

**STATEMENT OF  
MR. THOMAS J. LENEY  
EXECUTIVE DIRECTOR, SMALL AND VETERAN BUSINESS PROGRAMS  
DEPARTMENT OF VETERANS AFFAIRS  
BEFORE THE  
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS,  
COMMITTEE ON VETERANS' AFFAIRS  
AND SUBCOMMITTEE ON INVESTIGATIONS, OVERSIGHT, AND REGULATIONS,  
COMMITTEE ON SMALL BUSINESS  
U.S. HOUSE OF REPRESENTATIVES**

**JUNE 23, 2015**

Good afternoon, Chairmen Coffman and Hardy, Ranking Members Kuster and Adams, and Members of the Subcommittees. I appreciate the opportunity to address your concerns about the validity of the Department's data on our small business goals. I am joined today by Mr. Norbert Doyle, Chief Procurement and Logistics Officer of the Veterans Health Administration (VHA).

The Department of Veterans Affairs (VA) is a significant contributor to the Government's efforts to ensure a fair proportion of contracting dollars are awarded to small business. According to the Federal Procurement Data System (FPDS), in Fiscal Year (FY) 2013, VA was the fourth-largest Federal agency in terms of contract spend. Out of \$18.3 billion in FY 2013 reported contract spend, FPDS indicates VA awarded over 36 percent to small businesses. VA also reported more dollars awarded to service-disabled Veteran-owned small businesses than all other Federal civilian agencies combined.

These are results that translate into real dollars and real opportunities in the hands of small businesses and Veteran entrepreneurs. Ensuring these metrics accurately and completely report the Department's commitments to small business is important.

The Small Business Administration (SBA) issues the official agency scorecard. SBA receives a data extract of small business prime contracting performance from

FPDS-NG, which is an extract of all of the contracting data entered by the various agencies.

The Federal Acquisition Regulation (FAR) places the responsibility for reporting contract actions to FPDS on the contracting officer. The contracting officer reports contract actions on FPDS by completing contract action reports. A contract action report is required for contract actions which are “any oral or written action that results in the purchase, rent, or lease of supplies or equipment, services, or construction using appropriated dollars over the micro-purchase threshold [generally, \$3,000], or modifications to these actions regardless of dollar value” (FAR 4.601). The Senior Procurement Executive and the Head of the Contracting Activity are collectively responsible for “developing and monitoring a process to ensure timely and accurate reporting of contractual actions to FPDS” (FAR 4.604 (a)). Annually, the VA certifies its data in FPDS to the General Services Administration (GSA) and Office of Management and Budget (OMB) that the data it has entered into FPDS is complete and accurate. Afterwhich, SBA uses the FPDS data to formulate VA’s, and other agencies, Scorecard.

VA’s Office of Acquisition and Logistics (OAL), headed by the Senior Procurement Executive, has a data system that facilitates the timely and accurate reporting of contract actions. The Electronic Contract Management System (eCMS), VA’s contract-writing system, provides a range of functionality to support contract actions above the micropurchase threshold, including award of definitive contracts, modifications and options, and orders against the Federal Supply Schedules. eCMS currently enables a program office to plan and transmit requirements to an acquisition office, and for the contracting staff to execute the transaction all the way to award and retain source documents electronically. Before eCMS will allow the contracting officer to make the award, he or she must submit a contract action report to FPDS. This system has significantly strengthened VA’s compliance with the FAR reporting requirement.

VA still encounters risk in FPDS reporting associated with actions performed outside of eCMS. The FAR allows for “express” reporting of batches of transactions

from the same vendor, when separate reporting of each individual transaction would be burdensome (FAR 4.606(a)(3)). If this method is utilized, the express reporting should be performed on at least a monthly basis. For example, VA's Consolidated Mail Outpatient Pharmacies provide a monthly report on the amount of pharmaceuticals purchased against the Pharmaceutical Prime Vendor contract to provide outpatient medicines to Veterans. VA has improved its timeliness of aggregating and submitting these express reports to FPDS.

VA formerly reported its prosthetic spend similarly, using this express report function to "batch" reports of prosthetics buys conducted through the Graphical User Interface in the Veterans Health Information Systems and Technology Architecture. However, VA re-examined its interpretation of the FAR requirements and determined that all prosthetics spend above the micropurchase threshold must be awarded and reported by warranted contracting officers. As of October 1, 2013, all VHA prosthetic procurements are in compliance. We believe this issue now has been addressed adequately. As of June 15, 2015, eCMS showed 57,047 prosthetics transactions<sup>1</sup>, representing \$730.6 million in spend. Of these transactions, 56,884 records included an appropriate code indicating they had been reported to FPDS. This is a 99.7% compliance rate. These prosthetics transactions are and will continue to be included in analysis of VA's small business achievements based on FPDS data.

VA will continue to redress identified concerns with our procurement process and address new issues as they arise. For example, VHA has been implementing the Veterans Access, Choice, and Accountability Act of 2014. This will have policy and data reporting consequences which we are beginning to address. Although we will continue to work through these issues, we do not know how these transactions will ultimately affect our small business achievements.

---

<sup>1</sup> Prosthetic transactions reported in eCMS are for purchases above the \$3000.00 micro-purchase threshold, e.g., artificial limbs, surgical implants, specialized custom wheelchairs and home adaptations.

DRAFT / PRE-DECISIONAL

Additionally, OAL is seeking to improve infrastructure to better support efficient transactions to eCMS that will improve interfaces with VA's legacy systems and improve our ability to provide an enterprise-wide view of VA procurement. I appreciate that OAL has included my office as an active participant in this effort. Small business goal forecasting and reporting is a cross-cutting requirement that affects numerous other business processes across the Department.

Continued improvements in our data systems, consistent use of eCMS, and timely reporting of express reports will heighten the Department's ability to report accurate and complete procurement data for SBA to use in determining small business goal outcomes. In an environment of quick and continuous change, we have worked to resolve identified concerns, anticipate future needs and address new issues as they arise. We welcome the input of our Congressional partners as we work to better serve Veterans in achieving the Department's small business goals.

Thank you for the opportunity to appear before you today. My colleague and I will be pleased to answer any questions you or other Members may have.