

## Business System Stuff

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It seems that everybody is talking about business system audits/reviews these days. (For the record, DCAA performs audits and DCMA performs reviews.) Now that DCAA has “caught up” with its backlog of audits of proposed final billing rates, it has reportedly turned its attention back to the more traditional audit areas: Cost Accounting Standards, defective pricing, and business systems. Thus, many people will tell you that your risk in those areas has increased.

But it hasn't. Not really.

DCAA has always performed some level of CAS, defective pricing, and business system reviews. And DCMA has never stopped performing those reviews. So your company's risk has always been there, though of course DCAA's recent strategic changes increase the likelihood that your company will be the recipient of one of those reviews.

What is DCAA doing differently?

Two main things: (1) creation of Headquarters “Truth in Negotiations” audit teams that do nothing but defective pricing audits, and (2) creation of Regional Business System teams that do nothing but audits of Accounting, MMAS, and Estimating Systems.

It's too early to see the results of those changes but, anecdotally, we know that audits are on the increase. Further, as DCAA does not track its business systems audits separately from its other audits, the official statistics don't tell the whole story. But we do have statistics on defective pricing and CAS audits:

