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Material Management and Accounting System (MMAS) Review

Businesses have used a material management and accounting system (MMAS) effectively for many years as a means of forecasting and time phasing material requirements for production. The unique requirements of Government contract cost accounting systems in an ERP MMAS environment have caused enforcement agencies to focus more on the adequacy of those systems.

For contractors to minimize risks of non-compliance, while not jeopardizing schedule and cost in the production cycle, they must thoroughly understand the implementation and documentation of the operational, administrative, accuracy measurement, and financial aspects of an MMAS system.

Objective An independent evaluation of the MMAS system to identify potential non-compliance issues and/or concerns related to the Federal Acquisition Regulation (FAR), Cost Accounting Standards (CAS), the Truth in Negotiations Act, and contract terms, as well as applicable American Production and Inventory Control Society (APICS) accuracy measurement guidelines.

Approach Specific evaluation procedures will be agreed upon with the client before the engagement begins.

A team of specialists with extensive manufacturing, systems, and defense contract compliance experience will conduct the review, following a system overview by client personnel.

Management provides review of key system transaction flow documentation (including data collection documents and computer system reports) in storyboard, audit trail, or system flow diagram fashion. System control points and weaknesses will be identified. (Optionally, if the client provides no flow diagrams, system flow diagrams will be prepared and documented with control points and weaknesses indicated.)

Key functional personnel will be interviewed to obtain system design information, system features and application procedures, and identify internal control points in the process.

Cross functional work sessions will be conducted to highlight the interrelationship among the various functions.

Transaction testing will be performed, as required and agreed upon, to validate system application procedures to actual practices

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Output Oral and/or written reports will be provided of observations/findings, assessments of systems and procedures for compliance, the nature of the findings, and recommendations for corrective action or follow-up activities.

Benefits An independent, objective, and cost-effective evaluation of the MMAS system against the requirement of DFARS clause 252.242-7004, MMAS.
A regulatory compliance risk analysis with recommendations that, if followed, should result in systems and procedures that comply with federal regulations.

The means for an effective response to ten MMAS Standards.

An independent evaluation for management of key MMAS issues, allowing management to continue focusing on other business issues without extensive interruption. .

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