

Why GAO Did This Study

In fiscal year 2013 the federal government awarded about \$460 billion on contracts, many of which involve subcontracts. Federal regulations require prime contractors to report on their subcontracting with small businesses.

The Joint Explanatory Statement for the National Defense Authorization Act for Fiscal Year 2014 mandated that GAO review the feasibility of linking small business subcontractors to particular prime contracts when there is a subcontracting plan that pertains to multiple contracts. This report (1) assesses the feasibility of using contract reporting systems to link small business subcontractors to particular contracts and (2) identifies actions executive agencies are taking that might help facilitate linking small business subcontractors to prime contracts.

To address these objectives, GAO reviewed four government-wide contract reporting systems and extracted data using contract information from previously reviewed defense programs to attempt to link small business subcontractors to prime contracts. In addition, GAO met with officials who are responsible for the management of, or are users of, the contract systems to validate the methodologies used and determine actions being taken to facilitate linking small business subcontractors to prime contracts.

GAO is not making any recommendations in this report.

View [GAO-15-116](#). For more information, contact William T. Woods at (202) 512-4841 or woodsw@gao.gov.

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FEDERAL SUBCONTRACTING

Linking Small Business Subcontractors to Prime Contracts Is Not Feasible Using Current Systems

What GAO Found

The contract reporting systems GAO reviewed contain relevant information on subcontracting plans, subcontracts, and subcontractors, but no single system was designed to link small business subcontractors to prime contracts. Linking small business subcontractors to prime contracts when there is a subcontracting plan that pertains to multiple contracts is especially difficult because these plans do not specify the particular contracts to which they apply. Despite the limited data, GAO was able to link a few small business subcontractors to prime contracts, but multiple steps were required. GAO queried subcontract reporting systems regarding 199 contracts and found that 37 reported subcontract data, including contracts with a subcontracting plan that pertains to multiple contracts. GAO selected a nongeneralizable sample of 12 of these 37 contracts and was able to identify a number of small business subcontractors.

Data in Contract Reporting Systems on Subcontracting Plans, Subcontracts, and Subcontractors

Contract reporting system	Subcontracting plan identified	First-tier subcontractors identified	Lower-tier subcontractors included	Small business status identified
Electronic Subcontract Reporting System	Partial	Partial	Partial	No
USASpending.gov	No	Yes	No	Partial
Federal Procurement Data System – Next Generation	No	No	No	No
Federal Funding Accountability and Transparency Act Subaward Reporting System	No	Yes	No	Partial

Source: GAO analysis of contract reporting systems. | GAO-15-116

There are multiple actions currently under way, or called for by legislation, that may result in a single system that can link small business subcontractors to prime contracts. The General Services Administration is currently involved in an effort to consolidate the functions and information of several existing contract reporting systems, and the Department of the Treasury was recently given responsibility to operate and maintain USASpending.gov and plans to make changes to improve the search function of that website, which could help facilitate linking subcontractors to prime contracts. In addition to the actions under way to improve the retrieval or presentation of data, the Digital Accountability and Transparency Act, enacted May 2014, requires that agencies disclose additional data relevant to subcontracting; improve the consistency and reporting of these data; and periodically review their completeness, timeliness, quality, and accuracy.