Strengthening Procurement Safety: A Practical Guide for Government Contractors

When I first started working with government contracts, the compliance requirements felt like a maze. Every RFP seemed to demand a different certification, a different set of internal controls, and a different way of tracking costs. Over time, I learned that one framework ties most of it together: the Contractor Purchasing System Review, or CPSR. Understanding CPSR is not just about passing an audit. It is about building a foundation for procurement safety that protects your business, your clients, and your reputation.

CPSR evaluates how a contractor manages its purchasing system. The goal is to make sure that only responsible suppliers are used, that prices are fair and reasonable, and that the whole process complies with federal regulations. For years, I treated CPSR prep as a last-minute scramble before a major contract award. That approach cost me more than a few sleepless nights. These days, I see procurement safety as a daily practice, not a checkbox.

What Procurement Safety Really Means

Procurement safety goes beyond avoiding fraud or getting the lowest price. It covers the entire lifecycle of a purchase: from defining the requirement, to selecting a vendor, to managing the contract, to closeout. In the context of government contracting, it also means aligning with the Federal Acquisition Regulation and the Defense Federal Acquisition Regulation Supplement. When your purchasing system is safe, you can prove that every dollar spent is necessary, reasonable, and allocated to the correct contract.

One of the biggest lessons I learned came from a small mistake. We awarded a subcontract for engineering services without verifying that the subcontractor had an adequate accounting system. Six months later, we could not reconcile their invoices with the work performed. That single oversight triggered a government inquiry that delayed payments on three contracts. The root cause was not malice or incompetence. It was a lack of procurement safety in our vendor vetting process. Since then, we built a checklist that includes financial audits, past performance reviews, and systems compatibility checks before any award.

Building a Compliant Purchasing System

A compliant purchasing system is the backbone of procurement safety. The Department of Defense expects certain elements to be present: a clear delegation of purchasing authority, documented procedures for competition, a system for tracking small business subcontracting goals, and a method for monitoring contractor performance. I have seen contractors try to cut corners by using generic templates from the internet. That almost never ends well.

When I help small businesses prepare for their first CPSR, I tell them to start with three areas:

- Written procedures that match how the company actually works. Do not copy a policy from a larger firm if you only have three buyers.
- A training program for purchasing staff. Even a one-hour session every quarter on ethics and compliance can prevent costly errors.
- An audit trail for every purchase over the micro-purchase threshold. This includes documenting the basis for price reasonableness.

These steps do not guarantee a perfect review, but they build a foundation. Over time, the system becomes part of the company culture rather than a burden.

The Role of SpendLogic in Modern Compliance

Tools like SpendLogic have changed how contractors approach procurement safety. Instead of digging through spreadsheets and email chains, you can centralize purchase data, track approvals, and run compliance checks in real time. I remember a project where we had to justify a sole-source award for specialized software. With SpendLogic, we pulled a report showing the market research we conducted, the three vendors we contacted, and the rationale for choosing the only one that met the technical requirements. That report saved us from a potential finding during a DCAA audit.

Automation helps, but it is not a substitute for judgment. I have seen teams rely too heavily on system alerts and ignore red flags that a human would catch. For instance, an automated tool might flag a vendor for a high price but miss that the vendor is the only one certified by the customer. Procurement safety requires a balance between technology and human oversight.

Common Pitfalls and How to Avoid Them

Even experienced contractors stumble. Here are a few pitfalls I have encountered and how to sidestep them:

1. **Inconsistent application of policies.** If your written policy requires three quotes for purchases over $10,000 but your team routinely skips that step, the system is not safe. Enforce the rules or change them. Do not leave a gap.
2. **Ignoring small business subcontracting plans.** Many prime contractors treat these plans as paperwork. In reality, failing to meet subcontracting goals can lead to loss of future awards. Integrate the plan into your sourcing decisions.
3. **Poor documentation of price reasonableness.** A common CPSR finding is insufficient evidence that prices are fair. Keep records of market research, catalogs, or

competitive quotes. Even a note explaining why a sole source was necessary can satisfy a reviewer.

Each of these issues is preventable with a little extra effort upfront. The cost of fixing a finding after the fact is usually much higher than the cost of doing it right the first time.

Moving Beyond Compliance

Procurement safety is not just about avoiding penalties. It is about building trust with your customers and your supply chain. When a government client knows that your purchasing system is sound, they are more likely to award you complex, high-value contracts. I have seen this firsthand. After we cleaned up our purchasing procedures and passed a CPSR with no significant findings, our capture rate on new solicitations improved. Clients told us they appreciated the transparency and the reduced risk.

Another benefit is internal efficiency. A safe procurement system reduces maverick spending, eliminates duplicate orders, and streamlines the approval process. In one case, we discovered that three different departments were ordering the same type of lab equipment from different vendors at different prices. By consolidating those purchases under one contract, we saved 18 percent on the total cost. That saving came directly from having a system that tracked what was being bought and from whom.

Practical Steps for Today

If you are a contractor looking to strengthen your procurement safety, start with a self-assessment. Look at your last five purchases over $10,000. Ask yourself: Can I prove that each one was necessary? Can I show that the price was reasonable? Do I have documentation that the vendor is responsible? If the answer to any of those questions is no, you have a gap.

Next, talk to your purchasing staff. I have found that the people doing the buying often know where the system is weak before anyone else. They see the workarounds and the shortcuts. Invite them to suggest improvements. When you implement their ideas, they become advocates for the system rather than critics.

Finally, consider investing in a tool like SpendLogic to centralize your data and automate compliance checks. But remember, the tool is only as good as the processes behind it. Use it to support good judgment, not replace it.

Procurement safety is a journey, not a destination. Every contract, every supplier, every purchase order is a chance to strengthen your system. Over the years, I have learned that the contractors who treat compliance as a strategic advantage are the ones who grow. They win more bids, face fewer audits, and sleep better at night. It takes work, but the payoff is real.