

# GAO Highlights

Highlights of [GAO-16-179T](#), a testimony before the Subcommittee on Oversight and Investigations, Committee on Veterans' Affairs, and the Subcommittee on Contracting and the Workforce, Committee on Small Business, House of Representatives

## Why GAO Did This Study

VA must give contracting preferences to service-disabled and other veteran-owned small businesses and verify the ownership and control of firms seeking such preferences. GAO found in 2013 ([GAO-13-95](#)) that VA faced challenges in verifying firms on a timely and consistent basis, developing and implementing long-term strategic plans, and enhancing information technology infrastructure. This testimony discusses preliminary observations on (1) VA's progress in establishing a timely and consistent verification program and improving communication with veterans, and (2) the steps VA has taken to identify and address verification program challenges and long-term goals.

This statement is based on GAO's ongoing review of VA's verification program. GAO reviewed VA's verification procedures and strategic plan, reviewed a random sample of 96 verification applications, and interviewed VA officials, and representatives from two veterans' organizations, and four verification assistance counselors.

## What GAO Recommends

GAO is not making recommendations at this time; as it finalizes its work for issuance early next year, it will consider making recommendations, as appropriate. GAO obtained comments from VA and incorporated them as appropriate.

View [GAO-16-179T](#). For more information, contact William B. Shear at (202) 512-4325 or [shearw@gao.gov](mailto:shearw@gao.gov).

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## VETERAN-OWNED SMALL BUSINESSES

### Preliminary Observations on Verification Program Progress and Challenges

## What GAO Found

Based on GAO's preliminary observations, the Department of Veterans Affairs (VA) has made significant improvements to its verification process and communication with veterans since GAO's 2013 report. VA reported it reduced its average application processing times by more than 50 percent—from 85 days in 2012 to 41 in 2015. GAO reviewed a randomly selected sample of verification applications and found that VA followed its procedures for reviewing applications. VA continued to refine its quality management by developing written work instructions for every part of the verification process, and implemented an internal audit process. As of September 2015, VA had taken action on and closed 364 of 379 (96 percent) of internal audit recommendations. The agency also conducted post-verification site visits to 606 firms in fiscal year 2015 to check the accuracy of verification decisions and help ensure continued compliance with program regulations. Since 2013, VA has made several changes to improve veterans' experiences with the program. For example, VA revised procedures to allow veterans additional opportunities to withdraw their applications or submit additional information and has partnered with federally supported assistance centers to provide assistance to veterans applying for verification. Correspondingly, the percentage of firms that received denials has dropped from 66 percent in 2012 to 5 percent in 2015. Veterans' organizations and verification counselors with whom GAO spoke noted improvements in VA's communications and interactions with veterans, although most verification counselors we spoke with suggested the program's website and letters to veterans could be clearer.

VA has multiple efforts underway to make its verification program more cost-effective and veteran-friendly, but GAO's preliminary results indicate that it lacks a comprehensive operational plan to guide its efforts. For instance, VA intends to restructure part of its verification process and in August 2015, began a pilot that gives veterans one point of contact (a case manager, who would be aware of the specifics of the application throughout the verification process). VA plans to fully transition to this new process by April 2016. VA also plans to change the program's organizational structure and hire a director for the program, which has had three different directors, the last two of which have been acting directors, since 2011. Finally, VA plans to replace the program's outdated case management system, but has faced delays due to contractor performance issues. Efforts are under way to develop and evaluate a pilot system by January 2016 and fully transition to the new case management system by September 2016. VA has developed a high-level operating plan that identified objectives for the office overseeing the verification program—the Office of Small and Disadvantaged Business Utilization (OSDBU). But the plan does not include an integrated schedule with specific actions and milestone dates for achieving the multiple program changes under way or discuss how these various efforts might be coordinated within OSDBU. GAO's work on organizational transformations states that organizations should set implementation goals and a timeline to show progress. Such a plan is vital to managing multiple efforts to completion and achieving long-term program objectives, particularly when senior-level staffing for the verification program has lacked continuity. GAO continues to assess these issues and will report its results early next year.