



Contractor Purchasing System Review (CPSR)

YEAR IN REVIEW

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Phil Bail & Associates
A Veteran Owned Small Business

“Contractor Purchasing System Review” (CPSR)

1. What is a CPSR Audit?
2. Could my purchasing department be audited?
3. Important Steps in being ready for a CPSR
4. What Do You Know About Advanced Notification and Consent?

What Is a CPSR Audit?

- A review of the way your company buy supplies and services in support of government contract (s)
 - Are you using small businesses to the maximum extent possible?
 - Are you justifying single or sole source purchases?
 - Are you flowing to your suppliers applicable Public Laws and government flow down clauses?
 - Are you documenting the rationale for determining prices fair and reasonable?
 - Does your Purchasing Manual or policies and procedures include explanations of the 60-some topics the government considers required?

Could My Purchasing Department Be Audited By the Government?

- Administrative Contracting Officer (ACO) determines the need for a CPSR.
- Decision is based on the following:
 - Were sales to government in last fiscal year >\$25 million excluding competitive FFP awards and commercial item awards?
 - Has company past performance gotten worse?
 - Has contract complexity increased?
 - Has \$ value of contracts increased?
 - Has number of contracts or P/N volume increased?
 - Was last CPSR more than 3 years ago?

Important Steps in being ready for a CPSR

Become Knowledgeable about CPSR Guidance and Requirements

- Read FAR Subpart 44.3, Contractors' Purchasing Systems Reviews
- Review DODFARS 252.244-7001, Contractor Purchasing System Administration
- Examine the most current Contract Purchasing System Review (CPSR) Guidebook
- Become familiar with the topics expected to be part of your Purchasing Manual

TODAYS FOCUS: DFARS Clause 252.244-7001, Contractor Purchasing System Administration, identifies 24 system criteria that must be met to earn “Government Approval” of your purchasing system when audited.

Criteria 16: Notify the Government of the award of all subcontracts that contain the FAR and DFARS flowdown clauses that allow for Government audit of those subcontracts, and ensure the performance of audits of those subcontracts.

- Criteria 16 is tied to the data call the government makes when they do a risk analysis determination to decide if they are going to audit your purchasing system
- Responding to the data call effectively and correctly can have a major impact on your ability to pass a CPSR Audit

CPSR Risk Assessment Form

1. CAGE codes associated with purchasing system
2. Prior CPSR Recommendations
3. Sales Data*
4. Government Prime Contract Mix*
5. Sales to Government as % of Total Contractor Sales
6. Number of Purchase Orders in certain categories*
7. PO's Subject to certain requirements*
8. Is Purchasing Manual compliant with FAR/DFARS?
9. Identify all internal audits of purchasing system
10. Description of internal training for buyers
11. What is your business size and type?
12. Any reorganization, divestitures or mergers within last 3-years of since last CPSR?
13. Have you procured from any vendors subject to specialty metals non-compliance clause at DFARS 252.225-7008 or -7009?
14. Have you been debarred or suspended within the past 3-years?
15. Are you involved in any major high visibility program subject to special surveillance?

Sales Data

Total Government Sales –Prime Contract Awards (Current FY and Next FY)

LESS

Gov't Sales (Commercial Item FAR Part 12)

Gov't Sales (FFP Competitive)

Gov't Sales (FP with economic price adjustment)

Adjusted Gov't Sales – Prime Contracts

Total Government Sales –Subcontract Awards (Current FY and Next FY)

LESS

Gov't Sales (Commercial Item FAR Part 12)

Gov't Sales (FFP Competitive)

Gov't Sales (FP with economic price adjustment)

Adjusted Gov't Sales – Subcontracts

Total Adjusted Gov't Sales – Prime and Subcontracts

Government Prime Contract Mix

Percent of Total

- FFP (RFP) Negotiated
- FFP (sealed bid) Competitive
- CPFF/CPFF
- T&M and Labor Hours
- Commercial FAR Part 12

Number of PO's in Certain Categories

Number and Total Dollars in Each Category

- >\$500,000
- \$500,000 to \$100,000
- \$100,000 to \$30,000
- Under \$30,000

PO's Subject to Certain Requirements

Number of Purchases and \$ Value

- Certified Cost or Pricing Data (FAR 52.215-12 and -13)
- Cost Accounting Standards (FAR 52.230-6)
- Small Business Subcontracting Plan FAR 52.219-9)
- EEO Pre-Award Certification (FAR 52.222-24)
- Advanced Notification and Consent (FAR 44.201 and FAR 52.244-2)
- Classified or Secret Contracts*

*If classified or secret, what is name and phone number of your security officer?

Is Purchasing Manual Compliant with FAR/DFARS Requirements?

- Go to: www.philbail.com, click on “Resources” to read my article about CPSRs and also to see the list of topics the government considers necessary in a contractor’s Purchasing Manual. 60+ topics
- Counterfeit parts
- Make or Buy Program
- Credit Cards
- Specialty Metals
- Receipt of Materials
- Price or Cost Analysis
- Single/Sole Source
- Etc.....

Resources

- www.philbail.com, “Resources”
- Google “Contractor Purchasing System Review (CPSR) Guidebook, look for August 8, 2014 version
- FAR 44.3 and DODFARS Clause 252.244-7001, Contractor Purchasing System Administration

Follow-Up

- Contact Phil Bail & Associates for a cost effective unbiased review of your purchasing system.

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