



Let us translate the headline for you: The Defense Contract Management Agency has issued an Immediate Policy Change to its January 2012 Contractor Business System Instruction.

The issue of Contract Business Systems, and reviews thereof, has a [long pedigree](#) on this website. The recent revisions to the Defense Federal Acquisition Regulation Supplement (DFARS) have been the subject of many blog articles.

In [this article](#), we discussed changes in DCAA's accounting system review program (with some skepticism) and noted that DCAA was discontinuing use of "Flash Reports"—and replacing them with "Deficiency Reports." Apparently, that change then led DCMA to conclude that it had to change its existing guidance to its Contracting Officers. In addition, DCMA policy-makers also felt the need to "clarify" the existing guidance in some areas.

Thus, the issuance of the [ICP to the CBS](#) Instruction.

As we've noted before, some contractor "business systems" are enterprise-wide and others are specific to an individual segment or geographic location. To address potential confusion, the IPC stated—

DCMA Issues IPC to CBS Instruction

Written by Nick Sanders
Friday, 31 August 2012 00:00

... the CACO is responsible for determining the acceptability of any corporate-level system. There are many instances whereby reviews are conducted on business systems that are contractor site-specific. If that site is part of a larger business segment that has an assigned DACO, the DACO is responsible for determining the acceptability of the business system. ... If there is no assigned DACO, the ACO is responsible for determining the acceptability of the business system.

That bit above tells us that contractors had better start their business systems compliance efforts by identifying which systems encompass the enterprise and which ones are segment or site specific.

The ICP also identifies an internal DCMA document, called the Business Systems Analysis Summary (BSAS), which is prepared by the functional specialist to summarize his/her findings, and transmitted to the Contracting Officer. The ICP reminds DCMA folks that the BSAS "is not to be used to replace or supplement the CO's Initial Determination letter nor shall it be used as correspondence."

The ICP states that, if significant deficiencies are identified by the functional specialist, then the functional specialist must draft a Level III or Level IV Corrective Action Request (CAR) and attach it to the BSAS. The CAR should not be released to the contractor "at this time."

The ICP also notes that DCAA will be issuing Deficiency Reports "when significant deficiencies are identified" and "will state the noncompliance with the DFARS systems criteria when sufficient evidence supporting the deficiency is obtained." If significant deficiencies are found to exist by the DCMA Contracting Officer, then the CO "shall initiate an initial determination within 10 days of receiving the audit or functional specialist report." The initial determination must be approved by the CMO Contracts Director and/or the DACO/ACO Group Director before issuance to the contractor. The initial determination should include the unsigned draft Level III or Level IV CAR as an attachment, if the business system involved is EVMS, MMAS, Property, or Purchasing.

The rest of the ICP discusses how to record a contractor's business system status in CBAR, and also discusses how to record legacy evaluations—i.e., evaluations made before the effective date of the DFARS revisions. You can read about them if you are so inclined.