

## Brief Summary of GAO’s Report on the Department of Defense’s Mentor Protégé Program including the Comparison to the SBA’s New All Small Mentor Protégé Program

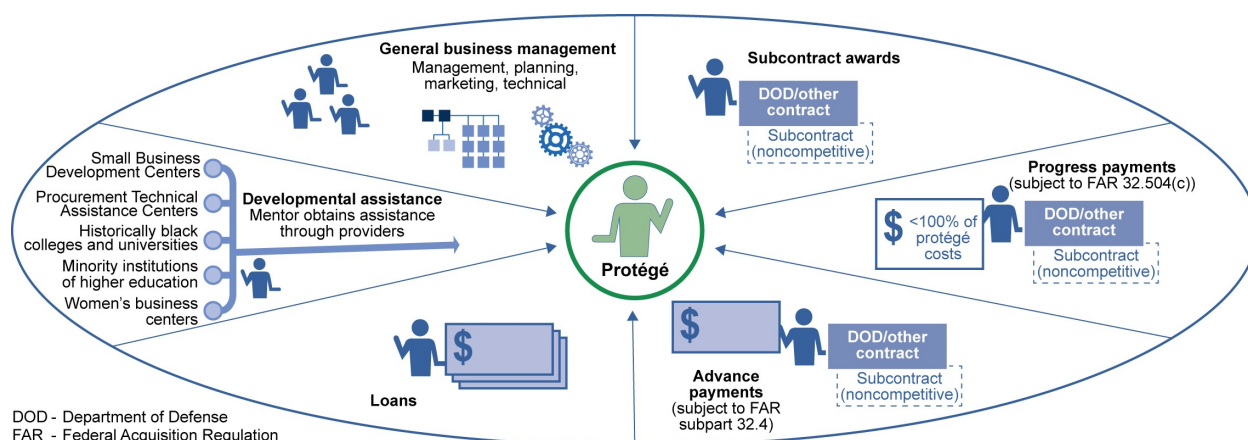
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On April 11, 2017, the GAO, as required by a Congressional mandate, released its report on the Department of Defense’s (DOD) Mentor Protégé Program. GAO’s report examined the following: (1) DOD’s procedures for approving mentor protégé agreements; (2) DOD performance measures for the program; and (3) the differences between the DOD’s mentor protégé program and the SBA’s new All Small Mentor Protégé Program. This update attempts to boil down the GAO’s 51-page report as well as provide a link to it. If you have any questions, please feel free to contact the author.

Some of the following excerpts explain the DOD report, which can be found at the end of this summary.

### Types of Assistance that Mentors May Provide Proteges Under the DOD Program

**Figure 1: Types of Developmental Assistance Mentors Can Provide to Protégés under DOD Mentor-Protégé Agreements, as of December 2016**

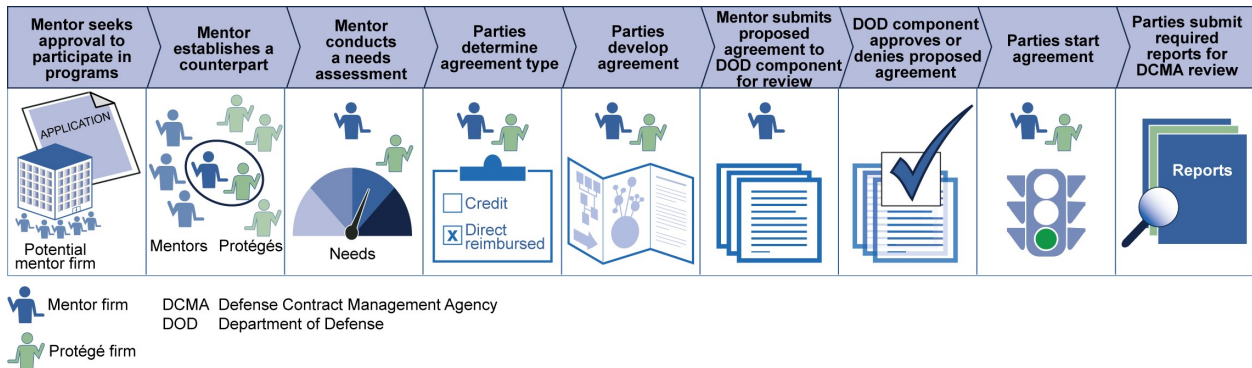


Source: GAO analysis of Department of Defense Pilot Mentor-Protégé Program policies and procedures. | GAO-17-172

DOD policies and procedures also require mentors to report on the progress made under active mentor-protégé agreements in semiannual reports. Mentors must also include in semiannual reports, among other things, (1) any assistance obtained by the mentor firm for the protégé firm

from Small Business Development Centers, Procurement Technical Assistance Centers, historically black colleges and universities, and minority institutions of higher education for developmental assistance provided to protégés, (2) dollars credited (if any) toward applicable subcontracting goals as a result of developmental assistance provided to the protégé, and (3) the impact of the agreement in terms of capabilities enhanced, certifications received, or technology transferred. In addition, annual reports are to contain data on the protégé’s employment, revenue, and participation in DOD contracts. DOD procedures also require protégés to report on the progress made in each of the 2 years following the completion of their agreement. Further, DOD procedures require the Defense Contract Management Agency (DCMA), another DOD component that manages agreements for the department, to conduct a performance review annually of each mentor-protégé agreement.<sup>1</sup>

**Figure 2: Steps Mentors and Protégés Follow to Establish DOD Mentor-Protégé Agreement, as of December 2016**



Source: GAO analysis of Department of Defense Pilot Mentor-Protégé Program policies and procedures. | GAO-17-172

<sup>1</sup> DOD Pilot Mentor-Protégé Program procedures state that DCMA performance reviews are conducted to determine (1) whether all costs reimbursed to the mentor firm under the agreement were reasonably incurred to furnish assistance to the protégé in accordance with the mentor-protégé agreement and applicable regulations and procedures; and (2) whether the mentor and protégé accurately reported progress made by the protégé in employment, revenues, and participation in DOD contracts during the program participation term and for 2 fiscal years following the expiration of the program participation term. DOD regulations further state that these reviews are a major factor in determining the amount of reimbursement that the mentor firm is eligible to receive in the remaining years of the mentor-protégé agreement.

**Figure 3: Certain Required Elements of DOD Mentor-Protégé Agreements**



Source: GAO analysis of 10 U.S.C. § 2302 note and the Department of Defense Pilot Mentor-Protégé Program policies and procedures. | GAO-17-172

### **SBA's All Small Mentor Protégé Program: Comparison**

According to SBA, the All Small Mentor-Protégé Program is designed to Protégé Program apply to all federal small business contracts, including those that small businesses currently participate in under other federal mentor-protégé programs. In addition, according to SBA, the rule

establishing the regulations for the program is intended to be consistent with the regulations for SBA's 8(a) Business Development Mentor-Protégé Program.<sup>2</sup>

SBA's All Small Mentor-Protégé Program includes certain requirements for the mentor-protégé programs of other federal agencies, but, as required by federal law, the program exempts DOD's Pilot Mentor Protégé Program from these requirements. For example, the final rule states that the head of a department or agency must submit a plan to SBA for any previously existing mentor-protégé program that the DOD components have the authority to approve mentor-protégé agreements, and they are required to follow the regulations, policies, and procedures DOD has established for the program. However, DOD lacks controls needed to provide reasonable assurance that mentor-protégé agreements approved by DOD components contain all elements required by DOD policies and regulations.

DOD's regulations and OSBP procedures do not prescribe the process DOD components should follow to approve mentor-protégé agreements. Instead, DOD's OSBP has allowed DOD components to develop their own detailed procedures. These procedures differ in terms of some elements, such as criteria and time frames:

### **GAO's Criticism of the DOD's Mentor Protégé Program**

- DOD's Procedures do not Provide Reasonable Assurance that Mentor Protégé Agreements Contain all Required Elements
- DOD Lacks Performance Goals and Measures to Facilitate Effective Program Assessment
- SBA and DOD Programs have Key Differences the Agencies Plan to Consider Harmonization in Future Discussions
- Program Differences include Eligibility Requirements for Proteges and Participation Incentives

### **GAO's Conclusion**

DOD's Pilot Mentor-Protégé Program is intended to both (1) enhance the capabilities of eligible disadvantaged small business concerns to perform as subcontractors and suppliers under DOD contracts and other contracts and subcontracts and (2) increase the participation of such business concerns as subcontractors and suppliers under DOD contracts, other federal government contracts, and commercial contracts. DOD procedures require that mentor-protégé agreements contain certain elements to help provide assurance that the agreements support program purposes and that the participants meet program requirements, among other things. However, we found

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<sup>2</sup> SBA's 8(a) Business Development Mentor-Protégé Program is designed to encourage approved mentors to provide various forms of business development assistance to protégé firms to enhance their capabilities, assist them with meeting goals established in their SBA-approved business plans, and improve their ability to successfully compete for contracts. Generally, firms can remain in the 8(a) program for up to 9 years, provided that they maintain their eligibility. During the first 4 years, known as the developmental stage of the program, firms may be eligible for assistance including sole-source and competitive 8(a) contract support and training in business capacity development and strategies to compete successfully for both 8(a) and non-8(a) contracts, among other things. During the last 5 years of the program, also known as a transitional period, firms are required to obtain a certain percentage of non-8(a) revenue to demonstrate their progress in developing into a viable business that is not solely reliant on the 8(a) program. As of March 2016, SBA's 8(a) program had 386 active mentor-protégé agreements.

that program participants did not consistently include all of the required elements in these agreements and that DOD's OSBP does not review the procedures that DOD components use to approve the agreements, as suggested by federal internal control standards. As a result, some agreements have been approved even though they were missing required elements, and DOD cannot ensure that these program requirements are serving their intended purposes. In addition, DOD's performance measures for the decades-old program lack performance goals and additional measures needed to effectively assess its Pilot Mentor-Protégé Program. Although DOD officials said they are considering changes to their performance measures, they had yet to make such changes as of January 2017. Until DOD establishes performance measures and related measurable goals consistent with the program's stated purpose, it may be more difficult for DOD to fully assess the effectiveness of the Pilot Mentor-Protégé Program and to identify and prioritize potential improvements. In addition, Congress may not have the information it needs to make informed decisions on whether to reauthorize the pilot program, terminate it, or make it permanent.

<https://www.gao.gov/assets/690/684036.pdf>