Conducting a Preliminary Literature Review

Introduction

The US Department of Labor’s Office of Federal Contract Compliance Programs (OFCCP) is mandated with the enforcement of the Executive Order 11246 as was amended; the Rehabilitation Act section 503 as was amended in the Vietnam Era Veterans’ Readjustment Assistance Act. When taken collectively, these laws ban discrimination and they require federal contractors and subcontractors to ensure equal opportunity for employment. It is a federal requirement for both contractors and subcontractors who have government contracts above $10, 000. It is for this reason that the study of compliance with government contracts has been riddled with uncertainty.

The reason why sub-contractors do not comply with government contracts is both an ethical and a financial issue. For these two reasons, the study is classified as having two facets thus becoming a mixed method study. It includes both qualitative and quantitative methods of information gathering. The scope of study involves varied reviews regarding compliance to government contracts such as harassment by government auditors, discrimination and unfair bidding and awarding of government projects. However, on the top of the list is the Cost Accounting Standards (CAS), AASHTO Audit guide and the Federal Acquisition Regulation (FAR) and other contractual requirements that are usually breached by subcontractors in their performance of duty.

*Literature Review*

The government can be a good customer especially during uncertain economic times and at the same time; the government can be a good source of funding for projects and for general business. In as much as the government oversees everything in the country, the manpower and expertise it harnesses is not nearly enough to do everything and so it has to rely on third parties to complete certain tasks. On the other hand, as a customer, the government employs extensive regulations, procedures, requirements and statutes that need to be followed to the latter. Failure to follow these rules and requirements leads to certain severe consequences that might include civil and criminal penalties.

Government contracts are not easy to come by and they are fought for with brute force and prejudice. This arena becomes for a select group of companies who have enough power to fight and maintain government contracts. Furthermore, as a business, they most likely opt to delegate the contracts to subcontractors who are in turn mandated to do the job as is required in the contracts. There are various reasons why subcontractors can fail to comply with the government contracts and such reasons would include ethical issues. Ethical rules in the contracts demand full disclosure of violations and the act of not disclosing is a failure to honor the contracts. Another reason would be because of the risk that the contracts pose to intellectual property (Brodsky, 2009). According to government regulations the Bayh-Doyle Act demands that all property developed or customized for a federal government customer is the property of the federal government. The literature collected about defaulting on the compliance

Government contracts also require complex and sometimes cumbersome accounting requirements. Failure to comply with such requirements has rendered many subcontractors liable for litigations pending unilateral reductions to the contract’s price (Hall, 2012). Studies have shown that contractors sometimes tend to subcontract their contracts to companies who have little knowledge about the compliance requests of the contracts they receive. The government expects that contractors are fully aware of the risks involved in taking of contracts and their execution (Davis, 2011)

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