

SBA

SOP 60 03 5

Subcontracting Assistance Program

Office of Government Contracting

U.S. Small Business Administration



**SMALL BUSINESS ADMINISTRATION
STANDARD OPERATING PROCEDURE
National**

SUBJECT: Subcontracting Assistance Program	S.O.P.		REV
	SECTION 60	NO. 03	5

INTRODUCTION

1. Purpose. To outline the policies and procedures for the SBA Subcontracting Assistance Program.
2. Personnel Concerned. All SBA Employees involved in administering the Subcontracting Assistance Program.
3. Directives Canceled. SOP 60 03 4.
4. Originator. The Office of Industrial Assistance.

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Table of Contents

Paragraph	Page
Chapter 1	7
Subcontracting Assistance Program Overview	7
1. What Is the Subcontracting Assistance Program?	7
2. What Is the Subcontracting Assistance Program's Mission?	7
3. What Is a Commercial Market Representative (CMR)?	8
4. What Is a CMR's Portfolio?	8
5. What Is the Legislative Authority for the Subcontracting Program?.....	8
6. What Is the Role of SBA Headquarters and the Area Directors for Government Contracting (ADs/GC) in the Program?.....	9
Chapter 2	11
As a CMR, How Do I Match Small Businesses	11
1. How Can I Become Aware of the Subcontracting Needs of the Large Contractors in My Portfolio?	11
2. Where Do I Find Viable Small Businesses to Refer to Large Contractors?	12
3. How Can I Assist a Small Business to Become Qualified for Future Opportunities with a Large Contractor?.....	15
4. What Is My Role in Counselling and Assisting Small Businesses?	16
Chapter 3	19
What Is My Role in Subcontracting Plans?.....	19
1. What Are the Required Elements of a Plan?	19
2. When Do I Review a Subcontracting Plan?	20
3. What Are the Types of Subcontracting Plans?	20
4. What Is the Procurement Center Representative's (PCR) Role in Reviewing Subcontracting Plans?	22
Chapter 4	23
What Report Format Do I Use and	23
1. What Is the Standard Report Format?	23
2. What Reviews Do I Perform?	23
3. How Do I Conduct Joint Reviews with the Defense Logistics Agency?.....	30
Chapter 5	35
How Do I Conduct a Program Review?	35

1.	Overview of Program Review	35
2.	Preparing for the Review	36
3.	Conducting the Entrance Conference.....	36
4.	Covering the Elements of the Checklist.....	38
5.	Program Review for a Company with a Subcontracting Plan for Commercial Items .	47
6.	Interpreting the Findings	48
7.	Determining Material Breach of Contract.....	48
8.	Categorizing the Contractor	50
9.	Conducting an Exit Briefing	53
10.	Sharing the Recommendations and the Rating with the Large Contractor	54
11.	Concluding Actions.....	55
Chapter 6		57
	What Are My Reporting Requirements?	57
1.	What Is the Subcontracting Computer System?.....	57
2.	What Do I Enter in the Subcontracting Computer System?	58
3.	When Do I Enter Information in the Subcontracting Computer System?.....	59
4.	What Am I Required to Provide DLA from the Subcontracting Computer System? ..	60
5.	What Is the Quarterly Activity Report?	60
Chapter 7		65
	What Is My Role in the Subcontracting Award Programs?	65
1.	What Is the Award of Distinction?.....	65
2.	How Do I Nominate a Large Contractor for the <i>Award of Distinction</i> ?	65
3.	Where Is the <i>Award of Distinction</i> Ceremony Held and Who Should Attend?.....	67
4.	What Is the Dwight D. Eisenhower Award for Excellence?.....	67
5.	How Do I Nominate a Contractor for the <i>Eisenhower Award</i> ?	67
6.	How Are the Winners of the <i>Eisenhower Award</i> Selected?	68
7.	What Is the <i>Subcontractor-of-the-Year</i> Award Program?	70
Chapter 8		71
	How Long Am I Required to Retain Documents?	71
1.	How Long Should I Keep SF 294/295 Reports on File?	71
2.	How Long Should I Keep Review Back-up Data on File?	71
3.	How Do I Organize My Contractors' Six-Part Folders?	71
4.	What Information from the Large Contractors' Folders May I Disclose?	73
Chapter 9		75
	What Legislation Has Affected	75
1.	Public Law 85-536.	75
2.	Public Law 95-507.	75
3.	Public Law 98-577	75
4.	Public Law 99-661 (The National Defense Authorization Act of 1987).....	76

5.	Public Law 100-180 (The National Defense Authorization Act of 1988 and 1989) ..	76
6.	Public Law 100-656 (The Business Opportunity Reform Act of 1988)	76
7.	Public Law 101-189 (Defense Authorization Act)	77
8.	Public Law 101-510 (The National Defense Authorization Act for Fiscal Year 1991).	77
9.	Public Law 102-366 (The Small Business Credit and Business Opportunity Enhancement Act of 1992).....	77
10.	Public Law 103-355 (The Federal Acquisition Streamlining Act of 1994 (FASA))...	77
Appendix 1		79
	Index to Forms and Reports	79
Appendix 2		81
	Definitions	81
Appendix 3		89
	Section 8(d) of the Small Business Act.....	89
Appendix 4		95
	Section 15(g) of the Small Business Act.....	95
Appendix 5		97
	Standard Report Format	97
Appendix 6		115
	Sample Source Identification Request	115
Appendix 7		117
	Sample Letter for a Small Business to Market Itself to a Large Business	117
Appendix 8		119
	Sample SBA/SB/Contractor Meeting Appreciation Letter	119
Appendix 9		121
	Sample Subcontracting Plan	121
Appendix 10		133
	Sample Marketing Bulletin	133
Appendix 11		135
	Memorandum of Understanding Between DLA and SBA	135
Appendix 12		143
	Sample Notification of a Program Review	143

Appendix 13..... 147
Sample Letter Accompanying a Program Review Report 147

Appendix 14..... 149
Subcontracting Computer System User's Manual 149
THE SUBCONTRACTING SYSTEM (SUB)..... 158

Chapter 1

Subcontracting Assistance Program Overview

1. What Is the Subcontracting Assistance Program?

In the United States, the Government's large business contractors purchase billions of dollars of products and services every year from companies in the private sector. The Subcontracting Assistance Program is the Small Business Administration's (SBA) vehicle to increase the percentage of subcontract awards to small businesses and to make sure that small businesses throughout the country receive a fair and equitable opportunity to compete.

2. What Is the Subcontracting Assistance Program's Mission?

- a. The primary mission of the Subcontracting Assistance Program is to promote maximum possible use of small businesses by the Nation's large contractors.
- b. The secondary objective of the Program is to make sure that the requirements of all applicable laws are satisfied. Public Law 95-507, passed in 1978, amended Section 8(d) of the Small Business Act. Public Law 95-507 was the landmark legislation for the foundation of the Subcontracting Assistance Program. This law requires other-than-small businesses awarded Federal contracts to submit a subcontracting plan to the contracting agency if:
 - (1) The contract exceeds \$500,000 (\$1 million for construction of a public facility); and
 - (2) Offers further subcontracting opportunities.
- c. A subcontracting plan establishes separate goals for subcontracting to small, small disadvantaged, and women-owned small business. A subcontracting plan also contains several other elements required by law (see paragraph 3-1). Once it has been approved by the Government, the plan becomes a material part of the contract. The Federal Acquisition Regulations (FAR) sets forth the requirements for subcontracting plans in Part 19, Subpart 19.7, and Clause 52.219-9.

3. What Is a Commercial Market Representative (CMR)?

A Commercial Market Representative (CMR) is a specialist assigned to the Subcontracting Assistance Program who facilitates the process of matching large business contractors with small, small disadvantaged, and women-owned small businesses. CMRs identify, develop, and market small businesses to the large contractors and assist the small businesses in obtaining subcontracts. CMRs (see appendix 2, Definitions) also perform compliance reviews on large contractors' subcontracting programs to assure compliance with all applicable laws.

4. What Is a CMR's Portfolio?

A portfolio is a list of large business contractors with one or more Federal contracts over \$500,000 (\$1 million for construction) containing a subcontracting plan, assigned to a CMR within his/her respective geographic area of responsibility. The CMR conducts periodic compliance reviews and needs assessments of the companies in his/her portfolio.

5. What Is the Legislative Authority for the Subcontracting Program?

- a. The basic legislative authority for the Subcontracting Assistance Program is Section 8(d) of the Small Business Act (as amended by Public Law 95-507). Section 8(d) is now codified at 15 U.S.C. 637(d) (see appendix 3). This legislation designated SBA as the principal Government agency responsible for enforcing the provisions of the law pertaining to subcontracting plans.
- b. The Federal Acquisition Streamlining Act of 1994 (FASA), Public Law 103-355, amended Sections 8(d) and 15(g) of the Small Business Act. All references to small and small disadvantaged business programs and subcontracting plans were changed to small, small disadvantaged, and women-owned small business programs and subcontracting plans. FASA also established a 5 percent goal for contracts to women-owned small businesses, both at the prime contractor and subcontractor level. Section 15(g) is codified at 15 U.S.C. 644(g) (see appendix 4).
- c. Public Laws 99-661, 100-180, 100-656, 101-189, 101-510, and 103-355 also affect the program in varying degrees. A synopsis of the laws is in chapter 9.

6. What Is the Role of SBA Headquarters and the Area Directors for Government Contracting (ADs/GC) in the Program?

a. SBA Headquarters.

The Subcontracting Assistance Program is administered by the Office of Industrial Assistance (OIA), which is responsible for developing national program policy. OIA reports to the Associate Administrator for Government Contracting. Its responsibilities include:

- (1) Gathering statistical data from the field on a periodic basis;
- (2) Conducting field reviews throughout the six areas to assure compliance with the policies herein;
- (3) Distributing information to the field;
- (4) Providing technical assistance and advice to the field;
- (5) Interpreting new legislation and establishing policy about the Subcontracting Assistance Program;
- (6) Developing performance goals for ADs/GC and CMRs;
- (7) Recommending new legislation (through the Associate Deputy Administrator for Government Contracting and Minority Enterprise Development);
- (8) Handling problems in the field that have been elevated to Headquarters;
- (9) Developing training programs for CMRs on a national level; and
- (10) Managing the *Award of Distinction*, the *Dwight D. Eisenhower Award for Excellence*, the *Prime Contractor-of-the-Year*, and the *Subcontractor-of-the-Year* Programs. This includes obtaining clearances from both the Office of Inspector General and the Office of Civil Rights Compliance on all nominees for these awards.

b. Area Offices.

The area director for Government contracting (AD/GC) is responsible for administering the Subcontracting Assistance Program in the field. The ADs/GC accomplish this mission by delegating the specific program requirements to the commercial market representatives (CMRs) on their staffs. The AD's/GC or delegate's responsibilities include:

- (1) Supervising a staff of CMRs;
- (2) Providing guidance and direction to CMRs as necessary;
- (3) Managing and coordinating SBA's large contractor incentives at the area level including the *Award of Distinction* and the *Dwight D. Eisenhower Award for Excellence* (see chapter 7); and
- (4) Managing and coordinating the *Subcontractor-of-the-Year* and *Prime Contractor-of-the-Year Award* programs at the area level.

Chapter 2

As a CMR, How Do I Match Small Businesses to Large Contractors' Subcontracting Needs (Sourcing)?

1. How Can I Become Aware of the Subcontracting Needs of the Large Contractors in My Portfolio?

There are three ways you may become aware of subcontracting opportunities available from your large contractors:

a. Purchase Order Analysis.

- (1) During the Purchase Order Analysis of a Program Review (see paragraph 5-4f), you will be looking at items purchased from large businesses to find opportunities for a small business to participate. However, items that are proprietary or are source-directed by the Government are not opportunities for small business. Do not spend time and energy on products or services that are unlikely to be redirected.
- (2) You must document every purchase order reviewed on the "Purchase Order Review Checklist - Awards to Large Business," SBA Form 1908. The checklist is contained in the Standard Report Format, Appendix 5.
- (3) If a purchase order file does not contain sufficient data to determine the small business potential, you may have to obtain this information by interviewing the buyer or by requesting technical data.
- (4) If opportunities are identified, you should furnish sources to the large contractor (see paragraph 2-2), either immediately after returning to the office, or as an attachment to your Program Review report.

b. Needs Assessment.

- (1) During a Needs Assessment (see paragraph 4-2a), your objective is to influence the large contractor to purchase from small businesses what it is currently purchasing from large businesses.
- (2) You should also investigate items manufactured in-house. In many cases, small businesses may be able to perform tasks more economically. Please note that in a downsizing environment this can be a sensitive issue.

- (3) To perform a Needs Assessment properly, you must visit the large contractor's facility and meet with the Small Business Liaison Officer (SBLO). You may want to meet with additional personnel, such as the Director of Purchasing or the Manager of Engineering Services, to identify additional needs of the large contractor. In most cases, this task can be accomplished in one day or less.
- (4) For more detailed information on a Needs Assessment, see paragraph 4-2a.

c. Large Contractor Initiated Requests.

- (1) There may be times, outside of a review, when a large contractor requests your assistance in locating a small, small disadvantaged, or women-owned small business. These contacts may be in the form of a:
 - (a) Source Identification Request, Appendix 6;
 - (b) Telephone inquiry from a buyer or SBLO; or
 - (c) Correspondence request from a buyer/SBLO.
- (2) You may use your own judgement whether to process a request internally, externally, or both. This includes searching your normal resources (e.g., PRO-Net, etc.) and also requesting assistance from outside resources (see paragraph 2-2). You should keep track of your contacts and their responses for both control and follow-up purposes.

2. Where Do I Find Viable Small Businesses to Refer to Large Contractors?

The most important point when recommending small business, small disadvantaged, or women-owned small business (SB/SDB/WOSB) subcontractors is that you should refer only qualifiable sources to the large contractors. "Qualifiable" means that the source can pass a quality survey, meet the financial requirements, and pass any other tests which may be required to obtain vendor approval. To assist an SB in becoming qualified see paragraph 2-3. If you have reservations about the qualifications of a supplier, you should refrain from making the referral. This is absolutely essential in order to maintain SBA's credibility as a resource for referrals. To be successful in locating qualifiable sources, you may need to use the resources of outside organizations as well as those of SBA itself. There are numerous resources of possible referrals available, the type and number of which can vary by your location. Some of the most common are described below.

a. What Is PRO-Net?

- (1) PRO-Net is an Internet-based database of small, small disadvantaged, and women-owned small businesses that want to do business with the Federal Government and the Government's large contractors. Small businesses can register electronically via SBA's Home Page (<http://www.sba.gov>). This database is used by large contractors and Federal agencies as a source of possible subcontractors.
- (2) PRO-Net offers several advantages over the previous PASS system (see Appendix 2, *Procurement Automated Source System*). Some of these advantages include:
 - (a) Since PRO-Net is accessed through the Internet, it requires no password or user ID. Any contracting officer, prime contractor, or other person can access the information on small business quickly and easily at no charge.
 - (b) Small businesses can update their own PRO-Net profiles as frequently as they wish.
 - (c) Participating small businesses with Home Pages can link their web site to PRO-Net.
- (3) PRO-Net is the most important resource. This resource should always be checked first when trying to locate a source.
- (4) Large contractors can also rely on the information in the PRO-Net database as an accurate representation of a concern's size and ownership characteristics for purposes of maintaining a small business source list. However, PRO-Net does not relieve the contractor of the requirement that a business must qualify and self-certify as a small business at the time it submits its offer (see 13 CFR 121.410 and 121.411).

b. How Do I Locate Minority Enterprise Development (MED)/8(a) Companies?

- (1) The MED/8(a) Program is an SBA business development program to assist small businesses that are socially and economically disadvantaged. The Program develops selected socially and economically disadvantaged small businesses by using non-competitive and limited-competitive Government prime contracts, educational opportunities, one-on-one counseling, and general management and technical assistance provisions

and referrals.

- (2) Contact the local SBA district office to obtain a list of 8(a) companies in your area. You should review the 8(a) portfolio frequently and make a vigorous effort to match these businesses with subcontracting opportunities. You should always examine the 8(a) portfolio for possible sources. Most district offices have good capability directories on their firms. Remember that you can also use *PRO-Net* to search for 8(a) firms with specific capabilities.

c. What Is a Procurement Technical Assistance Center (PTAC)?

- (1) Procurement Technical Assistance Centers (PTACs) assist local businesses in marketing and selling to the Federal, state and local governments. They are supported by the DoD-Defense Logistics Agency (DLA), state and local governments, and private entities. There are about 100 PTACs around the country; some PTACs are located within SBA small business development centers. Assistance provided to small business can include:
 - (a) Identifying bid opportunities;
 - (b) Reviewing and understanding a solicitation;
 - (c) Obtaining specifications; and
 - (d) Helping prepare a bid or offer.
- (2) By the very nature of a PTAC's involvement with small businesses in the Federal procurement arena, you should consider them as an outside resource for possible small business referrals.

d. What Other Resources Are Available?

Other resources you may contact to locate qualifiable small businesses (not all may be available to you) include:

- (1) SBA's Nationwide *Prime/Subcontractor-of-the-Year* Nomination List;
- (2) The DLA/Defense Contract Management Command (DCMC);
- (3) Contacts you have developed through individual counseling and participation in procurement conferences;

- (4) Small Business Innovative Research (SBIR) awardees;
- (5) Other GC area offices;
- (6) Local Chambers of Commerce;
- (7) Business/trade associations;
- (8) National/regional/local publications, such as "TRY US;"
- (9) Minority Business Development Agency at the U.S. Department of Commerce;
- (10) State small business offices; and
- (11) Minority purchasing councils.

3. How Can I Assist a Small Business to Become Qualified for Future Opportunities with a Large Contractor?

Once you identify a potential source, you may need to help the business become qualified by ensuring that it understands requirements (production, quality, and delivery) of the opportunity. When deficiencies are encountered and with the agreement of the small business, you may seek out remedial resources, both within SBA and outside. Such resources include, but are not necessarily limited to, the following:

a. Small Business Development Centers (SBDCs).

SBDCs are separate and distinct from SBA; for example, the staff of an SBDC does not consist of SBA employees. In addition to their cooperative agreements with SBA, many SBDCs also receive Procurement and Technical Assistance Center (PTAC) (see paragraph 2-2c) grants from the DLA. The staff of an SBDC/PTAC may provide more intensive assistance than other SBA programs. SBDCs may not charge a fee for counseling. They may charge a reasonable fee for training events.

b. Service Corps of Retired Executives (SCORE).

SCORE falls under the SBA Office of Economic Development. SCORE is staffed by retired executives who serve as volunteers, providing counselling and other assistance to small businesses as needed. Every district office has one or

more SCORE chapter.

c. SBA's Prime Contracts Program.

This program, under the Office of Government Contracting, has specialists called Procurement Center Representatives (PCRs) who are assigned to Federal buying activities. PCRs work with Government buying personnel to increase opportunities for SB/SDB/WOSBs. PCRs counsel and assist small businesses interested in furnishing supplies and services to the Federal Government. PCRs can also recommend the breakdown of complex procurements into smaller acquisitions for possible SB/SDB/WOSB participation. If necessary, a small business can be referred to a PCR on some of the more technical aspects of a procurement.

d. SBA's 8(a) Program.

The 8(a) Program is an excellent tool for small disadvantaged business development. Qualifying small businesses should be referred to the MED staff in the local SBA district office.

4. **What Is My Role in Counselling and Assisting Small Businesses?**

You will frequently provide counseling and marketing assistance to small businesses. Observe the following guidelines:

- a. When counseling a small business, you should make certain that the business:
- (1) Is registered in *PRO-Net*;
 - (2) Is given information on how to access the "Small Business Subcontracting Directory," also known as the "Subcontracting Opportunities Directory." This directory contains information on large business contractors nationwide and can be used as a marketing tool by the small business. The directory is available through:
 - (a) The Office of Government Contracting Home Page at **<http://www.sba.gov/GC/>**;
 - (b) The Subcontracting Computer System (you can either save it on a disk or print out the companies in a particular state or region for the small business); and

- (c) The SBA On-Line Bulletin Board at 1-800-697-4636.
- (3) Is given an up-to-date list of the other CMRs in the area; and
- (4) Is made aware of other SBA programs that may be helpful.
- b. In all counseling sessions, you should request that the individual(s) leave some literature describing the company. If it is a manufacturing business, this literature should include a facilities list and information on its quality assurance program.
- c. Encourage the small business to market itself to your portfolio, with the understanding that you cannot guarantee any purchase orders or subcontracts. Emphasize that the small business must periodically provide feedback to you, both positive and negative, and copies of any purchase orders received from the large contractors. This will enable you to document any success stories (see paragraph 5-4g).
- d. If you are impressed with a business, you may permit the use of your name as an introduction to the contractors in your portfolio. This is accomplished by furnishing the small business with a sample letter, such as that shown in appendix 7.
- e. In the majority of circumstances, you should simply give the small business advice and let it market its products or service. However, you may also:
 - (1) Advise the large contractor about this source; or
 - (2) Personally introduce the small business to the SBLO. If you choose to introduce the small business to the contractor personally, you should request the SBLO invite other personnel as deemed appropriate (purchasing, quality assurance, and engineering). After returning to the office, you should immediately generate a courtesy letter to the SBLO and other attendees at the meeting. A sample letter is in appendix 8.

Chapter 3

What Is My Role in Subcontracting Plans?

1. What Are the Required Elements of a Plan?

- a. You must be fully knowledgeable of the six elements of a subcontracting plan contained in the Federal Acquisition Regulations (FAR) at 19.704 and in the Clause at FAR 52.219-9. When reviewing a subcontracting plan, you must be certain that the following points are adequately addressed.
 - (1) There must be separate goals for small business, small disadvantaged business, and women-owned small business.
 - (2) The offeror must identify an individual who will administer the subcontracting program and a description of that person's duties.
 - (3) There must be a description of the efforts the offeror will make to ensure that small business, small disadvantaged business, and women-owned small business will have an equitable opportunity to compete for subcontracts.
 - (4) The plan must contain assurances that the offeror will include FAR Clauses 52.219-8, "Utilization of Small, Small Disadvantaged and Women-Owned Small Business Concerns," and 52.219-9, "Small, Small Disadvantaged, and Women-Owned Small Business Subcontracting Plan," in all subcontracts that offer further subcontracting opportunities. The offeror will require all subcontractors (except small business) that receive subcontracts in excess of \$500,000 (\$1,000,000 for construction) to adopt a plan similar to the plan required by the clause cited in FAR 52.219-9.
 - (5) Assurances that the offeror will (a) cooperate in any studies or surveys as may be required; (b) submit periodic reports in order to allow the Government to determine the extent of compliance with the subcontracting plan; (c) submit Standard Form (SF) 294, Subcontracting Report for Individual Contracts, and SF 295, Summary Subcontract Report, in accordance with the instructions on the forms; and (d) ensure that its large subcontractors agree to submit SF 294 and SF 295.
 - (6) A description of the types of records to be maintained to demonstrate procedures the contractor has adopted to comply with the requirements and

goals in the subcontracting plan.

- b. When you are reviewing any type of subcontracting plan, remember that a large business's failure to make a good faith effort to comply with the plan can be construed as a "Material Breach of Contract" (see FAR 52.219-16 □ Liquidated Damages, □ and paragraph 5-7).
- c. A □ Sample Subcontracting Plan □ is in appendix 9 which can be provided to large contractors who need assistance in preparing a subcontracting plan. You should emphasize that the specific requirements of a solicitation may necessitate the inclusion of other data that is not in this model. The sample can be used for contractors creating a Contract-Specific (individual) Plan, Master Plan, or Subcontracting Plan for Commercial Items.

2. When Do I Review a Subcontracting Plan?

As a CMR, you can review a subcontracting plan(s) when

- a. Performing a Program Review (see paragraph 5-4e);
- b. Responding to a request from a PCR or a buying command;
- c. Responding to a request from a large contractor; or
- d. Participating in a Surveillance Review (see paragraph 4-2e).

3. What Are the Types of Subcontracting Plans?

- a. A Master Plan.

The Master Plan contains all of the elements required by the FAR 52.219-9 and Subpart 19.704 (b), except goals. Master Plans are effective for only 1 year after approval by the contracting officer. However, when incorporated into an individual plan, a Master Plan applies to that contract throughout the life of the contract.

b. A Contract-Specific Plan (Individual Plan).

This plan establishes separate goals for a specific Government contract, by dollar amount and percentage, for small, small disadvantaged, and women-owned small business (SB/SDB/WOSB). In addition to goals, the plan must also contain the other elements required by FAR 19.704 and FAR 52.219-9 as shown in chapter 2. Once it has been approved by the contracting officer, the plan becomes a material part of the contract.

c. The Subcontracting Plan for Commercial Items.

- (1) This plan is also called a Commercial Products Plan, an Annual Plan, or a Company-wide or Division-wide Plan. Generally, the Plan refers to the large contractor's production for both commercial and noncommercial products, rather than solely to a Government contract. Once approved, the plan remains in effect during the contractor's fiscal year and covers all of its commercial products.
- (2) The contracting officer of the agency that originally approved the Subcontracting Plan for Commercial Items will exercise the functions of the contracting officer on behalf of all agencies that award contracts covered by this plan.

d. The DoD Test Program for Negotiation of Comprehensive Subcontracting Plans.

This program is limited to a few Department of Defense (DoD) large business contractors who have been approved by their contracting officer in accordance with guidelines issued by the DoD OSDBU. The program allows these companies to have one company-wide subcontracting plan for all defense contracts, rather than individual subcontracting plans for every contract more than \$500,000. It also waives the requirement for the semi-annual SF 294 Report. The large contractor is still required to submit the SF 295 Report semi-annually. If the contractor has contracts with other Government agencies that have individual subcontracting plans, it must submit the SF 294 to those agencies for those contracts only.

4. What Is the Procurement Center Representative's (PCR) Role in Reviewing Subcontracting Plans?

The PCR reviews proposed subcontracting plans of a Federal agency's contractors (sometimes called a Pre-Award Plan Review). The PCR may ask you for comments. This would normally be your only involvement in the pre-award type of review.

Chapter 4

What Report Format Do I Use and What Reviews Do I Perform?

1. What Is the Standard Report Format?

The Standard Report Format (sometimes called the "Checklist") is a multi-section document which you must complete, all or in part, with your reviews. The Standard Report Format is in Appendix 5. The following table depicts sections of the Standard Report Format you must complete with each review.

For this type of review...	These sections are required...
Needs Assessment	Sections I and II
Performance Review	Not required
Program Review	Sections I, III, IV, V, VI Sections VII and VIII, when applicable Section II is optional
Follow-up Reviews	Sections I, VI, VIII, and X
Surveillance Review	Not required

2. What Reviews Do I Perform?

There are five basic types of reviews: Needs Assessments, Performance Reviews, Program Reviews, Follow-up Reviews, and Surveillance Reviews. Program Reviews may be conducted by SBA alone or jointly with another agency. DLA is the only other agency with which SBA has a formal agreement to conduct joint reviews. Because of this agreement, joint reviews with DLA are discussed in a separate section in this chapter. All reviews, except Surveillance Reviews, focus on large contractors' small business subcontracting programs. You will be assigned goals from your AD/GC or immediate supervisor regarding the number of reviews you are expected to complete in a year. The various reviews and the procedures for conducting them are explained in paragraphs 4-2a through 4-2e.

a. Needs Assessments.

- (1) A Needs Assessment is an appropriate review to introduce yourself to the Small Business Liaison Officer and to explore the subcontracting needs of the large contractor. Exploring the contractor's specific needs allows you to identify opportunities for small businesses (SBs). A Needs Assessment can be especially productive when you are visiting the large contractor for the first time.
- (2) You should call the SBLO in advance to schedule a date and time for a Needs Assessment. You may also want to send a letter requesting certain items upon your arrival, such as a list of products or services for which the large contractor is interested in seeking small business vendors.
- (3) During the Needs Assessment, investigate not only current or existing needs but also future or projected needs. You should make a practice of inquiring about new contracts the large contractor may have recently been awarded or contracts it is currently bidding on.
- (4) You should also investigate opportunities in the non-product area. Virtually every large contractor purchases goods and services related to the maintenance of its facilities, computer services, and other professional and non-professional support. These procurements are often termed "indirect costs," "G&A" (general and administrative), or "M&O" (maintenance and operating) items. Opportunities for small, small disadvantaged, or women-owned small businesses (SB/SDB/WOSBs) in non-product areas should not be overlooked.
- (5) You may wish to leave a Source Identification Request (see appendix 6) with the SBLO as a tool to completely define all elements of a requirement. You may then use a Marketing Bulletin (see appendix 10) to solicit outside resources.
- (6) After returning to the office, you should make a concerted effort to locate and match SB/SDB/WOSBs to the contractor's needs. Where to locate and qualify SB sources are described in paragraphs 2-2 and 2-3.
- (7) You should issue a brief letter to the SBLO summarizing the outcome of the review within 30 days. You do not give ratings ("Outstanding," "Highly Successful," etc.) during Needs Assessments.
- (8) You can conduct a Needs Assessment by itself or as a part of the Program Review. In either case, document the Needs Assessment in Section II of

the "Standard Report Format," Appendix 5.

- (9) You can conduct a Needs Assessment at any time with any large business that has DoD or civilian contracts containing subcontracting plans.

b. Performance Reviews.

- (1) The purpose of Performance Reviews is:
- (a) To provide you with an efficient method of reviewing large contractors; and
 - (b) To determine which large contractors you should visit and what type of on-site review you should conduct.
- (2) The Performance Review focuses on subcontracting achievements on a contract-by-contract basis through the Standard Form 294 (SF 294), "Subcontracting Report for Individual Contracts" and on overall performance through the Standard Form 295 (SF 295), "Summary Subcontracting Report." SF 294 and SF 295 reports can be found in Part 53 of the Federal Acquisition Regulations.
- (3) Results of Performance Reviews will enable you to focus on contractors that are not meeting their goals in their subcontracting plans.
- (4) You must conduct at least one Performance Review annually on each large contractor in your portfolio, with the following exceptions:
- (a) Contractors exclusively under the cognizance of the DLA; and
 - (b) Contractors classified as Category "A" (contractors who received a rating of "Outstanding" on their last Program Review) based on a Program Review or Follow-up Review conducted within the past 3 years, provided that the SF 295(s) submitted at year-end does (do) not indicate a decline in the percentages awarded to small business, small disadvantaged business, or women-owned small business. (If the SF 295(s) submitted at year-end do indicate such a decline in any category, you should conduct a Performance Review and notify the contractor of the results as explained below.)
- (5) Procedures for conducting Performance Reviews are described below.

- (a) SF 294 Submission Request. Instructions on the back of the SF 295 direct large contractors to submit a copy of their SF 295 report to the cognizant SBA CMR. The SF 294 instructions state that a large contractor does **not** need to submit the report to SBA **unless requested**. Therefore, to do a Performance Review, you must make a formal request for the SF 294s. You need not request SF 294s for contracts under DLA's cognizance. This request can either be in writing or by telephone; however, you must notify the company in writing if you have had no prior contact with it. A letter for this purpose is contained in the reports section of the Subcontracting Computer System. You should request SF 294s for all open Government contracts and for all contracts completed during the previous 12 months.
- (b) Conduct Performance Reviews as follows:
- (i) Include an analysis of both the SF 294s and SF 295s in cases where both reports are applicable. Contractors operating under a *Subcontracting Plan for Commercial Items* (formerly called a *Commercial Products Plan*) or under the *DOD Test Program for Comprehensive Subcontracting Plans* (see Definitions in Appendix 2) are not required to submit a SF 294. You should complete the "Analysis of Government Contracts Containing Subcontracting Plans" (SBA Form 1907), including all SF 294s in your analysis except those pertaining to contracts under DLA cognizance and except as noted below. The analysis must include both active contracts and contracts completed during the previous 12 months.
- (aa) If a prime contractor under SBA cognizance has less than a dozen contracts containing subcontracting plans, the CMR should review all of them and list them on SBA Form 1907.
- (bb) If a prime contractor under SBA cognizance has between 12 and 20 contracts containing subcontracting plans, the CMR should review all of the contracts completed during the reporting period – i.e., with an SF-294 marked “Final” or with an SF-295 for a Commercial Plan on a completed contract – and list them on SBA Form 1907. The remaining SF-294s for

open contracts may be reviewed and summarized at the bottom of the Form 1907 or on an attachment. The CMR may then staple the SF-294s for open contracts to the Form 1907 without listing them individually on the form.

- (cc) If a prime contractor under SBA cognizance has more than 20 contracts containing subcontracting plans, the CMR must review all of the contracts completed during the reporting period but may perform a 20 percent sampling of the open contracts. The CMR should summarize these contracts on the Form 1907 or on an attachment and staple the sampled contracts to the SBA 1907. Only the contracts completed this reporting period need to be listed on the Form 1907.
- (ii) You must generate a Five-Year Trend Analysis from the Subcontracting Computer System and evaluate the trend for SB, SDB, and WOSB. If data for 5 years is not available, use whatever years are available in the database; however, you must always include the SF 295 for the most recent fiscal year.
- (iii) For *Subcontracting Plans for Commercial Items*, you should ask the contractor to provide a copy of the approved plan. Complete SBA Form 1907 using the information on the SF 295 to show the achievements against the goals in the plan.
- (iv) Documentation to support your review must consist of:
 - (aa) SBA Form 1907;
 - (bb) Supporting SF 294s and SF 295s; and
 - (cc) Five-Year Trend table.
- (v) For documentation filing and retention see chapter 8.
- (c) Rating. Instead of assigning a rating to the contractor, you should compute the percentage of contracts sampled that met or exceeded the goals for SB, SDB, and WOSBs (three separate percentages). Summarize the results by reference to these percentages and to the Five-Year Trend Analysis.

- (d) Notifying the Contractor. Upon completion of the Performance Review, prepare a brief letter to the contractor using one of the letters for this purpose in the Subcontracting Computer System. If you prefer, you may write your own letter following one of these examples:
- (i) I have just completed a review of your SF 294/295 submissions for the period ended (mo/day/yr), and I am concerned to find that you are not meeting (any *or* most) of your subcontracting goals. I urge you to contact me so that we may discuss this in greater detail. I may be able to help you to identify firms you can use to meet your goals for small business, small disadvantaged business, and women-owned small business; or
 - (ii) SBA's review of your SF 294/295 submissions indicates that your company is meeting or exceeding the established goals for SB, SDB, and WOSB on every (most) contract(s) containing a subcontracting plan. I wish to congratulate you on these results. Please feel free to contact me at any time if I can assist you to identify small business sources for any products or services that you intend to procure.
 - (iii) You may expand on the above paragraphs, but the letter should not exceed one page in length. Provide a copy to the Contracting Officer (or the Administrative Contracting Officer) if the name and address of that individual is available.
- (e) Identifying Contractors Who Require Additional Reviews. The results of the Performance Reviews should be used to determine which large contractors need an on-site visit and what type of review should be performed: a Program Review, a Needs Assessment, or a Follow-up Review.
- (i) You must first review contractors not meeting the goals in their subcontracting plans. Prioritize the reviews according to the percentage of contracts sampled that met or exceeded the established goals (the poorest results warranting the highest priority). Also consider the date of the last compliance review.

- (ii) For contractors under both DLA and SBA cognizance, consider the relative dollar value of the DoD and civilian contracts. In some cases, you may decide the dollar value of the civilian contracts is not great enough to justify the time and travel costs to participate in a joint review with DLA.
- (iii) Use your discretion in determining whether to perform a Program Review, Needs Assessment, or Follow-up Review. Use the percentage of subcontracting completed, as shown on SBA Form 1907, to make this determination. Needs Assessments are generally more useful for contractors with one or more new contracts, while Program Reviews and Follow-up Reviews may be more appropriate when all of the contracts are mature.
- (iv) Keep in mind that large business contractors receiving an "Outstanding" are eligible for the *Award of Distinction*. You may want to consider scheduling reviews at successful contractors to have potential nominees for the award programs.

c. Program Reviews.

Program Reviews are performed on companies under SBA's cognizance (i.e., those listed on rows 2 and 5 in the table at 4-3b). In large part, your portion of a Joint Review will also follow the procedures for a Program Review, making minor changes to accommodate for Joint Review procedures. The Standard Report Format should be used as a guide to conducting the Program Review. Chapter 5 contains procedures for conducting a Program Review.

d. Follow-up Reviews.

- (1) Follow-up Reviews should be performed only on companies that have been reviewed before. The purpose of a Follow-up Review is to:
 - (a) Determine the status of small business sources referred to the large contractor since the last review;
 - (b) Check on the status of any recommendations made during the last Program Review and/or during the last Performance Review; and

- (c) Review any "final" SF 294 reports for contracts that have closed since the last Program Review or your last Performance Review. Evaluate subcontracting achievements versus goals for these closed contracts.
 - (2) You are not precluded from following up on any other elements of a Program Review during a Follow-up Review. Take into consideration any review element that you cover when determining the company's new rating.
 - (3) Based upon the results of a Follow-up Review, you may upgrade or downgrade a large contractor's rating by one level. For example, a company that was rated "Marginal" on the last review may be upgraded to "Acceptable" or down graded to "Unacceptable." A large contractor may be upgraded to "Outstanding" on a Follow-up Review. However, if you want to nominate the large contractor for the *Award of Distinction*, the nomination submitted to Headquarters must be accompanied by a Program Review no older than 12 months.
 - (4) Document Follow-up Reviews on the "Standard Report Format" in Sections I, VI, VIII, and X. Issue a brief letter to the SBLO within 30 days. Your letter should address major findings, recommendations, the rating, and the rationale for the rating (if it has changed since the last review). These letters should be concise and to the point, with a statement at the end thanking the company for its courtesy and cooperation.
- e. Surveillance Reviews.

You, as a CMR, may be requested to participate in Surveillance Reviews of major buying commands. These reviews are conducted under the authority of the Prime Contracts Program and are addressed in SOP 60 02. The Surveillance Team Leader will make team member assignments to specific areas of concentration. You will usually be asked to review the subcontracting portion.

3. How Do I Conduct Joint Reviews with the Defense Logistics Agency?

- a. DLA has administrative cognizance over certain DOD contracts containing subcontracting plans awarded to large businesses. Under Section 8(d) of the Small Business Act (see Appendix 3), SBA also has cognizance over these contracts. However, to enhance SBA's efforts to streamline Government and to

eliminate duplication of efforts, SBA and DLA have agreed that DLA will have the primary monitoring responsibility of these contracts. (See the *Memorandum of Understanding* between DLA and SBA, Appendix 11.) These contracts are hereby referred to as contracts "under DLA's cognizance."

- b. Below is a table clarifying which agency has the responsibility for conducting subcontracting compliance reviews under various situations.

	If the Contractor has...	With Agencies such as...	
1	Only active DoD contracts under DLA's cognizance	Army, Navy, Air Force	Review is Performed By...
2	Only active DoD contracts <u>not</u> under DLA's cognizance	Army Corps of Engineers, Navy Facilities Engineering Command (NAVFEC), Office of Naval Research, or DoD subcontractors	SBA
3	Some active contracts under DLA's cognizance <u>and</u> Other active contracts not under DLA's cognizance	Army, Navy, Air Force, <u>and</u> DoD subcontractors, Office of Naval Research, NAVFEC, DOE, GSA, VA, HHS, etc...	DLA and SBA
4	NASA contracts	NASA	DLA and SBA
5	Only active civilian contracts	DOE, GSA, VA, HHS, etc...	SBA

- (1) Contractors that meet the requirements of rows 2 and 5 are reviewed by SBA exclusively. Program Reviews should be conducted in accordance with the procedures in chapter 5. On occasion, you may be contacted by a representative from a civilian agency such as GSA or VA who would like to join your review, or invite you to accompany them on a review. You may decide to join these civilian agencies small business representatives at your own discretion.
- (2) Contractors that meet the requirements of row 1 are reviewed exclusively by DLA. As of April 1, 1996, you no longer need to perform Program Reviews on contractors exclusively under DoD's cognizance. However, you may conduct Needs Assessments of these contractors at any time. These contractors must exist in your portfolio and you should keep their information current. From information provided to you from DLA (can be a formal report, DLA Form 640, or other documents), you should input the review date, review type, and rating into the Subcontracting Computer

System. You should be receiving SF 295 reports from these contractors and you must enter the data from the SF 295 into the Subcontracting Computer System as directed in chapter 6.

- (3) You may be asked by DLA to furnish supplemental information to assist with their review of these contractors. Information may include recommendations you made during your last review, a list of referrals during the previous 12 months, or a Five-Year Trend Analysis from SBA's computerized database. DLA should provide you with 30 days notice of a scheduled program review to allow you time to retrieve and forward any requested information.
- (4) DLA does not always issue a "final report" to its contractors. Many times, a report is issued when weaknesses, deficiencies, or violations are found. In these cases, DLA prepares a letter for the signature of the ACO, who sends it on to the contractor. If a letter is issued, a copy should be provided to you with a copy of their final report at the same time it is issued to the contractor. After receiving a report, it is important that you call the DLA representative who issued the report and offer feedback. If DLA rates a contractor "Outstanding," you may consider nominating the contractor for SBA's small business program awards described in chapter 7.
- (5) DLA must conduct a program review every year for every contractor over which it has cognizant administrative authority. If a contractor receives an "Outstanding" rating, DLA may conduct a "follow-up" review consisting of a "statistical desk audit" the next year. The "statistical desk audit" is similar to SBA's Performance Reviews. As long as the rating remains "Outstanding," a full program review will be conducted every other year. You may request that DLA prioritize a program review of a particular company when you have compelling reason to believe that a company is not making good-faith effort to achieve its subcontracting goals.
- (6) DLA has modified its review format to compliment SBA's. Both agencies' reviews consist of the seven elements of a program review as described in paragraph 5-4a, and both agencies will assign the same ratings as described in paragraph 5-8.
- (7) Contractors that meet the requirements of row 3 or 4 are reviewed by SBA and DLA jointly. "Joint Reviews" are conducted by one or more representatives from DLA and one or more SBA representatives. You, as SBA's representative, may decline to participate in the review if the number and dollar value of contracts under SBA's cognizance, in your

opinion, does not warrant a review at that time. If you decline to participate, you waive SBA's right to conduct another program review until the next scheduled DLA review. However, you may still conduct a Needs Assessment at any time without DLA's consent.

- c. The following guidelines have been established for SBA and DLA for Joint Reviews:
- (1) You or the DLA representative may schedule the review, but at least 60 days notice must be provided to the other agency.
 - (2) Prior to the review, SBA and DLA should determine which agency should take the lead. The dollar value of the contracts under DLA's cognizance versus the dollar value of contracts under SBA's cognizance should be the determining factor. The agency with the greater weight should take the lead.
 - (3) DLA and SBA may each use their own forms and procedures for the review. Both agencies must use the "Analysis of Government Contracts Containing Subcontracting Plans" and "Purchase Order Review Checklist" forms. You should follow the procedures for a Program Review as directed in chapter 5, making the necessary adjustments to accommodate joint review procedures.
 - (4) DLA shall limit its sampling of contracts and subcontracting plans to those over which it has cognizant administrative authority; you shall limit your sampling to the remainder of contracts and subcontracting plans. During the review, the "Analysis of Contracts Containing Subcontracting Plans" worksheet must be completed by DLA for contracts under its cognizance and by you for all other contracts.
 - (5) During the review, it is not necessary for SBA and DLA to have separate samplings of purchase order awards to large businesses. Either agency may do the review and the remaining agency may incorporate the results into their rating and report.
 - (6) To expedite the review, DLA and SBA may agree to divide tasks on an equitable basis. For example, SBA may perform the sampling of purchase order awards to large business while DLA reviews SF 294s for NASA contracts.
 - (7) Prior to the exit briefing, you and the DLA representative should attempt

to reach an agreement on a rating for the contractor, giving greater weight to the agency which reviewed more contracts (judged by dollar value). If DLA and SBA cannot agree on a rating, they may issue separate ratings for their respective portions of the review (see special instructions for NASA contractors below). In that case, the final report issued by each agency must either list the contracts applicable to that report or otherwise make it clear to which contracts the rating pertains.

- (8) When reviewing a NASA contractor, SBA and DLA should attempt to reach an agreement on the rating prior to the exit briefing. If you cannot agree upon a rating, you should send your report to SBA Headquarters who will work with DLA Headquarters to determine a rating.
- (9) Regardless of whether DLA issues the contractor a final report, you are still required to send a final report to the contractor.
- (10) You should try to cooperate with the DLA representative(s) before, during, and after the review. While you and your DLA counterparts work for different agencies, your mission is essentially the same.

Chapter 5

How Do I Conduct a Program Review?

1. Overview of Program Review

- a. The Program Review is one of your most important responsibilities. Properly conducted, the review can have a significant impact on the way a large contractor administers its small business program. In addition, when the review is objective, comprehensive and fair, it can greatly enhance your credibility.
- b. Large contractors of civilian agencies and DoD contractors with contracts only under SBA's cognizance should receive Program Reviews (see rows 2 and 5 in the table at paragraph 4-3b.). You should prioritize reviews of the companies in your portfolio using the guidelines in chapter 4.
- c. Large contractors with some contracts under DLA's cognizance and other contracts under SBA's cognizance (see rows 3 and 4 in the table at paragraph 4-3b) should be reviewed together by both DLA and SBA during a Joint Review. A Joint Review is accomplished by following the procedure for a Program Review, making the necessary allowances for Joint Reviews as described in paragraph 4-3c.
- d. If a contractor receives an "Outstanding" rating, you do not need to review it again for 3 years. However, if the contractor's subcontracting percentages to either small, small disadvantaged, or women-owned small businesses (SB/SDB/WOSBs) decrease, a Program Review must be conducted within 2 years after the initial review. Use the fiscal year-end SF 295 to make this determination.
- e. You should spend the time necessary at the contractor's facility in order to accomplish the seven mandatory elements of the review (elements are listed in paragraph 5-4a). The length of your visit may range from 1 to 3 days depending on the complexity of the contractor, whether you have reviewed the contractor before, how many Government contracts the contractor has, the contractor's records system, etc.

2. Preparing for the Review

- a. The preparation for a Program Review is extremely important. At least 30 days prior to the review, you should contact the Small Business Liaison Officer (SBLO) and establish a review period which is mutually agreeable. This verbal notification should immediately be followed by a formal notification letter addressed to the SBLO. Appendix 12 contains the format for a sample notification letter. You should use this format to notify the contractor of the planned Program Review. You may add any additional items to the letter that may be appropriate to fit the requirements of a particular case. You may use your discretion whether to send it Certified or First Class Mail.
- b. The conduct of the review is critical. Since the reputation of the Agency is at stake, professional and responsible conduct is expected at all times. In addition, you should be thoroughly familiar with the Agency's Standards of Conduct and participate in annual training for this purpose, if offered and available in your area. You should contact your Standards of Conduct Counselor immediately if any issues arise that require further guidance.
- c. Before starting the review, you should obtain as much background information as possible from the contractor's file and from the Subcontracting Computer System. At a minimum, this should include the following:
 - (1) General background on the contractor including the history and size of the company, its major product lines, and its customers;
 - (2) Current year and historical SF 295 data for the previous 5 years;
 - (3) Work papers from the last Program Review and the last Performance Review;
 - (4) A list of the sources referred to the contractor since the last review; and
 - (5) A list of the recommendations made by SBA during the last Program Review.

3. Conducting the Entrance Conference

- a. You should conduct a brief Entrance Conference with the SBLO, Director of Purchasing, and other contractor personnel on the first day of the review. The conference should encompass the objectives of the review, how it will be

conducted, and how coordination between you and the contractor will be handled. You should stress the objectivity of the review and emphasize the potential value of it to the company (i.e., identification of program weaknesses and suggestions for corrective action).

- b. The Entrance Conference may be waived if you have conducted a Program Review of the contractor within the past 2 years. However, the SBLO and the Director of Purchasing must be the same individuals who held those positions during the most recent review.
- c. The names of the attendees should be listed in the "Standard Report Format," Section I, Item 17 (see appendix 5).
- d. You may use the following outline as a rough guide for your Entrance Briefings. Bear in mind, though, that each review is unique, and specific circumstances may necessitate modifying or expanding the topics listed below:
 - (1) Introductions: team members and prime contractor personnel in attendance.
 - (2) Brief statement about SBA (mission of the Agency, etc.).
 - (3) SBA's role in subcontracting (pre-award plan reviews, post-award compliance reviews, etc.).
 - (4) Purpose of this review (to assess contractor's compliance with statutes and regulations, to make recommendations for improvement, etc.).
 - (5) Scope of the review (documentation to be reviewed and personnel to be interviewed).
 - (6) Coordination and logistics (prime contractor's point-of-contact for the review, room arrangements, security considerations, rest rooms, etc.).
 - (7) Schedule (tour of the facility; if the review is more than 1 day, beginning and ending time each day, a tentative date, and time for the exit briefing).
 - (8) Documentation needed to get started (organizational charts, purchase order journal, etc.).

4. Covering the Elements of the Checklist

a. The Seven Elements of a Program Review.

You must use the Standard Report Format in appendix 5 as a work paper for completing the seven elements of a Program Review. The seven elements are:

- (1) Validation of the contractor's methodology for preparing the SFs 294 and 295 and verification of a sampling of purchase orders to small business, including the supporting self-certifications;
- (2) Five-Year Trend Analysis;
- (3) Overall evaluation of the contractor's small business program;
- (4) Sampling of contracts containing subcontracting plans;
- (5) Sampling of purchase orders to large business;
- (6) Follow-up on SBA's sourcing efforts; and
- (7) Follow-up on SBA's prior recommendations.
- (8) Including a Needs Assessment in your Program Review is optional. When determining whether to include a Needs Assessment in your Program Review, you should consider the last time a Needs Assessment review was conducted, if sources are referred to the contractor on a regular basis, and the potential the contractor has for utilizing SB/SDB/WOSBs as subcontractors.

b. Validation of the SF 294/SF 295 Methodology.

Validity of the contractor's methodology for preparing the SF 294 and SF 295 is a pass/fail item of the review. Large contractors found to be deficient on this element must be graded "Marginal" or "Unacceptable," regardless of the outcome of the other review elements. In extreme cases, you may determine that there is no point in continuing with the review and simply grade the company "Unacceptable" based upon this initial review element. This validation is intended to ensure that SB/SDB/WOSBs are actually receiving the subcontracts claimed by the large contractor. The procedure for validation and verification is as follows:

- (1) You should ask the contractor to explain the methods used to prepare the SFs 294 and 295 for the most recent period. You should examine the purchase order journal (or computerized process) and verify that the totals in each category (Large Business (LB), SB, SDB, and WOSB) match the corresponding line on the most recent SF 295.
- (2) In the case of a new contractor which has never been reviewed, you may wish to verify the total(s).
- (3) You should verify not only the dollars, but also the percentages reported by the contractor on the SF 295 for LB, SB, SDB, and WOSB. You should also review the contractor's formula for applying indirect costs.
- (4) You should then select a sampling of purchase orders to SB, SDB, and WOSBs and ask the contractor to provide the self-certification form supporting each purchase order. You should examine each of these certifications to verify that it matches the category designated (SB, SDB, or WOSB) in the purchase order journal.
- (5) In cases where you need to do more to verify the subcontracting dollars claimed by the large contractor, you may check the self-certifications and purchase orders by contacting the small businesses directly by letter, telephone, or personal visit.
- (6) If the procedure for auditing the SF 295, as described in paragraphs 5-4b(1) through (5) above, reveals no problems or deficiencies, you may proceed directly with the Five-Year Trend Analysis. If you identify deficiencies but decide to proceed to the other review elements, you should repeat steps 5-4b(1) through (4) for one or more of the SF 294 selected in your sampling.
- (7) You pass or fail the contractor on this element of the review. If there are deficiencies, determine their level of seriousness as follows:
 - (a) If minor deficiencies are identified (e.g., a small error of arithmetic in computing the percentages), you should pass the contractor on this review element and proceed with the review. You should make note of the deficiency in the final report and in your recommendations.
 - (b) If significant deficiencies are identified (e.g., purchase orders to

small business are unsupported), but the error appears to be careless rather than deliberate, you should proceed with the review. However, you may not rate the entire review higher than "Marginal" until the contractor remedies the deficiencies. If the deficiencies can be remedied during the review, you may rate the company higher.

- (c) If significant deficiencies are identified and appear to be deliberate, you may cancel the remaining portions of the review and rate the contractor "Unacceptable." Upon returning to the office, you should prepare a letter to the large contractor outlining the reasons for this determination and request remedial action. (Also, see paragraph 5-7, Material Breach of Contract, to be considered in extreme cases.) If you believe the deficiency constitutes fraud, refer the matter to the Inspector General.

c. Five-Year Trend Analysis.

- (1) The source of the data for this report is the September 30th SF 295 for the past 5 fiscal years. Before performing the analysis, you should examine the company's methodology for preparing the SF 295 as described in paragraph 5-4b. You should generate a Five-Year Trend table from the Subcontracting Computer System. The following factors should be considered in the analysis:
 - (a) As a general rule, percentages are more meaningful than dollar amounts. Accordingly, you should use percentages rather than dollars to formulate your conclusions about the trend.
 - (b) The Five-Year Trend should reflect data from the 5 most recent completed years. Do not use data from a mid-year SF 295.
 - (c) Percentages which have deteriorated, fluctuated, or remained stagnant must be explained by the contractor. In some cases, the explanation may be that the contractor's product mix has changed, divisions were acquired or sold, or product lines more conducive to subcontracts with small business have ended. Upon investigation, a negative trend may or may not be justified.
- (2) Since Section 8(d) of the Small Business Act (15 U.S.C. Section 637(d)) uses the language "maximum practicable opportunity," which is subject to considerable interpretation, you must exercise careful judgement in formulating any conclusions. The key point here is that the trend should

be positive; or, if it is negative, there should be sound rationale to explain why.

- (3) After considering any special circumstances which may explain apparent poor performance, you must decide whether the contractor has provided maximum practicable opportunities to SB/SDB/WOSBs as required by the law.
- (4) You must answer the questions in Section III of the "Standard Report Format" and discuss the trend analysis in your narrative report. You should add the Five-Year Trend table as an attachment to the Standard Report Format.

d. Overall Evaluation of the Large Contractor's Small Business Program.

- (1) You should complete Section IV of the "Standard Report Format." The questions in Section IV will lead you through an investigation of the contractor's internal dedication to the small business program. Findings should be discussed in your narrative report.
- (2) Most of the questions in Section IV can be answered and/or documentation can be provided by the SBLO. However, Question #1 requires interviews with key personnel. The two organizational charts requested in the notification letter will be useful in determining which individuals to select for interviews. Besides the SBLO, you should interview the Director of Purchasing, the Corporate Competition Advocate, the Manager of Engineering Services, and several of the Purchasing Agents and Buyers.
- (3) Such discussions should result in a better understanding of the contractor's program and may help to identify new opportunities for small business. This is especially important if you are conducting a Program Review and Needs Assessment simultaneously.
- (4) Upon completion of the review, you should continue a dialogue with the contacts developed through this process in order to gain information about future opportunities for small business.

e. Sampling of Contracts Containing Subcontracting Plans.

- (1) The objective of examining a sample of the company's contracts containing subcontracting plans is to determine actual achievements against the goals for small, small disadvantaged, and women-owned small business contained in the corresponding subcontracting plans.
- (2) As explained in paragraph 5-4b, before performing the analysis, you should examine the company's methodology for preparing the SF 294 and resolve any questions before proceeding.
- (3) Your first step is to select a sample. This is accomplished by obtaining a list of all of the contractor's current and recently completed contracts which contain subcontracting plans.
 - (a) You should normally plan to perform a 20 percent sampling; however, if the company has less than 30 contracts containing plans, you should review at least six of them. If the company has more than 100 contracts containing plans, you are not required to review more than 20.
 - (b) If a company has a Subcontracting Plan for Commercial Items, only review one subcontracting plan covering the entire company's operation. Although rare, the company may also have contract-specific (individual) subcontracting plans. This will occur whenever a contractor is selling both a commercial and noncommercial product (or service) to the Government. Products that are not commercial cannot be covered by a Subcontracting Plan for Commercial Items, even though an approved plan may be in effect at the time of the transaction. In such cases, the procuring agency should obtain an individual subcontracting plan with goals that are specific to that contract. You should perform a 20 percent sampling of such contracts.
 - (c) Since the results of this analysis will be used, along with other factors, to rate the company, the sample should focus on contracts that have recently been completed or are near completion. However, if the contractor does not have enough contracts of this kind to provide a 20 percent sampling, you may select other contracts.

- (d) Companies who participate in the Department of Defense's Test Program for the Negotiation of Comprehensive Subcontracting Plans will have only one plan covering the entire company. However, they must have individual subcontracting plans if they have contracts with Federal agencies other than the Department of Defense. In such cases, you may include as many of these other contracts in the sample as you wish.
 - (e) For modifications over \$500,000 (over \$1 million in construction of a public facility), contracting officers will often require a new subcontracting plan with separate goals for the modification (as opposed to revising the original goals). The figures on the SF 294, Subcontracting Report for Individual Contracts, apply to subcontracts awarded since the inception of the contract; and therefore, you must then compare these achievements to two sets of goals: one for the original contract; and another for the modification. Since this comparison is cumbersome, you may wish to exclude such contracts from your sample. (SBA Headquarters is working with OFPP to solve this problem.)
- (4) After you have identified the contracts you wish to sample, as discussed in paragraph 5-4e(3), ask the contractor to provide you with the SF 294, Subcontracting Report for Individual Contracts, pertaining to those contracts. If your sample includes a Subcontracting Plan for Commercial Items, or if the contractor is in the DoD Test Program for Negotiation of Comprehensive Subcontracting Plans, you must also ask the contractor for the most recent SF 295, Summary Subcontracting Report, since the SF 294 is not required for those types of plans.
 - (5) After the contractor has provided you with the SF 294s (and SF 295, if applicable), you must perform a spot check to make sure that the goals stated on the SF 294 agree with the goals stated in the plan. For contracts that have been modified, you must also make sure that the original goals have been revised to reflect the modification. This will allow you to compare actual achievements against current goals.
 - (6) Fill out SBA Form 1907, "Analysis of Government Contracts Containing Subcontracting Plans," Appendix 5. All information should be completed as indicated.
 - (7) If your sample includes a Subcontracting Plan for Commercial Items or a Comprehensive SF 295 rather than the SF 294 to fill in the "Actual" columns on the SBA Form 1907. cannot be computed accurately for these types of plans from the formula

provided on SBA Form 1907. If you are comparing last year's plan to the most recent year-end SF 295, the percentage of subcontracting completed should be 100 percent.

- (8) After comparing the actual results against the goals in each plan, you should also examine the plans in greater detail to ensure that the contractor has implemented the specific provisions contained in the five other elements of a subcontracting plan (see paragraph 3-1).
- (9) Contractors operating under a Master Subcontracting Plan (explained in paragraph 3-3a) will have only one subcontracting plan format for all contracts requiring a plan. The specific goals and achievements for each selected contract should be entered on individual lines on the "Analysis of Government Contracts" worksheet. A Master Plan is approved for a year and applies to all contracts acquired during that year. Once a master plan and goals are made a material part of the contract, that plan applies throughout the contract's life. You should make sure that the Master Subcontracting Plan has been properly approved and that it has not expired.
- (10) You should complete Section V of the "Standard Report Format" and discuss the results, if significant, in your narrative report.

f. Purchase Orders to Large Business.

- (1) The purchase order analysis serves multiple purposes:
 - (a) To identify possible opportunities for small business;
 - (b) To make certain that the contractor is soliciting SB/SDB/WOSBs in every instance possible;
 - (c) To assure that the contractor is documenting its files adequately in cases where it does not solicit small, small disadvantaged, and/or women-owned small businesses; and
 - (d) To determine, in cases where the purchase order is more than \$500,000 and is issued to another large business, whether the contractor is requiring that supplier to submit a subcontracting plan with goals for small, small disadvantaged, and women-owned small business (the flow-down provision). In construction of a public facility, the threshold for this requirement is \$1,000,000

rather than \$500,000.

- (2) The sample should be selected as follows:
 - (a) Your sample must be unbiased and produce the same general results that would be derived from examining all purchase order files;
 - (b) If possible, you should include purchase orders in both the product and non-product areas; and
 - (c) To the extent possible, you should select the sampling from purchase orders issued during the past 6 months or current fiscal year.
- (3) The categories you must sample are as follows:
 - (a) Purchase orders between \$100,000 and \$500,000 (in construction of a public facility, between \$100,000 and \$1,000,000);
 - (b) Purchase orders in excess of \$500,000 (in construction of a public facility, in excess of \$1,000,000); and
 - (c) Purchase orders of less than \$100,000 (optional). You may need to include some of these purchase orders in order to meet the minimum sampling requirements.
- (4) You should review a total of ten purchase orders including, if possible, at least six over \$100,000 and as many as practical over \$500,000 (or, in construction of a public facility, as many as practical over \$1,000,000).
- (5) For purchase orders over \$100,000, you must determine the adequacy of records called for in the Federal Acquisition Regulations (FAR), 52.219-9(d)(11)(iii), which reads as follows:

"Records on each subcontract solicitation resulting in an award of more than \$100,000, indicating (A) whether small business concerns were solicited and if not, why not, (B) whether small disadvantaged business concerns were solicited and if not, why not, (C) whether women-owned small business concerns were solicited and if not, why not, and (D) if applicable, the reason the award was not made to a small business concern."

- (6) You may also want to select a few purchase orders over \$100,000 awarded to small businesses. The purchase order file should be examined to make sure that SDBs and WOSBs were solicited, and if not, why not.
- (7) For purchase orders of more than \$500,000 (more than \$1,000,000 in the construction of a public facility) issued to other large businesses, you must determine whether the contractor obtained subcontracting plans from its subcontractors (the flow-down provision). Such plans should be examined to be certain that they contain the six elements required in a subcontracting plan (see paragraph 3-1a).
- (8) The flow-down provision has been a controversial issue. Some large contractors accept a statement or certificate from their subcontractors stating that they have a subcontracting plan in place. The statement is commonly called a "Certificate of Compliance" or "Certificate in Lieu of a Plan." According to current guidelines by the Office of Federal Procurement Policy (OFPP), this is not acceptable. Large contractors are required to describe their procedures for reviewing, approving, and monitoring their subcontractors' compliance with subcontracting plans and SF 294s. Copies of subcontractor's subcontracting plans must be retained by the large contractor until completion of the subcontract. A "Certificate of Compliance" or statement from the subcontractor that it has a subcontracting plan does not satisfy this requirement. Simply put, a contractor cannot approve or monitor a plan it has never seen.
- (9) If the contractor accepts the "Certificate of Compliance" it should be addressed in the final report. The contractor should not receive an "Outstanding" rating, even if all other elements of the review are outstanding.
- (10) By definition (see FAR Clause 52.219-9(g)), the subcontracting plan for commercial items relates to the contractor's production generally, for both commercial and noncommercial products, rather than solely to the Government contract. Accordingly, you may review any purchase order to large business issued by the contractor, regardless of whether the purchase order is directly related to the product being purchased by the Government.
- (11) You must document the results of this analysis on SBA Form 1908, the "Purchase Order Review Checklist - Awards to Large Business."
- (12) You must complete Section VI of the "Standard Report Format" and

discuss the results, if significant, in your narrative report.

g. Follow-up on Sourcing Efforts.

The objective of this portion of the review is to determine the status of sources referred to the contractor since the last review. You should make note of whether the contractor has performed quality surveys (in cases where surveys are necessary) and issued solicitations and/or purchase orders to sources you've referred. It is imperative for all CMRs to maintain accurate records to monitor the effectiveness of their sourcing activities. You should complete Section VII of the "Standard Report Format" and discuss the results, if significant, in your narrative report.

h. Follow-up on Prior Recommendations.

A Program Review helps the large contractor improve its small business program by providing recommendations in the final report. Whether the contractor has implemented SBA's recommendations from the last review should be a significant factor in your rating. You should complete Section VIII of the "Standard Report Format" and discuss the results, if significant, in your narrative report.

5. Program Review for a Company with a Subcontracting Plan for Commercial Items

- a. A compliance review of a contractor that has a Subcontracting Plan for Commercial Items is nearly identical to a review of a contractor with individual subcontracting plans. As noted under paragraph 5-4e(3)(b), you will normally review only one subcontracting plan covering the entire company's operation. In all other respects, the review is the same.
- b. When you fill out SBA Form 1907, "Analysis of Government Contracts Containing Subcontracting Plans," use the first line of the form to show the goals and actual results in each category. You can determine the goals from the subcontracting plan and the actual achievements from the most recent SF 295. Unless the contractor has other subcontracting plans that are contract specific (i.e., individual plans), you may leave the remainder of the form blank (see paragraph 5-5e below).
- c. For a Subcontracting Plan for Commercial Items, the percentage of completion cannot be calculated from the formula provided on SBA Form 1907 (see paragraph 5-4e(7)).

- d. The dollars reported on the SF 295 for the current reporting period may bear little relation to the goals in the plan. However, since the analysis is based upon percentage, not upon dollars, this should have no effect on its validity.
- e. If the contractor has other contracts with individual subcontracting plans (see paragraph 5-4e(3)(b)), you must perform a 20 percent sampling of such contracts in accordance with paragraph 5-4e.
- f. You may review purchase orders to large business as you would on any other Program Review (see paragraph 5-4f).

6. Interpreting the Findings

- a. Any large contractor failing the initial review element described in paragraph 5-4b cannot receive a rating higher than "Marginal." Also, any contractor accepting a "Certificate of Compliance" in lieu of a subcontracting plan from its subcontractors cannot receive an "Outstanding" rating (see paragraph 5-4f(7)).
- b. The review determines the extent to which the contractor gives small, small disadvantaged, and women-owned small business the maximum practicable opportunity to participate as subcontractors in the performance of Federal contracts. If a large contractor is providing maximum practicable opportunities for small, small disadvantaged, and women-owned small businesses, no matter what else the data may reveal (assuming the contractor has passed the initial review element described in paragraph 5-4b), the contractor's performance should be considered acceptable.
- c. The true measure of the program should be a combination of actual achievements, regulatory compliance, and pro-active efforts.
- d. You must take great care to be consistent in the manner in which you determine ratings. The six ratable elements of a Program Review are given various weights. You must complete Section IX of the "Standard Report Format" to determine the contractor's rating. This format enables you to rate the contractor on a point system. The contractor is then rated "Outstanding," "Highly Successful," "Acceptable," "Marginal," or "Unacceptable."

7. Determining Material Breach of Contract

- a. You may find a large contractor's small business program in non-compliance. In

such cases, you may recommend to the Contracting Officer (CO) that the firm should be found to be in "Material Breach of Contract."

- b. Non-compliance results from a contractor not acting in good faith with the policies and procedures of Section 8(d) of the Small Business Act (15 U.S.C. Section 637(d)). Examples of specific situations leading to such a determination include, but are not necessarily limited to, the following:
- (1) A large contractor refuses to permit you to conduct a review as authorized by statute;
 - (2) A large contractor having a contract containing the clause at FAR 52.219-8 refuses to subcontract to small business when it is clear that the opportunity to do so exists;
 - (3) A large contractor having a contract of more than \$500,000 has violated one or more conditions of its subcontracting plan and refuses to take corrective action; or
 - (4) You have performed a Program Review and have determined the contractor's program to be "Unacceptable."
- c. Once you have decided to recommend a contractor's program to be in Material Breach of Contract and have obtained concurrence from your AD/GC, you should proceed as follows:
- (1) Write to the Contracting Officer (CO) advising that the SBA recommends the contractor be placed in Material Breach of Contract. The letter should state the reason for this recommendation and should ask the CO what action will be taken.
 - (2) If the CO initiates procedures to terminate the contractor's contract(s), you should maintain a dialogue with the CO until the contracts are terminated. If, as a result of the CO's cure notice or show-cause letter, the contractor remedies the situation to your satisfaction, you should advise the CO in writing that the recommendation of Material Breach of Contract is rescinded.
 - (3) If the CO fails to take positive action on SBA's recommendation, you should prepare a memo to the Assistant Administrator of the Office of Industrial Assistance in Headquarters. This memo, which must be transmitted through the AD/GC, should include the following information:

- (a) A full explanation of the situation leading to the recommendation of Material Breach of Contract including names, dates, and other pertinent details;
 - (b) A summary of actions that you have taken, prior to the recommendation and subsequent to it, to persuade the large contractor to take corrective measures; and
 - (c) A summary of the dialogue, oral or written, which has taken place between you and the CO regarding the matter, and copies of any correspondence.
- (4) If it is necessary for the CO to terminate the contract(s) for default, or if the situation cannot be resolved to SBA's satisfaction, you should so note in your comments on any proposed subcontracting plans for that large contractor in the future.
 - (5) If a PCR is assigned to the buying activity, notify him or her of your recommendation and the CO's actions.

8. Categorizing the Contractor

The company is assigned a category depending on your rating. A category is assigned for portfolio management purposes. The categories are as follows:

- Category A - Outstanding Performance
- Category B - Highly Successful Performance
- Category C - Acceptable Performance
- Category D - Marginal Performance
- Category F - Unacceptable Performance
- Category X - Never Reviewed

In order to determine which category is most appropriate, you should use the guidelines below.

- a. Category A (Outstanding Performance).
 - (1) The criterion for placing a contractor in this category is a rating of "Outstanding" resulting from a Program Review or Follow-up Review. The company must excel in all six elements of the Program Review. Since a company cannot be given an "Outstanding" rating for a Performance Review, only contractors who have received Program

Reviews are eligible for Category A.

- (2) Large contractors placed in this category not only have satisfied the requirements of Section 8(d) of the Small Business Act (15 U.S.C. Section 637(d)), but also have implemented an array of supplemental efforts demonstrating a genuine commitment to small, small disadvantaged, and women-owned small businesses above and beyond the requirements of the law.
- (3) You may recommend a large contractor that receives a Category "A" rating for the *Award of Distinction* (see chapter 7). Some reasons for **not** nominating a company with an "Outstanding" rating for the *Award of Distinction* may be:
 - (a) The large contractor has an overall SDB or WOSB achievement of less than 3 percent (5 percent is currently considered the benchmark for excellence, but there are instances when achievement of less than 5 percent may be extremely good);
 - (b) The contractor has good actual percentages, but they are substantially less than the goals for SB/SDB/WOSB in one or more of its subcontracting plans;
 - (c) The contractor has good actual percentages, but the Five-Year Trend shows that the percentages have decreased;
 - (d) You are aware that the company is under investigation by a Federal Department's Inspector General for making false claims or other illegal activities; or
 - (e) You are aware that the contractor is in non-compliance with Equal Employment Opportunity requirements.

b. Category B (Highly Successful Performance).

- (1) The requirement for placing a contractor in this category is a rating of "Highly Successful" resulting from a Program Review (or a Follow-up Review).
- (2) Large contractors placed in this category satisfy the principal requirements of Section 8(d) of the Small Business Act and, in some cases, exceed them. However, they have not distinguished themselves sufficiently in the area of supplemental efforts to justify Category "A" status.

c. Category C (Acceptable Performance).

- (1) The requirement for placing a contractor in this category is a rating of "Acceptable" resulting from a Program Review (or Follow-up Review).
- (2) Large contractors placed in this category satisfy the basic requirements of Section 8(d) of the Small Business Act. However, the contractor has not exceeded the basic requirements to merit an "A" or "B" rating.

d. Category D (Marginal Performance).

- (1) The requirement for placing a contractor in this category is a rating of "Marginal" resulting from a Program Review (or Follow-up Review).
- (2) Large contractors placed in this category have not met the basic requirements of Section 8(d) of the Small Business Act.
- (3) This category includes companies who have failed the "Validity of SF 294 and SF 295" element of a Program Review. These contractors have significant deficiencies that appear to be due to carelessness (see paragraph 5-4b(7)(b)).

e. Category F (Unacceptable Performance).

- (1) The requirement for placing a contractor in this category is a rating of "Unacceptable" resulting from a Program Review (or Follow-up Review).
- (2) Large contractors placed in this category have not met the basic requirements of Section 8(d) of the Small Business Act and are making no effort to do so. You should recommend that the company be placed in Material Breach of Contract in accordance with paragraph 5-7 or, if the possibility of fraud exists, referred to the Inspector General.
- (3) This category includes companies who have failed the "Validity of SF 294 and SF 295" element of a Program Review. These contractors have significant deficiencies that appear to be deliberate or due to extreme carelessness (see paragraph 5-4b(7)(c)).
- (4) You should notify your AD/GC and provide him or her with a copy of the Standard Report Format and accompanying narrative to support the findings.

f. Category X (Never Reviewed).

This category is reserved for large contractors which have never had a Program Review.

9. Conducting an Exit Briefing

- a. Before the conclusion of the review, you should arrange a date for the Exit Briefing. While in some cases the briefing may be conducted on the final day of the review, you may sometimes need more time to analyze the data and to develop the recommendations. In any case, the Exit Briefing must be conducted within 30 days after completing the review.
- b. You should invite the following individuals to the Exit Briefing:
 - (1) The corporate official at the President/Vice President level.
 - (2) The Director of Purchasing.
 - (3) The SBLO.

- (4) The SBLO's Supervisor, if not already listed under (1) or (2) above.
 - (5) Any other members of the contractor's organization who you think impact, either directly or indirectly, the subcontracting program.
- c. The Exit Briefing should encompass all of the major points which will be in the final report. If there are any attendees who did not participate in the Entrance Conference, you should briefly summarize the objectives of the review. Other points to be addressed during the Exit Briefing:
- (1) What documentation was reviewed and what interviews were conducted.
 - (2) The major findings of the review (general and specific).
 - (3) Recommendations that will be included in the final report.
 - (4) The contractor's rating for this review ("Outstanding," "Highly Successful," "Acceptable," "Marginal," or "Unacceptable"). If you feel that this will lead to a prolonged discussion, you may withhold this information until the final report is released.
- d. The names of the attendees at the Exit Briefing should be listed in the "Standard Report Format," Section I, Item 17.

10. Sharing the Recommendations and the Rating with the Large Contractor

- a. Within 30 days after your Exit Briefing, you must prepare a concise narrative report to the large contractor summarizing the results of the review. Your narrative must be typed and must address each of the following points:
- (1) Your major findings;
 - (2) Your recommendations;
 - (3) The company's rating; and
 - (4) Your rationale for the rating.
- b. You should prepare a cover letter, as shown in appendix 13, to thank the SBLO and other contractor personnel for their courtesy and cooperation. You may choose to incorporate your narrative into this letter instead of having two separate

documents.

- c. The highest ranking manager who attended the briefing should receive a copy of the letter. A copy may also be sent to each member of the contractor's organization who attended the Exit Briefing.
- d. A copy of the report should also be furnished to your area director for Government contracting.

11. Concluding Actions

- a. Within 7 working days after completing the final report, you must enter the review data into the Subcontracting Computer System. The following information must be input:
 - (1) The date of the review;
 - (2) The type of review (Program Review or Joint Review); and
 - (3) The company's rating ("Outstanding," "Highly Successful," "Acceptable," "Marginal," or "Unacceptable").
- b. Finally, you are responsible for making certain that all documents pertaining to the review are placed in the contractor's file without delay. At a minimum, these documents include the following:
 - (1) The original letter of notification;
 - (2) The notes used for the Exit Briefing;
 - (3) The Standard Report Format, with attachments; and
 - (4) The final report, and the cover letter accompanying the report.

Chapter 6

What Are My Reporting Requirements?

1. What Is the Subcontracting Computer System?

- a. The Subcontracting Computer System contains a nationwide database of large businesses with subcontracting plans. Each commercial market representative (CMR) enters and maintains information on the contractors in his/her portfolio. Each CMR is assigned a CMR code and password to enter and access the system's information. Information is also available on an area-wide level by logging in as an area (explained in User's Manual, see appendix 14). The Subcontracting Computer System provides you, as a CMR, with the following tools:
 - (1) Ready access to information in your portfolio without having to maintain a separate word processing or spreadsheet file;
 - (2) Merge capabilities for names and addresses to generate personalized letters and correspondence for use with window envelopes;
 - (3) A variety of reports to track reviews and ratings on contractors for use as a planning tool for scheduling future reviews; and
 - (4) A directory of large contractors for small businesses to use for marketing.
- b. The computer system resides on a local area network (LAN) that is maintained by Headquarters. Headquarters also has ready access to the information contained in the system. The computer system provides Headquarters with critical data about the Subcontracting Assistance Program including the activities of the CMRs throughout the six SBA areas (tracked quarterly) and the dollars subcontracted by large contractors to various sizes of businesses (tracked annually).
- c. The system is able to generate several different reports including the following:
 - (1) Analysis of Portfolio;
 - (2) Quarterly Summary of Subcontracting Activities;
 - (3) Directory of Contractors;
 - (4) Internal List of Contractors;

- (5) Contractor's Activity Log;
 - (6) List of CMRs;
 - (7) Contractor's Five-Year Trend Table; and
 - (8) Total Dollars by Contractor.
- d. The Internal List of Contractors can be generated for contractors under DLA cognizance, under SBA cognizance, or for all contractors. The Analysis of Portfolio, Directory of Contractors, and Internal List of Contractors reports can be generated for an individual CMR, an entire area, or on a nationwide basis.
- e. The Subcontracting Computer System's User's Manual in appendix 14 provides more information about these reports and details instructions for using the Subcontracting Computer System.

2. What Do I Enter in the Subcontracting Computer System?

- a. You are responsible for entering, updating, and maintaining information regarding your portfolio of large contractors in the Subcontracting Computer System. Statistics must be entered on a regular basis so the information is current and correct at all times. The following items must be entered in the Subcontracting Computer System:
- (1) The name, address, and telephone number of the company, the Small Business Liaison Officer's (SBLO's) name and telephone number, the Executive's name, and the contractor's major product or service line.
 - (2) Activities you perform each quarter (see paragraph 6-5).
 - (3) Contractor award data from your contractors' SF 295 reports at fiscal year-end (you may also enter them in mid-year).
 - (4) The date of each review and, if applicable, the rating. Each time you complete a review, whether it is a Needs Assessment, Performance Review, Joint Review with DLA, Program Review, or Follow-up, you must enter the date and rating of the review (when applicable) in the Subcontracting Computer System. You must also maintain this information for contractors under DLA's cognizance.

- b. Your database portfolio should contain correct information at all times. If there is a change made to a company's information, it should immediately be corrected in the database.

3. When Do I Enter Information in the Subcontracting Computer System?

Information in paragraph 6-2 should be entered in accordance with the following timetable:

What Report Do I Enter the Information On?	What Information Do I Enter?	When Do I Enter the Information?
Contractors & Awards Report: Contractor's Record	Contractor's name, address & telephone number, SBLO's name & phone number, executive's name, products & services	Enter information when initially learning of new large businesses with one or more subcontracting plans. As needed, update entered information to keep it current. Delete companies that no longer have Government contracts containing subcontracting plans.
Contractors & Awards Report: Contractor's Record	Needs Assessment: Date of Review	Within 5 working days after returning from the review.
Contractors & Awards Report: Contractor's Record	Performance Review: Date of Review and Results	Within 5 working days after you generate the report to the contractor.
Contractors & Awards Report: Contractor's Record	Program Review: Date of Review & Rating	Within 5 working days after completing your final report.
Contractors & Awards Report: Contractor's Record	Review Performed by DLA: Date of Review & Rating	Within 5 working days after receiving DLA's letter and rating for the contractor.
Contractors & Awards	Joint Review Performed by DLA & SBA: Date of Review & Rating by SBA	(1) Enter your rating within 5 working days after completing your final report.

What Report Do I Enter the Information On?	What Information Do I Enter?	When Do I Enter the Information?
Report: Contractor's Record	Date of Review & Rating by DLA	(2) Enter DLA's rating within 5 working days after receiving DLA's letter and rating for the contractor.
Contractors & Awards Report: Contractor's Record	Follow-up Review: Date of Review & Rating	Within 5 working days after completing your report to the contractor.
Contractors & Awards Report: Contractor's Awards (F4)	Dollars awarded to SB, LB, SDB, WOSB for each contractor in your portfolio from SF 295 information	Within 61 calendar days after the end of the fiscal year.
Subcontracting Activities Report	Information on your activities for the quarter, including number of reviews	Within 15 calendar days after the end of each quarter.

4. What Am I Required to Provide DLA from the Subcontracting Computer System?

The Deputy for Small Business or Small Business Specialist from the DLA may request certain information about a contractor. Most of the information may be obtained from the contractor's five-part folder. However, the Five-Year Trend table must be extracted from the Subcontracting Computer System. Information requested by DLA should be supplied as quickly as possible.

5. What Is the Quarterly Activity Report?

You must enter activities you have performed during the quarter into the Subcontracting Computer System, Quarterly Summary of Subcontracting Activities, in accordance with the User's Manual (see appendix 14). The data must be entered within 15 days after the end of each quarter. As each region completes its data entry, the Office of Industrial Assistance (OIA) will generate a report showing the consolidated area activities and the detailed report for each individual CMR in that region. This report is distributed to each of the six area directors for Government contracting. You should observe the following guidelines for entering data into the Quarterly Activities Report:¹

¹ In a-f, if the site visit has been completed this quarter but the report has not yet been
Effective Date: January 26, 1998

- a. Performance Reviews: Enter the number of Performance Reviews performed this quarter. You may take credit for up to two Performance Reviews per company, per year.
- b. Program Reviews: Enter the number of Program Reviews performed this quarter. Reviews conducted as Joint Reviews with DLA are to be included in this category. You may take credit for one Program Review per company, per year.
- c. Needs Assessments: Enter the number of Needs Assessments performed this quarter. You may take credit for up to two Needs Assessments per company, per year.
- d. Follow-up Reviews: Enter the number of Follow-up Reviews performed this quarter. You may take credit for up to two Follow-up Reviews per company, per year.
- e. Other Visits to the Large Contractors: Enter the number of visits to the large contractors this quarter other than Program Reviews, Needs Assessments, or Follow-up Reviews. Examples of other visits include PRO-Net demonstrations, award ceremonies, sourcing initiatives, etc. You may take credit for any number of visits to the same company during the year.
- f. GC Surveillance Reviews: Enter the number of PA Surveillance Reviews performed in conjunction with the Office of Prime Contracts this quarter.
- g. DLA Assists: Enter the number of times you assisted a representative from DLA with contractor information. This will include times you provide DLA with a Five- Year Trend, a list of referrals, or prior recommendations. DO NOT INCLUDE JOINT REVIEWS IN THIS CATEGORY.
- h. Total Reviews, Visits, & Assists: Sum of "a" through "g."
- i. New Requirements Developed: Enter the number of specific subcontracting opportunities for small business identified this quarter through Needs Assessments or some other means. You can not take credit for a requirement unless small businesses can bid on it now. (If a small business can bid on something next quarter, take credit for it then.)
- j. Number of New Sources Developed: Enter the number of new small, small

completed, you may take credit for the visit this quarter.

disadvantaged, or women-owned small businesses (SB/SDB/WOSBs) that you have identified and determined to be qualifiable. This occurs when you assist a SB/SDB/WOSB in overcoming its weaknesses, thereby becoming qualified as a subcontractor (see paragraph 2-3).

- k. Number of Sources Furnished: Enter the number of sources furnished to large contractors this quarter as follows:
- (1) In bulk: Print-outs from *PRO-Net*, directory of 8(a) companies, directory of women-owned firms, etc. The total should equal the number of firms in each directory multiplied by the number of large contractors to which it was mailed; and
 - (2) Specific referrals: Firms that you referred to large contractors on an individual basis, whether by letter, telephone, or personal introduction (see paragraph 2-4e). Firms that appear on a *PRO-Net* print-out may be considered specific referrals when the CMR contacts the small business and verifies the information, including capabilities.
- l. Number Receiving One or More Solicitation: Enter the number of referrals that received at least one solicitation this quarter. Solicitations issued this quarter to sources referred in prior quarters or years should be included. Be careful to note that this item calls for the number of sources that received solicitations, not for the number of solicitations.
- m. Number Receiving One or More Purchase Orders: Enter the number of referrals that received at least one subcontract or purchase order this quarter. Purchase orders issued this quarter to sources referred in prior quarters or fiscal years should be included. Be careful to note that this item calls for the number of sources that received purchase orders, not for the number of purchase orders.
- n. Dollar Amount of Purchase Orders: Enter the dollar amount of subcontracts or purchase orders received by the referred sources this quarter. Purchase orders issued this quarter to sources referred in prior quarters or years should be included.
- o. Counseling Activities: Enter the number of firms counseled this quarter in the appropriate column: (a) Small Disadvantaged Business; (b) Women-Owned Small Business; and (c) Other Small Business. Firms that fit more than one category should be entered twice (e.g., a firm owned by a Black female should be included on the line for small disadvantaged business and also on the line for women-owned small business). Use the line, "Firms counted twice," to indicate how many firms were double-counted.

- p. Outreach Activities: Enter the number of procurement fairs attended and other outreach activities. "Other outreach activities" would include "*Subcontractor-of-the-Year*" award ceremonies, luncheons at the Chamber of Commerce, presentations, speeches, etc.

Chapter 7

What Is My Role in the Subcontracting Award Programs?

1. What Is the Award of Distinction?

The *Award of Distinction* is an award given to large prime contractors that receive an "Outstanding" rating on a Program Review. You may nominate contractors through your Area Office. If the nomination is approved, the company will receive the *Award of Distinction*, which will be presented by the SBA in an appropriate ceremony.

2. How Do I Nominate a Large Contractor for the *Award of Distinction*?

- a. You may nominate a large contractor for the *Award of Distinction* provided:
 - (1) You (or DLA) have completed a Program Review within the past twelve months and have rated the company Outstanding;
 - (2) You have entered the company in the Subcontracting Computer System as a Category "A" company; and
 - (3) You believe the company should receive the *Award of Distinction*.
- b. Companies rated "Outstanding" by you or DLA are eligible for the *Award of Distinction*. You may use your own discretion whether to nominate companies reviewed by DLA. If you decide to do so, you must be certain that the Five-Year Trend Table and other supporting data provided by DLA meets SBA's standards. If not, you must supplement DLA's documentation as necessary before submitting the nomination.
- c. You do not have to nominate every company that receives Category "A" status for the *Award of Distinction*. Valid reasons for not nominating a Category "A" company are described in paragraphs 5-8a(3)(a)-(e).
- d. To nominate a company for the *Award of Distinction*, you must forward a copy of your final report for the Program Review (or DLA's report and your additional comments), through the AD/GC, to the Assistant Administrator of the Office of Industrial Assistance (AA/OIA). The report should be accompanied by a transmittal memo (generally about a page and a half in length) stating that you wish to nominate the contractor for the *Award of Distinction* and summarizing why you think the company is entitled to the award.

- e. If OIA determines the company should receive the award, the AA/GC will notify the AD/GC. OIA orders the award and the AD/GC arranges an award ceremony.
- f. If it is determined that the company should not receive the award, the AA/GC will advise the AD/GC in writing that the nomination has been disapproved. The contractor may maintain its "Outstanding" rating and continue to be classified as Category "A."
- g. Do not discuss the nomination for the *Award of Distinction* with the contractor until the Office of Government Contracting (GC) has reviewed the final report and rendered a decision.
- h. You do not need to conduct a Program Review on contractors that receive Category "A" status, regardless of whether or not they receive the *Award of Distinction*, for up to 3 years after the initial review, provided their subcontracting percentages increase or remain the same. Companies receiving Category "A" status are also exempt from Performance Reviews for 3 years – subject to the same condition. However, you must informally review their SF 295(s) at year-end to make sure that their percentages to SB/SDB/WOSBs are not decreasing. If the percentage in any category is decreasing, you should conduct a Performance Review, Program Review, or Follow-up Review as soon as practical.
- i. You must conduct a Program Review 3 years after the initial designation of Category "A." If the contractor receives another rating of "Outstanding" and Category "A" status, you may again nominate the contractor for another *Award of Distinction*.
- j. You may perform a Needs Assessment or a Follow-up Review during those 3 years, at your discretion. Neither an *Award of Distinction* nor Category "A" status will preclude you from conducting a Needs Assessment or Follow-up Review at any time, for any reason. In fact, these large contractors probably represent the most fertile territory for sourcing initiatives. You should refer sources to them whenever possible and conduct Follow-up Reviews from time-to-time to assess the results.
- k. *Award of Distinction* recipients are eligible to be nominated for the *Dwight D. Eisenhower Award for Excellence*.

3. **Where Is the *Award of Distinction* Ceremony Held and Who Should Attend?**

- a. Conduct the *Award of Distinction* ceremony at the facility of the contractor. The following individuals, at a minimum, should attend:
 - (1) The contractor's CEO and SBLO or their designees;
 - (2) The Associate Administrator for Government Contracting or designee;
 - (3) The Regional Administrator and/or the District Director;
 - (4) The AD/GC; and
 - (5) You.
- b. The AD/GC should advise the appropriate SBA media coordinator of the ceremony at least 21 working days prior to the event to give that individual adequate time to arrange publicity.

4. **What Is the Dwight D. Eisenhower Award for Excellence?**

The annual *Dwight D. Eisenhower Award* program recognizes contractors that have demonstrated superior accomplishments in awarding subcontracts to small firms. There may be as many as four awards per year. There are four categories: construction, manufacturing, research and development, and service. Only contractors that have received the *Award of Distinction* during the past 3 years are eligible to be nominated for the *Dwight D. Eisenhower Award*.

5. **How Do I Nominate a Contractor for the *Eisenhower Award*?**

- a. You may nominate one or more contractors for the *Dwight D. Eisenhower Award for Excellence* (also called the *Eisenhower Award*) from your current *Award of Distinction* winners. However, if a company has received the *Eisenhower Award*, it may not be nominated for it again for 10 years.
- b. To nominate a contractor, prepare a brief narrative to OIA summarizing the company's subcontracting program. OIA will establish the format which will include such elements as the following:
 - (1) Management's support for the small business program;

- (2) Effectiveness of the SBLO;
 - (3) Outreach efforts during the past 12 months;
 - (4) Assistance to small business during the past 2 years (technical, financial, etc.); and
 - (5) Documented success stories during the past 2 years to specific small businesses.
- c. Supply the company's Standard Form 295 for the most recent fiscal year ended September 30th.

6. How Are the Winners of the *Eisenhower Award* Selected?

- a. The Office of Government Contracting will determine the finalists by the use of a point system. Nominees can receive points for their dollars and percentages awarded to SB/SDB/WOSBs during the most recent fiscal year. Nominees can also receive points for improvement in their Five-Year Trend for SB/SDB/WOSBs. Nominees also receive points for your narrative, as well as for other relevant factors that may vary slightly from year to year.
- b. Following the determination of the finalists, the AA/GC will suggest one team leader and at least one other team member to conduct site visits for each category with more than one finalist (subject to funding). The team may consist of SBA Headquarters and/or field GC personnel. No team member will be from an area with a finalist in that particular category. There may be as many as four site visit teams per year (one for each category). Expenses for the site visit teams will be paid by Headquarters. The procedures for the site visit teams are as follows:
 - (1) Each team leader will contact the other team members and the SBLOs at the finalists' facility to coordinate site visits. The site visits will vary in duration with each contractor, but the team should expect to spend at least 3 to 5 hours at each finalist.
 - (2) The team leader should inform the SBLO of the type of information required for the site visit report; however, the report itself should not be mailed to the SBLO. The site visit report may vary from year to year depending upon new emphasis in different program areas. Headquarters will send the site visit report to the team leader.
 - (3) The team should meet prior to the first site visit for an orientation and

briefing by the team leader, which should last no more than an hour. At the site visit, the team leader should have some opening remarks, including the fact that it is an honor to be nominated for the award, and an even greater honor to be a finalist. Then the company should proceed with their prepared remarks.

- (4) Following the company's remarks, the team leader will take the lead in questioning the contractor, but all team members should participate, and each member must complete a site visit report. After the visits, mail the reports to OIA, who will then arrange for judging, liaison with the winners, and ordering the statuettes.
- (5) The team must be consistent with each finalist. Whatever is told to one SBLO prior to the visit should be told to all SBLOs. Each team member should be consistent in his or her scoring.
- (6) The finalists will want to know how the winner is determined. The team leader should explain that:
 - (a) The AA/GC will select a national judging panel.
 - (b) The judges will study the companies' subcontracting percentages to SB/SDB/WOSB and the CMRs' written narratives. They will then score each company using a format provided by OIA.
 - (c) Using the judges' evaluation forms and the site visit team reports, OIA will recommend winners to the SBA Administrator, who will make the final determination.
- (7) If a category has only one finalist, an experienced site visit team will conduct the site visit. The visit will be a "pass-fail" type of review, since there will be no competition.
- (8) Following the review, the team will prepare a report to the AA/GC with a recommendation whether the company should receive the award. To assist with its recommendation, the team will also review the company's subcontracting percentages and the CMR's written narrative. There will be no judging panel following the site visit; OGC will recommend the winner to the SBA Administrator, who will make the final determination.
- (9) If there is not adequate funding, the team will collect information from the finalists and perform their reviews in accordance with instructions

from Headquarters.

- (10) One winner may be selected in each category: construction, manufacturing, research and development, and service. Winners of the *Dwight D. Eisenhower Award* will be recognized during the Annual Small Business Procurement Conference and Awards Banquet Activities in Washington, D.C. in the Spring.

7. What Is the *Subcontractor-of-the-Year* Award Program?

- a. The *Subcontractor-of-the-Year* Award Program recognizes outstanding small businesses which have successfully performed on Federal contracts as subcontractors to major large contractors. The nominations are made by the large contractors, and one winner in each region is chosen from these nominations by a non-SBA judging panel selected by the AD/GC in each region. One national winner is then selected from the ten regional winners by a panel of non-SBA judges in Washington, D.C.
- b. During the fourth quarter of the Government's fiscal year, the AA/GC will inform the AD/GC of the specific procedures for the next year's program which is held during the Annual Procurement Fair and Awards Banquet Activities in Washington, D.C., in the Spring.
- c. The ADs/GC are responsible for implementing the instructions received from the Associate Administrator for Government Contracting. Tasks include mailing the instructions and nomination forms to the large contractors, and convening a panel of judges to select the regional winner. You are responsible for making certain that the SBLOs at the large contractors in your portfolio understand the nomination instructions. You should have nominations from several of your large contractors every year.
- d. A similar program, the *Prime Contractor-of-the-Year* program, recognizes outstanding small businesses which have performed on Federal contracts. Nominations are made by Federal buying activities. Procurement Center Representatives help to coordinate these activities. The National *Prime Contractor-of-the-Year* and National *Subcontractor-of-the-Year* award activities are held in conjunction with one another.

Chapter 8

How Long Am I Required to Retain Documents?

1. How Long Should I Keep SF 294/295 Reports on File?

- a. Only the most recent SF 294s are kept on file. Older SF 294s may be discarded when more current ones are received.
- b. Only the SF 295s for the current period (which could be semi-annual or annual) and the last 5 fiscal year-end SF 295s need to be saved. SF 295s older than 5 years may be discarded when more current reports are received.

2. How Long Should I Keep Review Back-up Data on File?

According to the instructions in SOP 00 41, Records Management, you must close out a file every 3 years. Transfer those files to the Federal Records Center 2 years after close-out; and destroy files 6 years and 3 months after close-out.

3. How Do I Organize My Contractors' Six-Part Folders?

- a. In the interests of consistency and efficiency, you must maintain a uniform filing system for the large contractors' files. This system requires the use of a three-part folder containing six sections arranged as follows:
 - (1) Section 1, Performance Reviews, Program Reviews, Joint Reviews, Needs Assessments, and Follow-up Reviews. In this section, you must place copies of all Exit Briefing notes, final reports, DLA reports, letters of notification, and transmittal letters for all Program Reviews. (Note that work papers pertaining to these reviews belong in Section 2.)
 - (2) Section 2, Work Papers From the Last Review. You must place work papers from the most recent Program Review in Section 2. At your discretion, you may also use this section for any work papers or notes from Follow-up Reviews. Finally, any documentation which the contractor provided to you during the course of any type review, which you consider valuable enough to save, should be placed in this section.
 - (3) Section 3, SF 294. You should keep SF 294s for the most recent period

in Section 3.

- (4) Section 4, SF 295. This section should contain copies of SF 295s. After entering the data from this form into the Subcontracting Computer System, you should file the form itself into this section of the contractor's file.
 - (5) Section 5, Documentation on Sourcing. Here you must place:
 - (a) All correspondence pertaining to sourcing;
 - (b) Copies of marketing bulletins;
 - (c) Source Identification Requests;
 - (d) PRO-Net print-outs; and
 - (e) Any other material pertaining to opportunity development, source identification, source development, or marketing which cannot be accommodated by the Subcontracting Computer System or for which hard copy is desirable.
 - (6) Section 6, Miscellaneous Correspondence. In Section 6, you should file correspondence other than that which pertains to sourcing (Section 5) or Program Reviews (Section 1). This section can also be used to file any miscellaneous papers not covered by the first 5 sections.
- b. A label must be prepared for each large contractor's file containing the name of the company, the division (if the company has more than one), the city, and the state where the contractor is located. The label does not need to show the complete address.
 - c. The large contractors' files must be arranged alphabetically and stored in a file cabinet or drawer where they are out of sight. As long as the office is secured at night, it is not required that the cabinet or drawer be locked.
 - d. You must keep the documentation in your contractors' files up-to-date at all times. Under no circumstances should any paper be left for more than 30 days without being filed.

4. What Information from the Large Contractors' Folders May I Disclose?

Disclosure of information from the contractors' files is governed by the instructions in SOP 40 03 2, Disclosure of Information. Agency SOPs can be located in Windows 95 under LAN Applications, Network Access Services, H - SOPs.

Chapter 9

What Legislation Has Affected the Subcontracting Assistance Program?

You should have a sound grasp of the legislation underlying the Subcontracting Assistance Program. In chronological order, the most important legislation may be summarized as follows:

1. **Public Law 85-536.**
Passed in 1958, this legislation amended the Small Business Act of 1953 and authorized a voluntary subcontracting program. Prior to 1978, this statute was implemented most effectively in the Armed Services Procurement Regulations (ASPR), a predecessor to the Federal Acquisition Regulations. It required large contractors receiving contracts over \$500,000 with substantial subcontracting opportunities to establish a program which would enable minority business concerns to be considered fairly as subcontractors or suppliers.

2. **Public Law 95-507.**
Passed in 1978, this legislation amended Section 8(d) of the Small Business Act and created the foundation for the Subcontracting Assistance Program, as it is known today. It changed the participation of large contractors in the program from voluntary to mandatory, and it changed the language of the law from "best efforts" to "maximum practicable opportunities." Other key features include the following:
 - a. A requirement that all Federal contracts in excess of \$10,000 provide maximum practicable opportunity for small and small disadvantaged business to participate; and
 - b. A requirement that all Federal contracts in excess of \$500,000 (\$1,000,000 in the case of construction contracts for public facilities) be accompanied by a formal subcontracting plan containing separate goals for small business and small disadvantaged business.

3. **Public Law 98-577**
(The Small Business and Federal Procurement Enhancement Act of 1984). This legislation amended the Small Business Act as follows:
 - a. By providing that small and small disadvantaged businesses be given the maximum practicable opportunity to participate in contracts and subcontracts for subsystems, assemblies, components, and related services for major systems; and

- b. By requiring Federal agencies to establish procedures to ensure the timely payment of amounts due pursuant to the terms of their subcontracts with small and small disadvantaged businesses.
4. **Public Law 99-661 (The National Defense Authorization Act of 1987).**
Section 1207 of this statute required the Department of Defense to establish as its objective a goal of 5 percent of the total combined amount obligated for contracts and subcontracts entered into with small and small disadvantaged businesses in each of fiscal years 1987, 1988, and 1989. Also, the use of SDB set-asides was authorized. (Subsequent legislation extended this period through the year 2000; however, the set-aside aspect of the program was suspended in fiscal year 1996.)
 5. **Public Law 100-180 (The National Defense Authorization Act of 1988 and 1989).**
Section 806 required the Secretary of Defense to increase awards to small and small disadvantaged business.
 6. **Public Law 100-656 (The Business Opportunity Reform Act of 1988).**
The principal focus of this legislation was the 8(a) Program, but it contained a number of other provisions which affected the Subcontracting Assistance Program. These other provisions included the following:
 - a. Section 304 requires that the Federal Acquisition Regulations be amended to include a requirement for a contract clause authorizing the Government to assess liquidated damages against large contractors which fail to perform according to the terms of their subcontracting plans and cannot demonstrate that they have made a good faith effort to do so;
 - b. Section 502, now codified at 15 U.S.C. Section 644(g)(1), requires the President to establish annual goals for procurement contracts of not less than 20 percent for small business prime contract awards and not less than 5 percent for small disadvantaged business prime contract and subcontract awards for each fiscal year [emphasis added]; and
 - c. Section 503 requires the SBA to compile and analyze reports each year submitted by individual agencies to assess their success in attaining Government-wide goals for small and small disadvantaged businesses, and to submit the report to the President.

7. **Public Law 101-189 (Defense Authorization Act).**
 Section 834 established the Test Program for the Negotiation of Comprehensive Subcontracting Plans. This statute authorized a pilot program limited to a few Department of Defense large business large contractors approved by the Office of Small and Disadvantaged Business Utilization (OSDBU) at the Pentagon. The program allows these companies to have one company-wide subcontracting plan for all defense contracts, rather than individual subcontracting plans for every contract over \$500,000, and it waives the requirement for the semi-annual SF 294 □ Subcontracting Report for Individual Contracts. □ The large contractor is still required to submit the SF 295 semi-annually, and it is required to have individual subcontracting plans and to submit SF 294s on any contracts with other Government agencies. Public Law 103-355, Section 7103, extended this test program through September 30, 1998.
8. **Public Law 101-510 (The National Defense Authorization Act for Fiscal Year 1991).**
 Section 831 established the Pilot Mentor Protege Program. This program encourages assistance to small disadvantaged businesses by providing special incentives to companies approved as mentors. The Government reimburses the mentor for the cost of assistance to its proteges, or, as an alternative, it allows the mentor credit (a multiple of the dollars in assistance) toward its subcontracting goals. The program is managed by the OSDBU at the Pentagon in Washington. Prior to receiving reimbursement or credit, mentors must submit formal applications, including the names of proposed proteges.
9. **Public Law 102-366 (The Small Business Credit and Business Opportunity Enhancement Act of 1992).**
 This law is sometimes referred to as the "SBIR" Bill. Section 232(a)(6) removes the requirement from SBA to do the Annual Report to Congress on Unacceptable Subcontracting Plans, which had been found in Section 8(d) of the Small Business Act.
10. **Public Law 103-355 (The Federal Acquisition Streamlining Act of 1994 (FASA)).**
 FASA significantly simplifies and streamlines the Federal procurement process. Section 7106 of FASA revised Sections 8 and 15 of the Small Business Act to establish a Government-wide goal of 5 percent participation by women-owned small businesses, in both prime and subcontracts. Women-owned small businesses are to be given equal standing with small and small disadvantaged business in subcontracting plans. In practical terms, this means that all subcontracting plans after October 1, 1995, must contain goals for women-owned small businesses and that all FAR references to small and small disadvantaged business have been changed to small, small disadvantaged and women-owned small business.

Appendix 1

Index to Forms and Reports

Form	Paragraph
SBA Form 640	4-3b(2)
SBA Form 1611	2-2a
SBA Form 1907	4-2b(5)
SBA Form 1908	2-1a, 5-4f(11)
SF 294	8-1a(5)
SF 295	8-1a(5)
Report	Paragraph
Standard Report Format	2-1a, 4-1, 4-2a(8), 5-3c, 5-4a, 5-4c(4)
Sample Subcontracting Plan	3-1c

Appendix 2

Definitions

8(a) Program A program managed by SBA for small businesses which are owned, operated and controlled by socially and economically disadvantaged individuals as defined by the Code of Federal Regulations (13 CER 124.105 and 124.106).

AD/GC Area director for Government contracting.

Advance Procurement Planning (APP) For purposes of the Subcontracting Assistance Program, APP refers to the process by which those items normally acquired from a large business are analyzed by procurement personnel to identify anything which can possibly be acquired from a small business.

AEPRO See DPRO.

Area Portfolio All of the large business contractors within a specific area..

ARPRO See DPRO.

CAGE code (Commercial and Government Entity code) A unique five-character identification number issued by the Defense Logistics Service Center to identify DOD contractors.

CEO Chief Executive Officer.

Commercial Items The Federal Acquisition Streamlining Act of 1994 expanded the definition of commercial items to include:

1. Products of a type customarily used by the general public that have been offered for sale in the commercial marketplace;
2. Products that have evolved from existing commercial products through advances in technology or performance, even if not yet available in the commercial marketplace;
3. Commercial products with minor modifications to meet Federal Government requirements;
4. Installation, maintenance, repair, and training services, if procured in support of a commercial product under terms and conditions available to the general public;

- S. Commercial services offered and sold competitively, in substantial quantities, in the commercial marketplace; and
- 6. Non-developmental items (items previously developed for Government rather than commercial use) if
 - a. the product was developed at private expense; and/or
 - b. the product has been sold in substantial quantities on a competitive basis to multiple State and local governments.

Commercial Market Representative (CMR) A specialist assigned to the Subcontracting Assistance Program.

CMR Portfolio All of the large prime contractors or large subcontractors assigned to a specific CMR.

DCMC (Defense Contract Management Command) Individual office locations within the Defense Logistics Agency structure.

DCMD (Defense Contract Management District) One level below DLA Headquarters office. DCMD has two offices: one in Boston, MA and one in El Segundo, CA. They provide management to the DCMCs.

DLA Defense Logistics Agency.

DoD (Department of Defense) Federal Government defense department such as the Army, Air Force, Navy, and Defense Logistics Agency.

DPRO (Defense Plant Representative Office) Formerly known as AFPRO (Air Force Plant Representative Office); ARPRO (Army Plant Representative Office); DCASPRO (Defense Contract Administration Services Plant Representative Office); and NAVPRO (Navy Plant Representative Office).

DUNS Number (Data Universal Numbering System) Unique nine-character company identification number issued by Dun & Bradstreet Corporation.

EC (Electronic Commerce) The paperless exchange of business information using Electronic Data Interchange (EDI), Electronic Mail, computer bulletin boards, FAX, Electronic Funds Transfer (EFT), or other similar technologies.

EDI (Electronic Data Interchange) Computer-to-computer exchange of business information

using a public standard. EDI is a central part of Electronic Commerce (EC) because it enables businesses to exchange business information electronically.

FAR (Federal Acquisition Regulations) The primary regulation used by all Federal executive agencies in their purchase of supplies and services with appropriated funds.

Flow-down Provision The requirement cited in the Federal Acquisition Regulations (FAR), 48 CFR Section 52.219-9(d)(9). This provision requires large contractors to include a clause pertaining to the utilization of small, small disadvantaged, and women-owned small businesses in all subcontracts that offer further subcontracting opportunities. They must also require all subcontractors (except small business concerns) who receive subcontracts in excess of \$500,000 (\$1,000,000 for construction of any public facility) to adopt a plan similar to their own.

Follow-up Review A review which focuses on the company's implementation of previous SBA recommendations and on its utilization of sources referred.

Indirect Costs See Non-Product Area.

ISO 9000 A quality standard used on a world-wide basis. To be ISO 9000 qualified, a large or small business must receive ISO 9000 certification from an accredited registrar.

Liquidated Damages Damages imposed upon a prime contractor for failure to make a good-faith effort to meet the goals in its subcontracting plan. The amount of liquidated damages is equal to the dollar amount by which the contractor failed to achieve the goals for (a) small business, b) small disadvantaged business, or (c) women-owned small business in its plan. Before assessing liquidated damages, the Contracting Officer must determine that the contractor failed to make a good-faith effort. Liquidated damages may be appealed under the disputes clause contained in Government contracts.

Make-or-Buy Decision The decision a contractor must make whether to manufacture internally or purchase from an outside source.

Marketing Bulletin An SBA document designed to advertise subcontracting opportunities for small businesses throughout the six SBA areas.

Master Subcontracting Plan A subcontracting plan which contains all of the elements required by FAR 52.219-9, except goals. Master plans are effective for only 1 year; however, when incorporated into an individual plan, a master plan applies to that contract throughout its life.

Material Breach of Contract The failure of a contractor to comply in good faith with the terms and conditions of its contract. In the Subcontracting Assistance Program, the term is normally used in reference to prime contractors which have failed to comply in good faith with the subcontracting plan contained in their Government contract (see paragraph 5-6).

Mentor-Protege Program A program designed to encourage assistance to small disadvantaged businesses by providing special incentives to large business prime contractors approved as mentors. The Government reimburses the mentor for the cost of assistance to its proteges, or allows the mentor credit (a multiple of the dollars in assistance) toward its subcontracting goals.

MED (Minority Enterprise Development) The division of SBA which manages the 8(a) Program.

NAVPRO See DPRO.

Needs Requirements of a large contractor for specific products and services to complete a contract.

Needs Assessment The process of determining the specific needs, both current and projected, of a large contractor for the purpose of identifying new opportunities for small business.

Non-Compliance The status of a large contractor's subcontracting program or one of its subcontracting plans when the contractor: (a) fails to comply in good faith with the policy that small, small disadvantaged, and women-owned small businesses shall have the maximum practicable opportunity to participate in the performance of contracts let by any Federal agency; or (b) fails to comply in good faith with any subcontracting plan required of such contractor pursuant to Section 8(d) of the Small Business Act (15 U.S.C., Section 637(d)).

Non-Product Area Also referred to as Indirect Costs. Contracts or subcontracts which are not directly related to the large contractor's contract. Examples include travel services, electrical services, maintenance, janitorial services, trucking, computer services, printing and graphics, construction, roofing, lawn and garden services, tooling, office supplies, and other overhead items. These costs must be pro-rated among all Government contracts.

Non-Traditional Products and Services Products and services in which large contractors have historically subcontracted to large businesses.

Office of Government Contracting (OGC) The SBA office which provides Government contracting assistance to small businesses. Its programs include the Prime Contracts Program, Subcontracting Assistance Program, the Certificate of Competency Program, the Size Determination Program, the Natural Resources Sales Assistance, Waivers of the Nonmanufacturers Rule, the ProNet system, and Procurement Policy and Liaison.

Office of Industrial Assistance (OIA) An office within SBA's Office of Government Contracting responsible for several programs including Subcontracting Assistance Programs.

Office of Small and Disadvantaged Business Utilization (OSDBU) An office in each Federal

agency with a mission to assist small, small disadvantaged, and women-owned small businesses to do business with its Agency.

Opportunity Development The process of identifying new opportunities for small business by means of a Needs Assessment or by some other method.

Plan Compliance Review A review of a large prime/sub contractor's subcontracting plan to evaluate subcontracting achievements versus goals, as well as, to determine compliance with the other elements of the plans.

Prime Contract A contract directly with the Federal Government.

Prime Contractor A large or small business which has one or more contracts with the Federal Government. In the Subcontracting Assistance Program, SBA is concerned with large business prime contractors, and large business subcontractors.

Prime Contracts Program A program under the Office of Government Contracting principally concerned with the relationship between Federal buying activities and small businesses which can furnish supplies and services to the Federal Government. Through its network of Procurement Center Representatives (PCRs), the Office of Prime Contracts increases the dollar value and percentage of awards to small business through the small business set-aside program and advocates the breakout of items from sole source to full and open competition to effect savings for the Federal Government. PCRs counsel and assist small firms doing business with the Government. PCRs also assist in conducting Surveillance Reviews that assess the effectiveness of Federal agencies' small business utilization programs.

Program Review (also called Program Compliance Review) A comprehensive review of a large contractor's program for small, small disadvantaged, and women-owned small businesses as described in chapter 5. At a minimum, such a review must include a validation of the contractor's methods for preparing SF 294 and SF 295 Reports, Five-Year Trend Analysis, an overall evaluation of the contractor's small business program, a sampling of contracts containing subcontracting plans, a sampling of purchase orders to large business, a follow-up on sourcing efforts, and a follow-up on prior SBA recommendations.

Qualifiable A source which you believe may be able to pass a quality survey, meet the financial requirements, and pass any other tests which may be required to obtain vendor approval.

Qualified Source A source which has met the requirements of the subcontract for quality and other factors and has already obtained vendor approval from the large contractor.

SB (Small Business) A concern which is independently owned and operated and meets the size criteria specified in 13 CFR Part 121.

SBLO (Small Business Liaison Officer) Pursuant to Section 8(d) of the Small Business Act (15 U.S.C. Section 637(d)), the employee designated by a large contractor to administer its subcontracting program and to act as a point of contact for small business.

SDB (Small Disadvantaged Business) A small business concern which is owned (at least 51 percent), legally controlled, and managed on a day-to-day basis by an individual(s) who is (area) socially and economically disadvantaged. The specific criteria may be found in 13 CFR Part 124.

Set-Aside A term used in the Prime Contracts Program indicating that a procurement has been identified for exclusive competition among small businesses. The Subcontracting Assistance Program does not have the statutory authority to use this method of procurement.

SF 294 (Standard Form 294), "Subcontracting Report for Individual Contracts" A report that must be filed by large business contractors and large business subcontractors semi-annually (within 30 days after the periods ending March 31st and September 30th) and upon completion of the contract. The report is not required by companies operating under an approved Commercial Products Plan or companies in the "Department of Defense Test Program for Negotiation of Comprehensive Subcontracting Plans."

SF 295 (Standard Form 295), "Summary Subcontract Report" A cumulative report that must be filed by large business prime/sub contractors semi-annually (within 30 days after the periods ending March 31st and September 30th). For companies operating under an approved Commercial Products Plan, the SF 295 report is submitted only once a year, for the period ending September 30th.

SIC (Standard Industrial Classification) A four-digit coding system used to identify specific industry categories within the Federal Government. SICs are developed by the Office of Management and Budget and used by SBA to define industry size standards. SICs can be found in 13 CFR Part 121, the FAR, over the Internet, and in the SIC Manual.

Source A business which can fulfill specific subcontracting requirements for a prime contractor.

Source Development The process by which small businesses are assisted to overcome their weaknesses so that they can qualify for subcontracting opportunities.

Source Identification The process of identifying small firms with specific capabilities.

Source Identification Request A standardized format to be used by large contractors when requesting SBA's assistance in source identification (see sample in appendix 6).

Sourcing (1) The process of identifying qualified, or qualifiable, small, small disadvantaged, or women-owned small business sources with specific capabilities to satisfy clearly defined needs

of large prime/sub contractors; (2) the process of developing those sources, especially by helping them to become qualified; and (3) the process of marketing them to the large prime/sub contractors which have appropriate opportunities.

Subcontract Any agreement (other than one involving an employer-employee relationship) entered into by a contractor calling for supplies or services required for performance of a contract by the higher-tier contractor.

Subcontracting Computer System The computer system which supports the Subcontracting Assistance Program. It contains the database for all of the information on the large contractors in SBA's and DLA's portfolio throughout the nation, and it is used to produce the Small Business Subcontracting Directory. The system is also used to collect activity information on each Commercial Market Representative and to produce reports on these activities for management on a quarterly basis. The system will also produce mailing labels in a mail-merge format suitable for word processed documents. Finally, at the end of each fiscal year, the system collects subcontracting dollars for each large contractor and produces a number of reports for management's summarization of this data.

Subcontracting Opportunities Directory (also called Small Business Subcontracting Directory) A directory of large business contractors throughout the nation, including the name and address of each company, the name and telephone number of each Small Business Liaison Officer, and a brief description of each company's product or service. The directory is provided to the public free of charge and serves as a marketing tool for small businesses.

Subcontracting Plan A plan prepared by a large contractor establishing separate goals on a Government contract, by dollar amount and percentage, for small, small disadvantaged, and women-owned small business. The plan also contains several other elements required by law (see paragraph 3-1). Once it has been approved by the Government, the plan becomes a material part of the contract. In the case of a commercial item, a subcontracting plan pertains to a company's entire production rather than to an individual contract.

Subcontracting Plan for Commercial Items (also called Commercial Products Plan) A plan which may be approved by the contracting officer when the large contractor's product is a commercial one (see Commercial Items). The plan is a company-wide or division-wide plan and relates to the large contractor's production generally, for both commercial and noncommercial products, rather than solely to the Government contract. Once approved, the plan remains in effect during the large contractor's fiscal year and covers all of its commercial items.

Test Program for the Negotiation of Comprehensive Subcontracting Plans A program limited to a few Department of Defense large business prime contractors approved by the Office of Small and Disadvantaged Business Utilization at the Pentagon. The program allows these companies to have one company-wide subcontracting plan for all defense contracts, rather than individual subcontracting plans for every contract over \$500,000, and it waives the requirement

for the semi-annual SF 294. The prime contractor is still required to submit the SF 295 semi-annually, and is required to have individual subcontracting plans and to submit SF 294's on any contracts with other Government agencies.

Total Subcontracting Base The total dollars in a subcontracting plan available for subcontracting to large and small businesses.

TQM (Total Quality Management) A management system in wide practice throughout industry today. As it pertains to subcontracting, TQM advocates the use of fewer subcontractors and suppliers; for example, a large contractor with 10,000 suppliers might be advised to reduce its supplier base to less than 5,000 contractors. The result of this philosophy is to eliminate many companies, including small businesses, from large contractors' supplier databases.

Trading Partners A term associated with EDI which includes businesses that have agreed to exchange business information electronically.

Traditional Products and Services Products and services in which individual large contractors have historically subcontracted to small businesses.

Translation Software Software needed to be EDI-capable. Software translates an incoming ANSI ASC X12 transaction set into an ASCII flat file, or vice versa.

VAN (Value Added Network) Commercial entities that transmit, receive, and store EDI transactions on behalf of their customers; some provide "value added services." Approved VANs must be certified by DOD.

VAS (Value Added Services) A separate commercial organization that provides EDI-related services, or a VAN that provides extra fee-based services beyond standard VAN services to its customers. Services may range from translation to EDI to FAX services to complete EDI-integrated business systems.

WOSB Women-Owned Small Business) A small business concern which is owned (at least 51 percent) by one or more women; or, in the case of any publicly owned business, at least 51 percent of the stock is owned by one or more women. The management and daily business operations must be legally controlled by one or more women.

Appendix 3
(paragraph 1-5)
Section 8(d) of the Small Business Act

(d)(1) It is the policy of the United States that small business concerns, small business concerns owned and controlled by socially and economically disadvantaged individuals and small business concerns owned and controlled by women, shall have the maximum practicable opportunity to participate in the performance of contracts let by any Federal agency, including contracts and subcontracts for subsystems, assemblies, components, and related services for major systems. It is further the policy of the United States that its prime contractors establish procedures to ensure the timely payment of amounts due pursuant to the terms of their subcontracts with small business concerns, small business concerns owned and controlled by socially and economically disadvantaged individuals, and small business concerns owned and controlled by women.

(2) The clause stated in paragraph (3) shall be included in all contracts let by any Federal agency except any contract which --

(A) does not exceed the simplified acquisition threshold;

(B) including all subcontracts under such contracts will be performed entirely outside of any State, territory, or possession of the United States, the District of Columbia, or the Commonwealth of Puerto Rico; or

(C) is for services which are personal in nature.

(3) The clause required by paragraph (2) shall be as follows:

"(A) It is the policy of the United States that small business concerns, small business concerns owned and controlled by socially and economically disadvantaged individuals, and small business concerns owned and controlled by women shall have the maximum practicable opportunity to participate in the performance of contracts let by any Federal agency, including contracts and subcontracts for subsystems, assemblies, components, and related services for major systems. It is further the policy of the United States that its prime contractors establish procedures to ensure the timely payment of amounts due pursuant to the terms of their subcontracts with small business concerns, small business concerns owned and controlled by socially and economically disadvantaged individuals, and small business concerns owned and controlled by women.

"(B) The contractor hereby agrees to carry out this policy in the awarding of subcontracts to the fullest extent consistent with the efficient performance of this contract. The contractor further agrees to cooperate in any studies or surveys as may be conducted by the United States Small Business Administration or the awarding agency of the United States as may be necessary to determine the extent of the contractor's compliance with this clause.

"(C) As used in this contract, the term 'small business concern' shall mean a small business as defined pursuant to section 3 of the Small Business Act and relevant regulations promulgated pursuant thereto. The term 'small business concern owned and controlled by socially and economically disadvantaged individuals' shall mean a small business concern --

"(i) which is at least 51 per centum owned by one or more socially and economically disadvantaged individuals; or, in the case of any publicly owned business, at least 51 per centum of the stock of which is owned by one or more socially and economically disadvantaged individuals; and

"(ii) whose management and daily business operations are controlled by one or more of such individuals.

"The contractor shall presume that socially and economically disadvantaged individuals include Black Americans, Hispanic Americans, Native Americans, Asian Pacific Americans, and other minorities, or any other individual found to be disadvantaged by the Administration pursuant to section 8(a) of the Small Business Act.

"(D) Contractors acting in good faith may rely on written representations by their subcontractors regarding their status as either a small business concern or a small business concern owned and controlled by socially and economically disadvantaged individuals."

[D]The term "small business concern owned and controlled by women" shall mean a small business concern—

(i) which is at least 51 per centum owned by one or more women; or, in the case of any publicly owned business, at least 51 per centum of the stock of which is owned by one or more women; and

(ii) whose management and daily business operations are controlled by one or more women.

(4) (A) Each solicitation of an offer for a contract to be let by a Federal agency which is to be awarded pursuant to the negotiated method of procurement and which may exceed \$1,000,000, in the case of a contract for the construction of any public facility, or \$500,000, in the case of all other contracts, shall contain a clause notifying potential offering companies of the provisions of this subsection relating to contracts awarded pursuant to the negotiated method of procurement.

(B) Before the award of any contract to be let, or any amendment or modification to any contract let, by any Federal agency which --

(i) is to be awarded, or was let, pursuant to the negotiated method of procurement;

(ii) is required to include the clause stated in paragraph (3),

(iii) may exceed \$1,000,000 in the case of a contract for the construction of any public facility, or \$500,000 in the case of all other contracts, and

(iv) which offers subcontracting possibilities,

the apparent successful offeror shall negotiate with the procurement authority a subcontracting plan which incorporates the information prescribed in paragraph (6). The subcontracting plan shall be included in and made a material part of the contract.

(C) If, within the time limit prescribed in regulations of the Federal agency concerned, the apparent successful offeror fails to negotiate the subcontracting plan required by this paragraph, such offeror shall become ineligible to be awarded the contract. Prior compliance of the offeror with other such subcontracting plans shall be considered by the Federal agency in determining the responsibility of that offeror for the award of the contract.

(D) No contract shall be awarded to any offeror unless the procurement authority determines that the plan to be negotiated by the offeror pursuant to this paragraph provides the maximum practicable opportunity for small business concerns, small business concerns owned and controlled by socially and economically disadvantaged

individuals, and small business concerns owned and controlled by women to participate in the performance of the contract.

(E) Notwithstanding any other provision of law, every Federal agency, in order to encourage subcontracting opportunities for small business concerns and small business concerns owned and controlled by the socially and economically disadvantaged individuals as defined in paragraph (3) of this subsection and for small business concerns owned and controlled by women, is hereby authorized to provide such incentives as such Federal agency may deem appropriate in order to encourage such subcontracting opportunities as may be commensurate with the efficient and economical performance of the contract: Provided, That, this subparagraph shall apply only to contracts let pursuant to the negotiated method of procurement.

(F)(i) Each contract subject to the requirements of this paragraph or paragraph (5) shall contain a clause for the payment of liquidated damages upon a finding that a prime contractor has failed to make a good faith effort to comply with the requirements imposed on such contractor by this subsection.

(ii) The contractor shall be afforded an opportunity to demonstrate a good faith effort regarding compliance prior to the contracting officer's final decision regarding the imposition of damages and the amount thereof. The final decision of a contracting officer regarding the contractor's obligation to pay such damages, or the amounts thereof, shall be subject to the Contract Disputes Act of 1978 (41 U.S.C. 601-613).

(iii) Each agency shall ensure that the goals offered by the apparent successful bidder or offeror are attainable in relation to--

(I) the subcontracting opportunities available to the contractor, commensurate with the efficient and economical performance of the contract;

(II) the pool of eligible subcontractors available to fulfill the subcontracting opportunities; and

(III) the actual performance of such contractor in fulfilling the subcontracting goals specified in prior plans.

(5) (A) Each solicitation of a bid for any contract to be let, or any amendment or modification to any contract let, by any Federal agency which --

(i) is to be awarded pursuant to the formal advertising method of procurement,

(ii) is required to contain the clause stated in paragraph (3) of this subsection,

(iii) may exceed \$1,000,000 in the case of a contract for the construction of any public facility, or \$500,000, in the case of all other contracts, and

(iv) offers subcontracting possibilities,

shall contain a clause requiring any bidder who is selected to be awarded a contract to submit to the Federal agency concerned a subcontracting plan which incorporates the information prescribed in paragraph (6).

(B) If, within the time limit prescribed in regulations of the Federal agency concerned, the bidder selected to be awarded the contract fails to submit the subcontracting plan required by this paragraph, such bidder shall become ineligible to be

awarded the contract. Prior compliance of the bidder with other such subcontracting plans shall be considered by the Federal agency in determining the responsibility of such bidder for the award of the contract. The subcontracting plan of the bidder awarded the contract shall be included in and made a material part of the contract.

(6) Each subcontracting plan required under paragraph(4) or (5) shall include --

(A) percentage goals for the utilization as subcontractors of small business concerns, small business concerns owned and controlled by socially and economically disadvantaged individuals, and small business concerns owned and controlled by women;

(B) the name of an individual within the employ of the offeror or bidder who will administer the subcontracting program of the offeror or bidder and a description of the duties of such individual;

(C) a description of the efforts the offeror or bidder will take to assure that small business concerns, small business concerns owned and controlled by the socially and economically disadvantaged individuals, and small business concerns owned and controlled by women will have an equitable opportunity to compete for subcontracts;

(D) assurances that the offeror or bidder will include the clause required by paragraph (2) of this subsection in all subcontracts which offer further subcontracting opportunities, and that the offeror or bidder will require all subcontractors (except small business concerns) who receive subcontracts in excess of \$1,000,000 in the case of a contract for the construction of any public facility, or in excess of \$500,000 in the case of all other contracts, to adopt a plan similar to the plan required under paragraph (4) or (5);

(E) assurances that the offeror or bidder will submit such periodic reports and cooperate in any studies or surveys as may be required by the Federal agency or the Administration in order to determine the extent of compliance by the offeror or bidder with the subcontracting plan; and

(F) a recitation of the types of records the successful offeror or bidder will maintain to demonstrate procedures which have been adopted to comply with the requirements and goals set forth in this plan, including the establishment of source lists of small business concerns, small business concerns owned and controlled by socially and economically disadvantaged individuals, and small business concerns owned and controlled by women; and efforts to identify and award subcontracts to such small business concerns.

(7) The provisions of paragraph (4), (5), and (6) shall not apply to offerors or bidders who are small business concerns.

(8) The failure of any contractor or subcontractor to comply in good faith with --

(A) the clause contained in paragraph (3) of this subsection, or

(B) any plan required of such contractor pursuant to the authority of this subsection to be included in its contract or subcontract,

shall be a material breach of such contract or subcontract.

(9) Nothing contained in this subsection shall be construed to supersede the requirements of Defense Manpower Policy Number 4A (32A CFR Chap. 1) or any successor policy.

(10) In the case of contracts within the provisions of paragraphs (4), (5), and (6), the Administration is authorized to --

(A) assist Federal agencies and businesses in complying with their responsibilities under the provisions of this subsection, including the formulation of subcontracting plans pursuant to paragraph (4);

(B) review any solicitation for any contract to be let pursuant to paragraphs (4) and (5) to determine the maximum practicable opportunity for small business concerns, small business concerns owned and controlled by socially and economically disadvantaged individuals, and small business concerns owned and controlled by women to participate as subcontractors in the performance of any contract resulting from any solicitation, and to submit its findings, which shall be advisory in nature, to the appropriate Federal agency; and

(C) evaluate compliance with subcontracting plans, either on a contract-by-contract basis, or in the case of contractors [sic] having multiple contracts, on an aggregate basis.

(11) For purposes of determining the attainment of a subcontract utilization goal under any subcontracting plan entered into with any executive agency pursuant to this subsection, a mentor firm providing development assistance to a protege firm under the pilot Mentor-Protege Program established pursuant to section 831 of the National Defense Authorization Act for Fiscal Year 1991 (Public Law 101-510; 10 USC 2301 note) shall be granted credit for such assistance in accordance with subsection (g) of such section.

(e) (1) Except as provided in subsection (g) --

(A) an executive agency intending to --

(i) solicit bids or proposals for a contract for property or services for a price expected to exceed \$25,000;

Appendix 4
(paragraph 1-5)
Section 15(g) of the Small Business Act

(g) (1) The President shall annually establish Government-wide goals for procurement contracts awarded to small business concerns, small business concerns owned and controlled by socially and economically disadvantaged individuals, and small business concerns owned and controlled by women. The Government-wide goal for participation by small business concerns shall be established at not less than 20 percent of the total value of all prime contract awards for each fiscal year. The Government-wide goal for participation by small business concerns owned and controlled by socially and economically disadvantaged individuals shall be established at not less than 5 percent of the total value of all prime contract and subcontract awards for each fiscal year. The Government-wide goal for participation by small business concerns owned and controlled by women shall be established at not less than 5 percent of the total value of all prime contract and subcontract awards for each fiscal year. Notwithstanding the Government-wide goal, each agency shall have an annual goal that presents, for that agency, the maximum practicable opportunity for small business concerns, small business concerns owned and controlled by socially and economically disadvantaged individuals, and small business concerns owned and controlled by women to participate in the performance of contracts let by such agency. The Administration and the Administrator of the Office of Federal Procurement Policy shall, when exercising their authority pursuant to paragraph (2), insure that the cumulative annual prime contract goals for all agencies meet or exceed the annual Government-wide prime contract goal established by the President pursuant to this paragraph.

(2) The head of each Federal agency shall, after consultation with the Administration, establish goals for the participation by small business concerns, by small business concerns owned and controlled by socially and economically disadvantaged individuals, and by small business concerns owned and controlled by women in procurement contracts of such agency having a value of \$25,000 or more. Goals established under this subsection shall be jointly established by the Administration and the head of each Federal agency and shall realistically reflect the potential of small business concerns and small business concerns owned and controlled by socially and economically disadvantaged individuals to perform such contracts and to perform subcontracts under such contracts. Whenever the Administration and the head of any Federal agency fail to agree on established goals, the disagreement shall be submitted to the Administrator of the Office of Federal Procurement Policy for final determination. For the purpose of establishing goals under this subsection, the head of each Federal agency shall make consistent efforts to annually expand participation by small business concerns from each industry category in procurement contracts of the agency, including participation by small business concerns owned and controlled by socially and economically disadvantaged individuals and participation by small business concerns owned and controlled by women. The head of each Federal agency, in attempting to attain such participation, shall consider --

(A) contracts awarded as the result of unrestricted competition; and

(B) contracts awarded after competition restricted to eligible small business concerns under this section and under the program established under section 8(a).

(h) (1) At the conclusion of each fiscal year, the head of each Federal agency shall report to the Administration on the extent of participation by small business concerns, small business concerns owned and controlled by socially and economically disadvantaged individuals, and small business concerns owned and controlled by women in procurement contracts of such agency. Such reports shall contain appropriate justifications for failure to meet the goals established under subsection (g) of this section.

(2) The Administration shall annually compile and analyze the reports submitted by the individual agencies pursuant to paragraph (1) and shall submit them to the President. The Administration's submission to the President shall include the following:

(A) The Government-wide goals for participation by small business concerns, small business concerns owned and controlled by socially and economically disadvantaged individuals, and small business concerns owned and controlled by women and the performance in attaining such goals.

Appendix 5
(paragraphs 2-1a, 4-1, 4-2a(8), 5-3c, 5-4a, and 5-4c(4))
Standard Report Format

The Standard Report Format, also called the "checklist", is a multi-section document which you must complete during your reviews. The format must be used, all or in part, during a Needs Assessment, Joint Review with DLA, Program Review, or Follow-up Review. You must complete the required sections as shown in paragraph 4-1. SBA Form 1907, "Analysis of Government Contracts Containing Subcontracting Plans," and SBA Form 1908, "Purchase Order Review Checklist - Awards To Large Businesses," are attachments, and considered to be a part of the Standard Report Format.

U.S. Small Business Administration

SUBCONTRACTING ASSISTANCE PROGRAM

Standard Report Format for all Program Reviews, Needs Assessments, and Follow-up Reviews

DEFINITIONS:

- [] **Program Review (60 03 5, Chapter 5):**
An audit of a large contractor's small business program targeting the following areas:
1. Validation of the Most Recent SF-295(s) and SF-294(s), and a Sampling of the Supporting Self-certifications
 2. Five-Year Trend Analysis
 3. Overall Evaluation of Company's Small Business Program
 4. Sampling of Contracts Containing Subcontracting Plans
 5. Sampling of Purchase Orders to Large Business
 6. Follow-up on Sourcing Initiatives
 7. Follow-up on Prior SBA Recommendations
- [] **Needs Assessment (60 03 5, 4-2d):** The process of determining a large contractor's specific needs, both current and projected, for the purpose of identifying new opportunities for small business. Complete only sections I and II of this report.
- [] **Follow-up Review (60 03 5, 4-2e):** A review performed subsequent to a Program Review to follow up on SBA referrals, prior SBA recommendations, and to evaluate subcontracting achievements on closed contracts. Complete only sections I, V (if applicable), VII, VIII, and X of this report.

Name of company reviewed: _____

Date of review: _____

CMR Conducting the Review: _____

Office: _____

OTHER GOVERNMENT PERSONNEL ON THE TEAM:

- a) **SBA** _____ U.S. Small Business Administration
- b) **DLA (Joint Review)** _____ Office of Government Contracting
- c) **GSA** _____ 409 3rd Street, S.W.
- d) **Other** _____ Washington, DC 20416

PROGRAM REVIEW**I. BACKGROUND**

1. Name of Corporation _____
2. Name of Division/Subdivisions _____
3. CEO/President/GM/Director _____
4. Address _____

5. City, State, Zip Code _____
6. Dates of Corporate Fiscal Year:¹
From: _____
To: _____
7. Annual Sales:² \$ _____
8. Breakdown of Annual Sales:
 - a. Federal Government: \$ _____ %
 - b. Commercial: \$ _____ %
9. Number of Employees.. _____
10. Major Product Line or Service: _____

¹ This information is needed to ascertain the period for the annual sales listed in items #7 and #8.

² For this division only. (Unless otherwise specified, all remaining questions pertain to this division only.)

Y N S

11. The company is a prime contractor to the Federal Gov't. [] [] []

12. The company is a subcontractor to one or more prime contractors of the Federal Government. [] [] []

13. Agencies & large primes with which company has contracts:

14. Number of active contracts containing individual subcontracting plans as of the date of this review _____

15. The company has an approved Master Subcontracting Plan or Commercial Plan. [] [] []

a. Master Plan: _____

b. Commercial Plan: _____

Approving Agency: _____

Date of Approval: _____

Period Covered: _____

16. The name and telephone number of the SBLO:

Name _____

Telephone number _____

17. Name and title of each participant at the entrance and exit briefings (use separate sheet if necessary) **(60 03 5, 5-3 and 5-8):**

II. NEEDS ASSESSMENT (60 03 5, 4-2a)

		Y	N	CS
1.	The contractor is currently interested in new SB/SDB/WOSB suppliers.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	The contractor is more interested in taking on new suppliers in the future.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	When? _____			
4.	The SBLO is providing/will provide you with a list of products and/or services for which the contractor would like new SB/SDB/WOSB sources (if yes, attach the list to this report).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	The SBLO has been actively searching for SB/SDB/WOSB.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.	The SBLO has identified opportunities in both the <u>product non-product</u> (<u>direct</u> and <u>indirect</u>) areas.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.	The SBLO has identified opportunities in both <u>traditional</u> and <u>non-traditional</u> areas.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.	The SBLO has identified opportunities on both <u>current</u> and <u>future</u> government contracts.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.	The SBLO has already used PRO-Net to search for sources.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.	If not, you agree to conduct PRO-Net searches and forward the results to the SBLO.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

III. FIVE-YEAR TREND ANALYSIS³ (60 03 5, 5-4c)

(Attach computer print-out.)

		Y	N	CS
1.	The trend in each of the following categories is favorable:			
a.	SB	[]	[]	[]
b.	SDB	[]	[]	[]
c.	WOSB	[]	[]	[]
2.	In your judgement, the results for the most recent fiscal year represent maximum practicable opportunity:			
a.	SB	[]	[]	[]
b.	SDB	[]	[]	[]
c.	WOSB	[]	[]	[]

COMMENTS:

³ May be based on less than 5 years if the company has not been a Government contractor for that length of time.

IV. <u>OVERALL EVALUATION OF THE CONTRACTOR'S SMALL BUSINESS PROGRAM</u> (60 03 5, 5-4d)	Y N CS
1. Based upon interviews with the Director of Purchasing and other contractor officials, you believe that management has genuine interest in the Small Business Program and a strong commitment to its success.	[] [] []
2. The interface between the SBLO and other members of the organization is harmonious and effective.	[] [] []
3. SBLO meets with management on a weekly ___ monthly ___ quarterly ___ other (explain) _____ basis.	
4. The organizational level of the SBLO is adequate to administer the Small Business Program and to obtain the cooperation of department heads and program managers.	[] [] []
5. The frequency and effectiveness of training for buyers and other personnel is adequate.	[] [] []
6. Interviews you've conducted with buyers and other staff indicate a good understanding of Section 8(d) of the Small Business Act and FAR 19.7, 52.219-8, and 52.219-9.	[] [] []
7. The contractor's awards to small business are supported by self-certifications.	[] [] []
8. The contractor is in compliance with the regulations published by SBA for determining the size and socioeconomic status of potential subcontractors. ⁴	[] [] []
9. Regardless of which method the prime contractor uses to determine size and socio-economic status, it provides a notice to all subcontractors concerning the penalties for false representation, as required by 15 U.S.C 645(d) and FAR 52.219-9(e)(4).	[] [] []
10. The contractor ensures timely payments of amounts due to its SB/SDB/ WOSB subcontractors in accordance with FAR 52.219-8(a).	[] [] []

⁴ See Code of Federal Regulations (CFR), Title 13, Subparts 121.410 and 121.411 (1996 revision); previously 121.910 and 121.911.

- | | Y | N | CS |
|--|----------|----------|-----------|
| 11. The contractor is in compliance with the requirement to notify unsuccessful offerors in certain situations as described in SBA's regulations. ⁵ | [] | [] | [] |
| 12. The contractor's internal controls and reports are adequate to administer the Small Business Program, including a tracking system to identify purchase orders to SB/SDB/WOSB by individual buyers. | [] | [] | [] |
| 13. Buyers are assigned SB/SDB/WOSB goals and buyers' performance is linked to goal accomplishment. | [] | [] | [] |
| 14. The contractor has a small business incentive program to recognize buyers and other staff for outstanding utilization of SB/SDB/WOSB. | [] | [] | [] |
| 15. The contractor has a Purchasing Manual that includes a clear, forceful statement that the contractor supports maximum practicable utilization of SB/SDB/WOSB. | [] | [] | [] |
| 16. The contractor has redirected one or more subcontracts from large business to small business. | [] | [] | [] |
| 17. The contractor has an aggressive outreach program, including frequent attendance at trade shows and procurement fairs. | [] | [] | [] |
| 18. The SBLO can show one or more success stories resulting from its outreach activities. | [] | [] | [] |
| 19. The contractor is active in the following small business organizations:

_____ | | | |
| 20. During the past 12 months, the contractor has conducted one or more workshops or other type of small business event. | [] | [] | [] |

⁵ See 13 CFR, Subpart 125.3(b).

- | | | Y | N | CS |
|-----|---|----------|----------|-----------|
| 21. | The SBLO can provide examples of the following assistance to small business during the past 12 months: | | | |
| | Financial | [] | [] | [] |
| | Technical | [] | [] | [] |
| | Bonding | [] | [] | [] |
| | Other | [] | [] | [] |
| 22. | The contractor's buyers will counsel small business upon request. | [] | [] | [] |
| 23. | The length of time to qualify a new source ranges from _____ weeks to _____ months. | | | |
| 24. | The contractor provides adequate specifications with its solicitations and allows sufficient time for small business to prepare bids. | [] | [] | [] |
| 25. | Whenever possible, the contractor makes an effort to remove obstacles to small business participation (i.e., extending deadline for receipt of bids, providing Quality Assurance assistance, etc.). | [] | [] | [] |
| 26. | The contractor participates in Small Business Week and/or MEDWeek events. | [] | [] | [] |
| 27. | The contractor participates in the <i>Subcontractor-of-the-Year</i> award program sponsored by SBA and plans to submit (or has already submitted) a nomination this year. | [] | [] | [] |
| 28. | The contractor uses PRO-Net on a regular basis to identify new SB/SDB/WOSB sources. | [] | [] | [] |

29. The change in the contractor's number of active suppliers can be documented as follows:⁶

Active Suppliers	Current Year	One Year Ago	Change
a. Number of LBS:			
b. Number of SBs:			
c. Number of SDBs:			
d. Number of WOSBs:			

Analysis:

Y N CS

30. Are there any trends within the contractor's purchasing functions that could be adverse to SB/SDB/WOSB? If so, what are they, and what is the SBLO doing to protect the interests of small business? (If applicable, use Comment Sheet to explain.) [] [] []
31. The contractor is actively participating in a Mentor-Protégé Program and can cite one or more success stories resulting from its participation. [] [] []

⁶ The contractor should not be penalized if it is unable to provide figures for the prior year. On future reviews, the CMR may use the current year data cited here to make a comparison.

V. **SAMPLING OF CONTRACTS CONTAINING SUBCONTRACTING PLANS**
(60 03 5, 5-4e)

- | | | | | |
|--|--|----------|----------|-----------|
| | | Y | N | CS |
|--|--|----------|----------|-----------|
1. The contractor has a subcontracting plan with goals for SB/SDB/WOSB on every contract over \$500,000 (\$1M for construction of a public facility). [] [] []
 2. What is the contractor's methodology for developing goals on new subcontracting plans? (Summarize below; use Comment Sheet if more space is needed.)

3. Based on this explanation, you feel that the goals are:
 (Circle a number below from 0 to 10.)

<u>Conservative</u>			<u>Realistic</u>				<u>Ambitious</u>			
0	1	2	3	4	5	6	7	8	9	10

COMMENTS:

4. Percentage of contracts sampled which met or exceeded the goals for:⁷
 - a. SB..... %
 - b. SDB..... %
 - c. WOSB..... %

- | | | | | |
|--|--|----------|----------|-----------|
| | | Y | N | CS |
|--|--|----------|----------|-----------|
5. The language in the plans includes the required elements. [] [] []
 6. If the contractor is operating under a Master Subcontracting Plan or a Commercial Plan, it has been properly approved, and the approval has not expired. [] [] []

⁷ This question applies only to individual subcontracting plans; for Commercial Plans, mark this question "Not Applicable" and address the goal achievement in the Comment Sheet.

VI. PURCHASE ORDERS TO LARGE BUSINESS (60 03 5, 5-4f)

	Y	N	CS
1. The contractor attempts to solicit SB/SDB/WOSB in every instance possible.	[]	[]	[]
2. On each subcontract solicitation resulting in an award of more than \$100,000, the contractor maintains records indicating	[]	[]	[]
(a) whether SB was solicited, and if not, why not;			
(b) whether SDB was solicited, and if not, why not;			
(c) whether WOSB was solicited, and if not, why not; and			
(d) if applicable, the reason the award was not made to a small business.			
3. The contractor requires all subcontractors (except small businesses) that receive subcontracts in excess of \$500,000 (\$1M for construction of a public facility) to adopt a plan similar to its own plan.	[]	[]	[]
4. The sampling of purchase orders over \$500,000 (\$1M for construction of a public facility) found all files to contain a subcontracting plan with goals for SB/SDB/WOSBs.	[]	[]	[]
5. The contractor is monitoring the compliance of its large business subcontractors with their subcontracting plans. ⁸	[]	[]	[]

⁸ The regulatory guidance for collecting and monitoring subcontracting plans from large subcontractors is contained in policy letters issued by the Office of Federal Procurement Policy (OFPP).

VII. FOLLOW-UP ON SOURCING (60 03 5, 5-4g)

1. Summary of sourcing accomplishments:
 - a. Number of sources referred to the prime _____
 - b. Number of these that received a solicitation _____
 - c. Number of these that received a purchase order _____
 - d. Total dollar amount of all purchase orders issued to sources you referred \$_____⁹

COMMENTS:

VIII. FOLLOW-UP ON PRIOR SBA RECOMMENDATIONS (60 03 5, 5-4h)

1. The contractor has implemented all of the recommendations made by SBA during the last review.

Y N CS

COMMENTS:

⁹ The intent of this analysis is to determine whether the company is providing "maximum practicable opportunity" as required by law. The firm should not be penalized if it failed to award purchase orders to the CMR's sources for valid reasons (e.g., other offerors were more competitive in their prices).

IX. RATING FOR PROGRAM REVIEW (60 03 5, 5-5)

You should rate the contractor separately on each of the sections in this report, beginning with Section III and finishing with Section VIII. (Section II, the Needs Assessment, is not a factor in the contractor's rating.)

	Maximum Score	This Score
Five-Year Trend Analysis	20	
Overall Evaluation of the Small Business Program	25	
Sampling of Contracts Containing Subcontracting Plans	20	
Sampling of Purchase Orders to Large Business	15	
Follow-up on Sourcing	10	
Follow-up on Prior SBA Recommendations	10	
Total	100	

TOTAL SCORERATING

90 -100

OUTSTANDING ¹⁰

80 - 89

HIGHLY SUCCESSFUL

70 - 79

ACCEPTABLE

50 - 69

MARGINAL

0 - 49

UNSATISFACTORY

Note: If one or more sections of this report are not applicable, divide the total points achieved by the maximum possible points in the applicable sections. The resulting percentage will then be equivalent to the points shown above.

¹⁰ A company cannot receive a rating of "Outstanding" if the five-year trend is based on less than three years.

X. RATING FOR FOLLOW-UP REVIEW (60 03 5, 4-2d)

Based upon the results of this follow-up, you may upgrade or downgrade the contractor's previous rating by one level.

1. Date of last SBA Program Review _____
2. Rating on that review _____
3. The results of the analysis in Sections VII and VIII of this report indicate that the contractor's rating should now be:
 - a. Upgraded by one level []
 - b. Left Unchanged []
 - c. Downgraded by one level []
4. The contractor's new rating is _____

Attachments:

1. Comment Sheet;
2. SBA Form 1907 (5-96), Analysis of Government Contracts Containing Subcontracting Plans;
3. SBA Form 1908 (5-96), Purchase Order Review Checklist - Awards to Large Business;
4. Five-Year Trend table from Subcontracting Computer System;
5. A list of products and/or services for which the company would like new SB/SDB/WOSB sources (if applicable); and
6. Your letter or narrative addressing major findings, rating, rationale for the rating, and recommendations.

Appendix 6
(paragraphs 2-1c and 4-2a(5))
Sample Source Identification Request

REQUESTING COMPANY: Any Prime Contractor, Inc.

BUYER NAME: Mr. Any Executive BUYER PHONE (123) 456-7890

- COMPLETE FOLLOWING AS APPLICABLE -

ITEM: No. XXX Link Assembly

ITEM DESCRIPTION: A two piece metal stamped assembly consisting of a link (P/N
 XXXXXXXX) & pivot (P/N XXXXXXXX) heat treated and
 phosphate and oil coated.

SPECIFICATIONS (MIL etc.): Per attached TDP

SPECIAL MACHINERY OR PROCESS REQUIREMENTS: Min. 100 ton stamping press
 heat treat & phosphate
 equipment

Q A PROGRAM REQUIREMENT: Per items checked on attached Any Prime Contractor
 quality assurance addendum (form Q)

INSPECTION REQUIREMENTS: Per Any Prime Contractor X of X SPC is required.

TEST REQUIREMENTS: Per spec XXXXXXXXX Rev. XXX attached

SPECIAL REQUIREMENTS: Requires pre-approved (by XXXXXX) quality and SPC
 plan and pre-approved phosphate and heat treat.

OTHER INFORMATION: A Government owned progressive die for the link is in
 storage at XX bldg XXX. Any Prime Contractor owned
 pivot die is in storage at XX bldg XXX.

RETURN TO: Small Business Administration
 Area XXX
 XXXX XXXXXXXXXXXX Street, Room XXX
 Any City, Any State XXXXX-XXXX
 ATTENTION: Office of Government Contracting
 Subcontracting Assistance Program

Appendix 7
(paragraph 2-4d)
Sample Letter for a Small Business to Market Itself to a Large Business

April 1, 1996

Mr. Q. C. Report
Any Prime Contractor
Main Street
Anywhere, US 12345-6789

Dear Mr. Report:

I am writing to you at the suggestion of Mr. John Doe, Commercial Market Representative of the U.S. Small Business Administration in Any City, Any State.

Any Small Business is a 100% minority-owned small business, specializing in high-quality machining of sheet metal for the aerospace industry. I am enclosing a brochure and capability statement with additional information about our company. Please note that we have been in business for 5 years and have completed twelve Government contracts and more than twenty (20) subcontracts successfully and on schedule.

I will contact you by telephone the week of April 12th to arrange a meeting. I am anxious to show you some photographs of jobs we have recently completed, similar to what I understand that Any Prime Contractor uses in its Government contracts.

Thank you for your time and interest.

Mary Doe, President
Any Small Business, Inc.

cc: John Doe
Commercial Market Representative

Enclosures

Appendix 8
(paragraph 2-4e)
Sample SBA/SB/Contractor Meeting Appreciation Letter

April 1, 1996

Mr. Q. C. Report
Any Prime Contractor
Main Street
Anywhere, US 12345-6789

Dear Mr. Report:

I want to thank you for taking the time to meet with me and Mary Doe, owner of Any Small Business, on March 25th.

As you know, Any Small Business is a minority-owned small business, and any orders which you may issue to this firm will make an important contribution to Any Prime Contractor's efforts to increase its dollars to small disadvantaged business. More importantly, you will be doing business with an outstanding, quality-minded company, a fact which can do nothing but benefit both Any Prime Contractor and the Government.

Thank you again for your time and interest.

John Doe
Commercial Market Representative

cc: Mr. Any Person
Small Business Liaison Officer

Appendix 9
(paragraph 3-1c)
Sample Subcontracting Plan

A large businesses is required to submit a subcontracting plan to the Government when it receives a contract over \$500,000 (in construction of a public facility, over \$1,000,000). A large business is also required to submit a subcontracting plan to other large businesses under the flow-down requirement (see Appendix 2, Definitions).

This sample subcontracting plan can be provided to large contractors for guidance if they are not familiar with the requirement. You should emphasize that the specific requirements of a solicitation may necessitate the inclusion of other data that is not in this model. The sample can be used for contractors creating a Contract-Specific (Individual) Plan, Master Plan, or Subcontracting Plan for Commercial Items.

SAMPLE SUBCONTRACTING PLAN

The attached subcontracting plan format is provided to you in response to your request. It is furnished as an example only.

Every solicitation for a Government contract involves unique requirements, and you should always check to see if the contracting officer has included any additional requirements not contained in this model.

SMALL, SMALL DISADVANTAGED, AND WOMEN-OWNED SMALL BUSINESS
MODEL SUBCONTRACTING PLAN OUTLINE *

Identification Data

Contractor: _____

Address: _____

Solicitation or Contract Number: _____

Item/Service: _____

Total Amount of Contract (Including Options) \$ _____

Period of Contract Performance (DAY/MO/YR) _____

- * Federal Acquisition Regulation (FAR), paragraph 19.708(b) prescribes the use of the clause at FAR 52.219-9 entitled "Small, Small Disadvantaged, and Women-Owned Small Business Subcontracting Plan." The following is a suggested model for use when formulating such subcontracting plan. While this model plan has been designed to be consistent with FAR 52.219-9, other formats of a subcontracting plan may be acceptable. However, failure to include the essential information as exemplified in this model may be cause for either a delay in acceptance or the rejection of a bid or offer where the clause is applicable. Further, the use of this model is not intended to waive other requirements that may be applicable under FAR 52.219-9. "SUBCONTRACT," as used in this clause, means any agreement (other than one involving an employer-employee relationship) entered into by a Federal Government prime contractor or subcontractor calling for supplies or services required for performance of the contract or subcontract.

1. Type of Plan (check One)

___ Individual Plan (All elements developed specifically for this contract and applicable for the full term of this contract).

___ Master Plan (Goals developed for this contract; all other elements standard; must be renewed every three years).

___ Commercial Products Plan (Contractor sells large quantities of off-the-shelf commodities to many Government agencies. Plans/goals negotiated by a lead agency on a company-wide basis rather than for individual contracts. Plan effective only during the year for which it is approved. The contractor must provide a copy of the lead agency approval).

2. Goals

State separate dollar and percentage goals for small business, small disadvantaged business, and women-owned small business in the following format. (For a contract with options, provide a separate statement for the basic contract and individual statements for each option year.)

- A. Total estimated dollar value and percent of planned subcontracting with **small businesses** (include small disadvantaged and women-owned small businesses) (% of C):
\$ _____ and _____%
- B. Total estimated dollar value and percent of planned subcontracting with **large businesses (all business concerns classified as "other than small")** (% of C):
\$ _____ and _____%
- C. Total estimated dollar value of **all planned subcontracting**; i.e., the sum of A and B above:
\$ _____ (100 percent).
- D. Total estimated dollar value and percent of planned subcontracting with **small disadvantaged businesses** (% of C): \$ _____ and _____%
- E. Total estimated dollar value and percent of planned subcontracting with **women-owned small businesses** (% of C): \$ _____ and _____%

F. Provide a description of all the products and/or services to be subcontracted under this contract, and indicate the types of businesses supplying them: i.e., OTHER THAN SMALL BUSINESS (OTHER), SMALL BUSINESS (SB), SMALL DISADVANTAGED BUSINESS (SDB), and WOMEN-OWNED SMALL BUSINESS (WOSB):

(check all that apply)

Subcontracted Product/Service	OTHER	SB	SDB	WOSB

(Attach additional sheets if necessary.)

G. A description of the method used to develop the subcontracting goals for small, small disadvantaged, and women-owned small business concerns; i.e., explain the method and state the quantitative basis (in dollars) used to establish the percentage goals; how the areas to be subcontracted to small, small disadvantaged, and women-owned small business concerns were determined; and how the capabilities of small, small disadvantaged, and women-owned small businesses were determined. Include any source lists used in the determination process.

H. Indirect costs have _____ have not _____ been included in the dollar and percentage subcontracting goals stated above. (Check one.)

I. If indirect costs have been included, explain the method used to determine the proportionate share of such costs to be allocated as subcontracts to small, small disadvantaged, and women-owned small business concerns.

3. Program Administrator

Name, title, position within the corporate structure, and duties and responsibilities of the employee who will administer the contractor's subcontracting program.

Name: _____

Title: _____

Address: _____

Telephone: _____

Duties: Has general overall responsibility for the contractor's subcontracting program, i.e., developing, preparing, and executing individual subcontracting plans and monitoring performance relative to the requirements of this particular plan. These duties include, but are not limited to, the following activities:

A. Developing and promoting company-wide policy initiatives that demonstrate the company's support for awarding contracts and subcontracts to small, small disadvantaged, and women-owned small business concerns; and assure that small, small disadvantaged, and women-owned small businesses are included on the source lists for solicitations for products and services they are capable of providing;

- B. Developing and maintaining bidder's lists of small, small disadvantaged, and women-owned small business concerns from all possible sources;
- C. Ensuring periodic rotation of potential subcontractors on bidder's lists;
- D. Ensuring that procurement "packages" are designed to permit the maximum possible participation of small, small disadvantaged, and women-owned small businesses;
- E. Making arrangements for the utilization of various sources for the identification of small, small disadvantaged, and women-owned small businesses such as the SBA's *PRO-Net*, the National Minority Purchasing Council Vendor Information Service, the Office of Minority Business Data Center in the Department of Commerce, the facilities of local small business and minority associations, and contact with Federal agencies' Small and Disadvantaged Business Utilization Specialists (SADBUS);
- F. Overseeing the establishment and maintenance of contract and subcontract award records;
- G. Attending or arranging for the attendance of company counselors at business opportunity workshops, Minority Business Enterprise seminars, trade fairs, procurement conferences, etc;
- H. Ensuring small, small disadvantaged, and women-owned small business concerns are made aware of subcontracting opportunities and how to prepare responsive bids to the company;
- I. Conducting or arranging for the conduct of training for purchasing personnel regarding the intent and impact of Section 8(d) of the Small Business Act on purchasing procedures;
- J. Monitoring the company's performance and making any adjustments necessary to achieve the subcontract plan goals;
- K. Preparing, and submitting timely, required subcontract reports;
- L. Coordinating the company's activities during the conduct of compliance reviews by Federal agencies;

- M. Providing technical assistance; e.g., engineering, quality control, and managerial assistance to small, small disadvantaged, and women-owned small business;
- N. For contractors of the Department of Defense, NASA, and the U.S. Coast Guard: Ensuring that Historically Black Colleges and Universities (HBCUs) and Minority Institutions (MIs) shall be afforded maximum practicable opportunity; and
- O. Other duties _____

4. Equitable Opportunity

Describe efforts the offeror will make to ensure that small, small disadvantaged, and women-owned small business concerns will have an equitable opportunity to compete for subcontracts. These efforts include, but are not limited to, the following activities:

- A. Outreach efforts to obtain sources:
 - 1. Contacting minority and small business trade associations;
 - 2. Contacting business development organizations;
 - 3. Attending small and minority business procurement conferences and trade fairs;
 - 4. Using *PRO-Net* to locate sources; and
 - 5. Utilizing newspaper and magazine ads to encourage new sources.
- B. Internal efforts to guide and encourage purchasing personnel:
 - 1. Presenting workshops, seminars, and training programs;

2. Establishing, maintaining, and using small, small disadvantaged, and women-owned small business source lists, guides, and other data for soliciting subcontracts; and
3. Monitoring activities to evaluate compliance with the subcontracting plan.

C. Additional efforts: _____

5. Flow-Down Clause

The contractor agrees to include the provisions under FAR 52.219-8, "Utilization of Small, Small Disadvantaged, and Women-Owned Small Business Concerns," in all subcontracts that offer further subcontracting opportunities. All subcontractors, except small business concerns, that receive subcontracts in excess of \$500,000 (\$1,000,000 for construction of a public facility) must adopt and comply with a plan similar to the plan required by FAR 52.219-9, "Small, Small Disadvantaged, and Women-Owned Small Business Subcontracting Plan" (FAR 19.704 (a)(4)).

6. Reporting and Cooperation

The contractor gives assurance of: (1) cooperation in any studies or surveys that may be required; (2) submission of periodic reports which show compliance with the subcontracting plan; (3) submission of Standard Form (SF) 294, "Subcontracting Report for Individual Contracts," and SF-295, "Summary Subcontract Report," in accordance with the instructions on the forms; and (4) ensuring that large business subcontractors with subcontracting plans agree to submit Standard Forms 294 and 295.

<u>Reporting Period</u>	<u>Report Due</u>	<u>Due Date</u>
Oct 1 - March 31	SF-294	04/30
Apr 1 - Sept 30	SF-294	10/30
Oct 1 - Sept 30	SF-295*	10/30*

- * Contractors of the Department of Defense (DoD) are required to submit the SF 295 semi-annually. Contractors of civilian agencies will be required to submit the SF 295 annually as shown in this chart, unless required more often by the procuring agency.

ADDRESSES

- (a) SF-294 to be submitted to the cognizant contracting officer and to SBA if the contract is not under the cognizance of DLA, or as otherwise specified in the contract; and
- (b) SF-295 to be submitted to the Office of Small and Disadvantaged Business Utilization of the procuring agency, or as otherwise specified in the contract, and to the cognizant SBA Commercial Market Representative.

7. Recordkeeping

The following is a recitation of the types of records the contractor will maintain to demonstrate the procedures adopted to comply with the requirements and goals in the subcontracting plan. These records will include, but not be limited to, the following:

- A. If the prime contractor is not using *PRO-Net* as its source for small, small disadvantaged, and women-owned small business concerns, list the names of guides and other data identifying such vendors;
- B. Organizations contacted in an attempt to locate small, small disadvantaged, and women-owned small business sources;
- C. On a contract-by-contract basis, records on each subcontract solicitation resulting in an award of more than \$100,000 indicating: (1) whether small business concerns were solicited, and if not, why not; (2) whether small disadvantaged business concerns were solicited, and if not, why not; (3) whether women-owned small business concerns were solicited, and if not, why not; and (4) if applicable, the reason that the award was not made to a small business concern;
- D. Records to support other outreach efforts, e. g., contacts with minority and small business trade associations, attendance at small and minority business procurement conferences and trade fairs;
- E. Records to support internal guidance and encouragement provided to buyers through: (1) workshops, seminars, training programs, incentive awards; and (2) monitoring of activities to evaluate compliance; and

F. On a contract-by-contract basis, records to support subcontract award data including the name, address, and business size of each subcontractor. (This item is not required on a contract-by-contract basis for company or division-wide commercial plans.)

G. Additional records: _____

This subcontracting plan was submitted by:

Signature: _____
Typed Name: _____
Title: _____
Date Prepared: _____
Phone No.: _____

Approval:

Agency: _____
Signature: _____
Typed Name: _____
Title: _____
Date Approved: _____
Phone No.: _____

**Appendix 10
(paragraph 4-2a(5))
Sample Marketing Bulletin**

SAMPLE MARKETING BULLETIN NO: 96-005

Small Business Administration
Area XX
XXXX XXXXXXXXXXXX Street, Room XXX
Any City, Any State XXXXX-XXXX

CONTACT: John Doe, CMR
Office of Government Contracting
Subcontracting Assistance Program

ITEM: Printed Wiring Board
SPECIFICATIONS: MIL-P-50884
SPECIAL PROCESSES: Ecco Bond Application
INSPECTION: 100% Source
TEST REQUIREMENTS: 500 Volt line-to-line (all lines) electrical test.

ITEM DESCRIPTION PROVIDED BY SBA'S SOURCE IDENTIFICATION PROGRAM

Appendix 11
(paragraph 4-3a)
Memorandum of Understanding Between DLA and SBA
(SBA Procedural Notice 6000-659)

Prior to April 1, 1996, both SBA and DLA performed reviews of contractors with contracts under DLA's cognizance. A Memorandum of Understanding (MOU) was signed on February 13, 1996, by Ms. Judith A. Roussel, SBA, Associate Administrator, Office of Government Contracting, and Mr. Lloyd C. Alderman, DLA, Director, Small and Disadvantaged Business Utilization. The main purpose of the agreement is to eliminate duplicate reviews of contractors under DLA's cognizance. Under the MOU, if a contractor has both contracts under DLA's cognizance and contracts **not** under DLA's cognizance, SBA and DLA will conduct a Joint Review. This MOU outlines which agency is responsible for which type of reviews and how joint reviews are to be conducted.

MEMORANDUM OF UNDERSTANDING

between

THE DEFENSE LOGISTICS AGENCY

and the

THE U.S. SMALL BUSINESS ADMINISTRATION

WHEREAS the Defense Logistics Agency (DLA) and the Small Business Administration (SBA) both perform compliance reviews of Department of Defense (DOD) prime contractors; and

WHEREAS DLA and SBA are both conscious of the Administration's efforts to streamline Government and to eliminate duplication;

THEREFORE DLA and SBA agree to the following initiative:

SUMMARY:

By means of this Memorandum of Understanding (MOU), DLA and SBA agree to redefine their roles in enforcing Section 8(d) of the Small Business Act. SBA will focus primarily on compliance reviews of civilian agency contractors, limiting its involvement with DOD contractors to needs assessments, compliance reviews of DOD contractors that DLA does not review, company-wide reviews at the corporate headquarters of DOD contractors (pilot program in FY 1996), compliance reviews of DOD large business subcontractors, and -- in cases where a prime

contractor has active contracts with both DOD and civilian agencies -- joint reviews with DLA. At the same time, DLA will continue to focus on compliance reviews of DOD prime contractors over which it has cognizant administrative authority, and it will expand the scope of these reviews to include certain review procedures currently performed by SBA, as described in more detail below. DLA will furnish SBA copies of its final reports on all compliance reviews, and SBA may, at its own discretion, use these reports as the basis for making awards to contractors that have outstanding small business programs.

BACKGROUND:

SBA currently performs three types of reviews of large business prime contractors and subcontractors: program compliance reviews, needs assessments, and follow-up reviews.¹ SBA reviews both DOD and civilian agency contractors, both large prime contractors and large subcontractors. SBA's compliance reviews consist of the following seven elements:

- (1) Validation of the prime contractor's methodology for preparing the Standard Forms 294 and 295 and verification of a sampling of the supporting self-certifications;
- (2) Five-year trend analysis;
- (3) Overall evaluation of the prime contractor's small business program;
- (4) Sampling of contracts containing subcontracting plans;
- (5) Sampling of purchase orders to large business;
- (6) Follow-up on SBA referrals; and
- (7) Follow-up on prior SBA recommendations.

DLA performs compliance reviews primarily on DOD contractors over which it has cognizant administrative authority. It reviews prime contractors only, since it has no privity with subcontractors. It does not review contractors of the Army Corps of Engineers, the Office of Naval Research, the Naval Facilities Engineering Command, and a number of other DOD agencies. DLA's reviews include most of the seven elements performed by SBA, except for the five-year trend analysis, the follow-up on referrals, and the follow-up on prior SBA recommendations.

¹ The needs assessment is not a compliance review, and SBA does not give the contractor a rating.

DETAILS OF THE INITIATIVE:

1. DLA will expand its compliance review procedure to include a trend analysis (but not necessarily for five years), a follow-up on SBA referrals, and a follow-up on prior SBA recommendations.² DLA will either modify its existing forms (DLA Form 640 and 640A) to include these three additional components of the review or require that they be incorporated into the report as an attachment.
2. DLA will revise its forms (as SBA will do) to include subcontracting plan goals and achievements for small women-owned businesses and to provide a work sheet (as SBA now does) for documenting its review of purchase orders to large business.³
3. DLA will expand its rating system to include a rating of "Highly Successful," and SBA will change its rating terminology where necessary to agree with DLA's terminology. The rating system for both agencies will then read as follows: Outstanding, Highly Successful, Acceptable, Marginal, and Unsatisfactory.
4. Except as follows, DLA will conduct a compliance review at least once a year of every contractor that has active contracts containing subcontracting plans and over which it has cognizant administrative authority. For contractors that receive an outstanding rating, the next year DLA will conduct a follow-up review consisting of a statistical desk audit, and it will conduct a full compliance review every other year for as long as the rating remains outstanding.
5. SBA may request that DLA prioritize a compliance review of a particular company when it has a compelling reason to believe that a company is not making a good-faith effort to achieve its subcontracting goals.
6. Upon completing a compliance review, DLA will forward a copy of the final report to the cognizant Commercial Market Representative (CMR).
7. SBA will incorporate the results of DLA's compliance reviews into its computerized database, which includes the date of each review, the type of review, and the rating. SBA will provide this information to DLA at any time upon request.
8. The CMR may, at his or her discretion, nominate companies that DLA rates "Outstanding" for the *Award of Distinction*.

² DLA will follow up on prior SBA recommendations during the first review of each contractor that is conducted after implementation of this MOU; thereafter, DLA will follow up on such recommendations only to the extent that they remain relevant and applicable.

³ The sampling shall include at least ten purchase orders to large business over \$100,000, including, if appropriate, some purchase orders over \$500,000.

9. This initiative will not preclude SBA's CMRs from the following activities:
- a. compliance reviews of DOD contractors that DLA does not review;⁴
 - b. needs assessments of DOD contractors, regardless of whether or not DLA reviews these companies;
 - c. company-wide reviews at the corporate headquarters of DOD contractors (pilot program in FY 1996), regardless of whether or not DLA reviews the individual divisions of these companies;
 - d. compliance reviews of DOD large business subcontractors; and
 - e. joint reviews with DLA.⁵
10. DLA and SBA will agree to abide by OFPP's policy letter on subcontracting (the successor to Policy Letter 80-2) that is expected to be published in the Federal Register as a final rule later this year. In the meantime, DLA may enforce the flow-down requirement as it considers appropriate.
11. In cases where a prime contractor has active contracts with both DOD and civilian agencies, the DLA and SBA field personnel shall conduct the review jointly. However, SBA may decline to participate in the review if the number and dollar value of contracts with civilian agencies do not, in the CMR's judgement, warrant a review at that time. If the CMR declines to participate, he or she waives SBA's right to conduct another compliance review until the next scheduled DLA review. Other guidelines that shall apply to joint reviews are as follows:
- a. Such reviews may be scheduled by either DLA or SBA, but adequate notice (at least 60 days) must be provided to the other agency;
 - b. DLA and SBA may use their own forms and procedures for the review;
 - c. DLA shall limit its sampling of contracts and subcontracting plans to those over which it has cognizant administrative authority, and SBA shall limit its sampling to the remaining contracts and subcontracting plans; and
 - d. Prior to the exit briefing, DLA and SBA should attempt to reach agreement on a rating for the contractor, giving greater weight to the agency which reviewed more contracts (judged by dollar value, if the number of contracts does not equate to dollar value). If, however, DLA and SBA are not able to agree on a rating, they may issue separate ratings for their respective portions of the review. In that case, the final report issued by each agency must either list the contracts applicable to

⁴ Contractors over which DLA has no cognizant administrative authority.

⁵ In cases where a prime contractor has active contracts with both DOD and civilian agencies.

that report or otherwise make it clear to which contracts the rating pertains.

12. DLA and SBA personnel in the field will endeavor to cooperate with one another to ensure the success of this initiative. This cooperation shall include -- but shall not be limited to -- the following:
 - (a) The DLA Deputies for Small Business (DSB) shall inform their counterpart at SBA -- normally a CMR -- of compliance review activities. They shall provide the CMR at least 30 days notification of a compliance review (60 days for a joint review) so that the CMR will have adequate time to forward relevant information, and they shall provide the CMR with a copy of their final report at the same time they issue it to the contractor; and
 - (b) Upon receiving notification from a DSB of a scheduled compliance review, the SBA CMR shall assist DLA by providing the DSB with a copy of the latest SBA compliance review, including recommendations; a list of referrals during the previous twelve months; and, if available, a five-year trend analysis from SBA's computerized database.

IMPLEMENTATION PLAN AND TIMELINE:

- | | |
|-----------------|---|
| June 30, 1995: | SBA provides DLA with a copy of its SOP, worksheets, and forms that are currently used for conducting compliance reviews. |
| September 1995: | DLA and SBA meet to (a) determine the essential elements of a compliance review; (b) develop uniform procedures; and (c) explore the feasibility of a similar work sheet or form. |
| November 1995: | DLA and SBA finalize the compliance review procedures. |
| December 1995: | DLA and SBA meet at DLA Headquarters to work out final details of the agreement. |
| January 1996: | DLA and SBA execute the MOU. |
| February 1996: | DLA and SBA provide a copy of the MOU and guidance to their field personnel. |
| April 1, 1996: | DLA assumes responsibility for all SBA compliance reviews of DOD contractors over which it has cognizant administrative authority as described in this MOU. |

DURATION OF THE INITIATIVE:

This initiative is intended to be permanent. However, it may be canceled by either party at any time upon written notification to the other.

The parties have agreed that it would be beneficial to review this agreement periodically to consider possible improvements. Such a review may be initiated at any time by either party.

RESPONSIBLE PARTIES:

Each of the parties to this agreement has designated the following officials to be responsible for its implementation:

1. **SBA**

Name: Judith A. Roussel
Title: Associate Administrator, Office of Government Contracting
Telephone Number: (202) 205-6460

2. **DLA**

Name: Lloyd C. Alderman
Title: Director, Small & Disadvantaged Business Utilization
Telephone Number: (703) 767-1661

SIGNATURES:

SBA: _____

DLA: _____

Title: Associate Administrator
for Government Contracting

Title: Director, Small & Disadvantaged
Business Utilization

Date: _____

Date: _____

-

Appendix 12
(paragraph 5-1a)
Sample Notification of a Program Review

February 1, 1996

Mr. Q. C. Report
Any Prime Contractor
Main Street
Anywhere, US 12345-6789

RE: Notification of Program Review

Dear Mr. Report:

Pursuant to Section 8(d) of the Small Business Act, Federal contracts and modifications in excess of \$500,000 (\$1,000,000 in construction of a public facility) must contain a subcontracting plan, including goals for small, small disadvantaged, and women-owned small business. The Small Business Administration is legislatively mandated to perform small business program reviews of all contracts containing such subcontracting plans.

I am planning a field visit to your facility March 1-3, 1996, to perform a Program Review. My review will concentrate on the following areas:

1. A validation of your methodology for preparing the Standard Forms 294 and 295, and a sampling of purchase orders to small business, including examination of the supporting self-certifications.
2. A review of Standard Form 295's for the past five (5) years in order to evaluate the trends in the company's subcontracting to (a) small business, (b) small disadvantaged business, and (c) small women-owned business.
3. An evaluation of Any Prime Contractor's overall program for small, small disadvantaged, and women-owned small business, as determined by outreach activities, workshops, and evidence of ongoing efforts to identify small, small disadvantaged and women-owned small businesses for subcontracting opportunities.

4. A sampling of Federal contracts containing subcontracting plans in order to determine actual subcontract placement, by dollar amount and percentage, with (a) small business, (b) small disadvantaged business, and (c) women-owned small business.
5. A sampling of purchase orders issued to large businesses in order to determine that small, small disadvantaged, and women-owned small business has been given every opportunity to participate, where possible, as subcontractors or suppliers.
6. A follow-up on sourcing efforts initiated by SBA during the past year. This follow-up shall include, but shall not necessarily be limited to, the following companies:
 - a. XXXXXXXXXXXXXXXXXXXXX Corp.
 - b. XXXXXXXXXXXXXXXXXXXXX Inc.
 - c. XXXXXXXXXXXXXXXXXXXXX Company
7. A follow-up on the status of recommendations made by SBA during the last review, which was conducted in June 1991.

Upon our arrival, I shall be requesting the following documentation for each contract selected for review:

- (1) a copy of the approved subcontracting plan;
- (2) a copy of any amendments, modifications, or orders under Basic Ordering Agreements;
- (3) the name and address of the Administrative Contracting Officer (ACO);
- (4) the completion date of the contract;
- (5) total subcontract placement with (a) small business, (b) small disadvantaged business, and (c) women-owned small business;
- (6) the amount remaining to be subcontracted;
- (7) the amount of indirect or overhead costs, if any, apportioned to contract goals;
- (8) copies of all subcontract plans received from your subcontractors subject to flow-down provisions.

I shall also need information on the number of active suppliers Any Prime Contractor is currently using in the following categories: (a) large business; (b) small business; (c) small disadvantaged business; and (d) women-owned small business. If available, I would also like these figures for one year ago.

Please provide me with two organizational charts, one for the Purchasing Department and the other for the company as a whole. During my visit, I hope to interview you at some length in an effort to determine whether small business, small disadvantaged business, and women-owned business are being provided "maximum practicable opportunities" as required by the law. In this regard, I shall be focusing on your purchasing procedures, make-or-buy decisions, and documentation to support purchasing actions.

I shall conduct an exit briefing within thirty (30) days on a mutually agreeable date. The management of Any Prime Contractor should be represented at the briefing by someone of at least the Vice President level.

Please have all of the documentation requested above ready for our examination on Monday, March 1st. If you have any questions which arise prior to that date, please feel free to contact me at (123) 456-7890.

I look forward to working with you on this extremely important review.

Very truly yours,

John Doe
Commercial Market Representative

Appendix 13
(paragraph 5-10b)
Sample Letter Accompanying a Program Review Report

April 1, 1996

Mr. Q. C. Report
Any Prime Contractor
Main Street
Anywhere, US 12345-6789

Dear Mr. Report:

I recently completed a Program Review of Any Prime Contractor pursuant to Section 8(d) of the Small Business Act.

Enclosed please find a copy of my final report, which is essentially identical to the findings and recommendations that I discussed during the exit briefing on March 3rd.

I would like to commend Any Executive, Director of Purchasing, and Any Person, the SBLO, for the courtesy and cooperation which they extended to me during my conduct of this review. In addition, I want to thank you for providing the quality of leadership which encourages such a spirit of cooperation with the Government.

Thank you again for your interest in the small business program.

Very truly yours,

John Doe
Commercial Market Representative

Enclosure: Final Report

Appendix 14
(paragraphs 6-1a, 6-1e, and 6-5)
Subcontracting Computer System User's Manual

The Subcontracting Computer System is a nationwide database of large businesses that have one or more subcontracting plans. Each CMR enters and maintains information on the contractors in his/her portfolio. Each CMR is assigned a CMR code and password to enter and access the system's information.

The user's manual contains instructions on how to enter, update, and maintain companies in your portfolio. It also describes how to generate reports.

Appendix 14 (cont'd)**USER'S MANUAL FOR THE SUBCONTRACTING COMPUTER SYSTEM**

The Subcontracting Computer System serves a number of purposes. Perhaps most important, it contains the data base of more than 2,000 large businesses with subcontracting plans including the name and address of each company, the name and telephone number of the Small Business Liaison Officers, a description of the companies' products and services, and other useful information. This data base is used to produce the *Small Business Opportunities Directory*, which is posted on SBA Online and the Internet.

The computer system also provides SBA management with a variety of critical data about the Subcontracting Assistance Program. This includes the activities of the Commercial Market Representatives (CMRs) throughout the ten SBA regions and six GC areas (tracked quarterly) and the dollars subcontracted by large prime contractors to other large and small businesses (tracked annually). The system is able to generate seven different reports, including *Summary of Activities, Portfolio Analysis, Total Dollars by Contractor, Directory of Contractors, Internal List of Contractors, Five-Year Trend Table, Contractor Activity Log, and CMR List*. Most of the reports can be produced for a specific CMR, a specific region or area, or all ten regions in the aggregate.

Appendix 14 (cont'd)

THE SUBCONTRACTING SYSTEM (SUB)

User's Manual

In order to use the Subcontracting System, you must access it via Carboncopy. Carboncopy is a communication package that will allow you to dial into the GC Headquarters System and access the New Subcontracting Software system which is running on the OPA LAN.

Here are some brief instructions on how to access the OPA Headquarters System via the Carboncopy software.

1. Go to your Carboncopy Directory and, at the C:\> prompt, type in CHELP and press the [Enter] key.
2. After the Carboncopy Software has been loaded, the Carboncopy Menu shown in Figure A will be displayed.
3. You want to dial into the GC Headquarters System, so press the [F1] key.
4. After you have selected this option, the Carboncopy Menu shown in Figure 8 will be displayed.
5. Using the up or down arrow keys, highlight one of the SUBSITE entries and press the [Enter] key.
6. Carboncopy will begin dialing the GC Headquarters system. Once the connection has been made, the lower right panel of this menu will display a message indicating that the password is being sent. If the connection is good, the next thing you will see is the Carboncopy Plus logo screen with either a A:\CC> or a C:\CC> prompt in the lower left-hand corner.

If you do not make a connection, press the escape [ESC] key and retry starting with Step 3 above.

7. Once access to the LAN has been established, you will be asked to "Enter your login name." Contact the Program Manager in Headquarters for User ID and Password.

Appendix 14 (cont'd)

THE SUBCONTRACTING SYSTEM (SUB)

User's Manual

8. You need to tell CarbonCopy where your output is to be printed. You can do this anytime after you have made a good connection to the GC Headquarters system (after Step 6). Press both the [ALT] and [RIGHT SHIFT] key together. This will bring up the CarbonCopy Menu shown in Figure C. There are two different ways this can be done, and you may have to try both to see which works for you.

Option 1

- Select "Printer / Log / DOS Control" - press [F6]
- Press 3 for Printer to CCHELP. The function key menu will be redisplayed.
- Press [F10]. You will be returned to the application.

Option 2

- Select "Printer / Log / Dos Control" - press [F6]
- Press 7 for Print / Despool Function
- Enter an * and press the [ENTER] key. The Function key menu will be redisplayed.
- Press [F10]. You will be returned to the application.

9. When you are finished in the Subcontracting system select Quit from the Main menu. You will automatically be logged out of the GC LAN. You will see the F:\LOGIN> prompt. At this point you need to disconnect form the GC Headquarters System. You do this by pressing both the [ALT] and [RIGHT SHIFT] key together and then selecting [F11] Terminate Data Link from the menu (see Figure C).

NOTE: There are now eight lines available. Your CarbonCopy calling directory should contain the following enteries for the Subcontracting system.

<u>NAME</u>	<u>PHONE NUMBER</u>	<u>PASSWORD</u>
SUBSITE1	8,202,205-7474	CC
SUBSITE2-8	8,202-205-7475	CC
	7476	
	7477	
	7478	
	7479	
	7488	
	7495	

Appendix 14 (cont'd)

THE SUBCONTRACTING SYSTEM (SUB)

User's Manual

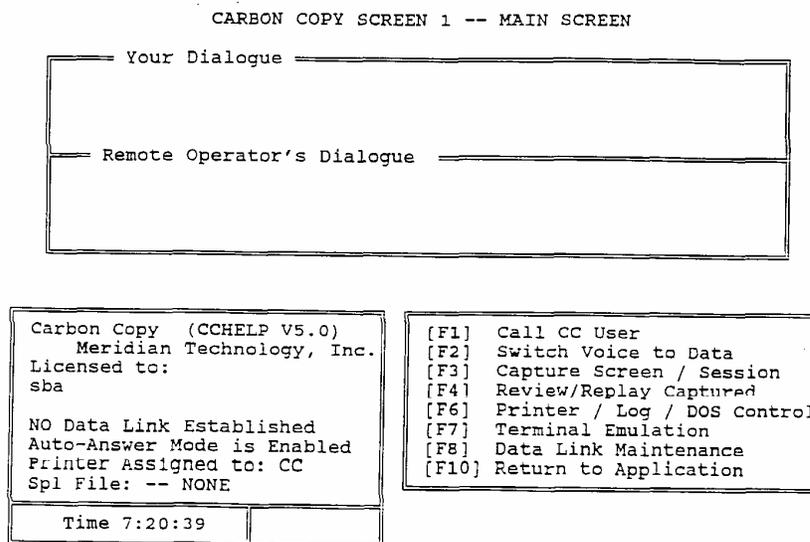


Figure A

Appendix 14 (cont'd)

THE SUBCONTRACTING SYSTEM (SUB)

User's Manual

CARBON COPY SCREEN 2 - CALL CC USER

Your Dialogue
Remote Operator's Dialogue

```
-----CALL Table-----  
Cursor keys to highlight entry  
Space Bar or to select entry.  
  
SUBSITE1  
SUBSITE2  
SUBSITE3  
SUBSITE4
```

```
CALL CC USER  
  
Enter Name to Call or Telephone.  
Use "[" to enter interactive  
mode for networks, switches &  
unique modems.  
  
[F3] to redial last number.  
Number:  
  
-----Esc to Cancel-----
```

Figure B

Appendix 14 (cont'd)

THE SUBCONTRACTING SYSTEM (SUB)

User's Manual

CARBON COPY MAIN SCREEN

Your Dialogue	
Remote Operator's Dialogue	

Carbon Copy (CHELP V5.0) Meridian Technology, Inc. Licensed to: sba Data Link is Established Printer Assigned to: CC Spl File: -- NONE --	[F1] Terminate Data Link [F2] Enter Voice Mode [F3] Capture Screen / Session [F4] Review/Replay Captured Image [F5] File Transfer Package [F6] Printer / Log / DOS Control [F8] Data Link Maintenance [F9] Repaint Screen & Return [F10] Return to Application
Time 7:20:39	Connect 0:03:58

Figure C

Appendix 14 (cont'd)**THE SUBCONTRACTING SYSTEM (SUB)****User's Manual****THE SUBCONTRACTING SYSTEM**

This manual will provide the user information about the functionality of the Subcontracting System. The first screen that will appear will be the Logon screen, as shown in Figure 1.

Your userid is your 5 position CMR code, e.g. 01-01. Enter this code and do not press the [ENTER] key. The system will then be ready to accept your password. At this time, on the bottom line, you will see that you have the option of changing your password. If you choose to do this the system will ask you to:

1. Enter you current password
2. Enter your new password
3. Enter your new password a second time for verification.

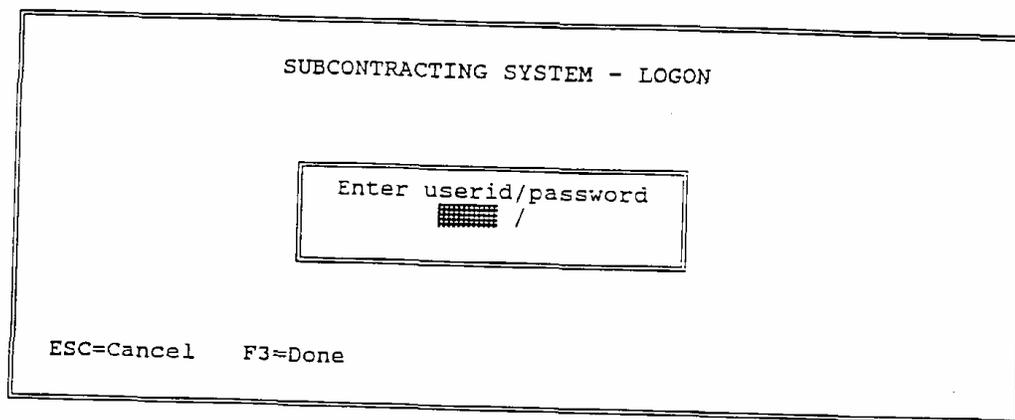


Figure 1

You will have three (3) opportunities to enter your userid and password. If you press the [ESC] key during the logon process, the system will display a message telling you the system is aborting based on your request.

The next screen you will see will be the Subcontracting Main Menu, as shown in Figure 3.

Appendix 14 (cont'd)

THE SUBCONTRACTING SYSTEM (SUB)

User's Manual

SUBCONTRACTING SYSTEM - MAIN MENU	
USERID: 01-01	
DATA COLLECTION	(S)ubcontracting Activities (C)ontractors and Award \$ (P)ortfolio Computations
OUTPUT	(R)eports
SYSTEM MAINTENANCE	(M)aintenance (Q)uit

Figure 2

Data Collection

1. Subcontracting Activities

This module will allow you to review and/or collect the quarterly Subcontracting Activities for a specific fiscal year and quarter.

After selecting this process, you will be asked to provide the fiscal year and quarter. Once these parameters have been supplied, the QUARTERLY SUMMARY OF SUBCONTRACTING ACTIVITIES screen will be displayed as shown in Figure 3.

This first time a particular quarter is selected, the data will not exist and therefore, the fields will contain zeroes. The data may be modified as often as desired.

Appendix 14 (cont'd)

THE SUBCONTRACTING SYSTEM (SUB)

User's Manual

QUARTERLY SUMMARY OF SUBCONTRACTING ACTIVITIES	
CMR CODE: 01-01	FY: 93 QUARTER: 2
PROGRAM COMPLIANCE REVIEWS	0
NEEDS ASSESSMENTS	0
FOLLOW-UP REVIEWS	0
OTHER VISITS TO PRIME CONTRACTORS	
PA SURVEILLANCE REVIEWS	0
NEW REQUIREMENTS DEVELOPED	
#NEW SOURCES	0
#SOURCES FURNISHED - IN BULK	0
#SOURCES FURNISHED - SPECIFIC REFERRALS	0
#RECEIVING SOLICITATIONS	0
#RECEIVING PURCHASE ORDERS	0
PURCHASE ORDERS DOLLAR AMT	\$ 0
SMALL DISADVANTAGED BUSINESSES COUNSELED	0
WOMEN-OWNED BUSINESSES COUNSELED	0
OTHER SMALL BUSINESSES COUNSELED	0
FIRMS COUNTED TWICE	0
# PROCUREMENT FAIRS ATTENDED	0
OTHER OUTREACH ACTIVITIES	0
PASS DEMONSTRATIONS	0
ESC=Cancel	F3=Done
	F6=Del

Figure 3

2. Contractors and Award \$

This module will allow you to review and/or modify the information about prime contractors under your jurisdiction. You can also collect award dollar information for each individual contractor for a specific fiscal year and quarter (no longer required quarterly).

After selecting this process, the prime contractors under your jurisdiction will be displayed as shown in Figure 4.

Appendix 14 (cont'd)

THE SUBCONTRACTING SYSTEM (SUB)

User's Manual

CONTRACTORS		
ID	C O N T R A C T O R	PHONE#
01-01-011047	BATH IRON WORKS CORP.	(207) 442-1057
01-01-011059	DIGITAL EQUIPMENT CORP	(508) 467-7479
01-01-011077	GENERAL ELECTRIC COMPANY	(802) 657-6914
01-01-011076	GENERAL ELECTRIC COMPANY	(413) 494-3201
01-01-011009	KOLLMAN A DIVISION	(603) 595-5030
01-01-011020	RAYTHEON COMPANY	(401) 847-8000
01-01-011019	RAYTHEON COMPANY	(508) 490-1785

ESC=Cancel F3=Done Enter=Update F4=Awards F5=Add F6=Del F7=Search

Figure 4

NOTE: There are additional fields of information about the contractors hidden to the right of the screen. You can view these fields by pressing the right or left arrow keys on your keyboard.

ESC=Cancel

By pressing the escape key, [esc], the system will return to the main menu.

F3=Done

By pressing the function key 3, [F3], the system will return to the main menu.

Enter=Update

By pressing the enter key, [ENTER], the contractor record currently highlighted will be displayed. You will then have the opportunity to update any information. Before exiting, you will be prompted for a rating for the contractor currently displayed. Pressing the escape key [ESC] will maintain the rating currently displayed. If the rating is to be modified, use the up and down arrow keys to highlight the appropriate rating field and press the enter key [ENTER]. The SUBCONTRACTING CONTRACTORS screen is shown in Figure 5, the Rating Menu in Figure 6.

Appendix 14 (cont'd)

THE SUBCONTRACTING SYSTEM (SUB)

User's Manual

SUBCONTRACTING CONTRACTORS	
COMPANY ID	: 01-01-011047
NAME	: ANY PRIME CONTRACTOR, INC.
GROUP	: GOVERNMENT SYSTEMS GROUP
DIVISION	: ELECTRONICS DIVISION
ADDRESS1	: 100 MAIN STREET
ADDRESS2	:
CITY/STATE/ZIP/COUNTY	: ANY CITY ANY STATE 12345-6789
PHONE NUMBER	: (123) 456-7890
SBLO NAME	: MARY DOE
SBLO TITLE	: SBLO
SBLO PHONE	: (123) 456-7890
EXEC NAME	: JOHN DOE
EXEC TITLE	: VICE PRESIDENT
CORE / SATELLITE	: C
	PRIMARY PRODUCT
DATE LAST REVIEWED	: 04-01-93
REVIEW TYPE	: FOLLOW-UP REVIEW
RATING/CATEGORY	: GOOD/B
ESC=Cancel F3=Done F6=Del	

Figure 5

Select a Rating	
EXCELLENT	A
GOOD	B
ACCEPTABLE	C
MARGINAL	D
UNACCEPTABLE	F
NEVER REVIEWED	X
Press Enter to select=	

Figure 6

When you have finished updating the information on this record, press function key 3 [F3]. Superimposed over this screen will be a verification selection screen asking you to either update or cancel the update of this record. You move between OK and Cancel by pressing the right or left arrow keys. If you decide you do not want to make the changes, you may press the Escape key [ESC], and you will be returned to the calling menu.

Appendix 14 (cont'd)

THE SUBCONTRACTING SYSTEM (SUB)

User's Manual

F4=Awards

By pressing function key 4, [F4], you may collect the award dollars for an individual contractor for a specific fiscal year. Again, the first time this function is used, the data will not exist and therefore the fields will contain zeroes. The data may be modified as often as you wish. The SUBCONTRACTING CONTRACTOR AWARD DOLLARS screen is shown in Figure 7.

Please note that there is no point in entering quarterly data because the system has been designed to calculate the fiscal year dollar totals only during the calendar months of October, November and December for the previous fiscal year ended September 30th.

SUBCONTRACTING CONTRACTOR AWARD DOLLARS		
CONTRACTOR:	ANY PRIME CONTRACTOR, INC.	01-01-011047
FISCAL YEAR 93		
DOLLAR AWARDS TO LARGE BUSINESSES	:	0
DOLLAR AWARDS TO SMALL BUSINESSES	:	0
DOLLAR AWARDS TO DISADVANTAGED BUSINESSES:		0
DOLLAR AWARDS TO WOMEN-OWNED BUSINESSES	:	0
ESC=Cancel	F3=Done	F6=Del

Figure 7

When you have finished updating the information on this record, press function key 3 [F3]. Superimposed over this screen will be a verification selection screen asking you to either update or cancel the update of this record. You move between OK and Cancel by pressing the right or left arrow keys.

Appendix 14 (cont'd)

THE SUBCONTRACTING SYSTEM (SUB)

User's Manual

F5=Add

By pressing function key 5, [F5], you may add a new contractor. A unique company number will be automatically assigned by the system. The SUBCONTRACTING CONTRACTORS screen will be displayed with most of the data fields blank (see Figure 5). Again, before exiting this process, you will be prompted for a rating for this contractor. Using the up and/or down arrow keys, highlight the appropriate rating field and press the enter key [ENTER].

F6=Delete

By pressing function key 6, [F6], you may delete an existing contractor. superimposed over this screen will be a verification selection screen asking you to either delete or cancel the delete of this record. You move between OK and Cancel by pressing the right or left arrow keys.

F7=Search

This feature is designed to save you time that would be wasted moving the cursor up and down through a long list of companies. By pressing the function key 7, [F7], you can search for a specific value (e.g., the company ID) within any of the fields displayed. You must be specific and use the exact characters.

3. Portfolio Computations

This module will allow you to compute portfolio totals for both the number of contractors and the dollar awards. The computation must be performed before running the "Analysis of Portfolio" Report.

After selecting this process, you will be asked to provide the fiscal year. You will also be asked to provide the number of contractors added and dropped during the selected fiscal year. Once these parameters have been supplied, the computations will be started. An informative message will be displayed indicating the field being summarized.

During the months of October, November and December, the dollar awards for the contractors under your jurisdiction will be totaled for the fiscal year requested.

Output: This module will allow you to print a variety of reports. After selecting this menu item, you will be asked to select your printer type. A printer selection menu will be displayed. Highlight the printer ID for your printer, or if your printer is not listed, select the EPSONFX printer ID. The printer selection menu is shown in Figure 8.

Appendix 14 (cont'd)

THE SUBCONTRACTING SYSTEM (SUB)

User's Manual

SELECT PRINTER		
PRINTER ID	ALTERNATE ID	PRINTER DESCRIPTION
HPL2D		HP LASER 2D
IBMPCGRAPH		IBM PC compatible printer
EPSONFX		Epson FX printer
NECPINWR		NEC PINWRITER printer

Figure 8

The SUBCONTRACTING SYSTEM REPORTS MAIN MENU is shown in Figure 9.

SUBCONTRACTING SYSTEM --- REPORTS MAIN MENU								
<table border="1"> <tbody> <tr> <td>(S)ummary of Activities</td> </tr> <tr> <td>(P)ortfolio Analysis</td> </tr> <tr> <td>(A)nalysis of Portfolio Management</td> </tr> <tr> <td>(T)otal Dollars By Contractor</td> </tr> <tr> <td>(D)irectory of Contractors</td> </tr> <tr> <td>(I)nternal List of Contractors</td> </tr> <tr> <td>(C)MR List</td> </tr> <tr> <td>(E)xit to Previous Menu</td> </tr> </tbody> </table>	(S)ummary of Activities	(P)ortfolio Analysis	(A)nalysis of Portfolio Management	(T)otal Dollars By Contractor	(D)irectory of Contractors	(I)nternal List of Contractors	(C)MR List	(E)xit to Previous Menu
(S)ummary of Activities								
(P)ortfolio Analysis								
(A)nalysis of Portfolio Management								
(T)otal Dollars By Contractor								
(D)irectory of Contractors								
(I)nternal List of Contractors								
(C)MR List								
(E)xit to Previous Menu								

Figure 9

Appendix 14 (cont'd)**THE SUBCONTRACTING SYSTEM (SUB)****User's Manual**Utilities

This module allows Headquarters users to perform a couple of system maintenance functions. The SUBCONTRACTING SYSTEM UTILITIES MAIN MENU is shown in Figure 10.

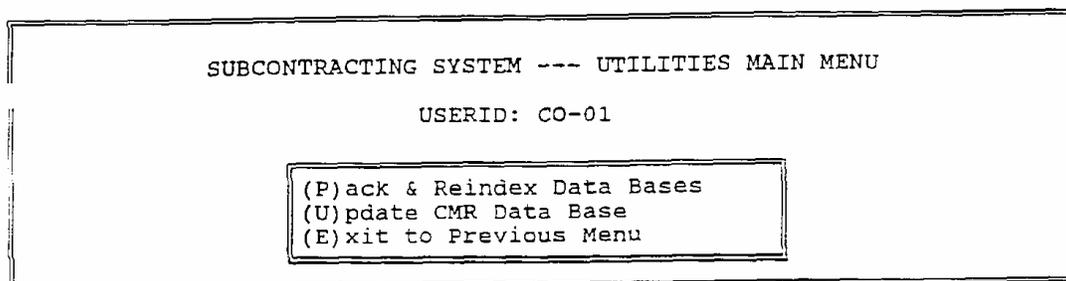


Figure 10

1. Pack & Re-Index Data Bases

This module allows the Headquarters users to perform data base maintenance. This function should be performed at least once every two weeks.

Appendix 14 (cont'd)

THE SUBCONTRACTING SYSTEM (SUB)

User's Manual

2. Update CMR Data

This module provides the Headquarters users the ability to add, delete, and update CMR data. After selecting this option, a list of CMRs is displayed as shown in Figure 11.

COMMERCIAL MARKETING REPRESENTATIVES			
CMR	< LAST NAME	> < FIRST NAME	>PSWRD
01-01	DOE	JOHN	SANTA
01-02	DOE	MARY	SANTA
01-03	DOE	PETER	SANTA
02-01	DOE	BRENDA	SANTA
02-02	DOE	WILLIAM	SANTA
02-03	DOE	NANCY	SANTA
02-04	DOE	ROBERT	SANTA

ESC=Cancel F3 Done Enter=Update F5=Add F6=Del F7=Search

Figure 11

ESC=Cancel

By pressing the escape key, [ESC], the system will return to the utilities main menu.

F3=Done

By pressing function key 3, [F3], the system will return to the utilities main menu.

Enter=Update

By pressing the enter key, [ENTER], the CMR record currently highlighted will be displayed. You will then have the opportunity to update any information. The CMR update screen is shown in Figure 12.

Appendix 14 (cont'd)

THE SUBCONTRACTING SYSTEM (SUB)

User's Manual

```

OFFICE CODE      :

CMR CODE        :          01-01
FIRST NAME      :          JOHN
LAST NAME       :          DOE
ADDRESS 1       :          100 MAIN STREET
ADDRESS 2
CITY            :          ANY CITY
STATE           :          ANY STATE
ZIP CODE        :          12345-6789
PHONE NUMBER    :          (123) 456-7890
FTS NUMBER      :          NONE
PASSWORD        :          SANTA

LOCATED IN REGION? :          Y

AUTHORIZATIONS
  QUARTERLY ACTIVITIES: Y
  QUARTERLY PORTFOLIO : Y
  PERFORM MAINTENANCE : N
  UPDATE CMR DATA    : N
  LAST COMPANY NUMBER : 033014

ESC=Cancel      F3=Done

```

Figure 12

When you have finished updating the information on this record, press function key 3 [F3]. Superimposed over this screen will be a verification selection screen asking you to either update or cancel the update of this record. You move between OK and Cancel by pressing the right or left arrow keys. If you decide you do not want to make the changes, you may press the Escape key [ESC] and you will be returned to the calling menu.

F5=Add

By pressing the function key 5, [F5], you may add a new CMR. A unique CMR number will be automatically assigned by the system. A blank CMR screen will be displayed (see Figure 12).

Appendix 14 (cont'd)**THE SUBCONTRACTING SYSTEM (SUB)****User's Manual**F6=Delete

By pressing function key 6, [F6], you may delete an existing CMR. Superimposed over this screen will be a verification section screen asking you to either delete or cancel the delete of this record. You move between OK and Cancel by pressing the right or left arrow keys.

F7=Search

By pressing function key 7, [F7], you can search for a specific value within any of the fields displayed. You must be specific when providing the value of the field.

