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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

PROCUREMENT, LOGISTICS,
AND READINESS DIVISION

B-207916

JUNE 30, 1982

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The Honorable John J. LaFalce
Chairman, Subcommittee on General
Oversight
Committee on Small Business
House of Representatives



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Dear Mr. Chairman:

Subject: Establishing Goals For and Subcontracting
With Small and Disadvantaged Businesses
Under Public Law 95-507 (GAO/PLRD-82-95)

In response to your August 7, 1981, letter and subsequent discussions with your Office, we have reviewed the small and disadvantaged business subcontracting program under section 211 of Public Law 95-507. Section 211 essentially requires that all Government contracts in excess of \$500,000 (\$1 million for construction) contain a contractor's plan for subcontracting with small and disadvantaged businesses. In addition, we reviewed agencies' procedures for establishing small business prime contracting and subcontracting goals under section 221 of the law.

As requested, our review was directed toward the Department of Defense (DOD) and the General Services Administration (GSA), and toward the Small Business Administration (SBA) because it operates the small and disadvantaged business subcontracting program.

As agreed with your Office, our objectives were to determine whether (1) Government contracting officers were obtaining subcontracting plans, as required by law, (2) SBA had a reasonable basis for determining that some subcontracting plans were not acceptable, (3) adverse actions were taken against Government contractors that failed to comply with provisions of subcontracting plans, and (4) agency goals were based on sound methodology, judgments, and estimating procedures.

Our findings are summarized on the following page and are discussed in detail in enclosure I.

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RESULTS OF REVIEW

During our review, we found the following:

- Generally, contracting officers were obtaining subcontracting plans. However, DOD contracting officers did not require 18 prime contractors to submit such plans. Of these, two contractors were granted exemptions because of their longstanding contractual relationship with their suppliers. This exemption is allowed by the Defense Acquisition Regulation (DAR) but is not addressed by the Office of Federal Procurement Policy (OFPP).
- SBA's determinations that subcontracting plans were not acceptable were questionable for 23 of the 161 cases reviewed. In addition to the 23 cases, 37 cases which SBA considered unacceptable are acceptable when reviewed using DAR guidance.
- SBA's determinations that some prime contractors did not comply with subcontracting plans were valid. SBA, however, did not always send contract administrators its determination reports. Because SBA did not attribute contractors' failure to achieve plans to a lack of good faith, contracting officers took no adverse actions against the contractors.
- DOD and GSA used sound estimating procedures and methodology in establishing small business prime contracting goals. Likewise, the DOD small and disadvantaged business subcontracting goals were soundly based. However, because of unclear guidance, GSA's small and disadvantaged business subcontracting goals for fiscal years 1981 and 1982 did not consider subcontracting opportunities for prime contracts under \$500,000.

RECOMMENDATIONS

To improve the subcontracting program and agencies' goal-setting process, we recommend that:

- The Administrator of OFPP and the Secretary of Defense resolve the differences between OFPP policy and DAR on (1) whether contractors can be exempted from submitting plans when they have longstanding contractual relationships with their suppliers and (2) prime contractors' responsibilities when subcontractors are required to submit plans for contracting with small and disadvantaged businesses.
- The Administrator, SBA, make certain that final non-compliance reports are sent to contract administration

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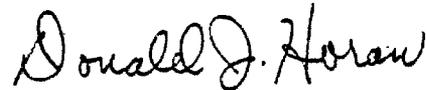
officers and clarify guidelines on the dollar value of prime contracts that should be included in establishing small and disadvantaged business subcontracting goals.

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SBA, DOD, and GSA Headquarters officials responsible for implementing and enforcing small and disadvantaged business programs and OFPP officials generally agreed with the information presented in this report. We have considered their comments in preparing the report. In addition, we discussed the results of our review with agency and contractor officials.

Unless you publicly announce its contents earlier, we plan no further distribution of this report until 5 days from the date of the report. We will then send copies to the Chairmen, House and Senate Committees on Small Business, on Armed Services, and on Appropriations, Senate Committee on Governmental Affairs, and House Committee on Government Operations; the Administrator, SBA; the Secretary of Defense; the Administrator of General Services; and the Administrator, OFPP. We will also make copies available to others upon request.

Sincerely yours,



Donald J. Horan
Director

Enclosures - 4

ESTABLISHING GOALS FOR AND SUBCONTRACTING WITH
SMALL AND DISADVANTAGED BUSINESSES UNDER
PUBLIC LAW 95-507

BACKGROUND

Public Law 95-507, which was enacted on October 24, 1978, as an amendment to the Small Business Act of 1958, states that small businesses and small businesses owned and controlled by socially and economically disadvantaged individuals must be provided maximum practicable opportunity to participate in the performance of contracts awarded by any Federal agency.

Section 211 of the law states that all Government contracts in excess of \$500,000 (\$1 million for construction), which offer subcontracting opportunities, must contain a contractor's plan for subcontracting with small and disadvantaged businesses. Small businesses are exempt from this requirement. If the Government and the contractor fail to agree on a plan, the contractor is not eligible for the award.

Subcontractors that receive awards in excess of the dollar thresholds also are required to adopt a plan similar to the one required from prime contractors. A contract cannot be awarded unless the plan includes all of the following elements:

- Percentage goals for small and disadvantaged business subcontracting.
- Name of the individual responsible for administering the subcontracting program and a description of the duties of such individual.
- Description of the efforts to ensure that small and disadvantaged businesses will have an equal opportunity to compete for subcontracts.
- Assurances that the subcontracting plan clause be included in all subcontracts in excess of \$500,000 (\$1 million for construction) which offer further subcontracting opportunities and the adoption of a subcontracting plan.
- Submission of periodic reports and cooperation in any studies or surveys required by the contracting agency or the Small Business Administration (SBA) in order to determine the extent of compliance with the subcontracting plan.
- Description of the type of records maintained to demonstrate compliance with requirements and goals in the subcontracting plan.

Contracting officers are responsible for obtaining subcontracting plans from the contractors, and for determining the adequacy of such plans. Contracting officers are required to provide SBA representatives an opportunity to review the plans. Any comments from SBA and contracting administration representatives on the adequacy of such plans are advisory and not binding on contracting officers.

Section 211 requires an annual report by SBA to the House and Senate Committees on Small Business on subcontracting plans found acceptable by Federal agencies but not acceptable by SBA. For fiscal year 1980, SBA reported 252 unacceptable plans of 5,075 reviewed. For fiscal year 1981, it reported 407 unacceptable plans of 5,075 reviewed.

After contract award, the contract administrator monitors compliance and informs the contracting office of the results. Upon contract completion, if the contractor did not comply in good faith with the subcontracting plan, the contracting office is to document the noncompliance on the basis of the contract administrator's recommendations. The law states that failure of a contractor to comply in good faith with the subcontracting plan is a material breach of the contract or subcontract. The law does not specify actions to be taken when a contractor breaches a contract or subcontract. However, under provisions of the disputes clause, the contract can be terminated by the contracting officer if the contractor does not comply with the contract. Before awarding another contract, the contracting officer should consider the contractor's compliance with past subcontracting plans.

SBA subcontract specialists review contractors' compliance with approved subcontracting plans submitted for individual prime contracts and subcontracts. The specialists must decide whether a subcontracting plan is in interim or final compliance or noncompliance. Plans found to be in interim noncompliance are to be reevaluated during the next scheduled review. If a contractor is in noncompliance with a subcontracting plan, a written noncompliance notification will be coordinated at the SBA regional office level.

For fiscal years 1980 and 1981, SBA subcontract specialists reviewed 1,071 and 4,564 subcontracting plans, respectively. On September 11, 1981, SBA provided a report to the Chairman, House Committee on Small Business. The report stated that from October 1, 1979, to August 30, 1981, 71 subcontract plans were in final noncompliance because they did not comply with one or more of the six required elements. Of the reported cases, 48 involved Department of Defense (DOD) prime contracts and 4 were under General Services Administration (GSA) contracts. The remaining 19 plans involved various civilian Federal agency contracts.

Regarding goal setting, section 221 states that the head of each Federal agency, after consultation with SBA, should establish small and disadvantaged business contracting goals. Whenever such parties cannot agree on established goals, the disagreement should be submitted to the Administrator, Office of Federal Procurement Policy (OFPP), for final determination.

At the end of each fiscal year, the head of each Federal agency is to report to SBA the extent of participation by small and disadvantaged businesses in the Federal contracting process. SBA, in turn, is to report the results of agency achievements of contracting goals to the House and Senate Committees on Small Business.

OBJECTIVES, SCOPE, AND METHODOLOGY

Our objectives were to determine whether

--Government contracting officers were obtaining subcontracting plans,

--SBA had a reasonable basis for determining that some subcontracting plans were unacceptable,

--adverse actions were taken against contractors that failed to comply with subcontracting plans, and

--agency goals were based on sound methodology, judgments, and estimating procedures.

We conducted our review at Headquarters, SBA, DOD, and GSA. In addition, reviews were made at DOD and GSA procuring offices, Government contract administration field offices, SBA regional and district offices, and Government contractors' plants and offices. We made our review in accordance with our current "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions."

At headquarters, we reviewed agencies' fiscal years 1981 and 1982 goal-setting procedures for small business prime contracts and small and disadvantaged business subcontracts. In this connection, we reviewed agency guidelines, field office proposed goals, estimating methodology and rationale used to prepare proposed goals, and the results of SBA analyses, including the negotiation of final goals.

We randomly sampled up to 50 contracts awarded in fiscal year 1981 at each of three DOD and two GSA procuring offices we visited. The contracting actions exceeded \$500,000 each and excluded awards to small business firms, since they are exempt from the requirements to submit subcontracting plans. The DOD offices selected for review included three of the five offices

we planned to cover for the unacceptable subcontracting plan objective discussed in the following paragraph. The GSA offices were selected because of the high dollar volume of contract awards.

In assessing the unacceptable subcontracting plans reported by SBA, we selected the procuring offices because of the large number of cases reported for fiscal year 1980. We reviewed 161 unacceptable plans covering fiscal years 1980 and 1981. We assessed the propriety of SBA's unacceptable determinations and the significance of the deficiencies noted in the subcontracting plans.

In assessing the extent of enforcement actions taken against contractors that failed to comply with subcontracting plan requirements, we evaluated 43 of 71 subcontracting plans reported in final noncompliance by SBA in fiscal years 1980 and 1981. At SBA field offices, contractors' plants, and Government contract administration offices, we (1) assessed the significance and accuracy of the reported noncompliance cases, (2) obtained contractors' reactions to the cited conditions, and (3) determined the extent of actions taken to correct the noncompliances. The selection of noncompliance cases for review was based on the highest concentration of cases within major SBA field office locations.

SUBMISSION OF SUBCONTRACTING PLANS

We reviewed 180 procurement actions, valued at over \$500,000 each, at five procuring offices (enclosure II summarizes the contracts reviewed) and 18 cases, where DOD contracting officers granted exemptions from the requirement to submit subcontracting plans. In 167 of the 180 procurements in which plans were required, we found substantial compliance with the requirements of section 211.

The following instances were noted in which contracting officers failed to obtain or negotiate appropriate subcontracting plans:

Contracting officers did not obtain or negotiate preliminary subcontracting plans for unpriced orders under basic ordering agreements and undefinitized (unpriced) letter contracts 9

Contracting officer relied on contractor representation that no subcontracting opportunities existed when, in fact, contract files supported the prime contractor's intent to subcontract 2

Contract price negotiations resulted in award over \$500,000, although the initial estimate was below the dollar threshold	1
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Contract modification was over \$500,000 in which plan was inadvertently omitted	<u>1</u>
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Total	<u>13</u>
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As noted above, most exceptions involved unpriced orders under basic ordering agreements or undefinitized letter contracts. The Defense Acquisition Regulation (DAR) 1-707.1(d) states that letter contracts and similar undefinitized instruments should contain a preliminary basic plan whenever practicable and be negotiated within 90 days after award or before definitization, whichever occurs first.

Contracting officers told us that they would take action on the nine cases to obtain subcontracting plans and would negotiate one preliminary plan that had not been approved. The contracting officers did not believe that obtaining plans for the remaining three cases would serve a useful purpose because the contracts were complete.

Exemptions from the submission of subcontracting plans were identified in the following procurements over \$500,000:

Contracts awarded to foreign prime contractors which were to be performed entirely outside the United States	4
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Contracts in which no purchasing or subcontracting opportunities existed	<u>14</u>
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Total	<u>18</u>
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In our opinion, the contracting officers using DAR had adequate bases to exempt contractors from submitting plans. However, included in the 14 cases were 2 cases in which the contracting officer granted exceptions because they involved contracts for commercial items. For these cases, purchasing and subcontracting relationships were firmly established. DAR-1-707.3(d) stipulates that the existence of subcontracting possibilities may be affected by potential contractors' longstanding contractual relationships with suppliers. In those situations where there is a determination that such relationships present no subcontracting possibilities, the determination should be approved and documented in the contract file. The law and OFPP Policy Letter 80-2 do not address this exemption.

SBA personnel at the contracting office said that the two exemptions were inappropriate because subcontracting possibilities existed; therefore, plans were required. Although we noted only two such instances, we believe the matter warrants further attention.

SBA'S UNACCEPTABLE PLAN DETERMINATIONS

For 138 of the 161 unacceptable plans reviewed, we agreed with the SBA determinations that omissions or defects existed in one or more of the plan elements. In the remaining 23 cases, we believe the plan deficiencies either were insignificant, had been corrected without the knowledge of the SBA reviewing officials, or involved questionable determinations of subcontracting goals. (See enclosure III for a summary of subcontracting plans reviewed.) After discussing a number of these cases, the SBA reviewing officials agreed that some of the plans should not have been considered deficient.

The 23 cases are classified as follows:

Insufficient descriptions of goal-setting process, including items to be subcontracted, records to be maintained, qualified statements on submission of reports and studies, and the names and duties of the plan administrators	18
Deficient subcontracting plans subsequently corrected by the contractor without knowledge of the SBA reviewing officials	3
Acceptable subcontracting plan erroneously reported by SBA	<u>2</u>
Total	<u><u>23</u></u>

We believe that sufficient descriptive information was included in 18 of the 23 plans. Minor wording differences from those prescribed in the procurement regulations were inconsequential to justify finding the plans unacceptable. To illustrate, one subcontract plan did not include the individual responsible for administering the subcontracting program. The individual's name was later provided by the contractor but was not included in the plan.

Differences in DAR and OFPP
policy need to be resolved

For 37 of the 138 subcontracting plans considered unacceptable by SBA, the agency cited as one of its determining factors the additional plan requirements in OFPP Policy Letter 80-2. DAR and the law state that subcontractors should adopt a plan similar to the prime contractor's plan for advertised and negotiated type contracts. OFPP Policy Letter 80-2 specifies the same requirement; however, it states that for negotiated type contracts, the prime contractor's plan should also contain assurances describing the prime contractor's procedures for review, approval, and monitoring of subcontractor compliance. The 37 plans were acceptable when judged by DAR. Although we do not question SBA's determinations, we believe this inconsistency needs to be resolved to minimize conflicts between DOD and SBA.

SBA'S FINAL NONCOMPLIANCE
DETERMINATIONS

Of the 43 cases that SBA determined were in final noncompliance, we found that procuring contracting officers took no adverse action against the prime contractors. (See enclosure IV for a summary of cases reviewed.) For example, no action was taken to terminate or default contractors. We did not find any indication that SBA's final noncompliance determinations were due to SBA's finding of lack of good faith by contractors to comply with the subcontracting plan requirements. The law states that the failure of a contractor to comply in good faith with the subcontracting plan is a material breach of contract or subcontract, and under the contract disputes clause, the contract may be terminated by the contracting officer. Although we believe SBA had adequate bases to support its final noncompliance determination in 41 of 43 cases, we do not believe the conditions warranted punitive actions against contractors. SBA officials stated that their major interest in a noncompliance determination is to seek improvement in the contractor's performance, not to terminate the contract.

The reasons cited for the noncompliances were as follows:

Lack of adequate records to assess accomplishments against plan goals	27
Failure to meet plan goals	11
Failure to comply with subcontract flow- down requirements	<u>5</u>
Total	<u><u>43</u></u>

Significance of SBA's final
noncompliance determination

In 17 of the 27 cases of inadequate records, the noncompliance determinations involved basic ordering agreements, modifications to prime contracts, or contracts for commercial items. Under the basic ordering agreements and modifications, contractors maintained records of purchasing activities only in the aggregate, rather than for each order or modification over \$500,000 in which a subcontracting plan had been executed. For commercial items, purchasing was not identified to specific Government contracts, but rather was made for inventory to support plantwide requirements.

OFPP Policy Letter 80-2, Supplement No. 1, dated May 29, 1981, permits the use of a master plan for each contract and also permits revisions to be made to the master plan goals as contract modifications over \$500,000 are issued. This supplement should minimize the requirement for contractors to account for purchasing activities on an individual contract modification basis, and therefore, lessen the number of noncompliance cases due to inadequate records.

Contractors and resident Government contract administration personnel did not always agree with SBA's final noncompliance determinations. For example, in three cases, the cognizant contract administrator recognized that the plan goals had not been met, but believed the contractor was in compliance because positive efforts were made to locate small and disadvantaged businesses. One contractor was considered in noncompliance with the small and disadvantaged business goals even though the contractor had made awards to several such firms in accordance with plan requirements. The subcontracts were later terminated for failure to perform. In this particular case, failure to achieve the plan goals was not the fault of the prime contractor. It does not appear that SBA attempted to evaluate the contractor's efforts to make awards to small and disadvantaged businesses before citing the contractor in final noncompliance with plan goals.

In all 11 cases of failure to achieve subcontracting goals, the problem was with the small disadvantaged business segment. Contractors equalled or exceeded the small business goals in 10 of the 11 cases, some by a wide margin. For example, one contractor with six noncompliance cases exceeded the small business goals as follows:

	<u>Goal percent</u>	<u>Achievement percent</u>
Contract A	34.0	84.7
Contract B	30.0	77.0
Contract C	64.0	70.0
Contract D	34.5	75.0
Contract E	43.0	72.7
Contract F	29.0	68.8

Two of the five final noncompliance cases involving subcontract flow-down requirements pertained to prime contracts awarded before DOD had provided implementing guidelines in DAR. Accordingly, we do not believe that a noncompliant condition existed in these cases since the prime contractor had issued major letter subcontracts before the subcontracting plan requirements existed.

Although SBA had reasonable bases for citing contractors in noncompliance, we believe that contracting officers were justified in not taking adverse action against contractors because SBA's determinations of noncompliance were not based on contractors' failure to act in good faith.

Actions taken to improve compliance

Contractors agreed that they were in noncompliance with subcontracting plan requirements in 26 of the 43 cases. In 17 of the 26 cases, the contractors have taken action or are in the process of correcting the noncompliant conditions. For example, one contractor with four noncompliant plans modified its reporting system so that procurements from small and disadvantaged business firms can be ascertained. Another contractor with four noncompliant plans worked out an allocation formula with SBA to determine the amount of inventory purchases allocable to Government contracts. Subsequent SBA reviews have found the contractor to be in compliance. While none of the five subcontract flow-down cases were corrected for the prime contracts cited, in all cases the contractors have complied with the requirement to obtain plans from subcontractors on subsequently awarded prime contracts.

Noncompliance notifications

SBA notified the contracting officers of final noncompliance determinations in 4 of the 43 cases, contractors in 41 cases, and the cognizant contract administration offices in 37 cases. Administrative contracting officers forwarded 12 of 37 cases to contracting officers. SBA operating procedures do not require that noncompliance determinations be sent directly to the contracting officer, but they do require that noncompliance determinations be sent to the contractors and Government contract administration offices.

To have SBA's final noncompliance determinations considered, we believe that all final noncompliance reports should be sent to contract administration officers.

DOD's AND GSA's GOAL-SETTING
PROCEDURES

We reviewed DOD's and GSA's goal-setting procedures for fiscal years 1981 and 1982 for

- small business prime contracts,
- small business subcontracts, and
- small disadvantaged business subcontracts.

With the exception of GSA's goals for small and disadvantaged businesses, DOD and GSA essentially based their goals on prior years' award data, with input from activities and regional offices. We did not assess whether the prior years' data represented the maximum practical opportunity for small and disadvantaged business.

We believe, however, that DOD's and GSA's estimating procedures and methodology were adequate for the small business prime contract goals. In addition, DOD procedures and methodology for the subcontracting programs were equally sound. However, GSA's estimating procedures for the small and disadvantaged business subcontracting programs for fiscal years 1981 and 1982 did not conform to policy guidance.

GSA's small and disadvantaged
business subcontracting goals

GSA's proposed goals for small business and small disadvantaged business subcontracting for fiscal years 1981 and 1982 were based on estimates of prime contract awards requiring the submission of subcontracting plans and goals in accordance with the provisions of section 211. In essence, the GSA goals excluded estimates of subcontracts awards to small and disadvantaged business firms for prime contracts valued at less than \$500,000. The erroneous estimates were caused by a lack of clarity in goal-setting guidance.

Fiscal year 1980 was the first year in which Federal agencies were required to submit goals for procurement preference programs as stipulated in section 221 of the law. Under fiscal year 1980 procedures, subcontracting goals were to be based on estimated prime contract awards that exceeded \$500,000 (\$1 million for construction contracts) pursuant to section 211 of the law.

Goal-setting guidance was revised for fiscal years 1981 and 1982 to require goal setting for prime contracts under and over \$500,000, compared with prior year goals that included only contracts over \$500,000. (OFPP established guidance for 1981; SBA assumed this responsibility for 1982.) The guidance provided the following instructions for setting subcontracting goals:

"(9) an estimate of the total dollar amount of subcontracts to be awarded by all of an agency's reporting prime contractors during the fiscal year;

"(10) a goal for subcontracts to be awarded by prime contractors to small business concerns, expressed in dollars and as a percentage of (9) above;

"(11) a goal for subcontracts to be awarded by prime contractors to small business concerns owned and controlled by socially and economically disadvantaged individuals, expressed in dollars and as a percentage of (9) above * * *." (Underscoring added.)

GSA headquarters issued guidance to its regional administrators and heads of field offices for fiscal year 1981 goal setting. GSA said that subcontract goals related to the requirements of section 211 and asked SBA to clarify whether the fiscal year 1981 guidelines for subcontracting related solely to the requirements of section 211. SBA said yes. However, discussions with SBA officials confirmed that subcontracting goals were to have been based on prime contracts under and over \$500,000, not exclusively those over \$500,000 requiring subcontracting plan submissions pursuant to section 211. Because goal-setting guidelines are unclear, we believe the guidelines should be clarified.

We also noted that for fiscal year 1980, GSA did not report actual subcontract awards against agency goals. Rather, GSA used the subcontracting percentage goals in plans submitted for prime contracts over \$500,000 to estimate the value of subcontract awards to small and disadvantaged business firms. The agency did not have an acceptable system for reporting actual subcontract awards at that time.

GSA's subcontracting goals for fiscal years 1981 and 1982, and reported accomplishments for fiscal year 1980, did not accurately reflect goals and accomplishments. However, agency use of the Standard Form 295, Summary Subcontract Report, for future years' goal setting and accomplishment reporting should go a long way in providing more accurate goals and accomplishment reporting. A GSA official advised us that Standard Form 295 was used to report accomplishments for fiscal year 1981.

CONTRACTS REVIEWED BY GAO

<u>Procuring offices</u>	<u>Contracts selected for review</u>	<u>No. of subcontracting plans</u>			
		<u>Required</u>	<u>Submitted</u>	<u>Exempted</u>	<u>Omitted</u>
Army Tank-Automotive Command, Warren, Michigan	50	47	43	3	4
Navy Aviation Supply Office, Philadelphia, Pennsylvania	48	42	36	6	6
Air Force Electronic Systems Division, Hanscom Air Force Base, Massachusetts	28	23	20	5	3
General Services Administration, Federal Supply Service, Region II, New York, New York	50	50	50	0	0
General Services Administration, Federal Supply Service, Region V, Chicago, Illinois	<u>22</u>	<u>18</u>	<u>18</u>	<u>4</u>	<u>0</u>
Total	<u>198</u>	<u>180</u>	<u>167</u>	<u>18</u>	<u>13</u>

SUBCONTRACTING PLANS DETERMINEDUNACCEPTABLE BY SBA

<u>Procuring offices</u>	<u>No. of subcontracting plans</u>			<u>Determinations not questioned by GAO</u>	<u>Determinations questioned by GAO</u>
	<u>SBA's unacceptable determinations 1980</u>	<u>1981</u>	<u>Total</u>		
Army Tank-Automotive Command, Warren, Michigan	20	11	31	30	1
Navy Aviation Supply Office, Philadelphia, Pennsylvania	11	5	16	4	12
Air Force Ogden Air Logistics Center, Hill Air Force Base, Utah	29	a/25	54	50	4
Air Force Electronic Systems Division, Hanscom Air Force Base, Massachusetts	15	22	37	32	5
Defense Logistics Agency, Defense Fuel Supply Center, Alexandria, Virginia	10	5	15	14	1
General Services Administration, Federal Supply Service, Public Buildings Service, Region VIII, Denver, Colorado	7 0 -	0 1 -	7 1 -	7 1 -	0 0 -
Total	<u>92</u>	<u>69</u>	<u>161</u>	<u>138</u>	<u>23</u>
Percent		-	<u>100</u>	<u>86</u>	<u>14</u>

a/Reported 74 unacceptable plans. Review was limited to about one-third of the reported cases.

FINAL NONCOMPLIANCE CASESSELECTED FOR OUR REVIEW (note a)

<u>SBA Region</u>	<u>Contractors</u>	<u>Number of</u> <u>Subcontracting plans</u>			<u>Cases</u> <u>reviewed</u> <u>by GAO</u>
		<u>DOD</u>	<u>GSA</u>	<u>Total</u>	
I Boston	3	17	-	17	17
II New York	5	6	2	8	b/ 5
V Chicago	2	4	1	5	5
VI Dallas	4	11	-	11	c/13
IX San Francisco	<u>2</u>	<u>2</u>	<u>-</u>	<u>2</u>	<u>d/ 3</u>
Total	<u>16</u>	<u>40</u>	<u>3</u>	<u>43</u>	<u>43</u>

a/These cases were included in the report to the Chairman, House Committee on Small Business, dated September 11, 1981.

b/Two noncompliance cases were withdrawn by SBA and one interim noncompliance was erroneously classified as a final.

c/Two final noncompliance cases were erroneously reported as interim.

d/One final noncompliance case at a third contractor was omitted from the report.