

## Business System Stuff

Written by Nick Sanders

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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.

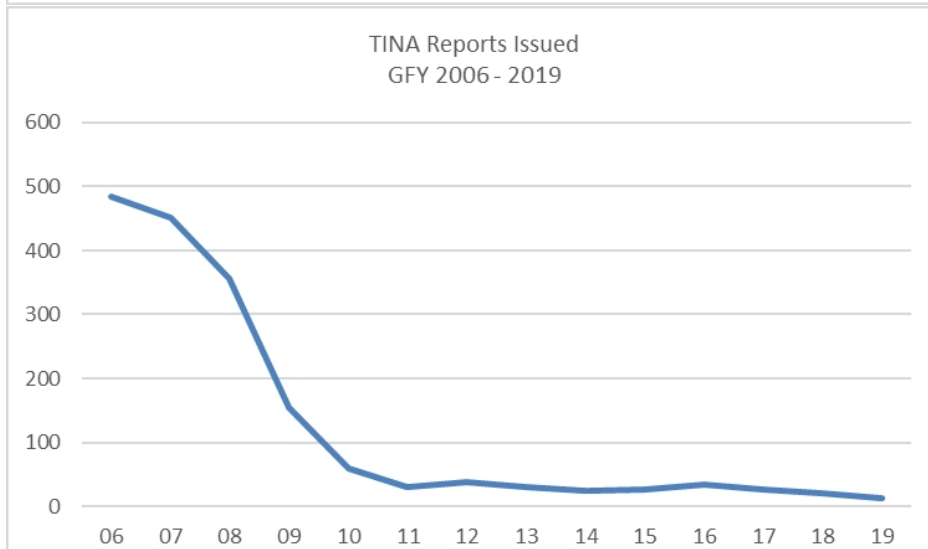
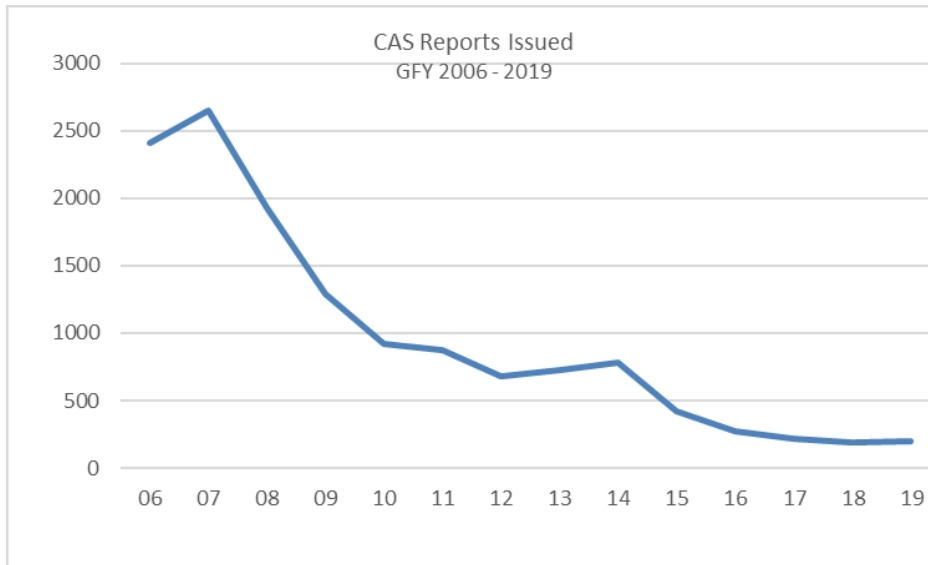
It's too early to see the results of those changes but, anecdotally, we know that audits are on the increase. Further, as DCAA does not track its business systems audits separately from its other audits, the official statistics don't tell the whole story. But we do have statistics on defective pricing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

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From the provided information, it is clear that the number of CAS reports issued has decreased significantly over the period from 2006 to 2019. This trend is also reflected in the TINA reports, which have also decreased over the same period. The data suggests a general downward trend in the number of reports issued, which could be due to a variety of factors, including changes in reporting requirements, a decrease in the number of cases, or a change in the way reports are generated. The data also shows that the number of reports issued has remained relatively stable between 2010 and 2014, suggesting that the downward trend may have been temporary or that the system has reached a new equilibrium.