

## 2013-115 AUDIT SCOPE AND OBJECTIVES—Disabled Veteran Business Enterprise Program

### AUDIT SCOPE AND OBJECTIVES

The audit by the California State Auditor will provide independently developed and verified information related to the Disabled Veteran Business Enterprise (DVBE) program and will include, but not be limited to, the following:

1. Review and evaluate the laws, rules, and regulations significant to the audit objectives.
2. Determine the roles and responsibilities of the Department of General Services (DGS) and the California Department of Veterans Affairs (CalVet) and any other entities in administering, monitoring, and ensuring the success of the DVBE program.
3. Review and evaluate DGS' and CalVet's policies, procedures, and practices for administering and overseeing the program, assisting departments and agencies in reaching the DVBE program goals and intent of the program, and reporting on program performance.
4. Evaluate the methods DGS and CalVet use to determine whether agencies and departments meet program goals and what actions, if any, either department can take to enforce attaining those goals. At a minimum, perform the following:
  - a) Review the reporting requirements for agencies and determine whether agencies are required to report about contracts awarded to DVBEs and whether the amounts reported reflect the contracted amount as well as the amount actually expended for the contracts.
  - b) Evaluate DGS' and CalVet's processes for ensuring that the information agencies provide is reported consistently and is accurate. Assess DGS' process for accurately reporting annually on overall program participation.
  - c) Determine whether DGS or CalVet tracks and trends DVBE participation and goal attainment by participant, by agency, by dollar amount, and by type of work, and whether either entity analyzes the information to determine whether changes are needed to the program or program practices or policies.
5. Review DGS' annual reports for each of the past five years to determine the number of certified DVBEs. Compare that number to the total number of DVBEs that participated in state contracts under the program during each of those years. Determine whether DVBEs participate in multiple contracts or work with various departments. Identify and determine the reasons for any significant variances or trends.
6. Review and evaluate DGS' certification processes and practices to ensure they comply with laws and regulations. Determine whether certification processes include procedures to

validate the eligibility of DVBEs and periodically reassess their eligibility to participate in the program and whether DVBE owners participate in more than one DVBE business.

7. To the extent possible, determine for the most recent year available, the percentage of certified DVBEs that are wholly owned by a disabled veteran.
8. Using the data from objective 5 on the previous page, to the extent possible identify other relevant demographics of each DVBE, including their federal VA disability rating. Using that list, identify which DVBEs participated in contracts under the program, and for those DVBEs that received the largest awards each year, determine the following:
  - a) The value of those awards and the departments with which the DVBEs contracted.
  - b) The average percentage of ownership by the principal disabled veteran for the top 20 DVBEs on the list.
  - c) The number of these top 20 DVBEs that received contract extensions and the number that participate in more than one program.
9. At five departments or agencies, validate the information provided to DGS regarding DVBEs, contracts awarded to DVBEs, and actual amounts expended for the most recent year available. Further, perform the following:
  - a) Identify instances when certified DVBEs provided a bid to an agency's Request for Proposal (RFP). Review a sample of RFP evaluation documents to compare the bid for the cost of goods or services provided by the DVBE to the bids for the cost of those goods and services submitted by non-DVBE entities.
  - b) Review a sample of fully performed contracts for goods and services awarded to DVBEs. Identify the amount awarded and compare with the actual amount paid on the contract. Identify any discrepancies and the reasons for those differences.
10. Review and assess any other issues that are significant to the DVBE program.