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United States Senate

COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP
WASHINGTON, DC 20510–6350
TELEPHONE: (202) 224–5175 FAX: (202) 224–5619

February 9, 2012

The Honorable Eric K. Shinseki
Secretary
U.S. Department of Veterans Affairs
810 Vermont Avenue, NW
Washington D.C. 20420

Dear Secretary Shinseki,

Thank you for your vigorous efforts to help provide crucial services to our nation's veterans who have made tremendous sacrifices to maintain the freedom and prosperity of our great nation. We owe our military heroes a debt of gratitude that can never be fully repaid, and with your leadership, we must work to safeguard the economic opportunities for our nation's bravest men and women.

In 2011, both the Government Accountability Office (GAO) and the U.S. Department of Veterans Affairs (VA) Office of the Inspector General (OIG) issued scathing reports detailing ineligible businesses who continue to reap rewards from procurement programs intended to benefit our nation's heroes. I truly appreciate the efforts the VA has taken to address the GAO and the OIG's recommendations, but much more can be done to streamline the process and improve the fraud prevention controls. I have long insisted that small business contracting programs must be subject to a vigorous verification process that is uniform and robust in order to ensure that only eligible businesses are participating in the programs.

The Senate has spoken very clearly on this issue, as evidenced by the unanimous passage of S. 633, *the Contracting Fraud Prevention Act of 2011*, which would require that any business seeking status as a service-disabled veteran-owned small business (SDVOSB) must be verified by the VA. The Center for Veteran's Enterprise (CVE) began screening and certifying SDVOSB's in May of 2008 and began utilizing a full document review for verification after enactment of P.L. 111-275, *the Veterans' Benefits Act of 2010*. Unfortunately, I continue to hear from numerous veteran-owned small businesses about the struggles legitimate veterans face when applying for certification through the CVE process. Many have reported long delays, repeat requests for documentation, complaints of a subjective process, and finally, no recourse to file a grievance. Just as I am outraged whenever fraud and abuse occur in Federal government programs, I am dismayed when innocent business owners are deprived the opportunity to compete for contracts after they have sacrificed so much to protect our freedom.

In my role as the Ranking Member of the Senate Committee on Small Business and Entrepreneurship, I am requesting a response from the VA on the following:

- An update of the ongoing verification process at CVE including: the number of applications processed, the amount of applicants in the current backlog, the average time to process applications, and how many applicants have appealed initial certification decisions;
- What steps has the VA taken to streamline the current process including: the development of a standardized application, distributing a list of accepted documents, reducing the backlog of applicants, and expediting requests for reconsideration;
- What forms of communication and outreach the VA is providing to applicants during the review process to provide status updates;
- What progress have you made towards implementing the GAO's 13 recommendations from their November 2011 audit of the VA SDVOSB verification process;
- What kind of collaboration is the VA doing with other Agencies, such as the Small Business Administration, to establish best practices from the other small business contracting programs to provide uniform evaluation standards and for resolving certification issues related to small business ownership; and
- Does the VA need any legislative authority from Congress to process these applications more effectively and expeditiously?

As the only Agency currently tasked with certifying veteran businesses, the VA must be the gold standard in preventing fraud in veterans contracting. However, if the process at CVE is harming honest veterans in an attempt to weed out the bad actors, it is imperative that modifications be made to protect those legitimate veteran businesses trying to do business with the Federal Government.

I would appreciate a response to my office by Friday, March 2, 2012. The American people, service-disabled veterans, and Congress must all work together to eradicate fraud from these programs, but it is also paramount that we protect our veterans by giving them a fair, thorough, and expeditious application process. I know you share my concerns, and I appreciate your attention to this critical issue.

Sincerely,

Olympia Snowe

OLYMPIA J. SNOWE
Ranking Member