

## Material Management and Accounting System (MMAS) Review

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### Intent/Outcome/Purpose

To ensure that DCMA accomplishes Material Management and Accounting System (MMAS) Review reviews that meet the requirements and intent of the FAR and DFARS.

### Process

#### 1. MMAS Requirements

##### 1.1. Requirement Application ([DFARS 242.7200](#))

1.1.1. MMAS requirements apply to all non-commercial contracts that exceed the simplified acquisition threshold and are either cost based or involve progress payments based upon costs incurred by the supplier as work in progress. This requirement does not apply to any contractors that are considered to be a small business, educational institution, or nonprofit organization.

1.1.2. The ACO shall review all contracts as part of the [Contract Receipt and Review](#) process to ensure that the [DFARS 252.242.7004](#) MMAS clause is used on any solicitation or contract meeting the requirements of 1.1.1. If the solicitation or contract does not use the MMAS clause, but meets the relevant criteria, the Contract Management Office (CMO) shall issue a [DD Form 1716: Contract Data Package Recommendation/ Deficiency Report](#) and inform the procuring agency.

##### 1.2.. Supplier Requirements

1.2.1. The contractor is required to have an MMAS that meets the requirements of [DFARS 252.242.7004\(b\)\(c\)](#).

1.2.1.1. Material Management and Accounting System (MMAS) Review is the contractor's system or systems for the planning, management, and costing of materials used in the manufacturing process.

#### 2. MMAS Review

2.1. The Administrative Contracting Officer (ACO), in consultation with the auditors and functional specialists, shall determine the acceptability of the contractor's MMAS and approve or disapprove the contractor's system.

2.1.1. The auditors and functional specialists consulting with the ACO should be those personnel whose inherent responsibilities align with the requirements of MMAS. These include, but may not be limited to auditors, property management specialists and those Engineering and Analysis (E&A) Personnel whose inherent responsibilities reside within the manufacturing and supply chain functions. As appropriate, Industrial Specialists, Industrial Engineers, Supply Chain Management Specialists, and other E&A personnel assigned responsibility for production/supply chain predictability surveillance, by their assigned CMO in accordance with [DFARS 242.1104](#), may support.

##### 2.1.2. MMAS Review Eligibility

2.1.2.1. [DFARS 242.7203](#) establishes the criteria for conducting reviews. The Government may review any contractor MMAS when the contractor has received qualifying sales of DOD prime contracts or subcontracts totaling \$40 million or more in its preceding fiscal year. Qualifying sales are those which cost or pricing data were required under 10 U.S.C. 2306a, as implemented in [FAR 15.403](#), or that are contracts priced on other than firm-fixed-price or fixed-price with economic price adjustment basis. Sales include prime contracts, subcontracts, and modifications to such contracts and subcontracts.

##### 2.1.3. MMAS Review Determination

2.1.3.1. The Administrative Contracting Officer (ACO) shall annually review all contracts to determine if a contractor meets the requirements in 2.1.2.1 and then review the risk assessment of the contractor's MMAS to determine if the contractor's MMAS is at risk; if at risk, initiate an MMAS review. This review should occur more frequently if new/additional contractor risks are identified.

2.1.3.2. The risk assessment of the contractor's MMAS shall be based on the following requirements:

2.1.3.2.1. Surveillance based assessments, Corrective Action Requests (CARs), MMAS review timing and contractor MMAS modifications

2.1.3.2.2. As a function of the manufacturing and supply chain surveillances required by the [Manufacturing and Production Instruction](#), the Supply Chain Surveillance and Support Instruction (under development), the functional

expert (E&A personnel) or auditor reports to the ACO and to the E&A personnel's respective management, a risk assessment of the contractor based on past experience, data, documentation and current vulnerability as required by [DFARS 242.7203](#)

2.1.3.2.3. If the contractor has new or never reviewed systems or if there has been extensive time, greater than 36 months, since their MMAS was last reviewed, the contractor's MMAS is considered at risk; unless, substantiated evidence suggests that the contractor's systems are adequate and presented to the ACO and to the E&A personnel's respective management.

#### 2.1.4. MMAS Surveillance

2.1.4.1. E&A Personnel within DCMA provide continuous oversight of the contractor's MMAS through surveillance identified in the [Manufacturing and Production Instruction](#) and the Supply Chain Surveillance and Support Instruction.

#### 2.2. MMAS Review Requirements

2.2.1. **The ACO in consultation with the auditors and functional specialists shall determine the areas of emphasis during the review based on past performance, demonstrated system weakness and the MMAS risk assessment.** This does not exempt or remove any standard from the review requirements.

2.2.2. Coordinate with DCAA to discuss the system criteria as identified in the DFARS and any outstanding business system deficiencies. This should involve an open discussion between DCMA and DCAA to determine how other business system deficiencies may affect MMAS and to identify any potential duplication of audit effort. Tailor the MMAS audit procedures to address any additional risk areas identified by the ACO.

#### 2.2.3. Documentation and Internal Audits

2.2.3.1. Through the ACO, the auditors and functional specialists should request documentation from the contractor that is relevant to the MMAS review. The requests may be coordinated to correspond with the relevant area being reviewed. Ensure that enough lead time is included in the requests to ensure timely delivery of information.

#### 2.2.4. Technical Support Execution

**The auditors and functional specialists shall review the contractor's MMAS to the MMAS Standards ([DFARS 252.242.7004\(d\)](#))**

2.2.4.1. **The DCMA Functional Specialists shall evaluate the contractor's MMAS policy, procedures and operating instructions (Material and Resource Planning, Requirements Planning, Inventory Management, Purchasing, Production Planning and Control (PP&C) and Costing) to ensure that they have an adequate (understandable and complete) system description.**

2.2.4.2. **The DCMA Functional Specialists shall evaluate the contractor's materials planning, purchasing and production scheduling and control systems to verify that the supplier is meeting valid time-phased requirements for master production schedule accuracy and the contractor's BOMs (Bill of Material) to verify that they meet accuracy requirements.**

2.2.4.3. **The DCMA Functional Specialists shall review the contractor's MMAS policies, procedures and work instructions for system monitoring that identifies operation exceptions or irregular situations.**

2.2.4.4. **The auditors and functional specialists shall evaluate the contractor's systems to verify that inventory, labor as appropriate and schedule transactions are occurring as required in the supplier's MMAS policies and procedures.**

2.2.4.5. **The DCMA Functional Specialists shall evaluate the contractor's inventory control system to verify that it meets accuracy requirements.**

2.2.4.6. **The DCMA Functional Specialists shall review the contractor's policies, procedures and work instructions on contractual (between contracts), internal (within the plant) and external (outside facilities, subcontractors, suppliers and customers) transfer of materials, components and finished products for completeness, accuracy and effectiveness.**

2.2.4.7. **The auditors and functional specialists shall verify that the contractor's systems account for all materials and labor used in manufacturing accurately and consistently.** The labor may be excluded from the inventory cost if the contractor's accounting system does not include labor in any inventory cost accounting.

**The DCMA Functional Specialists shall evaluate the contractor's approved policies and procedures for material transfer and loan/payback process effectiveness.** The ACO must approve these procedures.

2.2.4.8. **The auditors and functional specialists shall review the contractor's policies, procedures and work instructions to verify common inventory rules and to review these rules and the supplier's data to ensure that inventory is only allocated to the appropriate contracts, and that algorithms used are valid and current.**

2.2.4.9. **The DCMA Functional Specialists on the review team shall review the contractor's policies, procedures and work instruction for physically commingled inventory rules and verify the effectiveness of the contractor's methods.** The functional experts shall report the use of any government furnished or owned material on a commercial contract to the ACO and to their functional management and issue a Corrective Action Report (CAR).

2.2.4.10. **DCMA surveillance of the contractor's efforts to review their MMAS shall be performed as a function of the [Manufacturing and Production Instruction](#) and the Supply Chain Surveillance and Support Instruction.**

#### 3. Technical Support Reporting

3.1. Report Requirements

3.1.1. The auditors and functional specialists shall document any and all findings from their evaluation, provide them to the team leader and ensure documentation occurs within the functional specialists' appropriate surveillance plans.

3.1.2. Report Structure

3.1.2.1. The MMAS report, created with the assistance of the auditors and functional specialists, shall include all findings, recommendations and deficiencies; specialists ensure any significant deficiencies include enough detail to provide a full understanding of the deficiency by the ACO. The DCMA Business System Summary Template shall be used with this report.

3.2. Disposition of Findings

The ACO shall interface with the contractor and address all deficiencies per [DFARS 242.7203\(c\)](#) and the DCMA Contactor Business System Instruction.

3.2.1. The ACO shall review the MMAS Review Report and if no significant deficiencies were found inform the contractor in writing that their MMAS is acceptable and approved.

3.2.2. The ACO shall review the MMAS Review Report and if significant deficiencies were found in the contractor's MMAS, verify that deficiency is significant and notify the contractor in writing of the deficiency. The notification should be detailed enough for all parties to understand.

3.2.3. The ACO shall request a response to the deficiencies from the contractor within 30 days and then, after reviewing the responses with the auditors and functional specialists, make a determination of the contractor's MMAS. The ACO shall either approve or disapprove the contractor's MMAS per [DFARS 252.242-7004](#).

3.2.4. When significant deficiencies remain, the ACO shall request the contractor to either correct or submit a corrective action plan on how the contractor plans to correct the deficiencies. The plan should include milestones and planned actions. The ACO shall approve a previously disapproved contractor's MMAS as quickly as possible.

3.2.5. The ACO shall withhold payments as required in [DFARS 252.242-7005](#) if the clause is included in the contract.

3.2.6. The ACO shall notify the auditors and functional specialists, payment office and cognizant/affected contracting officers of the approval/disapproval per [DFARS 242.7203\(e\)](#).

Flow Chart - [docx](#) | [pdf](#)

### Competencies/Certifications

- DAWIA PQM – Levels I–III
- DAWIA SPRDE – Levels I–III
- Manufacturing and Supply Chain Management Academic Certification

### Training Matrix

MMAS System Review Training Matrix Template							
What TASKS are required to accomplish this process?	Methods of training						
	On-the-Job Training (OJT)	Computer Based Training (CBT)	Course (Commercial, College/Vocational)	Contractor Sponsored Training	Guidebooks (Other similar interventions)	DCMA Developed	Administrative Task (The task is wholly enabled by the contents of the instruction and requires no training intervention)
Task 1 - MMAS Requirements	X		XXX				TBD
Task 2 - MMAS Review	X XXXX	X	XXX				TBD

Task 3- [X](#)  
Technical Support Reporting

TASK/KSA/OJT CHECKLISTS

**Task #1: MMAS Requirements**

Applicable KSAs for this Task (Links go to associated OJT Checklist below):

- [KSA #1 Ability to review contracts for MMAS Requirements](#)

**Task #2: MMAS Review**

Applicable KSAs for this Task (Links go to associated OJT Checklist below):

- [KSA #1 Ability to interpret MMAS Policies and procedures](#)
- [KSA #2 Ability to perform risk assessment and assign risk ranking](#)
- [KSA #3 Ability to calculate valid BOM accuracy](#)
- [KSA #4 Ability to calculate valid time phased MPS accuracy](#)
- [KSA #5 Ability to calculate valid Inventory accuracy](#)

**Task #3: Technical Support Reporting**

Applicable KSAs for this Task (Links go to associated OJT Checklist below):

- [KSA #1 Ability to Report Results to Team Leader/ACO](#)

**Task #1: MMAS Review Planning**

On-The-Job (OJT) Checklist Or Verification For Competency Or Equivalency for

**KSA #1 Ability to Review Contracts for MMAS Requirements for Task #1**

Employee Name \_\_\_\_\_ Organization Code \_\_\_\_\_

**Directions:**

- **Employee:** Identify which tasks are applicable to your job assignment. Put N/A beside those that do not apply to the job assignment.
- **Examiner:** Check off any tasks the employee has already mastered.
- **Examiner:** Check off (enter date) each new task as it is completed/mastered.
- **Supervisor:** Complete approvals/signatures at the bottom of the form.
- **Supervisor:** Forward to (insert appropriate position or organizational element as applies to program/subject area).

Task Applicable to Job Assignment	Task Complete (check mark)	TASK (Tasks to be accomplished to demonstrate proficiency for the selected KSA)
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a. Knowledge of FAR and DFARS

b. Ability to review contract/purchase orders and identify DFARS 252.242-7004 IAW DCMA Manufacturing and Production Instruction - Contract Receipt & Review procedures

c. Knowledge of the e-Tools Contract Deficiency Reporting (DD1716) Application

Supervisor/Team Leader Signature \_\_\_\_\_

Examiner Signature \_\_\_\_\_

Organization Code \_\_\_\_\_ Date \_\_\_\_\_

Remarks and Evidentiary Statement:

**Task #2: MMAS Review Execution**

On-The-Job (OJT) Checklist Or Verification For Competency Or Equivalency for

**KSA #1 Ability to Interpret MMAS Policies and Procedures for Task #2**

Employee Name \_\_\_\_\_ Organization Code \_\_\_\_\_

**Directions:**

- Employee: Identify which tasks are applicable to your job assignment. Put N/A beside those that do not apply to the job assignment.
- Examiner: Check off any tasks the employee has already mastered.
- Examiner: Check off (enter date) each new task as it is completed/mastered.
- Supervisor: Complete approvals/signatures at the bottom of the form.
- Supervisor: Forward to (insert appropriate position or organizational element as applies to program/subject area).

Task Applicable to Job Assignment	Task Complete (check mark)	TASK (Tasks to be accomplished to demonstrate proficiency for the selected KSA)
		a. Demonstrates a clear understanding and intent of respective MMAS standards
		b. Ability to assess and validate the contractor's compliance to associated MMAS Standards
		c. Ability to document opportunities for improvement within the contractor's MMAS

Supervisor/Team Leader Signature \_\_\_\_\_

Examiner Signature \_\_\_\_\_

Organization Code \_\_\_\_\_ Date \_\_\_\_\_

Remarks and Evidentiary Statement:

On-The-Job (OJT) Checklist Or Verification For Competency Or Equivalency for

**KSA #2 Ability to Perform Risk Assessment and Assign Risk Ranking for Task #2**

Employee Name \_\_\_\_\_ Organization Code \_\_\_\_\_

**Directions:**

- Employee: Identify which tasks are applicable to your job assignment. Put N/A beside those that do not apply to the job assignment.
- Examiner: Check off any tasks the employee has already mastered.
- Examiner: Check off (enter date) each new task as it is completed/mastered.
- Supervisor: Complete approvals/signatures at the bottom of the form.
- Supervisor: Forward to (insert appropriate position or organizational element as applies to program/subject area).

Task Applicable to Job Assignment	Task Complete (check mark)	TASK (Tasks to be accomplished to demonstrate proficiency for the selected KSA)
		a. Knowledge of MMAS Standards as specified in DFARS 252.242-7004
		b. Ability to assess applicability of MMAS standards to a contractor
		c. Based upon preliminary information, develop a risk level rating for a contractor's MMAS
		d. Based on risk assessment results, risk rank multiple contractors to which DFARS 252.242.7004 applies

Supervisor/Team Leader Signature \_\_\_\_\_

Examiner Signature \_\_\_\_\_

Organization Code \_\_\_\_\_ Date \_\_\_\_\_

Remarks and Evidentiary Statement:

**On-The-Job (OJT) Checklist Or Verification For Competency Or Equivalency for**

**KSA #3 Ability to Calculate Valid BOM Accuracy for Task #2**

Employee Name \_\_\_\_\_ Organization Code \_\_\_\_\_

**Directions:**

- **Employee:** Identify which tasks are applicable to your job assignment. Put N/A beside those that do not apply to the job assignment.
- **Examiner:** Check off any tasks the employee has already mastered.
- **Examiner:** Check off (enter date) each new task as it is completed/mastered.
- **Supervisor:** Complete approvals/signatures at the bottom of the form.
- **Supervisor:** Forward to (insert appropriate position or organizational element as applies to program/subject area).

Task Applicable to Job Assignment	Task Complete (check mark)	TASK (Tasks to be accomplished to demonstrate proficiency for the selected KSA)
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a. Ability to interpret contractor BOM policies and procedures

b. Ability to locate parts on an engineering drawing

c. Ability to understand the BOM process (EBOM, MBOM, as built BOM)

d. Ability to follow parts through the BOM process

e. Ability to identify MMAS BOM system weaknesses

f. Ability to validate BOM exceptions

g. Ability to validate BOM error justifications

Supervisor/Team Leader Signature \_\_\_\_\_

Examiner Signature \_\_\_\_\_

Organization Code \_\_\_\_\_ Date \_\_\_\_\_

**Remarks and Evidentiary Statement:**

**On-The-Job (OJT) Checklist Or Verification For Competency Or Equivalency for**

**KSA #4 Ability to Calculate Valid Time Phased MPS Accuracy for Task #2**

Employee Name \_\_\_\_\_ Organization Code \_\_\_\_\_

**Directions:**

- **Employee:** Identify which tasks are applicable to your job assignment. Put N/A beside those that do not apply to the job assignment.
- **Examiner:** Check off any tasks the employee has already mastered.
- **Examiner:** Check off (enter date) each new task as it is completed/mastered.
- **Supervisor:** Complete approvals/signatures at the bottom of the form.
- **Supervisor:** Forward to (insert appropriate position or organizational element as applies to program/subject area).

Task Applicable to Job Assignment	Task Complete (check mark)	TASK (Tasks to be accomplished to demonstrate proficiency for the selected KSA)
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a. Ability to interpret contractor MPS policies and procedures

b. Knowledge of the MPS process

c. Ability to determine correct lead times

d. Knowledge of critical path

e. Ability to identify MMAS MPS system weaknesses

f. Ability to validate MPS exceptions

g. Ability to validate MPS error justifications

Supervisor/Team Leader Signature \_\_\_\_\_

Examiner Signature \_\_\_\_\_

Organization Code \_\_\_\_\_ Date \_\_\_\_\_

Remarks and Evidentiary Statement:

On-The-Job (OJT) Checklist Or Verification For Competency Or Equivalency for

KSA #5 Ability to Calculate Valid Inventory Accuracy for Task #2

Employee Name \_\_\_\_\_ Organization Code \_\_\_\_\_

**Directions:**

- Employee: Identify which tasks are applicable to your job assignment. Put N/A beside those that do not apply to the job assignment.
- Examiner: Check off any tasks the employee has already mastered.
- Examiner: Check off (enter date) each new task as it is completed/mastered.
- Supervisor: Complete approvals/signatures at the bottom of the form.
- Supervisor: Forward to (insert appropriate position or organizational element as applies to program/subject area).

Task Applicable to Job Assignment	Task Complete (check mark)	TASK (Tasks to be accomplished to demonstrate proficiency for the selected KSA)
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a. Ability to interpret contractor inventory policies and procedures

b. Knowledge of Receipt to Issuance procedures

c. Knowledge of inventory counting methods

Supervisor/Team Leader Signature \_\_\_\_\_

Examiner Signature \_\_\_\_\_

Organization Code \_\_\_\_\_ Date \_\_\_\_\_

Remarks and Evidentiary Statement:

**Task #3: Report Findings and Provide Recommendations**

On-The-Job (OJT) Checklist Or Verification For Competency Or Equivalency for

KSA #1 Ability to Report Results to Team Leader/ACO for Task #3

Employee Name \_\_\_\_\_ Organization Code \_\_\_\_\_

**Directions:**

- Employee: Identify which tasks are applicable to your job assignment. Put N/A beside those that do not apply to the job assignment.



- Examiner: Check off any tasks the employee has already mastered.
- Examiner: Check off (enter date) each new task as it is completed/mastered.
- Supervisor: Complete approvals/signatures at the bottom of the form.
- Supervisor: Forward to (insert appropriate position or organizational element as applies to program/subject area).

Task Applicable to Job Assignment	Task Complete (check mark)	TASK (Tasks to be accomplished to demonstrate proficiency for the selected KSA)
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a. Ability to assess and validate the contractor's compliance to associated MMAS Standards.

b. Ability to document opportunities for improvement within the contractor's MMAS system

c. Ability to support conclusions with specific examples and data derived from samples

d. Ability to make sound recommendations to the Team Leader/ACO to aid in addressing the contractor's MMAS shortfalls

Supervisor/Team Leader Signature \_\_\_\_\_

Examiner Signature \_\_\_\_\_

Organization Code \_\_\_\_\_ Date \_\_\_\_\_

Remarks and Evidentiary Statement:

### Higher Level Regulatory Documents

- [FAR 31.205-26: Material Costs](#)
- [FAR 32.503-3: Initiation of Progress Payments](#)
- [FAR 32.503-15\(c\), \(d\), & \(e\): Government Title Terms](#)
- [FAR 32.503-14: Protection of Government Title](#)
- [FAR 45.101: Government Property](#)
- [FAR 52.216-7: Allowable Cost and Payment](#)
- [FAR 52.232-16: Progress Payments](#)
- [FAR 52.245-1: Government Property](#)
- [DFARS 242.72: Contractor MMAS](#)
- [DFARS 244: Subcontracting Policies and Procedures](#)
- [DFARS 252.242-7004: MMAS Requirements and Standards \(Actual contract clause\)](#)
- [CAS 411: Accounting for Acquisition Costs of Material](#)

### Performance Metrics/Standards

- Process Indicator/s:
  - TBD
- Workload Indicator/s:
  - TBD
- Resource Indicator/s:
  - TBD
- Supplier Indicator/s:
  - TBD

### PLAS

- PLAS Process code: 113 Material Management and Accounting System



## Tools & Additional Guidance

- [Manufacturing and Production Instruction](#)
- [Geographic Supplier Risk Assessment Tool](#)
- [Resident Supplier Risk Assessment Tool](#)
- [Manufacturing Surveillance and Reporting Process Flow](#)
- MMAS Review Procedure (Under Development)
- Business Systems Summary Template (Under Development)
- Business Systems Matrix (Under Development)
- [DD Form 1716: Contract Data Package Recommendation/Deficiency Report](#)
- Supply Chain Surveillance and Support Instruction (Under Development)
- Manufacturing Contract Review Resource Guide (Under Development)
- Operations Management Presentation (Under Development)
- Production Planning and Control Systems Surveillance Procedure Guide (Under Development)
- Corrective Action Procedure (Under Development)
- Manufacturing Surveillance Plan Example (Under Development)
- Risk Management Procedure (Under Development)
- The term "[E&A Personnel](#)" referenced throughout this Instruction pertains to Industrial Specialists, Industrial Engineers, Supply Chain Specialists and other E&A personnel assigned responsibility for Production/Supply Chain Predictability Surveillance ([DFARS 242.1104](#)) by their assigned Contract Management Office (CMO).

## Successful Practices

- TBD

## Portal/Community of Practice

- [Manufacturing Engineering & Supply Chain Predictability Portal](#)

## Points of Contact

DCMA Instruction Point of Contact information is not available to the general public.

DCMA employees please click here for the process [POC's](#)