

GAO Highlights

Highlights of [GAO-17-172](#), a report to congressional committees

Why GAO Did This Study

DOD's Pilot Mentor-Protégé Program was first authorized as a pilot program in 1990 and has been repeatedly renewed as a pilot program, most recently through September 30, 2018. For fiscal year 2016, total funding for this program was \$28.3 million.

The joint explanatory statement to accompany the National Defense Authorization Act for Fiscal Year 2016 includes a provision for GAO to report on DOD's pilot program. This report examines, among other things, (1) DOD's procedures for approving mentor-protégé agreements and (2) DOD's performance measures for the program. GAO analyzed DOD guidance, reviewed a randomly selected probability sample of active DOD mentor-protégé agreements and estimated their completeness at a 95 percent confidence interval, reviewed DOD's annual program reports for fiscal years 2011 through 2015, and interviewed agency officials.

What GAO Recommends

GAO recommends that DOD (1) conduct periodic reviews of the components' processes for approving agreements and address identified deficiencies, as appropriate, and (2) develop performance goals and related measures that are consistent with the program's stated purpose. DOD concurred with GAO's recommendations.

View [GAO-17-172](#). For more information, contact William Shear at (202) 512-8678 or shearw@gao.gov.

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SMALL BUSINESS CONTRACTING

DOD Should Take Actions to Ensure That Its Pilot Mentor-Protégé Program Enhances the Capabilities of Protégé Firms

What GAO Found

The Department of Defense (DOD) relies on military services and agencies (DOD components) to approve the agreements that establish relationships between participants in its Pilot Mentor-Protégé Program. This program provides incentives for major defense contractors (mentors) to provide assistance to small disadvantaged firms (protégés) in an effort to enhance their capability to compete for federal and commercial contracts. However, DOD does not have reasonable assurance that approved agreements include all elements required by the program's regulations and policies. These elements include, among others, the protégé's industry code and the signature and date of the mentor and protégé. These elements serve a variety of purposes—for example, the industry code is used to determine the protégé's eligibility to participate in the program, and the signature and date of mentor and protégé are required in order to meet program requirements. Based on a review of a randomly selected probability sample of 44 of the 78 active mentor-protégé agreements in place as of June 2016, GAO estimates that 27 percent of agreements were missing required elements. For example, GAO estimates that 25 percent of agreements were not signed by both the mentor and protégé. Federal internal control standards state that management should implement control activities through policies and practices, including periodically reviewing control activities for continued effectiveness. DOD's Office of Small Business Programs (OSBP) manages the program and oversees program policies and procedures. However, OSBP does not review the DOD components' processes for approving mentor-protégé agreements and therefore has not taken appropriate oversight actions to provide reasonable assurance that agreements meet all requirements. As a result, the components have approved agreements that do not include required elements, and OSBP cannot ensure that the requirements are serving their various purposes.

DOD's fiscal year 2011 through 2015 annual reports on its Pilot Mentor-Protégé Program include performance measures for several areas, but DOD lacks performance goals and other measures needed to effectively assess the program. Some of these measures show that during this period, protégés' revenue, number of employees, and DOD prime and subcontract awards increased while protégés participated in the program, but revenues and employment levels decreased in the 2 years after their participation ended. GAO found that DOD has not established any measurable goals for these measures. In addition, DOD collects information from mentors on how they have enhanced the capabilities of protégés, but DOD does not include this information in the program's annual report and has not developed performance measures or goals related to this information. GAO has previously identified performance measurement as a best practice that allows organizations to track progress and gives managers information to plan needed improvements. DOD officials told GAO they are working to develop measures that better indicate program effectiveness, but as of January 2017 they had not established such measures. Without performance goals and related measures, DOD may be limited in its ability to analyze the effectiveness of the program, and Congress may not have information needed to inform future decisions regarding the program.