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ACQUISITION
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MEMORANDUM FOR DIRECTORS, DEFENSE AGENCIES
DEPUTY ASSISTANT SECRETARY OF THE ARMY (POLICY AND PROCUREMENT), ASA(ALT)
DEPUTY ASSISTANT SECRETARY OF THE NAVY (ACQUISITION & LOGISTICS MANAGEMENT), ASN(RDA)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE (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 FAR19.705-2(c).

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