



U.S. Small Business
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SBA's Small Business

Subcontracting Compliance Review Program (SPCR)

Not intended for public distribution

Hosts

**Darryl Williams, Procurement Center Representative
SBA Office of Government Contracting, Area IV,
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SBA Office of Government Contracting, Area IV,
Rock Island, IL**

Welcome to “SBA Virtual Learning 2023”

1. Questions answered during the final 10 minutes.
2. Technical problems: Contact your IT admin who manages Teams settings for your organization.
3. Captioning available for this presentation.
4. We cover the “**SBA Quick Reference**” as time allows.
5. For more SBA training visit the SBA Learning Center website <https://www.sba.gov/tools/sba-learning-center/search/training>

Important Announcements

July 3, 2024, First Wednesday

- The July 3 session of First Wednesday is moved to Thursday, July 11, 2024
- This is due to First Wednesday proximity to July 4, 2024 (The Fourth of July Holiday)

The APEX Accelerator Program

The APEX Accelerators are a vital resource partner.

- The APEX Accelerators posts past “First Wednesday” programming at this link:
<http://www.aptac-us.org/for-contracting-officers-sba-webinar-library/>
- Contracting Officer Resources: “How APEX Accelerators partner with federal agencies”: <http://www.aptac-us.org/federal-partners/>
- Find your nearest APEX Accelerators/Procurement Technical Assistance Center at <http://www.aptac-us.org>
- APEX Accelerator Information at <https://www.apexaccelerators.us/#/>

Small Business Administration YouTube Page

SBA YouTube page posts past “First Wednesday” programming at links below.

FY2023

- October 5, 2022 – 8(a) Business Development Program Updates: <https://youtu.be/Yl5Sp0dP1aE>
- November 2, 2022 – Surety Bond Guarantee Program: <https://youtu.be/QlZJiMLcc5o>
- December 7, 2022 – Subcontracting Program: <https://youtu.be/gMaaeGl8CBs>
- January 4, 2023 – Surveillance Review Program: <https://youtu.be/euUX4Jv6kRI>
- February 1, 2023 – HUBZone Program: <https://youtu.be/YGnS8e6idCc>
- March 1, 2023 – The Mentor Protégé Program: <https://youtu.be/A9KbCm4FP1c>
- April 5, 2023 – Non-Manufacture Rule (NMR): <https://youtu.be/AqwYMWoe9f0>
- May 3, 2023 – Size Program: https://youtu.be/45WZ_oPb1GY
- Jun 7, 2023 – Legislature and Regulatory Updates: <https://youtu.be/ljx9IajQJNY>
- July 5, 2023 – Market Research: [SBA First Wednesday Market Research - July 13, 2023](https://youtu.be/45WZ_oPb1GY)
- August 2, 2023 – Service-Disabled Veteran Owned Program (SDVOSB): <https://youtu.be/QxcxJISRhnw>

FY2024

- October 4, 2023 - Certificate Of Competency: <https://youtu.be/VDZ-uuCLlWw>
- November 1, 2023 - 8(a) Program Updates: <https://youtu.be/6fN3dK0EShs>
- December 6, 2023: <https://youtu.be/sa29iONBtfk>

FIRST WEDNESDAY VIRTUAL LEARNING SERIES FY 2024 SCHEDULE

1:00 to 2:00 PM Central Time

FY 2024	Date	Topic
1	October 4, 2023	COC
2	November 1, 2023	8(a) Program Updates
3	December 6, 2023	The Timber Program and SBA POCs
4	January 3, 2024	Compliance Reviews
5	February 7, 2024	Limitations on Subcontracting
6	March 6, 2024	SBA Mentor Protégé Program and Joint Ventures
7	April 3, 2024	Women Owned Small Business (WOSB)
8	May 1, 2024	Participation Plans versus Subcontracting Plans
9	June 5, 2024	Legislative Updates
10	*July 11, 2024	HUBZone
11	August 7, 2024	Market Research

* Schedule Revision Due to Holiday

The program schedule is for information only and is subject to change.

One Continuous Learning Point

- Self-service process for one CLP of credit: Many of you want to receive credit for today's training. You will be glad to know that today's training is worth one CLP. The slide presentation will include the training certificate on Slide10. Fill, download the training certificate, copy and submit it through regular channels.
- If you listen in groups and you want all attendees to be included on the future mailing list, send email addresses of participants in an excel document to sbalearning@sba.gov.

“SBA 1st Wednesday Virtual Learning 2024”

This Certificate is awarded to

Insert Your Name Here

For completion of

Subcontracting Compliance Review Program (SPCR)

This training seminar may be credited towards “Continuous Learning Points” as described in OFPP Policy Letter 05-01. Recommendation of One CLP.



Pamela J. Beavers

Director, Area IV
SBA Office of Government Contracting

01/03/2024

DATE

Today's Speakers

Gene Spillane, MBA

Commercial Market Representative (CMR)
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Deborah Crumity, CFCM

Commercial Market Representative (CMR)
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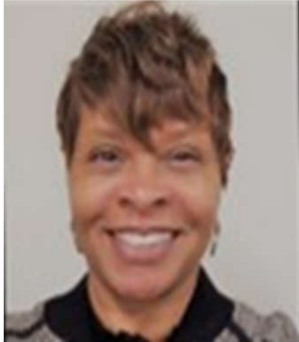
Stephanie Lewis

National Subcontracting Program Manager
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Today's Speakers



Deborah Crumity, CFCM
Commercial Market Representative
U.S. Small Business Administration
Office of Government Contracting, Area IV



Gene Spillane, MBA
Commercial Market Representative
U.S. Small Business Administration
Office of Government Contracting, Area I



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How can SBA assist you with Subcontractor Compliance

What we are going to cover

- Who are Commercial Market Representatives (CMRs)
- How we can we can help your contracting activity
 - Performance Reviews
 - Subcontracting Compliance Reviews
 - Subcontracting Orientation & Assistance Reviews
- Why it's important to share subcontracting plans with the SBA

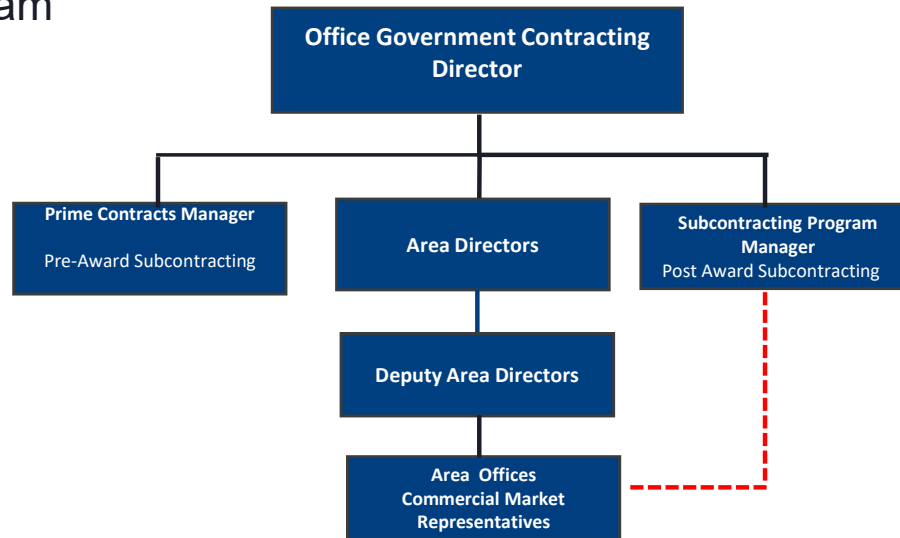
Subcontracting Program's Statutes & Regulations

- Small Business Act, Section 8(d)
- SBA's regulation at 13 CFR 125.3
 - Clarifies the role of CMR
 - Introduces the concept of Subcontracting Orientation and Assistance Review (SOAR)
 - Provides specific examples of what the Government means by "maximum practicable opportunities"
- SBA's regulations at 13 CFR 121.404, 121.410, and 121.411
 - Size standards and procedures for subcontracting
- The Federal Acquisition Regulation (FAR) at subpart 19.7 and the clauses at 52.219-8 and 52.219-9
 - Definition of SB socio-economic categories
 - Subcontracting Plan
 - Flow-down
 - Liquidated damages



SBA's Role- Subcontractor Compliance

SBA Office of Government Contracting's Organizational structure for the SB Subcontracting Assistance Program



CMRs are subcontracting specialists in providing oversight over the Small Business(SB) Subcontracting Assistance Program and they are responsible for performing compliance reviews of Other Than Small Businesses (OTSBs) with subcontracting plans on a federal contract.

To locate a CMR within your region, please visit :

<https://www.sba.gov/document/support--commercial-market-representatives>



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Who are the Commercial Market Representatives (CMRs)

Commercial Market Representative (CMR)

- Commercial Market Representatives are the SBA's subcontracting specialists in providing oversight over the Small Business(SB) Subcontracting Program
- CMRs are responsible for performing compliance reviews of Other Than Small Businesses (OTSBs) with subcontracting plans
- CMRs can be very helpful in assisting you and your agency to bring your Other Than Small Business (OTSB) contractors in compliance with their subcontracting goals
- CMRs are also an excellent reference source for subcontracting questions

CMR Responsibilities

1. Facilitating the matching of large prime contractors with small business concerns
2. Counseling large prime contractors on their responsibilities to maximize subcontracting opportunities for small business concerns
3. Instructing large prime contractors on identifying small business concerns by means of SAM (or any successor system), SUB-Net, Business Matchmaking events, and other resources and tools
4. Counseling small business concerns on how to market themselves to large prime contractors
5. Maintaining a portfolio of large prime contractors and conducting Subcontracting Orientation and Assistance Reviews (SOARs).
6. Conducting periodic reviews , including compliance reviews IAW 13 CFR 125.3 and SBA's policies

Note: SOARs are conducted for the purpose of assisting prime contractors in understanding and complying with their small business subcontracting responsibilities, including developing subcontracting goals that reflect maximum practicable opportunity for small business; maintaining acceptable books and records; and periodically submitting reports to the Federal government.

Area 1

SBA Commercial Market Representatives

Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, Vermont, Commonwealth of Puerto Rico & the U.S. Virgin Islands

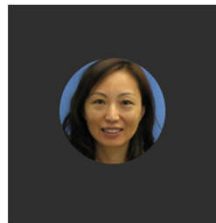
MR. CHRISTOPHER SAO
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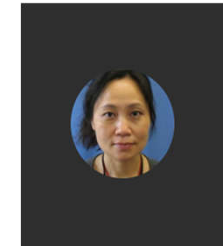
MR. GENE SPILLANE
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MS. MALINDA CHEN
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MS. SANDY LIU
sandy.liu@sba.gov



Area 2

District of Columbia, Delaware, Maryland, Pennsylvania, Virginia, West Virginia



MS. RAHEL MOLALIGNE
rahel.molaligne@sba.gov

Area 3

Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee

MS. ARNETTE L. MAYHEW
arnette.mayhew@sba.gov



MR. GARY W. HEARD, PH.D.
gary.heard@sba.gov



SBA Commercial Market Representatives

Area 4

Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, Ohio, Wisconsin

MS. DEBORAH CRUMITY

deborah.crumity@sba.gov



Area 5

Arkansas, Colorado, Louisiana, Montana, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, Utah, Wyoming

MS. SOPHIA CHOU

sophia.chou@sba.gov



Area 6

Alaska, Arizona, California, Hawaii, Idaho, Nevada, Oregon, Washington, Territories of Guam, and Northern Marianas Islands

MS. JANICE NIETES

janice.nietes@sba.gov



Types of SBA Reviews

How can the SBA CMR can help your Procurement Center (PCs) with monitoring an OTSB compliance.

➤ Performance Review (PR)

❖ **Subcontracting Program Compliance Review (SPCR)**

❖ **Follow-Up Compliance Reviews**



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Subcontracting Performance Reviews (SPR)

What is a Performance Review (PR)?

It is essentially a checkup on the Health of a OTSB's Subcontracting Plan

It is the most common review a CMR performs

- The purpose of the Performance Review is to review and analyze the Individual Subcontracting Reports (ISRs) and Summary Subcontract Reports (SSRs) that are submitted by an OTSB in a CMR's portfolio

A Performance Review is useful for a firm as it gives feedback on how it is progressing on accomplishing its subcontracting goals and identifies shortfalls/weaknesses so that it can make progress towards meeting its goals

- The Performance Review focuses on subcontracting achievements on a contract-by-contract basis through the ISR and on overall performance through the SSRs
- The Performance Review also assesses on-time submission of ISRs and SSRs
- It invites the OTSB to reach out to the cognizant CMR to discuss and if need be correct their Subcontracting Program

Sample Performance Review (Individual Plans)

Goal Analysis:

Sample of The Goal Attainment Table: Information extracted from the Electronic Reporting System (eSRS). (Based on the contractor's goals within its plan on contract and its actual goal achievements within a reporting period)

Report Period:		9/30/2023												
Contract Number	SB Goal %	SB Actual %	SDB Goal %	SDB Actual %	WOSB Goal %	WOSB Actual %	HBCU Goal %	HBCU Actual %	HUBZ Goal %	HUBZ Actual %	VOSB Goal %	VOSB Actual %	SDVOSB Goal %	SDVOSB Actual %
Contract 1	56	10	0	0.2	0.2	0.1	0	0	16	2.2	11	1.1	11	1.1
Contract 2	69	31.2	0.1	0.3	0.6	1.3	0	0	0.9	7.9	15	14.7	15	14.7
Contract 3	57.6	52.2	0.2	0.5	1.2	5	0	0	1.7	4.1	0	0	0	0
Contract 4	69	39.3	0.1	0.5	0.6	1.9	0.2	0	1.1	11.1	18.7	26.1	18.7	26.1
Contract 5	18.7	3.9	0	0.2	0.2	0.8	0	0	0.4	1.2	0	0	0	0
	SB:	27.3	SDB:	0.3	WOSB:	1.8	HBCU:	N/A	HUBZ:	5.3	VOSB:	8.4	SDVOSB:	8.4
Percentage of Contract Meeting Goal:														
Overall % of Goals Met:						8.6								
Total Number of Contracts:						5								

Color Code	Goal Achievement Analysis
Green	Attainment ≥ Goal
Yellow	Goal > Attainment ≥ 75% of Goal
Red	Attainment < 75% of Goal
No Color	Zero goal and zero attainment

SBA's Table ratings



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Subcontracting Compliance Reviews (SPCR)

SPCR

An Other Than Small Business (OTSB) prime contractor's performance under its **subcontracting plan(s)** is assessed by means of a compliance review and follow-up reviews, as a supplement to assessments performed by the contracting agency/Procurement Center (PC), either on a contract-by-contract basis or, in the case of contractors having multiple contracts, on an aggregate basis.

A **compliance review** is a surveillance review that determines a contractor's achievements in meeting the goals and other elements in its subcontracting plan for both open contracts and contracts completed during the previous twelve months.

A **follow-up compliance review** is performed after completion of an initial compliance review, generally within twelve months of acceptance of the contractor's Corrective Action Plan (CAP). The follow-up only accesses the discrepancies and SBA recommendations noted in the SPCR and the contractors' implemented and executed to eight months, to determine if the contractor has implemented SBA's actions.

13 CFR 125.3(f)

Determining the Need for an SPCR

At the end of each calendar year, SBA Subcontracting Program Manager/Designee runs a Summary Subcontract Report (SSR) status report from the Electronic Subcontracting Reporting System (eSRS)

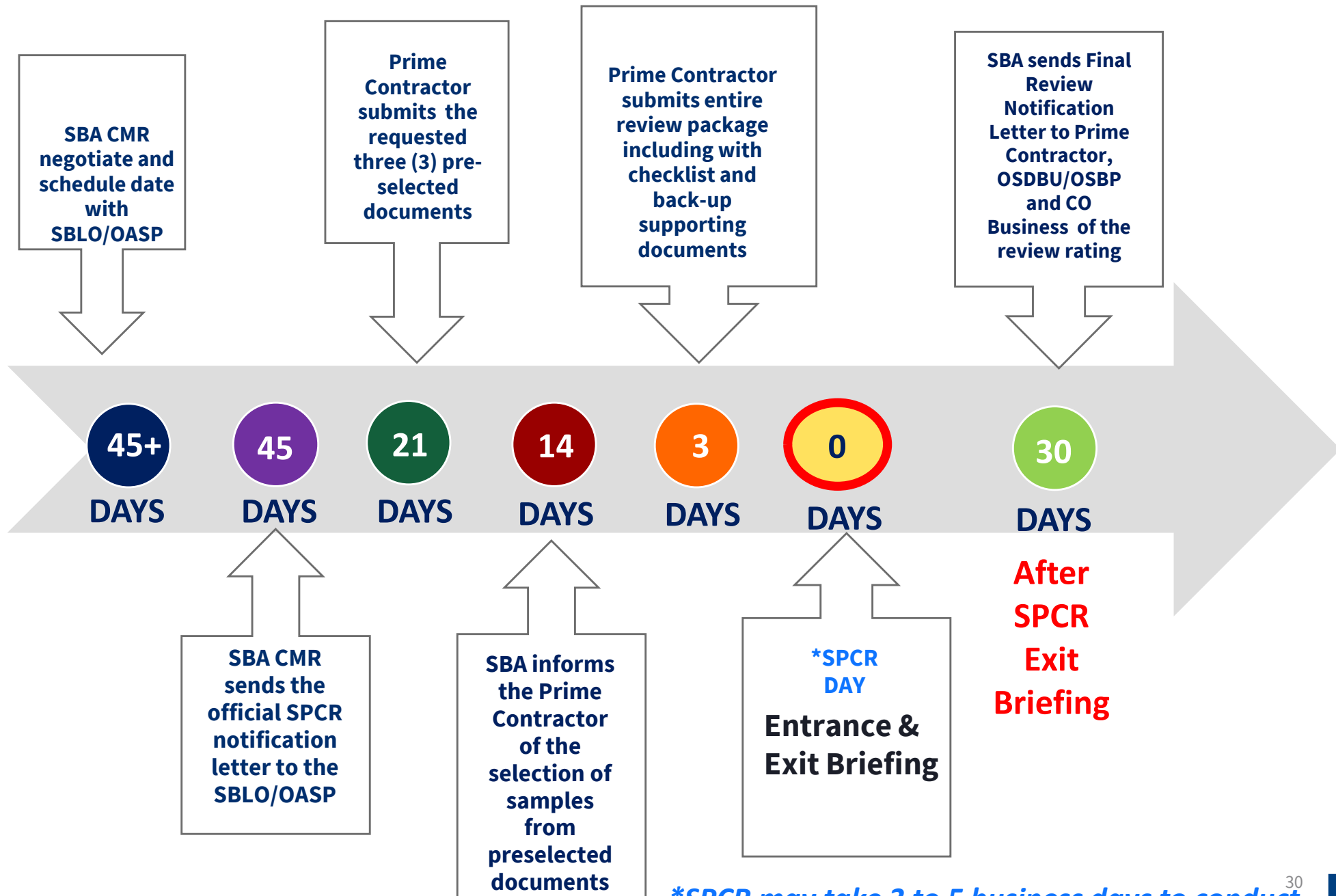
- ✓ Only Accepted Reports
- ✓ Only OTSBs with Individual/Commercial Plans

Each Area Office CMR prioritizes their portfolio based on the SBA's Subcontracting Program guidance and relevant factors

Select the appropriate OTSB for a potential SPCR and contacts the assigned SBLO or Contractor Official to Administer the Subcontracting Plan (OASP) for scheduling purposes. The OASP is listed on the SSR in the eSRS

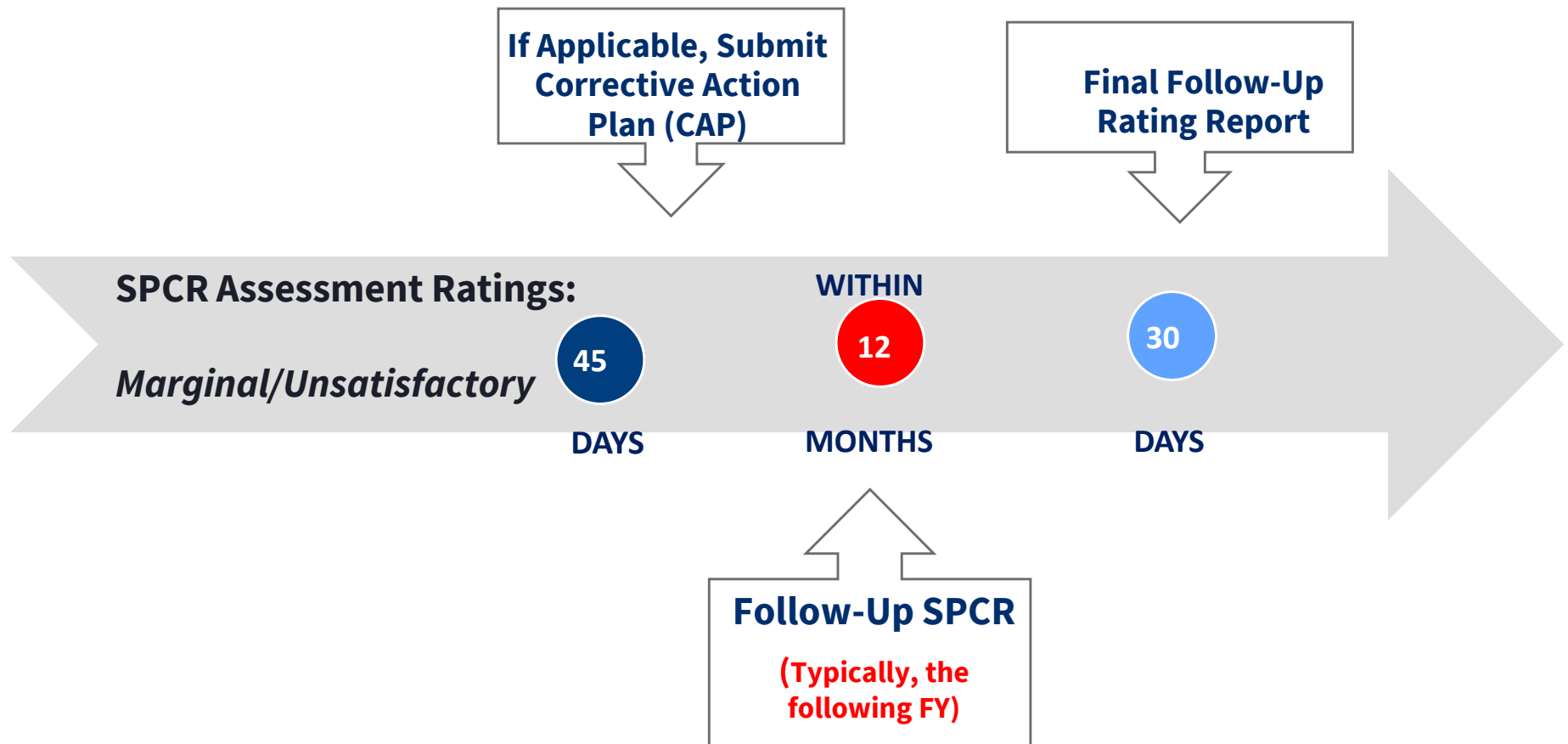
Once both parties agree to a date, an official SBA Notification Letter and SPCR checklist is addressed to the Chief Executive Officer (CEO) of the company.

SPCR Process (Timeline)



**SPCR may take 3 to 5 business days to conduct*

SPCR Process Timeline (cont'd)



SPCR Process (Cont.)

What does a Compliance review include:

All Compliance Reviews begin with a validation of the Prime contractor's most recent (Summary Subcontract Reports (SSRs) and Individual Subcontracting Reports (ISRs))

- ✓ Were SB and SB in socioeconomic subcategories reported IAW 52.219-8 clause as prescribed in 19.708. (e.g., Non-profit companies are not considered SBs, SDVOSB is also a VOSB and SB). Also were HUBZone's verified through SBA by the Prime/Subcontractor
- ✓ Validating whether the prime contractor assigned the proper NAICS code and corresponding size standard to a subcontract IAW 13 CFR 125.3(c)(v). The NAICS code must best describes the PRINCIPAL purpose of the subcontract
- ✓ Validating whether the prime contractor correctly relied on written representations by its subcontractors regarding size status as a SB, SDB, WOSB, SDVOSB, VOSB, HUBZone small business concerns to include certification that representations are current, accurate and complete as of the date of the offer for the subcontract IAW FAR 52.219-9 (c)(2)
- ✓ Validation of the prime contractor's methodology for completing its subcontracting reports via the eSRS
- ✓ For OTSB prime contractors, with Individual Subcontracting plans the CMRs validate whether the prime is monitoring its OTSB subcontractor with a Subcontracting plan to determine achievement of its subcontracting goals and reviewing reports in eSRS

Note: The factors listed will be taken into consideration, where applicable, in determining the contractor's rating. However, a contractor may be found Unsatisfactory, regardless of other factors, if it cannot **substantiate** the claimed achievements under its subcontracting plan.

SPCR Rating Criteria

Exceptional

- Exceeded all negotiated goals
- Fulfilled all 15 elements of the subcontracting plan
- Exceptional success with initiatives that promote SB
- Has a model SB Program

Very Good

- Met goals in SB category and at least 3 socioeconomic goals for each contract
- Fulfilled all 15 elements of the subcontracting plan
- Expands at least one plan requirement beyond an acceptable level that resulted in a success

Satisfactory

- Has made a good faith effort to meet goals but not to the level of good or exceptional
- Has adequately fulfilled the plan's elements without significant findings

Marginal

- Deficient in one or more plan elements or in compliance with FAR 52.218-8 and/or
- Failed to satisfy one or more requirements of a corrective action plan
- Management shows interest in bringing program to an acceptable level

Unsatisfactory

- Non-compliant in meeting contractual requirements of FAR 52.219-8 and FAR 52.219-9 and management shows little interest in bringing program to a satisfactory level or is uncooperative

Completion of the SPCR

- Within **30 (calendar)** days of exit briefing, the CMR provides a concise narrative report summarizing the review results including Major Findings, Recommendations, Rating, and the rationale for assigning the rating
- Report is signed by SBA Area Director
- Report is addressed to the company's CEO/President
 - Copies provided to each appropriate member of the prime contractor's team, each appropriate Contracting Officer, OSD/OSBP Director, SBA Subcontracting Manager and CMR
- If the OTSB receives a *Marginal* or *Unsatisfactory* Ratings (*may also be requested with higher ratings*), the report includes a request for a Corrective Action Plan (CAP) 45 days after receipt of the SBA SPCR report

Follow Up Subcontracting Compliance Review

A follow-up review is performed after completion of a SPCR and receipt of the SBA final report. The follow-up is within twelve months of SBA's acceptance of the CAP.

The follow-up review is to determine if the contractor has implemented and executed its CAP and considered SBA's recommendations from the SPCR.

Once the Follow-up review is complete, a report is submitted to the same recipients of the initial SPCR report, as applicable.

The assigned rating and report could potentially increase or decrease one level.

A Follow-up review is repeated each fiscal year until the OTSB successfully addresses all findings and recommendations from the original SPCR

Most Common Findings

- Failure to achieve goals
- Subcontracting plan goals do not match goals on the ISR
- Failure to include indirect costs on the SSR
- Failure to include credit card purchases
- Size representation is not current
- Solicitation/subcontract does not contain NAICS/size standard
- CEO is not signing the (printed) SSR
- Contractor is confusing other supplier diversity program definitions with the Federal size classification definitions

Subcontracting Program Compliance Review (SPCR) Statistics

FY21-FY23				
#of SPCR	Plan Type	# of Plan Types	Agencies	Improved Rating
23	Commercial	8	VA, GSA, DLA, HHS, DoD, NASA, Education, EPA, FEMA, USDA, etc.	End of FY23 14 out of 19
	Individual	14		
	Both	1		
Planned SPCR for FY24 = 24				



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Subcontracting Orientation and Assistance Reviews (SOAR)

SBA Subcontracting Orientation and Assistance Reviews (SOAR)

SOARs are conducted for the purpose of assisting prime contractors in understanding and complying with their small business subcontracting responsibilities, including developing subcontracting goals that reflect maximum practicable opportunity for small business; maintaining acceptable books and records; and periodically submitting reports to the Federal government

- SOAR usually includes a physical visit to the contractor's facility with the purpose of providing advice or tools so that the contractor can elevate its small business program
- The SOAR visit can be used to conduct orientation for a new SBLO, discuss a problem with the standard reports detected during a Performance Review, discuss capabilities of small business sources, etc.
([13 CFR 125.3](#))



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Post award responsibilities of the Contracting Officer

19.705-6 Post award responsibilities of the contracting officer

After a contract or contract modification containing a subcontracting plan is awarded or an existing subcontracting plan is amended, the contracting officer shall do the following:

- (a) Notify the SBA of the award by sending a copy of the award document to the Area Director, Office of Government Contracting, in the SBA area office where the contract will be performed.
- (d) Notify the SBA procurement center representative (or, if a procurement center representative is not assigned, see [19.402\(a\)](#)) of the opportunity to review subcontracting plans in connection with contract modifications.
- (e) Forward a copy of each plan, or a determination that there is no requirement for a subcontracting plan, to the cognizant contract administration office.
- (f) Monitor the prime contractor's compliance with its subcontracting plan, to include the following:
 - (1) *Ensure that subcontracting reports are submitted into the eSRS within 30 days after the report ending date (e.g., by October 30th for the fiscal year ended September 30th).*

Subcontracting Plan

Why is it important for PCs to share subcontracting plans with the SBA?

All SBA reviews involve a subcontracting plan that was made a material part of a federal contract.

The purpose of the reviews is to ensure OTSBs are providing maximum practicable opportunities to small businesses (SB), including opportunities to SB socio-economic concerns.

Subcontracting Plans Goals Categories
Small Business (SB)
Small Disadvantaged Business (SDB) (includes ANC and Indian Tribes)
HubZone SB
Woman Owned (WO)SB
Veteran Owned (VO) SB
Service-Disabled Veteran Owned (SDVO) SB

Thank you for Attending!

