

4 Ways to Prepare for a CPSR



FAR Subpart 44.3 - Contractors' Purchasing Systems Reviews

44.301 Objective.

The objective of a contractor purchasing system review (CPSR) is to evaluate the efficiency and effectiveness with which the contractor spends Government with Government policy when subcontracting. The review provides the administrative contracting officer (ACO) a basis for granting, withholding, or withdrawing a contractor's purchasing system.

44.302 Requirements.

(a) The ACO shall determine the need for a CPSR based on, but not limited to, the past performance of the contractor, and the volume, complexity and dollar value of the contractor's sales to the Government (excluding competitively awarded firm-fixed-price and competitively awarded fixed-price with economic price adjustment contracts).

Overview

Compliance does not have to be complicated. For many in the government contracting world, the thought of a Contractor Purchasing System Review (CPSR) is a bit overwhelming. By taking proactive steps to prepare for such a review, you can alleviate a lot of undue stress for your contracts team, as well as the rest of the organization.

What is a Government Approved Purchasing System?

A purchasing system involves all the activities required by FAR Subpart 44 that relate to a prime contractor's purchasing of goods and services. It is considered approved when it has "passed" a CPSR performed by a federal regulatory agency, typically the Defense Contract Management Agency (DCMA).

When are You Eligible?

The current \$25M threshold referenced in FAR 44.302(a) has been in effect since 1996. DCMA more recently issued a Class Deviation Memo raising the threshold to \$50M based on an analysis of inflation and acceptable risk. A FAR case has been opened to raise the threshold to \$50M.

Benefits of an Approved Purchasing System

- Reduced government transactional oversight
- Limited notification or consent requirements
- Reduced cycle time
- Increased contract opportunities in future evaluated procurements

Key Indicators of a Compliant System

- Competition is maximized
- Documented standardized business processes
- Effectiveness of negotiation
- Subcontractor performance is maximized and compliance is monitored
- Satisfactory small business program
- Self-assessment

4 Ways to Prepare

1

Start Now

It will take time and funding to properly prepare for a CPSR. Even if you are not at the \$25M threshold, it is important to start planning for it. Identify the key players and project lead, evaluate current processes, and develop a time/resource budget.

2

Evaluate Business Systems

The inaccuracy of data calls is a deficiency. You will need to ensure the business systems your organization currently utilizes can pull the data needed for the CPSR. If that is not the case, you will need to evaluate systems and have a solution in place before the review. A system such as SpectrumCLM offers specific functionalities to facilitate compliance and standardize business processes.

3

Pre-Review

Organize an internal or a third-party “pre-review” to determine weaknesses and areas for improvement – not an official audit, but a review. One key area to focus on is consistency and lead time in how your organization handles buys. A system such as SpectrumCLM enables automated internal reviews for self-assessments.

4

Training

Ensure your staff is trained on the Procurement Manual and document such training. The Procurement Manual needs to include policies and procedures, but not specific work instructions. Also, train staff and senior management on the CPSR process and what to expect.

SpectrumCLM®

The contract lifecycle management system for government contractors

Benefits

- Access embedded Clause Libraries, featuring FAR, DFARS, and supplements (including historical clauses)
- Manage contract and subcontract data with links between contracts (all CLINS/SLINs/ACRNs), task orders and modifications
- Ensure standard, compliant processes with auditable approval routing and on-screen user guidance
- Reduce time to access support documents from days and hours to minutes
- Enable quick, automated access to contract and subcontract data and reports for audits and ad hoc data calls
- Comprehensive approval routings to match business requirements.
- Electronic alerts and email notifications of pending actions and deliverables
- Powerful ad hoc reporting and a standard report library
- In-depth search functionality, including ability to search within attached documents
- Central repository for all contract and subcontract data and documentation (includes check in/out capability)
- Interface capabilities to leading financial/ERP systems
- Web-based, zero footprint SaaS delivery model

CPSR and SpectrumCLM®

SpectrumCLM® is a commercial off-the-shelf (COTS) solution built specifically for government contractors who must comply with extensive federal and agency-specific regulations. While SpectrumCLM provides support for typical contract activities in the commercial sector, it is uniquely capable of dealing with the requirements associated with federal contracts. Like so many things that touch the government's regulated processes, government contracts carry an unparalleled degree of compliance risk and associated penalties for non-compliance.

SpectrumCLM's core capability is focused on accurately recording a government contract and capturing all of the regulations and requirements over the contract's lifecycle to include **full subcontract management**. SpectrumCLM showcases a data model that is rich in support of federal contracts and subcontracts and their extensive auditing requirements; libraries of regulatory clause data; flexible and rule-based workflows; and an ability to adapt to ever-changing realities of contract and subcontract management and the endless variety of contract situations that must be captured and managed.

CLM Functionality Vital to the CPSR Process

The SpectrumCLM solution offers specific functionality to enable an organization to demonstrate to DCMA it has invested in a system to enable compliance. Based on the DCMA audit checklist, specific CLM capabilities supported are: Public Law and Certification Requirements, Pricing, and Policies and Procedures.

Public Law and Certification Requirements

- Data fields to track: FFATA applicability, DPAS Rating, Reps & Certs Expiration, EPLS Certification Date, TINA, CAS, Advanced Notification and Consent, Small Business Plan, Competitive/Sole Source, Lead time, Commercial Items, UCA's, Vendor Rating and Volume Discounts
- Subcontract summary table on each prime contract to manage subcontracting plan percentages
- Automated task checklists configurable based on award type and dollar volume to capture compliance requirements such as annual certifications, SAM/EPLS verification, and SMB Certification to enable internal and external auditing
- Notifications of tasks and deliverables due to notify vendors of contract deliverables as well as annual certification requirements

Pricing

- Full library of compliance forms in library including Cost/Price Analysis, Sole Source Justification, FFATA data, and Make/Buy Determination
 - Full record of changes to value and funding by CLIN/SubCLIN/ACRN by modification
 - Tables to capture indirect rate ceilings and available/earned award fees
 - Labor category data including qualifications, rates by POP and discounts with link to resume repository
- Subcontract Summary Report formatted in PDF, Excel or Word to distribute negotiated pricing and terms throughout the organization
 - Full suite of ad hoc reports configurable for use by the user, business unit, user group, or for entire organization
 - DO/TO summary embedded within parent vehicle to view all orders under a single award

Subcontracts Module Top Features

1. Captures all subcontract information from proposal to award, modification, and closeout
2. Supports all subcontract types such as Master Service Agreements, BOA's, IDIQ's, BPA's, and orders
3. Support for all contract types (e.g., all fixed price types, T&M, all cost types, labor hour) as well as international agreements
4. Automated flowdown of clauses from prime contract
5. Automatically validates and warns of potential data and process errors
6. Maintains complete and accurate history of purchase transactions
7. Captures cost and price analysis and document discounts offered
8. Provides labor category table to track negotiated rates, SCA and personnel (including resume repository)
9. Track level of effort by CLIN/SLIN or contract level
10. Track delivery due dates with proactive notifications to internal or external parties

Policies and Procedures

- Ability to create standard company subcontract agreements (CTA's, IWA's, MSA's, etc.) using data fields, line items, clause library and deliverables list
- FAR/DFARS definition of flow-down requirements on prime contract to automatically flow-down required clauses with ability for organization to make global changes
- Clause templates to ensure proper inclusion of company standard regulations based on dollar volume of purchase
- Agreement functionality for creating standard NDA, and Teaming Agreements with ability to search and report on key data
- Document repository for storing all subcontract documentation including proposal files, source justification, certification requirements – all easily accessible from the Search panel
- On-screen functional and process guidance (for help or training) configurable by client
- Ability to route subcontract and other supporting documentation to validate compliance with procurement delegation of authority and to store route history for auditing
- Approval rules to include escalation based on sole/single source, dollar volume, UCA's, high risk clauses, etcetera.
- Custom data fields at the header and line item level with drop down lists, selection lists, and text boxes
- Standard closeout checklists for verification of subcontract closeout tasks, which are fully configurable

Subcontracts Summary Report

SPECTRUMCLM®

Contract: FA9785-C-14-2365 (BASE/Released)

NAVIGATOR DETAILS MESSAGES ACCESS HISTORY MANAGEMENT

ROUTE MODIFY CLOSE VALIDATE

Mod Summary **Subcontract Summary** Tasks/Deliverables Project ID Protests Claims Revenue Invoice Personnel Closeout

Hide Guidance

This page displays a summary of the Subcontracts for this Contract.

Contract Totals (Released)	Subcontract Totals (Released)
Negotiated Value: \$1,000,000.00	Negotiated Value: \$405,000.00 (41%)
Exercised Value: \$ 500,000.00	Exercised Value: \$305,000.00 (61%)
Funded Amount: \$ 500,000.00	Funded Amount: \$205,000.00 (41%)

Export to Excel

Subcontract Number	Subcontractor Name	Business Size	Socioeconomic Status	Last Mod Number	Effective Date	Negotiated Value	Exercised Value	Funded Amount	% Subcontract \$'s	% Prime \$'s
SMB0001	Jones Aerospace	Small	SDB	P00001	03/01/2014	\$100,000.00	\$100,000.00	\$50,000.00	33%	20%
SMB0002	GA Scientific	Small	WOSB	Base	07/01/2014	\$200,000.00	\$100,000.00	\$50,000.00	33%	20%
SMB0003	Buckman LLC	Small	HBCU & MI	Base	08/01/2014	\$80,000.00	\$80,000.00	\$80,000.00	26%	16%
LB00001	SAIC	Other Than Small	N/A	P00001	06/15/2014	\$25,000.00	\$25,000.00	\$25,000.00	8%	5%

View subcontracted amounts at the prime vehicle/contract/DO/TO to easily track small business plans and variances, and prompt notification.

The rumors about a quick, affordable path to high efficiency, painless audits, and full FAR/DFARS compliance are true.

SpectrumCLM®

Fulfills all of your GovCon-specific needs

- ✓ Meets the complex and unique requirements of DoD and civilian contracting
- ✓ Is quickly deployed and easy to use

Gets approved by CFOs

- ✓ Demonstrated productivity savings of over 30%
- ✓ Delivers early benefits and high ROI

For proof, pricing, or demo, visit www.compusearch.com/SpectrumCLM



You've suffered long enough.

“SpectrumCLM saves us a great deal of time and takes the pain out of seasonal spikes and audits.”

Lori K. Schendel, Sr. Director, Contracts and Procurement, UIC Government Services

“I am convinced that SpectrumCLM is the best product on the market.”

John Roman, SVP Administration, HII Technical Solutions'
Integrated Mission Solutions

For more than 30 years, Compusearch Software Systems has advanced collaboration among Government Contractors and the DoD and Civilian agencies they support. Our SpectrumCLM software is the only system that meets the unique, complex needs of GovCon – where budgets are lean and compliance stakes are high.

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SpectrumCLM®

The contract lifecycle management
system for government contractors