



ACQUISITION,
TECHNOLOGY
AND LOGISTICS

OFFICE OF THE UNDER SECRETARY OF DEFENSE

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JUL 15 2010

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
(PROCUREMENT)
DEPUTY ASSISTANT SECRETARY OF THE NAVY
(ACQUISITION & LOGISTICS MANAGEMENT)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING)
DIRECTORS, DEFENSE AGENCIES
DIRECTORS, DOD FIELD ACTIVITIES

SUBJECT: Deployment of Subcontract Reporting Requirements for the Federal Funding
Accountability and Transparency Act

The Federal Funding Accountability and Transparency Act of 2006 (FFATA) established a requirement to collect award data on all subcontracts valued at \$25,000 or more. On July 8, 2010, the Federal Acquisition Regulation (FAR) was changed to incorporate an interim rule establishing implementation requirements for contract actions. The clause at FAR 52.204-10, Reporting Executive Compensation and First-Tier Subcontract Awards, must be included in all new unclassified contract awards valued at \$25,000 or more. This clause provides instruction to prime contractors to accomplish the subcontract reporting. Indefinite delivery contracts whose ordering periods extend beyond July 8, 2010, must be modified to include the clause. Please be advised of the following additional issues and plan accordingly.

This clause requires prime contractors to report data about their subcontract awards at the FFATA Subaward Reporting System (FSRS) (<http://www.fsrs.gov>), a module of the Electronic Subcontract Reporting System (eSRS). Effective immediately upon the clause being included in contracts, contractors will be required to report subcontract awards valued at \$25,000 or more under federal contracts or orders which are valued at \$20,000,000 or more. The \$20,000,000 threshold will drop to \$550,000 on October 1, 2010, and to \$25,000 on March 1, 2011. User guides, a webinar, and frequently asked questions are available at the FSRS website.

FSRS will pre-populate some data from the contract award data your contracting officers report to the Federal Procurement Data System (FPDS). The contracting officer must complete a contract action report in FPDS before a prime contractor can begin its report in FSRS. As such, it is imperative that contracting officers complete their FPDS

contract action reports within the timeframes established at in FAR subpart 4.6 (within three days except under urgent and compelling circumstances). Additionally, please be aware that the FSRS help desk will direct contractors to their contracting officer if they believe the FPDS data regarding their contract award is incorrect. Contractors will not be allowed to correct pre-populated FPDS data; the government contracting officer will be required to make the correction in FPDS, which will automatically update FSRS.

Agencies will be required to conduct reviews of the prime contractors' reports. The reporting requirements of FSRS have no relationship to FAR 19.704 subcontracting plan achievements reporting, which in many cases is monitored by small business specialists. As the FFATA subcontract reporting requirements have a much larger breadth of contracts to which they apply, components should re-evaluate the 'Agency Coordinators' they have assigned in eSRS to ensure the most appropriate lead representatives are identified. These Agency Coordinators will be responsible for approving agency users in the FSRS module. Please send confirmation to my action officer below that you have accomplished this by July 30, 2010.

Finally, one of the data elements required for reporting in FSRS is the Treasury Account Symbol (TAS). As a reminder, the TAS is made up of the two character Agency Identifier, four character Main Account Code, and the optional three character Subaccount Code; and is normally found in the DoD line of accounting that accompanies a purchase request. Do not include the fiscal year of the funds in the TAS. For example, different TAS that represent Operations and Maintenance appropriations in DoD include:

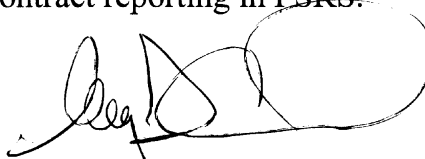
- 17 1804 for Operation and Maintenance, Navy
- 17 1106 for Operation and Maintenance, Marine Corps
- 57 3400 for Operation and Maintenance, Air Force
- 21 2020 for Operation and Maintenance, Army
- 96 3123 for Operation and Maintenance, Army Corps of Engineers, Civil
- 97 0100 for Operation and Maintenance, Defense-wide, Defense

If the TAS has been reported to FPDS on a contract action in accordance with established FPDS procedures, it will pre-populate to the record in FSRS. However, as the TAS is an optional field in FPDS for DoD awarded actions, contracting officers must now ensure that they (1) provide the predominant TAS for an action to the prime contractor when they award a contract or order so the contractor can include it in their subcontract report, or (2) include the TAS in the FPDS contract action report.

Effective immediately, in order to roll-out the first iteration of subcontract reporting smoothly with our prime contractors, contracting officers shall report the predominant TAS on any new contract or order award valued greater than or equal to \$20M on their FPDS contract action reports. Note that when reporting the TAS to FPDS,

it must match a TAS identified in the Department of Treasury's Federal Account Symbol and Titles source list (the "FAST Book") in Part II - Appropriation and Other Fund Account Symbols and Titles, available at <http://www.fms.treas.gov/fastbook/index.html>, or the user will receive an error. If your users have any question about the identity or validity of a TAS for a procurement action, they should contact their requiring activity's budget representative for the purchase requests. If your users are awarding a contract action on behalf of another federal agency, they must obtain the correct TAS from that agency customer and report it to FPDS.

This will be a significant reporting impact on our prime contractor community, and I thank you for your assistance in ensuring the process is executed as smoothly as possible. Any questions may be directed to Lisa Romney, lisa.romney@osd.mil, 703-602-8007, my action officer for subcontract reporting in FSRS.



Shay D. Assad
Director, Defense Procurement
and Acquisition Policy