

eSRS and ISR Management Process & Legislation Updates

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Industry Risk Areas for ISR Submittals and Acceptances

#	Risk Areas	Potential Solution
1	COs not entering contract into FSRS or Doesn't believe a SB plan is required	CO Training by US Gov. (SBA and/or DCMA)
2	COs inability to enter BOAs into FSRS; SF294s only option for documentation	
3	Contracts coded incorrectly in FPDS	CO Training by US Gov. (SBA and/or DCMA)
4	CO says SB Plan is not required even though the contract has a flow down	CO Training by US Gov. (SBA and/or DCMA)
5	eSRS system challenges (see next slides)	DoD and/or DCMA escalation to GSA; escalation in FSD
6	Primes' process for suppliers to take action to submit, track and approve ISRs	Primes sharing of best practices
7	Subcontractors not submitting ISRs	
8	Subcontractors submitting SF294s instead	Fix system challenges (see #4)
9	Reporting deadline requirement interpretation (30 days not time zone specific) https://www.acquisition.gov/far/19.704	Obtain SBA direction for communication and consistency

LM eSRS Trouble Tickets (April 2023)

#	Trouble Ticket #:	Date:	BA / POC Submitted:	Issue:	Status (Open, Closed):	Reconciled?:
1	GSAFSD8474281	4/19/2023	MFC	Prime contract number is correct in FPDS-NG and was at one time in our contract worklist. The contract (HQ014717C0032) is no longer in eSRS.gov .	Closed	No. Agent's response was to contract CO.
2	GSAFSD8490394	4/20/2023	MFC	Prime contract number is correct in FPDS-NG and was at one time in our contract worklist. The contract (HQ014717C0032) is no longer in eSRS.gov . Attached screenshots to the ticket to help the agent visually understand the issue.	Open	
3	INC-GSAFSD8535655 UPDATE: GSAFSD8582549	4/27/2023	Space	Received email notifications that ISRs have been submitted on the Contract. The Alerts page shows ISR submission. When navigating to Contract Worklist, the ISRs are not visible . See attached screenshots.	Open - Re-submitted 5/5/2023 (GSAFSD8582549)	
4	INC-GSAFSD8535752	4/27/2023	Space	Received an ISR that included dollar amounts and percentage goals in the "Current Goal" section as well as dollar amounts in the "Actual Cumulative" section, but there were no percentages in the "Actual Cumulative" section . eSRS should systematically perform these calculations . I rejected the report when I first discovered this error. I then supervised the subcontractor, in real-time, as they went through the creation of the ISR and they did not omit any information that should have caused this error.	Open	

LM eSRS Trouble Tickets (April 2023) Cont.

#	Trouble Ticket #:	Date:	BA / POC Submitted:	Issue:	Status (Open, Closed):	Reconciled?:
5	INC-GSAFSD8535885	4/27/2023	Space	When using "Copy Report" function on the previous ISR, Contract Details page (Nav Screen 3), I was prompted to enter the data points, required of a subcontractor, rather than a Prime Contractor. "Contract Type" listed "sub" and I was unable to change that option (Nav Screen 5, "Report Submitted As" listed "prime contractor.") Upon submission of ISR, pending report shows as Prime.	Open	
6	INC-GSAFSD8535920	4/27/2023	Space	When using the "Copy Report" function on the previous ISR, Contract Details page (Nav Screen 3) was blank. No information was copied over. In addition, "Contract Type" lists "sub" when we are a Prime Contractor. Unable to select the "Prime" option.	Open	
7	INC-GSAFSD8630807	5/12/2023	Space	Received eSRS system generated email on 5/1/23, indicating there was a subcontractor's ISR report in the queue, awaiting review. ISR report is not appearing on the Alerts page, nor on the lower-tier reports tab of the Contract Worklist record.	Closed	No. FSD indicates ISR was rejected by LM on 5/3, but cannot see rejected ISR on contract worklist. Added comments indicating such on 5/19. Didn't receive response to updated comments. Incident closed.
8	INC-GSAFSD8637096	5/15/2023	Space	The Subcontract Plan type on the FPDS record has been updated so that subcontractors can e-file reports, but the error message still appears in eSRS when trying to add it to Contract Worklist. The update to the FPDS contract record occurred 5 days ago - not sure why we're still getting an error.	Closed	Yes (tentatively). Escalated to Tier 2 support. The prime now appears on contract worklist, but not considered resolved until a sub successfully e-files against it. The ticket will likely auto close before that happens.
9	INC-GSAFSD8775821	6/6/2023	Space	Actual Cumulative total and percentages are not auto-filling as they should on a subcontractor ISR.	Open	

Revisit ISR Management Process

Areas of Concern	Update
SF 294s vs. ISRs	<ul style="list-style-type: none">• E-mail documentation of system challenges and help desk tickets on record. Tickets closed with no resolution or still in progress.• Confirmed with CSP primes that they also experienced system challenges.• <i>Recommendation: Assess if rectified during GFY23 reporting period. If the issues continue, escalate to DoD OSBP/FSD</i>
Proof of due diligence of requesting subcontractors to submit ISRs	<ul style="list-style-type: none">• Retrieve documentation to show proof of email notifications.
Adherence to FAR 52.219-9(10)(vi) <i>Provide its prime contract number, its unique entity identifier, and the e-mail address of the Offeror's official responsible for acknowledging receipt of or rejecting the ISRs, to all first-tier subcontractors with subcontracting plans so they can enter this information into eSRS when submitting their ISRs.</i>	<ul style="list-style-type: none">• Documentation of e-mail notification containing elements.

SBA Final Rule – Indirect Costs

- SBA issued a large final rule on April 27 that is effective May 30, 2023. Below is bullet point of the rule that applies to subcontracting plans.
 - Requires that prime contractors with subcontracting plans include indirect costs in their individual subcontracting plans, where the contract is valued at \$7.5 million or more.
 - SBA proposed to amend § 125.3(c)(1)(iv) to require that large businesses include indirect costs in their subcontracting plans. Currently, large businesses have the option of including or excluding indirect costs in their individual subcontracting plans. Many large businesses opt to exclude indirect costs. As a result, small businesses that provide services generally considered to be indirect costs—such as legal services, accounting services, investment banking, and asset management—are often overlooked by large contractors. SBA stated that by requiring indirect costs to be included in their individual subcontracting plans, large businesses will have an incentive to give work to small businesses that provide those services.
 - Section 125.3(c)(1)(iv) requires prime contractors with individual subcontracting plans to report indirect costs in their individual subcontracting reports (ISRs) where the contract value exceeds \$7.5 million. Contractors already are required to report indirect costs in their summary subcontracting reports (SSRs). Thus, the only cost associated with the change will be the cost of allocating indirect costs to the ISRs.

National Defense Authorization Act of 2020 – Credit for Lower-Tier Subcontracting

- The U.S. Small Business Administration (SBA or Agency) is proposing to amend its regulations to implement provisions of the National Defense Authorization Act for Fiscal Year 2020. The proposal would permit a prime contractor with an individual subcontracting plan to apply credit for subcontracts to small businesses at lower tiers toward its subcontracting goals. To do so, the prime contractor would incorporate the lower-tier subcontracting performance into its subcontracting-plan goals.
- Most Federal contracts require the awardee to enter into a subcontracting plan that includes percentage goals for using small businesses and subcategories of small businesses. Subcontracting plans apply to Federal contracts exceeding \$750,000 (\$1.5 million for construction), unless the awardee is a small business, the contract does not offer subcontracting opportunities, or the contract will be performed entirely outside the United States and its outlying areas.
- Prior to SBA's Final Rule published on December 23, 2016, [81 FR 94246](#), SBA's regulations permitted a prime contractor to count only its first-tier subcontracts toward the goals in its subcontracting plan. The December 2016 Final Rule, however, mandated that prime contractors receive credit for lower-tier subcontracts under certain circumstances. Section 870 changed the criteria for receiving credit for lower-tier subcontracting, and this proposed rule implements those statutory changes.
 - First, a prime contractor may elect, in some instances, to receive credit toward its subcontracting plan for lower-tier subcontracts to small businesses.
 - Second, agencies are prohibited from setting tier-specific goals for prime contractors that use lower-tier credit.
 - Third, subcontracting plans are required to recite the records that contractors will maintain to substantiate lower-tier credit.

<https://www.federalregister.gov/documents/2022/12/19/2022-27213/national-defense-authorization-act-of-2020-credit-for-lower-tier-subcontracting-and-other-amendments>

DISCUSSION

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