



## DCMA Manual 2301-01

### Contractor Business Systems

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**Office of Primary Responsibility**

**Contractor Effectiveness Capability**

**Effective:**

April 28, 2019

**Releasability:**

Cleared for public release

**New Issuance**

**Implements:**

DCMA-INST 2301, "Evaluating Contractor Effectiveness,"  
January 24, 2019

**Incorporates and Cancels:**

DCMA-INST 109, "Contractor Purchasing System Reviews",  
January 9, 2014  
DCMA-INST 124, "Contract Property Management", February 1,  
2013, as amended  
DCMA-INST 131, "Contractor Business Systems", November 6,  
2013, as amended  
DCMA-INST 133, "Estimating System Review", October 15, 2013  
DCMA-INST 208, "Earned Value Management System  
Compliance Reviews", April 9, 2014, as amended  
DCMA-INST 210, "Earned Value Management System (EVMS)  
Standard Surveillance", February 1, 2012, as amended  
DCMA-INST 211, "Material Management and Accounting  
Systems (MMAS)", May 1, 2012

**Internal Control:**

Process flow and key controls are located on the Resource Page

**Labor Codes:**

Located on the Resource Page

**Resource Page Link:** <https://360.dcma.mil/sites/policy/CE/SitePages/2301-01r.aspx>

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**Purpose:** This issuance, in accordance with the authority in DoD Directive 5105.64:

- Implements DCMA Instruction 2301
- Assigns responsibilities and prescribes procedures for assessing the effectiveness of the contractor's business systems
- Assigns responsibilities and prescribes procedures for contractor business system determinations and approval or disapproval of those systems
- Authorizes a Contractor Business System Review Panel to ensure consistent application of contractor business system disapprovals

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## **SECTION 1: GENERAL ISSUANCE INFORMATION**

**1.1. APPLICABILITY.** This issuance applies to all DCMA organizational elements who enable or perform contractor business system (CBS) review activities on DCMA administered contracts/non-procurement instruments, contracts awarded by DCMA, contracts with delegations (e.g., National Aeronautics and Space Administration (NASA), Foreign Military Sales, and other federal agencies), and Direct Commercial Sales.

**1.2. POLICY.** It is DCMA policy to:

- a. Ensure contractors maintain effective business systems, processes, and procedures.
- b. Perform contractor business system reviews and determinations in a multi-functional, integrated, synchronized, and coordinated manner.
- c. Execute this Manual in a safe, efficient, effective, and ethical manner.

## SECTION 2: RESPONSIBILITIES

**2.1. DCMA HEADQUARTERS (HQ) CBS PERFORMANCE ADVOCATE.** The CBS performance advocate must:

- a. Review Administrative Contracting Officer's (ACO) determination packages to disapprove a contractor's business system to ensure completeness.
- b. Facilitate the CBS Panel efforts.

**2.2. CBS PANEL MEMBERS.** Designated panel members must:

- a. Review the ACO's final determination (draft) to disapprove a contractor's business system and supporting documentation to ensure that significant deficiencies identified in the ACO's initial determination and the contractor's response have been fully evaluated.
- b. Participate in the panel review discussions and provide recommendations regarding the consistent application of the specific business system criteria.

**2.3. REGION AND INTERNATIONAL COMMAND (DCMAI) DESIGNEE.** The appropriate Region/DCMAI designee must:

- a. Review and approve final determination extension requests beyond 45 calendar days.
- b. Conduct a quality review of the CBS disapproval package prior to submission to the CBS panel.

**2.4. PRIMARY CONTRACT MANAGEMENT OFFICE (CMO) COMMANDERS FOR THE REGIONS AND DCMAI.** The primary CMO Commander, must review and ensure that a well-documented and comprehensive business system disapproval package is submitted to the CBS panel.

**2.5. CMO CONTRACTS DIRECTORS FOR THE REGIONS AND DCMAI.** The appropriate CMO Contracts Director or designee must:

- a. Review and concur with all business system determinations prior to issuance to the contractor ensuring the determination is adequately supported.
- b. Review and approve final determination extension requests up to 15 calendar days.
- c. Conduct a quality review and ensure that a well-documented and comprehensive business system disapproval package is submitted to the CBS panel.

**2.6. DIRECTOR OF THE CORPORATE ADMINISTRATIVE CONTRACTING OFFICER (CACO)/DIVISIONAL ADMINISTRATIVE CONTRACTING OFFICER (DACO) GROUP.** The appropriate CACO/DACO Director or designee must:

- a. Review and concur with all business system determinations prior to issuance to the contractor ensuring the determination is adequately supported.
- b. Review and approve final determination extension requests beyond 45 calendar days.
- c. Conduct a quality review and ensure that a well-documented and comprehensive business system disapproval package is submitted to the CBS panel.

**2.7. CACO/DACO TEAM SUPERVISOR.** The appropriate team supervisor must review and approve final determination extension requests up to 15 calendar days.

**2.8. COST AND PRICING CENTER DIRECTOR FOR SPECIAL PROGRAMS COMMAND (DCMAS).** The appropriate DCMAS Cost and Pricing Director or designee must:

- a. Review and concur with all business system determinations prior to issuance to the contractor ensuring the determination is adequately supported..
- b. Review and approve all final determination extension requests.
- c. Conduct a quality review and ensure a well-documented and comprehensive unclassified business system disapproval package is submitted to the CBS panel.

**2.9. CACO, DACO, OR ACO.** For purposes of this Manual the term ACO also refers to a CACO and DACO, unless otherwise specified. The responsible ACO must:

- a. Ensure assignment of cognizance for each CBS is clearly identified through a signed “CACO/DACO Agreement,” when a CACO is appointed; and that the agreement includes an elevation process to ensure consistent CBS determinations are made throughout the contractor network.
- b. Ensure Defense Federal Acquisition Regulation Supplement (DFARS) 252.242-7005, “Contractor Business Systems,” is included in contracts requiring a business system review and request the Procuring Contracting Officer (PCO) to modify the contract or delegate authority to the ACO, if the clause is missing.
- c. Manually input the R9 code “30” for each contract containing DFARS 252.242-7005 and ensure that specific business system R9 or Special Provision Codes, as applicable, are entered in the Mechanization of Contracts Administration Services (MOCAS). (Refer to Paragraph 10.11.)
- d. Ensure the business system status in the Contract Business Analysis Repository (CBAR) is current and accurate at the appropriate prime contractor Commercial and Government Entity (CAGE) level.
- e. Review findings from the functional specialist or auditor, upon receipt of a business system report and applicable Business System Analysis Summary (BSAS).

f. Prepare and issue initial and/or final determinations. Although not required, seeking review from assigned legal counsel is recommended to ensure that initial and final business system determinations are authorized under the contract and provide adequate notice of deficiencies.

g. Create a draft level III or IV Corrective Action Request (CAR) in accordance with (IAW) DCMA Manual (DCMA-MAN) 2303-04, "Surveillance – Document Results, Corrective Actions and Provide Feedback," when potential significant deficiencies are identified by an audit organization (e.g., Defense Contract Audit Agency (DCAA)) via an audit report.

h. Submit final determination packages to the HQ CBS performance advocate for panel review when intending to disapprove a system.

i. Review panel recommendations prior to notifying the contractor in writing of the final determination.

j. Request a Board of Review (BoR) when there is disagreement between the ACO and the functional specialists or DCAA auditor over the report findings.

k. Execute a payment withhold for a disapproved system on covered contracts identified for withholding if the contract contains DFARS 252.242-7005 and the specific business system clause for which a payment withhold is being implemented.

l. Retain determination package and supporting documentation in the Agency's system of record.

m. Provide a copy of the determination to all ACOs administering selected contracts from which payment will be withheld. Additionally, distribute a copy to the auditor or functional specialist, payment office, and affected Contracting Officers (COs) at buying activities.

n. Ensure due process has been extended to the contractor regarding all significant deficiencies cited in the final determination. For example, significant deficiencies discovered after issuance of the initial determination cannot be cited in the final determination.

**2.10. FUNCTIONAL SPECIALISTS.** The assigned functional specialists must:

a. Conduct reviews of a CBS using applicable DFARS business system criteria and functional specific procedures.

b. Provide a detailed business system report to the ACO.

c. Provide a BSAS for Earned Value Management (EVM), property and purchasing system reviews.

d. Process CARs, if applicable.



- e. Assist the ACO with the analysis of the contractor's response to business system review findings and the corrective action plan (CAP), if applicable.
- f. Retain business system reports and supporting documentation in the Agency's system of record.
- g. Conduct on-going surveillance activities for specific contracts, as necessary, or to verify corrective actions have been implemented.
- h. Perform counterfeit risk mitigation, as required.

## SECTION 3: ACCOUNTING SYSTEM

**3.1. ACCOUNTING SYSTEM REVIEW.** A compliant accounting system provides reasonable assurance that the accounting methods, procedures, and controls produce accurate and timely financial data, follow applicable laws and regulations, and may be relied upon to make management decisions. Accounting system criteria is prescribed in DFARS 252.242-7006, “Accounting System Administration.” Related accounting system controls are also prescribed in DFARS 242.75, “Contractor Accounting System and Related Controls” and DFARS Procedures, Guidance and Information (PGI) 242.75, “Contractor Accounting System and Related Controls.”

a. An acceptable accounting system is required for all contractors receiving cost-reimbursement, incentive type, time-and-materials, labor-hour contracts, or contracts which provide for progress payments based on costs or on a percentage or stage of completion.

b. DCAA or a Host Nation Audit Organization (HNAO) generally conducts accounting system reviews and issues the business system report to the ACO. The ACO must request an accounting system review whenever:

(1) The contractor does not have an approved accounting system and the type of contract awarded is as stated in Paragraph 3.1.a.

(2) Prior to authorizing payment on a cost voucher or progress payment, if the contractor does not have an approved accounting system.

(3) The ACO determines the currently approved accounting system poses an increased risk of contract performance.

c. The ACO creates a draft level III/IV CAR, when potential significant deficiencies are identified by an audit organization (e.g., DCAA) via an audit report.

**3.2. SYSTEM SURVEILLANCE.** To determine the adequacy of the contractor’s accounting system the ACO must monitor the policies, procedures, and practices used by contractors and continuously evaluate risk based on those results, as well as inputs from audit organizations and functional specialists. Individual reports or findings may or may not have immediate significance, but can be indicative of a systemic issue over time. (Refer to DCMA-MAN 2303-02 “Surveillance-Plan Events,” and DCMA-MAN 2303-04.) Examples of indicators requiring further analysis include, but are not limited to:

a. Repeated progress payment submission errors or progress not commensurate with costs billed.

b. Repeated cost voucher or invoice errors.

c. Audit reports for other actions which address a non-compliance found in one of the elements of an accounting system.

## SECTION 4: COST ESTIMATING SYSTEM

**4.1. COST ESTIMATING SYSTEM REVIEW.** An acceptable cost estimating system consistently produces well-supported, documented, timely proposals (cost estimates) that are an acceptable basis for negotiation of fair and reasonable prices. Estimating systems must be consistent and integrated with the contractor's related management systems and be subject to applicable financial control systems pursuant to DFARS 252.215-7002, "Cost Estimating System Requirements." Acceptable estimating systems benefit the Government and the contractor by increasing the accuracy and reliability of individual proposals.

a. All contractors must have an acceptable estimating system that provides for the use of appropriate source data, utilizes sound estimating techniques and good judgment, and maintains a consistent approach. Only contractors meeting the applicability in DFARS 215.407-5-70(b), are subject to estimating system disclosure, maintenance, and review requirements.

(1) A large business contractor, which in its preceding fiscal year, received DoD prime or subcontracts totaling \$50 million or more for which certified cost or pricing were required.

(2) A large business contractor, which in its preceding fiscal year, received DoD prime contracts or subcontracts totaling \$10 million or more (but less than \$50 million) for which certified cost or pricing data were required and was notified in writing by the PCO, that the system requirements in DFARS 252.215-7002(d) and (e) apply. The PCO, with concurrence from, or at the request of the ACO, determines that it is in the best interest of the Government to require the estimating system review.

(3) An other-than-large business contractor is not subject to estimating system disclosure, maintenance, and review requirements; however, it is required to have an acceptable estimating system.

b. Estimating systems can significantly impact contractors who have contracts covered by the Cost Accounting Standards (CAS) as explained in Section 990.401 of Title 48, Code of Federal Regulation (CFR), "Cost accounting standard – consistency in estimating, accumulating and reporting costs." It requires that a contractor's practices used in estimating costs in pricing a proposal are consistent with their cost accounting practices used in accumulating and reporting costs.

c. DCAA or a HNAO generally conduct cost estimating system reviews with input from DCMA functional specialists, and issue the business system reports to the ACO. When a cost estimating system review is required, the ACO must:

(1) Request an estimating system review every three years from the appropriate audit organization, unless the ACO and the auditor agree to a different review cycle based on a documented joint risk assessment.

(2) Request functional specialists (e.g., price/cost analysts, industrial specialists and engineers) experienced in evaluating proposal estimates to participate in the review, and

consolidate the findings and recommendations from the functional specialists into a comprehensive report, and submit to the auditor. If a cost monitor (CM) has been assigned, the CM, in consultation with the ACO, will consolidate and submit the report to the auditor.

d. An ACO may evaluate a large business or an other-than-large business, not subject to disclosure, maintenance or review requirements, to determine an acceptable cost estimating system, when deficiencies are identified. In order to assess whether the estimating system is acceptable, the ACO will follow the procedures in corresponding standard operating procedures (SOP) on the resource page.

e. The ACO creates a draft level III/IV CAR, when potential significant deficiencies are identified by an audit organization (e.g., DCAA) via an audit report.

**4.2. SYSTEM SURVEILLANCE.** To determine the adequacy of the contractor's cost estimating system, the ACO must monitor the policies, procedures, and practices used by contractors and continuously evaluate risk based on those results, as well as inputs from audit organizations and functional specialists. Individual reports or findings may or may not have immediate significance, but can be indicative of a systemic issue. (Refer to DCMA-MAN 2303-02 and DCMA-MAN 2303-04.) Examples of indicators requiring further analysis include, but are not limited to:

a. Receipt of inadequate proposals, as identified by an audit organization or functional specialist.

b. Comments in other audit reports identifying a pertinent deficiency.

c. A deficiency identified as a result of an accounting system, Earned Value Management System (EVMS), Material Management and Accounting System (MMAS), property, or purchasing system review.

## SECTION 5: EARNED VALUE MANAGEMENT SYSTEM

**5.1. EVMS REVIEW.** An acceptable EVMS, complies with the guidelines in the Electronic Industries Alliance Standard-748 (EIA-748) as prescribed in DFARS 252.234-7002, “Earned Value Management System.” By maintaining effective management control systems and integrated technical, schedule, and cost planning processes, an acceptable EVMS provides the Government a measure of confidence that the contractor’s data is verifiable and can be relied upon when making program and contract decisions.

a. When DoD is the cognizant Federal agency, DCMA is responsible for determining EVMS compliance, except when the specific DoD component is part of the Intelligence Community. A compliant EVMS is required for:

(1) DoD cost or incentive contracts and subcontracts valued at \$20 million or more: Contracts and subcontracts valued at \$20 million up to, but not including \$100 million, DCMA will only take action when requested by a Government stakeholder. Government stakeholders include a PCO, program manager, other Government organizations, or when requested to support a Nunn-McCurdy review. These reviews are narrow-scoped which address the specific concerns identified in the request. (Refer to the corresponding SOP/Business Practice (BP) on the resource page.)

(2) DoD cost or incentive contracts and subcontracts valued at \$100 million or more IAW DoD Class Deviation 2015-O0017.

b. The EVMS Center functional specialist will provide a preaward EVMS review when DFARS 252.234-7001, “Notice of Earned Value Management System,” is included in the solicitation. (Refer to the corresponding SOP/BP on the resource page.)

c. When a contractor’s system has never been determined to be compliant, the EVMS Center functional specialist will determine initial risk and schedule, and will conduct a comprehensive review. (Refer to the corresponding SOP/BP on the resource page.)

d. The EVMS Center functional specialist drafts and submits level III or IV CARs to the ACO for potential significant deficiencies. The functional specialist also issues level I and II CARs to the contractor for less than significant deficiencies IAW DCMA-MAN 2303-04.

e. Upon completion of the review, the EVMS Center functional specialist issues a detailed business system report to the ACO. (Refer to Section 9, Reports.)

**5.2. SYSTEM SURVEILLANCE.** The ACO must perform oversight and continuously evaluate risk based on inputs from audit organizations and functional specialists. EVMS Center functional specialists conduct surveillance of EVMS to assess continued compliance at contractor locations where an EVMS is a requirement. Individual reports or findings may not have immediate significance, but may be indicative of a systemic issue. System surveillance will support recertification of approved systems every three years. (Refer to the corresponding

SOP/BP on the resource page, DCMA-MAN 2303-02 and DCMA-MAN 2303-04.) Examples of indicators requiring further analysis include, but are not limited to:

- a. Lack of subprocess/subsystem integration.
- b. Schedules lacking sequencing and support of high level milestones.
- c. Inadequate process to generate realistic estimates at completion.
- d. Repeat findings, escalated issues and outstanding findings lacking verifiable progress.

## SECTION 6: MATERIAL MANAGEMENT AND ACCOUNTING SYSTEM

**6.1. MMAS REVIEW.** A compliant MMAS maintains effective planning, controlling, and accounting for the acquisition, use, issuance, and disposition of materials as prescribed in DFARS 252.242-7004, “Material Management and Accounting System.” It protects the Government’s interests when Government financing is included in contracts.

a. MMAS requirements apply to contractors that receive cost-reimbursement or fixed-price contracts with progress payments based on costs that exceed the simplified acquisition threshold and are not commercial item acquisitions. MMAS requirements do not apply to any contractors considered to be a small business, educational institution, or non-profit organization.

b. The ACO must evaluate the need for an MMAS based on:

(1) The contractor’s total qualifying sales of Government contracts (prime and subcontracts), if \$40 million or more in the contractor’s preceding fiscal year.

(2) Advice from the auditor and the ACO’s risk assessment of the contractor’s past experience and current vulnerability.

c. The ACO must initiate a request to conduct a review of the MMAS. The review is conducted by multiple functional specialists and auditors, each reviewing specific criteria within their area of responsibility (e.g., accounting, billing, property, inventory, manufacturing) against the DFARS system criteria. (Refer to the corresponding SOP/BP on the resource page.)

d. The review team functional specialists draft and submit level III or IV CARs for potential significant deficiencies to the ACO. The functional specialists issue level I and II CARs to the contractor for less than significant deficiencies IAW DCMA-MAN 2303-04. The ACO creates a draft level III/IV CAR, when potential significant deficiencies are identified by an audit organization (e.g., DCAA) via an audit report.

e. Upon completion of the review, the review team must consolidate and submit a detailed business system report to the cognizant ACO. (Refer to Section 9, Reports.)

**6.2. SYSTEM SURVEILLANCE.** The ACO must perform oversight and continuously evaluate risk based on inputs from audit organizations and functional specialists. Individual reports or findings may not have immediate significance, but may be indicative of a systemic issue. (Refer to DCMA-MAN 2303-02 and DCMA-MAN 2303-04.) Examples of indicators requiring further analysis include, but are not limited to:

a. Ineffective lead time projections and purchase order release schedules.

b. Repeated identification by technical specialists during progress payment reviews of direct material cost value varying significantly from the progress payment baseline.

c. Contractor plans to implement significant changes to their Enterprise Resource Planning or Material Resource Planning processes or systems.

d. Repeated evidence of excess/residual inventories, no cost transfers, lost/found parts, or comingled inventories.

e. Increased risk identification by technical specialists during manufacturing and production surveillance (e.g., Manufacturing Supplier Risk Assessments) pertaining to the contractor's material practices.



## SECTION 7: PROPERTY MANAGEMENT SYSTEM

**7.1. PROPERTY MANAGEMENT SYSTEM.** A compliant property management system protects the Government's interests and assets by maintaining procedures, records and methodologies necessary for effective and efficient management and control (usage, preservation, protection, repair and maintenance) of Government property, and complies with Federal Acquisition Regulation (FAR) 52.245-1, "Government Property" as prescribed in DFARS 252.245-7003, "Contractor Property Management System Administration."

a. The contractor is required to establish and maintain a property management system when it is anticipated that Government property will be furnished or acquired during performance under:

(1) All cost-reimbursement, time and materials, and labor-hour contracts and delivery orders, except when it is clear no Government property will be furnished or acquired.

(2) Fixed-price contracts and delivery orders.

(3) Purchase orders for repair, maintenance, and overhaul when the total unit acquisition value exceeds the simplified acquisition threshold, or other Government property (not for repair) is provided.

(4) Contracts awarded under FAR Part 12, "Acquisition of Commercial Items," procedures where Government property exceeding the simplified acquisition threshold is furnished or directed to be acquired for use under the contract that is titled to the Government.

b. In addition to DCMA administered contracts, DCMA provides oversight for:

(1) Non-procurement instruments (NPI) property. NPIs are not subject to FAR and DFARS requirements and follow terms and conditions included in the instrument and the DoD Grants and Cooperative Agreement Regulations. Refer to DCMA-MAN 2501-08, "Grants, Agreements, and Other Transactions."

(2) Support delegations from DoD and Federal agencies IAW DCMA-MAN 2501-01, "Contract Receipt and Review," workload acceptance procedures. DCMA does not accept delegations where place of performance is on a military base.

c. The Property Administrator (PA) performs a Property Management System Analysis (PMSA) and a risk assessment following procedures in the corresponding SOP/BP on the resource page, and retains the record in the Agency's system of record.

d. Risk ratings are used to determine the type and frequency of a PMSA. Regardless of risk rating, when a contractor has sensitive property, the PA must conduct an annual on-site review of records, storage, utilization, and physical inventory elements, at a minimum. Less frequent reviews or reviews not performed on-site (e.g., contract closeout purposes) require PA supervisor approval.

e. The PA should execute a PMSA using the most efficient method, appropriate for the risk. Each applicable element of the PMSA must be reviewed/tested once every three years. (Refer to the corresponding SOP/BP on the resource page.)

f. PAs, who perform PMSAs over the course of a year, will provide a business system report to the ACO as elements are completed. ACOs are not required to take action on individual reports unless potential significant deficiencies are identified. In the absence of significant deficiencies, the ACO will make annual system status determinations.

g. The PA drafts and submits level III or IV CARs to the ACO for potential significant deficiencies. The PA issues level I and II CARs to the contractor for less than significant deficiencies IAW DCMA-MAN 2303-04.

h. Upon completion of a review, the PA submits a detailed business system report, and a BSAS to the cognizant ACO. (Refer to Section 9, Reports.)

**7.2. SYSTEM SURVEILLANCE.** The ACO must perform oversight and continuously evaluate risk based on inputs from audit organizations and functional specialists. Individual reports or findings may not have immediate significance, but may be indicative of a systemic issue. (Refer to DCMA-MAN 2303-02 and DCMA-MAN 2303-04.) Examples of indicators requiring further analysis include, but are not limited to:

- a. Overage contracts that cannot be closed due to residual accountable Government property.
- b. Increase in property loss cases.
- c. CARs issued by other functional specialists for contract Government property.

## SECTION 8: PURCHASING SYSTEM

**8.1. PURCHASING SYSTEM REVIEW.** Pursuant to FAR 44.3, “Contractors Purchasing System Review,” and DFARS 252.244-7001, “Contractor Purchasing System Administration,” a compliant purchasing system demonstrates efficient and effective policies and practices for the purchase of material and services, and overall subcontract management. It provides adequate protection of the Government’s interests regarding responsible subcontractors, competition, small business utilization, pricing, and implementation of higher-level quality standards. An acceptable purchasing system also includes counterfeit electronic part detection and avoidance. This is to ensure effective and efficient procurement of required quality materials and parts at the best value from responsible and reliable sources.

a. The ACO must determine the need for a Contractor Purchasing System Review (CPSR) based on qualifying sales prescribed in FAR 44.302(a), “Contractor’s Purchasing System Reviews-Requirements,” DCMA deviation (See DCMA Memorandum 17-221, “Extension of DCMA FAR 44.302(a) Class Deviation for Raising the Contractor Purchasing System Review (CPSR) Threshold” and C-Note 17-11), and DFARS 244.301, “Contractor’s Purchasing System Reviews-Objective,” and consider contractor past performance, subcontracting volume, complexity and dollar value of subcontracts. The ACO will:

(1) Use the risk assessment form located on the resource page to obtain necessary information from the contractor and analyze the information for eligibility.

(2) Ensure that FAR 52.244-2, “Subcontracts” is included in at least one of the contracts awarded during the review period. A modification should be requested if an eligible contract does not contain 52.244-2.

(3) Send the completed risk assessment form to the CPSR group to request a review for contractors meeting the purchasing system threshold or considered eligible due to identified risk factors.

b. The CPSR functional specialist performs a review which includes obtaining input from other functional specialists. (Refer to corresponding SOP/BP on the resource page.) The ACO, or their designated representative, will participate, at a minimum, in the entrance and exit briefs associated with the scheduled on-site review.

(1) As required by FAR 44.303(k), “Extent of Review,” a CPSR must give special attention to the contractor’s implementation of higher-level quality standards. DFARS 252.244-7001 details the standards for a contractor’s purchasing system as it relates to quality parts and materials.

(2) DFARS 252.244-7001 requires that contractors subject to cost accounting standards, establish and maintain an acceptable counterfeit electronic parts detection and avoidance system sufficient to meet, at a minimum, the requirements of DFARS 252.246-7007, “Contractor Counterfeit Electronic Part Detection and Avoidance System.”

c. Technical functional specialists must determine if the contractors' counterfeit electronic parts detection and avoidance system is acceptable and provide that information to the CPSR team. Technical functional specialists should utilize the checklist (refer to DCMA-MAN 2303-04 on the resource page) to document results and report business system deficiencies to the ACO.

d. The CPSR functional specialist drafts and submits level III or IV CARs to the ACO for potential significant deficiencies. The CPSR functional specialist issues level I and II CARs to the contractor for less than significant deficiencies IAW DCMA-MAN 2303-04.

e. Upon completion of the review, the CPSR functional specialist will submit a detailed business system report and BSAS to the cognizant ACO. (Refer to Section 9, Reports.)

f. The CPSR functional specialists will also provide support to ACOs, to approve or disapprove requests for consent to subcontract, when the contractor does not meet the criteria for a CPSR, has a disapproved system, or as required by the contract.

**8.2. SYSTEM SURVEILLANCE.** The ACO must perform oversight and continuously evaluate risk based on inputs from audit organizations and functional specialists. Technical functional specialist surveillance should encompass counterfeit risk mitigation surveillance activities IAW Paragraph 252.246-7007(d) of the DFARS. Individual reports or findings may not have immediate significance, but may be indicative of a systemic issue. Results of these activities support withhold decisions, risk analysis, and future business system reviews. (Refer to DCMA-MAN 2303-02, DCMA-MAN 2303-04, and corresponding SOP/BP on the resource page.) Examples of indicators requiring further analysis include, but are not limited to:

- a. The contractor has business systems in a disapproved status.
- b. Purchasing issues were identified in an unrelated DCAA audit.
- c. Functional specialist surveillance identified issues with a subcontractor.
- d. Repeated submission of inadequate consent to subcontract packages.
- e. Deficiencies from previous CPSR Reports.

f. The contractor does not pursue timely audits of reimbursable subcontract costs resulting in untimely submission of prime contractor's final vouchers.

## SECTION 9: REPORTS

**9.1. REPORTS.** All reports should be written clearly and concisely and be retained in the respective organization's system of records. Business system review reports are submitted to the ACO and may include an audit and/or a BSAS. The reports must also include draft CARs when deficiencies have been identified and included in the report, except for those issued by DCAA and HNAO. (Refer to Section 2, "Responsibilities" for CACO/DACO/ACO, and DCMA-MAN 2303-04.) For an EVMS Government stakeholder requested review, the report must address the requestor's specific concerns and should be provided directly to the requestor, with a copy to the CMO and contractor. (Refer to the corresponding SOP/BP on the resource page.)

**a. BSAS.** Generally, the functional specialist prepares a BSAS (in addition to a business system report) for EVM, property and purchasing system reviews. DCAA and HNAO do not issue a BSAS. The BSAS is an internal DCMA document intended to assist the ACO in identifying potential significant deficiencies. The BSAS must not:

- (1) Declare findings as significant or not significant.
- (2) Recommend approval or disapproval of a business system.
- (3) Replace or supplement the ACO's initial determination letter.
- (4) Be released to the contractor.

**b. Business system reports.** Generally, DCAA and HNAO auditors prepare business system reports for accounting, estimating and MMAS reviews. Business system reports should clearly identify the results of the review against the specific criteria addressed in the DFARS related to the respective business system. The functional specialist/auditor should document specific scenarios of system deficiencies, the impact of the deficiency, as well as the DFARS business system criteria that was violated. The functional specialist/auditor should not provide a recommendation regarding approval or disapproval of the system.

**c. Surveillance reports.** Results of surveillance activities should follow the procedures in DCMA-MAN 2303-04 and be retained by the initiator in the appropriate Agency's system of record. Surveillance reports are not generally provided to the ACO on an individual basis, but may be collected and summarized over a period of time. Individual reports or findings may not have immediate significance, but may be indicative of a systemic issue. Results of these activities support withhold decisions, risk analysis, and future business system reviews.

## **SECTION 10: BUSINESS SYSTEM DETERMINATIONS**

### **10.1. REVIEW BUSINESS SYSTEM REPORT.**

a. The ACO will review the business system report, the draft level III or IV CAR, and the BSAS (an internal DCMA document not releasable to the contractor), if applicable from the functional specialist, auditor or HNAO.

b. If the ACO disagrees with the findings contained within the business system report after consultation with the functional specialist or auditor, the issue is subject to BoR requirements. The ACO must notify the functional specialist or auditor in writing that he or she disagrees with findings in the business system report, provide the functional specialist or auditor with documented rationale for the disagreement, and request a BoR (not applicable to Host Nation audits).

c. If the ACO agrees with the findings contained within the business system report, the ACO will proceed with one of the following:

(1) Determine that significant deficiencies do not exist within the business system and prepare a final determination (refer to Paragraph 10.2.).

(2) Determine that significant deficiencies exist within the business system and prepare an initial determination (refer to Paragraph 10.3.).

### **10.2. SIGNIFICANT DEFICIENCIES DO NOT EXIST WITHIN THE BUSINESS SYSTEM- FINAL DETERMINATION.**

a. If the ACO determines that no significant deficiencies exist within the business system, the ACO must issue a final determination within 10 calendar days of receipt of the business system report. The final determination will notify the contractor that the business system is approved. If the ACO determines that no significant deficiencies exist within the business system, the ACO does not issue an initial determination, but proceeds with the issuance of a final determination only.

b. The ACO will utilize the templates located on the resource page when drafting a final determination. The templates serve as a guide and should be tailored to the specific situation.

c. The appropriate CMO Contracts Director for the regions and DCMAI, Director of the CACO/DACO Group, or DCMAS Cost and Pricing Center Director, as defined in Section 2, "Responsibilities," must review and concur with the ACO's final determination approving the business system prior to issuance to the contractor.

d. The ACO should coordinate with the following prior to determination issuance to ensure consistent treatment of like business system issues across contractor sites:

(1) DCMAS by sending notification to the DCMAS inbox listed on resource page. This notification ensures classified contracts are reviewed for consistent treatment of like business systems

(2) CACO/DACO/ACO network when applicable, the ACO responsible for issuing the final determination must notify all ACOs within the network prior to issuing the final determination to the contractor..

e. The ACO issues the final determination to the contractor, approving the business system with copies to the functional specialist or auditor (excluding HNAO), affected COs at the buying activities, and any other impacted COs. A copy of the business system report is attached to the final determination. The BSAS must not be released to the contractor.

f. After issuance of the final determination, the ACO must immediately:

(1) Update the status of the approved business system in CBAR (Refer to The Rules for Populating Data into CBAR and for Maintaining the Integrity of the CBAR Database) and the Agency's official Contractor Business System Determination Timeline Tracking Tool (CBS Tracker). Both documents are located on the resource page.

(2) Notify the Program Integrator of the system approval IAW DCMA-MAN 3101-02, "Program Support Analysis and Reporting".

### **10.3. SIGNIFICANT DEFICIENCIES WITHIN THE BUSINESS SYSTEM- INITIAL DETERMINATION.**

a. If the ACO determines that one or more significant deficiencies exist within the business system, the ACO must issue an initial determination within 10 calendar days of receipt of the business system report.

(1) The ACO will utilize the templates located on the resource page when drafting an initial determination. The templates serve as a guide and should be tailored to the specific situation.

(2) The initial determination must cite each significant deficiency in detail addressing the following items:

(a) Business System Criteria. Cite the business system clause, number, paragraph and the specific system criteria in its entirety.

(b) Deficiency. Describe the significant deficiency as it relates to the specific business system clause criteria and how the finding is not in compliance with the specific business system criteria.

(c) Impact. Describe the impact to the Government of the significant deficiency. The narrative must state how the significant deficiency materially affects the Government's

ability to rely on the information provided by the system.

(3) The ACO must attach the unsigned draft level III or IV CAR clearly marked “draft” to the initial determination, IAW DCMA-MAN 2303-04.

(4) Request the contractor review each significant deficiency and provide a response to the initial determination within 30 calendar days, IAW DFARS 252.242-7005. The initial determination will not include a request for a CAP.

b. The appropriate CMO Contracts Director for the regions and DCMAI, Director of the CACO/DACO Group, or DCMAS Cost and Pricing Center Director, as defined in Section 2, “Responsibilities,” must review and concur with the ACO’s initial determination prior to issuance to the contractor

c. The ACO should coordinate with the following prior to determination issuance to ensure consistent treatment of like business system issues across contractor sites:

(1) DCMAS by sending notification to the DCMAS inbox listed on resource page. This notification ensures classified contracts are reviewed for consistent treatment of like business systems

(2) CACO/DACO/ACO network when applicable, the ACO responsible for issuing the final determination must notify all ACOs within the network prior to issuing the final determination to the contractor.

d. The ACO issues the initial determination to the contractor, with copies to the functional specialist or auditor (excluding HNAO), affected COs at the buying activities, and any other impacted COs. Attach a copy of the business system report and the unsigned “draft” level III or IV CAR, IAW DCMA-MAN 2303-04. The BSAS must not be released to the contractor.

e. After issuance of the initial determination, the ACO must immediately:

(1) Update Contract Audit Follow Up (CAFU) IAW DCMA-MAN 2201-04, "Contract Audit Follow Up," if the business system was reviewed by DCAA, and the CBS Tracker.

(2) Notify the Program Integrator of the system approval IAW DCMA-MAN 3101-02.

#### **10.4. CONTRACTOR’S RESPONSE TO THE INITIAL DETERMINATION - SIGNIFICANT DEFICIENCIES NO LONGER EXIST.**

a. Within 30 calendar days of receipt of the contractor’s response to the initial determination, the ACO, in consultation with the functional specialist or auditor, evaluates the response provided by the contractor.

(1) If it is anticipated that it will take more than 30 calendar days to issue the final determination from the date of receipt of the contractor’s response to the initial determination,



the ACO must obtain an extension. A 15 day extension may be granted by the appropriate CMO Contracts Director for the regions and DCMAI, CACO/DACO Team Supervisor, or DCMAS Cost and Pricing Center Director, as defined in Section 2, "Responsibilities." All extension requests and approvals must occur prior to the expiration of the 30 day timeline.

(2) If it is anticipated that it will take more than 45 calendar days to issue the final determination, the ACO must obtain an extension approval from the Region/DCMAI designee, Director of CACO/DACO Group, or DCMAS Cost and Pricing Center Director, as defined in Section 2, "Responsibilities." All extension requests and approvals must occur prior to the expiration of the 45 day timeline.

(3) If the delay is caused by any investigative authority and/or pursuant to the advice of assigned legal counsel, then the ACO should obtain such direction in writing, if available, and provide a copy with the request for time extension.

b. If there is a disagreement between the ACO and the functional specialist or auditor, that significant deficiencies no longer exist after reviewing the contractor's response to the initial determination, the issue is subject to BoR requirements. The ACO must notify the functional specialist or auditor in writing that he or she disagrees that significant deficiencies no longer exist, provide the functional specialist or auditor with documented rationale for the disagreement, and request a BoR (not applicable to HNAO audits).

c. If the ACO determines, after consultation with the functional specialist or auditor, that all significant deficiencies have been corrected and no longer exist, the ACO prepares the final determination approving the business system.

d. The ACO will utilize the templates located on the resource page when drafting a final determination. The templates serve as a guide and should be tailored to the specific situation.

e. The appropriate CMO Contracts Director, Director for the regions and DCMAI of the CACO/DACO Group, or DCMAS Cost and Pricing Center Director, as defined in Section 2, "Responsibilities," must review and concur with the ACO's final determination approving the business system prior to issuance to the contractor.

f. The ACO should coordinate with the following prior to determination issuance to ensure consistent treatment of like business system issues across contractor sites:

(1) DCMAS by sending notification to the DCMAS inbox listed on resource page. This notification ensures classified contracts are reviewed for consistent treatment of like business systems.

(2) CACO/DACO/ACO network when applicable, the ACO responsible for issuing the final determination must notify all ACOs within the network prior to issuing the final determination to the contractor.

g. As appropriate, the ACO cancels the draft level III or IV CAR or downgrades a level III/IV CAR to a level II, IAW DCMA-MAN 2303-04.

h. The ACO issues the final determination to the contractor, approving the business system, with copies to the functional specialist or auditor (excluding HNAO), affected COs at the buying activities, and any other impacted COs.

i. After issuance of the final determination, the ACO must immediately:

(1) Update the status of the approved business system in CBAR (Refer to The Rules for Populating Data into CBAR and for Maintaining the Integrity of the CBAR Database on the resource page), CAFU, if the business system was reviewed by DCAA, and the CBS Tracker.

(2) Notify the Program Integrator of the system approval IAW DCMA-MAN 3101-02.

#### **10.5. CONTRACTOR'S RESPONSE TO THE INITIAL DETERMINATION - SIGNIFICANT DEFICIENCIES STILL EXIST.**

a. Within 30 calendar days of receipt of the contractor's response to the initial determination, the ACO, in consultation with the functional specialist or auditor, evaluates the response provided by the contractor.

(1) If it is anticipated that it will take more than 30 calendar days to issue the final determination from the date of receipt of the contractor's response to the initial determination, the ACO must obtain an extension. A 15 day extension may be granted by the appropriate CMO Contracts Director for the regions and DCMAI, CACO/DACO Team Supervisor, or DCMAS Cost and Pricing Center Director, as defined in Section 2, "Responsibilities." All extension requests and approvals must occur prior to the expiration of the 30 day timeline.

(2) If it is anticipated that it will take more than 45 calendar days to issue the final determination, the ACO must obtain an extension approval from the Region/DCMAI designee, Director of CACO/DACO Group, or DCMAS Cost and Pricing Center Director, as defined in Section 2, "Responsibilities." All extension requests and approvals must occur prior to the expiration of the 45 day timeline.

(3) If the delay is caused by any investigative authority and/or pursuant to the advice of assigned legal counsel, then the ACO should obtain such direction in writing, if available, and provide a copy with the request for time extension.

b. If no response received from contractor within 30 calendar days of initial determination, proceed with process, beginning with d. below.

c. If there is a disagreement between the ACO and the functional specialist or auditor, that significant deficiencies still exist after reviewing the contractor's response to the initial determination, the issue is subject to BoR requirements. The ACO must notify the functional specialist or auditor in writing that he or she disagrees that significant deficiencies still exist,

provide the functional specialist or auditor with documented rationale for the disagreement, and request a BoR (not applicable to HNAO audits).

d. If the ACO determines, after consultation with the functional specialist or auditor, that significant deficiencies still exist within the business system, the ACO prepares the final determination disapproving the business system.

e. The final determination must cite each significant deficiency in detail addressing the following items:

(1) Business System Criteria. Cite the business system clause, number, paragraph and the specific system criteria in its entirety.

(2) Deficiency. Describe the significant deficiency as it relates to the specific business system clause criteria and how the finding is not in compliance with the specific business system criteria.

(3) Impact. Describe the impact to the Government of the significant deficiency. The narrative must state how the significant deficiency materially affects the government's ability to rely on the information provided by the system.

(4) Contractor's Response. Provide a synopsis of the contractor's response to the initial determination, if one was provided.

(5) ACO Analysis. Provide an independent analysis of the contractor's response to include a discussion of any proposed or completed corrective action, and why, in the opinion of the ACO, the significant deficiency remains.

f. The final determination should include a request that the contractor either correct the significant deficiencies or submit an acceptable CAP within 45 calendar days of receipt of the final determination, IAW DFARS 252.242-7005.

(1) The final determination must inform the contractor that an acceptable CAP will:

(a) Address the cause of each significant deficiency.

(b) Include actions to eliminate each significant deficiency.

(c) Include detailed milestones.

(d) Include target dates for full implementation of planned actions.

(2) A sample CAP must be attached to the final determination. (Refer to resource page).

g. Attach the finalized level III or IV CAR to the final determination. (Refer to Paragraph 10.7.a.)

h. If the ACO determines that the CBS contains significant deficiencies, and withholds apply, the final determination must include a notice to withhold payments IAW DFARS 252.242-7005. (Refer to Paragraph 10.11.b.)

i. Attach a list of affected contracts, when withholds apply to the final determination. The ACO is responsible to ensure the list of affected contracts is complete and accurate. (Refer to Paragraph 10.11.b.)

j. If a contractor submits an acceptable unsolicited CAP in their response to the initial determination, the ACO, in consultation with the functional specialist or auditor, should attempt to evaluate the CAP. In the event that the evaluation of the CAP cannot be completed in a timely manner, the ACO must proceed with issuing a final determination within 30 calendar days. The ACO must acknowledge receipt of the CAP and if adequate, instruct the contractor to resubmit an acceptable CAP in its response to the final determination.

k. The appropriate CMO Contracts Director for the regions and DCMAI, Director of the CACO/DACO Group, or DCMAS Cost and Pricing Center Director, as defined in Section 2, "Responsibilities," must review and concur with the ACO's final determination disapproving the business system before submission to the CBS panel.

l. The ACO prepares the business system disapproval package for submission to the CBS panel when recommending disapproval of a business system. The disapproval package must contain all required documentation or will be returned to the ACO for correction, and must include the following:

- Chronology of events
- Business system report
- BSAS, if applicable
- Signed initial determination
- Contractor's response to the initial determination
- Draft final determination
- Extension requests, if applicable
- Draft Level III or IV CAR
- List of affected contracts subject to withholds
- CBS Disapproval Checklist, with required signatures (Refer to the resource page)

m. The ACO should coordinate with the following prior to determination issuance to ensure consistent treatment of like business system issues across contractor sites:

(1) DCMAS by sending notification to the DCMAS inbox listed on resource page. This notification ensures classified contracts are reviewed for consistent treatment of like business systems.

(2) CACO/DACO/ACO network when applicable, the ACO responsible for issuing the final determination must notify all ACOs within the network prior to issuing the final determination to the contractor.

n. The appropriate Commander for the regions and DCMAI, Director of CACO/DACO Group, or DCMAS Cost and Pricing Center Director, as defined in Section 2, “Responsibilities,” must review and concur with the business system disapproval package prior to the ACO submitting the package to the CBS panel.

o. The appropriate region/DCMAI designee, Director of CACO/DACO Group, or DCMAS Cost and Pricing Center Director, as defined in Section 2, “Responsibilities,” must conduct a quality review of the CBS disapproval package prior to submission to the CBS panel.

p. The ACO must submit the CBS disapproval package documentation to the email address located on the resource page. The ACO should review the “CBS Panel Rules of Engagement” on the resource page before requesting a CBS panel.

#### **10.6. CBS PANEL PROCESS.**

a. The ACO must obtain a higher-level review from the CBS panel prior to notifying the contractor in writing of a business system disapproval.

b. The CBS performance advocate is responsible for acknowledging receipt of the CBS disapproval package via e-mail, scheduling panel meetings and promptly distributing the disapproval package documents to the appropriate CBS panel members.

c. The purpose of the CBS panel is to:

(1) Ensure the contractor’s response to the significant deficiencies identified in the initial determination have been fully evaluated and coordinated between the ACO, functional specialist or auditor.

(2) Ensure the remaining significant deficiencies cited in the final determination are supported through well-reasoned narrative.

(3) Ensure consistent application of business system criteria and policy requirements.

(4) Ensure “due process” has been extended to the contractor regarding all significant deficiencies cited in the final determination. For example, significant deficiencies discovered after issuance of the initial determination cannot be cited in the final determination.

(5) Provide recommendations and advisory opinions to the ACO.

d. A CBS panel will be composed of the following:

- Chair. HQ, Director, Contract Performance Management Division (or designee)

- Member. HQ CBS Policy Advocate
- Member. Specific Business System Policy Advocate (e.g., Property System Policy)
- Member. Office of General Counsel representative
- Representative. Region or Directorate
- Representative. Cost and Pricing Center for CACO/DACO Group
- Representative. Business Operations Center (for Property and CPSR Panels)
- Representative. DCAA HQ, if an auditor issued the business system report

e. Upon conclusion of the CBS panel, the CBS performance advocate will send an e-mail with the CBS panel's recommendation to the ACO. The CBS panel's recommendations and advice must be considered by the ACO prior to disapproving a business system. If the ACO elects not to follow the CBS panel's recommendations, the ACO must document the rationale for not following the advice of the panel and provide the document to the CBS performance advocate.

#### **10.7. AFTER CBS PANEL.**

a. After receipt of the final recommendation of the CBS panel, the ACO will initiate the CAR Communication Process IAW DCMA-MAN 2303-04. The notification must provide an executive-level synopsis of the underlying noncompliance. The communication process must be completed, with notification to the DCMA Director, prior to the ACO issuing the final determination and the finalized level III or IV CAR to the contractor.

b. The ACO will not delay business system determinations pending a review or validation of a contractor's planned corrective action.

c. The ACO issues the final determination to the contractor and attaches the finalized level III or IV CAR, the list of affected contracts when withholds apply, and a sample CAP.

d. The ACO must promptly distribute copies of the final determination to the functional specialist or auditor (excluding HNAO), affected COs at the buying activities, and any other impacted COs.

e. Immediately after issuance of the final determination, the ACO must:

(1) Update CAFU IAW DCMA-MAN 2201-04, if the business system was reviewed by DCAA, CBS Tracker, and MOCAS by adding the Special Provisions Code "U", when applicable;

(2) Update CBAR (Refer to The Rules for Populating Data into CBAR and for Maintaining the Integrity of the CBAR Database) and upload a Business System Status Document explaining the position of the functional specialist or auditor, contractor, and ACO. See resource page for both documents.

(3) Notify the Program Integrator of the system disapproval IAW DCMA-MAN 3101-02.

## **10.8. CONTRACTOR'S RESPONSE TO THE FINAL DETERMINATION – CONTRACTOR CORRECTS SIGNIFICANT DEFICIENCIES.**

a. Upon receipt of the contractor's response to the final determination informing the ACO that all significant deficiencies have been corrected, the ACO, in consultation with the functional specialist or auditor, will evaluate the contractor's response.

b. If there is a disagreement between the ACO and the functional specialist or auditor, that significant deficiencies no longer exist after reviewing the contractor's response to the final determination, the issue is subject to BoR requirements. The ACO must notify the functional specialist or auditor in writing that he or she disagrees that significant deficiencies no longer exist, provide the functional specialist or auditor with documented rationale for the disagreement, and request a BoR (not applicable to HNAO audits).

c. If the ACO determines, based on the evidence submitted by the contractor, that all significant deficiencies have been corrected or there is a reasonable expectation that the corrective actions implemented are expected to correct the significant deficiencies, the ACO will notify the contractor in writing.

(1) The ACO will utilize the templates located on the resource page when drafting the determination to the contractor, approving the business system. The templates serve as a guide and should be tailored to the specific situation.

(2) The ACO will discontinue withholds, release previous withholds (refer to Paragraph 10.11.g.) and close the level III or IV CAR IAW DCMA-MAN 2303-04.

(3) The appropriate CMO Contracts Director for the regions and DCMAI, Director of the CACO/DACO Group, or DCMAS Cost and Pricing Center Director, as defined in Section 2, "Responsibilities," must review and concur with the ACO's determination approving the business system prior to issuance to the contractor.

(4) The ACO should coordinate with the following prior to determination issuance to ensure consistent treatment of like business system issues across contractor sites:

(a) DCMAS by sending notification to the DCMAS inbox listed on resource page. This notification ensures classified contracts are reviewed for consistent treatment of like business systems

(b) CACO/DACO/ACO network when applicable, the ACO responsible for issuing the final determination must notify all ACOs within the network prior to issuing the final determination to the contractor.

(5) The ACO issues the determination to the contractor approving the business system.

(6) The ACO must promptly distribute copies of the determination to the functional specialist or auditor (excluding HNAO), affected COs at the buying activities, and any other impacted COs.

(7) Immediately after issuance of the final determination, the ACO must:

1. Update CBAR (Refer to Rules for Populating Data into CBAR and for Maintaining the Integrity of the CBAR Database on resource page), and MOCAS by removing the Special Provisions Code “U”, when applicable.

2. Notify the Program Integrator of the system approval IAW DCMA-MAN 3101-02.

d. If the ACO determines that significant deficiencies still exist within the business system, the ACO will notify the contractor in writing, using templates on the resource page, and will request the contractor to either correct the significant deficiencies or to submit a CAP within 10 calendar days. Withholds will remain at the original percentage.

(1) If the contractor submits a CAP, follow Paragraph 10.9.

(2) If the contractor notifies the ACO in writing that all significant deficiencies have been corrected within the business system, the ACO will request the functional specialist or auditor to review the corrective actions and determine if all significant deficiencies have been corrected. Upon review the ACO will take one of the following actions:

(a) If the ACO determines that all significant deficiencies have been corrected or there is a reasonable expectation that the corrective actions implemented are expected to correct the significant deficiencies the ACO will repeat steps starting at Paragraph 10.8.c.

(b). If the ACO determines that significant deficiencies still exist within the business system, the ACO will either:

1. Request the contractor submit a CAP and follow Paragraph 10.9.

2. Apply contractual remedies (e.g., elevating the CAR to a level IV IAW DCMA-MAN 2303-04, suspending progress payments, increasing withholds, and/or recommending non-award of potential contracts due to disapproved business systems, if the business system clauses are included in the solicitation).

#### **10.9. CONTRACTOR’S RESPONSE TO THE FINAL DETERMINATION – CONTRACTOR SUBMITS CAP.**

a. Upon receipt of the contractor’s response to the final determination, the ACO, in consultation with the functional specialist or auditor, will evaluate the contractor’s submitted CAP for acceptability and determine if the contractor is effectively implementing such plan within 15 calendar days.



b. If the ACO (in consultation with the functional specialist or auditor) cannot review the CAP and determine the contractor is effectively implementing plan within 15 calendar days, the ACO must document the file with actions taken and CAP status every 15 calendar days until the determination is made.

c. If the ACO determines that the CAP is acceptable and the contractor is effectively implementing the CAP, the ACO will notify the contractor in writing, using the templates from the resource page, which incorporates the required language at DFARS PGI 242.7000(b)(2), “Reduction of Temporary Payment Withholding” and will reduce withholds. (Refer to Paragraph 10.11.e.) The ACO and the functional specialist or auditor will monitor the contractor’s progress in correcting deficiencies addressed in the CAP.

d. If the ACO determines that the CAP is unacceptable, the ACO will notify the contractor in writing IAW DCMA-MAN 2303-04, and will request the contractor submit a revised CAP within 10 calendar days. Withholds will remain at the original percentage. Upon receipt of the revised CAP, the ACO, in consultation with the functional specialist or auditor, will evaluate the CAP. When the ACO determines that the CAP is acceptable and the contractor is effectively implementing the CAP, the ACO will notify the contractor in writing and will reduce withholds. (Refer to Paragraph 10.11.e.) The ACO and the functional specialist or auditor will monitor the contractor’s progress in correcting deficiencies addressed in the CAP.

e. If during monitoring, the ACO, in consultation with the functional specialist or auditor, determines that the contractor is not following the CAP, the ACO will notify the contractor in writing and will increase the withholds back to the original percentage (refer to Paragraph 10.11.f.), and if applicable, apply contractual remedies (e.g., elevating the CAR to a level IV IAW DCMA-MAN 2303-04, suspending progress payments, increasing withholds, and/or recommending non-award of potential contracts due to disapproved business systems, if the business system clauses are included in the solicitation). The ACO along with the functional specialist or auditor will continue to monitor the contractor’s implementation of the CAP.

f. When the contractor notifies the ACO in writing that all significant deficiencies have been corrected within the business system, the ACO will request a review by the functional specialist or auditor to determine if all significant deficiencies have been corrected.

(1) If the ACO determines, based on the evidence submitted by the contractor, that all significant deficiencies have been corrected or there is a reasonable expectation that the corrective actions implemented are expected to correct the significant deficiencies, the ACO will notify the contractor in writing, discontinue withholding of payments and release any payments previously withheld (Refer to Paragraph 10.11.g.) and close the level III or IV CAR IAW DCMA-MAN 2303-04.

(a) The appropriate CMO Contracts Director for the regions and DCMAI, Director of the CACO/DACO Group, or DCMAS Cost and Pricing Center Director, as defined in Section 2, “Responsibilities,” must review and concur with the ACO’s determination approving the business system prior to issuance to the contractor.

(b) The ACO should coordinate with the following prior to determination issuance to ensure consistent treatment of like business system issues across contractor sites:

1. DCMAS by sending notification to the DCMAS inbox listed on resource page. This notification ensures classified contracts are reviewed for consistent treatment of like business systems

2. CACO/DACO/ACO network when applicable, the ACO responsible for issuing the final determination must notify all ACOs within the network prior to issuing the final determination to the contractor.

(c) The ACO issues the determination to the contractor approving the business system.

(d) The ACO must promptly distribute copies of the determination to the functional specialist or auditor (excluding HNAO), affected COs at the buying activities, and any other impacted COs.

(e) Immediately after issuance of the final determination, the ACO must:

1. Update CBAR (Refer to Rules for Populating Data into CBAR and for Maintaining the Integrity of the CBAR Database on the resource page) the Business System Status Document, and MOCAS by removing the Special Provisions Code “U”, when applicable.

2. Notify the Program Integrator of the system approval IAW DCMA-MAN 3101-02.

(2) If the ACO determines that significant deficiencies still exist within the business system, the ACO will notify the contractor in writing, request the contractor to submit a revised CAP within 10 calendar days, and will increase withholds to the percentage initially withheld. Upon receipt of the revised CAP, the ACO, in consultation with the functional specialist or auditor, will evaluate the CAP. If the ACO determines that the CAP is acceptable and the contractor is effectively implementing the CAP, the ACO will notify the contractor in writing of acceptability using the template from the resource page. Withholdings are not reduced. The ACO and the functional specialist or auditor will monitor the contractor’s progress in correcting deficiencies addressed in the CAP until all significant deficiencies have been corrected or there is a reasonable expectation that the corrective actions implemented are expected to correct the significant deficiencies.

#### **10.10. CONTRACTOR SELF ASSESSMENTS.**

a. IAW DFARS business system specific clauses, contractors are encouraged, or in some cases may be required, to perform self-assessments. A self-assessment process that identifies deficiencies, root causes, and implements effective corrective actions is beneficial to both the

contractor and the Government. Leveraging contractor self-assessments may reduce audit time and potentially offers dollar savings or reductions in losses to programs.

b. System deficiencies identified by the contractor as a result of a self-assessment are generally reported to the functional specialist or auditor responsible for performing a review of the business system. When the contractor identifies deficiencies as a result of a self-assessment, the functional specialist or auditor should validate the accuracy of the contractor's findings, identifying significant deficiencies as well as the sufficiency of the corrective actions.

c. If the functional specialist or auditor validates that the contractor has corrected all self-disclosed significant deficiencies, the results of the validation should be documented in a report to the ACO and no further action is required.

d. If the functional specialist or auditor finds the contractor has not corrected the self-disclosed deficiencies, the functional specialist should document the findings in a report to the ACO. The ACO must begin the "initial determination" process for the business system.

## **10.11. WITHHOLDS.**

**a. Withholding Forms and Templates.** DFARS PGI 242.7000, "Contractor Business Systems Deficiencies," provides sample language for written notifications of ACO determinations to initiate payment withholding, reduce payment withholding and discontinue payment withholding IAW DFARS 252.242-7005. Templates located on the resource page incorporate the required language. ACOs must use the business system determination templates located on the resource page; however, specific circumstances may require tailoring of the template.

### **b. Applicability of Payment Withholds.**

(1) The ACO must withhold payments IAW DFARS 252.242-7005 only when DFARS 252.242-7005 and the applicable business system specific clause are in the contract. When a CACO/DACO/ACO network exists, the ACO responsible for making the final determination must coordinate with the ACO(s) for identified contracts as necessary to implement, increase, decrease, discontinue or release payment withholds.

(2) The ACO must withhold payments from all CAS covered contracts that contain DFARS 252.242-7005 and the applicable business system specific clause.

(3) The ACO will identify CAS covered contracts from which payments will be withheld and list them in the final determination.

(a) For systems disapproved affecting DCMAS, the ACO will be provided unclassified truncated contract numbers or contract identifiers to be included in final determination from DCMAS. Contract identifiers should be unclassified and handled/marked IAW with source document/Security Classification Guide.

(b) For systems disapproved at the CACO/DACO level, those individuals must coordinate with the appropriate ACO(s) to identify the contracts from which payments will be withheld; however, the cognizant ACO will execute the withhold.

(c) When a business system is disapproved, DFARS 252.242-7005 requires the ACO to withhold against progress payments, performance-based payments (PBP), and interim payments billed under cost, labor-hour, and time and materials contracts. Billing and payment occurs at the task/delivery order level under an indefinite delivery contract (IDC); therefore, when applying a withhold to an IDC, the ACO must apply the withhold to the IDC task/delivery order.

(d) To identify CAS covered contracts to apply withholds the ACO should review MOCAS for all contracts containing:

1. The R9 Code “30”, Contractor Business Systems (this code indicates the contract contains the DFARS clause 252.242-7005).

2. The applicable business system specific clause:

- R9 Code “89”, Accounting System
- R9 Code “PP”, EVMS
- R9 Code “87”, Cost Estimating System
- R9 Code “88”, MMAS
- R9 Code “90”, Contractor Purchasing System
- Special Contract Provision (SCP) “E”, Property

(e) The ACO should verify correct application of the DFARS 252.242-7005 and the applicable business system specific clauses.

(f) Additionally, the ACO should review all active contracts to ensure R9 Code “30” was not omitted in error, and add the R9 Code “30” as applicable.

(g) The ACO will monitor all new contracts awarded to determine if the contract is subject to payment withholding terms of DFARS 252.242-7005. If applicable, update the list of covered contracts and notify the contractor in writing with the template found on the resource page.

### **c. Withholding Amounts.**

(1) The ACO responsible for contract administration must establish and maintain a business system withholding tracking worksheet for each contract against which payments will be withheld. MOCAS must not be used to track these types of withholds. The withhold tracking spreadsheet located on the CBS resource page must be used by the ACO for tracking payment withholds. A separate spreadsheet should be used for each contract, and will be maintained in the contractor’s general file in the Agency’s system of record.

(2) The ACO will withhold 5 percent of amounts due from progress payments and PBPs and direct the contractor to withhold 5 percent from its billings on interim cost vouchers on cost, labor-hour, and time and material contracts until the ACO has determined the contractor has corrected all significant deficiencies as directed by the ACO's final determination. The withhold will only be applicable to billings submitted after the date of the final determination. Payment withholds must not apply to payments on fixed-price line items where performance is complete and the items or services were accepted by the Government.

(3) The ACO must ensure that the withhold does not exceed 5 percent for any single business system or 10 percent for two or more CBS that have been disapproved. The ACO must ensure that the total amount of payment withholding under a single contract does not exceed 10 percent of progress payments, PBPs and interim payments billed under that contract, if DFARS 252.242-7005 is included in the contract and it has been selected for payment withholding.

(4) Pre-existing withholds:

(a) Before implementing a CBS payment withhold on a contract that contains pre-existing withholds, the ACO must consider if the application of any subsequent payment withhold will cause payment withholding under the contract to exceed payment withhold percentage limits defined in Paragraph 10.11.c. If the pre-existing withhold will cause the withholding under DFARS 252.242-7005 to exceed the payment withholding percentage limitations, the ACO must reduce the payment withhold percentage in the final determination to a percentage that will not exceed the established limits.

(b) If a contract has a pre-existing withhold under an authority other than the current DFARS 252.242-7005 clause and the contract is modified to add DFARS clause 252.242-7005, the ACO must reduce the withhold to 5 percent if one system is disapproved or 10 percent if more than one system is disapproved.

#### **d. Applying Payment Withholds to the Applicable Contracts**

(1) The ACO must utilize the "CBS Withhold Tracking Spreadsheet" found on the resource page to track withholds to ensure withholding limits are not exceeded for the contracts subject to payment withholding terms of DFARS 252.242-7005.

(2) The ACO must submit a DCMA Form (DCMAF) 1797, "Request for MOCAS Action/Information," located on the resource page, to the CMO trusted agent to add MOCAS Special Provisions Code "U" for each contract from which payments will be withheld.

(3) Payment withholding under DFARS 252.242-7005, is not subject to the interest penalty provisions of the Prompt Payment Act.

(4) When a business system withhold has been implemented, the ACO will ensure the contract is not on the Post Pay table in Wide Area Work Flow (WAWF). This will allow all progress payment requests to be routed to the ACO for manual review and approval. It should be

noted that a contractor CAGE code may remain on the Direct Bill table in WAWF, if DCAA has not withdrawn direct bill authority.

(a) For progress payment and PBP requests, the ACO must reduce the amount requested by the appropriate withholding percentage and approve a lesser amount than was requested in the appropriate “Approved (\$)” block.

1. When approving a lesser amount for progress payments, the ACO will use the comment block on the “miscellaneous” tab in WAWF to record the amount requested, amount withheld, amount approved and cumulative amount withheld to date, as well as the specific business system withhold percentage (e.g., Comments: Accounting System withhold of 5 percent applied to this request per final determination letter date 12 Oct 11; Amount Requested = \$1,842,880; Amount Withheld = \$92,144; Amount Approved = \$1,750,736; Total Amount Withheld to Date: \$345,435).

2. When administering progress payments under FAR 52.232-16, “Progress Payments,” ACOs should not confuse the implementation of a payment withhold for disapproved business systems with a reduction or suspension of progress payment action. The ACO may reduce, suspend, or increase the rate of liquidation when any of the conditions listed in FAR 52.232-16(c), “Reduction or Suspension” exist. These actions may be taken in order to protect against loss of unliquidated progress payments and ensure contractor compliance with the terms of the progress payment clause itself. Before exercising the Government’s right to reduce or suspend progress payments, the ACO must analyze reduction or suspension actions, considering all possible effects on both contractor and Government. The ACO must conduct a detailed discussion of the proposed reduction or suspension action with both the contractor and PCO before deciding the best course of action. Reduced or suspended payments are not “released” to the contractor upon correction of the conditions that prompted the action.

(b) When approving a lesser amount for PBPs, the ACO will enter “payment instructions” by accounting classification reference number (ACRN) and contract line item number (CLIN) on the ACRN worksheet Tab in WAWF and use the comments block on the “miscellaneous information” tab in WAWF to record the amount requested, amount withheld, amount approved and cumulative amount withheld to date, as well as the specific business system withhold percentage (e.g., Comments: Accounting System Withhold of 5 percent applied to this request per final determination letter date 12 Oct 11; Amount Requested = \$1,842,880; Amount Withheld = \$92,144; Amount Approved = \$1,750,736; Total Amount Withheld to Date: \$345,435).

(5) For payments under cost, labor hour, and time and material contracts, the contractor must apply the appropriate withholding percentage to the amount being billed and prepare a cost voucher in WAWF for the net amount due. The contractor must record amounts withheld in the CLIN description field on the cost voucher. If the contractor provides a statement of current and cumulative costs incurred, current, and cumulative amounts withheld should be reflected on the statement. DCAA will determine if direct billing should be discontinued. If discontinued, DCAA should manually review interim cost vouchers to ensure withhold compliance prior to

WAWF approval. If not discontinued, the ACO should request DCAA perform post-payment review of vouchers on contracts with withholds to ensure withhold compliance.

**e. Reducing the Withhold Percentage – When Contractor Submits An Acceptable CAP.**

(1) If the contractor submits an acceptable CAP within 45 calendar days of receiving the ACO's final determination, and the ACO, in consultation with the functional specialist or auditor will review the CAP and determine the contractor is effectively implementing this plan, the ACO will reduce the withholding to 2 percent.

(2) The reduction is prospective; previous amounts withheld will not be reduced or released at this time.

(3) The ACO will update the CBS withhold tracking spreadsheet to reflect the reduction(s).

**f. Reinstating the Withholds – Contractor is not following the CAP.**

(1) If at any time the ACO determines that the contractor has failed to follow the CAP, the ACO will increase the withhold back to the percentage initially withheld.

(2) Such increases in withholds must be prospective from the date of the letter notifying the contractor of the increase and are subject to the withholding limitations identified in Paragraph 10.11.c. of this section.

(3) The ACO must use the letter template found on the resource page.

(4) The ACO will update the CBS Withhold Tracking Spreadsheet to reflect the increase(s).

**g. Discontinuing Withholds – Contractor Completes CAP and Corrects Significant Deficiencies.**

(1) When the contractor notifies the ACO in writing that all system significant deficiencies have been corrected, the ACO must request the functional specialist or auditor review to determine if all cited significant deficiencies have been resolved.

(2) Within 90 calendar days of receipt of the contractor notification that all significant deficiencies have been corrected, the ACO will do one of the following:

(a) Make a determination if the contractor has corrected all significant deficiencies. If all significant deficiencies have been corrected, the ACO will notify the contractor in writing using the template letter found on the resource page.

(b) Determine if there is a reasonable expectation that the corrective actions were implemented. The ACO may discontinue withholding payments pending receipt of verification,

and release any payments previously withheld, if the contractor submits evidence that the significant deficiencies were corrected and the ACO, in consultation with the functional specialist or auditor, determines that there is a reasonable expectation that the corrective actions have been implemented.

1. The ACO will notify the contractor in writing using the template letter found on the resource page.

2. The ACO and functional specialist or auditor will follow up to verify all significant deficiencies have been corrected. If it is determined that the contractor has not corrected all significant deficiencies, the ACO must reinstate withholds (see instructions in Paragraph 10.11.f.) and elevate the CAR to level IV IAW DCMA-MAN 2303-04.

(3) If, after verification with the functional specialist or auditor, the ACO determines that the contractor has corrected all significant deficiencies cited in the ACO's final determination, the ACO will approve the business system, discontinue withholds, and in writing, authorize the contractor to bill for amounts previously withheld.

(4) If the ACO has not made one of the 2 decisions within 90 calendar days (refer to Paragraph 10.11.g.(2)) the ACO will reduce the withholding directly related to the cited significant deficiencies by at least 50 percent. The business system will remain disapproved until corrective actions are verified or the ACO makes one of the two decisions in Paragraph 10.11.g.(2).

(a) The ACO must notify the contractor, in writing, using the template found on the resource page.

(b) Once the follow-up verification is completed, the ACO must make a determination if the contractor has corrected all significant deficiencies.

(c) If in the follow-up verification it is determined the contractor has not corrected all significant deficiencies, the ACO must reinstate withholds (refer to Paragraph 10.11.f.) and may elevate the CAR to level IV IAW DCMA-MAN 2303-04.

(d) The ACO will update the CBS Withhold Tracking Spreadsheet to reflect the changes(s).

(5) When discontinuing withholds taken against payments, the ACO must issue a notice of discontinuance of payment withholding to the contractor using the template from the resource page, which incorporates DFARS PGI 242.7000, and authorize the contractor to bill the Government for the released amount using the same type of invoice on which the withhold was originally taken. The ACO's notice must identify the amount previously withheld and the amount the contractor is authorized to bill. When authorizing the contractor to submit a bill for previous amounts withheld against progress payments, the ACO must validate that the contractor is still in a position to receive progress payments (e.g., if the contractor has completed deliveries, they may not be eligible for additional progress payments).



(6) If no other business system withholds were applied to the contract, the ACO must request the CMO trusted agent to remove the MOCAS Special Provisions Code “U” from the contract by submitting a DCMAF 1797 located on the resource page.

(7) The ACO must ensure the contract is added to the Post Pay table in WAWF, unless some other contractual condition exists that requires the ACO’s manual review and approval of progress payments (e.g., contract in a loss condition).

(8) The ACO will monitor and update the CBS Withhold Tracking Spreadsheet to reflect the released amounts and ensure all withholds have been released (paid).

**h. Other Withholding Considerations.**

(1) If a contract is physically complete and all necessary closeout actions are accomplished, the ACO may release the withhold. The ACO should determine if it is necessary to implement withholds on other contracts with the relevant clauses to protect the Government’s interests. Withholds may not be “transferred” between contracts. When the ACO determines it is in the best interest of the Government to release the withhold in order to proceed with contract closeout, and a CACO/DACO network exists, the ACO must coordinate actions with the CACO/DACO prior to releasing payment withholds or implementing a payment withhold on other contracts. The ACO must notify the contractor in writing of any changes in payment withholding as a result of contract closeout actions.

(2) If there are withholds against contracts with funds due to cancel, the ACO may release the withhold. The ACO should determine if it is necessary to implement withholds on other contracts with the relevant clauses to protect the Government’s interests. When the ACO determines it is in the best interest of the Government to release the withhold in order to prevent funds from canceling, and a CACO/DACO network exists, the ACO must coordinate actions with the CACO/DACO prior to releasing payment withholds or implementing a payment withhold on other contracts with relevant clauses. The ACO must notify the contractor in writing of any changes in payment withholding as a result of canceling funds actions.

## GLOSSARY

**G.1. DEFINITIONS.** Unless otherwise noted, these terms and their definitions are for the purpose of this issuance.

**Acceptable CBS.** A contractor's business system(s) that complies with the terms and conditions of the applicable business system clauses.

**Auditor.** The appropriate auditor, generally with DCAA or with a HNAO, responsible for documenting and reporting findings, conclusions, and recommendations on the contractor's accounting system to the contracting officer.

**Business System Report.** Audit report, functional specialist report, or a HNAO report that documents the system finding(s) from an audit or review.

**CO.** The appropriate CACO, DACO, or ACO responsible for determining the acceptability of the contractor's accounting system and approving or disapproving the system.

**CBS.** The six business systems identified in DFARS 252.242-7005; specifically, accounting, cost estimating, EVM, material management and accounting, property management and purchasing system.

**Covered Contract.** A contract that is subject to CAS under Chapter 15 of Title 41, United States Code (U.S.C.), as implemented in regulations found at Section 9903.210-1 of Title 48, CFR (see the FAR Appendix, Section 2302 of Title 10, U.S.C., note, as amended by Section 816 of Public Law 112-81).

**Government Property.** All property owned or leased by the Government. Government property includes both Government-furnished property and contractor-acquired property. Government property includes material, equipment, special tooling, special test equipment, and real property. Government property does not include intellectual property and software.

**Government-Furnished Property.** Property in the possession of, or directly acquired by, the Government and subsequently furnished to the contractor for performance of a contract. Government-furnished property includes, but is not limited to, spares and property furnished for repair, maintenance, overhaul, or modification. Government-furnished property also includes contractor-acquired property if the contractor-acquired property is a deliverable under a cost contract when accepted by the Government for continued use under the contract.

**Significant Deficiency.** A shortcoming in the system that materially affects the ability of officials of the DoD to rely upon information produced by the system that is needed for management purposes.

## ACRONYMS

### G.2. ACRONYMS.

ACO	Administrative Contracting Officer
ACRN	Accounting Classification Reference Number
BoR	Boards of Review
BP	Business Practice
BSAS	Business System Analysis Summary
CACO	Corporate Administrative Contracting Officer
CAFU	Contract Audit Follow Up
CAGE	Commercial and Government Entity
CAP	Corrective Action Plan
CAR	Corrective Action Request
CAS	Cost Accounting Standards
CBAR	Contract Business Analysis Repository
CBS	Contractor Business Systems
CFR	Code of Federal Regulation
CLIN	Contract Line Item number
CM	Cost Monitor
CMO	Contract Management Office
CO	Contracting Officer
CPSR	Contracting Purchasing System Review
DACO	Divisional Administrative Contracting Officer
DCAA	Defense Contract Audit Agency
DCMAF	DCMA Form
DCMAF 1797	Request for MOCAS Action/Information
DCMAI	DCMA International Command
DCMAS	DCMA Special Programs Command
DCMA-INST	DCMA Instruction
DCMA-MAN	DCMA Manual
DFARS	Defense Federal Acquisition Regulation Supplement
EVM	Earned Value Management
EVMS	Earned Value Management System
FAR	Federal Acquisition Regulation
HNAO	Host Nation Audit Organization
HQ	Headquarters
IAW	In Accordance With

IDC	Indefinite Delivery Contract
MMAS	Material Management and Accounting System
MOCAS	Mechanization of Contract Administration Services
NPI	Non-Procurement Instrument
PA	Property Administrator
PBP	Performance-based Payment
PCO	Procuring Contracting Officer
PGI	Procedures, Guidance and Information
PMSA	Property Management System Analysis
SOP	Standard Operating Procedures
WAWF	Wide Area Workflow

## REFERENCES

Code of Federal Regulation, Title 48  
DCMA Manual 2201-04, "Contract Audit Follow Up" March 3, 2019  
DCMA Manual 2303-02, "Surveillance-Plan Events" TBD  
DCMA Manual 2303-04, "Surveillance-Document and Feedback" TBD  
DCMA Manual 2501-01, "Contract Receipt and Review," March 24, 2019  
DCMA Manual 2501-08, "Grants, Agreements, and Other Transactions" TBD  
DCMA Manual 3101-02, "Program Support Analysis and Reporting" October 23, 2017  
DCMA Memorandum 17-221, "Extension of DCMA FAR 44.302(a) Class Deviation for Raising the Contractor Purchasing System Review (CPSR) Threshold" December 28, 2017  
DoD Directive 5105.64, Defense Contract Management Agency (DCMA)," January 10, 2013  
DoD Class Deviation 2015-O0017, "Earned Value Management System," September 2015  
Defense Federal Acquisition Regulation Supplement, current edition  
Defense Federal Acquisition Regulation Supplement, Procedures, Guidance, and Information 242.75, "Contractor Accounting Systems and Related Controls"  
Defense Federal Acquisition Regulation Supplement Procedures, Guidance, and Information 242.7000, "Contractor Business Systems Deficiencies"  
Electronic Industries Alliance Standard (EIA)-748, "Earned Value Management Systems (EVMS)," June 15, 2018  
Federal Acquisition Regulation, current edition  
Public Law 112-81, Section 816  
United States Code, Title 10  
United States Code, Title 41