



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, DC 20416

Re: Welcome to the Small Business Administration Subcontracting Program (SP)

Dear Prime Contractor:

Congratulations on your firm's recent Federal government contract award. Because your firm's contract includes a Small Business Subcontracting Plan, you are now required to adhere to the U.S. Small Business Administration (SBA) Subcontracting Program's (SP) rules and regulations. The SP ensures compliance with statutory obligations and gives SBA the authority to evaluate your company's compliance with the SP roles and responsibilities and your Subcontracting Plan.

The success of ensuring compliance with the SP regulations, processes and procedures and your Subcontracting Plan is critical to not being assessed liquidated damages as outlined in Federal Acquisition Regulation (FAR) 52.211-11 and 52.211-12 and to continue to obtain Federal Government prime or subcontract awards.

Please make a note of the following:

- **Help:** For more information regarding the SP, please visit our website at <https://www.sba.gov/> (Click on *Contracting*, and under *Finding Government Customers*, click on *Subcontracting*.) The Subcontracting Program website highlights a list of relevant regulations, training events, quick tips, and tools to assist you in understanding your roles and responsibilities.
- **Compliance Review (CR):** You may be selected for a Subcontracting Compliance Review. A CR is a comprehensive assessment of the prime contractor's subcontracting practices and its adherence to the subcontracting plan and the Subcontracting Program's regulations, processes, and procedures. A rating of the prime contractor's compliance is provided to the prime contractor and the contracting officer to inform them of the prime contractor's level of conformity. The CR becomes a part of the contract file. If deficiencies are not corrected, they will be noted in the company's past performance rating. If you are selected for a CR, SBA's Commercial Market Representatives (CMR) will contact your Government POC listed in the System for Award Management (SAM).
- **Subcontractor's Compliance:** You are required to flow down subcontracting-related contract clauses when required, obtain an acceptable flow down subcontracting plan and ensure lower-tier other than small business (OTSB) subcontractors adhere to the requirements of subcontracting-related contract clauses, including monitoring and enforcing compliance with flow down clauses, subcontracting plans, subcontract reporting, and meeting subcontracting goals

- **Subcontract Reporting:** Unless otherwise directed, subcontract reports are entered into the Electronic Subcontract Reporting System (eSRS) at <https://www.esrs.gov/>, even if your subcontract awards are zero. Training material is available on the website.

Individual Subcontracting Plan: Requires three (3) reports annually, which includes two (2) Individual Subcontracting Reports (ISR) and one (1) Summary Subcontracting Report (SSR). They are due as follows:

ISR:

- Submitted to the Federal government agency who awarded the contract
- 1st reporting period ends March 30, and report is due April 30
- 2nd reporting period ends September 30, and report is due October 30

SSR Individual:

- Submitted to the Federal government agency who awarded the contract
- Reporting period ends September 30, and report is due October 30

Commercial Subcontracting Plan: Requires one (1) SSR annually and it is due:

SSR Commercial:

- Submitted to the Federal government agency who approved your Commercial Plan
- Reporting period ends September 30, and report is due October 30

- **Questions:** If you have any questions about your contract, contact the government agency that awarded you the contract.
- **Commercial Market Representatives (CMR)** The CMR manages Subcontracting Compliance and are SBA's first line of contact in the field for matters concerning the Subcontracting Program, as they are tasked with providing an understanding of the program and assessing compliance. The CMR is the Subcontracting Program subject matter expert who is the primary point of contact to our customers. The CMRs are assigned to an SBA Area Office (AO) by state and can be located at <https://www.sba.gov/contracting/resources-small-businesses/cmr-directory>

- **Locating SBs:** A business can be small for one NAICS but large for another. Therefore, be sure that the business is small for the subcontract NAICS. To be clear, the firm must be a small business in the NAICS that you are issuing a subcontract.

If you are in need of locating a SB to fulfill your SB subcontracting goals we suggest:

- The SBA's Subcontracting Networking (SubNet) system allows prime and subcontractors to market small businesses Subcontracting Opportunities, Notices of Sources Sought and Outreach Events at no cost. The SubNet system is located at <http://web.sba.gov/subnet/>. The use of SubNet shows a good faith effort to locate small business subcontractors.
- Conducting market research to locate SB subcontractors. The government has many on-line tools to assist you at no cost. You can locate many of them on the Subcontracting Program webpage at www.sba.gov (Click on *Contracting*, under *Finding Government Customers* click on *Subcontracting*; click *Other Than Small Business Resources*; and click *OTSB Tools*)
- Host or attend outreach activities

We wish you great success!

Sincerely,

SBA's Subcontracting Program