



Managing Your Subcontracting Program

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Agenda

- Subcontracting Updates
- Subcontracting History – Goals and Achievements
- Helpful Resources



Better Buying Power Initiative 3.6.3.5

- OSBP, DPAP and DCMA establish specific guidance outlining the enforcement of subcontracting and subcontracting compliance
 1. “Checklist for Reviewing Subcontract Plan”
(DFARS PGI Case)
 2. CO access to DCMA’s Compliance Review on Contractor’s Subcontracting Program (640 Review) (Working with DCMA)



Better Buying Power Initiative 3.6.3.5

3. Type of subcontracting plan identified on contract in Federal Procurement Data System **(Completed)**
4. Program Management Review process expanded to include CO's oversight of subcontracting compliance **(Completed)**
5. "DoD Guidelines on the Business Processes for the eSRS and Related Subcontract Reports" **(DFARS PGI Case)**

DAU Small Business Program Course



- Small Business Program 210: Subcontracting
 - Course development is complete; final review in December



FAR 19.7/52.219.9 Recent Changes

1. Requires prime contractors to make good faith effort to utilize proposed SBs during contract performance
2. Authorizes COs to calculate subcontracting goals in terms of total contract \$ in addition to required goals in terms of total subcontract \$
3. Provides COs with discretion to require subcontracting plan when SB represents its size as other than small business
4. Requires subcontracting plans even for modifications under the plan threshold if modifications would cause the contract to exceed plan threshold



FAR 19.7/52.219.9 Recent Changes

5. Requires prime contractors to assign NAICS codes to subcontracts
6. Restricts prime contractors from prohibiting a subcontractor from discussing payment or utilization matters with the CO
7. Requires prime contractor to resubmit a corrected subcontracting report within 30 days of receiving the contracting officer's notice of report rejection
8. Requires prime contractors to provide the socioeconomic status of the subcontractor in the notification to unsuccessful offerors for subcontracts



FAR 19.7/52.219.9 Recent Changes

9. Requires prime contracts with subcontracting plans on task and delivery order contracts to report order level subcontracting information after Nov 30, 2017
10. Funding agencies receive small business subcontracting credit
11. On IDIQ contracts, the CO may establish subcontracting goals at the order level (but not a new subcontracting plan)
12. Contractor may accept subcontractor's written representations of size status; may accept representation in SAM



FAR 19.7/52.219.9 Recent Changes

13. Requires contractor to notify CO in writing if contractor fails to use small businesses as proposed in the performance of the requirement
14. Contractor's SSR must include indirect costs on a prorated basis, even if excluded from subcontracting plan



Class Deviation

1. DFARS 21.706, Contract Clauses, shows Class Deviation 2013-O0014, issued September 9, 2013, will be rescinded and replaced by Class Deviation 2016-O0009. The new deviation will combine 3 previous deviations, all which deal with subcontract reporting. eSRS will not allow contractors to submit ISRs for orders under BOA and BPA-type contracts ("G" and "A" contracts); contractor must submit SF 294



DoD Test Program – Comprehensive Subcontracting Plan

- DFARS Case 2015-D013 (CSP Test Program), Proposed Rule, implements CSP-related requirements included in NDAA FY 15 and 16
 - New Reporting Requirements
 - Changed eligibility – requires contractor to have at least 3 DoD contracts with an aggregate value of at least \$100M
 - Assessment of Liquidated damages
 - Extends Test Program for DoD to 12/31/2017



FY 17 SBA Scorecard Changes

Potential Scenario Being Considered beginning FY 17

FY 16 & Prior	
Prime	80%
Sub	10%
Peer Review	10%

30% taken from prime & 10% added to 3 categories

FY 17 & Beyond	
Prime	50%
Sub	20%
Peer Review	20%
New Category	10%



Subcontracting Goals

- What are Subcontracting Goals based on?
 - Small Business goal is assigned by SBA for each Federal Agency, taking into account goals and achievements over previous 2-3 years
 - Statutory goals for remaining socioeconomic categories (SDB, WOSB, SDVOSB)
 - HUBZone not statutory, but continues as 3%



Subcontracting Achievements

- What are Subcontracting Achievements based on?
 - Subcontract \$ reported in Summary Subcontract Report (SSR) submitted for
 - Individual Subcontract Plan: encompasses all subcontracting under prime contracts and subcontracts with the awarding agency, regardless of the dollar value of the subcontracts
 - Commercial Subcontract Plan: includes all subcontract awards under the commercial plan, based on total \$ subcontracted for Federal government **and** non-Federal government
 - DoD Comprehensive Subcontract Plan: includes all subcontract awards under comprehensive plan

Subcontracting History

(Goals and Achievements)

(\$ = Billions)



Fiscal Year	Total Subcont Dollars	SB Awards			SDB Awards			WOSB Awards			HubZone Awards			SDVOSB Awards		
		Goal	Achieved		Goal	Achieved		Goal	Achieved		Goal	Achieved		Goal	Achieved	
		%	%	\$	%	%	\$	%	%	\$	%	%	\$	%	%	\$
2017																
2016		34.5			5			5			3			3		
2015	\$133.4	36.0	32.3	\$43.1	5	4.4	\$5.8	5	5.3	\$7.1	3	1.4	\$1.8	3	2.0	\$2.7
2014	\$133.8	36.7	33.2	\$44.4	5	4.6	\$6.2	5	5.7	\$7.7	3	1.5	\$2.0	3	2.1	\$2.8
2013	\$147.1	36.7	35.4	\$52.0	5	4.8	\$7.0	5	5.7	\$8.3	3	1.5	\$2.2	3	2.2	\$3.1

FY 16 Subcontract Report Review Schedule



DATE	REQUIRED ACTION
Apr 30, 2016	Due date for Contractors' ISRs/SF 294s
June 15, 2016	DoD completes review of ISRs/SF 294s
June 30, 2016	Dept / Agency Subcontracting Program Managers submit semi-annual eSRS Status Report to OSBP and DPAP
Oct 30, 2016	Due date for Contractors' ISRs/SF 294s and SSRs
Dec 15, 2016	DoD completes review of ISRs/SF 294s and SSRs
Dec 30, 2016	Dept / Agency Subcontracting Program Managers submit semi-annual eSRS Status Report to OSBP and DPAP
Mar 15, 2017	SBA determines subcontracting achievements for all Federal agencies

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Who's Responsibility for Reviewing Subcontract Reports?



DATE	RESPONSIBLE PARTY
ISRs submitted under Individual Subcontract Plan	Awarding Contracting Officer
SSRs submitted under Individual Subcontract Plan	Designated SSR Review Team
SSRs submitted under Commercial Subcontract Plan	Contracting Official who Approved Plan
SSRs submitted under DoD Comprehensive Subcontract Plan	DCMA CSP Team



Old Habits Are Hard to Break!

1. ISRs (or SF 294, if required): submitted semiannually
2. ISRs: Contractor cannot change any contract information (pre-filled from FPDS)
3. SSRs: required annually
4. SSRs (Individual Subcontract Plan), Block 7: Contractor **must** select Dept of Defense (9700)
5. SSRs (Commercial Subcontract Plan), Block 8, 9 or 10: Contractor **must** identify the contracting organization which approved the Commercial Subcontract Plan
6. “Year-End SDB and SDB Participation reports are **no longer required**”
7. Subcontracting Plan does not include goals for HBCU/MJ



OSBP Website Updates / Resources

- Guidance documents have been posted on OSBP website (<http://www.acq.osd.mil/osbp/sbs/esrs.shtml>)
Moving to new website (<http://business.defense.gov/>)
 - Subcontracting: The Basics (June 2016)
 - The Individual subcontracting Report (ISR): Required by Individual Subcontract Plan (June 2016)
 - The Summary Subcontracting Report (SSR): Required by Individual Subcontract Plan (June 2016)
 - The Summary Subcontracting Report (SSR): Required by Commercial Subcontract Plan (June 2016)
 - Tips for DoD Contractors Submitting Subcontract Reports



OSBP Website Updates / Resources

- POC contact information posted on extranet of OSBP website (<http://www.acq.osd.mil/osbp/extranet.shtml>)
 - Department/Agency Subcontracting Program Managers
 - Department/Agency eSRS Agency Coordinators