

## **SUBCONTRACT PLAN REQUIREMENTS**

Large business concerns receiving contract awards valued in excess of \$1,000,000 for construction or \$500,000 for other than construction are required to submit subcontracting plans for the review of the Deputy for Small Business and approval of the Contracting Officer. The plans include goals for small business, small disadvantaged business, woman-owned small business, HUBZone, Historically Black College and University/Minority Institution (HBCU/MI), veteran-owned and service-disabled veteran-owned small business concerns.

When submitting subcontract plans in response to Corps of Engineers solicitations, large prime contractors are encouraged to review Army Federal Acquisition Regulation (AFARS), Appendix DD, SUBCONTRACTING PLAN EVALUATION GUIDE. This guide provides a methodology for uniform and consistent evaluation of subcontracting plans within the Army, and is available in Appendix DD of the Army FAR supplement at <http://farsite.hill.af.mil/archive/AFARS/1996-4/APDD.htm> . The SF 294 and SF 295 report forms can be obtained from <http://www.gsa.gov/Portal/gsa/ep/formslibrary.do?formType=SF> (search for forms in the 'About GSA' section of this website). Additional instructions on how to complete the subcontracting reports can be obtained from the Deputy for Small Business.

**CORPS OF ENGINEERS GOALS FOR SUBCONTRACTING: (In order for large prime contractors to receive credit for awards to small disadvantaged business (SDB) concerns and HUBZone firms, the firms must be certified as such by the SBA. Therefore, SDB firms and firms located in HUBZones are strongly encouraged to become certified through their local SBA office.)**

**\*\* Only awards to SBA-certified SDB and HUBZone firms can be included by large prime contractors to satisfy their SDB and HUBZone Subcontracting Plan Goals**

### **TARGET GOALS FOR SUBCONTRACTING:**

Small Business	50.9%
Small Disadvantaged Business (SDB) Certified Firms **	8.8%
Women-Owned Small Business	7.2%
HUBZone Certified Firms **	2.9%
Service-Disabled Veteran-Owned Small Business (SVOSB)	1.0%
Veteran-Owned Small Business (VOSB)	1.0%

A sample Subcontracting Plan format can be found at [http://www.hecsa.usace.army.mil/hxsb/documents/subcontracting\\_plan\\_outline.pdf](http://www.hecsa.usace.army.mil/hxsb/documents/subcontracting_plan_outline.pdf) This format can be used as a guideline for large businesses when submitting a Subcontracting Plan.

A sample Small Business Program Compliance Review Checklist is available at: [http://www.hecsa.usace.army.mil/hxsb/documents/AFARS\\_ApendixDD\\_subcontract\\_scoresheet.pdf](http://www.hecsa.usace.army.mil/hxsb/documents/AFARS_ApendixDD_subcontract_scoresheet.pdf) can be found here. This checklist is used by the Contracting Officer and the Small and Disadvantaged Business Utilization Specialist (SADBU) when reviewing the subcontracting plan for compliance.

The SBA has created a Subcontracting Program Assistance Fact Sheet that provides valuable information for all firms (both large and small), as well as for government personnel. The US Small Business Administration's Subcontracting Assistance Program guide can be found at <http://www.sba.gov/sops/6003/sop60036.pdf>

## **SUBCONTRACT PLAN IMPLEMENTATION**

### **1. Determine appropriate NAICS code and applicable size standard for each subcontract of supplies or services:**

North American Industry Classification System (NAICS) books are available at the Government Printing Office (GPO) Bookstores for approximately \$35. If you do not know the NAICS code that applies, you may search for the code through the Census Bureau website, <http://www.census.gov/epcd/naics02/naicod02.htm>. To determine the size standard appropriate to the code: [http://www.sba.gov/idc/groups/public/documents/sba\\_homepage/serv\\_sstd\\_tablepdf.pdf](http://www.sba.gov/idc/groups/public/documents/sba_homepage/serv_sstd_tablepdf.pdf).

### **2. Certification by subcontractor:**

You can use the same provision that was used by your firm to certify its size in the bid you submitted. A modification of this provision, FAR 52.219-1, Small Business Program Representations (OCT 2000) Alternate I, is provided for your use. You can get the updates of this provision by accessing the Federal Acquisition Regulation at [http://www.arnet.gov/far/current/html/52\\_217\\_221.html](http://www.arnet.gov/far/current/html/52_217_221.html).

For each subcontract of supplies or services, the prime contractor is responsible for identifying the NAICS code and appropriate size standard for inclusion in the provision. If you are unsure, discuss the code and size standard with your subcontractor. He/she may know the appropriate code and size standard.

Note that for a firm to certify itself as a Small Disadvantaged Business Concern or a HUBZone Small Business Concern, they must have been certified by SBA. Firms that are SDB and HUBZone certified are listed in the SBA PRO-Net database which is available at the SBA website. If the firm is not certified, it must follow the instructions at the SBA website for certification, or call the SBA for assistance. Only awards made to firms that are SDB or HUBZone certified by the SBA can be included in your subcontracted dollars to those types of firms. Therefore, it is important for your firm to encourage and assist eligible firms in obtaining their certification.

### **3. Implementation of your Subcontract Plan:**

You are responsible for implementing the subcontract plan, which means taking the actions stated in your plan to ensure maximum utilization of small business concerns. Even though you

have goals in your plan, you should attempt to exceed those goals whenever possible. PLEASE READ YOUR PLAN THOROUGHLY TO UNDERSTAND YOUR OBLIGATIONS.

Good Faith Effort - If you do not achieve your subcontract plan goals, the government will ask you to provide information to substantiate that your firm has made a good faith effort to achieve them. The documentation that you must provide should substantiate the actions your firm took to try and reach the goals.

#### **4. Subcontract Reports**

There are two reports that your firm must submit, and a copy of each is enclosed. The reports are based on the government's fiscal year, begins 1 October through 30 September.

(2) *Standard Form 295, Summary Subcontract Report*. This report encompasses all of the contracts with the awarding agency. It must be submitted semi-annually for contracts with the Department of Defense and annually for contracts with civilian agencies. If the reporting activity is covered by a commercial plan, the reporting activity must report annually all subcontract awards under that plan. **All reports submitted at the close of each fiscal year (both individual and commercial plans) shall include a breakout, in the Contractor's format, of subcontract awards, in whole dollars, to small disadvantaged business concerns by North American Industry Classification System (NAICS) Industry Sub-sector.** For a commercial plan, the Contractor may obtain from each of its subcontractors a predominant NAICS Industry Sub-sector and report all awards to that subcontractor under its predominant NAICS Industry Sub-sector.

The breakout can be included on an optional form, in the remarks section of the SF295 form, or on a regular sheet of paper.

Note: In the very near future prime contractors will be required to enter the data from the subcontracting reports directly into the DIOR database. However this will not relieve you of your responsibility to submit reports to the issuing Administrative Contracting Officer or Small and Disadvantaged Business Utilization Office.