

**SMALL BUSINESS SUBCONTRACT POLICY AND  
STANDARD OPERATING PROCEDURES**

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**1 PURPOSE**

This document prescribes policy and sets forth procedure for AV to be compliant with Small Business Programs and Small Business Subcontracting Plans.

**2 SCOPE**

This policy is applicable to all U.S. Government Purchases.

**3 DEFINITIONS**

TERM	DEFINITION
Process Owner	A Process owner is responsible for establishing, documenting, maintaining, implementing and improving the business process under their control.
Process Participants	Process participants are responsible for using the process effectively and suggesting ways to continually improve the process.
Purchasing/Subcontracts Representative	A person authorized to perform procurement functions on behalf of AV.
Small Business Concern	One that is independently owned and operated, is organized for profit, and is not dominant in its field. Depending on the industry, size standard eligibility is based on the average number of employees for the preceding twelve months or on sales volume averaged over a three-year period.
Statement of Work (SOW)	Statement of Work Is a formal document that captures and defines the work activities, deliverables, and timeline a vendor must execute in performance of specified work for a client. The SOW usually includes detailed requirements and pricing, with standard regulatory and governance terms and conditions. It thus overlaps in concept with a contract, and indeed SOWs are often legally equivalent to contracts.
Supplier	<p>A supplier (alternately referred to as manufacturer, subcontractor, or vendor) is a provider of either materials or services. Suppliers' current status must be Approved, Qualified, or Conditional at the time of award. At no point will a PO be issued to disqualified supplier.</p> <ul style="list-style-type: none"> <li>a. Approved supplier- for commercial items, an approved supplier is either an Original Equipment Manufacturer (OEM) or an authorized distributor. For AV-controlled items, an approved supplier is a source that has previously produced a product whereby a First Article (FA) was accepted by Quality.</li> <li>b. Qualified supplier- a source that has met AV quality standards and has produced other products for AV that has been accepted by Quality. A Qualified supplier could also be providing services to AV.</li> <li>c. Conditional supplier- a source that has provided acceptable documentation showing quality standards are in place. Conditional status is a temporary status and must change to either approved, qualified or disqualified within 1 year from the first engagement.</li> </ul>



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## 4 REFERENCES

ID	DESCRIPTION
FAR Part 19	Small Business Programs
FAR Subpart 19.704	Subcontracting Plan Requirements
FAR Part 26	Other Socioeconomic Programs
FAR Clause 52.219-8	Utilization of Small Business Concerns
FAR Clause 52.219-9	Small Business Subcontracting Plan
FAR Clause 52.219-10	Incentive Subcontracting Program

## 5 QUALITY RECORDS

ID	DESCRIPTION
QSP-7.2-2	Subcontract Management Process
QSP-7.4	Purchasing/Subcontracts

## 6 REQUIREMENTS

### 6.1 General

It is an AV policy to comply with contractually established requirements to meet subcontracting program requirements and to use Small Businesses Concerns (Small, Small Disadvantaged, Woman-Owned, Veteran-Owned, Service-Disabled Veteran-Owned, and HUBZone Small Businesses) and Historical Black Colleges and Minority Institutions. Refer to FAR Part 19 Small Business Programs and FAR Part 26 Other Socioeconomic Programs.

6.1.1 The AV CEO is responsible to communicate to all AV employees, that AV is committed to providing an opportunity for small business concerns to become AV suppliers in a competitive and fair environment. The commitment extends beyond meeting Government requirements. It includes AV's prudent business practices to perform competitive procurements, conduct market research for supplier sources, and to identify and develop long term business relationships with qualified and responsible suppliers.

### 6.2 Small Business Programs

6.2.1 Large government contractors and subcontractors are required to maintain subcontracting programs, which are predicated on Federal Law and Executive Orders of the President. Prime contracts and subcontracts awarded to AV generally include FAR clauses regarding subcontracting programs for certain types of businesses. Examples of these clauses include FAR Clauses 52.219-8, 52.219-9, 52.219-10 and others.

### 6.3 Small Business Liaison Officer (SBLO) Responsibilities

6.3.1 The AV small business subcontracting program is administered by an individual in the Subcontracts Organization designated as the "Small Business Liaison Officer" (SBLO). The SBLO is the AV corporate point of contact for small business concerns interested in doing business with AV. The SBLO prepares subcontracting plans for



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individual proposals and contracts, prepares and submits subcontracting reports in a timely manner in accordance with government reporting requirements, and develops procedures for evaluating and measuring AV's small business program and individual contract performance.

- 6.3.2 The SBLO maintains records to document small business outreach in support of both the AV small business program commitment and in support of the small business subcontracting plan percentage goals. The records include, but are not limited to impromptu or formal meetings with small business concerns, attending or participating in local small business fairs; and affiliation with small business professional organizations. The records may be in the form of computer software, working papers or other formats to serve as verifiable evidence and back-up documentation.

### 6.4 Purchasing/Subcontracts Responsibilities

- 6.4.1 The Purchasing/Subcontracts Representatives shall, to the maximum practical extent, solicit and award purchase orders and subcontracts to small business concerns.

### 6.5 Requester Responsibilities

- 6.5.1 After the need for a product, good, or service is identified and as a component of the acquisition planning process, the Requester should provide specifications, Statements of Work (SOWs) and other requirements to meet AV's customer's needs. These documents should promote full and open competition and not prohibit or restrict small business concerns from participating in the AV acquisition. Requesters are encouraged to contact the Purchasing/Subcontracts Representatives or the SBLO if assistance is required in identifying small business concerns prior to completing a purchase request. The Purchasing/Subcontracts Representatives writes the specifications, requirements or special provisions to provide small businesses the opportunity to compete whenever possible.

### 6.6 Small Business Subcontracting Plan

- 6.6.1 Successful large business offerors are required to submit a Small Business Subcontracting Plan for prime contracts that exceed or are anticipated to exceed the threshold prescribed in FAR 19.702 (\$700,000 award after October 1, 2015).
- 6.6.2 Pursuant to FAR 19.704 (Subcontracting Plan Requirements), the required subcontracting plan should be submitted by the supplier with its proposal. The plan is reviewed and evaluated for compliance with FAR Subcontracting Plan requirements. The plan should be incorporated into the contract at the time of award and include:
- 6.6.2.1 Separate percentage goals for using small business concerns and small disadvantaged business concerns as subcontractors;



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- 6.6.2.2 The name of an individual employed by the offeror who provides small business concerns and small disadvantaged business concerns an equitable opportunity to compete for subcontracts;
  - 6.6.2.3 Assurance that the offeror includes the clause at FAR Clause 52.219-8 (see FAR 19.708(b)), in all applicable subcontracts.
  - 6.6.2.4 Agreement that the offeror will cooperate in any studies or surveys as may be required and submit periodic reports to allow the government to determine the extent of compliance by the offeror with the subcontracting plan. The reports include Individual Subcontracting Reports (ISRs) for individual contracts, and Summary Subcontracting Report (SSR) in accordance with the instructions in the Government's electronic Subcontracting Reporting System (eSRS) found at <http://www.esrs.gov>.
  - 6.6.2.5 A description of the types of records that the offeror maintains to document its compliance with the requirements and goals in the plan, including establishing source lists, and a description of the offeror's efforts to locate small and small disadvantaged business concerns and to award subcontracts to them.
- 6.6.3 The ISR and SSR reports should be periodically reviewed by the Director of Contracts and VP of Supply Chain and Global Sourcing to ensure that action is taken, if necessary, to achieve AV's subcontracting goals. The SSR reports should be approved by the CEO prior to submittal.
- 6.6.4 AV has access to System for Award Management (SAM). This system is an on-line database of profiles describing the capabilities and characteristics of hundreds of thousands of U.S. businesses. The Procurement Organization can use this system to identify small businesses in a particular location and retrieve a profile on a specific company. The SAM and Small Business Administration (SBA) Dynamic Small Business Search databases can be reached at <https://www.sam.gov> and <http://dsbs.sba.gov>.

### **7 AUTHORITY AND RESPONSIBILITY**

Process Owner: Purchasing; Subcontracts  
Process Participants: Contracts; Requester