

GAO Highlights

Highlights of [GAO-16-129](#), a report to congressional requesters

Why GAO Did This Study

In fiscal year 2014, the VA made contract awards totaling \$4.0 billion to veteran-owned small businesses, including \$3.6 billion to service-disabled veteran-owned small businesses. VA must verify the ownership, control, and status of firms seeking such preferences. GAO found in January 2013 ([GAO-13-95](#)) that VA faced challenges verifying firms on a timely and consistent basis, communicating with veterans, enhancing information technology systems, and developing and implementing long-term strategic plans. GAO assessed (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 program challenges and longer-term goals. GAO reviewed VA's verification procedures and strategic plan, reviewed a generalizable random sample of 96 verification applications, and interviewed VA officials and representatives from two veterans' organizations selected from prior work and four verification assistance counselors selected to obtain geographic representation.

What GAO Recommends

GAO recommends that VA: (1) complete its fiscal year 2016 operating plan and include an integrated schedule addressing key actions for the verification program and milestone dates for achieving them, and (2) establish a process to review and update the operating plan to address changing conditions. VA agreed with these recommendations.

View [GAO-16-129](#). For more information, contact William B. Shear at (202) 512-8678 or shearw@gao.gov.

March 2016

VETERAN-OWNED SMALL BUSINESSES

VA Improved Its Verification Program but Lacks an Effective Operational Plan for Ongoing Efforts

What GAO Found

Since GAO's 2013 report, the Department of Veterans Affairs (VA) took significant steps to improve how it verifies and communicates with veteran-owned small businesses, consistent with several of GAO's previous recommendations. VA reported that due to process improvements, it reduced average application processing times by more than 50 percent—from 85 days in 2012 to 41 in 2015. VA reported that it generally met its regulatory goals for application processing, and GAO's review of randomly selected application files generally corroborated this statement. VA refined the program's quality controls and implemented an internal audit process. Veterans' organizations and verification counselors with whom GAO spoke noted improvements in VA's communications and interactions with veterans, although three of the four verification counselors with whom GAO spoke suggested the program's website could be clearer and all four said the agency's letters to veterans could be clearer. In response, VA officials said they have been redesigning the website to make documents easier to locate. Officials also said the regulatory language in the letters was necessary and they encourage veterans to obtain free assistance with their applications from VA-certified counselors.

VA has been undertaking multiple efforts to address continuing verification program challenges (such as an outdated case-management system) and long-term goals (making processes more veteran-friendly). However, the agency has not had a comprehensive operational plan for managing these efforts to completion. GAO previously recommended that VA's Office of Small and Disadvantaged Business Utilization (OSDBU), which oversees the verification program, establish a strategic plan for the program and integrate efforts to replace an outdated case-management system with agency strategic planning. VA developed a strategic plan for 2014–2018 that included longer-term goals for the program, such as making the verification process more veteran-friendly. In August 2015, VA began piloting a restructured process that allows veterans to communicate directly with the individual processing their application. VA plans to fully transition to the new process by September 2016. VA recently hired a new director for the program, which has had four directors since 2011, including two acting directors in 2015. VA also has continued its efforts to replace the outdated case-management system for the program, but has faced delays due to contractor performance and funding issues. As a result, VA officials do not anticipate the replacement system will be in place until early 2017. While VA has developed a high-level operating plan for OSDBU, the plan does not integrate schedules or specify actions and milestone dates for achieving the multiple changes under way or discuss how to integrate the efforts. VA officials told GAO they were working on developing a detailed operating plan but were waiting to evaluate preliminary results of the verification pilot. GAO's work on organizational transformations states that organizations should set implementation goals and develop timelines to show progress. A detailed plan to guide multiple ongoing efforts is critical given repeated delays in VA's efforts to acquire a new case-management system and the lack of continuity in the program's leadership. Once such an operating plan is developed, it also will be important to update it on a timely basis. Otherwise, VA would continue to be at risk for delays in implementing its initiatives and achieving its long-term goals.