



# FSCMO

Federal Supply Chain Management Organization

## **Contractor Purchasing System Review (CPSR) On-Ramp Process**

**Proposed for Inclusion in:**

**The National Defense Authorization Act of 2021  
The Defense Small Business Advancement Act**



## Issue

**The current Pentagon acquisition strategy is prohibiting thousands of small business and commercial firms from actively and directly supporting the warfighter**, due to its tying direct access to defense funding to the offeror's ability to pass a purchasing system review process which is applied almost exclusively to large government contractors.

This acquisition strategy is quickly creating a Lose-Lose-Lose situation for the Pentagon, the Small Business Administration, and nontraditional government contractors.

**While the Department of Defense's reliance on the current Contractor Purchasing System Review (CPSR) process** for the qualification of prime contractors effectively mitigates the financial and performance risks associated with contractor supply chains, it also **results in the unintentional stifling of opportunities for technological innovation while inadvertently frustrating the primary mission of the SBA to "build and grow" small businesses.**

## FSCMO Position

It is the position of the Federal Supply Chain Management Organization (FSCMO) that the current CPSR process (as well as current efforts to revive the DoD Mentor-Protégé Program) can be discreetly revised in the National Defense Authorization Act (NDAA) of 2021 and the Defense Small Business Advancement Act to provide nontraditional (e.g. small businesses and commercial) government contractors with the supervised access to the purchasing system review process required to mitigate significant aspects of DoD's acquisition risk. We believe that these revisions can be implemented with minimal additional cost and without significant revision to the CPSR process as currently conducted by the Defense Contract Management Agency (DCMA).

If enacted, these revisions will:

- *Emphasize and facilitate DoD's commitments to technological innovation and support of small business contractors while significantly mitigating risks derived from contractor supply chains;*
- *Directly support SBA's primary mission to "build and grow" small businesses;*
- *Provide nontraditional government contractors with direct access to hundreds of billions of dollars of federal defense funding; and*
- *Encourage large traditional contractors to support small business purchasing system development via benefits derived from an enhanced mentor-protégé outreach and participation program.*

## Background

### The Beginning of the CPSR Process

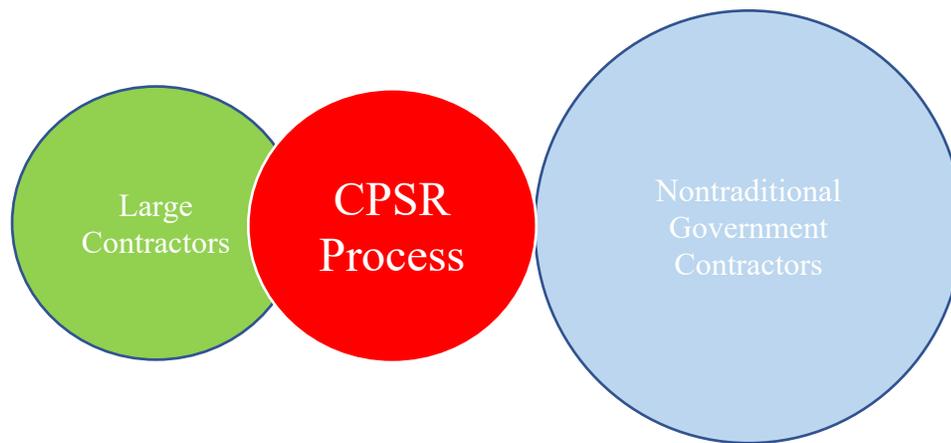
The Contractor Purchasing System Review process was included in the Federal Acquisition Regulations via Part 44 and quickly became a go-to method for the Department of Defense to evaluate and mitigate performance and cost risks associated with prime contractor use of their



supply chains in the fulfillment of needs under federally funded developmental (re: noncommercial) contracts. When originally implemented (in rough response to the “\$435 Hammer” scandal of the early 1980’s<sup>1</sup>), the CPSR process was designed to evaluate the “Three C’s of Federal Procurements:”

- **Cost Controls**, which includes price and cost analysis, documented competition, and negotiations towards a “best value” price for the Government End-User;<sup>2</sup>
- **Commercial Item Sourcing**, including control of contract types and sourcing to established suppliers with proven solutions at pricing moderated by the open market;<sup>3</sup> and
- **Compliance with Regulatory Requirements**, including but not limited to formal Subcontract Surveillance, Truthful Cost or Pricing, Cost Accounting Standards, Small Business Subcontracting, Debarment, DPAS, and the Buy American Act<sup>4</sup>

Prior to the advent of Information Technology as a major component of federal spending, the most active and extensive supply chains were managed by manufacturers like Boeing, MacDonal Douglas and Lockheed Martin. As a result, the CPSR process as originally created was not only geared towards the evaluation of manufacturers (CPSR documentation still refers to “plant visits” and evaluating “production lines”), small businesses receiving less than \$25M a year in federal funding were specifically excluded from the process per FAR 44.302. So, while the CPSR process was vigorously applied to large manufacturers, the majority of large and small federal contractors were excluded from the process:



**Figure 1: Industry Exposure to CPSRs, 1986 – 2010**

### The First Expansion of the CPSR Process

This approach to CPSR applicability and performance substantially shifted with the October 15, 2009 publication of GAO-10-163T, entitled “Widespread DCAA Audit Problems Leave Billions

<sup>1</sup> “The High Cost of Military Parts,” originally published 09/01/1983, New York Times print edition, Section D, Page 1. (<https://www.nytimes.com/1983/09/01/business/high-cost-of-military-parts.html>)

<sup>2</sup> See FAR Part 44.303(b),(e)

<sup>3</sup> See FAR Part 44.303(a),(i)

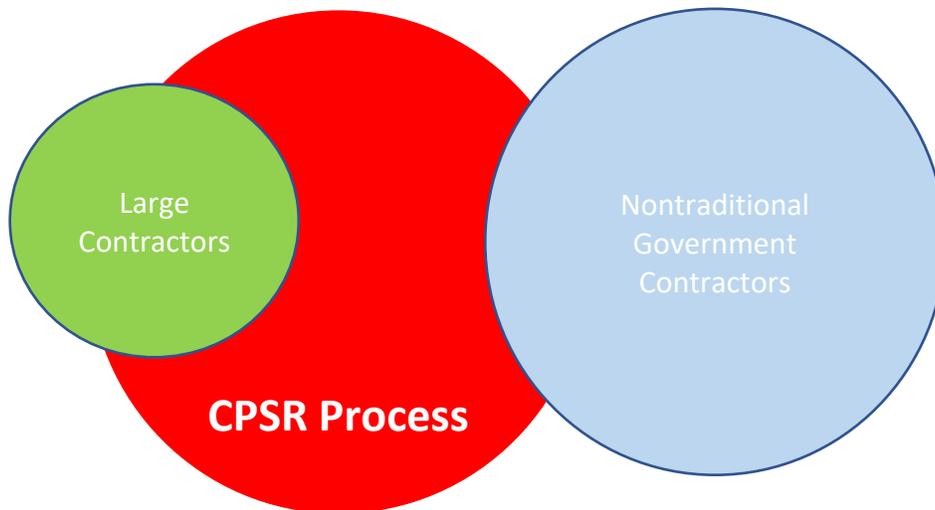
<sup>4</sup> See FAR Part 44.303(c),(d),(f),(g),(h),(j),(k)



of Taxpayer Dollars Vulnerable to Fraud, Waste, Abuse, and Mismanagement.”<sup>5</sup> In summary, GAO found that the scope and effectiveness of government audits of contractor spending, especially during the Iraq-Afghanistan War, was ineffective to the point of actually endangering federal taxpayer revenue by exposing these funds to potential fraud, waste, and abuse during contractor performance under cost reimbursable type prime contracts. This led to several revisions to active DoD surveillance programs, including:

- Increased Defense Contract Audit Agency (DCAA) emphasis on the Incurred Cost Audit (ICA) process;
- Segregation of the CPSR process as the exclusive purview of DCMA (“lightening the load” for DCAA to focus on accounting-type audits);
- Implementation of DFARS 252.242-7005, which applied penalties to contractors that fail contractor business system reviews (including CPSRs);
- Restrictions on the situations where contractors without approved purchasing systems can subcontract without written consent from their Contracting Officer (CO);<sup>6</sup> and
- Expansion of the CPSR process via DCMA internal guidance and implementation of DFARS 252.244-7001, which expanded cost control inquiries to the procurement process rather than exclusively focusing on cost inquiries after invoice submission and payment.<sup>7</sup>

This expansion of the CPSR process, along with the exponential proliferation of large service contractors during the tech revolution of the late 1990’s, brought nearly all large businesses into the potential purview of the CPSR process. In addition, CPSR were expanded to actively evaluate small businesses with federal revenue exceeding \$25M a year supporting critical military systems (i.e. MRAP production, F-35 development, onsite support of AMRDEC, etc.):



**Figure 2: Industry Exposure to CPSRs, 2010 - 2017**

<sup>5</sup> <https://www.gao.gov/mobile/products/GAO-10-163T>

<sup>6</sup> See OCT 2010 revision to FAR 52.244-2, which restricts the ability of contractors without approved purchasing system from awarding flexibly priced subcontracts of any value without CO consent.

<sup>7</sup> When implemented in February 2012, DFARS 252.244-7001(c) supplanted FAR 44.303 as the requirements used by DCMA during purchasing system reviews. 12 of the 24 requirements set forth in 7001(c)(50%) directly address contractor cost controls, compared to 22% of FAR 44.303 (2 of 11) that directly address contractor cost controls.

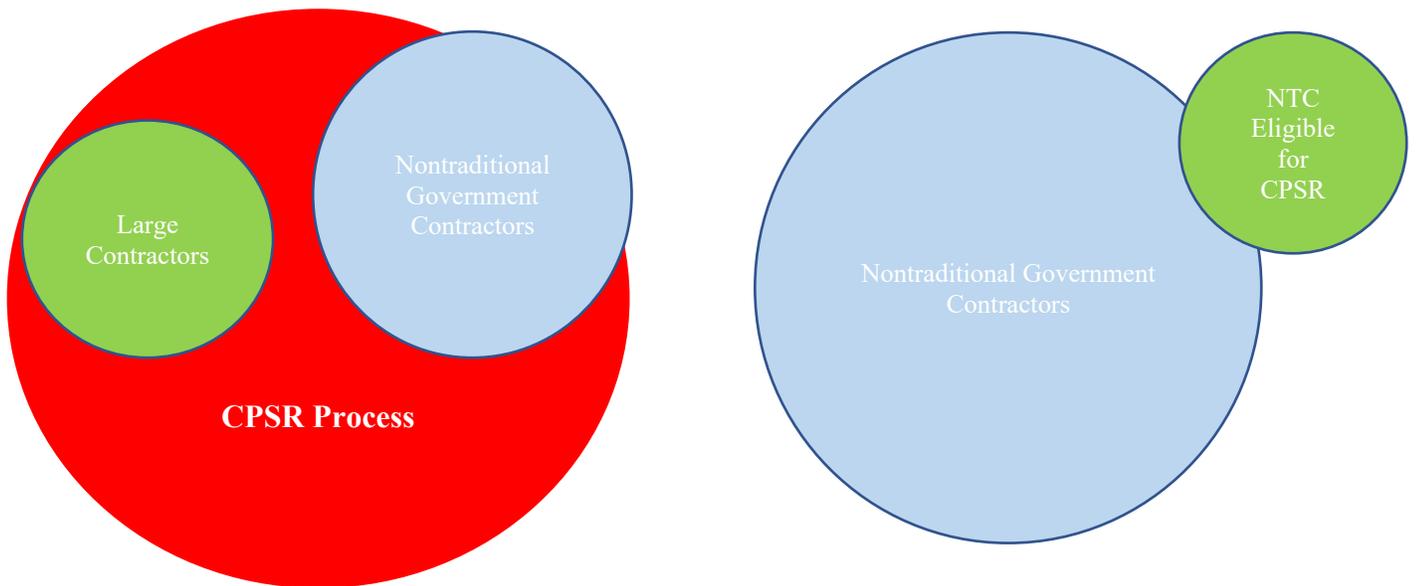


### The Latest Expansion of the CPSR Process

The Pentagon faced renewed scrutiny of its spending practices with the publication of a Dec. 6, 2016 article (sourced in part by Bob Woodward) that alleged the Pentagon “buried” a report it commissioned in 2015 that found approximately \$125B in bureaucratic waste over a five-year period. The report found that this waste was, in part, derived from an overuse of “high priced contractors” and their associated supply chains.<sup>8</sup>

The Pentagon’s response to this most recent spending scandal was at once swift, subtle and expansive: in order to qualify as a prime contractor on the majority of new DoD vehicles (whether administered by the Department or not<sup>9</sup>), contractors would have to either provide evidence of purchasing system approval via the CPSR process or agree to participate in the CPSR process during prime contract performance at the risk of losing that contract if they fail the review and system approval is withheld by DCMA.

In a 2019 companion move implemented in part to “reduce burden on small contractors,” DoD formally proposed an increase to the CPSR Threshold from \$25M in total annual federal revenue to \$50M.<sup>10</sup> So while the requirements for obtaining and maintaining purchasing system approval has effectively extended to nearly all contractors working directly with the Pentagon, the increased threshold has frozen thousands of nontraditional contractors out of DoD acquisitions:



**Figure 3(a): Current Industry Exposure to CPSR Process**

**Figure 3(b): Comparison of CPSR Eligibility and Population of Nontraditional Government Contractors**

<sup>8</sup> [https://www.washingtonpost.com/investigations/pentagon-buries-evidence-of-125-billion-in-bureaucratic-waste/2016/12/05/e0668c76-9af6-11e6-a0ed-ab0774c1eaa5\\_story.html](https://www.washingtonpost.com/investigations/pentagon-buries-evidence-of-125-billion-in-bureaucratic-waste/2016/12/05/e0668c76-9af6-11e6-a0ed-ab0774c1eaa5_story.html)

<sup>9</sup> GSA ALLIANT and OASIS effectively require purchasing system approval for prime contract award. Both vehicles are used extensively by DoD and both have multi-billion-dollar annual contract ceilings.

<sup>10</sup> <https://www.federalregister.gov/documents/2019/05/31/2019-11304/defense-federal-acquisition-regulation-supplement-contractor-purchasing-system-review-threshold>



While this expansion of the application of the CPSR process is highly likely to reduce cost and performance risk to the Government derived from contractor supply chains during prime contract performance, it has also created multiple serious and unintended consequences, including but not limited to:

- Drastic reduction in the number of nontraditional government contractors including commercial tech firms qualified to directly contract with the Department of Defense which significantly endangers the Pentagon's global competitive advantage in the development of next generation technologies including enhanced cyber-security protocols, innovative cyber weapons and Artificial Intelligence (AI); and
- Extensive reduction in small business access to direct federal funding in derogation of the SBA's directive to support the building and growth of small businesses, in effect creating a new class of nontraditional contractor that has no reliable path to graduation from its small business classification other than acquisition by a traditional government contractor. Innovators shouldn't have to sell their business just to cut the red tape that is strangling their ability to grow while favoring the large players in the market.

### **Where We Stand Today**

The Department of Defense has, to date, provided no solution for this issue and instead has actively engaged in activities (such as raising the threshold for qualifying for the CPSR process) that have made the situation more dire for those affected. In addition, DoD has solicited no comments at all for its internal implementation of new thresholds or access to the CPSR process.<sup>11</sup> In fact, DCMA increased the threshold for CPSR to \$50M via published internal directive more than a year before the increase was proposed as a formal regulatory revision.<sup>12</sup>

Without a legislature or regulatory option for comment or discussion, current members of the FSCMO took their concerns (including but not at all limited to access and industry applicability) with the CPSR process to a scheduled meeting with the members of the Section 809 Panel at Former DCAA Director and Section 809 Panel member Patrick Fitzgerald's Tyson Corner office as the Panel prepared their recently published report regarding the "current state" of the Federal Acquisition Regulations. Those concerns were politely heard by Mr. Fitzgerald and other members of the 809 Panel (including former DCMA Director and Section 809 Commissioner Charlie Williams), then completely ignored when the final report was published.

With no available options for discussion (let alone resolution) of this issue within usual channels for industry participation, the FSCMO has decided to take this issue up on behalf of thousands of nontraditional defense contractors with those members of Congress who simultaneously value cost efficiency, innovation, and small business participation during the Pentagon acquisition process.

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<sup>11</sup> DCMA implemented the \$50M threshold via internal directive before the FAR was updated. Even though the \$50M threshold has been in effect since 2018 per internal DCMA guidance, the current version of FAR 44.302 still includes the old \$25M threshold.

<sup>12</sup> See CPSR Guidebook, March 1, 2018, page 3

([https://www.dcma.mil/Portals/31/Documents/CPSR/CPSR\\_Guidebook\\_030118.pdf](https://www.dcma.mil/Portals/31/Documents/CPSR/CPSR_Guidebook_030118.pdf))



## FSCMO Proposal for Enhancing Small Business Participation While Maintaining the Highest DoD Standards

The FSCMO has developed an “On-Ramp” process for nontraditional government contractors to participate in the CPSR process.

This On-Ramp combines the existing review process with approaches, documentation and programs already used by the Pentagon to evaluate contractor business system effectiveness while encouraging the cooperation and support of small business partners. The FSCMO process was jointly developed to substantially reduce potential cost impacts to the Pentagon with our focus on minimal efficiency-based revisions to the current purchasing system review process which can produce a maximum impact on the small business community

The Congress has the unique opportunity to increase small business participation in the federal supply chain while increasing federal efficiency and the industry innovation that fuels job creation.

### **The CPSR On-Ramp Process**

This section will detail the proposed CPSR On-Ramp Process in chronological order of execution:

1. Administrations, agencies and directorates intending to release a Request for Proposal (RFP) for a contract or order that includes a requirement for an approved purchasing system (“Ordering Agencies”) will be required to first post a Request for Information (RFI):
  - Announcing the opportunity;
  - Specifying the approved purchasing system requirement; and
  - Requiring the submission of a completed “Preaward Survey of Prospective Contractor Purchasing System” by all offerors without approved purchasing systems by a published deadline.

The “Preaward Survey” will substantially conform to the format of the current Standard Form 1408, entitled “Preaward Survey of Prospective Contractor Accounting System.” SF 1408 is a checklist currently used by DCAA to superficially evaluate the adequacy of a contractor’s unevaluated accounting system prior to award of a flexibly priced contract. The SF 1408 includes 16 Yes/No questions; if DCAA determines (usually without review of documentation and as the result of interviews with the contractor) that the accounting system in question may be adequate for award of the prospective prime contract, DCAA can fully approve the system (again, without necessarily reviewing any relevant documentation) or issue a preliminary approval with a recommendation for a full scope audit after prime contract award.

The proposed form will use the 24 criteria included in DFARS 252.244-7001(c), much like the SF1408 form mirrors the criteria evaluated by DCAA during an Accounting System Audit. The proposed form will materially differ from the SF1408 form in two aspects:

- The proposed form (SF14XX) will be completed, certified and submitted by the contractor requesting evaluation by the deadline included in the RFI; and



- SF14XX will initiate, rather than conclude, the initial system evaluation process.

Potential offerors missing the submission deadline will be disqualified from using the On-Ramp during the proposal process. Ordering Agencies will use all successful submissions (i.e. forms that include a “Yes” or “N/A” response to all questions) to determine potential volume for Step 2 evaluations.

2. During the Independent Government Estimate phase of the estimating process for the RFP, the Ordering Agency will include a budget for performance of Desk Audits to determine initial Purchasing System Adequacy for the purposes of prime contract award.

The CPSR Desk Audit process will substantially conform with the Desk Audit processes used by DCMA during periodic reviews of approved Property Systems and DCAA during certain Accounting System audits. In other words, the CPSR Desk Audit will be a truncated remote review of relevant documentation that will provide DCMA with an initial determination of the adequacy of the contractor’s purchasing system in accordance with the requirements of DFARS 252,244-7001(c).

During the Desk Audit, a DCMA Analyst will perform a remote review the contractor’s purchasing system policies and procedures; their draft organizational structure and signature matrix, and up to ten (10) (if available) of the contractor’s highest dollar value subcontracts in accordance with the then-current DCMA CPSR Guidebook and other established DCMA CPSR practices. In order to facilitate remote reviews of relevant documentation, all offerors submitting to the Desk Audit will agree to maintain and submit all required documentation in electronic format.

3. Upon release of the draft RFP for the acquisition, or in any case prior to release of the final RFP, DCMA will issue CPSR document requests to all offerors approved for Desk Audit. Offerors who fail to submit documents by the required deadline will be disqualified from the On-Ramp process.

It is anticipated by the FSCMO that a Desk Audit would take one (1) adequately trained DCMA CPSR Analyst between 3-6 business days to complete.<sup>13</sup> As an example, at an average of 4.5 days per Desk Audit it would take 20 Analysts 9 weeks to perform initial Desk Audits for 200 qualified nontraditional government contractors. Desk Audits should be funded and scheduled to ensure completion prior to the deadline for proposal submission.

In order to reduce duplication of effort, it is proposed that successful completion of the Desk Audit process will stay in effect for the life of the RFP and can be used by the offeror for other RFP responses for a period of 12 months after submission of the proposal for the subject RFP.

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<sup>13</sup> The combined experience of the FSCMO Advisory Council includes preparation for and participation in hundreds of CPSRs. That experience was used to estimate the potential length of a Desk Audit. Collected policy and procedure manuals average between 90-150 Word doc pages (2-4 days to read and comment without redline or details regarding findings); documented file reviews with comments can take anywhere from 45 to 90 minutes depending on value and volume of documentation (7.5 – 15 hours, or 1-2 days).



In a further reduction to duplicative effort, we propose that Offerors should be prohibited from further participation in the Desk Audit process after two consecutive failures to gain preliminary approval.

4. Nontraditional Government Contractors who receive preliminary purchasing system approval via Desk Audit will undergo a mandatory CPSR within 18 months of prime contract award. This initial CPSR and any subsequent reviews will not be limited to any one prime contract and will include any subcontracts eligible for review using then-current DCMA CPSR guidelines and requirements. We will propose language for inclusion in the revised CPSR process articulated in DFARS 252.244-7001(d) & (e) that will provide for formal coordination between the Administrative Contracting Officer (ACO) and the Procuring Contracting Officer (PCO) administering the prime contract that provided access to the On-Ramp process prior to final determination of purchasing system status.<sup>14</sup>

After successful completion of the initial full scope CPSR, future CPSRs will be conducted in accordance with the then-current DCMA guidelines for CPSRs (one review every three years after initial approval<sup>15</sup>).

#### **CPSR On-Ramp Mentor-Protégé Engagements**

In order to facilitate the success of small businesses during the On-Ramp process, we propose an addition to the upcoming Defense Small Business Advancement Act that would provide four distinct categories of incentive for large contractors, with approved purchasing systems, to mentor small businesses participating in the CPSR On-Ramp process. The On-Ramp addendum to the DSBA will permit large businesses with approved purchasing systems that have received that approval in at least two consecutive CPSRs to specifically mentor small business proteges in their purchasing system development.

Participation as an On-Ramp Mentor will require a standing Mentor Protégé Agreement (MPA)(or addendum to an existing MPA if available) for such support approved in accordance with then-current Mentor Protégé requirements. MPAs for CPSR On-Ramp support will be subject to the following special requirements:

- a. Large Businesses can have one On-Ramp protégé at a time.
- b. On-Ramp protégé agreements automatically expire upon successful completion of the protégé's second full-scope CPSR.
- c. On-Ramp agreements expire within 60 days of the Mentor losing purchasing system approval, provided that the Mentor is responsible for placing the Protégé with a replacement Mentor prior to MPA expiration. Early expiration of a CPSR On-Ramp MPA will automatically and retroactively "unwind" all incentives applied by the Mentor to its standing small business subcontracting plan requirements.

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<sup>14</sup> Typically, and per relevant agency directives, the ACO maintains sole authority over the determination of contractor purchasing system status. We propose that ACO determinations to withhold approval of nontraditional government contractors must be ratified and approved by the PCO administering the prime contract that provided the contractor with access to the On-Ramp process.

<sup>15</sup> See FAR 44.302(b)



- d. Incentives for participation as a CPSR On-Ramp Mentor will include:
- i. 100% credit for the cost or supported fair market value of all products and services provided to the Protégé, including consulting, training, documentation, and other commercial products and services normally used in the industry for purchasing system set-up and administration. Credit can be applied by the Mentor against standing small business subcontracting plan requirements;
  - ii. 100% credit for revenue awarded to the Protégé under the prime contract that provided the Protégé access to the CPSR On-Ramp process. Credit can be applied by the Mentor against standing small business subcontracting plan requirements;
  - iii. One-Step scoring increases (e.g. Average to Above Average) during Small Business Audits conducted by DCMA or SBA; and
  - iv. One-Step scoring increases (e.g. Average to Above Average) when Small Business Participation is used as an Evaluation Criteria by the Department of Defense in any Best Value / Technical Trade-Off type prime contract or task order award.

We firmly believe that the participation of Mentors will be a key component of the success of the CPSR On-Ramp process, and that the proposed incentives for Mentor participation will provide this participation at no cost to the Department of Defense.

#### Cost of the CPSR On-Ramp Process

We assert that the cost of establishing the CPSR On-Ramp process will be limited to the established costs of additional CPSR analysts to handle the volume of anticipated Desk Audits and CPSRs. While the cost of the Desk Audit process will be dispersed amongst the budgets of the prime contracts requesting support, we suggest a specific revision to the current DCMA CPSR process that will cut the current DCMA CPSR budget by more than 50% while increasing the productive time for each CPSR Analyst by at least 25% per year.

Currently, DCMA requires on premises performance of all CPSRs. In other words, CPSR Analysts are required to perform all CPSRs on contractor site. While this requirement made sense in the 1980's when all CPSRs we conducted on large manufacturers buying thousands of items per year, it borders on the illogical when the vast majority of current CPSRs are conducted on service providers with 90%+ of their purchasing system revenue dedicated to service subcontracts. Without plants to audit or production lines to review, CPSRs can (and often are) conducted primarily over email except for daily debriefs and conferences that could be conducted on a "face to face" basis using COTS video conferencing technology such as Skype and WebEx that are already standard operating procedure for both commercial and traditional contractors of all sizes and specialties.

There is no law or regulation that specifically prohibits remote CPSRs; nor is there a specific regulation that prohibits DCMA from requiring contractors to maintain 100% electronic records and documents for review during CPSRs. In fact, it could be argued that maintenance of "paper" documentation for the CPSR process actually violates multiple federal laws and regulations



requiring the use of electronic methods whenever practicable during federal acquisition and procurement processes.

Per anecdotal DCMA statements provided during CPSRs and various presentations provided to the industry by DoD generally and DCMA representatives specifically, *at least 50% of DCMA's CPSR budget is dedicated to travel costs*. Because this requirement dramatically increases the cost and timeline for performance of a CPSR without any identifiable benefit to the Government – in other words, *as much as half of DCMA's current annual CPSR budget can be objectively categorized as waste*<sup>16</sup> - we propose the following revisions to the DCMA CPSR process, none of which require revisions to standing laws or regulations:<sup>17</sup>

- DCMA directives will be revised to require all contractors participating in the CPSR process to maintain documents and records required by DFARS 252.244-7001(c) in electronic format.
- DCMA will revise its initial CPSR Questionnaire and all subsequent documentation provided to contractors during the CPSR process to specify that electronic format is required for all contractor documents and records provided to DCMA during the CPSR process.
- DCMA will revise its internal requirements to permit remote CPSR of any contractor that does not report any Manufacturing Industry NAICS Codes in its CPSR documentation (i.e. no “plant visit” is required to complete the CPSR).

We assert that these revisions to the DCMA CPSR process will reduce DCMA CPSR budget requirements by as much as 50% while increasing productive time available to each CPSR Analyst by eliminating travel time and the negative impacts of travel (e.g. jet lag, etc.).

When travel is eliminated from the DCMA CPSR Budget, the initial cost of the CPSR On-Ramp process (other than training and issuance of a base equipment such as a lap-top and phone) is confined to analyst salaries. CPSR Teams generally consist of a Lead (Senior Team Member, GS-14 Step 6) and an Analyst (Junior Team Member, GS-11 Step 6). If we use the DCMA hub of Atlanta, GA assume an additional 200 analysts in the first year (evenly distributed into 100 Senior/Junior teams), the first year salary cost of the CPSR On-Ramp process would be \$21,118,500.00, or 0.03% of the \$69B of 2019 Defense budget dedicated to the warfighter.<sup>18</sup>

## Conclusion

The following is a chart that we feel presents the most expeditious route to implementing the proposed CPSR On-Ramp Process, broken down by the process steps detailed in the Discussion section of this paper:

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<sup>16</sup> “Waste is defined by Fujio Cho of Toyota as ‘anything other than the minimum amount of equipment, materials, parts, space, and workers time, which are absolutely essential to add value to the product.’” See George, Michael L. (2004). *The Lean Six Sigma Pocket Toolbook: A Quick Reference Guide to 100 Tools for Improving Quality and Speed (1st ed.)*. McGraw-Hill Education. ISBN 978-0071441193.

<sup>17</sup> Revisions to standing laws and regulations would formalize these revisions but, in the opinion of members of the FSCMO, such revisions are not required to implement the CPSR revisions proposed herein.

<sup>18</sup> \$21,118,500 is 0.0034% of the total 2019 Defense budget of \$617B.



Step Description	Summary of New Requirement	Location for Update	Details Regarding Proposed Formal Update
RFI Requirement (1)	All RFPs requiring approved purchasing system must announce On-Ramp option	NDAA 2021; <sup>19</sup> FAR 10.001	Add section (e) that requires use of RFIs set out in FAR 10.002(b)(2)(iii) when any approved purchasing system requirement is being contemplated for inclusion in an RFP.
SF14XX (1)	Preliminary checklist certified by offeror stating current status of purchasing system	DCMA internal policies; Standard Form library	Regulatory initiation of the CPSR On-Ramp process should allow DCMA to enact new forms to cover review requirements without further formal legal directives required.
Desk Audit Process (2)(3)	DCMA will conduct a timely review of offeror policies and procedures, infrastructure documentation, and up to 10 subcontract files.	NDAA 2021; FAR 44.3	Add FAR 44.308, CPSR On-Ramp Process, which will detail the steps and requirements of the proposed process
PCO Sign-Off (4)	ACO determining On-Ramp Participant system status will coordinate with PCO administering the contract under which On-Ramp access was provided prior to disapproval of system during first full CPSR.	NDAA 2021; DFARS 252.244-7001(d)/(e)	Will clarify that coordination and PCO sign-off is required before ACO withholds system approval for On-Ramp contractors during first full CPSR after preliminary approval.
“CPSR On-Ramp” category added to MPP	Qualified large business mentors will be qualified to participate in the On-Ramp mentor-protégé program (MPP) and utilize various program benefits.	<i>DSBAA</i>	Implementation of the CPSR On-Ramp Mentor process, including rules of engagement, applicable terms and restrictions, and incentives for participation.
DCMA CPSR Travel Rules	Eliminate the requirement for “plant reviews” and allow for remote review performance for service contractors.	NDAA 2021; FAR 44.101 Internal DCMA Rules	Update definition of “CPSR” to clarify that evaluation is conducted “by electronic means whenever practicable;”  Update internal DCMA rules regarding travel requirements and site visits based on NAICS Codes reported.

<sup>19</sup> While we believe that the existing regulations could be modified to support the CPSR On-Ramp process without modification at the Act level, we also strongly believe that inclusion of the process in the 2021 NDAA will appropriately formalize the process and permit DoD to begin pilot programs and other measures while they await regulatory inclusion via the FAR Council.



In conclusion, the members of the Federal Supply Chain Management Organization strongly believe that the current Pentagon acquisition strategy is already creating issues for DoD directorates trying to reach innovative commercial technology firms using traditional contracting methods and will soon create an unintentional class of small business contractor whose only option for graduation is acquisition.

We also firmly believe that lessening compliance requirements on contractors is not the answer; rather we contend that the most sensible approach (for both the Department of Defense and the Small Business Administration) is to provide nontraditional government contractors more open access to the Contractor Purchasing System Review process.

Finally, we believe that the most efficient and effective strategy for small businesses and commercial firms to directly support the warfighter while simultaneously mitigating the Department of Defense's contractor supply chain cost and performance risks is for the Pentagon to formally adopt our proposed CPSR On-Ramp Process as set forth in this position paper.

Thank you for your time and consideration,

The Federal Supply Chain Management Organization

