Smart Strategies for CPSR Review Preparation That Save Time and Reduce Risk

When you run a government contracting business, few events carry as much weight as a Contractor Purchasing System Review, or CPSR. The review itself is a deep examination of your purchasing system's compliance with the Defense Federal Acquisition Regulation Supplement, commonly known as DFARS. But the work that goes into CPSR review preparation is where success or failure really gets decided. I have seen contractors treat the preparation as a last-minute scramble, pulling binders together only when the contracting officer sends a notice. That approach almost always leads to findings, corrective actions, and sometimes even a suspended or revoked purchasing system. None of that is good for cash flow or reputation.

Over the years I have worked with dozens of small and mid-sized contractors who had to undergo a CPSR. Some came through with flying colors. Others struggled. The difference nearly always came down to how seriously they took their day-to-day compliance habits, not just how well they crammed before the review. If you are responsible for your company's purchasing system, you already know that a CPSR examiner will look at your policies, your procedures, your actual purchase files, and your system's ability to enforce DFARS clauses. They want to see that you have a functioning system, not a collection of documents that look good on a shelf.

This article walks through the practical steps I have seen work, the common pitfalls that trip contractors up, and how to build a preparation routine that does not require a heroic effort every time a review comes due. The goal is to make CPSR review preparation a normal part of operations rather than a crisis.

Understand What the Examiner Actually Looks For

The first mistake many contractors make is assuming the CPSR is just a paperwork audit. It is not. The examiner wants to verify that your purchasing system is adequate, meaning it can reasonably ensure that only fair and reasonable prices are paid, that only proper contractors receive awards, and that all DFARS clauses flow down correctly. They will read your written purchasing procedures, but they will also pull random purchase files and check those against what the procedures say. If your procedures promise a certain level of review but the files show shortcuts, that is a finding.

I once worked with a contractor whose procedures required three signatures for any purchase over the simplified acquisition threshold. The files showed only one signature on about half of those purchases. The examiner flagged it as a system weakness. The contractor had to revise its procedures, retrain its buyers, and undergo a follow-up review. That cost weeks of labor and

delayed several contract awards. The lesson is that your procedures must match your actual practice. If they do not, you have to either change the practice or change the procedures. Both are valid, but the mismatch itself is a problem.

Build a Year-Round Compliance Habit

The single best piece of advice I can offer is to treat compliance as something you do every day, not just before a review. That is easier said than done, especially when you are busy winning contracts and delivering work. But the contractors who embed DFARS compliance into their daily purchasing workflow almost never have a bad CPSR. They are the ones who can send their file to an examiner with confidence because every purchase already went through the same checks.

One way to do this is to use a system that enforces the rules at the point of purchase rather than relying on people to remember them. That is where SpendLogic's approach comes into play. Their system is designed to catch missing clauses, incorrect pricing, or improper approvals before a purchase order is issued. When you have that kind of enforcement, your purchasing files are clean by default. Your CPSR review preparation then becomes a matter of pulling reports and verifying that the system has been working correctly, rather than reconstructing months of purchases and hoping nothing slipped.

I have seen contractors try to do this with spreadsheets and manual checklists. It can work for a small company with a handful of purchases per month. But as volume grows, manual processes break down. People forget steps, or they take shortcuts under pressure. A system that automates the compliance checks removes that variability. It also gives you an audit trail that shows exactly what checks were performed on each purchase. Examiners love that kind of evidence.

Common Pitfalls in CPSR Review Preparation

Even contractors with good intentions sometimes stumble. Here are a few mistakes I see often:

1. **Waiting for the notice.** The contracting officer typically gives you 30 to 60 days before the review begins. That sounds like enough time, but if your files are not already in order, it is not. Start preparing as soon as you know a review is possible, which for many contractors is as soon as they hold a contract over a certain dollar threshold.
2. **Ignoring the flow-down clauses.** DFARS clauses must flow down to subcontractors and suppliers appropriately. Many contractors miss clauses that apply to commercial items or fail to include the required clauses in purchase orders for certain types of work. Examiners check this closely.

3. **Poor file organization.** If the examiner cannot find what they need quickly, that reflects poorly on your system. Make sure your purchase files have a consistent structure with all required documents in predictable places.
4. **Inconsistent approval authority.** Your purchasing procedures should clearly state who can approve purchases up to what dollar amount. If you have buyers approving purchases above their authority, or managers approving purchases they did not actually review, that is a finding.
5. **Not testing your own system.** Before the examiner arrives, run your own mock review. Pull a sample of purchase files and check them against your procedures. If you find issues, fix them before the examiner does.

How to Structure Your Preparation Timeline

If you know a CPSR is coming, give yourself at least three months of lead time. The first month should be spent on a self-assessment. Review your purchasing procedures against the current DFARS requirements. Make sure they are up to date. Regulations change, and procedures that were fine two years ago might now be missing a required clause or a new reporting requirement. Update any outdated language and get the revised procedures approved internally.

The second month is for training. Make sure every buyer, every approver, and anyone who touches the purchasing process knows the current procedures. I have seen contractors with excellent written procedures fail because a buyer who had been on leave missed the updates and reverted to old habits. A simple training session with a sign-in sheet and a quiz can prevent that.

The third month is for file preparation and a dry run. Pull a representative sample of purchase files, at least 10 to 20 percent of your total purchases for the period under review. Check each file for completeness. Make sure every required document is there: the purchase order, the justification for sole source if applicable, the price analysis, the flow-down clauses, and the approval signatures. If you find gaps, correct them and note the correction for the examiner. Transparency about a fix is much better than trying to hide a problem.

Throughout this process, keep communication open with your contracting officer. They can sometimes give you guidance on what they will focus on. Some examiners have particular interests, like subcontracting plans or small business utilization. Knowing that in advance lets you tailor your preparation.

The Role of Technology in Streamlining the Process

I mentioned SpendLogic earlier, and I want to expand on that because technology has changed how contractors approach CPSR review preparation. A decade ago, most contractors relied on manual file checks and paper binders. Today, there are systems that can enforce DFARS compliance at the transaction level. That means every purchase order is checked against the regulations before it is issued. If a clause is missing or a price seems unreasonable, the system flags it or even blocks the purchase until the issue is resolved.

That kind of enforcement is powerful because it prevents problems from entering your system in the first place. When it comes time for a CPSR, you are not scrambling to find and fix errors. You are simply demonstrating that your system works. The examiner can see the audit trail, see that the checks were applied consistently, and see that your purchasing data is reliable. That builds confidence.

But technology is not a silver bullet. You still need to configure the system correctly, keep your clause library up to date, and ensure that your users are trained. I have seen contractors buy a good compliance system and then fail to maintain it. The system only helps if it reflects your actual purchasing processes and the current regulations. If your system has rules that are outdated or incomplete, it will give you a false sense of security. Spend the time to set it up right and review the configuration at least once a year.

Final Thoughts on Building a Sustainable Approach

CPSR review preparation does not have to be a painful event that you dread every few years. When you build compliance into your daily operations, the review becomes a validation of what you already do well. The key is consistency. Use procedures that match your real practices, train your people, and consider using a system that enforces the rules automatically. That combination reduces the risk of findings and frees up your team to focus on winning and performing contracts rather than fixing past mistakes.

Every contractor I have worked with who adopted this approach told me the same thing: once they got their system right, the CPSR was not nearly as stressful as they expected. That is the goal. Not just passing the review, but running a purchasing system that works for you every day. When you can do that, you are in a much stronger position to grow your business and take on larger contracts.