

## CLIENT ALERT

### Upping the Cyber Oversight Ante: DoD Deploys DCMA to Audit Contractor Supply Chain Compliance

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The Defense Department has unveiled plans to audit contractors' supply chain compliance with the DFARS Safeguarding Clause 252.204-7012. Under the auspices of 252.244-7001, Contractor Purchasing System Administration, Under Secretary of Defense Ellen Lord has directed the Defense Contract Management Agency (DCMA) to review contractors' purchasing systems with the intent of verifying compliance with the Safeguarding Clause's flowdown requirements. Notably though, the scope of DCMA's review appears broader than the Clause's textual requirements. Specifically, DCMA will review contractor procedures to:

- Ensure that Tier 1 Level Suppliers are receiving properly marked Covered Defense Information (CDI), or instructions on how to do so; and
- "Assess compliance" of Tier 1 Level Suppliers with both the Clause and NIST SP 800-171.

The memorandum is the latest signal from the DoD that it views the Safeguarding Clause's flowdown requirements as more than a check-the-box exercise and an increasingly important piece of its overall cybersecurity.

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

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