PHASE II: CONTRACT ADMINISTRATION

Activity 32: Monitor Subcontract Management

- Determine whether consent is required to protect Government interests.
- Identify subcontracts that require contracting officer consent.

- Make-or-Buy Plans
  - Advanced Notification and Consent to Subcontracts
    - Upon receipt of contractor's written notification of a proposed change to the make-or-buy program, evaluate the contractor's justification for the proposed change.
    - Issue a written approval or disapproval of the proposed change.
    - Issue a final decision assessing liquidated damages for contractor failure to make a good faith effort to comply with its small business subcontracting plan.
    - Determine the amount of any incentive payment due the contractor for exceeding its small business subcontracting plan goals.
    - Identify situations where small business subcontracting plan goals appear to fail due to a lack of good faith effort.
    - Notify the contractor of any apparent failure to make a good faith effort to comply with its small business subcontracting plan.
    - Determine whether to assess liquidated damages for contractor failure to make a good faith effort to comply with its small business subcontracting plan.

- Purchasing System Reviews
  - Distribute information on purchasing system status.
  - Establish a program for contractor purchasing system surveillance.
  - Take measures to protect the Government's interests on specific contracts as required.
  - Maintain information on contractor purchasing system surveillance.

- Small Business Subcontracting Plan
  - Prime Contractor Does Not Have an Approved Purchasing System
    - Identify situations where small business subcontracting plan goals appear to fail due to a lack of good faith effort.
    - Notify the contractor of any apparent failure to make a good faith effort to comply with its small business subcontracting plan.
    - Determine whether to assess liquidated damages for contractor failure to make a good faith effort to comply with its small business subcontracting plan.

- Prime Contractor Has an Approved Purchasing System
  - If yes, require consent to subcontract.
  - If no, require consent to subcontract.
  - If the proposed subcontract is for an unpriced action under a fixed-price contract exceeding the simplified acquisition threshold, require consent to subcontract.
  - If consent is required to protect Government interests, require consent to subcontract.
    - Require consent to subcontract.
    - Do not require consent to subcontract.

- Prime Contractor Does Not Have an Approved Purchasing System
  - If yes, determine whether is good, withhold or withdraw purchasing system approval.
    - Determine whether is good, withhold or withdraw purchasing system approval.
    - Promptly notify the contractor in writing when granting, withholding, or withdrawing purchasing system approval.

- Prime Contractor Has an Approved Purchasing System
  - If yes, require consent to subcontract.
  - If no, require consent to subcontract.
  - If the proposed subcontract is for an unpriced action under a fixed-price contract exceeding the simplified acquisition threshold (SAT), require consent to subcontract.
    - If yes, require consent to subcontract.
    - If no, require consent to subcontract.
    - If the proposed fixed-price subcontract exceeds the SAT or 5% of the total estimated contract price, require consent to subcontract.