

United States Senate

WASHINGTON, DC 20510

November 3, 2011

The Honorable Gene L. Dodaro
Comptroller General of the United States
Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Dodaro:

As our veterans face an unprecedented rate of unemployment, Congress must continue its work fostering our nation's service-disabled veteran-owned and veteran-owned small businesses. These small businesses fuel America's economy, are key partners in our fight to get veterans back to work and are vital to our long-term economic vitality. One such step that Congress can take to support these businesses is to ensure the effectiveness and efficiency of the Department of Veterans Affairs' Center for Veterans Enterprise (CVE).

In 2006, to support service-disabled veteran-owned and veteran-owned small businesses, Congress created the Veterans First contracting preference program. VA was charged with implementing procedures to verify the ownership, control, and status of service-disabled veteran-owned and veteran-owned small businesses seeking to participate in Veterans First. Congress also emphasized the importance of ensuring that veterans' preferences in federal procurements are used to benefit only eligible service-disabled veteran-owned and veteran-owned small businesses.

CVE began verification of service-disabled veteran-owned and veteran-owned small businesses in May, 2008. Since that time, CVE has struggled to implement an effective verification program. Indeed, the VA Office of Inspector General found that as many as 1,400 contracts were awarded to ineligible businesses in FY 2010. While VA has made some progress in improving its verification program, questions remain as to the program's overall effectiveness. Indeed, it appears VA may need to better develop the tools, resources and capacity necessary for an effective, timely and efficient verification process.

Therefore, we are requesting a GAO evaluation of the verification program operated by CVE. Specifically:

- How have CVE's businesses processes and procedures evolved from inception to their current-state following passage of P.L. 111-275, what metrics does CVE utilize to evaluate its processes and procedures, and are such metrics sufficient to provide CVE with an objective and measurable review of its own performance;
- How effective is CVE in processing, reviewing and verifying eligibility of service-disabled veteran-owned and veteran-owned small businesses, and in conducting appeals and quality-control reviews of its verification decisions in a timely and accurate manner;
- What steps can be taken to improve CVE's total in-process, aged inventory and requests for reconsideration statistics;

- Do CVE appeal and quality-control review reversal rates reveal any systemic or substantive errors in CVE eligibility decision-making policies, processes and procedures, and, if so, how can such errors be remediated;
- How effective are CVE communications to an applicant business at informing the business of its application status at each stage of the review process, and are such communications timely and consistently made;
- Has CVE issued effective guidance to applicant businesses regarding its interpretation and application of 38 C.F.R. § 74 *et seq.*, “Veterans Small Business Regulations”, and has CVE applied such regulations in a manner that is clear and consistent to applicant businesses;
- What progress has CVE made in developing capacity by updating and maintaining its data systems to reduce manual data entry by staff and to improve the timeliness and accuracy of application process; and
- What steps has CVE taken to analyze and assess core competencies and workforce needs for each of its business units, and to align these competencies and needs with its personnel training, performance evaluation, and recruitment and retention strategies?

Finally, we would like you to assess the steps that would be necessary for CVE’s verification program to be scaled and implemented government-wide. Such a verification program would apply to all service-disabled veteran-owned and veteran-owned small businesses participating in federal procurement preference programs. To the extent that you find further development is needed before CVE can perform government-wide verification, please include suggestions for actions CVE can take to achieve readiness for this expanded role.

Please contact David Brown, Counsel to the Committee on Veterans’ Affairs, at (202) 224-9126, and Margaret Daum, Staff Director to the Subcommittee on Contracting Oversight, Committee on Homeland Security and Governmental Affairs, at (202) 224-4462, to discuss this request.

Sincerely,



Patty Murray
Chairman
Committee on Veterans’ Affairs



Claire McCaskill
Chairman
Subcommittee on Contracting Oversight
Committee on Homeland Security and
Governmental Affairs



Maria Cantwell
United States Senator