



# **Subcontracting Plans & Reporting/Compliance Reviews**

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*6/30/2011*

# NAVFAC SUBCONTRACTING PLAN TEMPLATE



- **Subcontracting Plan Template, consistent with FAR 19.704 – not mandatory but *strongly* encouraged**
- **Failure to include the essential information as exemplified in the template may be cause for either a delay in acceptance or rejection of a bid or offer where the clause is applicable.**
- **Cover Page:**
  - Contractor Name/Address
  - Solicitation or Contract Number
  - Title of the Project and Location
  - Date Prepared
  - Type of Report (Individual, Commercial, Master)
  - Signatures have been moved to the front of the plan

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## • Page 2:

- Option Periods? Check the appropriate box.
- Line 1.a: Total Contract Value includes option periods. (Attachment 1 is to be used to show the breakdown of options)
- Line 1.b: Total Subcontracted Value should reflect total of all subcontracting to large and small businesses for all option years
- Line 1.c: Total prime self performed work for all option years.
  - **Important!**
  - Line 1.b. and 1.c. will equal Line 1.a.

## • Breakdown of major subcontract categories:

- Line 2.a: Large Business: Dollar value and percentage reflects total value of all subcontracting to large business for all option periods.
- Line 2.b: Small Business: Dollar value and percentage reflects total value of all subcontracting to all small businesses for all option periods. (*Include Small, SDB, WOSB, HUBZone, VOSB, SDVOSB, HBCU/MI, other misc. categories.*)

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- **Important!**
- Lines 2.a and 2.b will equal 100% of Line 1.b.
- Provide supporting rationale for each proposed goal that is less than those stated in the RFP.

## • Pages 3 & 4:

- Lines 2.c through 2.k represent the small business subcategories of HUBZone Small Business, Woman-Owned Small Business (including EDWOSB), Small Disadvantaged Business, Veteran-Owned Small Business, Service-Disabled Veteran-Owned Small Business, Historically Black Colleges and Universities/Minority Institutions, AbilityOne (formerly JWOD), and Alaskan Native Corporation & Indian Tribes.

- **Important!**
- Dollars and percentages should reflect base plus option year totals
- **All** subcategories 2.c. through 2.k are a subset of Line 2.b Small Business but do not automatically equate to the value of 2.b.
- Lines 2.c., 2.d., 2.e., 2.f., 2.g., 2.h., 2.i., 2.j., and 2.k. are calculated against Line 2.b., total value of overall subcontracting dollars
- SDVOSB is also included under VOSB

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- **Pages 3 & 4:**

- **Important! (Continued)**
- HBCU/MI is also included under SDB
- ANC/Indian Tribes that are SB but not SDB are reported under SDB
- Subcontracts to companies that qualify in multiple categories of SB must be reported under each category. For example: If you are planning to subcontract \$100,000 to company "ABC", a woman-owned small disadvantaged business that is also a certified HUBZone SB, you will report \$100,000 on lines 2.b (SB), 2.c (HUBZone SB), 2.d (WOSB), and 2.e (SDB).
- Designated HUBZone SB must be certified by SBA.

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## • Paragraph 3:

- List principal products and/or services that will be subcontracted under the contract. List by category: LB, SB, HUBZone SB, WOSB, SDB, VOSB, SDVOSB, HBCU/MIs, AbilityOne, ANCs and Indian Tribes that have not been certified by SBA as SDB, and ANCs and Indian Tribes that are not small businesses.
  - **Important!**
  - Can be a general listing of products and/or services
  - List the name of the SB subcontractors and the product/service
  - If the proposed SB subcontracting goals do not meet the NAVFAC Targets, include a detailed explanation describing the actions taken to arrive at that determination, along with an explanation for the goals that were actually proposed
  - If IDIQ, may show firm commitments to subcontract by listing multiple names of companies that support a specific SB category

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- **Paragraphs 4 and 5:**

- Document the method(s) used to develop the subcontracting goals. Explain how products and services to be subcontracted were established, how the areas to be subcontracted were determined for each program and how potential firms' capabilities were determined. Include the source lists utilized in making the determinations.

- **Paragraph 6:**

- Indirect and overhead costs. Check the appropriate box if indirect and overhead costs have or have not been included in the goals. If "HAVE" is checked, you must explain the method used in determining the proportionate share of indirect and overhead costs to be allocated as subcontracts to each SB program and the products and services planned.

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- **Paragraph 7:**

- Include complete contact information for the employee assigned to administer the subcontracting program and list the individual's specific duties (name, address, telephone, fax, e-mail and title). Duties listed in the template include the FAR requirements. Add any additional duties at the end of this paragraph.

- **Paragraph 8:**

- List efforts that will be taken to assure that the small business community will have an equitable opportunity to compete for subcontracts: Outreach efforts, Sources, Internal Efforts, Utilization of small business data bases, source lists, etc. by buyers, and any additions or deletions to the information noted in the template.

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- **Paragraph 9:**

- Agreement that offeror (contractor) agrees that FAR Clause 52.219-8, “Utilization of Small Business Concerns” will be included in all subcontracts which offer further subcontracting opportunities, and all subcontractors, except SB concerns, who receive subcontracts in excess of \$650,000 (\$1,500,000 for Construction) will be required to adopt and comply with a subcontracting plan similar to this one.

- **Paragraph 10:**

- Agreement that offeror will submit periodic reports and cooperate in any studies or surveys as may be required by NAVFAC or the Small Business Administration in order to determine the extent of compliance by the offeror (contractor) with the subcontracting plan and with FAR clause 52.219-8.

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## • Paragraph 11:

- Offeror agrees to submit the Individual Subcontract Report (ISR) and the Summary Subcontract Report (SSR) using the Electronic Subcontracting Reporting System (eSRS) at <http://www.esrs.gov>, following the instructions in the eSRS.
  - **Important!**
    - 1<sup>st</sup> reporting period is Oct 1 – March 31  
(Submit report NLT 30 April)
    - 2<sup>nd</sup> reporting period is Oct 1 – September 30  
(Submit report NLT 30 October)
    - The SSR is submitted at each reporting period
    - Ensure subcontractors with subcontracting plans agree to submit the ISR and/or the SSR using eSRS
    - Provide prime contract number, DUNS number and e-mail address of the Government or Contractor official responsible for acknowledging or rejecting the report to subcontractors with subcontracting plans

# NAVFAC SUBCONTRACTING PLAN TEMPLATE



- **Paragraph 12:**

- Offeror agrees to maintain records to document compliance with the subcontracting plan. (Source lists, guides, organizations contacted to locate firms, records to support outreach efforts, and records on all subcontract solicitations over \$150K indicating for each solicitation whether small business concerns were solicited, reasons for failure to solicit small business concerns, and written designations from ANCs or Indian Tribes in accordance with FAR 19.703, if applicable.

- **Option Year Breakdown:**

- Consolidate base period and option year breakdowns in one area of the subcontracting plan. Include percentages and dollar values for each subcontract category. Preferably, provide this breakdown as shown in the template.

# POST AWARD SUBCONTRACTING PLAN REQUIREMENTS

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- **If awarded a contract with a subcontracting plan, you are required to report subcontracting achievements using the Electronic Subcontract Reporting System (eSRS) at [www.esrs.gov/](http://www.esrs.gov/).**
- **Timely Individual Subcontract Reports (ISRs) and Summary Subcontract Reports (SSRs) must be submitted:**
  - 1<sup>st</sup> reporting period Oct 1 thru Mar 31 (report NLT April 30)
  - 2<sup>nd</sup> reporting period Oct 1 thru Sept 30 (report NLT Oct 30)
- **Reports are required, regardless of whether there has been any subcontracting activity during the reporting period.**
  - It is the responsibility of the Government contracting official to acknowledge receipt or reject reports submitted by the prime contractor.
  - It is the responsibility of the prime contractor to acknowledge receipt or reject reports submitted by their subcontractors.

# POST AWARD SUBCONTRACTING PLAN REQUIREMENTS



- **In accordance with Public Law 95-507, routine Subcontracting Plan Compliance Reviews will be conducted by the awarding agency and/or the Small Business Administration to evaluate subcontracting plans and for monitoring, evaluating and documenting contractor performance. Compliance Review to be conducted at the Contractor's office where the documentation and reporting data is located.**
- **Overview of Subcontracting Plan Compliance Review Process:**
  - Prime contractor will receive a notification letter advising of the planned schedule for the compliance review, notification letter to be received 45-60 days ahead of planned review dates.
  - Compliance Review will generally take three days.
  - Prime contractor to provide work space for the Government Review Team.

# POST AWARD SUBCONTRACTING PLAN REQUIREMENTS



- **Overview of Subcontracting Plan Compliance Review Process:**
  - Preliminary information (including organization charts, company procurement procedures manual, company small business policy statements, logs for ISRs and SSRs, etc.) will be submitted to the Contracting Officer 14 days prior to the start of the Subcontracting Plan Compliance Review.
  - Prime Contractor will receive a Subcontracting Plan Compliance Review Report with Findings and Recommendations.
  - Report will include a Rating of either Acceptable, Not-Rated, or Unacceptable.
- **In accordance with FAR 19.705-5, Contracting Officer's shall consider the Contractor's compliance with subcontracting plans submitted on previous contracts as a factor in determining contractor responsibility.**

# COMMON COMPLIANCE REVIEW FINDINGS

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**–The SBLO wears so many hats that he or she can't manage the firm's program....and it shows!**

- No management interest or support.

**–Goals? What goals?**

- Missing subcontracting goals and explanations on the ISR, if provided at all, make no sense or are copied from a previous period.
- What if these ISRs are reviewed during a future source selection?

**–Policies and procedures in place but no one follows them.**

- Are they current?
- Which personnel have reviewed and understand them?

# COMMON COMPLIANCE REVIEW FINDINGS



## **–We take it seriously, honest!**

- Subcontracting Program established a couple of weeks before the compliance review. The ink isn't even dry!
- Are there files to show activities and actions for the Subcontracting Program?
- Nothing in anyone's performance plan about small business goals or achievement.
- Which personnel have reviewed and understand them?

## **–Cash Flow Shenanigans**

- Not paying subs or suppliers promptly.
- Withholding payment to sub for work performed while waiting on a change order or REA from the Government. A major source of Congressional inquiries!
- Paying small business subcontractors on time is one of the best ways to show TRUE COMMITMENT to the Small Business Subcontracting Program.

# COMMON COMPLIANCE REVIEW FINDINGS



## –Inaccurate Source Lists

- Prime Contractor source lists are not accurate as to size or status of subcontractors.
- Contractor source lists are not updated.
- Results in inaccurate ISR reports.
- Prime Contractors do not correctly identify NAICS for the product or service being provided.

## –Imaginary Outreach

- No evidence that Prime Contractor is executing outreach to identify SB sources.
- Files on activities?
- Are outreach events really beneficial...in line with company requirements and not just a great place to visit?

# COMMON COMPLIANCE REVIEW FINDINGS



## –No Flow Down

- Not requiring large business subcontractors to submit subcontracting plans.
- Not reviewing large subs on subcontracting plan execution.
- Not requiring large business subcontractors to submit ISR and/or not reviewing the ISRs that are submitted.
- Are you a sub? Not submitting reports to your prime (it works both ways!)

## –The Great Pass Through

- Taking SB subcontracting credit for a SB subcontractor performing very little of the subcontracted work most of which is done by a second tier large business.
- Be sure to count all activity.
- Are there other activities that are accomplished such as Mentor-Protégé?

# COMMON COMPLIANCE REVIEW FINDINGS



## –Propose and Forget

- Changes to subcontracting plan with no coordination between KO, Small Business Program and SBLO
- Major changes from the mix of subs specified in the subcontracting plan.
- Changes in key personnel such as the SBLO.
- Communication is key!
- Adjust/revise plan when revisions exceed thresholds (\$650K/\$1.5M for construction).

# QUESTIONS?

