



DEPARTMENT OF THE AIR FORCE
WASHINGTON DC

OFFICE OF THE UNDER SECRETARY

MEMORANDUM FOR ALMAJCOM/FLDCOM/FOA/DRU/CENTER (CONTRACTING)
ALMAJCOM/FLDCOM/FOA/DRU/CENTER (SMALL BUSINESS)

FROM: SAF/SB AND SAF/AQC

SUBJECT: Actions to Meet Requirements of the Department of the Air Force (DAF) Updated Corrective Action Plan (CAP) Response to GAO Draft Report, GAO-24-106225, *"SMALL BUSINESS CONTRACTING: Some Contracting Officers Face Challenges Assessing Compliance with the Good Faith Standard"* dated September 7, 2023

1. **Purpose:** SAF/SB and SAF/AQC are issuing this Memorandum as a reminder to the Department of the Air Force (DAF) Contracting Officers (COs) of their responsibility to evaluate contractor compliance with its subcontracting plan, per FAR 19.705-6(g). This memorandum also reminds DAF COs to involve their cognizant Small Business Professionals (SBPs) when performing reviews in the electronic Subcontracting Reporting System (eSRS) for contracts with subcontracting plans, and to take appropriate action as it pertains to the good faith standard factors at FAR 19.705-7(b).

2. **Semi-Annual ISR Reports and Follow-Up Engagements with Filers:** The Small Business Act, 15 U.S.C. 637(d)(7), requires the DAF to ensure that it *"collects and reports data on the extent to which contractors of the agency meet the goals and objectives set forth in subcontracting plans"* and that it *"periodically reviews data collected and reported . . . for the purpose of ensuring that such contractors comply in good faith with the requirements of this subsection and subcontracting plans submitted by the contractors."* The following 4-step process will implement this requirement consistent with GAO guidance and updated DAF CAP:

- **Step 1. Report Generation:** SAF/SB will semi-annually generate a DAF-wide spreadsheet report from eSRS on the status of Individual Subcontracting Reports (ISRs). With the assistance of SAF/AQCP, SAF/SB will modify the report to list only those contracts not meeting established Small Business (SB) and/or socioeconomic category goals (i.e., Small Disadvantaged Business (SDB), Women-Owned Small Business (WOSB), Service-Disabled Veteran-Owned Small Business (SDVOSB), and Historically Underutilized Business Zone (HUBZone) Small Business) along with the cognizant Contracting Office.
- **Step 2. Report Distribution:** The semi-annual DAF ISR will then be distributed to MAJCOM/FLDCOM/DRU/Center SB Directors for further distribution to local COs and SBPs. Note that this semi-annual DAF ISR will not cover Commercial or Comprehensive Test Program subcontracting plans.
- **Step 3. Engagement with Filers/Report Update:** DAF COs, with assistance from cognizant SBPs, will contact the filers (i.e., prime contractors and first-tier subcontractors submitting ISRs) to obtain information on why goals are not being achieved. The semi-annual DAF ISR will document the CO's assessment of the filer's reasons for not achieving its goals, as well as the CO's assessment as to the filer's compliance with goals and objectives of its subcontracting plan.

- **Step 4. Return of Updated Report:** MAJCOM/FLDCOM/DRU/Center SB Directors shall return their organizational portion of the semi-annual DAF ISR with CO's assessments to SAF/SB within 180 days from the date of distribution of the semi-annual DAF ISR by SAF/SB.
3. **Subcontracting Review Support:** MAJCOM/FLDCOM/DRU/Center SB Directors and SBPs will support CO's subcontracting reviews, subject to resource constraints. Due to resource constraints, this assistance may prioritize engagement with certain primes/filers (e.g., largest primes, primes fulfilling contracts of special interest, filers with greatest achievement gaps, etc.).
4. **Training:** Development and implementation of just-in-time training for COs and SBPs related to good faith assessments is outlined below. Both SAF/SB and SAF/AQC encourage increased training on subcontracting reviews and compliance oversight.
- **Just-in-Time Training:** In August 2022, SAF/AQC forwarded the July 19, 2022 OSD (A&S) DPC memo, "*Department of Defense Small Business Subcontracting Requirements*," to the DAF Contracting Workforce, reinforcing the requirement that DAF personnel who monitor contract performance and are responsible for ensuring compliance with subcontracting requirements, including Contracting Officers and Contracting Officer Representatives, are required to complete Defense Acquisition University (DAU) course CON 0590, "*Management of Subcontractor Compliance*," found here: [CON 0590 | www.dau.edu](https://www.dau.edu/con-0590).
 - **Subcontracting for SBPs Training:** Since 2017, DAU has offered SBPs a course on subcontracting. The course is an Instructor-Lead Virtual Course, SBP 2100V, found here: <https://www.dau.edu/courses/sbp-2100v-0>. This course (and any successor course) is available to SBPs and members of other functional communities.
 - **Training Deadlines:** Pursuant to this updated DAF CAP Memorandum, new SBPs and new COs shall complete SBP 2100V or CON 0590 within one (1) year of assuming duties where they monitor contract performance and are responsible for ensuring or assisting compliance with subcontracting requirements.
5. **Points of Contact:** Our points of contact for this effort are: Mr. Ron Saville, SAF/SB Chief of Policy (703-693-6014; Ronald.Saville@us.af.mil), Mr. Max Kidalov, SAF/GCQ Legal Counsel to SAF/SB (202-406-0205; Maxim.Kidalov@us.af.mil), and Ms. Katherine Moisant, SAF/AQCP (575-749-3786; Katherine.Moisant@us.af.mil).

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