

Subcontracting Program Checklist (Dec 2020)

Purpose: This document describes the contracting officer’s responsibilities related to FAR Subpart 19.7, “The Small Business Subcontracting Program,” for contracts that require a small business subcontracting plan. Your contracting activity’s small business office can offer support or provide guidance to assist you in completing most of these actions.

When do the requirements/responsibilities in this checklist apply?

With few exceptions, a subcontracting plan is required (and this checklist is applicable) for contracts that are expected to exceed \$750,000 (\$1.5 million for construction) or when a modification causes the value of a contract without a subcontracting plan to exceed \$750,000 (\$1.5 million for construction). A subcontracting plan is not required (and this checklist is not applicable) when using a small business set-aside or a set aside under one of the small business socioeconomic programs, for personal services contracts, for contracts performed entirely outside of the United States, or if the contract provides no subcontracting opportunities, which is rare. If you determine that the prime contract provides no subcontracting opportunities, your determination must include detailed rationale and be approved at a level above the contracting officer (refer to FAR 19.702 & 19.705-2).

Important note about documentation.

This checklist is a resource to help contracting officers follow the rules and complete the actions associated with the small business subcontracting program. Although use of the checklist is discretionary and not a requirement, its use and inclusion in the contract file is a best practice because it supports the responsibilities described in FAR Subpart 4.8, “Government Contract Files.” Whether or not this checklist is used, contracting officers must ensure documentation in the contract file is sufficient to support rationale for decisions made and actions taken throughout the acquisition process, as well as to document and demonstrate conformance with procurement rules and regulations, including those described in this document.

Use “x” in this column to mark complete	Preparing the solicitation.	For more information refer to FAR, DFARS, or DLAD...
	Insert the clause 52.219-8, “Utilization of Small Business Concerns.”	FAR 19.708(a)
	Insert the clause 52.219-9, “Small Business Subcontracting Plan.” Note that this clause has several alternates that may apply. For example, when contracting by sealed bidding rather than by negotiation, use the clause with its Alternate I.	FAR 19.708(b)(1)
	Insert the clause 52.219-16, “Liquidated Damages-Subcontracting Plan.”	FAR 19.708(b)(2)
	Insert the clause 252.219-7003, “Small Business Subcontracting Plan (DoD Contracts).”	DFARS 219.708 (b)(1)(A)
	Consider incentivizing performance related to the subcontracting plan, including use of the clause 52.219-10, “Incentive Subcontracting Program.”	FAR 19.708(c)

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	<p>Include an evaluation factor or subfactor in Section M of the solicitation to incentivize the prime contractor's utilization of small businesses in its performance of the contract. The factor should consider the extent of proposed participation by small businesses -- usually as subcontractors -- during the source selection. Note that this is a mandatory DFARS requirement, except when using a lowest price technically acceptable source selection process.</p> <p>See PGI 215.304(c)(i)(A) for examples of evaluation factors and note that this is different from the requirement for the vendor to submit a subcontracting plan.</p>	DFARS 215.304(c)(i)
	<p>Provide the Small Business Administration's (SBA's) procurement center representative (PCR) an opportunity and a reasonable amount of time to review the solicitation and to submit recommendations to the contracting officer. Note that FAR 19.705-3 says we must allow the PCR to review any solicitation requiring submission of a subcontracting plan before it is issued, but an agreement between the contracting activity and PCR may provide a more specific threshold. As a best practice, you should coordinate with the PCR through your local small business office and should generally allow at least 7 working days for this review.</p>	FAR 19.705-3
	<p>Check "Yes" in block 13 of the DD 2579, "Small Business Coordination Record," to indicate a subcontracting plan is required. Coordinate the DD 2579 with your contracting activity's small business office and the PCR, when applicable.</p>	DFARS 219.201(c)(10)(B) and PGI 253.219-70
<p><i>Note:</i> in certain scenarios, we may have contemplated that requirements for a subcontracting plan apply, but later we determine that they do not. For example –</p> <ul style="list-style-type: none"> - We may have issued our solicitation for an unrestricted procurement (i.e., not a small business set-aside), but the apparently successful offeror is a small business despite the acquisition not being set aside. Since subcontracting plans are not required when the prime contractor is a small business, the pre- and postaward sections of this checklist do not apply in cases like this. - Consider the case where the contracting officer anticipates that a subcontracting plan is required and takes the appropriate steps in preparing the solicitation. We could learn when offers are due (for example, after reviewing the offers we received) that there are no subcontracting opportunities. If you decide at this stage that the prime contract provides no subcontracting opportunities, you must prepare a determination (refer to FAR 19.705-2 (c)) and have it approved at a level above the contracting officer. In these cases, the contracting officer must update the DD 2579 and coordinate the change with the contracting activity's small business office and the PCR. You must also remove certain clauses from the ultimately awarded contract, such as 52.219-9. 		
<h3>Preaward.</h3>		
	<p>If not provided with its proposal, require the apparently successful offeror to submit a subcontracting plan. Refer to Table 1 for a description of the different types of Small Business Subcontracting Plans.</p>	FAR 19.702
	<p>Consider the contractor's compliance with its subcontracting plans on previous contracts as a factor in determining responsibility.</p>	FAR 19.705-5(a)(1)
	<p>Review the subcontracting plan for adequacy, ensuring that the required information, goals, and assurances are included. The checklist described in DFARS PGI 219.705-4 was created by DoD to assist you with your review.</p>	FAR 19.705-4
	<p>Challenge any subcontracting plan that does not contain positive goals and scrutinize the contractor's rationale. Before accepting it, obtain approval one level above the contracting officer whenever the subcontracting plan includes a small disadvantaged business goal of less than five percent.</p>	DFARS 219.705-4(d)(i)

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	Notify the contracting activity's small business office of the opportunity to review the proposed subcontracting plan and provide a reasonable amount of time to review the material and make recommendations. You should also consider coordinating with the small business office at the cognizant administration office (e.g., DCMA), when appropriate.	FAR 19.201(c)(12) & 19.705-4(d)(7) and DLAD 19.705-4(d)(8)
	Notify the PCR of the opportunity to review the proposed contract (including the subcontracting plan and supporting documentation) and provide a reasonable amount of time to review the material and submit recommendations to the contracting officer. As a best practice, you should coordinate with the PCR through your local small business office and should generally allow at least 7 working days for this review.	FAR 19.705-5(a)(3) & 19.705-4(d)(7) or 19-705-6(d)
	Incorporate the subcontracting plan as a material part of the contract.	FAR 19.705-5(a)(5)
	For awards to contractors with comprehensive subcontracting plans, insert/substitute/delete clauses, as described in DFARS 219.708.	DFARS 219.708
	Postaward.	
	Take special care to properly code the "Subcontracting Plan" block of the Contract Action Report (CAR) entered into the Federal Procurement Data System (FPDS). This block specifies if the contract required a subcontracting plan and if it is miscoded the contractor will not be able to submit reports in the Electronic Subcontracting Reporting System (eSRS).	FAR 4.604(b)
	Provide SBA, including the SBA Area Director and the PCR, a copy of the contract and subcontracting plan. As a best practice, you should coordinate with the PCR through your local small business office.	FAR 19.705-6(a)-(c)
	Include a copy of the subcontracting plan with other contract documents you upload to Electronic Document Access (EDA) or other records management platforms to ensure that it is accessible with the rest on the contract.	DFARS 204.270-1
	If contract administration is delegated, forward a copy of the plan, or a determination that there is no requirement for a subcontracting plan, to the cognizant administration office (e.g., DCMA).	FAR 19.705-6(e)
	Ensure that you have an active eSRS account and that you can login. Contracting officers must have the "Contracting Official" role within eSRS so that they can review and accept or reject Individual Subcontract Reports (ISRs) and Summary Subcontract Reports (SSRs) in eSRS, which is how the prime contractor reports performance against the goals in its subcontracting plan.	FAR 19.704(a)(10)(iv)
	Monitor the contractor's submission of its reports in eSRS, which are due within 30 days of the reporting period end date (reports are generally due twice a year by October 30 and April 30). Take appropriate enforcement action if reports are not submitted when they are due. Refer to Table 2 for due dates and for guidance on which reports you are responsible for.	FAR 19.705-6(f)(1)

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	<p>Review Individual Subcontract Reports (ISRs), and where applicable, Summary Subcontract Report (SSRs), in eSRS within 45 days of the report's due date. Refer to Table 2 for the dates when your action is due.</p> <p>DLA's contracting officer is responsible for "acknowledging receipt" or "rejecting" ISRs submitted under an Individual Subcontracting Plan, even if contract administration has been delegated to another organization, such as DCMA. The contracting officer that approved a Commercial Plan is responsible for SSRs submitted for that plan.</p> <p>You should reject reports that are not adequately complete, for instance, if there are errors, omissions, incomplete data, or if goals included in the report do not match the goals from the approved plan. Failure to meet the goals of the subcontracting plan is not a valid reason for rejecting the report and your acknowledging receipt does not mean that you approve of or are satisfied with the contractor's performance.</p> <p>DoD has published guides for reviewing ISRs and SSRs and you should refer to them for assistance.</p>	<p>FAR 19.705-6(f)(2)&(3) and PGI 219.705-6</p>
	<p>Evaluate the prime contractor's compliance with its subcontracting plan, which includes assessing whether the contractor has made or is making a good faith effort to comply with the plan and, when applicable, assessing the contractor's explanation concerning its failure to use small businesses in the same scope, amount, and quality described in the plan. Take action, as appropriate, to encourage improvement in the prime contractor's performance against its subcontracting plan and goals, when applicable.</p>	<p>FAR 19.705-6(g) and DFARS 219.704(1)</p>
	<p>Assess the prime contractor's performance against, and efforts to achieve, the goals identified in its subcontracting plan. Include this assessment as part of your past performance evaluation in the Contractor Performance Assessment Reporting System (CPARS).</p>	<p>FAR 42.1502(g) & 42.1503(b)(2)(v) and DFARS 242.1502(g)</p>
	<p>If the contractor failed to make a good faith effort to comply with its subcontracting plan, consider assessing liquidated damages.</p>	<p>FAR 19.705-7</p>

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Table 1: Types of Subcontracting Plans

Individual	Commercial	DoD Comprehensive
<ul style="list-style-type: none"> • 1 contract = 1 plan • Goals support planned subcontracting for 1 contract • Covers entire contract period (including options) • Contains mandatory elements • Contracting officer negotiates goals and challenges any plan that does not contain positive goals 	<ul style="list-style-type: none"> • Preferred for contractors furnishing commercial items • Applies to entire production of commercial items sold by either entire company or a portion thereof (division, plant or product line) • Based on contractor's fiscal year • Annual plan (applies to all Federal contracts in effect during that period) • Contains mandatory elements • Plan should identify the awarded contract subject to the plan (contract with latest completion date) 	<ul style="list-style-type: none"> • DoD Test Program for Negotiation of Comprehensive Subcontracting Plans • Similar to a commercial plan <ul style="list-style-type: none"> • May be on a plant, division or corporate basis • Annual plan (applies to DoD contracts in effect during period) • Only DCMA has authority to negotiate plan & perform surveillance review functions (with input from Defense Agencies)
Reporting Requirements*		
<ul style="list-style-type: none"> • ISR (semiannually) • SSR (annually) 	<ul style="list-style-type: none"> • SSR (annually) • ISR not required 	<ul style="list-style-type: none"> • SSR (semiannually) • ISR not required

* ISR – Individual Subcontract Report
 SSR – Summary Subcontract Report

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Table 2: Required Subcontract Reports and Due Dates

Type Report	Type of Subcontracting Plan	Report Due from the Contractor by -	Person responsible for review and action on the report in eSRS	Action due for contracting officer or agency by -
Individual Subcontract Report (ISR)	Individual	Apr 30, Oct 30 and within 30 days of contract completion	<u>DLA's contracting officer</u> (even if contract administration has been delegated to another organization, such as DCMA)	Jun 15 and Dec 15
	Commercial	Not required	Not required	Not required
	Comprehensive	Not required	Not required	Not required
Summary Subcontract Report (SSR)	Individual	Oct 30	SSR Review Team (i.e., DoD/DCMA)	Dec 15
	Commercial	Oct 30	The <u>contracting officer</u> that approved the Commercial Plan	Dec 15
	Comprehensive	Apr 30 and Oct 30	DCMA	Jun 15 and Dec 15