



# 12 Essentials to a Successful DCMA Contractor Purchasing System Review

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The Defense Contract Management Agency (DCMA) has defined the Contractor Purchasing System Review (CPSR) Group's mission – "Ensure that [Government] suppliers' have purchasing systems in place that contribute to effective subcontract management. Effective subcontract management includes development of, as well as performance to internal policy and procedures, public law and adequacy of cost and prices analyses performed on subcontractors." Consistent with this mission statement, the Federal Acquisition Regulation (FAR) CPSR objective in Subpart 44.3, Contractors' Purchasing System Reviews, states that the "objective of a contractor purchasing system review (CPSR) is to evaluate the efficiency and effectiveness with which the contractor spends Government funds and complies with Government policy when subcontracting...."

Understanding DCMA's CPSR mission and objective, contractors must realistically evaluate their current purchasing system. As part of this evaluation, contractors should use the primary authoritative regulations and DCMA guidance around the CPSR, including, without limitation:

- DFARS 252.244-7001, Contractor Purchasing System Administration
- FAR Subpart 44.3, Contractors' Purchasing System Reviews
- DCMA Instruction 109 – Contractor Purchasing System Reviews
- DCMA CPSR Policies and Procedures Checklist
- DCMA CPSR Guidebook

Capital Edge has supported multiple contractors through the CPSR process. In doing so, we have identified 12 purchasing system essentials that every company must consider as they assess their system and prepare for their next CPSR.



## 1 Document, Document, Document

Documentation is critical. This theme is a common thread throughout the CPSR, but everything starts with the purchasing policies and procedures. Not only do you have to comply with the FAR, DFARS, public laws and the expectations of the DCMA CPSR Policies and Procedures Checklist and Guidebook, but you also must make sure you actually do what you say you do. Based on our experience, a lot easier said than done.

## 2 Compete, Compete, Compete

You must select subcontractors on a competitive basis to the maximum practical extent, consistent with the objectives and requirements of the contract. A systemic lack of competition, which can be a CPSR finding, only raises red flags and increases the CPSR Team's scrutiny, potentially exposing you to a variety of consequential findings in a CPSR (e.g. insufficient file documentation, inadequate source justifications, price analyses and negotiation memoranda, and Truth-In-Negotiations Act and Cost Accounting Standards non-compliance).

## 3 Gain Competitive Metrics

Increase your company's competition metrics by documenting fair and reasonable price based on a competitive price analysis technique and avoid the risk of those consequential findings mentioned above (FAR 15.403-1(c)(1), FAR 15.404-1(b)(2) and FAR 44.303(b)).

## 4 Provide Intelligence

Support your single or sole source justifications with "valid" rationale, compelling evidence, and reasoning. The classic "directed by the PM or COTR" or emergency procurements resulting from your company's failure to advance plan aren't going to fly.





## 10 Secure Time of Award Debarment

The former Excluded Parties List System (EPLS) pre-award 3-check approach is no longer acceptable to satisfy the debarment requirement. When applicable, ensure you are securing time of award debarment (and “anti-lobbying”) certifications from the subcontractors (FAR 52.209-6 and FAR 52.203-12). DCMA is accepting several options in documenting these date of award requirements.

## 11 Properly Store Documentation

The procurement file should be the central repository for all procedural, FAR, DFARS and public law file documentation requirements. We’ve seen clients unknowingly violate a public law reporting requirement dozens of times when the failure to report and resultant violations could have been avoided had the procurement professional simply been required to retain record of the report in the procurement file.

## 12 Remain Reliable

Contractors oftentimes get the CPSR off on the wrong foot because they are unable to provide accurate data and/or define the subcontract/purchase order universe in response to the CPSR Data Call. If you can’t identify reliable data and the proper universe of files for your response, it certainly doesn’t instill much confidence in the Government’s ability to rely on your system and increases their sensitivity during the review. To the extent possible, make sure your system(s) is configured appropriately and robust enough to track, segregate and report the data required (e.g. award value, current value, contract and subcontract type, etc.) in the CPSR Data Call. Otherwise, you should expect to undertake a painful manual review and sorting of data generated within the CPSR Team’s aggressive response timeframe.

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