

**SBA**

SOP 60 02 6

---

**Prime Contracts  
Program**

Office of Government Contracting

U.S. Small Business Administration





SMALL BUSINESS ADMINISTRATION  
STANDARD OPERATING PROCEDURE  
National

SUBJECT: Prime Contracts Program	S.O.P.		REV
	SECTION 60	NO. 02	6

INTRODUCTION

1. Purpose. To outline the policy and procedures for the SBA Prime Contracts Program.
2. Personnel Concerned. All SBA employees involved in administering the Prime Contracts Program.
3. Directives Canceled. SOP 60 02 5.
4. Originator. The Office of Government Contracting.

AUTHORIZED BY:		EFFECTIVE DATE
Judith Roussel Associate Administrator for Government Contracting		1-1-98
		PAGE 1

SBA Form 989 (5-90) Ref: SOP 00 23



## Table of Contents

Paragraph	Page
<b>Chapter 1</b> .....	<b>8</b>
Overview of the Prime Contracts Program.....	8
1. What Is the Purpose of the Prime Contracts Program? .....	8
2. What Are Procurement Center Representatives (PCRs)? .....	8
3. What Are the Laws and Regulations That Govern the Prime Contracts Program? .....	9
4. What Is the Statutory Authorization of the Breakout Program? .....	9
5. What Are the Authorizations That Assign PCRs to Specific States? .....	9
6. What Are the Definitions and Terms I Need to Know? .....	9
<b>Chapter 2</b> .....	<b>10</b>
As a Procurement Center Representative (PCR), What Are .....	10
<b>My General Responsibilities?</b> .....	<b>10</b>
1. How Do I Provide Maximum Opportunities for Small Businesses (SBs)? .....	10
2. How Do I Coordinate and Interface with Contracting Activities?.....	10
3. How Do I Identify Qualified Sources?.....	11
4. How Do I Counsel Small Businesses? .....	12
5. What Are Some of My Special Initiatives?.....	13
6. How Do I Network with Other SBA Offices? .....	14
7. What Other SBA Programs Do I Promote? .....	14
8. How Do I Handle Procurement Sensitive Information? .....	15
9. How Do I Appeal a Contracting Officer's Rejection? .....	15
10. How Do I Appeal an HCA's Rejection? .....	16
11. What Records Do I Keep?.....	17
12. How Long Do I Keep These Records?.....	18
<b>Chapter 3</b> .....	<b>20</b>
As a Traditional Procurement Center Representative (TPCR),.....	20
<b>What Are My Specific Responsibilities?</b> .....	<b>20</b>
1. What Is a TPCR Required to Do? .....	20
2. How Do I Review Proposed Acquisitions?.....	20
3. How Do I Recommend a Small Business Set-Aside (SBSA)? .....	21
4. How Do I Review Proposed Bundled Requirements? .....	21
5. How Do I Review Solicitations Requiring Subcontracting Plans? .....	23
6. How Do I Support the Minority Enterprise Development (MED) Program? .....	24
7. How Do I Interface with State and Other Service Providers? .....	25
8. How Do I Prepare TPCR Reports? .....	25
<b>Chapter 4</b> .....	<b>28</b>
As a Breakout Procurement Center Representative (BPCR), .....	28
1. As a Breakout Procurement Center Representative (BPCR), What Is My Objective? .....	28
2. How Do I Accomplish Breakout? .....	28
3. How Do I Perform Breakout at a Spare Parts Contracting Activity? .....	29

4.	How Do I Perform Breakout at a Systems Contracting Activity? .....	30
5.	What Do I Do with Unsolicited Proposals? .....	31
6.	How Do I Challenge Prequalification Requirements? .....	31
7.	How Do I Brief the Head of the Contracting Activity (HCA)? .....	31
8.	What Special Issues Must I Address in My Plan of Operation? .....	31
9.	What Are the Different Types of Savings? .....	32
10.	How Are Savings Reported? .....	32
11.	When Do I Use the Consumer Price Index (CPI)? .....	33
12.	How Do I Use the Consumer Price Index to Calculate Savings? .....	34
13.	What Breakout Forms Do I Use? .....	34
14.	How Do I Support the Annual Report to Congress? .....	35
15.	What Are My Responsibilities Regarding the Breakout Technical Advisors? .....	36
<b>Chapter 5 .....</b>		<b>38</b>
	How Do I Perform a Surveillance Review? .....	38
1.	Why Do I Perform Surveillance Reviews? .....	38
2.	Who Participates in Surveillance Reviews? .....	38
3.	How Are Surveillance Review Sites Selected? .....	38
4.	As Team Leader, How Do I Plan for the Surveillance Review? .....	39
5.	As Team Leader, How Do I Schedule a Surveillance Review? .....	39
6.	What Should I Do Before the Review at the Contracting Activity? .....	40
7.	How Do I Select Contracts to Be Reviewed? .....	40
8.	How Do I Conduct an Entrance Briefing? .....	41
9.	What Do I Do in a Surveillance Review? .....	41
10.	Why Do I Interview Contracting Activity Personnel? .....	42
11.	How Do I Conduct an Exit Briefing? .....	42
12.	How Do I Prepare the Surveillance Review Report? .....	43
13.	What Ratings Do I Assign to a Contracting Activity? .....	43
14.	How Is the Report Distributed? .....	44
<b>Chapter 6 .....</b>		<b>46</b>
	What Are the Responsibilities of Area Directors? .....	46
1.	What Are My Administrative Duties as Area Director? .....	46
2.	What Should I Coordinate with Headquarters? .....	46
3.	How Do I Network with District Offices and Other SBA Offices? .....	47
4.	How Do I Recommend Assignments of PCRs? .....	48
5.	When Do I Visit Contracting Activities? .....	48
6.	How Do I Review PCR Records and Documentation? .....	48
<b>Chapter 7 .....</b>		<b>50</b>
	What Are the Responsibilities of Headquarters? .....	50
1.	What Is the Office of Prime Contracts Responsible For? .....	50
<b>Appendix 1 .....</b>		<b>52</b>
	What Are the Definitions and Terms I Need to Know? .....	52
<b>Appendix 2 .....</b>		<b>54</b>
	Chart of Appeals Process .....	54
<b>Appendix 3 .....</b>		<b>56</b>

SBA Form 70, "Recommendation for Small Business Set-Aside" .....	56
<b>Appendix 4</b> .....	<b>58</b>
SBA Form 231, "PCR Purchase Review Register" .....	58
<b>Appendix 5</b> .....	<b>60</b>
SBA 843, Part A .....	60
<b>Appendix 6</b> .....	<b>62</b>
Instructions for Completing SBA 843, Part A.....	62
<b>Appendix 7</b> .....	<b>66</b>
Sample SBA Form 843, Part B,.....	66
<b>Appendix 8</b> .....	<b>68</b>
Instructions for Completing SBA Form 843, Part B, .....	68
<b>Appendix 9</b> .....	<b>70</b>
SBA Form 1970, "Bundling Alert Form" .....	70
<b>Appendix 10</b> .....	<b>72</b>
Instructions for Completing SBA Form 1970, "Bundling Alert Form" .....	72
<b>Appendix 11</b> .....	<b>74</b>
Consumer Price Index .....	74
<b>Appendix 12</b> .....	<b>76</b>
SBA Form 840, "Cases Involving Lower Prices to the Government" .....	76
<b>Appendix 13</b> .....	<b>78</b>
Instructions for Completing SBA Form 840, .....	78
<b>Appendix 14</b> .....	<b>80</b>
Sample Breakout Annual Report Format .....	80
<b>Appendix 15</b> .....	<b>82</b>
Surveillance Review Checklist for .....	82
<b>Appendix 16</b> .....	<b>86</b>
Sample Interview Questionnaire for Surveillance Review .....	86
<b>Appendix 17</b> .....	<b>88</b>
Sample Surveillance Review Report Format .....	88
<b>Appendix 18</b> .....	<b>90</b>
SBA Form 1485, "Breakout Recommendation/Action" .....	90





## Chapter 1

### Overview of the Prime Contracts Program

#### 1. What Is the Purpose of the Prime Contracts Program?

The Prime Contracts Program serves to strengthen the economy of the Nation by increasing small, small disadvantaged and women-owned business opportunities and increasing competition in the Federal acquisition process.

#### 2. What Are Procurement Center Representatives (PCRs)?

Procurement Center Representatives (PCR) are Small Business Administration's (SBA) procurement analysts and engineers who implement the Prime Contracts Program. There are two types of PCRs:

##### a. What Is a Traditional PCR?

Traditional Procurement Center Representatives (TPCR), located at Federal contracting activities throughout the Nation, increase the share of Government contracts awarded to small business by:

- (1) Making recommendations to increase the number of acquisitions set aside for small business;
- (2) Reviewing the small business programs of Federal contracting activities;
- (3) Making recommendations to increase opportunities for small businesses to participate in Government acquisitions; and
- (4) Counseling small businesses in obtaining Government contracts and doing business with the Government.

##### b. What Is a Breakout PCR?

Breakout Procurement Center Representatives (BPCR) are engineers assigned to certain Federal contracting centers, who advocate competition to achieve cost savings to the Government. BPCRs review requirement packages for any restriction to competition and recommend breakout or other competitive strategies.

**3. What Are the Laws and Regulations That Govern the Prime Contracts Program?**

The acquisition-related sections of the Small Business Act, as amended (15 U.S.C. 631, et seq.), provide the statutory authority for the Prime Contracts Program. The major regulatory authorities are the Code of Federal Regulations (CFR), 13 CFR Part 125, and the Federal Acquisition Regulations (48 CFR).

**4. What Is the Statutory Authorization of the Breakout Program?**

Section 15 of the Small Business Act (15 U.S.C. 644) contains the statutory authorization for the BPCR Program. It incorporates the language of Section 403 of P.L. 98-577, as modified by Section 110 of P.L. 100-590.

**5. What Are the Authorizations That Assign PCRs to Specific States?**

- a. Conference Report to the SBA Continuing Appropriation for FY 1988 specifies PCR coverage for the States of Maine, New Hampshire, Connecticut, West Virginia, Kentucky, and Iowa. Conference Report 100-979 (FY 1989) also addresses the Clarksburg, West Virginia PCR.
- b. Public Law 100-590, SBA Reauthorization and Amendment Act of 1988 (covering FY 1989), addresses additional PCR coverage in certain states. Conference Report 100-979 listed these states as Rhode Island, North Carolina, Tennessee, Minnesota, North Dakota, Montana, and Oregon.
- c. Conference Report 101-515 of the SBA Appropriations Act for FY 1991 addresses PCR coverage in Omaha, Nebraska.
- d. Conference Report 102-140 of the SBA Appropriations Act for FY 1992 (P.L. 102-140) addresses PCR coverage for Louisiana.
- e. Conference Report to 1993 Appropriations Act (P.L. 102-395) addresses PCR coverage for Las Vegas, Nevada area.

**6. What Are the Definitions and Terms I Need to Know?**

For a list of definitions and terms that you need to know, see appendix 1.

## Chapter 2

### As a Procurement Center Representative (PCR), What Are My General Responsibilities?

#### 1. How Do I Provide Maximum Opportunities for Small Businesses (SBs)?

- a. As established by the Small Business Act, you strive to increase the small business share of prime contracts and small business participation in subcontracting opportunities by counseling and assisting small, small disadvantaged, and women-owned business firms, providing small business sources and other methods outlined in this chapter. You are assigned to Federal contracting activities to increase both the dollar value and percentage of total contract awards to small businesses and to enhance competition.
- b. You review purchase requirements not set aside and not proposed for competition by the contracting officers. Your review may be made from manual documents, the Agency LAN/WAN, the Federal Acquisition Computer Network (FACNET), or other electronic means (i.e., the Internet). You will also review subcontracting plans if you are the resident TPCR. A resident PCR's office is located at the contracting activity. The PCR will visit assigned liaison activities periodically to conduct reviews. You should establish review procedures with the activity when it is assigned to you.
- c. You establish and maintain a positive attitude favoring the interest of small business (SB) and for the competitive process at the activity. You also look into issues upon the request of a SB or the contracting activity.

#### 2. How Do I Coordinate and Interface with Contracting Activities?

- a. You will interface with all of the contracting activities assigned to you and establish a written operating plan. The plan should include the following:
  - (1) A description of the items/services purchased by the contracting activity.
  - (2) Procedures for review of purchase requisitions, solicitations (including electronic solicitation systems), and subcontracting plans. This includes establishing the dollar levels of procurements that will be reviewed by you prior to issuance of the solicitations.
  - (3) Frequency of your visits.
  - (4) Copies of reports and other information that you will need.

- (5) Names, addresses, and telephone numbers of the Contracting Officials, Head of Contracting Activity, Competition Advocate, Head of Agency Technical Support Officials, Small Business Specialist, and the Technical Advisor, if assigned.
- b. Review this plan yearly and update as needed. You must send each plan and update to the Area Director for approval.
- c. When your office is located at the contracting activity, you should obtain non-reimbursable administrative support for telephone, copying, mailing services, and supplies. You should coordinate the effort with your Area Director, who will advise you on how to accomplish this goal.
- d. You must meet with the Head of the Contracting Activity (HCA) or designee at least once a year.
- e. You will encourage the contracting activities to include you when training their personnel on aspects of the small business program.

### **3. How Do I Identify Qualified Sources?**

You must identify qualified small business sources to provide to the contracting activities whether or not the procurements are set-aside. These sources must be capable of meeting the solicitation's technical, management, and delivery requirements.

- a. You may use the *PRO-Net* system to match small business firms to the solicitation's requirements. The network is accessed electronically through the Internet. The small business profiles on *PRO-Net* include business and marketing information on each firm. Small businesses are responsible for updating their *PRO-Net* profiles.
- b. You may identify other sources using the following techniques:
  - (1) Reviewing previous contract files of the same or similar procurements;
  - (2) Contacting other Contracting Activities;
  - (3) Contacting known SBs (they may be able to identify others in their field);
  - (4) Contacting other PCRs who cover similar activities (if you receive a request from another PCR, respond as quickly as possible);
  - (5) Coordinating with the activity's technical staff or, if assigned, PCR technical advisor;

- (6) Publishing "Sources Sought Notices" in the Commerce Business Daily (CBD) (encourage contracting officers to use sources sought notices whenever possible); and
- (7) Using other source identification tools as follows:
  - (a) Thomas Register and Dun and Bradstreet;
  - (b) Trade associations and publications;
  - (c) Telephone yellow pages;
  - (d) Original equipment manufacturer's standard drawings;
  - (e) Internet WEB pages;
  - (f) Prime contractor's subcontracting plan;
  - (g) CBD;
  - (h) Other SBA personnel, Commercial Marketing Representatives (CMRs), MED Business Opportunity Specialist, Industrial Specialist, etc.; or
  - (i) State and local Government source lists.

#### **4. How Do I Counsel Small Businesses?**

You must provide counseling assistance to all small businesses seeking information or help in doing business with the Federal Government. Maintain a list of SBs counseled, which includes date assistance provided, name of person, company, and a brief description of the counseling session.

- a. You should provide information on the following:
  - (1) Advising how and where to sell items/services to the Government.
  - (2) Arranging for SBs to meet with SB Specialists, Contracting Officials, Technical personnel, other PCRs, and Commercial Market Representatives (CMRs).
  - (3) Assisting in all acquisition matters including delays in contract payments, protest procedures, electronic data interchange, contract changes, cases of contract bundling, terminations, cure and show cause notices, inspection and quality control, becoming an "approved" source, and restrictive specifications or clauses.

- 4) Advising SBs about the SBA PRO-Net network and explaining how to register through the Internet; using the network as a marketing tool and as a link to procurement opportunities; and registering firms that do not have access to the Internet.
  - 5) Advising on subcontracting opportunities and providing a list of those contacts.
  - 6) Counseling on all Government contracting assistance, including Certificate of Competency (COC), CMR, size determinations, and Property Sales Assistance.
  - 7) Discussing other SBA assistance, i.e., counseling sources - Small Business Development Centers (SBDC) and Service Corps of Retired Executives (SCORE); financial assistance; Small Business Innovative Research (SBIR); International Trade Opportunities, Women-Owned Business initiatives, Minority Enterprise Development 8(a) Certification, the Veterans and Advocacy Programs.
  - 8) Advising firms how to report cases of contract bundling on the GC Internet home page.
- b. Counseling sessions may be held with individual SBs or with SB groups through joint training activities with the contracting activity, SBDCs, procurement conferences, prime contractors, SBA district, city, county, and state offices.

## 5. What Are Some of My Special Initiatives?

You may be assigned to perform special initiatives in carrying out your PCR duties. Instructions for these activities will be provided when assigned. Examples of special initiatives are:

- a. First Time 8(a) Awards - Minority Enterprise Development, Business Opportunity Specialists (MED/BOSs) will identify those 8(a) businesses that have not received an 8(a) award. You will identify contract opportunities for these contractors. You will continue to monitor through to contract award.
- b. Federal Dollars and Sense for Women-Owned Businesses (WOBs) - As a team effort with the district office Women-Owned Business Representative, you will conduct training for WOBs on how to do business with the Federal Government.
- c. Review of Reported Contract Bundling Cases - You may be assigned to review suspected cases of contract bundling. This review and any subsequent review will be accomplished as reflected in paragraph 3-4.

- d. DELTA Loans - You will provide information on the Defense Loan and Technical Assistance (DELTA) Program during counseling sessions.
- e. Follow-up on "Non Set-Aside Report" - You may be assigned to review an acquisition for small business set-aside potential that was reported to SBA by the public via the Internet.
- f. Electronic Data Interchange - You will counsel small businesses on how to access solicitations that are placed in the Federal Acquisition Computer Network (FACNET).

## 6. How Do I Network with Other SBA Offices?

Work closely and cooperatively with SBA area offices, other PCRs, district offices, and Headquarters. You must advise SBs of these resources and how to request assistance from these offices. Stay current on the SBA's programs and special initiatives. You may accomplish this by attending district staff meetings whenever possible, coordinating with other PCRs, maintaining written information, and logging onto the GC HomePage on SBA On-Line at <http://www.sbaonline.sba.gov>. Share information on contracting activities and any special projects that are taking place.

### a. Networking with District Offices.

Your area director (AD) will execute a written agreement with district offices to provide support in government contracting activities. This could involve providing counseling and assistance to SBs referred by district personnel, and participating in joint activities such as procurement conferences, special programs, and initiatives. This agreement will be tailored to the needs of the specific district office as agreed to by the district director (DD) and AD. You should provide recommendations on this agreement to your AD. It should be updated as changes occur but no less than once every 3 years.

### b. Assisting Minority Enterprise Development (MED).

You will provide services as indicated in the written agreement. Special emphasis should be placed on working with the MED/BOS located at district offices in your area. Offer to introduce them to your contracting activities. Also include them in any training that you conduct at the contracting activity. You should also offer training for 8(a) approved contractors.

## 7. What Other SBA Programs Do I Promote?

- a. Provide information on resources offered by government contracting: COC, Size Determination, Size Standards, PRO-Net, and CMR subcontracting activities.
- b. Also provide directions and contacts regarding district programs: Loans, Surety

Bond Guarantee, Economic Development (SBDC, SCORE, SBIR, Veterans, International Trade, WOB initiatives, and MED).

## **8. How Do I Handle Procurement Sensitive Information?**

As a PCR, you must comply with procurement integrity regulations. When discussing procurement sensitive information (generally identified as "For Official Use Only") with other Government personnel, you should make sure that all parties are aware of the sensitive nature of the information.

- a. You must be careful when dealing with contractor proprietary information. You must not violate a contractor's proprietary rights (i.e., through an unauthorized disclosure).
- b. You should refer inquiries about pending or future acquisitions to the contracting activity contracting officer unless a document was provided to you for release to SBs. You should also know how the contracting activity handles Freedom of Information Act (FOIA) requests and provide directions for requesting information.
- c. You must forward all requests for SBA records to the appropriate SBA FOIA officer. You must also notify the area director of the request.

## **9. How Do I Appeal a Contracting Officer's Rejection?**

You must appeal a contracting officer's unwarranted rejection of your set-aside or breakout recommendation to the Head of the Contracting Agency (HCA) within 2 business days after receipt of the rejection. In your appeal:

- a. You must clearly address the Contracting Officer's written rejection.
- b. You should also address the ability of the small/large businesses to perform the requirement or for the requirement to be competed on a full and open basis. You may include letters from firms affirming their intent and capability to perform the requirement. You must comply with procurement integrity regulations during all phases of the appeal process and do not release advanced information on the procurement.
- c. You must coordinate with the AD during the HCA appeal process. You must describe the acquisition (contracting activity: title of the procurement, estimated dollar value, summarize deliverables, contract terms, and type) and briefly discuss the issues in dispute. If the HCA accepts the set-aside or breakout recommendation, advise the AD and Headquarters and report on your monthly report and SBA Form 843, "Prime Contracts Program Quarterly Report."

## 10. How Do I Appeal an HCA's Rejection?

Upon receipt of the HCA's rejection of your appeal, you must immediately coordinate with the AD and Headquarters about a secretarial appeal.

- a. You must have Headquarters approval before notifying the contracting officer of SBA's intent to pursue a secretarial appeal. You must notify the contracting officer within 1 business day after receipt of the HCA's rejection that SBA intends to appeal to the secretarial level. (You must request, in writing, that the contracting officer suspend action on the acquisition until the appeal is resolved).
- b. Contact firms about their interest and capability in the proposed acquisition. You must obtain the contracting officer's approval before discussing any information not available to the public (i.e., you may disclose information that was contained in a Commerce Business Daily announcement).
- c. If you can discuss information specific to the proposed acquisition, obtain letters from firms affirming their intent to submit an offer on the proposed acquisition containing:
  - (1) Technical and management capability to perform the requirement; and
  - (2) Experience performing a similar procurement.
- d. If you cannot discuss information specific to the proposed acquisition, obtain letters from firms which address their overall corporate capabilities, recent contract performance history, and financial capabilities (i.e., for bonding), as appropriate.
- e. Coordinate with the AD and Headquarters as you develop the appeal package.
- f. Obtain AD approval before forwarding the appeal package to Headquarters. You must send by overnight mail two copies of the complete appeal package to Headquarters within 10 business days after date of notification to the contracting activity of SBA's intent to appeal. You must also send an electronic copy of the Table of Contents and Executive Summary of the appeal package (verify software version compatibility) either on a diskette or by electronic mail. You must include the following in the appeal package:
  - (1) Table of Contents.
  - (2) Executive Summary of sequential actions (not more than two pages).

- (3) A tabbed appeal package including all PCR, technical office, contracting officer (CO), and HCA correspondence. Address interest and capability of PCR identified firms to perform the requirement in the appeal. (This could include comments from competition advocate and Small Business Specialist.)
- (4) A transmittal letter to Headquarters that includes a point-by-point rebuttal of the HCA's rejection. This letter must also include CO's and HCA's full name, title, address, telephone, and facsimile number.
- (5) Include all SB letters as attachments to the appeal.

(Note: Breakout planning phase appeals are covered in chapter 4.)

## 11. What Records Do I Keep?

The following is a list of the reports, along with form numbers.

- a. SBA Form 231, "PCR Purchase Review Register," a list of purchase requisitions that you have reviewed.
- b. Counseling Records, a list of SBs that were counseled and a record of the advice that was provided.
- c. Log of subcontracting plans you reviewed.
- d. SBA Form 70, "Recommendation for Small Business Set-Aside," records of formal and informal set-asides initiated by you and small business sources provided.
- e. SBA Form 1485, "Breakout Recommendation/Action."
- f. Secretarial Appeal Files.
- g. Copies of letters to contracting officers requesting specific procurements to be reserved for the 8(a) program.
- h. SBA Form 843, "Prime Contracts Program Quarterly Report" - Part A - Traditional and Part B - Breakout.
- i. SBA Form 840, "Cases Involving Lower Prices to the Government."
- j. SBA Form 1970 (4-96), "Bundling Alert Form."

- k. A record of your successful activities describing the participants, the activity, and the results. Include these in your monthly reports. You may include activity that cannot be placed in other areas of the report form or to highlight certain accomplishments.
- l. Monthly Report, provided by Headquarters to ADs.
- m. Copies of special reports.

Additional information on completing these forms is included in the appendices.

## **12. How Long Do I Keep These Records?**

You must keep all reports, forms, and back-up documentation in your office for 3 years and then transfer the files to the appropriate Federal Records Center. See SOP 00 41, "Records and Library Management," for transfer procedures.



## Chapter 3

### **As a Traditional Procurement Center Representative (TPCR), What Are My Specific Responsibilities?**

#### **1. What Is a TPCR Required to Do?**

- a. You serve as a TPCR at contracting activities that have major contracting opportunities for SBs. You may reside at the contracting activity and perform complete reviews of purchase requisitions, procurement forecasts, subcontracting plans, and systems as you determine necessary. For example, you may choose not to individually review purchases under the simplified acquisition threshold, but perform periodic examinations to determine that set-asides are being made or files documented as to why not.
- b. When your office is located at another facility, your review may be accomplished by telephone, mail, electronic means, or facsimile. Occasionally you must make site visits. You should advise the SB Specialist of items you need during your on-site review. This should include completed actions as well as those in process.

#### **2. How Do I Review Proposed Acquisitions?**

The most effective way to increase the SB share of Federal acquisition dollars is to recommend small business set-asides. You should use the procedures discussed in chapter 2 to identify potential SBs. You must recommend set-asides on all requirements that meet FAR 19.502 and are not set aside by the CO.

- a. Most purchase requisitions should be reviewed within 2 working days after receipt and no longer than 5 working days under unusual circumstances.
- b. You shall notify your area director of each procurement you reviewed during the previous month with an estimated value more than \$5 million, including options, that was not set aside by the contracting officer. The notice should include the title of the procurement and a description of the supplies/services, estimated dollar value, whether you considered the procurement for set-aside or breakout, and any actions taken. This is in addition to actions taken with regard to a "bundling alert."
- c. You should review the Commerce Business Daily each day.
- d. As authorized in 13 CFR 121.1101-1103, you may appeal a Standard Industrial Classification (SIC) code should you determine that an incorrect SIC is assigned. Make every effort to convince the CO to use the correct SIC code. This action may change the size standard and permit a set-aside.

- e. You should concur/nonconcur with the CO's recommended action. You must maintain a record of each acquisition screened for set-aside on SBA Form 231, "PCR Purchase Request Review Register."

### **3. How Do I Recommend a Small Business Set-Aside (SBSA)?**

#### a. What Is an Informal SBSA Request?

You must attempt to set aside all requirements that meet the regulatory criteria for an SBSA. You should identify qualified SBs using the techniques discussed in paragraph 2-3. Before issuing an SBA Form 70, you should discuss your set-aside recommendation with the contracting officer and other appropriate personnel (i.e., the initiator of the requirement). If the contracting officer accepts your recommendation, document by filling out an SBA Form 70 for your records and report this as an Informal SBA Form 70.

#### b. What Is a Formal SBSA Request?

- (1) You must use SBA Form 70 to formally recommend either a total, partial, or class small business set-aside. If you recommend a class set-aside, clearly identify the product(s) or services(s) covered and follow the guidance provided in FAR 19.503.
- (2) You must precisely state your rationale for the set-aside recommendation. If you believe this action may result in a secretarial appeal, you must alert your AD.

#### c. What Action Do I Take If the Contracting Officer Rejects My SBSA Request?

If the contracting officer denies the SBSA, upon approval by the AD, you must issue an appeal to the Head of the Contracting Agency (HCA). The process is described in paragraphs 2-9 and 2-10. Also for a synopsis of the appeal process, see appendix 2.

### **4. How Do I Review Proposed Bundled Requirements?**

- a. You must review purchase requisitions and proposed solicitations for contract bundling. The term "bundled contract" means a contract that is entered into to meet requirements that are consolidated in a bundling of contract requirements, as further defined below:

*The term "bundling of contract requirements" means consolidating 2 or more procurement requirements for goods or services previously provided or performed under separate smaller contracts into a solicitation of offers for a single contract that is likely to be unsuitable for award to a small*

*business concern due to -*

*(A) the diversity, size or specialized nature of the elements of the performance specified;*

*(B) the aggregate dollar value of the anticipated award;*

*(C) the geographical dispersion of the contract performance sites; or*

*(D) any combination of the factors described in subparagraphs (A), (B) and (C).*

The term “separate smaller contract,” with respect to a bundling of contract requirements, means *a contract that has been performed by 1 or more small business concerns or was suitable for award to 1 or more small business concerns.*

- b. Before proceeding with an acquisition strategy that *could* lead to a bundled contract, the HCA ***shall*** conduct market research sufficient to determine whether the proposed consolidation is necessary and justified. A “bundled” requirement is justified if, when compared to the benefits of separate smaller contracts, it provides significant and substantial benefits to the Government. Benefits may include:
- (i) cost savings;
  - (ii) quality improvements;
  - (iii) reduction in acquisition cycle; times;
  - (iv) better terms and conditions; or
  - (v) any other benefit.

If the HCA determines that bundling is appropriate for a specific requirement, the justification shall set forth specific benefits to be derived from the bundling and an assessment of the specific impediments to small business participation. The HCA determination shall specify actions that will maximize subcontracting opportunities for small businesses at all tiers. The determination shall specify the anticipated benefits of the proposed bundling.

NOTE: Reduced administrative or personnel costs alone ***shall not*** be a justification for bundling unless the cost savings are expected to be substantial in relation to the overall dollar value.

- c. The proposed procurement must be provided to you 30 days prior to issuance of the solicitation, see FAR 19.202(e)(1). As stated in FAR 19.402(c)(2), you must respond within 15 days after receipt of the solicitation. The contracting officer has 5 working days after receipt of your comments to reject, in writing, your recommendations (FAR 19.505).

- (1) When you determine that the proposed bundled acquisition precludes or restricts small business participation, you must issue an SBA Form 70. You should state how the specifications may be separated to create the set-asides.
  - (a) If you need assistance from GC personnel, including TPCRs, BPCRs, CMRs, or Industrial Specialists to investigate bundled requirements, advise your AD. These reviews will be given priority treatment.
  - (b) Your analysis of the break-up, or other recommended strategy, should be sufficient to support a secretarial appeal.
- (2) When a set-aside is not possible, you must also review the solicitation's terms and conditions to determine if they preclude or restrict SB participation. Some examples of these restrictions are: an "all or none" clause; restrictive performance specifications; unrealistic delivery requirements; an overly wide geographic area of performance; combining diverse items/services; etc. Advise the contracting officer of overly restrictive terms and conditions by letter. Note: The contracting officer must include the HCA's market research that determined that the consolidation is necessary and justified.
- (3) You must complete an SBA Form 1970, "Bundling Alert Form," for each instance of bundling identified. You should submit this to your AD as quickly as possible (see appendix 9 for the form and appendix 10 for instructions).
- (4) You should be familiar with the electronic system which allows SBs to report instances of bundling using Internet. On the Government Contracting Home Page, at the SBA World Wide Web site, there is a bundling alert home page; the SB may enter information on suspected bundled requirements. Headquarters will receive and analyze all reports and submit them to the cognizant AD for investigation. The Internet address is <http://www.sba.gov/GC>

## **5. How Do I Review Solicitations Requiring Subcontracting Plans?**

- a. As required by FAR 19.705-3, you must review solicitations requiring subcontracting plans. You may submit advisory findings prior to issuance of the solicitation.
- b. You must review subcontracting plans submitted if you are resident at the contracting activity. As stated in FAR 19.705-4(d)(6), contracting officers from other contracting activities may seek your advice and recommendations on subcontracting plans. You should also consult with the cognizant CMR to receive comments on the proposed plan.

- (1) You must review plans per guidelines established in FAR 19 subpart 7 and for content per FAR 52.219. Submit your written recommendations to the contracting officer. This response should include your advisory comments regarding the acceptability of the plan and must be submitted within 5 working days after receipt of the plan.
- (2) You must keep a record of the plans that you review, your recommendation, and when you do not concur, whether the plan was accepted without modification. In some cases, you may review more than one plan for a single solicitation; report all of these plans on the SBA Form 843A.
- (3) Make sure that the contracting activity sends a copy of the plan plus award documents to the appropriate SBA area office.

## **6. How Do I Support the Minority Enterprise Development (MED) Program?**

- a. Consideration should be given to the 8(a) program when reviewing activity requirements. You must identify potential requirements for the 8(a) program and also encourage contracting activities to support 8(a) contractors by:
  - (1) Offering special assistance on how to do business at their activity;
  - (2) Encouraging them to bid on competitive contracts; and most importantly,
  - (3) Offering contracts to SBA/MED.
- b. Instruct 8(a) contractors on doing business with the Federal Government, specifically at your assigned contracting activities. Provide counseling as set forth in paragraph 2-4. When appropriate, recommend that contractors offer to make a presentation at your contracting activities.
- c. Obtain current lists of 8(a) contractors from the district offices in your assigned areas. Request capability statements from these contractors when needed. Discuss the contractor's capabilities and current status with the MED/BOS.
- d. When a requirement suitable for 8(a) contracting is identified, submit a written request to the contracting activity recommending that the procurement be reserved for the 8(a) program. Also, advise the appropriate MED/BOS of your recommendation.
- e. Review the contracting activity records for search letters and their responses. Monitor for contract awards. Continue to monitor during contract performance as appropriate.
- f. Maintain a record of the number of your written requests for 8(a) procurements and the estimated value of the requests.

**7. How Do I Interface with State and Other Service Providers?**

- a. You should develop contacts with state, city, and county organizations (i.e., Chambers of Commerce) offering small business assistance. Offer your services for presentations at their activities or as a referral to counsel SBs interested in doing business with the Federal Government. Coordinate your efforts with the local SBA district office. (The district office may be able to provide contact names.)
- b. Participate in procurement conferences, local meetings, and other activities that have been planned by service providers.
- c. Advise your contacts periodically about SBA's special initiatives and learn of theirs.

**8. How Do I Prepare TPCR Reports?**

- a. Furnish the monthly report to the AD no later than 5 working days after the end of the month. A format is provided by Headquarters. The AD consolidates the information and submits to Headquarters by 15 working days after the end of the month.
- b. Enter quarterly information into the Procurement Center Representative Information System (PCRIS). This is an automated system designed to collect quarterly data for your assigned contracting activities. For a full description of this process, see PCRIS Users' Manual. (Revisions to your report must be submitted on a hard copy to Headquarters.) Headquarters will provide you with instructions and the due date for receipt of the report. You must also provide this information to your AD.
- c. Instructions for completion of the Quarterly Report (SBA Form 843A) follows:
  - (1) General Information:
    - (a) All dollars must be entered in thousands (000). Numbers should be rounded (i.e., \$11,489,490 recorded as \$11,489 on report and \$11,502,555 recorded as \$11,503); and
    - (b) You must reflect statistics as reported on the contracting activity's official report. If final award statistics are not available, estimated dollars may be used. The final numbers should be provided as soon as available.
  - (2) See appendix 6 for specific information on filling out the form.

- d. At the time that special reports are required, you will be provided with a format and a time for submission of that information.



## Chapter 4

### **As a Breakout Procurement Center Representative (BPCR), What Are My Specific Responsibilities?**

#### **1. As a Breakout Procurement Center Representative (BPCR), What Is My Objective?**

- a. As a BPCR, your objective is to advocate and influence the breakout of items for competition which will result in cost savings to the Government. You should prioritize your work on those actions which will increase the number of opportunities for small businesses to participate in the acquisition process. You must be knowledgeable of the statutory and regulatory authority of the BPCR Program.
- b. You must perform the appropriate PCR responsibilities listed in chapter 2, and TPCR responsibilities listed in chapter 3 when assigned by the Area Director.
- c. You must be knowledgeable of other Government contracting programs. Area Directors may require you to perform other duties to support the Government contracting mission.

#### **2. How Do I Accomplish Breakout?**

Different agencies and contracting activities vary in their approach to the acquisition process. You must determine the techniques which best serve the breakout effort at your assigned contracting activity, whether it acquires spare parts, systems, and/or support services. You may make a recommendation at any time, including the acquisition planning phase, though you should make your recommendation as early as possible to avoid unnecessary delays in the acquisition process. You must appeal all unwarranted rejections of your recommendations. Specific techniques you should consider include:

- a. Reviewing the contracting activity's procedures to make sure they comply with competition regulations.
- b. Interacting with senior contracting activity personnel and competition advocates to provide a better climate for competition.
- c. Conducting familiarization sessions with contracting and technical personnel, notifying them of your breakout duties and objectives.
- d. Reviewing proposed acquisitions (e.g., acquisition plans) as early as possible during the planning phase (you should review procurement requests as well), making recommendations to enhance competition whenever appropriate.
- e. Challenging proprietary claims (e.g., an item with an incorrect AMSC "P" code). You should consider the following when challenging proprietary claims:

- (1) Section 303E of P.L. 98-577 and Section 410 of P.L. 100-525 allow contracting officers to challenge proprietary data claims; and
  - (2) If the contracting officer decides not to challenge proprietary data, you can appeal such decisions as authorized by Section 403 of P.L. 98-577.
- f. Reviewing adequacy of technical data.
  - g. Recommending reverse engineering (you must address technical, schedule, and cost risks when recommending reverse engineering of an item).
  - h. Evaluating the use of special test and production equipment (you should be knowledgeable of procedures dealing with Government-owned equipment, e.g., availability of equipment to contractors).
  - i. Appealing unwarranted rejections of your breakout recommendations (see chapter 2 for the appeal process).
  - j. Reviewing industrial/technical publications and newsletters, and attendance at technical and engineering symposiums and conferences to identify future potential breakout candidates.

### **3. How Do I Perform Breakout at a Spare Parts Contracting Activity?**

You must know about spare parts coding and how the contracting activity reviews spare parts. You must also know about the regulatory criteria dealing with spare parts (e.g., DFARS Appendix E); FAR competition and acquisition planning requirements (e.g., FAR parts 6 and 7); replenishment parts and contracts with provisioning requirements (e.g., DFARS subpart 217); and component breakout (DFARS Appendix D). You should consider the following when performing spare parts breakout:

- a. Screening acquisition codes.
- b. Participating in provisioning conferences and similar sessions. When attending such sessions, you should consider:
  - (1) Determining the suitability for competitive procurement, such as upgrading Acquisition Method Code (AMC) competition codes;
  - (2) Identifying candidates for future competition;
  - (3) Obtaining information about actual vendors, provisioning spares, long lead time items, Government data rights, etc.; and

- (4) Networking with other BPCRs (e.g., BPCRs located at Army, Navy, or Air Force contracting activities should contact the BPCR at the cognizant DLA contracting activity to provide the results of the coding conference).
- c. Identifying potential sources. You must have credible sources available when making certain breakout recommendations (e.g., spare parts breakout). You should consider the following when you need to identify potential sources:
- (1) Screening contractor drawings to identify the actual manufacturer(s);
  - (2) Requesting SBs to provide you with a list of items (with part numbers) they sell to prime contractors and to the Government;
  - (3) Contacting other BPCRs for source lists;
  - (4) Using automated search aids, such as:
    - (a) The SBA's Vendor Identification Program;
    - (b) Electronic bulletin boards (e.g., administered by contracting activity competition advocates);
    - (c) PRO-Net;
    - (d) Government databases (e.g., the Army Master Data File); and
    - (e) Commercial databases (e.g., the Internet & CBD Online). You must coordinate with the area director before incurring any costs.

#### **4. How Do I Perform Breakout at a Systems Contracting Activity?**

- a. You must consider overall system integrity when recommending component or subsystem breakout. Your evaluation must address:
  - (1) Technical risks (e.g., complexity of component and its interface with the overall system);
  - (2) Schedule risks (e.g., late delivery of Government furnished material);
  - (3) Cost risks (e.g., breakout cost savings versus added administrative costs); and
  - (4) Warranty issues (e.g., FAR subpart 46.7 and DFARS subpart 246.7).
- b. You should know how contracting activities review systems for component breakout (e.g., DFARS Appendix D).

## 5. **What Do I Do with Unsolicited Proposals?**

You must forward them to the appropriate official at the contracting activity, with a recommendation, if appropriate. You must maintain documentation of the receipt and disposition of all unsolicited proposals.

## 6. **How Do I Challenge Prequalification Requirements?**

You should consider the following when challenging prequalification requirements:

- a. Using P.L. 98-525, which addresses special circumstances when prequalification costs may be paid by the contracting activity; and
- b. Assessing a firm's experience with the same or similar items supplied either as a prime contractor or subcontractor.

## 7. **How Do I Brief the Head of the Contracting Activity (HCA)?**

As a BPCR, you must brief the HCA at least once a year. You must also:

- a. Coordinate with your Area Director about your plans for the briefing;
- b. Discuss your past breakout activity and your plans for the future;
- c. Make recommendations to enhance competition at the contracting activity and identify any impediments to competition, as appropriate;
- d. Request the HCA to respond to your report;
- e. Provide the Area Director and Headquarters Breakout Program manager with a copy of your report to the HCA and include notes about the briefing (within 2 weeks after the briefing); and
- f. Provide the area director and Headquarters Breakout Program manager with a copy of the HCA's response to your report.

## 8. **What Special Issues Must I Address in My Plan of Operation?**

Your plan of operation (see chapter 2) must address the breakout recommendation/appeal process at the contracting activity. Since you are authorized to make a recommendation about any issue affecting competition, your recommendation may not involve a specific acquisition and contracting officer (e.g., you may challenge a proprietary data claim). For this reason, you should have an agreement with the contracting activity as to how you will process recommendations and appeals not dealing with a specific acquisition (e.g., you agree to appeal to the Competition

Advocate before appealing to the HCA).

## 9. What Are the Different Types of Savings?

You will report savings using the following categories (if the savings can be reported in more than one category, follow the order of precedence as listed below):

a. Breakout Savings.

Breakout savings result when you enhance the competitive status (e.g., AMC code) of a spare part, or breakout a component/subsystem from a larger acquisition (e.g., a system buy).

b. Other Documented Savings.

Other documented savings result when you successfully enhance competition through other means. Such savings include:

- (1) Sources Added Savings result when you add sources to a solicitation mailing list, approved vendor list, etc.;
- (2) Savings from Relaxed Specifications, Clauses, or Delivery Schedules result when you challenge overly restrictive requirements;
- (3) Savings from Proprietary Data Challenges result when you recommend competing a requirement that would have been acquired noncompetitively due to a contractor's proprietary data claim; and
- (4) Other Savings result when you make a recommendation which results in cost savings through any other means not noted above (e.g., you recommend the cancellation of a requirement and avoid the unnecessary expenditure of funds).

## 10. How Are Savings Reported?

- a. You must maintain adequate documentation for all savings you report. This documentation must clearly address how you calculate breakout savings. Savings must reflect the cost/price difference for an item before and after your breakout recommendation is accepted. All savings must exceed \$500 before they can be reported.
- b. You must also have documentation which indicates the savings are attributable to your breakout action (e.g., contracting activity concurrence of your recommendation).

- c. When you have historical information (for sources added savings, use the formula in Block 10 of the SBA Form 840, appendix 12), compute the savings using one of the following methods (you should use the method which results in the greater savings):
  - (1) Subtracting the latest award price (after breakout) from the previous awarded price (before breakout); or
  - (2) Subtracting the current award price (after breakout) from the most recent offer of the same vendor awarded the previous contract (before breakout).
- d. When you do not have historical information, you should use a credible Government estimate which represents the acquisition cost of an item prior to acceptance of your breakout recommendation.
- e. When you cannot calculate savings using either procurement history or Government estimate, you must provide appropriate rationale to justify the savings you report. You should coordinate with the area director about your rationale.
- f. For repetitive acquisitions, you can only report savings for up to 5 years after the date of the first award after the breakout.
- g. For acquisitions with options, report savings when the options are exercised.
- h. For multi-year acquisitions, report savings on a yearly basis (i.e., do not report all savings at initial award).
- i. For indefinite quantity acquisitions, you should report savings once each year (in the fourth quarter), accounting for all award activity since the last time savings were reported.

## **11. When Do I Use the Consumer Price Index (CPI)?**

- a. You should only use the CPI to adjust the historical price of an item when:
  - (1) The previous acquisition of an item is more than 1 year prior to the current acquisition; and
  - (2) The savings are categorized as breakout savings (see paragraph 4-9), not as other documented savings.
- b. Area directors must approve use of the CPI in any other savings calculation. You must document the file indicating AD approval.

## 12. How Do I Use the Consumer Price Index to Calculate Savings?

To adjust an historical price you must first compute the inflation factor. This inflation factor is derived by dividing the current CPI by the CPI for the previous buy year (See appendix 11 for CPI list). The inflation factor formula is:  $\text{Inflation Factor} = \text{CPI (Current Year)} / \text{CPI (Old Year)}$ . The historical price is then multiplied by this inflation factor to arrive at the inflation-adjusted price. The following example illustrates the application of an inflation factor using the Consumer Price Indexes:

- a. The previous unit price for a motor vehicle (last purchased in 1987) was \$10,000.
- b. The CPI for 1987 was 113.6.
- c. The CPI for the current buy (in FY 1996) is 153.7. For the current fiscal year, use the latest CPI data available (e.g., during FY 1996 use the 1995 CPI).
- d. The Inflation Factor =  $153.7/113.6 = 1.353$ .
- e. The adjusted price is the previous unit price times the inflation factor, or  $\$10,000 \times 1.353 = \$13,530$ .

## 13. What Breakout Forms Do I Use?

- a. SBA Form 843, Part B, "Prime Contracts Program Quarterly Report, Breakout PCR."

You must submit the original and one copy of this form to the area director within 45 calendar days after the end of each fiscal quarter, unless otherwise instructed. Backup documentation (e.g., copies of breakout recommendations, and contracting activity responses) should be attached to the area director's copy. See appendix 7 for sample form and appendix 8 for instructions.

- b. SBA Form 840, "Cases Involving Lower Prices to the Government."

You must use this form to document any savings to the Government that exceeds \$500. A copy of this **form must** be sent with each SBA Form 843 you submit (include backup documentation with the area director's copy). See appendix 12 for sample form and appendix 13 for instructions.

- c. SBA Form 1485, "Breakout Recommendation/Action."

You should use this form when submitting a breakout recommendation to the contracting activity. You must maintain copies of all recommendations and backup documentation supporting your recommendation. See appendix 18 for sample form.

#### 14. How Do I Support the Annual Report to Congress?

- a. Section 403 of Public Law 98-577 requires the SBA Administrator to report to Congress each year on the BPCR Program. As a BPCR, you must provide information to the area director by December 1 each year. Area directors must forward the approved report to Headquarters (BPCR Program Manager) by December 31.
- b. You should use the sample report format in appendix 14. You must include the following information in your report.
  - (1) Summary of all breakout and other documented savings you report during the year.
  - (2) Summary of breakout activity reported in Blocks 6 through 9 and Block 13 of the SBA Form 843, Part B.
  - (3) Provide at least one success story resulting from your breakout recommendations, preferably involving a small, small disadvantaged, or women-owned business firm. Include the following information:
    - (a) Description of procurement and item;
    - (b) Significant issues (e.g., procurement history);
    - (c) Your breakout action(s); and
    - (d) Result (e.g., name, address, size and status of awardee, dollar value of contract, savings, and other relevant information).
  - (4) Include any success stories resulting from your counseling activity. Describe how you helped the business.
  - (5) Include upcoming success stories if appropriate (do not include procurement sensitive information).
  - (6) Assess your Breakout Program.
    - (a) What types of breakout actions do you do (e.g., primarily spares, component breakout, etc.)?
    - (b) Compare what you did this year with the prior 2 years.
    - (c) Explain any changes in how you accomplish breakout and discuss future trends which will affect your work.

- (d) Identify the major impediments to competition at the contracting activity.
- (e) Discuss the opportunities for future breakout and your plans to increase savings.
- (f) Discuss other significant issues affecting the breakout program at the contracting activity (e.g., base closure, downsizing, and gaining mission responsibility).
- (g) Provide the total dollars obligated by the contracting activity for the fiscal year covered by the report and the preceding 2 fiscal years.
- (h) Provide the projected procurement budget for the next 5 fiscal years. Discuss significant changes from actual obligations over the past 3 fiscal years (e.g., new program beginning production phase).
- (i) Provide competition statistics (in both dollars and actions) for the fiscal year covered by the report and for the preceding 2 fiscal years. Discuss any significant changes in the statistics.

**15. What Are My Responsibilities Regarding the Breakout Technical Advisors?**

As the team leader, the BPCR should make sure that all Breakout personnel assigned to their contracting activity work together. Area directors are responsible for addressing supervisory issues. In the absence of breakout technical advisors, BPCRs should contact TPCRs or other Government contracting personnel for advice.



## Chapter 5

### How Do I Perform a Surveillance Review?

#### 1. Why Do I Perform Surveillance Reviews?

A surveillance review is a comprehensive assessment of a contracting activity's small business program. You perform surveillance reviews to:

- a. Assess the quality of a contracting activity's small business program;
- b. Evaluate its impact on small business; and
- c. Recommend changes to improve small business participation in the contracting activity's acquisition process.

#### 2. Who Participates in Surveillance Reviews?

Any SBA Government contracting employee may participate in a surveillance review. Area Directors will assign the team leader and member(s) for each review.

#### 3. How Are Surveillance Review Sites Selected?

Area Directors will coordinate with Headquarters during the last quarter of the fiscal year to determine where surveillance reviews will be performed for the upcoming fiscal year. SBA Headquarters will notify the small business headquarters office of the appropriate Federal agencies or departments (e.g., the OSDDBU at the DoD) about the surveillance review schedule. Factors to consider when selecting a contracting activity for review:

- a. Contracting activity mission and acquisition workload;
- b. Small business program goal achievement and overall level of small business participation over the past 2 fiscal years;
- c. Results of previous surveillance reviews (reviews should not be conducted at the same contracting activity 2 years in a row);
- d. Experience indicating known or potential problems (e.g., PCR knowledge of significant problems, and numerous complaints from the small business community about a contracting activity); and
- e. Changes in a contracting activity's acquisition policy.

#### **4. As Team Leader, How Do I Plan for the Surveillance Review?**

- a. Before scheduling a surveillance review, you should allow enough time to:
  - (1) Contact the contracting activity to schedule the surveillance review and confirm the dates at least 30 days prior to the review;
  - (2) Obtain information from the contracting activity for your evaluation prior to the review;
  - (3) Contact the team members to discuss each member's role; and
  - (4) Prepare the report after the review, including coordinating with team members and obtaining area director approval. The report is due in Headquarters 45 days after the review is completed.
- b. You should plan to spend 3 to 5 days at the contracting activity to perform the review. You should not schedule a surveillance review at the beginning or end of the fiscal year.

#### **5. As Team Leader, How Do I Schedule a Surveillance Review?**

You must contact the contracting activity to set the dates for the surveillance review, including the entrance and exit briefing. At least 30 days prior to the review, you must send a coordination letter to the HCA about the surveillance review. You must coordinate with the Area Director before sending the letter. In your letter, you should:

- a. Confirm the dates of the review and times for entrance briefings;
- b. Describe the purpose of the surveillance review;
- c. Discuss the areas that will be evaluated;
- d. Note the scope of the review, which should cover at least 2 fiscal years;
- e. Identify the team members;
- f. Request (or confirm, if known) a point of contact to coordinate:
  - (1) Work area requirements, including desk space and phone access;
  - (2) Information needed before the site visit (e.g., small business goal statistics, contract award data, and organization charts); and
  - (3) Access issues (e.g., security clearances); and

- g. You must send a copy of your letter to the contracting activity's Small Business Specialist, the Area Director, and all team members.

## **6. What Should I Do Before the Review at the Contracting Activity?**

You should prepare for the review by doing the following.

- a. Reviewing copies of any previous surveillance review reports and discussing observations about the strengths and weaknesses of the contracting activity's small business program with the appropriate PCRs
- b. Contacting the Small Business Specialist and other contracting activity personnel (e.g., Director of Contracting) before the actual review, if appropriate. Advise the Area Director before scheduling any pre-review meetings at the contracting activity.
- c. Researching special acquisition regulations and procedures that apply to the contracting activity.
- d. Reviewing a list of contracts or contract award actions for the period covered by the review and select a representative sample of contracts for review.
- e. Coordinating with the point of contact about surveillance review activity (e.g., obtaining contract files, and interviewing contracting personnel).
- f. Requesting the presence of the Director of Contracting, Small Business Specialist, Competition Advocate, Technical Director, as appropriate, at the entrance briefing.
- g. Coordinating with team members about the review. You should consider the knowledge and work experience of team members when assigning review tasks.

## **7. How Do I Select Contracts to Be Reviewed?**

You must review enough files to detect significant trends and to make sure that your findings are valid. You should obtain appropriate information from the contracting activity (e.g., request a print out of all SF 279 or DD Form 350 actions of more than \$100,000, indicating contract number, award amount, contractor name and business size, type of action, SIC code, synopsis code, type of set-aside and subcontracting plan information, etc.) to make sure that your sample includes:

- a. Awards to large business over and under the Simplified Acquisition Procedures (SAP);
- b. Contracts for mission and base support operations;

- c. Contracts for construction, supplies, research and development, and services of varying complexity;
- d. Contracts of various types, including fixed-price, time and material, cost-reimbursement, and indefinite delivery;
- e. Awards to large business over the subcontracting plan thresholds, including those where contract administration functions are retained by the contracting activity;
- f. Awards subject to special regulations or procedures; and
- g. Contracts for consolidated/bundled services.

## **8. How Do I Conduct an Entrance Briefing?**

You, as the team leader, conduct the entrance briefing by:

- a. Introducing the team members;
- b. Discussing the purpose, scope, and methodology of the surveillance review;
- c. Seeking information on areas of special concern to the activity acquisition managers and the HCA;
- d. Discussing how the report will be prepared and issued; and
- e. Confirming the exit briefing.

## **9. What Do I Do in a Surveillance Review?**

You should use the "Surveillance Review Checklist" in appendix 15 to perform the review. You may have to tailor your approach depending on the type of activity you are reviewing. Your review must consider the following:

- a. Management of its small business program;
- b. Compliance with regulations and procedures;
- c. Effectiveness of advance procurement planning;
- d. Pre-award and post-award functions;
- e. Small business training programs;

- f. Industry outreach programs which focus on small business;
- g. Review of procurement logs, small business coordination records, and contract actions; and
- h. Small business goal achievement.

#### **10. Why Do I Interview Contracting Activity Personnel?**

You should interview contracting activity personnel using the sample questions in appendix 16. The purpose of this process is to:

- a. Determine the effectiveness of training programs;
- b. Assess program and management emphasis on small business issues; and
- c. Highlight areas of weakness or strength in the activity's overall small business program that may not be apparent from written records.

#### **11. How Do I Conduct an Exit Briefing?**

- a. Before conducting the exit briefing, you must advise the Area Director about your preliminary assessment (e.g., general program strengths and weaknesses, issues of non-compliance).
- b. At the exit briefing you should:
  - (1) Discuss significant deficiencies and program strengths identified during the review;
  - (2) Solicit comments about the surveillance review (make a note of any forthcoming corrective action, and offer to accept rebuttals within a reasonable time);
  - (3) Discuss how the rating will be developed after a thorough analysis of the findings; and
  - (4) Recognize those contracting activity personnel who assisted the team during the review.
- c. At the exit briefing you must not:
  - (1) Discuss the proposed rating with contracting activity personnel;
  - (2) Belabor minor deficiencies; or

- (3) Argue about any issues (acknowledge that the points raised by the contracting activity will be considered before the final report is written).

## 12. How Do I Prepare the Surveillance Review Report?

You will use the surveillance report format (see appendix 17) as a guide in preparing the report. The Area Director must approve the report before forwarding it to Headquarters. The original and two copies of the signed report, along with an electronic copy (verify software version compatibility) must be sent to Headquarters within 45 days after completion of the review. Provide appropriate information to Headquarters for the cover letter to the report (e.g., address of the HCA, and names of those deserving special mention). The surveillance review team leader must forward the backup documentation to the Area Director after Headquarters issues the report.

## 13. What Ratings Do I Assign to a Contracting Activity?

There are five possible ratings you can assign to a contracting activity. Your report must clearly support the rating you assign. The ratings are:

a. Outstanding.

You should assign this rating when the contracting activity has undertaken special initiatives to successfully promote its small business program and has no major deficiencies.

b. Highly Satisfactory.

Assign this rating when the contracting activity has a strong small business program, but lacks unique or innovative small business program initiatives that warrant special recognition.

c. Satisfactory.

Use this rating if you do not identify any major deficiencies which affect the ability of small business to participate in the contracting activity's acquisition process.

d. Marginally Satisfactory.

If you identify a negative trend or deficiency which is serious in nature, assign this rating.

e. Unsatisfactory.

Assign this rating if small business is being denied an opportunity to participate in the acquisition process due to anti-small business bias, unreasonable policies,

or any other significant impediment.

**14. How Is the Report Distributed?**

SBA Headquarters will approve the report before sending it to the appropriate headquarters office of the contracting activity. Headquarters will also send copies of the cover letter and final report to the Area Director, all team members, and the cognizant PCR (if applicable).



## Chapter 6

### What Are the Responsibilities of Area Directors?

#### 1. What Are My Administrative Duties as Area Director?

- a. You provide direction and supervision for the Prime Contracts Program within your designated area. You:
  - (1) Ensure that contracting activities are appropriately covered by a Traditional and/or Breakout PCR.
    - (a) You should be familiar with all contracting activities in your geographical area; and
    - (b) You should conduct a review and evaluation of all buying activities in your geographical area every 2 years to evaluate coverage and propose changes in coverage.
  - (2) Implement the plans and policies established by Headquarters.
  - (3) Coordinate and request training and security clearances for PCRs as needed.
  - (4) Conduct joint activities with PCRs to encourage communication and networking within your area.
  - (5) Provide to PCRs, current information and instructions that will be necessary and beneficial in performing their duties.
- b. You must participate in outreach for small businesses, such as attending procurement conferences, and meeting with private and public organizations to assist the small business community in understanding the Federal procurement program.
- c. You must assign special duties for review of bundling reports or other matters that are referred to you for inquiry by Headquarters.

#### 2. What Should I Coordinate with Headquarters?

- a. You must recommend the contracting activities for PCR coverage and provide your rationale for the assignment to Headquarters.

- b. You must review prospective secretarial appeal files to ensure that proper documentation is included in the file. You should prepare a one-page analysis of the appeal and include it with your transmittal memo to Headquarters indicating your concurrence with the appeal.
- c. You must request security clearances, when warranted, obtain necessary information from the employees and forward to Headquarters. SOP 90 21, "Investigations-Personnel and Physical Security Program," provides instructions for the process.
- d. You must promptly process all reported instances of contract bundling.
- e. You must recommend to Headquarters where surveillance reviews will be conducted and provide your rationale for the locations. You must appoint a team leader and member(s) for each review and advise Headquarters of the composition of the team, and the plan for accomplishing the review. After completion of the review, you must provide a copy of the report to Headquarters no later than 60 calendar days.
- f. Make selections to fill PCR positions, and provide your recommendations to Headquarters.
- g. Ensure that reports have been provided to Headquarters and produce any requested evaluation of that data. Also provide special reports as needed (i.e., bundling, success stories).
- h. You must advise Headquarters of large acquisitions or other issues that may be of Agency level concerns.
- i. You must provide the Annual Report by Breakout PCRs to Headquarters by December 31.

### **3. How Do I Network with District Offices and Other SBA Offices?**

- a. You must assign PCRs to provide Government contracting (GC) assistance to district offices. You must negotiate a written agreement with district director(s) (DDs) regarding specific services that will be furnished. These services will include counseling of referred small businesses, assisting MED, participating in conferences and other activities, and special initiatives (i.e., Federal Dollars and Sense for Women-Owned Businesses). Share information with the district offices regarding Government contracting projects and other items of interest. The agreement will be updated as changes occur but no less than once every 3 years or upon a change of district director. This agreement will also include support that will be provided to the PCR(s) by the district office.

- b. You will network with regional administrators, other area and Headquarters offices and provide assistance whenever it is requested.

#### **4. How Do I Recommend Assignments of PCRs?**

Recommend assignment of PCR(s) to those contracting activities that generate significant contract dollars and activities. A PCR presence must be beneficial to small businesses and increase small business awards and competition. You will perform an analysis to determine if a BPCR is also required at the contracting activity. Your recommendations and substantiation will be provided to Headquarters. Should changes occur at the contracting activity, advise Headquarters of these changes and your recommendations for coverage.

#### **5. When Do I Visit Contracting Activities?**

- a. You will meet with contracting activities not regularly visited by PCRs to establish and maintain a cooperative attitude toward SBA programs and small businesses. Advise that PCR assistance can be provided on special issues at the request of the contracting activity or small businesses.
- b. When conducting PCR visits, initiate meetings with HCAs, whenever possible. If deficiencies exist at the contracting activity, discuss these problems with the contracting officials to reinforce action that has already been taken by the PCR.

#### **6. How Do I Review PCR Records and Documentation?**

- a. All PCRs must be visited every other year; more frequently when problems with the contracting activity or PCR have been identified. Conduct on-site reviews of the PCR's records and documentation. Verify method used by the PCR for obtaining socio-economic reporting information, methodology used for calculating breakout savings, records of activities that were attended at the contracting activity, method of recording other reporting information required by the SBA Forms 843 A and B , and SBA Form 231s, "PCR Purchase Request Review Register."
- b. Check the PCR 's records for indications that a good working relationship with the contracting activity has been established and that the PCR is discussing special small business activities. Review records to verify that the PCR is meeting annually with the HCA and that the Plan of Operation is current.
- c. Prepare a report of your review and submit a copy to Headquarters.

- d. Review records submitted by PCRs at your office. Maintain information that document performance evaluations.

## Chapter 7

### What Are the Responsibilities of Headquarters?

#### 1. What Is the Office of Prime Contracts Responsible For?

The Office of Prime Contracts must:

- a. Establish plans to accomplish the Prime Contracts Program mission (e.g., SOP 60 02);
- b. Oversee the use of SBA plans and policies by area office personnel;
- c. Coordinate the Prime Contracts Program with other SBA Programs;
- d. Prepare legislative proposals and regulations to enhance the effectiveness of the Program;
- e. Interpret regulations affecting small business;
- f. Determine reporting requirements;
- g. Coordinate assignment of resident and liaison PCRs with Headquarters officials of other Government departments and agencies;
- h. Prepare appeals and reports for the Administrator (e.g., secretarial appeals, Breakout Annual Report to Congress);
- i. Work with senior Government acquisition officials on small business issues (e.g., FAR Council);
- j. Establish annual goals for area offices;
- k. Coordinate personnel issues (e.g., PCR training, security clearances); and
- l. Make sure that area office personnel have adequate tools to perform their work (e.g., computers, access to SBA networks and other online information sources, and current regulations).



**Appendix 1**  
**(paragraph 1-6)**  
**What Are the Definitions and Terms I Need to Know?**

You must know acronyms and terms that are commonly used within Government procurement. Some of the frequently used acronyms and terms are listed below:

Bundling	Bundling of contract requirements means consolidating 2 or more procurement requirements for goods or services previously provided or performed under separate small contracts into a solicitation of offers for a single contract that is likely to be unsuitable for award to a small business concern due to the diversity, size, or specialized nature of the elements of the performance specified; the aggregate dollar value of the anticipated award; the geographical dispersion of the contract performance sites; or any combination of the factors described above.
CBD	Commerce Business Daily - A publication of the Department of Commerce that lists upcoming Federal procurements.
CCR	Central Contractor Registration - An electronic database of Government vendors that is maintained by the Defense Department.
CFR	Code of Federal Regulations - The digest of the Federal Government's regulations.
DCMC	Defense Contract Management Command
DELTA	Defense Loan and Technical Assistance - This is a loan program that provides financial and technical assistance to defense-dependent small businesses adversely affected by defense reduction.
ECRCs	Electronic Commerce Resource Centers - Centers run by the Defense Department to provide training on FACNET.
FACNET	Federal Acquisition Computer Network - An electronic database of Federal procurements that is accessible through VANS.
FARA	Federal Acquisition Reform Act
FASA	Federal Acquisition Streamlining Act
OSDBU	Offices of Small and Disadvantaged Business Utilization - Offices of small business advisors which can be found in each Federal department and agency.
PRO-Net	A nationwide Internet-based database of small business profiles maintained by the SBA.

PTACs	Procurement Technical Assistance Centers - A network of Federal assistance centers located around the country.
SIC	Standard Industrial Classification - These codes are the way the Federal Government classifies business size by industry.
VANs	Value Added Networks - Private companies, some of which are certified by the Government to receive, share, sort, and electronically list all procurement opportunities processed through FACNET.

**Appendix 2**  
**(paragraphs 2-9 and 2-10)**  
**Chart of Appeals Process**

SBA REVIEW	IF PCR ISSUES	CA ACTION DAYS	CA REVIEW	FOLLOW THROUGH DAYS BY
2-5	FORM 70 FORM 1485	CO/CA ACCEPTS	5	DOCUMENT AND REPORT.
2-5	FORM 70 FORM 1485	CO/CA REJECTS	5	ALERT AD/HQ. INITIATE REQUESTS FOR SB LTRS FOR SECRETARIAL APPEAL.
2	HCA APPEAL	HCA ACCEPTS	7	DOCUMENT AND REPORT.
2	HCA APPEAL	HCA REJECTS	7	AD/HQ APPROVE SEC APPEAL. OBTAIN SB LTRS. PREPARE APPEAL FILE.
1*  SEE	SEC APPEAL	"ACCEPTS"	30	APPEAL FILE TO HQ THROUGH AD.  NARRATIVE FOR FILE CONTENT.

\* File must be at Headquarters 10 business days after notification letter is sent to HCA. Number of days are BUSINESS days from date of receipt.

Some DO'S AND DON'TS to follow:

At the HCA appeal level you should answer the CO's written statement of denial and describe how the acquisition meets the criteria for a set-aside or breakout. You should provide at least two letters from firms that show their intent to propose, and capabilities to meet specific requirements of the acquisition.

If the AD/Headquarters does not agree that a Secretarial Appeal will be pursued, you should advise the CO that no further action will be taken.

Do not include personal opinions or unsupported suppositions in your file or correspondence.

PRO-Net profiles may not be substituted for small business letters of intent to propose. Also be sure that small businesses' experience, as it relates to the specifications, is current.

The decision made by the Department/Agency at the Secretary Appeal level is final.











**Appendix 5**  
**(paragraphs 2-9c, 2-11h, and 3-5b(2))**  
**SBA 843, Part A**  
**"Prime Contracts Program Quarterly Report"**



**U.S. Small Business Administration**  
**Prime Contracts Program Quarterly Report**  
**Part A Traditional PCR**

OMB Approval No.: 3245-0141  
 Expiration Date: 5/31/99

Initial Submission  
 Revision

(Dollars in Thousands)

1. Activity  ( ) Resident                      ( ) Liaison		2. Activity Code	3. Fiscal Year	4. Quarter
5. Total Awards	6. SB Awards	7. SBSA Awards	8. SDB Awards	
9. WOB Awards	10. # PR's Reviewed	11. Bundled Requirements a. # Rev'd		b. # Broken Up*
12. Forms 70 a. # Issued		b. \$ Value	c. # Accepted	d. \$ Value
13. Appeals to HCA a. # Submitted			b. # Granted	c. \$ Appeals granted
14. 8(a) Recommendations a. # Submitted		b. \$ Value		
15. # SB Sources Furnished	16. # Class Set-Asides Made	17. \$ SBSA Savings a. Proc. Hist.    b. Proc. Est.		18. Proc. Conferences a. # Sponsored    b. # Presentations made
19. # Counseling Cases	20. # Training Sessions	21. Subcontracting Plans a. # Reviewed    b. # Non-Concurred    c. # Not Modified at Award		
Comments: (*Explain in Detail)				
TPCR Signature _____		Date _____		ARA/PA Signature _____
				Date _____

SBA Form 843 Part A (9-92) Ref. SOP 60 02 Previous Edition Obsolete

This form was electronically produced by Elite Federal Forms, Inc.

Federal Recycling Program Printed on Recycled Paper



**Appendix 6**  
**(paragraph 3-8c)**  
**Instructions for Completing SBA 843, Part A**  
**"Prime Contracts Program Quarterly Report," Traditional**

Top Left Hand Corner

Check either "Initial Submission" or "Revision" as appropriate.

Block 1

Enter the complete activity/installation name as it appears in the PCR directory, including city and state. Place an X in the block to indicate whether the activity is covered on a ( ) resident, or ( ) liaison basis.

Block 2

Enter the PCRIS code, assigned by OPC, for the contracting activity covered by the report.

Block 3

Enter the fiscal year.

Block 4

Enter the quarter.

Block 5

Enter the total dollar value (in thousands) of contracts awarded by the activity for the quarter.

Block 6

Enter the total dollar value (in thousands) of contracts awarded to small business by the activity for the quarter.

Block 7

Enter the total dollar value (in thousands) of contracts awarded under small business set-asides, both total and partial, by the activity for the quarter.

Block 8

Enter the total dollar value (in thousands) of the contracts awarded to SDBs, including 8(a), by the activity for the quarter.

Block 9

Enter the total dollar value (in thousands) of contracts awarded to women-owned businesses by the activity for the quarter.

Block 10

Record the number of PRs reviewed for potential small business set-aside or 8(a) action. Each PR reviewed must be recorded on an SBA Form 231, Appendix 4 or other log. (NOTE: Bundled/consolidated acquisitions reviewed shall be reported in Block 11 only.)

Block 11

Record the number of bundled/consolidated requirements reviewed.

11a - Enter the number of bundled acquisitions reviewed.

11b - Enter the total number of acquisitions reviewed that were broken up to allow for small business participation as a result of TPCR recommendation.

Block 12

12a - Enter the number of SBA Form 70's issued, including informal set-aside recommendations to the contracting officer during the quarter.

12b - Enter the estimated dollar value of SBA Form 70's including informal recommendations issued during the quarter.

12c - Enter the total number of SBA Form 70's, including informal set-aside recommendations, accepted during the quarter.

12d - Enter the total estimated dollar value of SBA Form 70's, including informal recommendations for set-aside, accepted during the quarter.

**Note: Blocks 12b and 12d: In the case of multi-year contracts consisting of the base year and options which may be exercised, report only the value of the base year. In the comments block, note the period of the contract and total estimated dollar value should all options be exercised.**

#### Block 13

13a - Enter the number of written appeals submitted to the HCA after denial of an SBA Form 70 by the contracting officer.

13b - Enter the number of written appeals granted by the HCA.

13c - Enter the dollar value of the written appeals **granted** by the HCA. In the case of multi-year contracts consisting of the base year and options, report only the value of the base year. In the comments block, note the period of the contract and total estimated dollar value should all options be exercised.

#### Block 14

14a - Enter the total number of written recommendations made by the PCR requesting that a requirement be reserved for the 8(a) program.

14b - Enter the total estimated dollar value, base year only, of the written recommendations made by the PCR.

#### Block 15

Enter the number of small business sources furnished to activity contracting officers for inclusion on a solicitation mailing list.

#### Block 16

Report the number of class set-asides recommended by the PCR and accepted by the activity during the quarter.

Block 17

Enter the total dollar value of savings resulting from PCR initiated small business set-aside contracts awarded during the reporting quarter. Separate the savings as follows:

17a - Calculate savings based on past procurement history.

17b - Calculate savings based on the Government procurement estimated.

Block 18

Enter the number of procurement opportunity conferences or training sessions at which the PCR provided Federal acquisition assistance to small businesses. Use the comments block to further explain participation, as necessary.

18a - Enter the number of PCR or GC sponsored or cosponsored conferences attended.

18b - Enter the number of conferences attended, not cosponsored, at which the PCR made a formal presentation, speech, or served on a discussion panel.

Block 19

Enter the number of counseling cases during the quarter. Include ONLY counseling sessions that involved substantive counseling or assistance. **You may not include firms attending conferences as counseling cases.**

Block 20

Enter the number of training sessions conducted for contracting activity personnel or technical staff to acquaint them with the requirements of the small business program.

Block 21

21a - Enter the total number of proposed subcontracting plans reviewed during the quarter.

21b - Enter the number of proposed plans nonconcurrent in upon initial review.

21c - Enter the number of proposed plans nonconcurrent in that were accepted by the contracting officer without any modification.

Comments Block

Include explanations of any of the entries above in this block. The SBA Form 843A is automated and no written text may be entered in any of the blocks except for this block.

**Appendix 7**  
**(paragraphs 2-9c and 4-13a)**  
**Sample SBA Form 843, Part B,**  
**"Prime Contracts Program Quarterly Report," Breakout**



**U.S. Small Business Administration**  
**Prime Contracts Program Quarterly Report**  
**Part B Breakout PCR**

**Initial Submission**  
 **Revision**

(Dollars in Thousands)

1. Activity		2. Activity Code		3. Fiscal Year		4. Quarter	
5. # Items Screened		6. B/O Recommendations a. # Issued      b. # Accepted		7. Appeals to HCA a. # Issued      b. # Granted			
8. Value of B/O Recs. (\$) a. Issued      b. Accepted		9. Breakout Awards a. #      b. \$ to Small Business      c. \$ to Large Business					
10. Breakout Savings (\$) a. Proc. Hist.      b. Proc. Est.		11. Other Savings (\$) a. Add Source      b. Relax Specs      c. Prop. Challenge      d. Cost Avoid. *					
12. Total Savings (\$) (Add 10 a. thru 11 d.)		13. # Counselings		14. # Unsol. Proposals Rec'd.			
Comments: (*explain in detail)							
BPCR Signature _____				ARA/PA Signature _____			
Date _____				Date _____			

SBA Form 843 Part B (9-92) Ref: SOP 60 02 Previous Editions Obsolete

Federal Recycling Program Printed on Recycled Paper



**Appendix 8**  
**(paragraph 4-13a)**  
**Instructions for Completing SBA Form 843, Part B,**  
**"Prime Contracts Program Quarterly Report," Breakout**

1. Top Left Corner

Check "Initial Submission" or "Revision" as appropriate. When submitting revisions, complete only Blocks 1-4 and the Blocks you are revising.

2. Block 1

Enter the complete activity name as it appears in the PCR Directory. Do not use abbreviations.

3. Block 2

Enter the PCRIS code for the contracting activity.

4. Block 6

Enter the number of breakout recommendations submitted to (Block 6a), and accepted by (Block 6b), the contracting activity. An SBA Form 1485 may contain more than one breakout recommendation.

5. Block 7

Enter the number of rejected breakout recommendations formally appealed within the contracting activity. Some rejected recommendations may be appealed more than once within a contracting activity (e.g., to a project manager and then to the Competition Advocate). Enter the number of appeals granted by contracting activity personnel in Block 7b.

6. Block 8

Enter the estimated dollar value of the initial buy or current year for the item(s) recommended or accepted for breakout. The dollar values you report in blocks 8a and 8b should correspond to the number of recommendations you report in blocks 6a and 6b, respectively.

7. Block 9

Report the number of award actions in which **breakout** items are acquired during the quarter. More than one item may be acquired on one contract; and one item may be acquired on more than one contract. You will generally have one SBA Form 840 for each breakout award reported in block 9a. Use contracting activity award data (e.g., from DD Form 350) for reporting dollar awards to small or large business.

8. Blocks 10 and 11

Enter savings from all SBA Form 840s for the quarter in the appropriate blocks. Briefly describe the nature of any savings you report in block 11d (e.g., cost avoidance, threat of competition) in the comments block.

9. Block 12

The savings you report in this block must agree with the total savings from all SBA Form 840s (i.e., the sum of all the savings rounded in thousands) for the quarter.

10. Comments Block

Use this block to explain special circumstances that you do not address on the SBA Form 840.

## 11. Other blocks on this form require no explanation.

**Appendix 9**  
**(paragraphs 2-11j and 3-4b(3))**  
**SBA Form 1970, "Bundling Alert Form"**

**BUNDLING ALERT FORM**

(NOT FOR PUBLIC DISCLOSURE)

(1) Date: \_\_\_\_\_ Interim [  ] Final [  ]

(1a) Fiscal Year \_\_\_\_ Quarter \_\_\_\_

(2) Procuring Activity: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

(3) SBA Case No.: \_\_\_\_\_

(4) Solicitation No.: \_\_\_\_\_

(5) Description of  
Supplies/Services: \_\_\_\_\_\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_(5a) Estimated  
Dollar Value: \_\_\_\_\_(6) Procuring Agency  
POC/Telephone: \_\_\_\_\_  
\_\_\_\_\_(7) Form 70 Filed ? : [  ] Yes [  ] No

Explain: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_(8) No. of Current  
Contracts/Requirements  
Being Bundled: \_\_\_\_\_(9) No. of Current  
Contracts/Requirements  
Previously Set-Aside: \_\_\_\_\_

(10) Type(s) of Contractors Performing Current Contracts (No.):	<u>SB</u>	<u>SDB</u>	<u>8(a)</u>	<u>WOB</u>	<u>LB</u>
	___	___	___	___	___

(11) No. of Bidders/Offerors on Current Contracts (No.):	___	___	___	___	___
---	-----	-----	-----	-----	-----

\_\_\_\_\_  
SBA PCR Signature\_\_\_\_\_  
Date

SBA Form 1970(4-96)



**Appendix 10**  
**(paragraph 3-4b(3))**  
**Instructions for Completing SBA Form 1970, "Bundling Alert Form"**

BUNDLING ALERT FORM  
INSTRUCTIONS

Block 1: Enter the date that the Bundling Alert Form is prepared. Indicate if this is an interim or final report by placing an 'X' in the appropriate block. (If this is an interim report, you will have to notify your Area Director (AD) by a memorandum when final disposition is determined. Be sure to reference the appropriate SBA Case No. (Block 3)).

Block 1a: Enter the applicable fiscal year and quarter.

Block 2: Enter the name and address of the procuring activity proposing to bundle the procurement.

Block 3: Enter the appropriate SBA Case Number. This entry shall be as follows:

PCR Code/current fiscal year-current quarter/sequential serial number. For  
 example,

01-11/FY 96-04/001

Block 4: Enter the solicitation number of the bundled procurement. If the solicitation number is not available, enter the purchase request number.

Block 5: Enter the solicitation's title and description of the proposed bundled procurement.

Block 5a: Enter the estimated dollar value of the proposed bundled procurement.

Block 6: Enter the name and phone number of the cognizant Contracting Officer.

Block 7: Indicate whether or not you filed a Form 70. Provide status of Form 70 at time of Bundling Alert Form preparation.

Block 8: Enter the number of current contracts/requirements that the Procuring Activity is attempting to bundle. For example, if the Procuring Activity is proposing to bundle existing grounds maintenance, computer support and janitorial services contracts, enter the number '3' in Block 8.

Block 9: Of the contracts reflected in the Block 8 entry, were any of these awarded as the result of a small business set-aside, small disadvantaged business set-aside or the 8(a) Program.

Block 10: Enter the number of contractors performing the current contracts by category.

Block 11: Enter the number of bidders/offerors that submitted bids or offers on the current contracts by category.



**Appendix 11**  
**(paragraph 4-12)**  
**Consumer Price Index**

1. The Consumer Price Index (CPI) is a measure of the average change in prices over time. The Index uses 1982-1984 as the reference period, with an assigned value of 100. An increase of 7 percent is indicated as 107.0.
2. For reporting breakout savings, SBA uses the CPI for "All Urban Consumers" (CPI-U). The Bureau of Labor Statistics publishes this index in Table 24 of its CPI Detailed Report (ISSN 0161-7311). Headquarters must update the following table each year with the latest CPI-U data:

<u>Year</u>	<u>CPI-U</u>
1982	96.5
1983	99.6
1984	103.9
1985	107.6
1986	109.6
1987	113.6
1988	118.3
1989	124.0
1990	130.7
1991	136.2
1992	142.0
1993	145.1
1994	149.4
1995	153.7
1996	158.3
1997	161.2



**Appendix 12**  
 (paragraphs 2-11i, 4-10c, and 4-13b)  
**SBA Form 840, "Cases Involving Lower Prices to the Government"**

**U.S. SMALL BUSINESS ADMINISTRATION**  
**PRIME CONTRACTS PROGRAM**  
**CASES INVOLVING LOWER PRICES TO THE GOVERNMENT**

1a. Procurement Center Name & Code	1b. Fiscal Year	1c. Fiscal Quarter 1   2   3   4	2. Business Size (Circle One) Small      Large
3a. Name and Address of Firm Awarded Contract		3b. System Identification or System Name	
3c. NSN/Description of Item NSN _____ MPN _____ Des _____	4a. Date Initial SBA Action	4b. Date Recommendation Accepted by Center	4c. Date of First Contract Award
5. Current Contract Number	6. Current Award Date	7. Total \$ Value of Contract	8. Date of Current SBA Action
9. Savings SBSA _____      _____ Fast Procurement History Breakout _____      _____ Government Cost Estimate Other (ODS) _____ Restrictive _____  Previous Unit Price      \$ _____  X (times) Inflation Factor      X _____  Adjusted Previous Unit Price      \$ _____  - (minus) Current Unit Price      \$ _____  Difference      \$ _____  X (times) \$ Units Purchased      X _____  \$ Savings      \$ _____  Enter Above Savings in (\$000)      \$ _____		10. Source Added Savings  Price of Next Highest Non-SBA Furnished Bidder or Previous Award Prices      \$ _____  Minus Price of SBA Furnished Bidder Awarded Contract      \$ _____  \$ Savings      \$ _____  \$ Enter Above Savings in (\$000)      \$ _____	
11. Brief Description of SBA Action		12. Indicate If Savings Resulted From An SBA Initiative: ___ Form 70 ___ Form 1485	
		13. Inflation Factor and CPIs:  CPI (Current) _____  CPI (Old) _____  I.F. = $CPI_t / CPI_0$	
PCR Signature:		Date:	
ARA/PA Signature (Verifying The Accuracy Of The Data):		Date:	

SBA FORM 840 (10-92) REF: SOP 60 02 PREVIOUS EDITIONS ARE OBSOLETE



**Appendix 13**  
**(paragraph 4-13b)**  
**Instructions for Completing SBA Form 840,**  
**"Cases Involving Lower Prices to the Government"**

1. Block 1

Enter the complete activity name as it appears in the PCR Directory. Do not use abbreviations. Enter the PCRIS code for the contracting activity.

2. Block 3b

Enter the top level system designator or system name (e.g., MIA1 tank).

3. Block 3c

Enter the National Stock Number (NSN) and/or Manufacturer's Part Number (MPN), as well as a brief description of item or service.

4. Block 4a

Enter the date of your initial written recommendation to the contracting activity (even if you had to issue an appeal).

5. Block 4b

Enter the date the contracting activity accepted your recommendation or appeal (if the contracting activity uses your recommendation without formally responding to you, use the date of the initial award (same as Block 4c).

6. Block 4c

Enter the date of the first contract award after acceptance of a breakout recommendation. You may only report savings for award actions within 5 years of this date.

7. Block 7

Enter the value of the contract or contract action for which you are reporting savings (e.g., if you are reporting savings on an option which was exercised during the quarter, report only the value of the option in this block, not the current value of the contract).

8. Block 8

Enter the date of any additional action (e.g., appeal date).

9. Block 9

Check either "Breakout" or "ODS" (see SBA Form 843 Part B, Blocks 10 and 11). Also check if savings are based on past procurement history or Government estimate, if either applies.

10. Block 10

Use the price of the next highest non-SBA added source or previous award price, whichever is greater. Do not use an inflation factor for sources added savings.

11. Block 11

Briefly describe your recommendation (e.g., BPCR recommended breakout of component from sole source system buy. Component awarded to a WOSB on a F&OC acquisition).

## 12. Other blocks on this form require no explanation.

**Appendix 14**  
**(paragraph 4-14b)**  
**Sample Breakout Annual Report Format**

FY 199X Breakout Report for (Contracting Activity)

- I. Savings Summary
  - A. Breakout Savings
  - B. Total Other Documented Savings (ODS)
    - 1. Sources Added Savings
    - 2. Savings from Relaxed Restrictive Specifications
    - 3. Savings from Proprietary Data Challenges
    - 4. Remaining ODS Savings
- II. BPCR Activity Summary
  - A. Breakout Recommendations Issued
  - B. Recommendations Accepted by the Contracting Activity
  - C. Breakout Appeals Issued to the Contracting Activity
  - D. Appeals Accepted by the Contracting Activity
  - E. Breakout Items Purchased
    - 1. Awards to Small Business
    - 2. Awards to Large Business
  - F. Number of Sources Furnished to the Contracting Activity
  - G. Number of Businesses Counseled
    - 1. Number of Small Disadvantaged Businesses
    - 2. Number of Women-owned Businesses

### III. Success Stories

- A. (Title of B/O Success Story #1, e.g., "Breakout of JSTARS Ground Data Terminals")
- B. (Title of B/O Success Story #2, etc.)
- C. Business Counselling Success Story (if applicable)

### IV. Assessment of Breakout Program at Contracting Activity

- A. Trend Analysis
  - 1. Recent Contracting Activity Obligations and 5 Year Projected Budget
  - 2. Recent Competition Statistics (in Dollars and Actions)
- B. Contracting Activity Impediments to Enhanced Competition
- C. BPCR Plans to Improve Program and Increase Savings
- D. (Other Issues)

**Appendix 15**  
**(paragraph 5-9)**  
**Surveillance Review Checklist for**  
**Contracting Activities**

**1. Questions About the Management of a Contracting Activity's Small Business Program**

- a. Does the contracting activity have a small and disadvantaged business utilization specialist formally appointed by an appropriate authority (e.g., OSDDBU or HCA)?
- b. Does the small business specialist report directly to the appointing authority or their Deputy for Small Business?
- c. Is the HCA active in implementing an effective small business program?
- d. What does management do to make sure contracting and technical personnel maintain knowledge of small business program requirements (e.g., formal training, in-house seminars)?
- e. How are small business program goals established (e.g., assigned by Headquarters), and are they reachable?
- f. Are personnel who participate in the acquisition process aware of the small business goals?
- g. Do technical advisors provide appropriate assistance to the PCR?
- h. Does the PCR have access to all reasonably obtainable contract information?
- i. How is the small business program promoted?
- j. What does the contracting activity do to enhance opportunities for small business to participate in its acquisition process (e.g., outreach efforts, procurement fairs)?
- k. How does the contracting activity assess its small business program (e.g., TQM process, internal management reviews)?
- l. How is the contracting activity's small business program evaluated by higher level management (e.g., Headquarters office)?

**2. Questions About Sourcing and Maintenance of Vendor Lists**

- a. Do the contracting officers make every reasonable effort to solicit additional SDB, and WOSBs?

- b. How does a small business apply to get on the contracting activity's centralized source/vendor list (e.g., SF 129)?
- c. Does the list indicate business size, status, and type of business (e.g., WOSB manufacturer with SIC code or keyword capabilities)?
- d. Is the list rotated to allow all businesses an equitable opportunity?
- e. Does the contracting activity solicit sources from *PRO-Net*?
- f. Are any small businesses denied a copy of a solicitation or otherwise denied an opportunity to participate in an acquisition?

**3. Questions About How a Contracting Activity Encourages Small Business Participation in its Acquisition Process**

- a. Are requirements divided into reasonably small lots to permit offers on less than the total requirement?
- b. Are solicitations structured to allow more than one small business to satisfy the requirement?
- c. Are delivery schedules reasonable?
- d. Are bundling requirements referred to the PCR at least 30 days prior to issuance of the solicitation? Does the file contain the HCA's required market research justifying the proposed consolidation?
- e. Do solicitations include all the appropriate small business clauses (e.g., FAR, DFARS)?

**4. Questions About Set-Asides**

- a. Is the contracting officer's decision not to set aside a requirement for small business reasonable (e.g., in view of procurement history, market survey, known sources)?
- b. Are all actions requiring small business specialist and/or PCR review documented with a small business coordination record (e.g., DD Form 2579 for new actions and all appropriate contract modifications)?
- c. Are small business specialist and PCR recommendations resolved appropriately (e.g., appeal process)?
- d. Are contracting officers reluctant to unilaterally set aside requirements for small business (e.g., unusually high number of small business specialist or PCR set-aside recommendations)?

**5. Questions About Subcontract Plans**

- a. Do contracting officers obtain advisory comments from the small business specialist and PCR for subcontract plans?
- b. Are subcontract plans formally incorporated into the contract?
- c. Are copies of subcontract plans sent to the cognizant contract administrative office (e.g., DCMAO) and the SBA?
- d. If contract administrative functions are retained in-house, are prime contractors monitored for compliance with their subcontract plans?
- e. Is compliance with previous subcontract plans a factor in determining an offeror's responsibility?
- f. Are subcontract plans considered as an evaluation factor (e.g., formal source selection procedures for a major system)?

**6. Questions About Publicizing Contract Actions**

- a. Does the contracting activity use the CBD (e.g., to perform a market survey, synopsise a solicitation, publicize a contract award)?
- b. Does the synopsis appear within the required time frame?
- c. Does the solicitation allow offerors the required response time to submit bids/proposals?

**7. Other Questions About the Small Business Program**

- a. Are small business responsibility issues referred to SBA for Certificates of Competency (COCs) as appropriate?
- b. Do contracting officers consider 8(a) contracting when processing a requirement?
- c. Are copies of "show cause letters" and "cure notices" sent to the small business specialist and appropriate SBA office?
- d. Is the proper SIC code and size standard included in the solicitation?
- e. Do contracting officers promptly refer size, SIC code and socio-economic challenges to SBA?
- f. Is the FACNET being implemented, or are solicitations available on the Internet?



**Appendix 16**  
**(paragraph 5-10)**  
**Sample Interview Questionnaire for Surveillance Review**

1. How long have you been in your present position?
2. Do you believe that the small business program is effective at your activity?
3. Does management support the small business program?
4. What type of small business training does your contracting activity offer (e.g., subcontract plans, SAP procedures)?
5. Do you feel that training in the small business program is needed?
6. Are you aware of the responsibilities of the SBA's PCR and SADBUS?
7. Are you familiar with the Small Business Act and FAR Part 19 requirements?
8. What type of working relationship do you have with the small business specialist?
9. What comments, pro and con, do you wish to make about the small business program?
10. How do you obtain sources for your solicitation mailing list?
11. Do you review the solicitation mailing list to see that it includes SB, SDB, and WOSBs?
12. Are you aware of SIC code, size and socio-economic protest procedures?
13. How do you evaluate a requirement for the 8(a) program?
14. What type of working relationship does your activity have with the SBA's PCR (if one is assigned)?



**Appendix 17**  
**(paragraph 5-12)**  
**Sample Surveillance Review Report Format**

U.S. Small Business Administration  
 Surveillance Review Report  
 of  
 (Name of contracting activity)  
 (City and State)

1. Surveillance Team Members and Review Dates

List the team members and their job titles (e.g., Industrial Specialist). Indicate who is the team leader. Include the dates of the review.

2. Scope of Review

Indicate the time period covered by the review (e.g., FY 1995 through the first quarter of FY 1997), and any limitations that apply (e.g., review limited to mission support acquisitions).

3. Small Business Program Rating

Provide the rating and rationale. Briefly discuss the overall effectiveness of the contracting activity's small business program.

4. Overview of Small Business Awards

<u>FY 199X</u>	<u>Total \$</u>	<u>SB %</u>	<u>SBSA %</u>	<u>SDB %</u>	<u>WOSB %</u>
Goals		47.0%	22.0%	7.6%	3.4%
Actual	\$1,254M	55.4%	21.7%	7.4%	5.2%
<u>FY 199X-1</u>	<u>Total \$</u>	<u>SB %</u>	<u>SBSA %</u>	<u>SDB %</u>	<u>WOSB %</u>
Goals		44.0%	22.0%	7.5%	3.0%
Actual	\$1,540M	49.5%	20.4%	8.4%	4.5%

Provide an analysis of the contracting activity's goals and accomplishments. Discuss significant acquisition policies which affect the actual awards to small business (e.g., Small Business Competitiveness Demonstration Program). Discuss the contracting activity's plans to increase awards in any category (e.g., special initiative targeting WOSBs for SAP acquisitions).

5. Small Business Program Management

Describe how the contracting activity's small business program is managed. Discuss the effectiveness of any advance procurement planning as it relates to small business.

6. Deficiencies and Regulatory Non-compliance

State how you selected your sample and how many files you reviewed. List the deficiencies you identify, by contract number, during review of the contract files. Do not discuss isolated minor deficiencies unless they are numerous, then address as an overall deficiency. Reference regulatory criteria, including agency and/or contracting activity regulations, contract numbers, and recommend corrective action if appropriate. If there are many deficiencies, consider using subheadings (e.g., Publicizing Contract Actions, Subcontracting, COC/Eligibility Issues, Source Lists, etc.).

7. Small Business Program Strengths and Weaknesses

Discuss any special initiatives the contracting activity uses (e.g., in-house training, industry outreach). Also address weaknesses identified during the review that would not be discussed elsewhere in the report.

8. General Comments

Address significant issues that warrant the contracting activity's attention (e.g., denial of access to records, unusual assistance received during the review).

\_\_\_\_\_  
Surveillance Team Leader

\_\_\_\_\_  
Date

**Appendix 18**  
**(paragraphs 2-11e and 4-13c)**  
**SBA Form 1485, "Breakout Recommendation/Action"**

	<b>U.S. Small Business Administration</b>	Center _____
	<b>Breakout Recommendation/Action</b>	Control No. _____
		Date _____
To: _____		
Title/Code _____		
Breakout Recommendation and Rationale: On behalf of the U.S. Small Business Administration and as authorized by FAR Subpart 19.403, I recommend		
SBA BPCR Signature _____	Date _____	
<b>Center Response:</b>		
<input type="checkbox"/> Accept <span style="margin-left: 200px;"><input type="checkbox"/> Reject (Provide rationale if rejected)</span>		
Signature _____	Title/Code _____	Date _____

SBA Form 1485 (9-92) Ref: SOP 60 02 Previous Edition Obsolete  
This form was electronically produced by Elite Federal Forms, Inc.

Federal Recycling Program  Printed on Recycled Paper

