



ACQUISITION,
TECHNOLOGY
AND LOGISTICS

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

October 23, 2001

MEMORANDUM FOR DIRECTOR, DEFENSE CONTRACT MANAGEMENT
AGENCY (DCMA)

SUBJECT: DoD Mentor-Protégé Program Performance Reviews for
Fiscal Year 2001

DCMA is hereby requested to conduct their annual performance review of the DoD Mentor-Protégé Program agreements for Fiscal Year 2001. Your reviews continue to provide valuable on-site information about the mentor-protégé relationships, assist in assessing the success of the program, and contribute to adjustments in program management. DCMA is an integral part of the mentor-protégé program and plays a critical role in its continued success.

It is requested that DCMA review all agreements that were active during any part of Fiscal Year 2001, including all agreements that were completed or terminated during the fiscal year (Attachment #1). As is our custom, this office will reimburse DCMA for performing reviews for all contracts not currently administered by DCMA. To assist in disseminating the attached listing, which is sorted by state, we have included a diskette formatted in Microsoft Access and Microsoft Word (Attachment #2).

The scope of DCMA's performance review is to determine (1) whether all costs reimbursed to the mentor firms under the agreement were reasonably incurred to furnish assistance to the protégé firms in accordance with applicable mentor-protégé guidance and regulations and (2) whether the mentor firms and protégé firms accurately reported progress made by the protégé firms in employment, revenues, and participation in DoD contracts during the program participation term covered by the mentor-protégé agreement.

We ask that you establish by November 15, 2001, a schedule of when each Mentor-Protégé report will be completed and submitted. We recommend that you consolidate mentor-protégé program reviews with other oversight activities to optimize the use of field resources. When establishing the review schedules, assess the overall "health" of each agreement utilizing the March 31, 2001 semi-annual report, as well as other pertinent information. If it is determined that there are problems and/or issues with the relationship, schedule your review of the agreement at the beginning of the review period. During the fiscal year we may also request that certain agreements be added to DCMA's review schedule. To facilitate the review process and avoid any undue delays, it is requested that the DCMA Contract Management Offices (CMOs) contact the mentors' points of contact (POCs) and advise them of the tentative review schedules for



both the mentors and the proteges. It is our desire that DCMA partner with us to successfully complete these reviews. As a part of that effort, our office will send out notices to both the Mentor and Protégé informing them of their roles and responsibilities in the DCMA review process (see Attachment #3).

We consider the financial review process to be a critical aspect of the review process. DCMA took great strides toward strengthening this process through the utilization of the Defense Contract Audit Agency (DCAA) to verify the amounts reported by the mentor on the semi-annual reports for expenditure data ['Fiscal Year to Date' and Cumulative from Start of Agreement', Part I: B. Financial Status (Reimbursable Agreements only)] to the mentors' public vouchers or other supporting cost records. We request that DCMA continue to include DCAA as a part of their review team, when necessary. The DCAA audit reports should be included in the package submitted to this office. In addition, DCAA should be requested to identify any other financial/accounting issues affecting the mentor-protégé program.

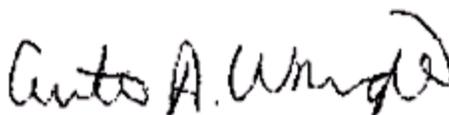
Verification of mentor-protégé program costs is dependent on their visibility on the public vouchers and/or in the mentor's cost accounting records. DFARS 219.71 strongly encourages either an advance agreement or written identification by the mentor firms of the accounting treatment of such costs prior to incurring any costs. This office plans to take steps to increase compliance with the above requirements as part of the approval process of future agreements. DCMA is requested, in cooperation with DCAA, to pursue advance agreements with mentor firms for future agreements, as necessary where DCMA has been delegated administrative cognizance. It is also requested that where DCMA does not have administrative cognizance, a recommendation be made to the cognizant Contracting Officer to establish an advance agreement with the mentor firm. At the very least a written statement on the accounting treatment of such costs for all active agreements should be requested from the mentor firms. Your cooperation in this area will be greatly appreciated.

We request that CMOs conduct 'exit conferences' at the conclusion of their reviews to discuss the factual aspects of the reviews, as well as solicit feedback from the mentor's and protégé's POCs. This process should facilitate the resolution of all open issues prior to completion of the final reports. The exit conferences with the mentor's POC should be scheduled after receipt of the portion of the review performed by the protégé's CMO. The details of the exit conferences should be included in the final DCMA reports. We further request that all DCMA review packages adhere to the format and content outlined in Attachment #4, Defense Contract Management Agency Performance Review, Format and Content of Review Packages.

Finally, we request that all reviews be completed by July 15, 2002. The DCMA CMOs cognizant of the mentors are requested to forward each review package as soon as it is completed.

The DCMA performance reviews continue to be an integral part of our overall assessment of the DoD Mentor-Protégé Program and crucial to our analysis of the success of each agreement. Thank you for your organization's continuing support of this important program. Mr. George T. Schultz is the DoD Mentor-Protégé Program Manager and Ms. Kasey Bethea is the point of contact for DCMA reviews and semi-annual reports and may be reached at (703) 588-8619 or kasey.bethea@osd.mil

Sincerely,

A handwritten signature in black ink that reads "Curtis A. Wright". The signature is written in a cursive style with a large, stylized initial 'C'.

CURTIS A. WRIGHT, COL., USAF
Deputy Director, Office of Small and
Disadvantaged Business Utilization

Attachments

cc: Military Service/Defense Agency SADBUs Directors