



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
RESEARCH, DEVELOPMENT AND ACQUISITION
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JAN 8 2008

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Small Business Subcontracting Plans

Encl: (1) OUSD(AT&L) DPAP memorandum, dated November 7, 2007

The purposes of this memorandum are to forward enclosure (1) and provide guidance on compliance with and oversight of requirements concerning small business subcontracting plans.

Contracting workforce members are reminded to include the appropriate clauses covering small business subcontracting plans specified in Federal Acquisition Regulation (FAR) 19.708 and Defense FAR Supplement (DFARS) 219.708 when required by FAR 19.702. If a contracting officer determines under FAR 19.705-2 that no subcontracting opportunities exist, the contract file must contain a written determination approved at a level above the contracting officer. Contracting officers should ensure that semi-annual reporting on small business subcontracting accomplishment is accomplished as required by the contract clauses.

Compliance with small business subcontracting plan requirements will be emphasized in future DASN(A&LM) Procurement Performance Management Assessment Program (PPMAP) reviews. Additionally, each Head of the Contracting Activity is to include compliance with small business subcontracting plan requirements in oversight reviews of subordinate contracting organizations. Reporting on this issue should be included in the annual report required by Navy Marine Corps Acquisition Regulation Supplement 5201.691-1.

For further information on this issue, please contact Katherine Petersen at (703) 614-9641 or e-mail at Katherine.Petersen@navy.mil.


M. E. JAGGARD
Chief of Staff/Policy
DASN(A&LM)

SUBJECT: Small Business Subcontracting Plans

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MEMORANDUM FOR DIRECTORS, DEFENSE AGENCIES
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(CONTRACTING), SAF/AQC
DIRECTOR, ACQUISITION MANAGEMENT (DLA)

SUBJECT: Small Business Subcontracting Plans

In March 2007, the Government Accountability Office (GAO) issued a report entitled "Hurricane Katrina – Agency Contracting Data Should be More Complete Regarding Subcontracting Opportunities for Small Businesses."

Accordingly, please remind your contracting and procurement workforce of the following guidance for complying with small business subcontracting plan requirements:

- Small business subcontracting plan requirements are implemented in the Federal Acquisition Regulation (FAR) Subpart 19.7 and the Defense Federal Acquisition Regulation Supplement (DFARS) Subpart 219.7. Contracting officers must include the appropriate clauses in solicitations and contracts in accordance with FAR 19.708 and DFARS 219.708.
- All contractors and subcontractors with subcontracting plans must report semi-annually on their small business subcontracting accomplishments.
- In instances when a contracting officer determines that there are no subcontracting possibilities, the determination must be approved at a level above the contracting officer and included in the official contract file in accordance with FAR 19.705-2(c).



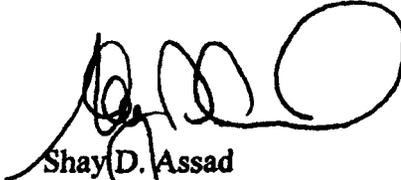
Enclosure (1)

Additionally, please ensure that small business subcontracting plan compliance is included as a special interest item in all future Procurement Management Reviews (PMRs) or any other relevant internal oversight reviews. At the appropriate time, we will request a review of the adequacy of the Military Departments and Defense Agencies oversight and management review processes and whether the respective processes include small business subcontracting plan compliance as a review item.

In the past several months, a number of initiatives related to the DoD subcontracting program have been implemented to assist the acquisition workforce. The DoD Office of Small Business Programs (OSBP) and the Defense Acquisition University (DAU) recorded a live webcast entitled "Basic Subcontracting Requirements" which is located at <http://view.dau.mil/dauvideo/view/eventListing.jhtml?eventid=1629>. The webcast outlines the basic subcontracting requirements and provides practical information to ensure the DoD succeeds in meeting its small business subcontracting goals and objectives. A Small Business Community of Practice is now available on the DAU website at <https://acc.dau.mil/smallbusiness>. Another useful information tool is a fact sheet "DoD Subcontracting Program: The Basics," dated August 2007, which is posted at <http://www.acq.osd.mil/osbp>.

Presently, DoD is coordinating efforts with the Integrated Acquisition Environment, the General Services Administration, and the U.S. Small Business Administration to implement the Electronic Subcontracting Reporting System (eSRS). The Director of the DoD OSBP and I issued a memo on September 26, 2007, informing the acquisition community of DoD's plan to deploy eSRS during the third quarter of 2008, enabling prime contractors and subcontractors to submit their required reports electronically.

I appreciate your cooperation and attention on this important issue. My staff point of contact for small business subcontracting policy is Ms. Susan Pollack, (703) 697-8336, susan.pollack@osd.mil. The DoD OSBP point of contact for DoD's subcontracting program is Ms. Wendy Despres, 703-604-0157 x145, wendy.despres@osd.mil.



Shay D. Assad
Director, Defense Procurement and
Acquisition Policy

Enclosure (1)