



United States Department of the Interior

OFFICE OF THE SECRETARY

Washington, DC 20240

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Department of the Interior Acquisition Policy Release (DIAPR) 2011-06

Subject: **Limitations on Subcontracting Monitoring Tool (Subcontracting Percentage Worksheet)**

References: Federal Acquisition Regulation (FAR) Part 19, *Small Business Programs*; and Office of Inspector General (OIG) Recovery Oversight Advisory #R00-ROA-MOA-1021-2010, *Monitoring of Limitations on Subcontracting Clause on 8(a) Contracts*, dated October 13, 2010

- 1. Purpose:** This policy establishes the use of a Subcontracting Percentage Worksheet in solicitations that include the FAR clause 52.219-14, *Limitations on Subcontracting*.
- 2. Effective Date:** Upon signature.
- 3. Expiration Date:** This DIAPR will remain in effect until cancelled or superseded. It may be implemented in the Department of the Interior Acquisition Regulation (DIAR) as appropriate.

4. Background and Explanation: The Department of the Interior (DOI) OIG issued the referenced Recovery Oversight Advisory as part of its ongoing efforts to oversee and ensure the accountability of funding appropriated to DOI under the American Recovery and Reinvestment Act of 2009. The Advisory focused primarily on 8(a) contractors and concluded that some 8(a) contractors did not provide the 15 percent labor required for general construction contracts as required by FAR clause 52.219-14. Additionally, it noted that DOI does not have a robust system to monitor compliance with the clause, and that the bureaus did not consistently conduct training on this issue.

FAR Subpart 19-508(e) prescribes the use of clause 52.219-14 in solicitations and contracts for supplies, services, and construction, if any portion of the requirement is to be set-aside for small business and the contract amount is expected to exceed \$150,000. FAR Subpart 19.811-3(e) further prescribes its use in any solicitation and contract resulting from Subpart 19.8, *Contracting with the Small Business Administration (the 8(a) Program)*.

5. Action Required: Contracting Officers (COs) shall use the attached Subcontracting Percentage Worksheet as a tool to conduct and document an assessment of the contractor's ability to comply with FAR clause 52.219-14. COs shall include the Subcontracting Percentage Worksheet in solicitations that contain the FAR clause 52.219-14, and use the worksheet to conduct and assess the contractor's ability to comply with the clause.

6. Additional Information: For questions, please contact your local Small Business Specialist. Matters that cannot be resolved at the bureau level may be referred to William McFadden of the Office of Small and Disadvantaged Business Utilization at 202-208-4907 or bill_mcfadden@ios.doi.gov, or Brigitte Meffert of the Office of Acquisition and Property Management at 202-254-5514 or brigitte_meffert@ios.doi.gov.



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Attachment: Subcontracting Percentage Worksheet

U.S. Department of the Interior

FAR Clause 52.219-14, Limitations of Subcontracting

Subcontracting Percentage Worksheet

PRIME CONTRACTOR: _____ **SOURCE:** _____

SUBCONTRACTOR: _____ **SOURCE:** _____

	PRIME CONTRACTOR	SUBCONTRACTOR
DIRECT LABOR	\$	\$
FRINGE BENEFITS*	\$	\$
SUB TOTAL	(A) \$	(B) \$
LABOR G&A** @ _____ %	\$	\$
TOTAL LABOR COSTS	(C) \$	(D) \$

To calculate the subcontracting percentage, first add DIRECT LABOR and FRINGE BENEFITS and enter the figures for the prime contractor in space (A) and for the subcontractor (if available)*** in space (B).

Next, calculate the LABOR G&A by multiplying the G&A rate by the SUBTOTAL figure in space (A).

Calculate the subcontractor's LABOR G&A by multiplying the subcontractor's G&A rate by the subcontractor's SUBTOTAL figure in (B).

Add the LABOR G&A to the SUBTOTAL and record that figure in the spaces for TOTAL LABOR COSTS at (C) and (D) respectively.

Next, using the formula below, calculate the subcontracting labor percentage.

(D)

(C) + (D)

SUBCONTRACTING LABOR COST PERCENTAGE = _____ %

* The firm must demonstrate that their labor overhead is allowable in accordance with FAR 31.205-6(m). Failure to do so will cause the entire overhead to be eliminated from the calculations.

** G&A denotes General and Administrative Costs

*** You need to compare as like figures as possible. Therefore, if you have a breakdown of the subcontractor's costs use it in the formulation above. If you do not have a breakdown you need to use the TOTAL SUBCONTRACTING AMOUNT for item (D) even though you must still breakdown the contractor's costs.