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COMMITTEE ON VETERANS' AFFAIRS

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Subcommittee Finds Unlawful Contracting in Service-Disabled Veteran Owned Small Businesses

WASHINGTON, D.C.—Today, a hearing held by the Subcommittee on Oversight & Investigations revealed that there are 91 pending criminal investigations in the Department of Veterans Affairs' (VA) Service-Disabled Veteran Owned Small Business (SDVOSB) program. Investigations have been underway through the Government Accountability Office (GAO) and VA's Office of the Inspector General (VAOIG). Some investigations have been ongoing for several years.

“The Department of Veterans' Affairs VOSB and SDVOSB contracts accounted for approximately 30 percent of government-wide contracts in this category during fiscal year 2010. This leaves 70 percent of VOSB and SDVOSB contracts to be given to self-certifying firms not verified by VA,” stated Rep. Bill Johnson (OH-06), Subcommittee Chairman on Oversight & Investigations.

VAOIG released a report on SDVOSB contracting issues this week, which detailed that more than \$21 million has been awarded to fraudulent companies, and estimated that ineligible firms receive \$500 million in VA contracting funds annually. GAO's testimony followed up on a 2009 report on 10 firms, and revealed that companies revealed as ineligible in the investigation continued to perform millions of dollars in contracting work for VA.

“Despite multiple discoveries of fraud in our investigation, it is important to note that there are many dedicated professionals in VA who seek to do the right thing. In some cases they have been threatened into silence, they have been circumvented by their own chain of command, they have been ignored, or even fired,” Johnson said. “In such cases, this Subcommittee can and will be their voice, and we will present the evidence they have attempted to bring to light. Truth cannot be suppressed - it will always find a way to be heard. The current program needs to be emancipated from an ineffective culture that will otherwise destroy it.”

In addition to the oversight hearing, the Subcommittee also favorably reported to the full Committee, three pieces of pending legislation at an earlier markup:

H.R. 2243: Veterans Employment Promotion Act (introduced by Representative McNerney).

H.R. 2388: Access to Timely Information Act (introduced by Representative Miller).

H.R. 2383: Modernizing Notice to Claimants Act (introduced by Representative Johnson)—as amended.

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