



## DCMA Manual 2302-02

# Small Business Subcontracting Test Plan Program

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<b>Office of Primary Responsibility</b>	<b>Contractor Effectiveness Capability</b>
<b>Effective:</b>	February 23, 2019
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<b>Implements:</b>	DCMA Manual 2302, "Small Business"
<b>Incorporates and Cancels:</b>	DCMA-INST 141, "Comprehensive Subcontracting Plan Test Program for Small Business, February 10, 2010"
<b>Internal Control:</b>	Process flow and key controls are located on the Resource Page
<b>Resource Page Link:</b>	<a href="https://360.dcm.mil/sites/policy/CE/SitePages/2302-02r.aspx">https://360.dcm.mil/sites/policy/CE/SitePages/2302-02r.aspx</a>
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**Purpose:** This issuance, in accordance with the authority in DoD Directive 5105.64:

- Implements policy established in DCMA Instruction 2302
- Establishes the process and procedures HQ DCMA General Order No. FY05-11
- Establishes the process and procedure DoD Instruction 4205.01
- Establishes the process and procedure for DoD Test Program for the Negotiation of Comprehensive Subcontracting Plan

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## **SECTION 1: GENERAL ISSUANCE INFORMATION**

**1.1. APPLICABILITY.** This issuance applies to all DCMA activities unless higher-level regulations, policy, guidance, or agreements take precedence. DoD Office of Small Business Programs (OSBP), Defense Agencies, DoD Field Activities and other components of the DoD participate in the Comprehensive Subcontracting Program (CSP) Test Program.

**1.2. POLICY.** It is DCMA policy to:

- a. Establish and maintain procedures that the Small Business Compliance Center DoD Test Program for the Negotiation of Comprehensive Subcontracting Plan.
- b. Execute this manual in a safe, efficient, effective, and ethical manner.

## **SECTION 2: RESPONSIBILITIES**

### **2.1. DIRECTOR, DCMA.** The DCMA Director will:

- a. Implement small business program policy as set forth in DoD 4205.01, “DoD Small Business Programs (SBP).”
- b. Disseminate the Agency goals as established by DoD OSBP.
- c. Appoint a full time Small Business Director responsible for Agency small business policy, programs, and procedures.

### **2.2. HEAD OF THE CONTRACTING ACTIVITY (HCA).** The HCA will:

- a. Monitor Agency small business achievements including socio-economic categories to ensure Agency small business goals assigned by DoD OSBP are achieved.
- b. Provide guidance and direction to the Small Business Compliance Center, as necessary, in executing small business policy.

### **2.3. SMALL BUSINESS DIRECTOR.** The Small Business Director will:

- a. Represent the Agency Director on all Small Business matters.
- b. Serve as the Agency Small Business Ombudsman.
- c. Provide Support Agency Initiatives such as the Service Acquisition Review Board, Corporate Assessment Initiative.
- d. Advise and assist the Contracts Directorate, Program Managers, and requirements personnel on all matters that affect small businesses throughout the acquisition process.
- e. Administer the Memorandum of Understanding (MOU) between DCMA and DoD OSBP.
- f. Establish Agency’s policies, guidance and procedures for the small business programs and for the selection and appointment of Small Business Professionals as appropriate.
- g. Plan and manage the Agency’s small business programs.
- h. Advise cognizant DoD Components of any significant event or situation that may affect accomplishments, either positively or negatively, of contract small business subcontracting goals.
- i. Annually assess the small business programs and provide a report of the results to the Agency Director and HCA.

j. Routinely brief the DCMA Director, HCA, and Senior Leaders on the Agency small business program status, to include the Small Business Compliance Center. The DoD Small Business Programs, such as the DoD Mentor Protégé Pilot Program and the Comprehensive Subcontracting Program (CSP), and contractor subcontracting program compliance Reviews for the Military Components on behalf of the Administrative Contracting Officer (ACO).

k. Provide advice and counsel to the HCA on all small business matters as required.

**2.4. SMALL BUSINESS SPECIALIZED SUPPORT GROUP (SSG) SUPERVISOR.** The SSG Supervisor will:

a. Serve as technical authority and advisor to the Contracts Directorate, Small Business Office Director, and the Small Business Compliance Center on the Small Business Programs administered by DCMA such as the DoD Test Program for the negotiation of CSP.

b. Be responsible for managing all matters such as congressional's, Freedom of Information Act and industry concerns, oversight, the implementation and administration of the DoD's Test Program for the negotiation of CSP.

c. Interface with members of Congress, the military services, the Office of the Secretary of Defense, other Government agencies, and various industry associates.

d. Represent DCMA and oversee the CSP Test Program on behalf of the DoD OSBP.

e. Serve as the delegated signature authority for DoD.

**2.5. SUPERVISORY PROCUREMENT ANALYST PERFORMING AS ASSISTANT DIRECTOR (AD) WITHIN THE EAST AND WEST GROUP SMALL BUSINESS COMPLIANCE CENTER.** The AD will:

a. Manage Small Business Professional and associated initiatives within the Small Business Compliance Center.

b. Maintain small business data and metrics.

c. Maintain internal and external work relationship with DoD OSBP as a representative to special meetings and subcontracting working groups.

d. Serve as Warranted Contracting Officer for the negotiation of CSP plans.

**2.6. SMALL BUSINESS PROFESSIONALS.** The Small Business Professionals will:

a. Prepare and request annual fiscal year CSPs from DoD Contractors.

b. Document receipt/verification.

- c. Conduct annual compliance reviews (previous fiscal year).
- d. Monitor/surveillance performance (e.g., quarterly reporting and midyear status reviews).
- e. Participate in DoD CSP special meetings and working groups.
- f. Maintain original documents (annual CSP, negotiation notes, achievements, and reports from the Contractors).
- g. Negotiate CSPs.
- h. Assist in implementing statutory, legislative, and policy requirements.
- i. Execute DoD's plan for transitioning contractors into and out of the Test Program.
- j. Assist in yearly program requirements (content and exhibits).

## **SECTION 3: PROCESS**

### **3.1. INTRODUCTION.**

a. The CSP Test Program was implemented in 1990 in accordance with (IAW) Section 834 of Public Law 101-189, as amended (Title 15, United States Code, 637). The purpose of the Test Program for the Negotiation of CSP is to determine whether the negotiation and administration of comprehensive small business subcontracting plans, in lieu of individual subcontracting plans, will reduce the administrative burden on contractors while enhancing opportunities for small business concerns under DoD contracts. Companies that currently participate in the CSP Test Program have a corporate, divisional, or sector-level CSP encompassing prime contracts and subcontracts with DoD. The CSP Test Program has been extended through December 31, 2027. DCMA Small Business Compliance Center, CSP Team has been delegated authority on behalf of DoD OSBP to administer, negotiate, and manage the CSP Test Program.

b. The DoD Subcontracting Program authorizes the negotiation, administration, and reporting of subcontracting plans on a plant, division, or company-wide basis as appropriate. The purpose of the program is to determine whether comprehensive subcontracting plans will result in increased subcontracting opportunities for small business while reducing the administrative burden on contractors.

c. The “Test Program for Negotiation of Comprehensive Small Business Subcontracting Plans,” published in the Federal Register, Volume 65, No. 31 is the guide for preparing plans. The DCMA Small Business Professional evaluates the CSP Program proposed subcontracting plan IAW Federal Acquisition Regulation (FAR) 19.705-4 and Defense Federal Acquisition Regulation Supplement (DFARS) 219.705-4. The MOU between DCMA and DoD OSBP dated July 18, 2016, further provides the governance structure and overall program management for contractor goal achievement subcontracting surveillance.

### **3.2. REQUESTING AND RECEIVING SUBCONTRACTING PROGRAM PLANS.**

a. On behalf of DoD OSBP, the DCMA Small Business Compliance Center AD sends a request for Fiscal Year Plans to each CSP no later than July 1<sup>st</sup> each year. Each Contractor is responsible for responding to the DCMA request for plans by the designated due date, usually August 15<sup>th</sup> of each year.

b. As a part of the fiscal year (FY), CSP Plans receipt, evaluation, and review IAW the CSP Negotiations Checklist at Appendix B located on the Resource Page. The Small Business Professionals forwards copies of the proposed CSP plan to the DoD OSBP, the Department/Agency Small Business Program Directors, cognizant Contracting Officers, and Program Managers most affected with a standard suspense date.

### **3.3. ANALYZING AND NEGOTIATING CSP PROGRAM PLANS.**

a. The designated Small Business Professionals (reference “CSP Small Business Professional Designated Assignment List” Appendix E located Resource Page) must prepare a negotiation memorandum IAW Appendix A “CSP Negotiation Support Memorandum (NSM),” located on the Resource Page using the form and instructions that establish the government’s negotiation objectives. Before proceeding with negotiations, the memorandum must have initial approval by a warranted contracting officer in the Small Business Office. Normally this is the SSG Supervisor, but could be the SB Director, or another warranted individual if the SSG Supervisor is not available. The same memorandum is used to document the results of the negotiation to include what the contractor proposed, the Government’s position, and the negotiated amounts in dollars and goals.

b. All CSP negotiations with the program participant must be completed no later than September 15<sup>th</sup> annually. All FY CSP Plans must be negotiated and distributed no later than September 30<sup>th</sup> of each FY.

c. The Final FY CSP plan is signed by the Contractor’s authorized official, the SSG Supervisor, and SB Director or other warranted contracting officer in the Small Business Office if the SSG Supervisor is not available using the template at Appendix C “CSP FYXX Negotiation Signature Summary Page” located on the resource page.

d. The Small Business Professional distributes the CSP plan no later than September 30<sup>th</sup> to be effective October 1st. Distribution is made to the ACO, Corporate Administrative Contracting Officer, Divisional Administrative Contracting Officer, OSBP, and the DoD Components to include Small Business Offices and identified component contracting officers and IAW CSP Standard Distribution List at Appendix D “Internal Only CSP Distribution List 2018” located on the resource page.

e. The Small Business Professional uploads all supporting documents for each Contractor, such as the request for plan, CSP Proposal, Negotiation Support Memorandum, and supporting documentation to DCMA site page

### **3.4. CONDUCTING CSP COMPLIANCE REVIEWS.**

a. All CSP reviews will be conducted IAW this Manual and associated appendices located on the Resource Page.

b. The compliance reviews are scheduled, conducted, and completed between January 1st and March 31st of each year and IAW the CSP Management Cycle. (See Appendix H located on the resource page.)

c. CSP reviews are performed annually, preferably onsite at the CSP Participant location. Results are provided to each CSP Participant on or before April 15<sup>th</sup> using the template at Appendix F, “CSP Template for Compliance Review Results.” (Except VG.SAT located resource page.)

d. Additional key factors and tools for conducting CSP compliance reviews:

(1) Verification of contracts.

(2) Examination of the participant's performance against negotiated goals for each small business category. This includes the dollars spent in each category versus the negotiated dollar goal.

(3) Analysis of Summary Subcontracting Report (SSR) documentation IAW FAR 52.219-9, deviation 2018-O0018 for DoD Components.

(4) Contractor documentation that supports the promotion of small business concerns – negotiated initiatives and industry targets.

e. The CSP review process is based on:

(1) Random purchase order sampling from total population.

(2) Population of purchase orders that comprise the total dollars reported on the SSR.

(3) SSR Trend Analysis and purchase order population.

(4) Segregated spend population.

(a) Spend equal to or greater than \$700,000. Examine if the contractor flowed down the small business clause requiring that their subcontractors adopt a subcontracting plan.

(b) Spend equal to or greater than the Simplified Acquisition Threshold. Ensure the participants purchase order records documents that purchasing decisions maintains justification of subcontract award decision and dollars reported on SSR.

(c) Review of purchase orders awarded to large and small business concerns included in the participants SSR for accurate size categorization and dollars reported.

### **3.5. ASSESSING AND MONITORING CSP PERFORMANCE.**

a. The Small Business Professional has 30 days after the quarter ends to review the SSR in eSRS.

b. Upon receipt of SSR in eSRS, the Small Business Professional reviews the SSR to ensure all required information is entered and there are no obvious errors or omissions. If the data appears acceptable, the Small Business Professionals acknowledges receipt of the SSR. If the data requires corrections, the Small Business Professionals rejects the SSR in eSRS stating the deficient area(s).

(1) For low subcontracting performance, the Small Business Professionals informs the contractor of the requirement to provide rationale for any low rated subcontracting performance achievement(s) and provide recommendations to the Small Business Professionals in determining the corrective action(s) to be implemented to ensure both goal achievements and maximization of subcontracting opportunity that enhance contractor small business subcontracting performance.

(2) The Small Business Professionals verifies the contractors' midyear and end of year SSRs submissions no later than April 30th and October 31st, respectively.

(3) The Small Business Professionals will upload SSR reports in DCMA site page.

(4) The Small Business Professionals will validate all deliverables IAW the FY Request for Proposal and negotiated CSP.

(5) The Small Business Professionals will ensure Quarterly Reporting – Small Business Professionals receives, evaluates, and distributes a one page evaluation summary of the quarterly report as provided by each contractor.

(6) The Small Business Professionals ensures semi-annual reporting (and templates). The Small Business Professionals provides a summary report that includes, contractor XX, provided SSR info, templates, and whether or not there were any notable changes.

(7) Templates. Small Business Professional evaluates whether templates are properly filled out, uploaded, documented and provide OSBP of any notable changes.

### **3.6. STATUS REPORTS.**

a. The Small Business Professionals reviews and analyzes contractors reports. The Small Business Professional prepares a report documenting the contractors progress towards meeting target industries and initiatives. The report is provided to the AD, DoD OSBP, and Military Departments and services IAW the CSP Reporting schedule. The CSP reporting schedule is obtained from CSP Assistant Director, but no later than January 31st, April 30th, July 31 and October 30th of each year, to document progress on meeting milestones toward target industries and initiatives.

b. The Small Business Professionals reviews the reports and provides feedback to the AD and DOD OSBP.

c. The Small Business Professionals maintains all assessment data and SSRs and uploads supporting file information in DCMA360.

### **3.7. WITHDRAWAL FROM COMPREHENSIVE SUBCONTRACTING TEST PLAN PROGRAM.**

a. Participants in the Test Program for the Negotiation of CSP must notify DCMA of intent to exit from the Test Program. The Contractor's notice must be in writing and include the list of contracts covered under the FY CSP Plan to include Commercial and Government Entity Code (CAGE) and associated Data Universal Numbering System (DUNS).

b. In collaboration with DoD OSBP, the Small Business Professional prepares a memorandum to the Contractor acknowledging the contractor's intent to exit the CSP Program and directions to provide supporting documentations such as a list of contracts identified under the FY CSP Plan. This acknowledgment letter must be signed by the Director, Small Business Compliance Center. Copies of acknowledgment letter must be provided to DoD OSBP and Defense Procurement and Acquisition Policy (DPAP) (now DPC – Defense Pricing and Contracting) and the Military Services to verify the contractor's submission list of contracts by CAGE codes and DUNS numbers under the FY CSP.

c. The Small Business Professionals will ensure validation of the CSP Contractor's contracts list.

d. The Small Business Professionals will collaborate with DoD OSBP, DPAP, and the Military Services to verify the contractor's submission list of contracts by CAGE codes and DUNS numbers under the FY CSP Plan.

e. Once the contract list is validated by CAGE codes and associated DUNS numbers, the Small Business Professionals sends all documentation to DoD OSBP for final action. DoD OSBP will notify DCMA in writing of the CSP Participants Exit status from the Program and the Departments responsible to take the lead to ensure transition of covered contracts.

## GLOSSARY

### G.1. ACRONYMS.

ACO	Administrative Contracting Officer
AD	Assistant Director
CAGE	Commercial and Government Entity
CSP	Comprehensive Subcontracting Program
DCMA-MAN	DCMA Manual
DCMA-INST	DCMA Instruction
DFARS	Defense Finance Acquisition Regulation Supplement
DPAP	Defense Procurement and Acquisition Policy
DUNS	Data Universal Numbering System
eSRS	Electronic Subcontracting Reporting System
FAR	Federal Acquisition Regulation
FY	Fiscal Year
HCA	Headquarters Contracting Agency
IAW	in accordance with
MOU	Memorandum of Understanding
OSBP	Office of Small Business Programs
SSR	Summary Subcontracting Report
SSG	Specialized Support Group

## REFERENCES

DCMA General Order FY 05-11, July 20, 2005

DoD Directive, 5105.64, "Defense Contract Management Agency (DCMA)," January 10, 2013

DoD Instruction 4205.01, "DoD Small Business Programs (SBP)," June 8, 2016

Federal Register, Volume 65, No. 31, "Test Program for Negotiation of Comprehensive Small Business Subcontracting Plans," February 15, 2000

Federal Acquisition Regulation 19.705-4, "Reviewing the subcontracting plan"

Federal Acquisition Regulation 52.219-9, "Small Business Subcontracting  
Unites States Code, Title 15