29
- Participate in Business Conduct Compliance Training and Ethics Awareness Training30
- About the Office of Ethics and Business Conduct31
- Warning Signs – You're on Thin Ethical Ice When You Hear32
- Quick Quiz – When in Doubt, Ask Yourself33
- Contacting the Audit Committee34
- Comments on the Code34
- Receipt and Acknowledgment35
- Contacts37



Integrity Minute

From: Ethics, Integrity-Minute
To: All Employees
Subject: The Integrity Minute: Series 19, Episode 1
Date: Monday, January 31, 2011 5:59:03 AM

This is Series 19, Episode 1 of the Lockheed Martin Integrity Minute. To avoid server overload, these emails are being sent in batches, alphabetically by first name, over the course of one week.



In Series 19, the topics are work-related pressure, quality, customer relations, and integrity.

Clicking the link below will take you to the Integrity Minute website (inside the Lockheed Martin firewall) to view the video.
<http://ethics.corp.lmco.com/ethics/minute/>

If you are outside the Lockheed Martin firewall and unable to access the Integrity Minute at the above link, click here:
http://www.lockheedmartin.com/aboutus/ethics/integrity_minute.html

Consult with your supervisor to ensure your site is allowed to download the Flash player and the video. If you have problems downloading or playing the video, call the EBS support desk at 1-800-435-7063 or your local support number.

After viewing, we hope you will take a few minutes to complete the following brief questionnaire.

Click here to provide feedback:
<http://survey.external.lmco.com/perseus/se.ashx?s=5A1E27D249622F8F>

Our goal is to keep ethics awareness at a high level throughout the year and to emphasize ethics topics of importance to all employees.



ETHICS AND BUSINESS CONDUCT

Follow The Rules

Ethics cases highlight compliance issues

Lockheed Martin employees may contact the Office of Ethics and Business Conduct to allege wrongdoing or to request guidance on an ethical issue. Following are highlights of several noteworthy case investigations involving allegations of employees not abiding by the rules.

"Government contracting is a heavily regulated industry," said Alice Eldridge, vice president, Ethics and Business Conduct. "This means we are obligated to follow the rules in everything we do. Noncompliance with laws, regulations, and our internal policies can have serious consequences to both the company and to individual employees. When in doubt about how something should be done, employees should review existing policies, consult with their management, or call the ethics office for guidance. Our company values of 'Do what's right' and 'Perform with excellence' mean we can't cut corners or otherwise have a compliance failure."

The cases below involve allegations of noncompliance with policies, procedures and regulations.

Case Issues: Charging Practices, Procurement, Conflict of Interest

Background

A department manager allegedly mis-

the closeout of a facility and showed favoritism to a vendor.

Issues

Did the manager violate procurement rules? Was there a conflict of interest between the manager and the vendor?

Investigation Findings

A leased facility was in the process of being closed and operations moved to a central location. During this transition, the company was required to restore the buildings to their original state, less wear and tear. This effort included repainting the interiors. The company obtained multiple bids from painting contractors and selected one in the median bid range. Contrary to policy, the manager in charge of the transition provided the painting contractor with the department's P-Card number to bill the company. Company policy requires contracts over \$10,000, including this one, to be paid via purchase order. The department manager did not adequately monitor the invoices submitted by the vendor, resulting in several overpayments and a duplicate payment. In addition, the contractor never properly completed the painting job.

There was no evidence of a conflict of interest between the department manager and the painting contractor. The department manager admitted making a mistake in providing the contractor with

the P-Card transactions, stating that they were under an extremely tight schedule to complete the painting job.

Resolution and Lessons Learned

The department manager received a written reprimand for violating procurement rules. The department's P-Card was cancelled. Another painting contractor was hired to complete the job. The company sought reimbursement for the overpayments and duplicate payment. Because the P-Card transactions were not billed to the U.S. Government, there was no requirement to disclose the issue to the Inspector General in accordance with the FAR.

All employees are reminded that schedule pressure is never an acceptable reason to violate the rules.

Case Issues: Material Control, Contracts

Background

An employee alleged that parts in the stockroom were being "borrowed" from one contract to be used on another contract.

Issue

Were parts improperly transferred between contracts?

Investigation Findings

A stockroom in a manufacturing

separate contracts for the same U.S. Government customer. One of the two contracts had over 100 piece parts in the stockroom that were surplus to the needs of the program. The other contract had an urgent need for several of these parts. For over a year, employees did not make a clear distinction between the two contracts and on occasion "borrowed" surplus parts from one contract in support of the other one. The company did not have customer authorization to transfer these parts between contracts.

Resolution and Lessons Learned

The company informed the customer of the situation and requested authorization to transfer parts between the contracts when needed to support production. The customer granted approval with the understanding that the associated costs also transfer. The company performed an audit to ensure that all material costs were properly charged to the correct contracts. Program employees received training on proper material charging procedures.

Case Issues: Schedule Pressure, Procurement, Software Licensing

Background

An employee alleged that Government Furnished Equipment (GFE) was improperly used on commercial contracts.

Issue

Did the company have authorization to use GFE on commercial contracts?



ETHICS MATTERS: REAL CASES AND OUTCOMES

ETHICS CASE #5

During the last Employee Perspectives Survey, employees indicated they wanted to know more about Ethics cases and when Ethics takes action. This communication highlights real cases from within Lockheed Martin and outlines the responsive action taken by the Ethics Office.

CASE ISSUE: WHAT CONSTITUTES INAPPROPRIATE BEHAVIOR IN THE WORKPLACE?

Background:
An employee contacted the Ethics Office alleging harassment by a co-worker.

Facts:
An investigation, conducted that included interviews with the reporting party (employee X), the subject employee (employee Y), and co-workers. The following was revealed:

- Employee X experienced derogatory name calling from a co-worker, including being called a "rat" and "squalor."
- Employee Y was upset because employee X told management that he/she was repeatedly out of their assigned work area.
- In a threatening manner, employee Y invited employee X to "step outside" to discuss his accusation. Employee X immediately informed Security.
- Interviews were conducted with three co-workers who substantiated employee Y's actions.
- Employee Y was interviewed and admitted being upset at employee X for "snitching" to management. Employee Y also admitted making derogatory comments.

Resolution:
Employee Y was placed on suspension without pay for five days.

Lockheed Martin is committed to providing a safe and respectful work environment free from sexual, physical, harassment and discrimination. Respecting others and performing with excellence create opportunities to achieve success in our workplace.

CASE
CLOSED

LOCKHEED MARTIN

E=MC²

Do What's Right
Respect Others
Perform With Excellence

LOCKHEED MARTIN

ETHICS=MY CHOICES & CHALLENGES

Doing What's Right is
the Right Business
Formula

Talk to your Manager or Ethics Officer when you need guidance.

Ethics Officer _____ Location _____
 Phone _____ Fax _____
 Address _____
 Email _____

If the matter cannot be resolved at the local level, contact the Office of Ethics and Business Conduct for confidential assistance.

Global Helpline: 800-563-8442 or 800-LM-ETHIC
 Hearing or Speech Impaired: 800-443-7687
 Fax: 301-897-6442
 Internet Email: corporate.ethics@lmco.com

Office of Ethics and Business Conduct
 Lockheed Martin Corporation
 8801 Rockledge Drive - MP211
 Bethesda, MD 20817

URL: <http://www.lockheedmartin.com/aboutus/ethics/index.html>

ETHICS

