

# **Office of Inspector General U.S. AbilityOne Commission**



## **Semiannual Report to Congress**

**April 1, 2018 to September 30, 2018**



# Message from the Inspector General

## Sustainability and Innovation

“A focus on appreciating and respecting ourselves and fellow employees as a priority.”

I want to begin this Semiannual Report to Congress by congratulating and thanking the outgoing Chairperson, Jim Kesteloot, for his tremendous contributions and service to the Commission. I had the pleasure of working closely with Chairman Kesteloot and the staff this year as we were doing something not often done in government: creating an entirely new office. I would like to welcome the new Chairperson, Thomas Robinson, whose Chairmanship began in July 2018. As the agency makes the transition, it is fitting that the theme for this Semiannual Report is sustainability and innovation.

Early in my tenure, the Executive Director and the Chief of Staff invited me to join the Agency in a program visit to WORK Inc. in Dorchester, Massachusetts. Our first stop was the Thomas P. O'Neill, Jr. Federal Building in Boston where program participants were servicing GSA through an AbilityOne facilities contract. From there, we continued to the John F. Kennedy Presidential Library and Museum, where a contract for integrated services is in place. It was my first educational visit to an NPA and I was in full listening mode. I learned that the participants in the AbilityOne Program had a wonderful perspective that sustains and motivates them: “A focus on appreciating and respecting ourselves and fellow employees as a priority.” The learning that informs our oversight started that day in Boston and continues to provide needed insight into the Office of Inspector General (OIG) efforts.

This year, the AbilityOne OIG joins the Federal Inspector General community in commemorating the 40th Anniversary of the Inspector General (IG) Act. In July, the Council of the Inspectors General on Integrity and Efficiency (CIGIE) held the first event at the U.S. Capitol, where we celebrated the IG community’s successes in providing 40 years of capable leadership in promoting economy, efficiency, and effectiveness in the Federal Government. Our OIG received recognition by CIGIE for its work in the planning activities for the commemoration. The staying power is remarkable: those early IGs set the example for how to resolve disputes over resources and access to agency records, both of which are required for the independent role. As we look back on forty years of IG oversight, we celebrate the sustained value of the IG function and the benefits that independent oversight provides to the agency.

Continuing with this Semiannual Report’s theme of sustainability and innovation, the IG community has forty years of history yielding value, and IGs continue to do so even in an environment, such as the one our own Agency faces, where it lacks sustainable resources. The Program’s pivotal role on providing employment for the blind and disabled participants, creating access to the empowerment of work while the participants provide quality goods and services to the Federal Government, requires sufficient resources to ensure its sustainability. After all, how can an agency of 27 employees, responsible for a \$3.3 billion program with over 550 participating NPAs located in all 50 states, Puerto Rico, and Guam, that employs approximately 46,000 people, sustain its efforts efficiently and effectively if it is not afforded adequate means? Innovation is key. Several weeks ago, our visit to St. Louis Lighthouse for the Blind provided an example of innovation and opportunity at work. The St. Louis and Berkeley, MO facilities I visited are among the most unique I have seen. St. Louis effectively uses chemists to set up production lines to ensure employment for visually impaired and

blind workers. The products they manufacture include first aid kits, aerosol paints, pressurized air-dusters, dog repellent (e.g., for postal carriers), Quake Care, and Tear Mender. In addition to visiting St. Louis Lighthouse, I met with the Summer Orientation & Mobility and Adapted Living Resource (S.O.A.R. – St. Louis) program, an intensive, structured, three-week residential training program that provides specialized instruction to youth ages 15-21 who are legally blind and who intend to attend college.

The AbilityOne Program is also leveraging technology. Innovative technology, such as artificial intelligence (AI), will shape the NPAs, as part of the AbilityOne Program, and define the future of the program. AI now completes half-written words in emails and texts, it knows what music you want in your playlist, plots the best route in navigation on devices, and recognizes faces in social media. Many believe that the advancements in AI are set to enter their next phase and that AI will revolutionize industry. The AbilityOne Program is perfectly situated to embrace the expected benefits to manufacturing processes and other business capacities and applications.

These technologies will enhance the AbilityOne Program. By enabling and fostering e-commerce, the purchase of AbilityOne products will improve, increasing sales volume. As a result, the NPAs and CNAs will be able to better serve their existing customers and expand their customer base, leading to increased work opportunities for blind and significantly disabled workers and thus enhancing those worker's quality of life. We are certain that a specific technology focus as part of the oversight of the Program function and marketplace is the way forward and, as part of our plan, the OIG efforts on technology focus will be increased.

Among other fundamentals that we are attentive to, I discussed at Commission meetings our delivery of a comprehensive two-year audit plan to outline the first set of engagements to be completed. We carefully designed 8 audit jobs addressing the entire Program. We are looking at ways to creatively sustain the execution of this much-needed audit plan, in the environment of constrained resources.

With many milestones achieved, we are focusing on joint investigative activities, output stemming from the Hotline, and referrals from our investigative counterparts in other government agencies, identifying risks and challenges of the AbilityOne Program, devising a series of Program reviews and CNA-related audits, and implementation of the recently issued DoD 898 Panel recommendations.

I am excited to report on these achievements in this Semiannual Report.

**Thomas K. Lehrich**  
Inspector General

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# Introduction

Through the AbilityOne Program, over 46,000 Americans who are blind and have significant disabilities are employed in the manufacturing and delivery of over \$3.3 billion in federal contracts for products and services to the Federal Government. The Committee for Purchase From People Who Are Blind or Severely Disabled (CPPBSD), operating as the U.S. AbilityOne Commission (Commission), is responsible for administering the AbilityOne Program pursuant to the Javits-Wagner-O’Day (JWOD) Act (41 U.S.C. §§ 8501–8506). The AbilityOne Program is the single largest source of employment in the United States for people who are blind or have significant disabilities.

The Commission designates central nonprofit agencies (CNAs) to facilitate the employment of people who are blind or have significant disabilities. The dynamics of the CNAs in the program is changing and growing. The Commission administers the AbilityOne Program with the assistance of two CNAs, National Industries for the Blind (NIB) and SourceAmerica.<sup>1</sup> The Commission designated a third CNA, American Foundation for the Blind (AFB), on July 26, 2018. AFB has not yet begun fully operating as a CNA and has not been authorized by the Commission to charge or collect fees from any AbilityOne nonprofit agencies (NPAs).

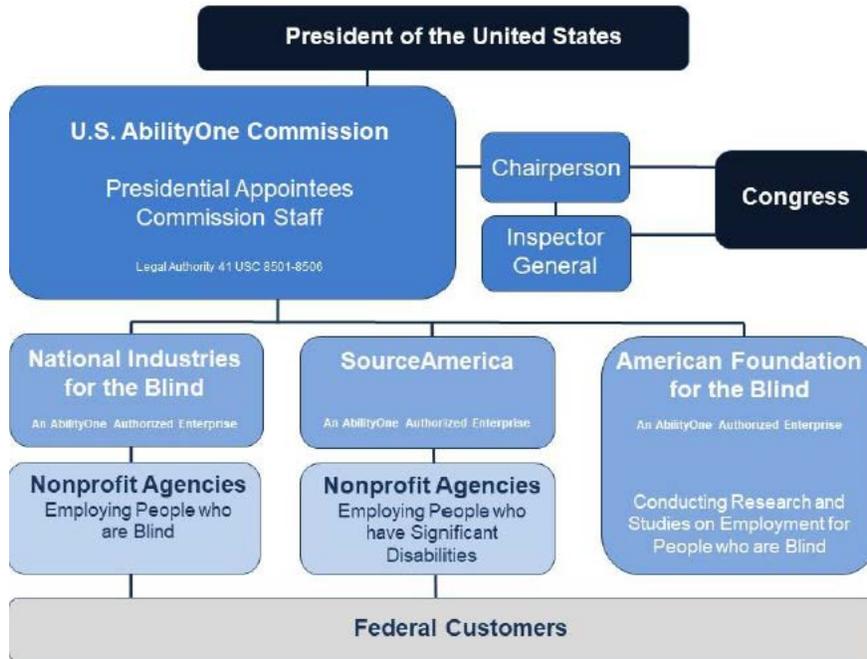
AFB joins NIB (established in 1928), and SourceAmerica (established in 1974), as a Commission-designated CNA, but will begin its mandate with an initial 18 months of research and studies per the Cooperative Agreement between the Commission and AFB. Each CNA has its own Cooperative Agreement with the Commission and those Agreements govern the relationship with, and performance of, all three CNAs.

On December 18, 2015, the Consolidated Appropriations Act of 2016 (P.L. 114-113) amended the Inspector General Act of 1978 (IG Act) and created the Office of Inspector General (OIG) as a designated federal entity IG. The OIG is responsible for conducting audits and investigations; recommending policies and procedures that promote economy, efficiency, and effectiveness of agency resources and programs; and preventing fraud, waste, abuse, and mismanagement. The IG Act requires the IG to timely inform the Commission and Congress about potential or actual problems and deficiencies in the Commission’s operations.

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<sup>1</sup> 41 CFR Chapter 51-3.

**Figure 1- AbilityOne Program Organization**



**Figure 2- U.S. AbilityOne Commission Organization**



**Figure 3- OIG Organization**



## **Completed Work**

### **Audit Accomplishments**

The OIG provides audit oversight of the AbilityOne programs and operations to improve their efficiency and effectiveness. Guided by an audit plan that identifies high-risk areas and cross-cutting projects and initiatives, the OIG provides audit coverage over a \$3.3 billion program including audits of the Commission’s financial statements and information security practices. During the reporting period, the OIG completed three audit products and initiated five audit activities in progress.

### **Summary of Issued Audit Reports**



## 1. Quarterly Follow-up on Recommendations from the Federal Information Security Modernization Act

During this reporting period, OIG performed work on the IG recommendations from the FY17 IG Federal Information Security Modernization Act (FISMA) Reporting Metrics (Report No. 18-01, December 8, 2017). The Commission has completed 25 of the 29 IG recommendations to address areas including: scanning vulnerabilities, security assessment and authorization documentation, user access for terminated/transferred personnel, physical and environment controls, contingency training and backups, configuration changes, incident response training and testing, access authorization management, complexity settings, audit events, reviews and updates, and continuous monitoring.

Audit follow-up is an integral part of good management practice and is a shared responsibility of agency leadership and OIG auditors. Action taken by agency leadership on resolving findings and recommendations is essential to improving the effectiveness and efficiency of government operations, and AbilityOne Program operations. OIG worked with the Commission's Information Technology (IT) leadership to promptly track the implementation of audit recommendations. OIG maintained a complete record of actions taken by management to implement significant findings and recommendations.

End of Quarter Follow-up Actions	Recommendation Status		
	Open	Completed	Remaining
Q1 2018 (report issued)	29	0	29
Q2 2018	29	8	21
Q3 2018	21	7	14
Q4 2018	14	10	4

The following table illustrates the 29 recommendations and summarizes the completed, open and unimplemented recommendations as applicable. None of these recommendations have cost savings, questioned costs, or funds put to better use.

Evaluation of the U.S. AbilityOne Commission's Compliance with the Federal Information Security Modernization Act, Report No. 18-01				
Reportable Area	Recommendation	Status	Initial Estimated Completion Date	Revised Completion Date
Timely Remediation of Vulnerabilities	1. Establish policy for remediation of vulnerabilities.	Completed	1/31/2018	N/A

	2. Implement and follow vulnerability remediation policy.	Completed	3/31/2018	N/A
	3. Run vulnerability scan, and take action upon results.	Completed	3/31/2018	N/A
Security Assessment and Authorization (SA&A) Package Requirements	4. Develop and implement System Security Plan (SSP).	Open	4/30/2018	10/30/2018 <sup>2</sup>
	5. Develop and implement Information Security Contingency Plan (ISCP).	Completed	5/30/2018	N/A
	6. Update Rules of Behavior (RoB) to include social media and network restrictions.	Completed	8/30/2018	N/A
	7. Document a Security Assessment Report (SAR).	Completed	8/15/2018	N/A
	8. Accrediting Official (AO) signs off on the SAR to indicate acceptable levels of risk for the systems environment.	Completed	4/30/2018	N/A
	9. Create and formalize a Plan of Action and Milestones (POAM) by risk categories, resource requirements, and timelines.	Completed	8/30/2018	N/A
Personnel Termination / Transfer	10. Establish formal policy and implement procedures for users' access removal or updates.	Completed	1/30/2018	N/A
Physical and Environmental Controls	11. Server room controlled and authorized entry access.	Completed	2/28/2018	N/A
	12. Active video monitoring and backup restoration.	Completed	2/28/2018	N/A
	13. Enhance physical control activities for continued operations.	Completed	2/28/2018	N/A
Contingency Training and Backups	14. Store incremental and full backup with service provided that is FedRAMP certified.	Open Research for new backup solution	8/30/2018	03/30/2019

<sup>2</sup> We granted management's request for an extension to complete this action, previously set to June 30 and later September 30, 2018.

	15. IT personnel receives annual contingency training.	Completed	8/30/2018	N/A
	16. Test and improve the disaster and recovery plan.	Open	8/30/2018	10/30/2018 <sup>3</sup>
Configuration Changes	17. Formalize change requests process.	Completed	7/30/2018	N/A
	18. Segregation of duties for facilitating change management activities.	Completed	7/30/2018	N/A
	19. Review a sample of changes annually, to ensure compliance with established process.	Completed	7/30/2018	N/A
Incident Response Training and Testing	20. Test the Incident Response Plan annually and make necessary changes.	Open	2/28/2018	10/30/2018 <sup>4</sup>
	21. IT personnel receive incident response training.	Completed	8/30/2018	N/A
Access Authorization Management	22. Implement review and approval process for initial users' access privileges.	Completed	3/30/2018	N/A
	23. Annual review of employees' user permissions or user privileges.	Completed	8/30/2018	N/A
	24. Annual review of admin user's accounts and authorizations.	Completed	3/30/2018	N/A
Complexity Settings	25. IDs automatically disabled after a period of 120 days of inactivity.	Completed	1/21/2018	N/A
Audit Events, Reviews, and Updates	26. Audit settings set to both success and failure.	Completed	3/30/2018	N/A
	27. Review audit logs and respond to corrective actions.	Completed	3/30/2018	N/A
Continuous Monitoring	28. Identify, assess and monitor critical controls.	Completed	4/30/2018	N/A
	29. Establish strategic plan for testing all non-critical controls over a period of time.	Completed	4/30/2018	N/A

<sup>3</sup> We granted management's request for an extension to complete this action, previously set to September 30, 2018.

<sup>4</sup> We granted management's request for two extensions to complete this action.

## **2. Published Oversight Audit Plan of the Central Nonprofit Agency Reviews (May 4, 2018)**

As part of its oversight responsibilities of the AbilityOne Program, the OIG created and issued a publicly issued plan of the seven oversight audit jobs on the Commission's designated CNAs. This product stemmed from the comprehensive audit plan of CNAs reviews issued by OIG on February 7, 2018, which aligned with the FY 2018-2019 Audit Plan and the Report on Top Management and Performance Challenges facing the Commission. The series of audit jobs focus on the CNAs' process and criteria including project assignment and order allocation. An increase in confidence in the CNAs' role by the NPAs will enable the AbilityOne Program to continue to perform and fulfill government mission requirements with greater opportunity and with satisfaction shared by all those who participate in the AbilityOne Program.

The Commission designated the CNAs to help administer the AbilityOne Program to include, among other activities, facilitating participation of the NPAs and recommending products and services suitable to be placed on the Procurement List (PL). The CNAs also assist nonprofit agencies with federal government contract opportunities that help sustain employment for people who are blind or have other significant disabilities.

This comprehensive review of the CNAs will be conducted through an audit contract vehicle and will be ongoing over the next two years. The results of the CNA reviews by OIG will help the Commission in its continued efforts to identify and address employment opportunities for people who are blind or significantly disabled. As the initial audit coverage for CNA review by OIG, we detailed the seven oversight projects in the following areas:

### ***1. CNA Evaluation on the NPA Assignment for Projects and Allocation of Orders***

The OIG will assess the transparency, effectiveness and consistency of the criteria applied by the CNAs for NPA project assignments and allocation of orders.

The objective is to determine whether the CNAs have effective controls over their process in making recommendations to the Commission for NPA project assignments, and distribution of orders by the CNAs for items on the PL. In particular, the evaluation will measure the effectiveness of policies and procedures and will test the efficiency of certain key controls.

### ***2. Audit of the Program Fee to Qualified and Approved NPAs***

The OIG audit will enhance the understanding of the program fee. The performance audit will assess whether the CNA fee as established, applied, and developed accomplishes the intended benefits and efficiencies for the qualified and approved NPAs participating in the AbilityOne Program.

**3. *Review the Appeal (reconsideration) Process for the Selection Decision on NPAs' Project Assignment and Allocation of Orders***

The OIG review will assess the CNAs' latitude for recommending a project assignment or allocation of orders to an NPA, and the opportunity by NPAs to appeal the designation of qualified NPAs to provide the product or service to the government.

The objective is to determine whether the CNAs are effectively and efficiently complying with policies and procedures for appeals (reconsideration) on the project assignment and allocation of orders.

**4. *Evaluation on the CNAs' Recommendations of Order Allocations to Designated NPAs***

The OIG will evaluate the process for CNAs' recommendations to the Commission for the project assignments and allocation of orders among qualified NPAs.

The objective is to determine whether there are effective procedures for making recommendations to the Commission for qualified NPAs to develop a product or service, and the distribution of orders for items on the PL among multiple NPAs to fulfill that particular product or service requirement.

**5. *Review Completed Actions of the Cooperative Agreements by CNAs***

The OIG review will measure whether the desired outcomes are being achieved for the CNAs and the AbilityOne Program to grow employment and promote greater program accountability.

The objective is to determine the effectiveness of employment growth as well as program accountability as a result of the Cooperative Agreements' requirement of oversight by the Commission over the CNAs in the areas of direct labor hours, program fees, and reportable expenditures.

**6. *Audit on the Quality of Products in Support of Meeting Government Requirements***

The OIG audit will review whether the products delivered to the Government fulfill the requirements for quality and timeliness.

**7. *Evaluation on the Market Shift for the Growth and Innovation of Products and Services***

The OIG evaluation will explore the lifecycle for NPA project proposals or ideas being implemented through the CNAs' processes, and whether those processes foster the growth of the program. The objective is to determine whether the NPA innovations for products and services are optimally leveraged and translate to additions in product business lines.

### **3. Applicability of Single Audits to AbilityOne Program (September 30, 2018)**

In response to a request by a Congressional Committee, the OIG analyzed the single audits of the CNAs, NIB and SourceAmerica. OIG provided a written response to the Committee regarding the audits and prepared a white paper designed to analyze the Single Audit requirements regarding AbilityOne-designated CNAs. The OIG reviewed available documentation from the Single Audit Act, CNA reports provided to the Commission, and reporting requirements. In general, any non-federal entity that expends \$750,000 or more of federal grants or awards in a year is subject to the Single Audit. AbilityOne CNAs are not subject to the Single Audit Act because the income the CNAs receive through fees from the NPAs are not appropriated funds. However, needed outside audits of the CNAs are being performed pursuant to the Cooperative Agreements between the AbilityOne Commission and the CNAs.

While the CNAs themselves are not part of the Single Audits, pursuant to the two-year audit plan issued by AbilityOne OIG, and the oversight audit plan of the CNAs, the OIG will incorporate regular reviews of the CNAs' financial reports and program audits that are required under the terms of the Cooperative Agreements. The OIG has identified two engagements in its audit plan that will assess the significance of the financial reporting by the CNAs and the Commission's actions to improve changes for continued implementation of the Cooperative Agreements:

- Audit of the Fee to Qualified and Approved NPAs, and
- Review of Completed Actions of the Cooperative Agreements by CNAs.

As part of the audit process and in connection to the audit objectives, the OIG will consider the CNAs' financial statements, the schedule of expenditures, prior audit findings, and the auditor's reports on (a) the financial statements; (b) internal controls over financial reporting, compliance, and other financial matters; and (c) reporting requirements in accordance with the Agreement.

## Investigative Accomplishments

The OIG initiates investigations of possible violations of law or misconduct regarding policies or regulations in the administration of the AbilityOne Program and activities. This includes investigations of criminal and/or civil violations for referral to the U.S. Department of Justice, and investigations of program irregularities for contractual or administrative remedies.

During this semiannual reporting period, the OIG received 13 Hotline complaints; initiated investigations; participated in AbilityOne Program Joint investigations; and provided fraud awareness briefings for the AbilityOne Program.

During the reporting period, the OIG activities and accomplishments include:

- Completed the Investigative Procedures Manual and the Inspections and Evaluations Policy and Manual
- Received 13 new Hotline complaints
- Opened 5 investigations
- Continued investigative activity with AbilityOne Program Joint Investigations
- Presented Fraud Awareness Briefings for the AbilityOne Program
- Initiated the first evaluation of the Commission's mandatory reporting requirements applicable to the Commission

Office of Investigations	Number
Total number of closed investigations	0
Total number of persons referred to Dept. of Justice for criminal prosecution	0
Total number of persons referred to State and Local prosecuting authorities for criminal prosecution	0
Total number of indictments and criminal information that results from any prior referral to prosecuting authorities	0
Closed Hotline complaints during the reporting period	8
Open activities at the end of the reporting period	7

## Investigative Priorities

The investigative areas of focus include:



## Investigative Activities

### 1. OIG Fraud Awareness Outreach

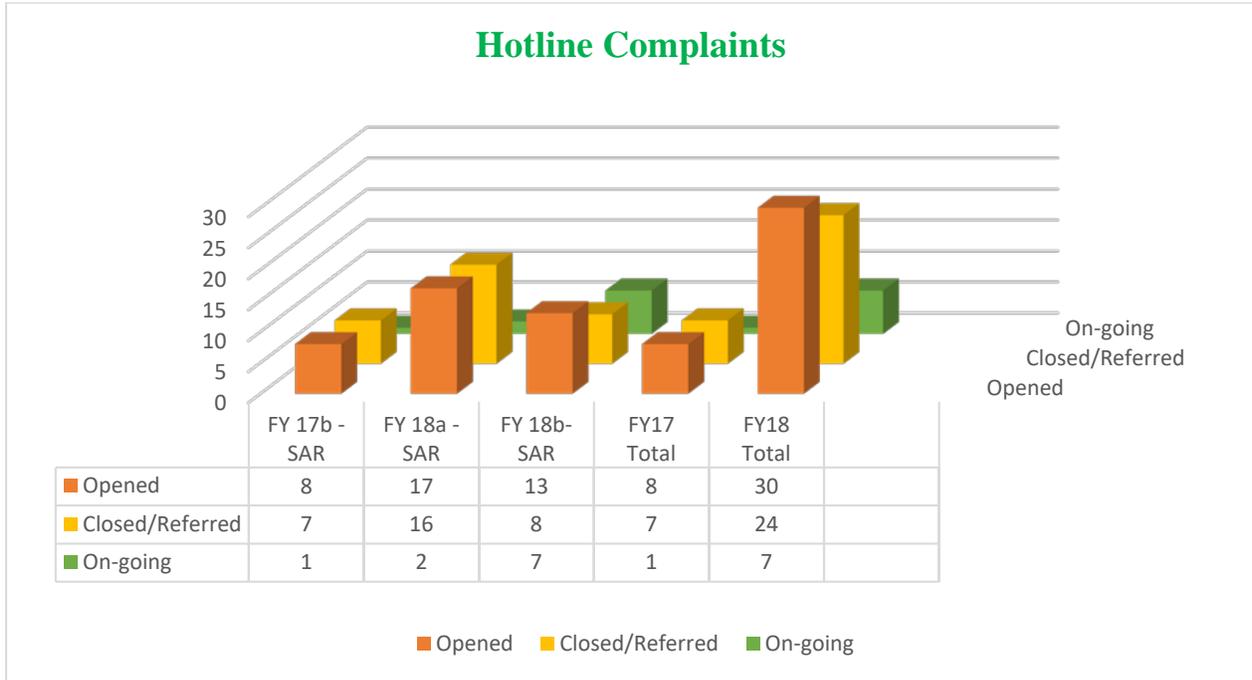
During the reporting period, the OIG presented fraud awareness orientations to AbilityOne Program members. The OIG fraud awareness outreach educates stakeholders of the AbilityOne Program about the OIG oversight role. The OIG continues to leverage the fraud awareness training to promote awareness of AbilityOne program vulnerabilities. The fraud awareness orientation is posted to the AbilityOne OIG website.

### 2. Hotline Complaints Increased During This Period

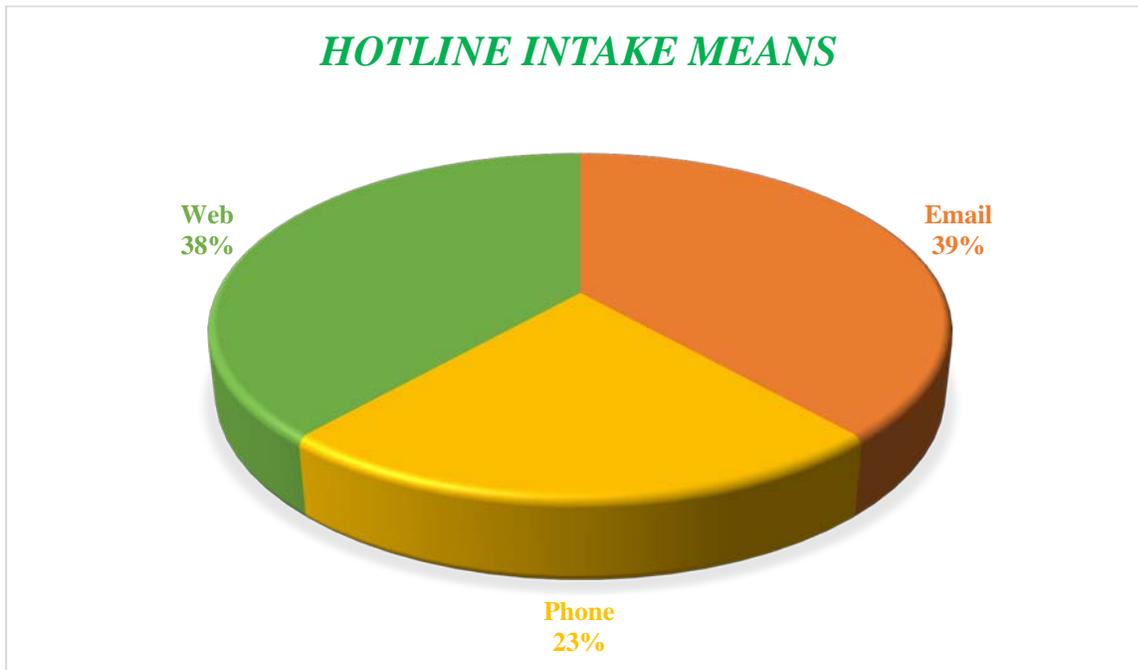
During the reporting period, the OIG hotline received 13 complaints. Of the 13 complaints received:

- 1 complaint regarding an allegation of conflict of interest was opened;
- 2 complaints regarding employee misconduct were opened;
- 2 complaints regarding fraud were opened;
- 3 complaints are under administrative review;
- 5 complaints were closed by the OIG and were referred to the agency; and
- 0 complaints were closed or referred to other agencies.

**Figure 4a - OIG Hotline Statistics**



**Figure 4b - OIG Hotline Statistics**



### **3. CNAs' Cooperative Agreement Mandatory Disclosure Reporting**

In June of 2016, the U.S. AbilityOne Commission signed Cooperative Agreements with both NIB and SourceAmerica. The Cooperative Agreements established mandatory disclosure reporting requirements for the CNAs on allegations, findings, or knowledge of violations of federal law involving the AbilityOne Program. The CNAs make mandatory disclosures to the AbilityOne Office of Compliance and matters are brought to OIG that involve OIG jurisdiction.

The OIG received six mandatory disclosure reports pursuant to the Cooperative Agreements from the CNAs. Most of the disclosures provided information into alleged improprieties within the AbilityOne Program at the NPA level.

In response to the six disclosures, the OIG completed disposition memoranda closing five of the matters as not within OIG investigative purview and opened one matter in the Office of Investigations.

### **4. Joint Investigations of Civil Fraud and Criminal Violations**

During the reporting period, the OIG continued to provide investigative support for on-going collective and/or joint investigations with law enforcement partners into allegations of fraud and violations of federal law in the AbilityOne Program. The funds currently estimated to be involved in the investigations of the alleged fraud is over \$300 million dollars.

### **5. Inspections and Evaluations of Agency Operations, Programs, or Policies**

During the reporting period, the OIG worked on the evaluation of the mandatory reporting requirements applicable to the Commission. Field work has been conducted, and the report will be provided in draft to the Commission for an opportunity to comment when ready.

## Investigative Focus

### Ongoing Investigative Activities

- 1. Joint Investigation Activities:**  
Joint Investigations with our Federal Law Enforcement Partners. The Joint Investigations involve allegations of fraud by NPAs, within the AbilityOne Program.
- 2. Hotline Investigations:**  
Investigations into Hotline complaints received through our Hotline system. The investigations involve allegations of fraud, abuse and misconduct within the AbilityOne Program.
- 3. Educating Individuals on Vulnerabilities Within the AbilityOne Program:**  
In its front-line efforts to create a deeper sense of awareness in the AbilityOne Program, the OIG provided Fraud Awareness Orientation to NPA and CNA personnel.
- 4. Law Enforcement Authority:**  
Based on the investigative needs of the program, the OIG is planning to seek law enforcement authority, pursuant to the IG Act.

# OIG Lens Accomplishments

## OIG Briefings and Program Visits

The mission of the AbilityOne Program is to provide employment opportunities for people who are blind or have significant disabilities. The Program serves federal customers by providing them with high quality products and services, delivered on time and at a reasonable price. The American taxpayer also benefits from reduced disability payments made to people with significant disabilities and the increased tax revenues their employment generates. In its continuous effort to deepen its understanding of the AbilityOne Program that it oversees, the Office of Inspector General conducts program visits and meets with industry experts. A visit with industry experts included the National Federation for the Blind (NFB).

## OIG Briefing

The Inspector General conducted an outreach effort by addressing a group of over 250 executives and CEOs of SourceAmerica's NPAs, in a business meeting in Crystal City, VA.

The outreach was designed to inform the AbilityOne program community of the function of an IG in a government agency, and to promulgate the IG message of promoting integrity and efficiency, as well as preventing waste, fraud, and abuse.

## OIG Site Visits

During the reporting period, the AbilityOne OIG conducted three visits to NPAs. In a visit in May 2018, the OIG spent the day with the NFB at its Baltimore, MD Headquarters. The visits also included St. Louis Lighthouse for the Blind, at its facilities in St. Louis and Berkeley, MO, and Skookum in Bremerton, WA.

## Visit to National Federation for the Blind - Baltimore, MD



In May 2018, the OIG visited the National Federation of the Blind (NFB) in Baltimore, MD.

NFB is a national organization with fifty thousand members, and has affiliates in all fifty states plus Washington, D.C., and Puerto Rico. NFB has a vision to be a community of members and friends who believe in the hopes and dreams of the nation's blind, helping blind people live the lives they want. During the visit, OIG learned about how the National Federation of the Blind leverages technology to help the Blind community.

Examples include:

- Blind Driver Challenge - An initiative to stimulate the imagination of the brightest minds in engineering and to establish an unparalleled path of nonvisual technology innovation.
- International Braille and Technology Center for the Blind (IBTC) - A comprehensive evaluation, demonstration, and training center, complete with over \$2.5 million worth of nearly all of the tactile and speech output technology now available to the blind, the IBTC serves as a rich resource for vendor-free advice on all aspects of access technology.
- National Federation of the Blind Strategic Nonvisual Access Partner Certification - The NFB has developed a rigorous procedure by which Web sites and applications that have made special efforts to be accessible to the blind can be identified and recognized.
- Accessing Consumer Electronics - The NFB access technology team designed a consumer electronics shopping guide to help the blind pick appliances and devices useable to them.
- Nonvisual Election Technology - Casting a secret ballot is a right most Americans take for granted. The NFB speech output technology voting machines make it possible for blind and visually impaired people to cast a secret ballot privately and independently.





## Visit to Skookum - Bremerton, WA



In September 2018, the OIG visited Skookum, in Washington state. The word Skookum originates from Chinook roots and means “Strong and well built in a unique fashion”. Skookum is a West Coast powerhouse generating employment opportunities for disabled workers while providing an array of services to the government.

The visit hosted by CEO Jeff Dolven enabled the OIG to see Skookum operations firsthand in Washington state. Skookum is an NPA that employs over 1,000 employees who provide services to federal customers in eleven states and in Washington D.C.



The visit included meeting with the executive team at Skookum headquarters and with the employees performing the federal contracts at Joint Base Lewis-McChord (JBLM). Skookum employees provide maintenance and repair services for heavy vehicles for the Army, maintain and effectively service JBLM’s 2,300 fire hydrants using only a three-person team, provide mess services for the Naval Base Kitsap Galley, serving about 500 meals a day, and maintain the Base Supply Center for the training needs of the new recruits.



A highlight of the OIG visit was an interactive meeting with a cross section of program participants employed by Skookum in the region. OIG learned directly from the employees about the tremendous benefits of the vocational services they receive so that, despite their disabilities, the jobs opportunities provided by the NPA have transformed the employees' lives.

# Ongoing OIG Work

## 898 Panel Issued First Annual Report to Congress in July 2018

Section 898 of the National Defense Authorization Act for Fiscal Year 2017 (P.L. 114-328) required the Secretary of Defense to establish a panel known as the “Panel on Department of Defense and AbilityOne Contracting Oversight, Accountability, and Integrity” (“the Panel”). The Panel will report to Congress for three consecutive years beginning in 2018.

Pursuant to Section 898(a)(2), a representative of the Inspector General of the Department of Defense and a representative of the Inspector General of the AbilityOne Commission are statutory members of the Panel, among others. The primary mission of the Panel is to identify vulnerabilities and opportunities for improvement in DoD contracting within the AbilityOne Program. The Panel established seven subcommittees to fulfill its duties as described in Section 898(c).

Since its inception, and during the reporting period, the AbilityOne IG led the Panel’s Inspector General subcommittee. In addition to leading the subcommittee, the OIG provided support and advice to multiple Panel subcommittees dealing with the effectiveness and internal controls of the AbilityOne Program as it relates to DoD contracting.

On July 18, 2018, the Panel issued its first annual report to Congress. The Panel determined that the overall lack of resources dedicated to the AbilityOne Commission was the single most significant challenge facing the Program. The Panel’s subcommittees also identified more than 40 recommendations for consideration and implementation that would result in greater awareness and compliance with AbilityOne Program requirements concerning Department of Defense (DoD) contracts. The initial actions were grouped into six focus areas:

1. Resources
2. Program Oversight
3. Contract Goal
4. Definitions
5. Training
6. Technology

The Panel’s Inspector General subcommittee was tasked with reviewing the progress of DoD IG’s recommendations from the 2016 audit report, DODIG-2016-097. The subcommittee found that the DoD had made progress with the report’s recommendations to implement existing DoD policy requiring contracting officers to check AbilityOne’s PL to verify whether a product or service is on the List, and to improve training for procurement personnel.

On September 7, shortly after the Panel released its first report to Congress, DoD Defense Pricing and Contracting published a memo confirming its successful deployment of a comprehensive update to DAU’s AbilityOne training and requiring all appropriate personnel to complete such training in full compliance with the recommendations of the DoD IG audit report and 898 Panel.

The Panel identified its Fiscal Year 2019 goals to include prioritizing and refining the actionable recommendations to improve oversight, accountability, transparency, and integrity in contracting with the Program. Execution of these recommendations will have a positive impact on the employment opportunities for individuals who are blind or have other significant disabilities.

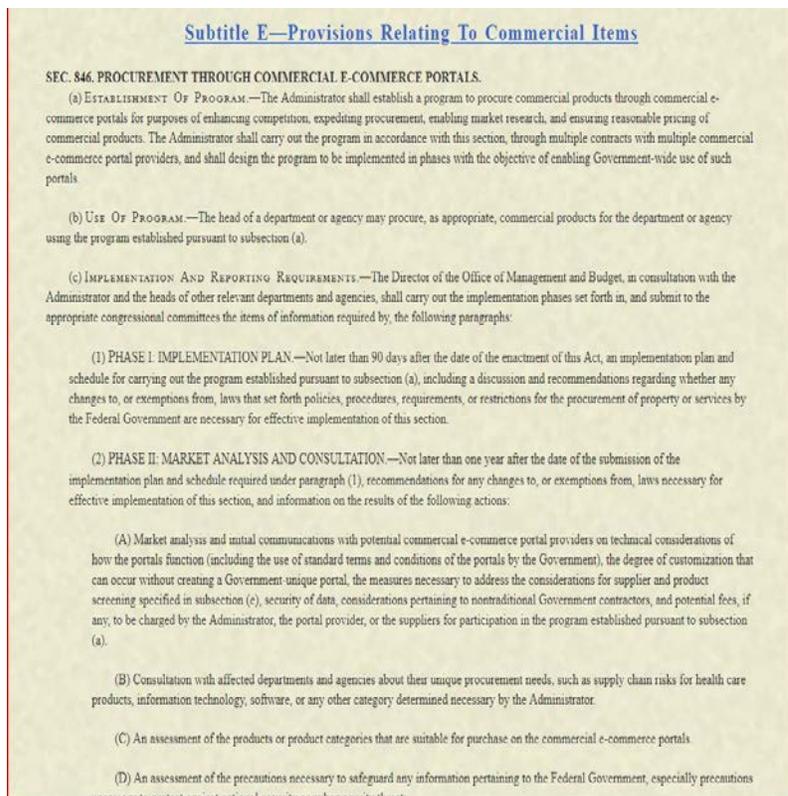
Until the sunset of the Panel in 2020, as established by the law, the IG will continue to report on the progress of the IG subcommittee efforts and achievements in its contribution to the Panel's vital mission.

## E-Commerce and Commission Agreement with Amazon

As noted in our previous report, in August 2017, prior to the enactment of the National Defense Authorization Act (NDAA) for FY 2018, the Commission and Amazon reached an agreement for products on the AbilityOne PL to be made available to government purchase card holders on the Amazon online marketplace [amazon.com](https://www.amazon.com). The arrangement between the Commission and Amazon was in support of the Commission's effort to offer AbilityOne PL products for sale to Government purchase card holders. The expectation is that, by offering government agencies the ability to purchase AbilityOne products through Amazon, AbilityOne product sales would increase and result in more jobs for people who are blind or significantly disabled.

In addition to the AbilityOne and Amazon arrangement, other federal agencies (the Department of Homeland Security (DHS), and the U.S. Air Force) are establishing pilot programs with Amazon allowing the purchase of commercial products online through Amazon.

The FY 2018 NDAA, P.L. 115-91, was signed by the President on December 12, 2017 and included Section 846, "Procurement Through Commercial E-Commerce Portals." Section 846 directed the General Services Administration (GSA), in partnership with the Office of Management and Budget (OMB), to "...establish a program to procure commercial products through commercial e-commerce portals for the purposes of enhancing competition, expediting procurements, enabling market research, and ensuring reasonable pricing of commercial products" (e.g., Amazon, Office Depot).



Congress directed GSA to establish and implement the program through a phased approach after conducting outreach to the government procurement community and stakeholders. GSA initiated the outreach efforts and identified several potential challenges, including how to ensure that government procurement preference programs (e.g., AbilityOne, Federal Prison Industries, small business) would be preserved under any new e-commerce program. In March 2018, GSA and OMB issued the Phase 1 Implementation Plan which included legislative recommendations and other policy assessments. The Phase 1 plan did not resolve the issue concerning preserving the protection of the AbilityOne mandate and other government preference programs, but it did identify the issue as a “consideration which GSA must fully examine, as part of the long-term plan...”

In early June 2018, GSA released its Requests for Information (RFIs) where GSA sought detailed feedback from suppliers selling on commercial e-commerce portals and providers of such portals regarding initial ideas for general program design, terms and conditions, as well as product categories. GSA and OMB held a public meeting on June 21, 2018 where they discussed and fielded questions related to the recommendations from Phase I of the e-portal implementation plan, initial thoughts on Phase II, implementation of a proof of concept in FY19, and the purpose of the RFIs. The RFI phase closed on July 20, 2018 and resulted in more than 50 responses, which are expected to help inform GSA’s deliverable for Phase II.

E-Commerce was considered in the 2019 NDAA legislative history. The President signed FY 2019 NDAA, P.L. 115-232, on August 13, 2018. Despite inclusion in the Chairman’s Mark, Section 834 – Modifications to Procurement through Commercial E-Commerce Portals, did not make it into the final version of the law. This provision would have amended section 846 of the FY 2018 NDAA (P.L. 115-91) to allow the Administrator of GSA to develop procedures for procurement through a commercial e-commerce portal, subject to certain requirements. Notably, the amendment would have also increased the micro-purchase threshold for procurement through a commercial e-commerce portal from \$10,000 to \$25,000.

GSA’s implementation of Section 846 is expected to extend through FY 2020. Accordingly, the OIG will continue exercising its oversight role and deepening its understanding of the e-commerce platforms and their application to the AbilityOne Program. OIG views the innovations of e-commerce as the future of an evolving marketplace, just as in the past the early “workshops” provided new employment opportunities for the blind, opening new avenues.

The OIG also considers that, for the shared success of the e-commerce platform, it is key that the buyers of products and services, i.e, the government agencies and their purchase officers, understand that the customer the e-commerce platform seeks to serve is the AbilityOne Program itself. This is accomplished when e-commerce purchases are in compliance with the JWOD Act and when the purchaser’s requirement is that government agencies buy from the AbilityOne Program.

# Audit Activities



In the reporting period, the OIG had five audit activities in progress.

## **Fiscal Year 2018 Financial Statements Audit**

The OIG selected an independent accounting firm to audit the Commission’s annual financial statement audit. The audit commenced in late spring with an entrance conference held on May 22, 2018. The OIG auditor serves as the contracting officer’s representative (COR) to foster a constructive and professional working relationship between the Commission and the OIG-selected audit firm, and ensure the auditors meet professional standards in performing the financial statement audit.

The overall objective of the OIG audit is to determine whether the Commission’s financial statements are free from material misstatements and to examine the adequacy of internal controls over financial reporting and compliance. The audit will assess the accounting principles used, as well as the overall financial statement presentation by the Commission for the fiscal year ending September 30, 2018. The OIG plans to report on the financial statement audit results in the subsequent Semiannual Report to Congress (SAR) but it will also appear in the Commission’s Performance and Accountability Report (PAR) for Fiscal Year 2018.

### **1. Audit Follow-up Activity**

During the reporting period, the OIG began our quarterly meetings with the Commission to follow-up on open recommendations. The OIG will monitor the implementation of unresolved audit recommendations and to assess and document the corrective action(s) taken by the Commission.

The OIG also followed-up on recommendations from its FY17 IG FISMA Reporting Metrics (Report No. 18-01, dated December 8, 2017). To date, the Commission has completed 25 of the 29 recommendations (17 during this reporting period) to address various recommendations including: scanning for vulnerabilities, security assessment and authorization documentation, user access for terminated/transferred personnel, physical and environmental controls, contingency training and backups, configuration changes, incident response training and testing, access authorization management, complexity settings, audit events, reviews and updates, and continuous monitoring.

The table below indicates the Commission’s progress in implementing recommendations during this period. Because of the focus on program effectiveness, efficiency, and strengthening internal controls, the specific monetary value of implementing audit recommendations is not readily quantifiable.

Status of Recommendations	Number of Recommendations
Open at the beginning of the reporting period	21
Issued during the reporting period	0
Subtotal	21
Implemented/Completed during the reporting period	17
Closed during the reporting period	0
Open at the end of the period	4

As part of the FY18 IG FISMA Metrics evaluation, the OIG will make a determination regarding the closure of the 25 completed recommendations. Of the remaining 4 open recommendations, which are still in-progress, none are outstanding unimplemented recommendations. The Commission’s IT department is actively reviewing or working towards implementing control activities that would satisfy the intent of the recommendations and align with management’s planned actions.

Evaluation of the U.S. AbilityOne Commission's Compliance with the Federal Information Security Modernization Act, Report No. 18-01				
Reportable Area	Recommendation	Status	Initial Estimated Completion Date	Revised Completion Date
Security Assessment and Authorization (SA&A) Package Requirements	4. Develop and implement System Security Plan (SSP).	Open	4/30/2018	10/30/2018 <sup>5</sup>
Contingency Training and Backups	14. Store incremental and full backup with service provided that is FedRAMP certified.	Open Research for new backup solution	8/30/2018	03/30/2019
	16. Test and improve the disaster and recovery plan.	Open	8/30/2018	10/30/2018 <sup>6</sup>
Incident Response Training and Testing	20. Test the Incident Response Plan annually, and make necessary changes.	Open	2/28/2018	10/30/2018 <sup>7</sup>

## 2. Audit Policy and Procedures

The Generally Accepted Government Auditing Standards (Yellow Book) provides standards and guidance for auditors and audit organizations on the requirements for audit reports and professional qualifications for OIG.

In July 2018, the Government Accountability Office (GAO) issued a revision of the Yellow Book. The revision will take effect on June 30, 2019 and OIG is in advance of that date reviewing its own audit policies and procedures, to ensure compliance with the revised Yellow Book audit standards.

The OIG policy and manual are issued in accordance with the IG Act, as amended, and the Government Auditing Standards established by GAO's Comptroller General. The policy and

<sup>5</sup> We granted management's request for extensions to complete this action, previously set to June 30 and later September 30, 2018.

<sup>6</sup> We granted management's request for extension to complete this action, previously set to September 30, 2018.

<sup>7</sup> We granted management's request for extension to complete this action, previously set to August 30 and later September 30, 2018.

procedures provide guidelines for the OIG to provide timely, independent audits that can assist the Commission leadership in improving accountability, effectiveness, efficiency, and integrity of the AbilityOne Program.

### **3. Audit Contract Planning and Prioritization**

The AbilityOne Program is a massive enterprise with a program size of \$3.3 billion, more than 550 NPAs, and over 46,000 employees in the program. The current OIG audit full-time employee level is not sufficient to perform the audits to provide proper OIG oversight of the AbilityOne Program.

The OIG plans to leverage its resources to initiate a comprehensive audit contract for services to assist with the available performance of statutorily mandated audits and reviews and other discretionary oversight work. This will increase the economy, efficiency, and effectiveness of the program, identify risk management areas and related recommendations, and will allow the OIG to effectively manage its own constrained resources.

The OIG expects the technical evaluation of the comprehensive OIG audit contract to take place in the winter. The OIG plans to select an IPA firm that possesses specific subject matter expertise in areas of government auditing and audit services in support of the OIG mission.



*Council of the*  
**INSPECTORS GENERAL**  
*on INTEGRITY and EFFICIENCY*

**Activities with the Inspector General Community –  
Council of the Inspectors General on Integrity and Efficiency (CIGIE)**

The AbilityOne OIG is a member of two CIGIE committees: the investigative committee and the legislation committee. The OIG regularly participates in CIGIE working groups designed to focus on areas of IG interest. The AbilityOne OIG also participated in the Oversight.gov pilot program, and continues to contribute its work products for the Oversight.gov web page.

The Assistant Inspector General for Auditing (AIGA) participates in subgroups of CIGIE to aid in the accomplishment of AbilityOne OIG mission with emphasis on audit operations. The Investigative Counsel is a member of the Council of Counsels of Inspectors General and the co-chair of the smaller OIG Counsel Group. The Investigative Counsel serves as the OIG liaison with other government agencies and enforcement entities, and with OIG counterparts for joint investigations and cooperation with the Assistant Inspector General for Investigations (AIGI).

**Celebrating the 40th Anniversary of the Inspector General (IG) Act**

On July 11, 2018, CIGIE hosted at the U.S. Capitol the “Building on 40 Years of Excellence in Independent Oversight” conference. The program featured addresses by Watergate journalist Bob Woodward and other distinguished speakers that discussed the past, present, and future roles of OIGs.

CIGIE continues its effort in educating the public about the impact of the IG Act of 1978 and the work of federal IGs. As part of this effort, the IG community will be hosting a series of events in the fall, including an event at the Jimmy Carter Presidential Library and Museum in Atlanta, GA.

In October 1978, President Jimmy Carter signed the IG Act, establishing the first twelve presidentially appointed Inspectors General in federal departments and agencies. The Act empowered the Inspectors General to curb waste, fraud, and abuse and promote economy and efficiency in government operations. In the 40 years since, the IG community has grown to include 73 statutory Inspectors General, both presidentially appointed and appointed by agency heads, who collectively oversee the operations of nearly all aspects of federal government. Throughout the year, CIGIE will commemorate the significant contributions the IG community has made toward better government and will mark the way forward for our oversight functions.

**Oversight.gov**

*All Federal Inspectors General Reports in One Place*



The Inspector General Act of 1978, as amended, established 73 independent Offices of Inspector General (OIG) within federal agencies to provide oversight and to promote economy, efficiency, and effectiveness throughout the federal government. Today, over 14,000 OIG employees work to detect and deter waste, fraud, abuse, and misconduct in federal programs and personnel. This work has resulted in recommendations for hundreds of billions of dollars of potential savings, tens of thousands of successful prosecutions, and transformational government reforms.

To view all reports by Inspectors General, visit [oversight.gov](https://www.oversight.gov).

AbilityOne OIG work products can be  
found on [oversight.gov](https://www.oversight.gov)

# AbilityOne OIG Hotline



What should you do if you suspect fraud,  
waste or abuse?

The OIG Hotline provides a way for employees and other concerned citizens to report suspected wrongdoing within the AbilityOne Program. If you suspect fraud, waste or abuse, call our Hotline at (844) 496-1536, or email the Office of Inspector General at [hotline@oig.abilityone.gov](mailto:hotline@oig.abilityone.gov). All callers may remain anonymous and may request confidentiality. Further details of the OIG Website and Hotline Contact information are below.

Hotline Toll-Free Number:	(844) 496-1536
Email a hotline complaint:	<a href="mailto:Hotline@oig.abilityone.gov">Hotline@oig.abilityone.gov</a>
OIG website:	<a href="http://abilityone.gov/commission/oig.html">abilityone.gov/commission/oig.html</a>
Hotline link on the website:	<a href="http://oig.abilityone.ethicspoint.com">oig.abilityone.ethicspoint.com</a>

# APPENDICES

## Appendix I - Reporting Requirements Under the Inspector General Act of 1978, As Amended

IG Act Reference	OIG Reporting Requirements	Page Number
<p>Each Inspector General shall, not later than April 30 and October 31 of each year, prepare semiannual reports summarizing the activities of the Office during the immediately preceding six-month periods ending March 31 and September 30.</p>		
Section 4(a)(2)	Review of legislation and regulations.	N/A
Section 5(a)(1)	Significant problems, abuses, and deficiencies.	N/A
Section 5(a)(2)	Recommendations for corrective action.	N/A
Section 5(a)(3)	Significant outstanding recommendations.	25 & 26
Section 5(a)(4)	Matters referred to prosecutorial authorities.	N/A
Section 5(a)(5) / 6(c)(2)	Information or assistance unreasonably refused or not provided.	N/A
Section 5(a)(6)	Listing of completed audit, inspection, and evaluation reports.	N/A
Section 5(a)(7)	Summary of significant reports.	N/A
Section 5(a)(8)	Statistical table pertaining to questioned costs.	N/A
Section 5(a)(9)	Statistical table pertaining to funds recommended for better use.	N/A
Section 5(a)(10)	Prior OIG reports unresolved, uncommented upon, desired timetable for achieving a management decision.	N/A
Section 5(a)(11)	Significant revised management decisions.	N/A
Section 5(a)(12)	Management decision disagreements.	N/A
Section 5(a)(13)	Information described under Section 804(b) of the Federal Financial Management Improvement Act of 1996.	N/A
Section 5(a)(14)	Information regarding peer reviews involving the OIG.	N/A
Section 5(a)(15)	List of any outstanding recommendations from any peer review conducted by another OIG.	N/A
Section 5(a)(16)	List of any peer reviews conducted by the IG of another OIG during reporting period.	N/A
Section 5(a)(17)	Statistical tables pertaining to OIG investigations.	10 & 12
Section 5(a)(18)	Description of the metrics for OIG investigative table.	10 & 11
Section 5(a)(19)	Reports involving senior Government employees where allegations were substantiated, including the facts and circumstances of the investigation and status and disposition of the matter.	N/A
Section 5(a)20	Instance of whistleblower retaliation.	N/A
Section 5(a)21	Attempted agency interference with OIG independence, including budget constraints designed to limit OIG capabilities; and incidents where agency has resisted, objected, or significantly delayed access to information.	N/A
Section 5(a)22	Inspections, evaluations, audits, and investigations of senior Government employees undisclosed to the public.	N/A

Upon the enactment of the IG Empowerment Act on December 16, 2016, the OIG is required under IG Act section 5(a)(20) to provide “a detailed description of any instance of whistleblower retaliation, including ... what, if any, consequences the establishment imposed to hold that official accountable.” Pursuant to the IG Empowerment Act’s reporting requirement, the OIG will provide information about any consequences imposed by the establishment for retaliation in the semiannual report for the period in which the OIG is informed that the consequences were imposed.

## Appendix II – FY 2018 National Defense Authorization Act

### **SEC. 898. ESTABLISHMENT OF PANEL ON DEPARTMENT OF DEFENSE AND ABILITYONE CONTRACTING OVERSIGHT, ACCOUNTABILITY, AND INTEGRITY; DEFENSE ACQUISITION UNIVERSITY TRAINING.**

(a) ESTABLISHMENT OF PANEL ON DEPARTMENT OF DEFENSE AND ABILITYONE CONTRACTING OVERSIGHT, ACCOUNTABILITY, AND INTEGRITY. —

(1) IN GENERAL. —The Secretary of Defense shall establish a panel to be known as the “Panel on Department of Defense and AbilityOne Contracting Oversight, Accountability, and Integrity”

(hereafter in this section referred to as the “Panel”). The Panel shall be supported by the Defense Acquisition University, established under section 1746 of title 10, United States Code, and the National Defense University, including administrative support.

(2) COMPOSITION. —The Panel shall be composed of the following:

(A) A representative of the Under Secretary of Defense for Acquisition, Technology, and Logistics, who shall be the chairman of the Panel.

(B) A representative from the AbilityOne Commission.

(C) A representative of the service acquisition executive of each military department and Defense Agency (as such terms are defined, respectively, in section 101 of title 10, United States Code).

(D) A representative of the Under Secretary of Defense (Comptroller).

(E) A representative of the Inspector General of the Department of Defense and the AbilityOne Commission.

(F) A representative from each of the Army Audit Agency, the Navy Audit Service, the Air Force Audit Agency, and the Defense Contract Audit Agency.

(G) The President of the Defense Acquisition University, or a designated representative.

(H) One or more subject matter experts on veteran’s employment from a veteran’s service organization.

(I) A representative of the Commission Directorate of Veteran Employment of the AbilityOne Commission whose duties include maximizing opportunities to employ significantly disabled veterans in accordance with the regulations of the AbilityOne Commission.

(J) One or more representatives from the Department of Justice who are subject matter experts on compliance with disability rights laws applicable to contracts of the Department of Defense and the AbilityOne Commission.

(K) One or more representatives from the Department of Justice who are subject matter experts on Department of Defense contracts, Federal Prison Industries, and the requirements of the Javits-Wagner-O’Day Act.

(L) Such other representatives as may be determined appropriate by the Under Secretary of Defense for Acquisition, Technology, and Logistics.

(b) MEETINGS. —The Panel shall meet as determined necessary by the chairman of the Panel, but not less often than once every three months.

(c) DUTIES. —The Panel shall—

(1) review the status of and progress relating to the implementation of the recommendations of report number DODIG–2016–097 of the Inspector General of the Department of Defense titled

“DoD Generally Provided Effective Oversight of AbilityOne Contracts”, published on June 17, 2016;

(2) recommend actions the Department of Defense and the AbilityOne Commission may take to eliminate waste, fraud, and abuse with respect to contracts of the Department of Defense and the AbilityOne Commission;

(3) recommend actions the Department of Defense and the AbilityOne Commission may take to ensure opportunities for the employment of significantly disabled veterans and the blind and other severely disabled individuals;

(4) recommend changes to law, regulations, and policy that the Panel determines necessary to eliminate vulnerability to waste, fraud, and abuse with respect to the performance of contracts of the Department of Defense;

(5) recommend criteria for veterans with disabilities to be eligible for employment opportunities through the programs of the AbilityOne Commission that considers the definitions of disability used by the Secretary of Veterans Affairs and the AbilityOne Commission;

(6) recommend ways the Department of Defense and the AbilityOne Commission may explore opportunities for competition among qualified nonprofit agencies or central nonprofit agencies and ensure an equitable selection and allocation of work to qualified nonprofit agencies;

(7) recommend changes to business practices, information systems, and training necessary to ensure that—

(A) the AbilityOne Commission complies with regulatory requirements related to the establishment and maintenance of the procurement list established pursuant to section 8503 of title 41, United States Code; and (B) the Department of Defense complies with the statutory and regulatory requirements for use of such procurement list; and

(8) any other duties determined necessary by the Secretary of Defense.

(d) CONSULTATION. —To carry out the duties described in subsection (c), the Panel may consult or contract with other executive agencies and with experts from qualified nonprofit agencies or central nonprofit agencies on—

(1) compliance with disability rights laws applicable to contracts of the Department of Defense and the AbilityOne Commission;

(2) employment of significantly disabled veterans; and

(3) vocational rehabilitation.

(e) AUTHORITY. —To carry out the duties described in subsection (c), the Panel may request documentation or other information needed from the AbilityOne Commission, central nonprofit agencies, and qualified nonprofit agencies.

(f) PANEL RECOMMENDATIONS AND MILESTONE DATES. —

(1) MILESTONE DATES FOR IMPLEMENTING RECOMMENDATIONS. —After consulting with central nonprofit agencies and qualified nonprofit agencies, the Panel shall suggest milestone dates for the implementation of the recommendations made under subsection (c) and shall notify the congressional defense committees, the Committee on Oversight and Government Reform of the House of Representatives, the Committee on Homeland Security and Governmental Affairs of the Senate, qualified nonprofit agencies, and central nonprofit agencies of such dates.

(2) NOTIFICATION OF IMPLEMENTATION OF RECOMMENDATIONS. —

After the establishment of milestone dates under paragraph (1), the Panel may review the activities, including contracts, of the AbilityOne Commission, the central nonprofit agencies, and the relevant qualified nonprofit agencies to determine if the recommendations made under

subsection (c) are being substantially implemented in good faith by the AbilityOne Commission or such agencies. If the Panel determines that the AbilityOne Commission or any such agency is not implementing the recommendations, the Panel shall notify the Secretary of Defense, the congressional defense committees, the Committee on Oversight and Government Reform of the House of Representatives, and the Committee on Homeland Security and Governmental Affairs of the Senate.

(g) REMEDIES. —

(1) IN GENERAL. —Upon receiving notification under subsection (f)(2) and subject to the limitation in paragraph (2), the Secretary of Defense may take one of the following actions:

(A) With respect to a notification relating to the AbilityOne Commission, the Secretary may suspend compliance with the requirement to procure a product or service in section 8504 of title 41, United States Code, until the date on which the Secretary notifies Congress, in writing, that the AbilityOne Commission is substantially implementing the recommendations made under subsection (c).

(B) With respect to a notification relating to a qualified nonprofit agency, the Secretary may terminate a contract with such agency that is in existence on the date of receipt of such notification, or elect to not enter into a contract with such agency after such date, until the date on which the AbilityOne Commission certifies to the Secretary that such agency is substantially implementing the recommendations made under subsection (c).

(C) With respect to a notification relating to a central nonprofit agency, the Secretary may include a term in a contract entered into after the date of receipt of such notification with a qualified nonprofit agency that is under such central nonprofit agency that states that such qualified nonprofit agency shall not pay a fee to such central nonprofit agency until the date on which the AbilityOne Commission certifies to the Secretary that such central nonprofit agency is substantially implementing the recommendations made under subsection (c).

(2) LIMITATION. —If the Secretary of Defense takes any of the actions described in paragraph (1), the Secretary shall coordinate with the AbilityOne Commission or the relevant central nonprofit agency, as appropriate, to fully implement the recommendations made under subsection (c). On the date on which such recommendations are fully implemented, the Secretary shall notify Congress, in writing, and the Secretary's authority under paragraph (1) shall terminate.

(h) PROGRESS REPORTS. —

(1) CONSULTATION ON RECOMMENDATIONS. —Before submitting the progress report required under paragraph (2), the Panel shall consult with the AbilityOne Commission on draft recommendations made pursuant to subsection (c). The Panel shall include any recommendations of the AbilityOne Commission in the progress report submitted under paragraph (2).

(2) PROGRESS REPORT. —Not later than 180 days after the date of the enactment of this Act, the Panel shall submit to the Secretary of Defense, the Chairman of the AbilityOne Commission, the congressional defense committees, the Committee on Oversight and Government Reform of the House of Representatives, and the Committee on Homeland Security and Governmental Affairs of the Senate a progress report on the activities of the Panel.

(i) ANNUAL REPORT. —

(1) CONSULTATION ON REPORT. —Before submitting the annual report required under paragraph (2), the Panel shall consult with the AbilityOne Commission on the contents of the

report. The Panel shall include any recommendations of the AbilityOne Commission in the report submitted under paragraph (2).

(2) REPORT. —Not later than September 30, 2017, and annually thereafter for the next three years, the Panel shall submit to the Secretary of Defense, the Chairman of the AbilityOne Commission, the congressional defense committees, the Committee on Oversight and Government Reform of the House of Representatives, and the Committee on Homeland Security and Governmental Affairs of the Senate a report that includes—

(A) a summary of findings and recommendations for the year covered by the report;

(B) a summary of the progress of the relevant qualified nonprofit agencies or central nonprofit agencies in implementing recommendations of the previous year's report, if applicable;

(C) an examination of the current structure of the AbilityOne Commission to eliminate waste, fraud, and abuse and to ensure contracting integrity and accountability for any violations of law or regulations;

(D) recommendations for any changes to the acquisition and contracting practices of the Department of Defense and the AbilityOne Commission to improve the delivery of goods and services to the Department of Defense;

and (E) recommendations for administrative safeguards to ensure the Department of Defense and the AbilityOne Commission follow the requirements of the Javits-Wagner-O'Day Act, Federal civil rights law, and regulations and policy related to the performance of contracts of the Department of Defense with qualified nonprofit agencies and the contracts of the AbilityOne Commission with central nonprofit agencies.

(j) SUNSET. —The Panel shall terminate on the date of submission of the last annual report required under subsection (i).

(k) INAPPLICABILITY OF FACA. —The requirements of the Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the Panel established pursuant to subsection (a).

(l) DEFENSE ACQUISITION UNIVERSITY TRAINING. —

(1) IN GENERAL. —The Secretary of Defense shall establish a training program at the Defense Acquisition University established under section 1746 of title 10, United States Code. Such training shall include—

(A) information about—

(i) the mission of the AbilityOne Commission;

(ii) the employment of significantly disabled veterans through contracts from the procurement list maintained by the AbilityOne Commission;

(iii) reasonable accommodations and accessibility requirements for the blind and other severely disabled individuals; and

(iv) Executive orders and other subjects related to the blind and other severely disabled individuals, as determined by the Secretary of Defense; and

(B) procurement, acquisition, program management, and other training specific to procuring goods and services for the Department of Defense pursuant to the Javits-Wagner-O'Day Act.

(2) ACQUISITION WORKFORCE ASSIGNMENT. —Members of the acquisition workforce (as defined in section 101 of title 10, United States Code) who have participated in the training described in paragraph (1) are eligible for a detail to the AbilityOne Commission.

(3) ABILITYONE COMMISSION ASSIGNMENT. —Career employees of the AbilityOne Commission may participate in the training program described in paragraph (1) on a non-reimbursable basis for up to three years and on a non-reimbursable or reimbursable basis thereafter.

(4) FUNDING. —Amounts from the Department of Defense Acquisition Workforce Development Fund established under section 1705 of title 10, United States Code, are authorized for use for the detail of members of the acquisition workforce to the AbilityOne Commission.

(m) DEFINITIONS. —In this section:

- (1) The term “AbilityOne Commission” means the Committee for Purchase from People Who Are Blind or Severely Disabled established under section 8502 of title 41, United States Code.
- (2) The terms “blind”, “qualified nonprofit agency for the blind”, “qualified nonprofit agency for other severely disabled”, and “severely disabled individual” have the meanings given such terms under section 8501 of such title.
- (3) The term “central nonprofit agency” means a central nonprofit agency designated under section 8503(c) of such title.
- (4) The term “executive agency” has the meaning given such term in section 133 of such title.
- (5) The term “Javits-Wagner-O’Day Act” means chapter 85 of such title.
- (6) The term “qualified nonprofit agency” means—
  - (A) a qualified nonprofit agency for the blind; or
  - (B) a qualified nonprofit agency for other severely disabled.
- (7) The term “significantly disabled veteran” means a veteran (as defined in section 101 of title 38, United States Code) who is a severely disabled individual.

## **Appendix III – FY 2019 National Defense Authorization Act**

### **SEC. 846. PROCUREMENT THROUGH COMMERCIAL E-COMMERCE PORTALS**

(a) Establishment Of Program. —The Administrator shall establish a program to procure commercial products through commercial e-commerce portals for purposes of enhancing competition, expediting procurement, enabling market research, and ensuring reasonable pricing of commercial products. The Administrator shall carry out the program in accordance with this section, through multiple contracts with multiple commercial e-commerce portal providers, and shall design the program to be implemented in phases with the objective of enabling Government-wide use of such portals.

(b) Use Of Program. —The head of a department or agency may procure, as appropriate, commercial products for the department or agency using the program established pursuant to subsection (a).

(c) Implementation and Reporting Requirements. —The Director of the Office of Management and Budget, in consultation with the Administrator and the heads of other relevant departments and agencies, shall carry out the implementation phases set forth in, and submit to the appropriate congressional committees the items of information required by, the following paragraphs:

(1) PHASE I: IMPLEMENTATION PLAN. —Not later than 90 days after the date of the enactment of this Act, an implementation plan and schedule for carrying out the program established pursuant to subsection (a), including a discussion and recommendations regarding whether any changes to, or exemptions from, laws that set forth policies, procedures, requirements, or restrictions for the procurement of property or services by the Federal Government are necessary for effective implementation of this section.

(2) PHASE II: MARKET ANALYSIS AND CONSULTATION. —Not later than one year after the date of the submission of the implementation plan and schedule required under paragraph (1), recommendations for any changes to, or exemptions from, laws necessary for effective implementation of this section, and information on the results of the following actions:

(A) Market analysis and initial communications with potential commercial e-commerce portal providers on technical considerations of how the portals function (including the use of standard terms and conditions of the portals by the Government), the degree of customization that can occur without creating a Government-unique portal, the measures necessary to address the considerations for supplier and product screening specified in subsection (e), security of data, considerations pertaining to nontraditional Government contractors, and potential fees, if any, to be charged by the Administrator, the portal provider, or the suppliers for participation in the program established pursuant to subsection (a).

(B) Consultation with affected departments and agencies about their unique procurement needs, such as supply chain risks for health care products, information technology, software, or any other category determined necessary by the Administrator.

(C) An assessment of the products or product categories that are suitable for purchase on the commercial e-commerce portals.

(D) An assessment of the precautions necessary to safeguard any information pertaining to the Federal Government, especially precautions necessary to protect against national security or cybersecurity threats.

(E) A review of standard terms and conditions of commercial e-commerce portals in the context of Government requirements.

(F) An assessment of the impact on existing programs, including schedules, set-asides for small business concerns, and other preference programs.

(3) PHASE III: PROGRAM IMPLEMENTATION GUIDANCE. —Not later than two years after the date of the submission of the implementation plan and schedule required under paragraph (1), guidance to implement and govern the use of the program established pursuant to subsection (a), including protocols for oversight of procurement through the program, and compliance with laws pertaining to supplier and product screening requirements, data security, and data analytics.

(4) ADDITIONAL IMPLEMENTATION PHASES. —A description of additional implementation phases, as determined by the Administrator, that includes a selection of agencies to participate in any such additional implementation phase (which may include the award of contracts to multiple commercial e-commerce portal providers).

(d) Considerations For Commercial E-Commerce Portals.—The Administrator shall consider commercial e-commerce portals for use under the program established pursuant to subsection (a) that are widely used in the private sector and have or can be configured to have features that facilitate the execution of program objectives, including features related to supplier and product selection that are frequently updated, an assortment of product and supplier reviews, invoicing payment, and customer service.

(e) Information On Suppliers, Products, And Purchases. —

(1) SUPPLIER PARTICIPATION AND PRODUCT SCREENING. —The Administrator shall provide or ensure electronic availability to a commercial e-commerce portal provider awarded a contract pursuant to subsection (a) on a periodic basis information necessary to ensure compliance with laws pertaining to supplier and product screening as identified during implementation phase III, as described in subsection (c)(3).

(2) PROVISION OF ORDER INFORMATION. —The Administrator shall require each commercial e-commerce portal provider awarded a contract pursuant to subsection (a) to provide order information as determined by the Administrator during implementation phase II, as described in subsection (c)(2).

(f) Relationship To Other Provisions Of Law. —

(1) All laws, including laws that set forth policies, procedures, requirements, or restrictions for the procurement of property or services by the Federal Government, apply to the program established pursuant to subsection (a) unless otherwise provided in this section.

(2) A procurement of a product made through a commercial e-commerce portal under the program established pursuant to subsection (a) is deemed to be an award of a prime contract for purposes of the goals established under section 15(g) of the Small Business Act ([15 U.S.C. 644\(g\)](#)), if the purchase is from a supplier that is a small business concern.

(3) Nothing in this section shall be construed as limiting the authority of a department or agency to restrict competition to small business concerns.

(4) Nothing in this section shall be construed as limiting the applicability of section 1341 of title 31, United States Code (popularly referred to as the Anti-Deficiency Act).

(g) Use Of Commercial Practices And Standard Terms And Conditions. —A procurement of a product through a commercial e-commerce portal used under the program established pursuant to subsection (a) shall be made, to the maximum extent practicable, under the standard terms and conditions of the portal relating to purchasing on the portal.

(h) Disclosure, Protection, And Use Of Information. —In any contract awarded to a commercial e-commerce portal provider pursuant to subsection (a), the Administrator shall require that the provider—

(1) agree not to sell or otherwise make available to any third party any information pertaining to a product ordered by the Federal Government through the commercial e-commerce portal in a manner that identifies the Federal Government, or any of its departments or agencies, as the purchaser, except if the information is needed to process or deliver an order or the Administrator provides written consent;

(2) agree to take the necessary precautions to safeguard any information pertaining to the Federal Government, especially precautions necessary to protect against national security or cybersecurity threats; and

(3) agree not to use, for pricing, marketing, competitive, or other purposes, any information related to a product from a third-party supplier featured on the commercial e-commerce portal or the transaction of such a product, except as necessary to comply with the requirements of the program established pursuant to subsection (a).

(i) Simplified Acquisition Threshold. —A procurement through a commercial e-commerce portal used under the program established pursuant to subsection (a) shall not exceed the simplified acquisition threshold in section 134 of title 41, United States Code.

(j) Comptroller General Assessments. —

(1) ASSESSMENT OF IMPLEMENTATION PLAN. —Not later than 90 days after the Director of the Office of Management and Budget submits the implementation plan described in subsection (c)(1) to the appropriate congressional committees, the Comptroller General of the United States shall submit to the appropriate congressional committees an assessment of the plan, including any other matters the Comptroller General considers relevant to the plan.

(2) ASSESSMENT OF PROGRAM IMPLEMENTATION. —Not later than three years after the first contract with a commercial e-commerce portal provider is awarded pursuant to subsection (a), the Comptroller General of the United States shall submit to the appropriate congressional committees a report on the challenges and benefits the General Services Administration and participating departments and agencies observe regarding implementation of the program established pursuant to subsection (a). The report shall include the following elements:

(A) A description of the acquisition of the commercial e-commerce portals (including the extent to which the portals had to be configured or otherwise modified to meet the needs of the program) costs, and the implementation schedule.

(B) A description of participation by suppliers, with particular attention to those described under subsection (e), that have registered or that have sold goods with at least one commercial e-commerce portal provider, including numbers, categories, and trends.

(C) The effect, if any, of the program on the ability of agencies to meet goals established for suppliers and products described under subsection (e), including goals established under section 15(g) of the Small Business Act ([15 U.S.C. 644\(g\)](#)).

(D) A discussion of the limitations, if any, to participation by suppliers in the program.

(E) Any other matters the Comptroller General considers relevant to report.

(k) Definitions. —In this section:

(1) ADMINISTRATOR. —The term “Administrator” means the Administrator of General Services.

- (2) **APPROPRIATE CONGRESSIONAL COMMITTEES.** —The term “appropriate congressional committees” means the following:
- (A) The Committees on Armed Services of the Senate and House of Representatives.
  - (B) The Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Oversight and Government Reform of the House of Representatives.
  - (C) The Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives.
- (3) **COMMERCIAL E-COMMERCE PORTAL.** —The term “commercial e-commerce portal” means a commercial solution providing for the purchase of commercial products aggregated, distributed, sold, or manufactured via an online portal. The term does not include an online portal managed by the Government for, or predominantly for use by, Government agencies.
- (4) **COMMERCIAL PRODUCT.** —The term “commercial product” means a commercially available off-the-shelf item, as defined in section 104 of title 41, United States Code, except the term does not include services.
- (5) **SMALL BUSINESS CONCERN.**—The term “small business concern” has the meaning given such term under section 3 of the Small Business Act ([15 U.S.C. 632](#)).



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