



DEPARTMENT OF DEFENSE
Defense Contract Management Agency

INSTRUCTION

Mentor-Protégé Program for Small Business

Contracts Directorate
CPR: DCMA-AQSCP

DCMA-INST 142
February 10, 2014

1. PURPOSE. This Instruction:

- a. Replaces DCMA Guidebook “Mentor-Protégé Program” (Reference (a)).
- b. Updates DCMA policy and assigns roles and responsibilities for the Mentor-Protégé Group personnel.
- c. Is established in compliance with DoD Directive 5105.64, “Defense Contract Management Agency (DCMA)” (Reference (b)).

2. APPLICABILITY. This Instruction applies to the DCMA Mentor-Protégé Group (MP), Small Business Center.

3. MANAGERS’ INTERNAL CONTROL PROGRAM. In accordance with DCMA Instruction (DCMA-INST) 710, “Managers’ Internal Control Program” (Reference (c)), this Instruction is subject to evaluation and testing. The flowchart is located at Appendix A.

4. RELEASABILITY – UNLIMITED. This Instruction is approved for public release.

5. PLAS CODE.

- a. Process: 093 – Small Business
124 – Training
- b. Programs: ACAT/Other Customers (when applicable)
- c. Other National: Training and Travel; Local Programs (when applicable)

6. POLICY RESOURCE WEB PAGE. <https://home.dcma.mil/policy/142r>

7. EFFECTIVE DATE. By order of the Director, DCMA, this Instruction is effective February 10, 2014, and all applicable activities shall be fully compliant within 60 days from this date.



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REFERENCES

- (a) DCMA Guidebook “Mentor-Protégé Program” October 2011 (hereby cancelled)
- (b) DoD Directive 5105.64, “Defense Contract Management Agency (DCMA),”
- (c) DCMA-INST 710, “Managers’ Internal Control Program,” September 12, 2011
- (d) DFARS Appendix I, Policy and Procedures for the DoD Pilot Mentor-Protégé Program
- (e) DFARS Subpart 219.71, Pilot Mentor-Protégé Program
- (f) HQ DCMA General Order No. FY 05-11, June 26, 2005
- (g) DCMA-INST 129, “Warrants and Other Official Appointments,” August 5, 2013
- (h) DCMA-INST 809, “Records Management,” May 2011
- (i) FAR 31.109, Advance Agreements
- (j) FAR 42.705 Final indirect cost rates
- (k) DFARS Appendix I, I-113, Performance reviews

CHAPTER 1

POLICY

1.1. POLICY.

1.1.1. All DoD Mentor-Protégé Agreements awarded by the Services, other Defense Agencies, and those awarded by DCMA are properly approved, managed and reviewed in accordance with the Defense Federal Acquisition Regulation Supplement (DFARS) Appendix I (Reference (d)) and DFARS Subpart 219.71 Pilot Mentor-Protégé Program (Reference (e)). The Mentor-Protégé Program Manager (MPPM) provides DoD Office of Small Business Programs (OSBP) and the sponsoring agencies with an accurate determination of mentor-protégé performance levels under each agreement. A risk rating is assigned for all reviews. Paragraph 3.5.4. has additional details on risk ratings. Templates and forms used throughout the Mentor-Protégé Program (Program) process can be found on the resource page for this Instruction.

1.1.2. Effective August 21, 2005, the DCMA Small Business Center (Center) was established in accordance with General Order No. FY 05-11 (Reference (f)). The objective of the Center is to evaluate and analyze how well prime contractors ensure small businesses receive a fair proportion of and maximum practicable opportunity to participate in prime contractors' subcontracts. The Center achieves this objective by actively assisting customers in developing aggressive but reasonable subcontracting plans and reviews contractor compliance with subcontracting plans. The mission of DCMA Mentor-Protégé Group (MP) is to assist small businesses (protégés) successfully compete for prime contract and subcontract awards by partnering with large companies (mentors) under individual, project-based agreements, agency-wide.

1.1.3. A memorandum of understanding (MOU) is used to open communication between DCMA, the mentor and the protégé. It establishes monitoring, oversight, and reporting requirements that take place during the life of the MP agreement. Once an agreement is assigned to a MPPM, contact is made with the mentor and the protégé for an initial meeting to review agreement requirements. An MOU is established and an introduction meeting is conducted within 10 working days of agreement approval/notification. The templates for Credit and Reimbursable MOUs can be found on the resource page for this Instruction.

1.1.4. Supplemental guidance supporting this Program is maintained on the resource page.

CHAPTER 2

ROLES AND RESPONSIBILITIES

2.1. MENTOR-PROTÉGÉ GROUP CHIEF (CHIEF). The Chief:

2.1.1. Confers with OSBP personnel to validate active and complete agreements that require bi-annual Mentor-Protégé agreement reporting.

2.1.2. Assigns MP Agreements to the MPPM and provides oversight and approval of performance reviews and reports.

2.1.3. Approves all credit agreements.

2.1.4. Must hold a contracting officer appointment in accordance with DCMA-INST 129, “Warrants and Other Official Appointments” (Reference (g)).

2.2. MENTOR PROTÉGÉ GROUP PROGRAM MANAGER (MPPM). The MPPM:

2.2.1. Conducts introductory meetings with new agreement participants, reviews semi-annual reports for each agreement and monitors the performance of assigned agreements.

2.2.2. Is responsible for obtaining reporting data for post agreement reports.

CHAPTER 3

PROCEDURES

3.1. CREDIT AGREEMENTS. Credit agreements are those in which the mentor receives a multiple of credit (explained in the Glossary under Definitions) toward their small business subcontracting goals based on the unreimbursed costs incurred in providing developmental assistance to the protégé. If the Chief approves a credit agreement, it should be approved for a term of 1 to 3 years. In accordance with DFARS Appendix I-108(5) (Reference (d)), the maximum length of an Agreement is 5 years. The Chief receives credit agreement applications directly from the mentor along with all the supporting documentation required to review the proposal.

3.1.1. Proposed credit agreements are reviewed by the Chief for completeness and returned to the mentor for any additional documentation, if required, within 10 working days of receipt from the Mentor.

3.1.1.1. The Chief utilizes the credit application log to assign and track the incoming credit agreement proposals. Proposals are assigned to MPPMs for review by the Chief. MPPMs review the proposals to determine mentor and protégé eligibility and to ensure an achievable agreement is proposed.

3.1.1.2. A New Agreement Checklist is utilized to complete the review of the proposal. The New Agreement Checklist can be found on the resource page for this Instruction.

3.1.1.3. After reviewing the proposal, the MPPM provides a written recommendation to the Chief for approval or denial.

3.1.1.3.1. Once an agreement is approved, the Chief issues an approval letter to the mentor and the protégé along with a copy to OSBP. The agreement is then assigned to a MPPM by the Chief.

3.1.1.3.2. Agreements that are denied are returned to the contractor to make the recommended modifications.

3.2. REIMBURSABLE AGREEMENTS. Reimbursable agreements are approved by the military services or other DoD Agencies, also referred to as the sponsoring agency. Reimbursable agreements are those in which the mentor receives reimbursement for allowable costs of developmental assistance provided to the protégé. Upon notification that a reimbursable agreement has been awarded, the agreement is then assigned to a MPPM by the Chief to manage the agreement. The contracting officer of the sponsoring agency must provide a copy of the approved mentor-protégé agreement to the DCMA Chief, who forwards it to the MPPM responsible for conducting the annual performance review, DFARS Section 219.7103-2(h) (Reference (e)).

3.3. HYBRID AGREEMENTS. Hybrid agreements begin as a credit agreement for 1-year. The sponsoring agency approves the reimbursable portion of the agreement after DCMA performs an annual performance review and provides a recommendation whether to continue the agreement. If DCMA recommends continuance of the agreement, it converts to a reimbursable agreement for the remainder of the agreement. If DCMA does not recommend continuing the agreement, the MPPM performs a closeout review and the agreement ends.

3.3.1. The mentor meets with the Chief and the appropriate sponsoring agency small business manager to discuss the development of their proposed hybrid agreement.

3.3.2. The mentor submits the proposed hybrid agreement to the Chief and the sponsoring agency.

3.3.3. The Chief assigns the proposal to a MPPM to review. The sponsoring agency initiates and secures funding for the second year of the agreement.

3.3.4. The MPPM provides a recommendation to the Chief for the first year of the agreement. The sponsoring agency provides a tentative approval for the second year of the agreement to the Chief.

3.3.5. The Chief assigns the agreement to a MPPM to manage the agreement.

3.4. AGREEMENT MANAGEMENT. The MPPM records and maintains documentation including pertinent data for each Agreement. The Chief and the MPPM maintains the MP spreadsheet of the dates of reviews scheduled and when the corresponding reports are received and approved. The MPPM updates the spreadsheet on a monthly basis. The Chief will follow-up and provide feedback to all agreement participants (OSBP, sponsoring agency, mentors, protégés, and/or firms providing developmental assistance on behalf of the mentor) in support of the Program. The MPPM files all documentation for active reimbursable and credit agreements, as well as post-agreement reports. DCMA-INST 809 (Reference (g)), provides for an orderly system of organizing records for filing, reference and eventual disposition.

3.5. AGREEMENT ADMINISTRATION. DoD semi-annual reports (SAR), annual DCMA reviews, and post-agreement reports are required for each agreement. Annual performance reviews are a major factor in determining the amount of reimbursement the mentor firm is eligible to receive in the remaining years of a contract. MPPMs notify the sponsoring agency and the Chief of all issues impacting the agreements. Pursuant to FAR 31.109 (Reference (i)), approved mentor firms seeking either reimbursement or credit are strongly encouraged to enter into an advance agreement with the contracting officer responsible for determining final indirect cost rates under FAR 42.705 (Reference (j)). The purpose of the advance agreement is to establish the accounting treatment of the costs of the developmental assistance pursuant to the mentor-protégé agreement prior to the incurring of any costs by the mentor firm. An advance agreement is an attempt by both the Government and the mentor firm to avoid possible subsequent dispute based on questions related to reasonableness, allocability, or allowability of

the costs of developmental assistance under the Program, (DFARS Section I-106(e) (Reference (d))).

3.5.1. Semi-Annual Reports. SARs are submitted and signed by the mentor and the protégé for the following periods of performance: October 1 through March 31 and April 1 through September 30 of each fiscal year. SARs are due to the MPPM and OSBP no later than April 30 and October 31, respectively. The MPPM notifies the mentors and the protégés of the SAR requirement 45 days prior to the required due date. The MPPM acknowledges receipt and conducts a review of the SAR for completeness and accuracy. Supporting documentation is provided by the mentor and the protégé for use by the MPPM in verifying SAR data. If inaccuracies are found in the SAR, the MPPM notifies the mentor and the protégé with a corrective action plan (CAP) request. CAP requests must be answered within 15 working days. The MPPM works with the mentor and the protégé in resolving problems and corrective action planning.

3.5.2. Annual Reviews. In accordance with DFARS, Appendix I, I-113 (Reference (k)), DCMA conducts annual performance reviews of the progress and accomplishments realized under approved mentor-protégé agreements. Reviews are performed annually based upon the ending date of the agreement. The MPPM schedules meetings with each mentor and protégé to verify and validate the data and to define the return on investment (ROI). The MPPM assesses whether an onsite meeting with the mentor and the protégé is required or if a virtual review suffices. A virtual review consists of telephonic discussion of reports that can be shared electronically among the review participants. The MPPM advises the mentor and the protégé of the review schedule in order to facilitate the review process and to avoid excessive delays. The MPPM submits a formal review document to the Chief, OSBP and the sponsoring agency. These reviews must:

3.5.2.1. Verify data provided on the SARs.

3.5.2.2. Provide information as to 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.

3.5.2.3. Provide information as to whether the mentor and the protégé accurately reported progress made by the protégé in employment, revenues and participation in DoD contracts during the period of performance.

3.5.3. Program Management Reviews (PMR). PMRs are conducted for each agreement quarterly to discuss the performance of the agreement with the mentor and the protégé. For reimbursable agreements, the PMR is managed by the sponsoring agency. PMR discussions include certification and milestone achievement, status of training, incurred expenditures, and additional accomplishments achieved during the period of performance.

3.5.4. Assign Risk Ratings. During the annual review, the MPPM assigns a risk rating to the review year. Risk ratings are determined by assessing the semi-annual reports, milestone

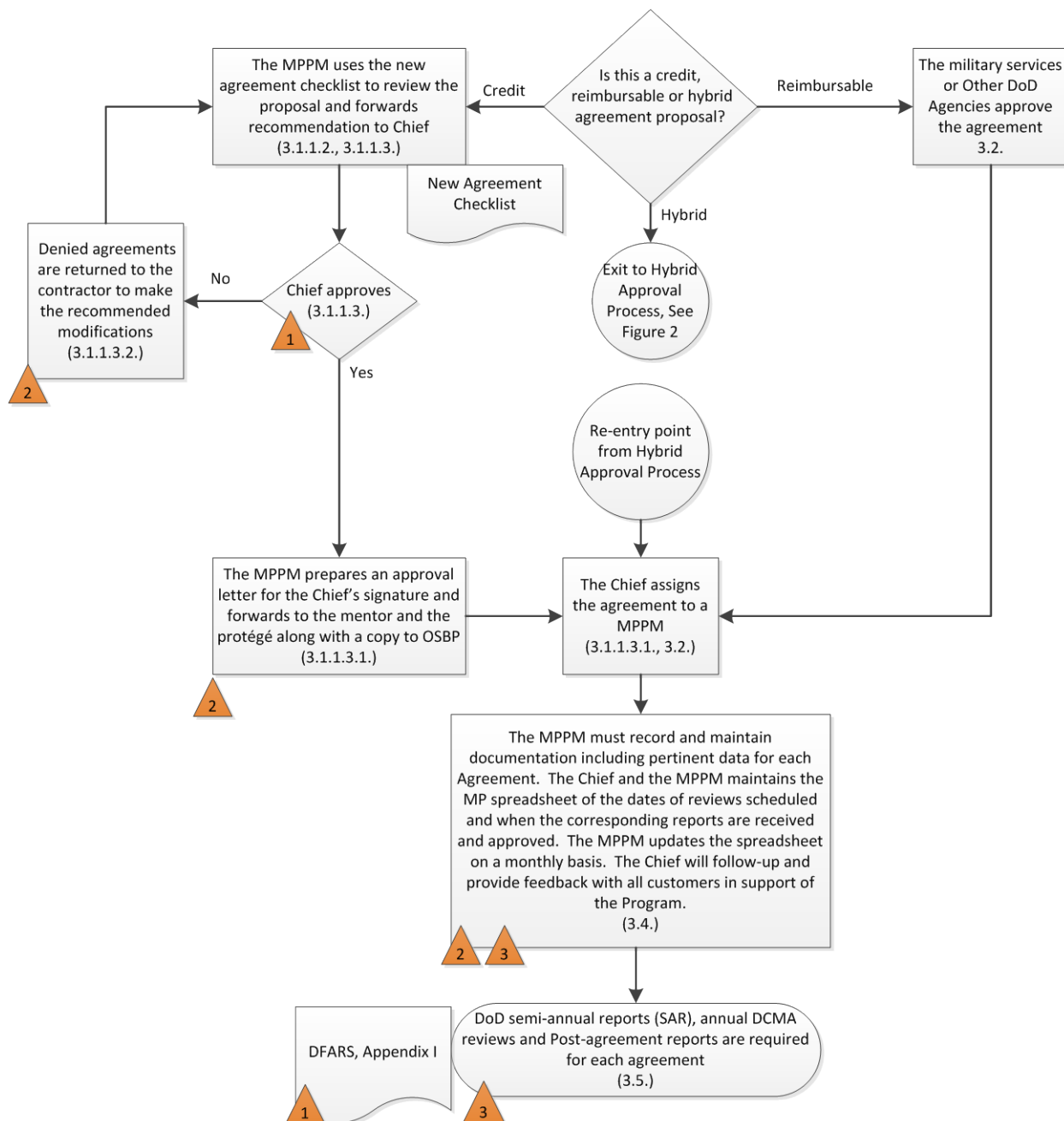
management and the ROI (personnel and business growth) of the protégé. The Risk Rating Chart can be found on the Instruction's Resource Page.

3.5.5. Post Agreement Reports. Protégés are required to provide information as to whether the mentor and the 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 (DFARS, Section I-113 (Reference (d))). Reports are due for all completed and/or terminated agreement terms, even if no activity has occurred. The MPPM obtains this data utilizing the Protégé Post Agreement Review Form. If data is not provided or is not verifiable, the MPPM completes the report by outlining the reason why data verification could not be performed.

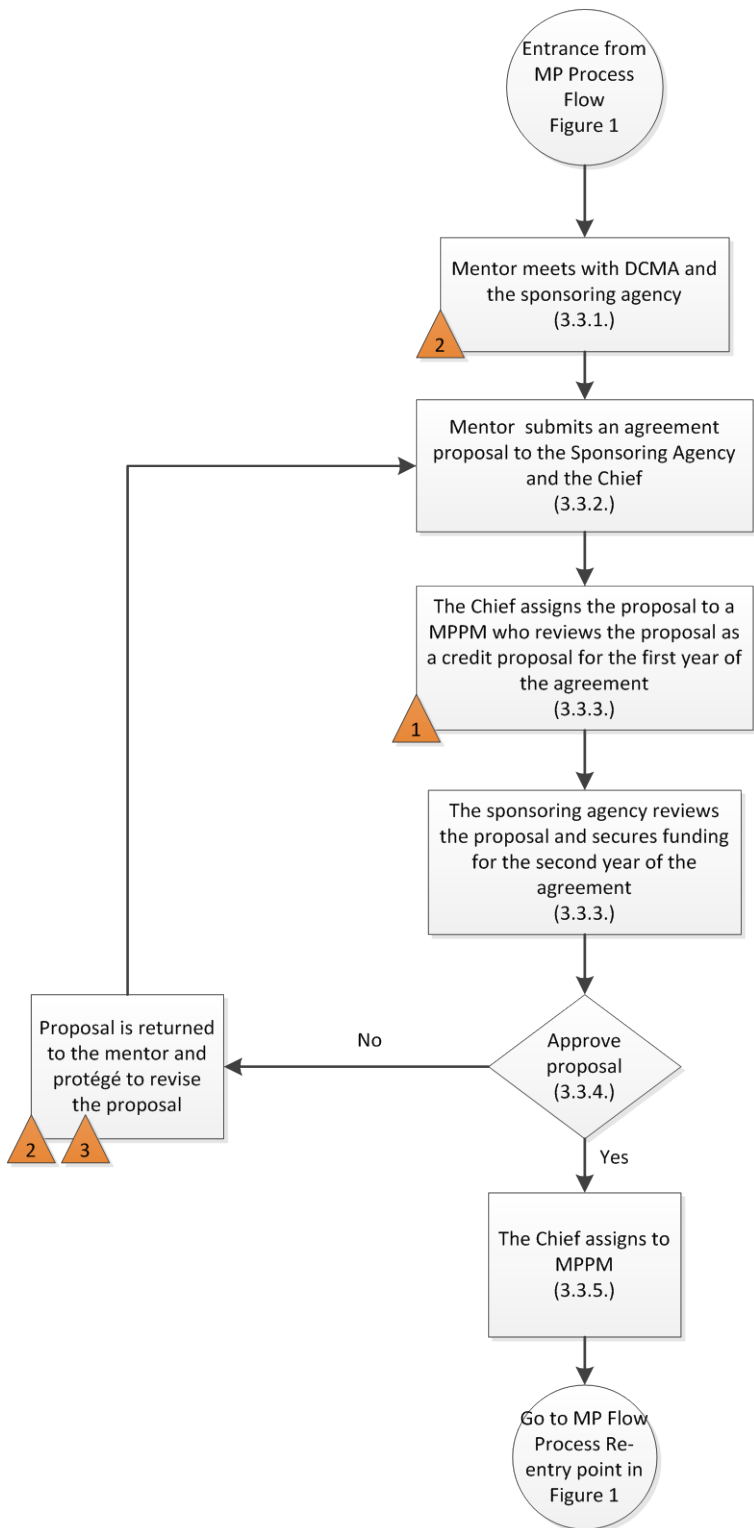
3.5.6. Terminations. Mentors and protégés must send a copy of any termination notices to the appropriate small business manager for the servicing agency and to DCMA. Then the assigned MPPM completes a closeout annual review for the agreement.

APPENDIX A

A.1. Mentor-Protégé Program Flow Process



A.2. Hybrid Agreement Flow Process



A.3. Key Control Table for Process Flow

Key Control Table			
Control	Functional Area	Risk	Possible Controls
1	Review/Approve	Non-compliance with DFARS Inaccurate reports	<ul style="list-style-type: none"> - DFARS Appendix I - New Agreement Checklist - Approval Letter - Annual Reports - SARs Review
2	Communication	Improper agreements Inaccurate data provided Inaccurate reports	<ul style="list-style-type: none"> - Feedback from Chief to customers and MPPMs - Data from customers to MPPMs
3	Documentation	No demonstration of return on investment	<ul style="list-style-type: none"> - MPPM pertinent data for each agreement - MP spreadsheet - Semi-annual reports - Annual reviews - Post-agreement reports

GLOSSARY

DEFINITIONS

Multiple of credit. The amount of credit a mentor firm may receive for developmental assistance costs receive a multiplier. A multiplier of four is applied to the costs attributable to assistance provided by small business development centers, historically black colleges and universities, minority institutions, and procurement technical assistance centers. A multiplier of three is applied to the amount of costs attributable to assistance furnished by the mentor's employees. A multiplier of two is applied to the total amount of other costs incurred by the mentor (other direct costs).

Return on Investment. The “DoD Mentor-Protégé Program Semiannual Report Form” states ROI means generating value for money spent. Put another way, in terms of reimbursable agreements, the growth in protégé personnel and contracts (prime and/or subcontracts) should be greater than the money invested by DoD in the endeavor.

Risk Ratings. Risk ratings are a measurement category assigned to an agreement, ranking the overall performance of the mentor and the protégé. The risk ratings are high, moderate and low. Each rank is defined in the Risk Rating Chart found on the resource page.

GLOSSARY

ACRONYMS

CAP	Corrective Action Plan
Center	DCMA Small Business Center
Chief	DCMA Mentor-Protégé Group Chief
DCMA-INST	DCMA Instruction
DFARS	Defense Federal Acquisition Regulation Supplement
FAR	
MOU	Memorandum of Understanding
MP	DCMA Mentor-Protégé Group
MPPM	DCMA Mentor-Protégé Group Program Managers
OSBP	Office of Small Business Programs
PLAS	Performance Labor Accounting System
PMR	Program Management Review
Program	Mentor Protégé Program
ROI	Return on Investment
SAR	Semi-Annual Report