

## GUIDE TO ONSITE EXAMINATION (SITE VISIT)

This Guideline is intended to assist Applicants in complying with the regulatory requirements in 38 CFR Part 74 in order to apply for verification.

Whenever this Guideline appears inconsistent with 38 CFR Part 74 *VA Veteran-Owned Small Business Verification Guidelines*, the language in 38 CFR Part 74 applies.

A company is selected for a site visit in order to provide the Applicant the opportunity to provide additional information and clarification of issues that would otherwise result in a denial of their application for verification as a VOSB or SDVOSB.

### COMPONENTS OF A SUCCESSFUL SITE VISIT

1. **Schedule a firm date and prepare for the Site Visit.** Talk with the Examiner to learn any specific requirements and schedule a mutually agreeable date. Update your registration in the VIP database.

Once the visit is scheduled, it is not easy to reschedule. In many cases the Examiner has made travel arrangements and/or may have other visits scheduled the same week.

Typically, VA will not approve the application unless the site visit is completed successfully and demonstrates that the Applicant fully conforms to the regulatory requirements in 38 CFR Part 74.

The Veteran must be present during the site visit.

2. **Read 38 CFR Part 74 if you are not sure of the specific ownership and control requirements for which the Applicant must conform.** Applications that do not conform to the requirements of Veteran status, ownership, and control in 38 CFR Sections 74.3 and 74.4 will be denied. In summary, these are:

The Veteran has unconditional direct ownership;

The Veteran holds the highest officer position and is the highest paid employee, unless there is a reasonable explanation submitted by the Veteran as to how taking a lower salary than other employee(s) helps the business;

The Veteran manages the company on both a strategic policy and a day-to-day basis; and

Non-Veterans do not control the company.

The Veteran has the managerial experience of the extent and complexity needed to run the company

3. **The Applicant must be present during the visit.** Schedule the visit such that the Veteran Applicant will be present during the visit. The Examiner may wish to interview all the company owners during the site visit.

4. **Respond quickly and completely to any requests for information.** Many site visits are performed by VA support contractors. If the Examiner requests additional documents, processing stops until they receive those documents. If the Applicant does not respond, VA can deny the application based upon a lack of supporting information

## **Background**

Public Law (P.L.) 109-461 created a new contracting program within the Department of Veterans Affairs for Veteran-owned small businesses and expanded the service-disabled Veteran contracting program for VA procurements. The Public Law was implemented in two regulations published in the Federal Register:

**48 CFR Parts 802, 804, 808, 809, 810,813, 815, 817, 819, 828, and 852 Supporting Veteran-Owned and Service-Disabled Veteran-Owned Small Businesses** were amended on December 8, 2009 to implement changes to the VA Acquisition Regulation. This regulation defines the acquisition rules for the program within VA.

**38 CFR Part 74 VA Veteran-Owned Small Business Verification Guidelines** was published on February 8, 2010, and clarified on January 19, 2011. This regulation defines the requirements for verification as a Veteran-owned small business or a service-disabled Veteran-owned small business.

Experience since the Verification Program started in mid-2008 shows that some Applicants do not fully understand how to submit a complete application that demonstrates that their company complies with the regulatory definition of a Veteran-owned small business (VOSB) or a service-disabled Veteran-owned small business (SDVOSB).

Further complicating the submission process is the implementation of P.L. 111-275, section 104, the Veterans Small Business Verification Act (Verification Act). This law requires that in order to appear in the Vendor Information Pages (VIP) database, VA must verify a VOSB (or SDVOSB). Additionally, at the time of application, Veterans must submit to VA copies of all of the business documents that 38 CFR Part 74 previously required to be kept on file at the primary place of business.

The core requirements for a company to become verified are:

The Veteran owner(s) have direct, unconditional ownership of at least 51% of the company (38 CFR 74.3) and have full decision making authority (38 CFR 74.4 (g));

The Veteran manages the company on both a strategic policy and a day-to-day basis (38 CFR 74.4);

The Veteran holds the highest officer position (38 CFR 74.4(c)(2));

The Veteran should be the highest compensated employee unless there is a logical explanation otherwise submitted by the Veteran as to how taking a lower salary than other employee(s) helps the business (38 CFR 74.4 (g) (3)); and

The Veteran has the managerial experience of the extent and complexity needed to run the company.

The Applicant bears the burden of proof of adequately establishing its claimed status.

The January 19, 2011 Federal Register Notice clarified that a Veteran is not necessarily limited to having one company verified, and all Veteran owners do not necessarily have to work 40 or more hours per week at each verified company. The January 19 clarification, however, did not change the requirement for the company to comply with 38 CFR Part 74 in order to be verified, which still includes the requirement that an eligible Veteran owner who manages the company must devote full-time to the business during the normal working hours of the firm.

## **OVERVIEW OF THE VERIFICATION PROCESS**

The Verification Process consists of four steps:

1. The Veteran applies to have a company verified by entering ownership information into VIP and signing VA Form 0877 electronically in the VIP registration section. A list of required business and financial documents by business type is posted on the VetBiz.gov Web site. VIP database permits owners to directly upload all required documents when registering or updating the profile. Once all the owners have completed the electronic signature, VA confirms the Veteran status of each Veteran owner in VA's Beneficiary Identification Records Locator Subsystem (BIRLS) database. The Veteran status of most applicants is confirmed on the first query and the application then moves on to the Examination phase. In some cases, the Applicant's Veteran status is not verifiable, and a letter is sent to the applicant explaining how the Veteran can get the BIRLS record corrected.
2. Once an Applicant's Veteran status is confirmed, the documents that were submitted are reviewed to ascertain if they are correct and viable for examination. When that has been determined, the examination begins and the 90 day clock for verification begins. Veteran ownership and control is verified by examining information databases and business and financial documents submitted by the Applicant. Some of the examination process is electronically integrated to the VIP registration process, but at this time, examination is mostly a manual process. After comparing the documentation to the criteria in 38 CFR § 74, the Examiner makes a recommendation of approve, deny or further examination. The application then moves on to the Evaluation stage.
3. The Evaluation stage is completed by a Federal employee. The Examination report is reviewed and cross checked against the supporting documentation. The Quality Reviewer confirms or overrides the recommendation, or finds that further examination is needed to resolve issues that are not clear. In some cases, ownership and control issues remain after the examination is completed. In these instances, a site visit is scheduled with the Applicant, in which an Examiner will visit the Applicant's place of business to conduct interviews and additional reviews.

4. The final stage of the process is the Determination stage. In this stage, the Federal employee determines if the application is approved or denied and the appropriate letter is issued. This letter is scanned and sent via email to the email address contained in the VIP profile. If the application is approved, the logo is turned on and the company will then appear in VIP.

Verification is not an easy process, but in order to guard against fraud, abuse, and errors, it is important to adhere to the regulations and guidelines when preparing an application. Applicants **must** conform to the requirements of 38 CFR Part 74 in order to be verified.