The Essential CPSR Checklist: How to Prepare for a Contractor Purchasing System Review

Why a CPSR Checklist Matters More Than You Think

If you have worked in government contracting for any length of time, you know the phrase "Contractor Purchasing System Review" can make even seasoned procurement managers pause. A CPSR is not just an audit. It is a deep examination of how your company buys goods and services for federal contracts. The review determines whether your purchasing system meets the standards laid out in the Defense Federal Acquisition Regulation Supplement (DFARS) and the Federal Acquisition Regulation (FAR). A favorable outcome means you can keep your delegated purchasing authority. A poor result can lead to loss of that authority, or worse, suspension of your contracting privileges.

Over the years I have sat through several CPSR preparations, both as a contractor and as someone who helps other firms get ready. The single most common mistake I see is treating the review as a last-minute scramble. Companies pull together binders of policies, call their legal team, and hope the Defense Contract Management Agency (DCMA) reviewer does not ask too many questions. That approach almost always leads to stress, rework, and sometimes corrective action requests. What works far better is a structured, ongoing process. And that starts with a solid **CPSR checklist**.

What a CPSR Actually Looks At

Before you build your checklist, it helps to understand what the reviewer will examine. DCMA does not show up looking for one thing. They look at your entire purchasing operation. The evaluation covers 23 specific criteria, ranging from how you determine prices are fair and reasonable to how you manage subcontractor oversight. The reviewer wants to see written policies, yes, but they also want to see that those policies are followed in practice. They will sample purchase orders, review your subcontracting files, and talk to your buyers.

I remember one review where the company had an excellent policy manual but the actual purchase orders told a different story. The policy said they would get three competitive quotes for any purchase over the micro-purchase threshold. But the sample orders showed sole-source justifications with no documentation. That kind of gap is a red flag. A good CPSR checklist helps you catch those gaps before the reviewer does.

Building Your CPSR Checklist: The Core Areas

Your checklist should be a living document, not something you dust off once a year. Break it into sections that match the major DFARS clauses. Here are the areas I have found critical in real reviews.

1. Purchasing System Policies and Procedures

Start with the basics. Do you have a written purchasing system description? Does it cover all the required elements from DFARS 252.244-7001? The checklist should verify that your policies address competition requirements, contractor purchasing system reviews themselves, and the flow-down of clauses to subcontractors. I have seen companies with great policies that simply forgot to update them after a regulatory change. That is an easy fix if your checklist includes a review date.

2. Price Reasonableness Determinations

Every purchase order must show that the price paid is fair and reasonable. Your checklist should include a step to ensure that for each order above the simplified acquisition threshold, you have documented the basis for your determination. That might be competition, market research, or a prior cost analysis. Without that documentation, the reviewer will flag it.

3. Subcontracting and Flow-Down Clauses

This is a big one. The government requires that certain clauses from your prime contract flow down to your subcontractors. Your checklist needs to confirm that your purchase orders include the correct DFARS and FAR clauses, especially those related to small business subcontracting plans and equal opportunity. I once worked with a firm that missed a mandatory flow-down for a service contract. The reviewer caught it, and the company had to revise dozens of subcontracts. That kind of mistake is entirely avoidable with a good checklist.

4. Records and File Documentation

The reviewer will ask to see your purchasing files. Your checklist should verify that each file contains the purchase order, the supporting documentation for price reasonableness, any justifications for sole-source awards, and evidence of competition. A common oversight is missing the documentation of the actual receipt and acceptance of goods or services. That seems simple, but when files are scattered across multiple systems, it is easy to lose track.

5. Ethics and Conflict of Interest

Your purchasing system must include a written code of business ethics and a plan for preventing conflicts of interest. The checklist should confirm that your ethics policy is current and that all purchasing personnel have signed it. I have seen reviews where the DCMA

representative asked buyers directly about their training. If the answer is vague, that is a mark against your system.

How to Use a CPSR Checklist in Practice

A checklist is not useful if it sits in a folder. You need to use it as part of your regular operations. I recommend scheduling a quarterly self-assessment. Pull a sample of purchase orders from the previous three months and run them against your checklist. Note any missing items. Then fix them before the review. This creates a habit of compliance rather than a panic before the audit.

Another practice that works well is to assign a single person to own the checklist. That person ensures it stays updated when regulations change. For example, when DFARS was updated to include new requirements for assessing contractor performance, your checklist should have been updated within a month. If you wait until the CPSR is scheduled, you will likely miss something.

I also suggest involving your buyers and contract administrators in the checklist review. They are the ones who will be asked questions by the DCMA reviewer. If they understand what the checklist requires and why, they are far more likely to follow the procedures. One company I worked with held a 30-minute stand-up meeting once a month to go over a single checklist item. That kept everyone aligned and reduced errors significantly.

Common Pitfalls to Watch For

Even with a good CPSR checklist, companies make mistakes. Here are a few I have seen repeatedly.

Overlooking small purchases. Many companies focus their documentation efforts on large subcontracts. But the reviewer will sample a range of file sizes. A missing justification for a $5,000 sole-source order is just as damaging as one for a $500,000 order. Your checklist should apply equally across all dollar values.

Not updating the checklist itself. Regulations change. Your checklist must change with them. I recommend setting a calendar reminder to review the DFARS and FAR updates every six months. The DCMA publishes a list of changes that affect purchasing systems. Subscribe to that and update your checklist accordingly.

Relying on memory. I have heard people say, "We always get three quotes. We do not need to write it down." That is a dangerous attitude. If the reviewer cannot see it in the file, it did not happen. Your checklist should enforce documentation, not assume it.

The Role of Technology in Your Checklist

Many contractors now use electronic purchasing systems that can automate parts of the CPSR checklist. For example, your system might flag any purchase order that lacks a price reasonableness justification before it can be approved. That is a huge time-saver. But technology is not a substitute for human review. I have seen automated systems that were configured incorrectly, so they did not catch all the required clauses. The checklist should include a step to validate that your system settings match the current requirements.

If you use a manual process, keep your checklist simple. A spreadsheet with columns for each criterion works fine. The key is to actually use it. One company I worked with printed their checklist and had the purchasing manager sign off on it each quarter. That physical act of signing made the process feel more real to everyone involved.

Final Thoughts on Preparing for a CPSR

A Contractor Purchasing System Review does not have to be a source of dread. With a well-constructed CPSR checklist and a habit of regular self-checks, you can walk into the review with confidence. The checklist becomes your map. It shows you where you are and what still needs attention. It also signals to the DCMA reviewer that your organization takes compliance seriously.

In my experience, the companies that pass their CPSR with minimal corrective actions are the ones that treat the checklist as a tool for continuous improvement, not a box to check off. They use it to train new buyers, to catch process gaps, and to stay current with regulatory changes. That kind of culture does not happen overnight, but it starts with a single document. If you have not built your CPSR checklist yet, now is the time. If you already have one, take it out and review it against the latest DFARS updates. You might be surprised by what you find.