

Small Business Subcontracting Requirement (FAR 19 and FAR 52.219-9) Implementation Plan - University of Northern Iowa

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Revised:

Owner: Office of Research & Sponsored Programs

Section 1. Introduction: When UNI receives a federal or federally sourced contract or subcontract for \$750,000 or more the federal government requires UNI to prioritize the use of small and disadvantaged businesses (Small Business Concerns, or “SBC’s”) during the implementation of the project. This requirement includes the development of an SBC subcontracting plan, a documented process for engaging a small business in the purchase of certain goods and/or services, a process for maintaining compliance documentation, and bi-annual reporting. The University has optioned to create an Individual Plan, per FAR 52.219 guidance, for each individual federal contract or subcontract that is subject to the federal requirement.

Section 2. Types of Purchases Subject to Small Business Subcontracting Requirement: In the context of this Federal Acquisition Regulation (FAR) requirement, subject acquisitions go beyond what UNI typically regards as a “subcontract”. The types of purchases subject to the requirement, here forward referred to as “subcontracts” in the FAR 52.219 context, include, but are not limited to:

- Subcontracts/subawards (by UNI standards)
- Professional Service Agreements (i.g. consultant agreements, speaker agreements, event/catering agreements, etc.)
- Outside services and goods purchases, such as off-campus print-jobs, specialty services (i.g. electrician services, moving expenses, plumbing, etc.), custom order purchases (uniforms or tee-shirts, graphic design services, etc.), web design/webhosting services, etc.
- Construction, repair, redesign, etc. services
- Office maintenance contracts (office printer lease, other office services)
- Other custom purchases such as computer systems or specialty electronics purchases.
- All purchases requiring informal (three quote) “bids” or those requiring formal bidding

Section 3. Purchase Threshold Amount: Purchases that fit into the above purchase types, or those of a similar nature, that are \$1,000 or more are subject to the FAR 52.219 requirement. This \$1,000 purchase should be treated as a per-item/unit amount based on the single transaction only. It is not permissible to split purchases into multiple orders to avoid the small business subcontracting requirement.

Section 4. Exempt Purchases: Purchases that are exempt from the SBC requirement include any purchase, of any amount, made from commercially available enterprises, such as Office Depot, Menards, Wal-Mart, a local grocery store or shop, or any other distributor of goods and/or services which is not the primary point of production of the product. The UNI iProcurement store should be used to purchase goods of any type or amount available through the store system. Purchases using the iProcurement store are exempt from the SBC subcontracting requirement. Goods purchased from within UNI, or services performed by UNI, such as maintenance services performed by UNI’s Facilities Management, are exempt from the SBC requirement. The FAR 52.219 requirement only applies to off-campus purchases of goods or outsourced services.

Section 5. Responsibilities

Office of Business Operations – Procurement Services: Procurement Services works with the Department (including Centers and other institutional units) to implement informal contract bids (\$25,001 – \$49,999), which require the Department to secure three quotes, and oversees all formal bid (\$50,000 or more) processes, per University Policy. Procurement Services and the Department (where applicable) ensures that all informal and formal bid processes follow UNI's *Iowa Targeted Small Business Program* as well as overseeing federal regulatory compliance with the SBC subcontracting requirement. Procurement Services supports University Departments in the implementation of the SBC plan requirements for non-bid purchases between \$1,000 - \$49,999, if needed, by reviewing potential and available SBC's to determine the SBC's capacity to deliver the good/service, advises on how to properly perform a SBC search, how to navigate the SBC search resources, advises how to properly document the SBC search and result process, and assists with developing justifications for instances when a SBC is available, but not selected. Procurement Services is responsible for seeking SBC's during the formal bid process, documenting the process used and the results, justifying instances when a small business was available but not selected, and submitting the small business plan results and documentation related to informal and formal bidding twice a year to the Office of Research & Sponsored Programs (RSP).

Office of Business Operations – Accounts Payable: Accounts Payable oversees all University non-bid related purchases of goods and services via ProCard and requests to pay purchases, per University Policy. Accounts Payable reviews all federal contract/subcontract purchases that are subject to the SBC subcontracting requirement to verify that the purchases included the SBC plan purchasing protocol prior to the purchase. Accounts Payable will flag and investigate any purchases that appear to be subject to the SBC requirement but that lack documentation of having followed the pre-purchase SBC protocol. Accounts Payable will ask the Contract Implementation Team whether or not the SBC was applicable, and if so, request documentation that the SBC protocol was followed. Accounts Payable will refer any purchases that were subject to the SBC requirement, but that did not follow the SBC protocol, to RSP.

Department/Center/Unit (Contract Implementation Team): For non-formal bid related acquisitions the Implementation Team is responsible for conducting a pre-purchase search for a suitable small business that fulfills one or more of the six targeted small business types as outlined in the contract/subcontract's Individual Plan. The Contract Implementation Team is responsible for maintaining documentation regarding the search approach and the search results as well as the end result (small business or not). Contract Implementation Team is responsible for maintaining these records for each purchase that is subject to the small business requirement and supplying RSP with the results and per-purchase documentation on a bi-annual basis. The documentation will also include justifications for situations where a targeted SBC was available but not selected. For informal and formal bid situations the Contract Implementation Team will work through Procurement Services.

Office of Research & Sponsored Programs: The Office of Research & Sponsored Programs is responsible for notifying Procurement Services, Accounts Payable, and the Contract Implementation Team when a federal contract/subcontract is received with the small business requirement and for alerting these parties of the project Account Code(s). RSP is responsible for submitting the federally required bi-annual small business subcontracting plan report on behalf of the University using the data and documentation supplied by Procurement Services and the Implementation Team. RSP is also responsible for submitting the federally required final report. RSP is responsible for reviewing purchases that are flagged for potential non-compliance and determining if the purchase is allowed to post to the federal contract/subcontract in conjunction with Procurement Services and/or Accounts Payable.

Section 6. SBC Subcontracting Plan Implementation Process & Documentation

SBC Search Process:

1. Prior to initiating a purchase of any type, determine if the proposed purchase is subject to the SBC requirements by:
 - a. Verifying the proposed purchase is affiliated with the work performed under an SBC-requirement Account Code.
 - b. Reviewing the proposed purchase in the context of Section 2 of this process document. If the proposed purchase is subject to the SBC requirement, move to step 2.
2. Determine if the proposed purchase is likely to be \$50,000 or more.
 - a. If the proposed purchase is \$50K or more immediately contact Procurement Services
 - b. If the proposed purchase is likely to be less than \$50,000 but more than \$1,000, move to step 3.
3. Create an SBC “Search Criteria” for the proposed purchase of between \$1,000 - \$49,999:
 - a. Create a set of search words and search phrases that describe the nature of the proposed purchase.
 - i. e.g. proposed purchase is to hire an electrician to install equipment:
 1. electrician, electric work, electrical installation, equipment installation, equipment maintenance, contracting, general contracting, electric engineering.
 - b. Using the NAICS Look Up Tool to develop a corresponding set of NAICS Codes using the search words developed to describe the proposed purchase.
 - i. NAICS Look Up Tool: [NAICS Look Up Tool \(https://www.naics.com/search/\)](https://www.naics.com/search/)
 1. e.g. “electrician” yields these codes: 238210, 611513, 339113.
 - ii. Record the NAICS code(s) in your Search Criteria that best describes the proposed purchase (238210, in this case, is likely the best fit).
 - c. Build your full Search Criteria by entering your search words into the NAICS Look Up Tool and recording the best-fit NAICS code(s).
 - i. *Hint 1.* You may find that some of your search words do not come close to the type of goods or services you are seeking...you are not obligated to find, and use, a NAICS code for every search word/phrase you develop.
 - ii. *Hint 2.* Build and save your Search Criteria for future use of similar proposed purchases...and update your Search Criteria for the proposed purchase as you implement the project to create a short-cut for future similar purchases and to remain consistent in your SBC search approach.
4. Conduct an SBC search for the proposed purchase using, in order, the following web-based tools:
 - a. Iowa Economic Development [Targeted Small Business Program](https://www.iowaeda.com/small-business/targeted-small-business/) (Certified TSB Directory)
 - b. Iowa DOT [Disadvantaged Business Enterprise Program](https://iowadot.gov/civilrights/disadvantaged-business-enterprise-program-dbe/dbe-program) (DBE Directory)
 - c. Small Business Administration’s [Dynamic Small Business Search](#) (DSBS).

- i. The link sometimes doesn't work because the site is super slow, using a search engine can help by typing in "Dynamic Small Business Search"
 - ii. Select https://web.sba.gov/pro-net/search/dsp_search-help.cfm?goto=Keywords option.
 - iii. Select "DSBS" button at the top left of the screen
 - iv. Enter in your search criteria (indicate "Iowa" and the NAICS code)
 - d. Save your search results by saving the results electronically
 - i. The IA DOT and IEDA options can export search results to Excel, the SBA search can be printed to Adobe PDF or you can copy the table and paste it into Excel.
 - ii. Save (via screen shot or some other method) searches yielding zero options.
- 5. Engage appropriate SBC's by contacting about their interest in supplying the service/goods.
 - a. Narrow the suite of possible SBC's by reviewing the SBC's fit for the purchase based on their description of their services, by reviewing their website, etc. and use the technical specifics of the proposed purchase, proximity to the worksite, size of the purchase, and other important considerations to create a list of appropriate SBC's.
 - b. Consult with Procurement Services and Accounts Payable if needed.
 - c. Attempting to contact SBC's should be done even if it seems like somewhat of a long-shot and there is a more accessible or "known" option available
 - d. Document which SBC's were selected to contact and the result.
 - i. *Important!* SBC's should be given a response deadline, while not required, a 2-week response window would be considered reasonable.
- 6. Make final subcontractor selection
 - a. If an SBC is selected make sure that this is noted in the documentation
 - b. If an SBC was not available and thus a non-SBC was selected, note as such in the documentation.
 - c. If an SBC was available but declined engagement, note as such in the documentation and if possible document the decline communication.
 - d. If a non-SBC was available and willing to engage but not selected, note as such in the documentation and provide a justification as to why the SBC was not selected
 - e. Sole-source selection of \$1,000 - \$25,000 purchases is generally not an option; an SBC search must be conducted.
 - f. Send selected subcontractor the UNI Self-Certification Form in the event the subcontractor is not listed but otherwise qualifies as a SBC (return form to RSP).

Section 7. SBC Search and Results Documentation

- 1. Complete purchase documentation log: [SBC Search & Results Log](#)
 - a. See SBC Search & Results Log for data needed
 - b. RSP's website has a page dedicated to this process and other important information

UNI's SBC subcontracting plans, this process guide, a link to the SBC Search & Results Log, and other helpful information can be found on the [UNI Research & Sponsored Programs](#) website.

Location of SBC Subcontracting Information, Process & Forms: Research & Sponsored Programs Home Page (<https://rsp.uni.edu/>) under “Managing Projects”

The screenshot shows the website for the Office of Research & Sponsored Programs at the University of Northern Iowa. The page features a navigation menu at the top with links for ADMISSIONS, ACADEMICS, FINANCIAL AID, CAMPUS LIFE, ATHLETICS, ABOUT UNI, SUPPORT UNI, and UNI BOOKSTORE. Below the navigation is the UNI logo and a search bar. The main content area is titled "Office of Research & Sponsored Programs" and includes a sidebar with links for "About RSP", "Proposal Routing & Approval Form (PRAF)", "Human Participants - IRB", "Institutional Info For Proposals", "Forms And Documents", "Training And Events", "RSP Calendar", "Grants For International Activities And Research", "Student Research At UNI", and "UNI Research Showcase". A large banner image shows two people in winter gear looking at a device, with text "UNI AT WIND CAVE NATIONAL PARK" and "NASA-ISGC SPACE GRANT". Below the banner are three columns of content: "FINDING FUNDING" (with a stack of money image), "PREPARING PROPOSALS" (with a person at a computer image), and "MANAGING PROJECTS" (with a calculator and document image). The "MANAGING PROJECTS" section lists: "Checklist for managing sponsored projects", "Award modifications and extension", "Eff. Allocation and continuation", and "Small Business Subcontracting Procedures". A red arrow points from the top of the page down to the "Small Business Subcontracting Procedures" link, which is circled in red.

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FINDING FUNDING

- Internal UNI grant funding
- Grant Database
- Funding alert services
- New Faculty Guide to Competing for Research Funding - eBook

PREPARING PROPOSALS

- Internal approval of submissions
- Proposal routing and approval form
- Institutional information for proposals
- Budget development

MANAGING PROJECTS

- Checklist for managing sponsored projects
- Award modifications and extension
- Eff. Allocation and continuation
- **Small Business Subcontracting Procedures**