

U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

MEMORAND

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TO: DIRECTORS, OFFICE OF SMALL AND DISADVANTAGED
BUSINESS UTILIZATION

FROM: Fred C. Armendariz /s/
Associate Deputy Administrator
for Government Contracting and
Business Development

SUBJECT: Surveillance Reviews

Section 15 (m)(2) of the Small Business Act, as implemented in the Federal Acquisition Regulation, requires the procurement center representatives (PCRs) to monitor the performance of buying activities to which they are assigned to ascertain the degree of compliance with small business policies and programs. In January 2002, the U.S. Small Business Administration (SBA) formed a PCR Task Force to review the PCR functions, duties and responsibilities. One of the major recommendations was to reinstate some level of on-site PCR surveillance reviews.

A key component of any surveillance review is to review and analyze actual contract files to determine if the buying activity made every reasonable effort to maximize contract opportunities for small business concerns. While we will attempt to perform as much of this task as we can electronically, many contract files are voluminous and have classified information, which may make it impracticable to transmit them to the PCRs. Also, we will review the buying activity's policies and procedures in support of small business programs.

Another key component of the surveillance reviews is agencies' compliance with small business procurement goals. We will request contract data for the Procurement Activity under review from the Federal Procurement Data Center (FPDC). The PCRs will use the information to evaluate the procurement activity's goals. If the procurement activity has specific small business goals, the PCRs will compare the FPDC data against these goals. We will also evaluate any special initiatives or procedures that are in place to promote small business in Federal procurement.

To reinstate these reviews, we have streamlined the procedures. We are proposing that the on-site visit be limited to 1-2 days unless extenuating circumstances

would require additional time. To permit these limited reviews, the PCRs will request information from the procurement activity involved well in advance of the on-site visit.

The procurement activity and PCR will also use conference calls to accomplish the agency small business presentation and conduct interviews with contracting officials. A short "in-brief" for both SBA and procurement activity personnel will be scheduled on the morning of the on-site review and, at the conclusion a short "out-brief" will be presented to Agency management with the proposed PCRs findings and recommendations. An official report will be forwarded from SBA headquarters to the reviewed activity headquarters for review and comments. SBA will then summarize the results of the surveillance review and submit a report to the Small Business Committees of the U.S. House of Representatives and the U.S. Senate.

During the next 30 days, one of our Government Contracting Area Directors will contact your office to schedule the reviews that will occur during FY 2003. We request that you forward this memorandum to your buying activities to advise them of this initiative. With the President's Small Business Agenda highlighting "Contract Bundling", these Surveillance Reviews can be beneficial to both your agency and the SBA. While we will review your procedures and policies for compliance with small business policies and programs, we could find areas where SBA may need to change to ensure better compliance for all agencies.

We look forward to working with your agency to launch this important initiative. Should you have questions, please contact, Barry Meltz, Deputy Associate Administrator for Government Contracting, on 202-401-8150.

cc: Agency Senior Procurement Executives