CLIENT ALERT

DCMA’s Cybersecurity Oversight Takes Shape: Revised CPSR Guidebook Outlines DFARS Safeguarding Clause Audit Standards

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Following guidance issued by Under Secretary of Defense Lord, the Defense Contract Management Agency (DCMA) has revised its Contractor Purchasing System Review (CPSR) Guidebook to incorporate new standards DCMA auditors will use to assess contractor supply chain management under the DFARS Safeguarding Clause 252.204-7012. Notably, the new standards require contractors to “validate” that their subcontractors have information systems “that can receive and protect” Covered Defense Information (CDI) and to “determine” whether subcontractor systems are “acceptable.” Other new standards require contractors to demonstrate:

- How CDI is properly marked and securely transferred to subcontractors; and
- How subcontractor notifications regarding requests to vary from the NIST requirements and the submission of cyber incident reports are managed and documented.

The revisions also emphasize that 252.204-7012 is not an indiscriminate flowdown and applies only where the subcontractor will be utilized for operationally critical support or performing duties that involve CDI.

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