Material Management

Accounting

Systems

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Date
June 28, 2000
What we do:

• DCMA & DCAA ensure supplier has adequate system
  • that effectively manages and controls material, and
  • that accurately charges or allocates costs.

• Why we do this:
  • Government at risk on large cost-type contracts.
MMAS RISK PLANNING

• ACO reviews Supplier,
  • Initial MMAS disclosure,
  • Written description of system processes, and
  • Identifies applicable MMAS procedures used to ensure systems compliance

• Review Supplier’s internal control documentation and results of any self-assessment, including an identification of known deficiencies
• The ACO’s risk assessment should utilize an IPT approach comprised of CMO specialists and DCAA.

• Team must gather sufficient information to express an opinion on the adequacy of the supplier’s MMAS and its related internal controls for compliance with DFARS MMAS criteria.

• Risk analysis considers the probability and consequence of failure to meet requirements. The team must determine the intensity level and frequency of their activity in reviewing processes and data transactions.
MMAS RISK HANDLING

• High and Moderate risks requires immediate and intensive risk handling - supplier corrective action and evaluation through process audits, data transaction verification, and analyses until the risk is mitigated to an acceptable level

• ACO risk handling options include:
  • Requiring Corrective Action Plans
  • Progress payment billing withholds
  • Suspension of questionable costs in cost vouchers
  • Cost disallowance(s), if appropriate
  • Notification to buying activities
  • Reduction of billing withholds as risk is mitigated
• The ACO and the MMAS team leader must monitor the impact of the supplier’s corrective actions if needed

• Monitor Supplier internal control documentation from their self assessment including corrective action for any identified deficiencies

• Reviews of a supplier's MMAS must be performed only when the ACO has determined there is a significant risk to the Government and that the supplier has not implemented effective actions to remedy deficiencies that
• The ACO and the assigned Team Leader must record and maintain documentation on risk planning, risk assessments, risk handling, and risk monitoring results and updates as applicable
  • **Should reflect review baseline for each standard evaluated and found compliant**
  • **Used by specialist in planning process evaluations**

• ACO maintains a log of MMAS reviews and annually reviews the log to identify Suppliers meeting MMAS reporting requirements, and assesses the Supplier’s past performance and current vulnerability