



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
(RESEARCH, DEVELOPMENT AND ACQUISITION)
1000 NAVY PENTAGON
WASHINGTON DC 20350-1000

SEP 30 2008

MEMORANDUM FOR HEADS OF CONTRACTING ACTIVITIES (HCAs)

Subj: IMPLEMENTATION OF ELECTRONIC SUBCONTRACTING
REPORTING SYSTEM (eSRS) AND REPORTING FUNCTIONS

Ref: (a) DPAP memo of June 3, 2008, DARS Tracking Number
2008-00004

Encl: (1) DUSD (A&T) memorandum of July 19, 2008
(2) Concept of Operation for the Department of the
Navy (Version 1.0)
(3) Department of the Navy (DON) eSRS Deployment Plan

The Electronic Subcontracting Reporting System (eSRS) provides an on-line method for vendors to report subcontracting activities (previously accomplished with submission of Standard Forms (SF) 294 and 295). On July 19, 2008, DUSD (A&T) issued Enclosure 1, clarifying the requirement for implementing the eSRS and removing the deviation (reference (a)) excluding DOD from mandatory eSRS use, effective with this year's (FY08) reports.

Beginning November 2008, DON will require vendors to use eSRS for subcontracting reports. Vendors have had visibility of the eSRS system and procedures through interaction with other agencies and DOD eBusiness conferences. Contracting Officials will have up to December 15, 2008, to acknowledge receipt of contractor reports.

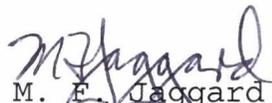
Enclosure 2 is the DON Concept of Operations for the use of eSRS. Enclosure 3 provides an overview of the DON eSRS Deployment plan to include training and implementation schedules.

In accordance with the eSRS deployment plan, HCAs must complete two critical actions by October 30, 2008. First, confirm that the April 2008 version of FAR Clause 52.219-9 has been added to all solicitations and contracts awarded to large businesses requiring subcontracting plans. Please report any exceptions to DASN(A&LM)eBPO.

Subj: IMPLEMENTATION OF ELECTRONIC SUBCONTRACTING
REPORTING SYSTEM (eSRS) AND REPORTING FUNCTIONS

Second, obtain eSRS training and register in the eSRS system at <http://esrs.gov>. Implementation resources, including training and a detailed explanation of the roles and responsibilities, are available at http://www.acq.osd.mil/dpap/pdi/eb/electronic_subcontracting_reporting_system.html under the OUSD (AT&L) DPAP e-Business link.

My action officer and your point of contact for eSRS implementation questions is Mr. Willard Hines at willard.hines@navy.mil or 703-614-9639. Small Business inquiries regarding eSRS should be directed to Patricia Obey at patricia.obey@navy.mil or 202-685-6486.


M. F. Jaggard
Chief of Staff/Policy
for DASN(A&LM)

Copy to:
DoN OSBP

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M. F. Jaggard
Chief of Staff/Policy
for DASN(A&LM)

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**ACQUISITION
TECHNOLOGY
AND LOGISTICS**

**OFFICE OF THE UNDER SECRETARY OF DEFENSE
3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000**

JUN 03 2008

In reply refer to
DARS Tracking Number 2008-00004

**MEMORANDUM FOR COMMANDER, UNITED STATES SPECIAL OPERATIONS
COMMAND (ATTN: ACQUISITION EXECUTIVE)
COMMANDER, UNITED STATES TRANSPORTATION
COMMAND (ATTN: ACQUISITION EXECUTIVE)
DEPUTY ASSISTANT SECRETARY OF THE ARMY
(POLICY AND PROCUREMENT) ASA (ALT)
DEPUTY ASSISTANT SECRETARY OF THE NAVY
(ACQUISITION & LOGISTICS MANAGEMENT),
ASN(RDA)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING), SAF/AQC
DIRECTORS, DEFENSE AGENCIES
DIRECTORS, DOD FIELD ACTIVITIES**

**SUBJECT: Class Deviation from Implementation of the Electronic Subcontracting
Reporting System**

The Department of Defense has begun a phased approach for implementing the Electronic Subcontracting Reporting System (eSRS). At this time, only the entities listed in the attachment will implement eSRS.

All others will deviate from the current Federal Acquisition Regulation (FAR) by continuing to follow the FAR in effect on February 28, 2008, FAC 2005-024, as it relates to subcontract reporting. A list of the sections that should continue to be followed is attached.

This class deviation is effective upon signature and will remain in effect until it is modified or rescinded.

For questions concerning this deviation, please contact Mae Bartley,
703-602-8011, mae.bartley@osd.mil.

Shay D. Assad
Director, Defense Procurement,
Acquisition Policy and
Strategic Sourcing



Attachments:
As stated

Class Deviation from Implementation of the Electronic Subcontracting Reporting System

For the sections listed below, follow the February 28, 2008 (FAC 2005-024) version of the FAR:

Subpart 1.1 – Purpose, Authority, Issuance

1.106 OMB approval under the Paperwork Reduction Act

Subpart 19.7 –The Small Business Subcontracting Program

19.701 Definitions

19.704 Subcontracting plan requirements

19.705 Responsibilities of the contracting officer under the subcontracting assistance program

Subpart 52.2 Text of Provisions and Clauses

52.212-5 Contract Terms and Conditions Required to Implement Statutes or Executive Orders—Commercial Items

Subparagraphs (b)(8)(i) and (b)(12)

52.219-9 Small Business Subcontracting Plan

52.219-25 Small Disadvantaged Business Participation Program-Disadvantaged Status and Reporting

Subpart 53.2 – Prescription of Forms

53.219 Small Business Programs

Class Deviation from Implementation of the Electronic Subcontracting Reporting System

Entities to which this class deviation does not apply:

Defense Contract Management Agency

Only the Comprehensive Subcontracting Plan Test Program Division

Defense Finance and Accounting Service

Defense Security Cooperation Agency

Department of the Navy

Only the Naval Facilities Engineering Command, Pacific Division and the Naval Facilities Engineering Command, Atlantic Division

Department of the Army

Only the Information Technology e-Commerce and Commercial Contracting Center (ITEC4 - East), Contracting Center of Excellence and Capitol District Contracting Center - Ft. Belvoir



DEPUTY UNDER SECRETARY OF DEFENSE

**3015 DEFENSE PENTAGON
WASHINGTON, DC 20301-3015**

**ACQUISITION AND
TECHNOLOGY**

JUL 19 2008

MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: DoD Implementation of the Electronic Subcontracting Reporting System (eSRS) and Reporting Functions

The Electronic Subcontracting Reporting System (eSRS) provides an on-line method for vendors to report their subcontracting activities (previously accomplished with submission of Standard Forms (SF) 294 and 295). Federal Acquisition Regulation (FAR) Subpart 19.7 and its associated clauses have been updated to address eSRS impacts. The Department successfully implemented eSRS in April 2008 at identified Phase 1 sites. Given this success, we believe that planned Phases 2 and 3 can be collapsed into Phase 2. Thus, at this time I request that you each provide a plan to complete implementation of eSRS so that FY08 year-end subcontracting reporting, which begins in October 2008, is accomplished in the system. My staff at the Office of Small Business Programs (OSBP) is working with the Small Business Administration (SBA) to extend the end of the reporting period to December 2008 to allow for this implementation. The FAR class deviation issued June 3, 2008 for DoD non-Phase 1 sites regarding eSRS will be rescinded to further support end of FY08 subcontract reporting in eSRS. Implementation resources are available on the Defense Procurement, Acquisition Policy, and Strategic Sourcing website at <http://www.acq.osd.mil/dpap/pdi/index.html> under the E-Business tab. Your plans should be coordinated between your procurement and small business leadership, and submitted to my action officers identified below by July 25, 2008.

As part of the processes of eSRS, once the vendor submits its report, the government contracting officer must acknowledge receipt of the report on-line to allow its data to be counted in reports, or reject it if inaccurate. DoD's deployment strategy to implement this process provides for an initial period of time to allow evaluation in terms of workload impacts, while maintaining the level of subcontracting plan monitoring in the Department. As such, the process for the planned implementation is as follows:

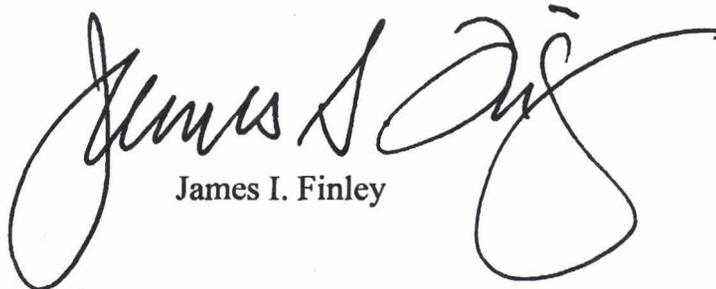
- Defense Contract Management Agency (DCMA) will perform the "acknowledge receipt / reject" function required in FAR 19.705-6(h) for Summary Subcontracting Reports (SSRs) (formerly SF295s) for vendors for which it administers the preponderance of subcontracting plans and vendors under the DoD Comprehensive Subcontracting Test Program.



- Military Services and other Components will perform the “acknowledge receipt / reject” function for SSRs for vendors for which they administer the preponderance of subcontracting plans, approved the commercial subcontracting plan, and/or awarded construction and related maintenance and repair contracts with subcontract plans. Construction-related SSRs are filed for each DoD Component. Components must identify in their implementation plans the organization(s) that will acknowledge/reject SSRs in accordance with FAR 19.705-6, and register the specific individuals who will act as these Component SSR Coordinators for the appropriate roles in eSRS. Component plans that include assistance from small business specialists must be coordinated with the Component level Office of Small Business Programs.
- Military Services and other Components will perform the “acknowledge receipt / reject” function for Individual Subcontracting Reports (ISRs) (formerly SF294s) for all contracts for which they are the issuing / procuring office, including those contracts otherwise delegated to DCMA for administration, in accordance with FAR 19.705-6.
- DCMA will continue to provide subcontracting plan monitoring and surveillance for contracts delegated to it for administration in accordance with its current approach and established agreements with DoD Components.

Accomplishing the “acknowledge receipt” function is not considered acceptance of the reported information. Efficient processing times (within 30 days of a contractor’s submission) should be followed to allow timely contractor notification of any issues or potential data anomalies identified with the deliverable. Since eSRS is simply an electronic tool to collect subcontracting reports/data, contracting officers are reminded of their responsibilities for monitoring subcontracting plan performance and holding contractors accountable for achievement of their goals as outlined in FAR 19.705-7, 19.706, and 42.302(a)(52)-(55). The distribution of responsibilities as shown above will be re-evaluated after the end of the FY09 subcontracting reporting period. Also, these processes will be captured in a forthcoming Defense FAR Supplement (DFARS) / Procedures, Guidance, and Information (PGI) case.

My action officers for questions regarding this correspondence are Mae Bartley, mae.bartley@osd.mil, 703-602-8011, for procurement policy; Wendy Despres, wendy.despres@osd.mil, 703-604-0157 ext 145 for small business policy; and Don Jean of the Business Transformation Agency, donald.jean@bta.mil, 703-607-5742 for eSRS deployment.



James I. Finley

DISTRIBUTION:

**COMMANDER, UNITED STATES SPECIAL OPERATIONS COMMAND
(ATTN: ACQUISITION EXECUTIVE)**

**COMMANDER, UNITED STATES TRANSPORTATION COMMAND
(ATTN: ACQUISITION EXECUTIVE)**

DIRECTORS OF DEFENSE AGENCIES

**DEPUTY ASSISTANT SECRETARY OF THE ARMY (POLICY &
PROCUREMENT), ASA (ALT)**

**DEPUTY ASSISTANT SECRETARY OF THE NAVY (ACQUISITION
MANAGEMENT) ASN (RDA)**

**DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE (CONTRACTING)
SAF/AQC**

DIRECTORS OF DOD FIELD ACTIVITIES

DEPUTY DIRECTOR FOR LOGISTICS OPERATIONS, DLA

DIRECTOR, SMALL BUSINESS PROGRAMS, ARMY

DIRECTOR, SMALL BUSINESS PROGRAMS, NAVY

DIRECTOR, SMALL BUSINESS PROGRAMS, AIR FORCE

DIRECTOR, SMALL BUSINESS PROGRAMS, DLA

DIRECTOR SMALL BUSINESS PROGRAMS, MDA

DIRECTORS OF SMALL BUSINESS PROGRAMS, OTHER DEFENSE AGENCIES

ELECTRONIC SUBCONTRACTING REPORTING SYSTEM

Concept of Operations for the Department of the Navy

Version 1.0

PRD

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1. Scope

The Department of the Navy's (DON) Concept of Operations (CONOPS), version 1.0, is an addendum to the DoD's CONOPS for the Electronic Subcontracting Reporting System (eSRS) as it relates to the DON's use of the system.

1.1 Document Overview

The purpose of this document is to provide instructions for Department of the Navy use of the eSRS system, and is to be used in conjunction with the DoD CONOPS for eSRS. This document includes a workflow process for DON usage including vendor/contractor usage and Government usage, vendor /contractor and Government registration, and the roles and permissions for Government personnel.

2. Reference Documents

The following documents are referenced within the DON CONOPS.

- Electronic Subcontracting Reporting System Concept of Operations for Department of Defense, (eSRS CONOPS DoD), Version 2.1
- www.eSRS.gov
- <https://www.esrs.gov/>

3. Policy Updates

A draft proposed rule (FAR Case 2005-040) has been agreed to by the DAR Council. The rule is awaiting approval from OMB before being published. The proposed rule requires contractors and subcontractors (with subcontracting plans) to submit the ISR and SSR using the eSRS. The prime contract number and DUNS number of all first-tier subcontractors with subcontracting plans is to be provided by the prime contractor, which will enable lower tier reporting. The prime contract number is a mandatory field as it facilitates the lower-tier reporting. The commercial plan is not submitted using eSRS. A Government representative will review the ISR and SSR, while the higher-tier contractors will review the lower-tier ISRs. *(Can the FAR clause 52.219-9 be changed to permit insertion of an email address for notification to the appropriate person?)*

4. eSRS Workflow Process

4.1 High Level Process

- Part of the contractor submission process includes identification of the DON organization/office responsible for administration of the report. For ISRs and SSRs, the responsible office identifier is the Department of Defense Activity Address Code (DoDAAC of the contract issuing office), which is pre-populated (from FPDS-NG) in the ISR once the vendor enters the appropriate contract number. The vendor/contractor must

include the email address of the individual to be notified of the submission of either report.

- Based upon the DON organizational structure/hierarchy established in eSRS (which is based on the FPDS-NG hierarchy), authorized DON or DCMA users will log onto eSRS and will have the ability to see that a vendor submitted an ISR or an SSR. In addition, eSRS provides the ability for vendors to enter specific email address(es) for anyone that they would like to receive notification that a report was submitted (note – receipt of such email notification is not the same as having the ability to actually access the submitted report).

When the DON retains contract administration, the authorized DON user accesses the submitted ISR/SSR and either "ACCEPTS"¹ or "REJECTS" the submission. The reports must be reviewed no later than 30 days after submission. The DON may require a shorter review/acceptance time to ensure reports in a pending status are acted upon (accepted/rejected) efficiently.

- When the DON delegates contract administration to the Defense Contract Management Agency (DCMA), the DCMA small business specialist will accept/reject the ISR. The small business specialist in the DON Office of Small Business Programs will accept/reject the SSR.

4.2 eSRS Registration Process

4.2.1 Government Registration Overview

Roles and Permissions for DON personnel in eSRS are based on individual registration. It is critical that individuals registering at the contracting office level know their valid Department of Defense Agency Activity Codes (DoDAAC) to ensure correct registration. It is recommended that the system administration function is managed in a similar way as the system administration for FPDS-NG.

eSRS has four permission levels available:

- **Agency Coordinator (AC)** is a system administrator and has full access to eSRS for their organization and below in their organizational structure. Within their organization or below, the user can manage other contacts, manage new agency contact registrations, view/ accept/reject contractor reports and run reports on data. Agency Coordinators usually attend the federal eSRS User Group meetings. For the DON the Agency Coordinators will be NAVSUP and OSBP.

¹ Per the Office of Federal Procurement Policy (OFPP) the term currently used within eSRS, "accept" means to "acknowledge receipt only" and does not mean to "acknowledge with review"; this is consistent with the proposed FAR case recommendation to change the term within eSRS to "acknowledge" which would have the following definition: "means receipt of an eSRS report by the appropriate official. Acknowledge does not mean acceptance or approval of the report."

Point of Contact (POC) has the same capabilities as an AC but does not attend the User Group meetings. The Point of Contacts will be the FPDS-NG system administrators at each SYSCOM, and Echelon 4, and the Small Business Associate Directors. This authority can be delegated further to the system administrators at the activities or centers.

Contracting Official (CO) may be the contracting officer/specialist, or administrative contracting officer/specialist. SBS should be identified as a POCs; they should not be identified as COs. The CO can view/ accept/reject contractor reports and run reports on data from their registered level and below.

Designated Government User (DGU) can view accepted contractor reports and run reports on data from their registered level and below. Any Supervisory Contracting Specialist or Small Business Associate Director can be a designated Government User.

Each SYSCOM/Echelon 4 will identify which individuals will serve with which permissions at each level. Each SYSCOM will be responsible for administering the privileges and rights of their users as needed. Each SYSCOM will establish a group email to facilitate implementation. It is important to note that registering individuals will receive email notifications from eSRS for certain events in the system.

An Agency Coordinator (AC), and one alternate, will be established at each SYSCOM, and will have the ability to approve registrations for anyone in that SYSCOM, including DGUs, COs and POCs. NAVSUP will have the ability to approve registration of Contract Specialists (COs and DGUs) and Agency Coordinators at any level, when it becomes necessary to take such action. The DON Small Business Program Office will have the ability to approve registrations of the Small Business Specialists (COs and DGUs) and Agency Coordinators at any level, when it becomes necessary to take such action.

4.3 Process for Individual Subcontracting Reports (ISR) (SF 294)

4.3.1 Contractor Submission Process

When submitting ISRs the contractor must include the email address of the individual(s) that the contractor wants to notify that submission has been made.

4.3.2 Government Review Process

Once the ISR has been submitted, and the CO has received an email notification of the submission, the CO will log in and access the pending list of ISR(s). The CO will identify the ISR(s) for which they are responsible, review each ISR and “accept” or “reject” the submission with or without comment.

Once accepted, the ISR is no longer in a pending status and the contractor's submitted data is included in the official database for information reports.

4.4 Process for Summary Subcontracting Reports (SSR) (SF 295)

4.4.1 Contractor Submission Process

When submitting SSRs that are "Individual" or "Commercial" the contractor must include the email address of the individual(s) that the contractor wants to notify that submission has been made. The recipient will be the Small Business Associate Director at each SYSCOM. ADs do not need to forward any reports, OSBP can run reports whenever necessary.

4.4.2 Government Review Process

Once a contractor has submitted an SSR, it goes into a Pending Status. Once the SSR has been submitted, and the CO has received an email notification of the submission, the Small Business Associate Director at each SYSCOM will log in and access the pending list of SSRs. The Associate Director will identify the SSRs for which they are responsible, review each SSR and "accept" or "reject" the submission with or without comment. Same comment as above.

5. Training

5.1 Contractor Training

The Small Business Administration and the General Services Administration will provide training for the vendor/contractor community. Training will be specific for DoD requirements. <https://www.esrs.gov/>.

5.2 Government Training

The Defense Acquisition University (DAU) in conjunction with Defense Procurement and Acquisition Policy (DPAP) are developing a training module on the policy and guidance for the Electronic Subcontracting Reporting System (eSRS). Additionally, DoD specific on line training will be available on the eSRS web site <https://www.esrs.gov/>.

6. Help

For FPDS-NG issues contact the contracting officer.

For eSRS issues contact the eSRS Automated Help Desk Hotline: (703) 373-7041.

For CCR issues contact the CCR assistance center 888-227-2423.



NAVY eSRS Implementation Plan

July 2008



Agenda



- Main Points of Contact
- Training Plan
- Communication Plan
- Implementation Schedule
- Issues
- Next Steps



Main Points of Contact



- Patricia Obey, Navy OSBP
Office of Small Business Programs (OSBP)
Secretary of the Navy
202-685-6486
Patricia.obey@navy.mil

- Willard (Will) Hines
e-Business Policy Section
DASN Acquisition and Logistics Management
703-614-9639
willard.hines@navy.mil



Training Plan



- DON will utilize the Train-The-Trainer approach to train Navy/Marine Corps field activities. This will be accomplished using the following methods:
 - Power Point Training
 - Agency coordinators will meet to give training
 - DON PEO-EIS and OSBP Websites
 - Small Business (SB) COP



Communication Plan

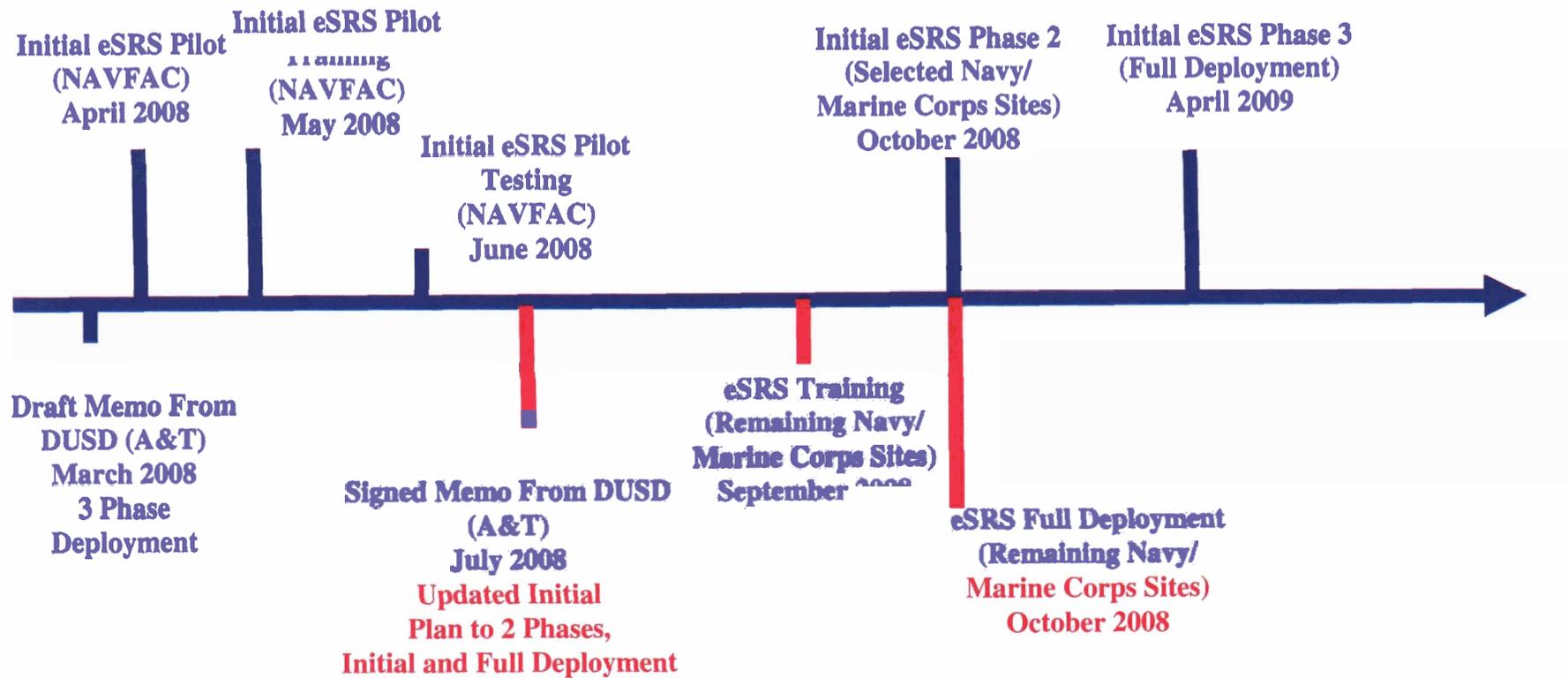


- DON will publish CONOPS in August 2008 which will assist Navy/Marine Corps field activities in developing internal Procedures
- DASN (A&LM) and OSBP will issue direction and guidance to Navy/Marine Corps field activities by August 2008



Implementation Schedule

Navy/Marines Corps eSRS Implementation Timeline



Blue Line – Initial eSRS Implementation Plan

Red Line – Updated/Final eSRS Implementation Plan



Issues



- **Funding**
 - **Travel funds (if needed)**
- **Training**
 - **Contractor versus Government**
- **Hierarchy**
 - **eSRS versus FPDS-NG**



Next Steps



- Train-The-Trainer
- OSBP Training Conference
 - Scheduled 3 – 4 December 2008
 - SB and Contracting Community invited
- Issue ConOps (direction/guidance) Plan