




**Office of Inspector General**  
**Committee for Purchase from People**  
**Who Are Blind or Severely Disabled**  
**(U.S. AbilityOne Commission)**

April 8, 2020

MEMORANDUM

FOR: Thomas D. Robinson  
Chairperson  
U.S. AbilityOne Commission

FROM: Thomas K. Lehigh   
Inspector General

SUBJECT: Cooperative Agreement Audit

We are pleased to provide the performance audit report on the Cooperative Agreements (Agreements) between the U.S. AbilityOne Commission (Commission) and the Central Nonprofit Agencies (CNAs), conducted by CliftonLarsonAllen LLP (CLA), an independent public auditor. CLA was engaged by the U.S. AbilityOne Commission Office of Inspector General (OIG) to conduct the performance audit and issue its report.

The objectives of the performance audit were to determine whether:

- The Agreements are adequately designed and operating effectively to improve performance and transparency of the AbilityOne Program (Program).
- The performance criteria are reasonable, measurable, and implemented to achieve effective oversight of the CNAs.

The CLA team conducted extensive field work and reviewed the statutory mandates and history behind the development of the Agreements. CLA evaluated and measured the procedures and processes leading to the development of the Agreements and their content. The audit was conducted in accordance with generally accepted government auditing standards.

Overall, the performance audit concluded that the Agreements were effective and designed to enhance accountability, operational effectiveness, integrity, and transparency of the Program. The Commission and CNAs have established mission operational offices to align with each other in meeting the Agreement's requirements for the AbilityOne Program. CLA found that the Commission has established best practices with the establishment of the Program Management Office that operate effectively and with the use of the Quality Assurance Surveillance Plans.

The effectiveness of the Cooperative Agreements' Key Performance Indicators (KPIs) were evaluated in the audit. The audit concluded that there are opportunities for improvements with the Commission's oversight of CNAs as it relates to compliance, deliverables, and performance measurements contained in the Agreements. The report found opportunities for improvements in five areas and made seven recommendations to assist the Commission in strengthening its oversight effectiveness and transparency of the Program.

If you have any questions, please contact me.

cc: Tina Ballard,  
Executive Director

Kelvin Wood,  
Chief of Staff



CliftonLarsonAllen LLP  
CLAconnect.com

**Performance Audit Report  
on the  
U.S. AbilityOne Cooperative Agreements**

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

**Performance Audit  
by  
CliftonLarsonAllen LLP**

**April 03, 2020**

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Thomas K. Lehrich  
Inspector General  
Office of Inspector General  
U.S. AbilityOne Commission  
2331 Mill Road, Suite 505  
Alexandria, VA 22314

## **EXECUTIVE SUMMARY**

### ***Why We Did This Audit***

CliftonLarsonAllen LLP (CLA) was engaged by the U.S. AbilityOne Commission Office of Inspector General (OIG) to conduct a performance audit and report on the Cooperative Agreements (Agreements) between the U.S. AbilityOne Commission (Commission) and Central Nonprofit Agencies (CNAs). The objectives of our performance audit were to determine whether:

- The Agreements are adequately designed and operating effectively to improve performance and transparency of the AbilityOne Program (Program).
- The performance criteria are reasonable, measurable, and implemented to achieve effective oversight of the CNAs.

### ***What We Audited***

We reviewed the statutory mandates and history behind the development of the Agreements and evaluated the procedures and processes leading to the development of the Agreements and their contents. The first Agreements were drafted by the Commission and after negotiation were signed by National Industries for the Blind (NIB) and SourceAmerica (collectively referred to as the CNAs) on June 17, 2016 and June 15, 2016, respectively. The Agreements were renegotiated and made effective on December 17, 2018, for NIB and on June 14, 2019, for SourceAmerica. As of our audit report, NIB and the Commission were operating under its third modification. Modification 1 was signed by NIB on January 16, 2019. Modification 2 and 3 were unilateral modifications made by the Commission on June 24, 2019 and December 11, 2019, respectively.<sup>1</sup> NIB and the Commission are currently in the process of developing a fourth modification. As of our audit, modifications with Agreements for SourceAmerica have not been made since the renegotiation on June 14, 2019. We also analyzed the FY17 and 18 annual performance evaluation of the CNAs and the semi-annual performance evaluation for FY19 to determine their progress.

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<sup>1</sup> The Cooperative Agreement was unilaterally modified for the third time and with the changes the language now reads as follows: To the extent practicable, the CNA shall ensure the Commission has notice in writing, at least ten (10) business days in advance, of significant meetings. In the event of a CNA concern about the Commission or AbilityOne Program, the Commission encourages the CNA to seek resolution with the Commission of any concerns prior to significant meetings. Significant meetings and events include meetings with key stakeholders, Congressional members and staff, White House and Executive Office of the President, and public-facing engagement with members of the disability community regarding the AbilityOne Program. The CNA acknowledges and agrees that it is not authorized to represent or advocate on behalf of the Commission or the AbilityOne Program to Congressional members and staff, White House and Executive Office of the President or other key stakeholders. This does not infringe upon the CNA's right to represent theirs or the NPAs' interests.

According to the Agreements, the purpose is to establish key expectations and guidance for the Commission and the CNAs in relation to the implementation and management of the AbilityOne Program. The JWOD Act established the U.S. AbilityOne Commission to both provide and increase employment and training opportunities for persons who are blind or have other significant disabilities through the delivery of products and services to the Federal Government. While some technical aspects of terms and conditions of the CNAs' Agreements may be different, the overall purpose is the same for both CNAs.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions, and recommendations based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings, conclusions, and recommendations based on the audit objectives.

### ***What We Found***

Overall, we concluded that the Agreements were effective and designed to enhance accountability, operational effectiveness, integrity, and transparency of the Program. For instance, the Commission and CNAs have established mission operational offices under the title of Program Management Office (PMO) to align with each other in meeting the Agreement's requirements for the AbilityOne Program. We found that the Commission has established best practices with the establishment of the PMO that operates effectively and with the use of the Quality Assurance Surveillance Plans (QASP).

### **We evaluated the effectiveness of the Key Performance Indicators (KPIs).**

The KPIs were established to evaluate the CNAs performance under the Agreements. The Agreements state, in part: "High value is associated with sustaining and increasing current employment levels and developing and executing new lines of business in the AbilityOne Program that also increase new employment opportunities." Accordingly, the Commission established the following KPIs:

- Employment Growth
- Program Administration, Oversight, and Integrity
- NPA Support, Assistance, and Development
- Training and Strategic Communications

However, we concluded that there are opportunities for improvements with the Commission's oversight of CNAs as it relates to compliance, deliverables, and performance measurements contained in the Agreements. Specifically, we noted opportunities for improvements in five areas. We made seven recommendations to assist the Commission in strengthening its oversight effectiveness and transparency of the Program.

In addition, we identified several management and administrative discrepancies during our detailed review of the Agreements. These discrepancies were verbally communicated to the Commission and the CNAs for corrective action. We also found in our field work that the allocation of roles, responsibilities and resources by senior staff in managing the resources needed for the Agreements needs improvement.

The details on our findings and recommendations are included in the accompanying report. We provided a draft of this report to the Commission, NIB and SourceAmerica on March 5, 2020. We obtained and considered the Commission, NIB and SourceAmerica management comments on the draft report in finalizing our audit report. We did not audit the comments, therefore, we do not provide any conclusions on them. In the Commission's management comments they concurred with findings 2 and 5 and they disagreed with findings 1, 3, and 4. In NIB and SourceAmerica comments they concurred with all our findings. The Commission, NIB and SourceAmerica provided their management comments on April 1, 2020. See Appendix III for our responses to management comments. See Appendix IV, V and VI for the Commission, NIB and SourceAmerica responses, respectively.

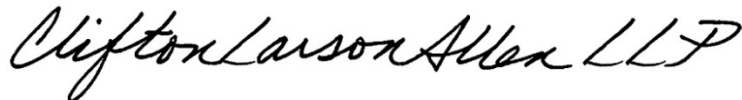
#### ***Other Matters***

Our audit did not include an assessment of the sufficiency of internal control over the procedures contained in the Agreements or other matters not specifically outlined in the enclosed report. CLA cautions that projecting the results of our performance audit to future periods is subject to the risks that conditions may materially change from their current status. The information included in this report was obtained from the Commission and CNAs on or before January 31, 2020. We have no obligation to update our report or to revise the information contained herein to reflect events and transactions occurring subsequent to January 31, 2020.

The purpose of this performance audit is to report on whether the Agreements are adequately designed and operating effectively to improve performance and transparency of the Program. The Performance Audit is not suitable for any other purpose.

We thank the Commission, NIB, and SourceAmerica staff for the cooperation and assistance provided to us.

**CLIFTONLARSONALLEN LLP**

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

Arlington, VA  
April 3, 2020

**U.S. AbilityOne Commission**  
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**Report Date April 3, 2020**

**PROGRAM BACKGROUND**

**Establishment of the Program**

Enacted in 1938, the Wagner-O'Day Act established the Committee on Purchases of Blind-Made Products to provide employment opportunities for the blind. Legislation sponsored by Senator Jacob K. Javits was signed in 1971, amending and expanding the Wagner-O'Day Act to include persons with other severe disabilities. The Act, as amended, became known as the Javits-Wagner-O'Day (JWOD) Act (41 U.S.C. §§8501-8506), and the program's name became the JWOD Program. The 1971 amendments also established the federal agency as the Committee for Purchase From People Who Are Blind or Severely Disabled (Committee) to reflect the expanded capabilities of the JWOD Program. In 2006, the Committee changed the program's name from the JWOD Program to the AbilityOne Program (Program). The Committee is known as the U.S. AbilityOne Commission (Commission). The Program is the largest source of employment in the U.S. for people who are blind or have significant disabilities in the manufacture and delivery of products and services to the Federal Government.

The Program is a source of employment for approximately 45,000 people who are blind or have significant disabilities through contracts with federal agencies across all fifty states, the District of Columbia, and U.S. territories by more than 500 nonprofit agencies (NPAs). The Program provides more than \$3.6 billion in products and services to the Federal Government.

The Commission, among other duties, maintains and publishes a Procurement List of products and services that have been placed in the AbilityOne Program (41 U.S.C. § 8503). In addition, the Commission designates one or more Central Nonprofit Agencies (CNAs) to facilitate distribution of Federal Government orders for products and services. See 41 U.S.C. §§ 8501-8506. The Commission has designated National Industries for the Blind (NIB), established in 1938, and SourceAmerica, established in 1974, to facilitate the distribution of orders and provide other assistance to NPAs in the Program. The CNAs facilitate distribution of orders and provide other assistance to NPAs in the Program. In July 2018 the Commission designated American Foundation for the Blind (AFB) as the third AbilityOne designated CNA. The Commission and AFB entered into a Cooperative Agreement (Agreement), and AFB's first 18 months as a CNA are limited to research and studies. The Agreement for AFB has not resulted in a performance evaluation to date and the period for the limited research and study elements have been extended by the Commission for an additional six months. NIB and SourceAmerica are responsible for working closely with federal contracting activities and NPAs to match government requirements with nonprofit agency capabilities. One of NIB's and SourceAmerica's key activities is developing products and services and visiting government contracting activities to jointly explore, with government personnel, products and services that may be suitable for provision by the NPAs. Once a potential Procurement List addition is identified, NIB or SourceAmerica works closely with the Commission to obtain the data needed to allow the Commission to make a determination of its suitability for the Program. The Commission has the authority to add and remove items from the Procurement List.

The AbilityOne-participating NPAs must demonstrate that at least 75 percent or more of all direct labor hours were performed by people who are blind or have significant disabilities. The work on federal contracts may be facility-based, such as the contract to manufacture the U.S. Army Battle Dress Uniform, or community-based, such as the AbilityOne call center service contract with the Environmental Protection Agency that was established to assist consumers with questions about the harmful effects of lead.



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## **Cooperative Agreements**

The United States Government Accountability Office (GAO) issued a report *Employing People with Blindness or Severe Disabilities, Enhanced Oversight of the AbilityOne Program Needed*, GAO-13-457, dated May 2013. The report concluded the Commission needed to improve oversight and transparency of the Program. The report recommended that the Commission develop written agreements with each CNA that would specify key expectations for the CNAs and oversight mechanisms to improve program accountability. The report also recommended establishing an Inspector General. The Commission and the CNAs agreed with GAO's recommendations but disagreed with several findings.

To ensure implementation of GAO's recommendations, three years later Congress passed the Consolidated Appropriations Act of 2016, Public Law 114-113 (Act). The Act required the Commission, within 180 days of the Act's passage to enter into written agreements with the CNAs to provide auditing, oversight, and reporting provisions. Congress also amended the Inspector General Act of 1978, to establish a statutory Office of Inspector General for the Commission and required the Commission to ensure such completion. Subsequent appropriation reports<sup>2</sup> have continued to require the Commission to maintain Agreements with the CNAs.

The first Agreements were drafted by the Commission and after negotiation, signed by NIB and SourceAmerica on June 17, 2016 and June 15, 2016, respectively. The Agreements were renegotiated and made effective on December 17, 2018, for NIB and on June 14, 2019, for SourceAmerica. As of our review, NIB has had three modifications to their Agreement effective on January 15, 2019, June 24, 2019, and December 11, 2019. NIB and the Commission were in the process of developing a fourth modification. SourceAmerica has not made any modifications since the renegotiation on June 14, 2019.

According to the Agreements, the purpose is to establish key expectations and guidance for the Commission and CNA in relation to the implementation and management of the AbilityOne Program. The JWOD Act established the U.S. AbilityOne Commission to both provide and increase employment and training opportunities for persons who are blind or have other significant disabilities through the delivery of products and services to the Federal Government. While some technical aspects of terms and conditions of the Agreements may differ, the overall purpose is the same for both CNAs.

The Act included nine points that should be included in the Agreements<sup>3</sup> as follows:

1. Roles and responsibilities on the part of the Commission and the CNA in project assignment procedures, including decision-making processes;
2. Expenditures of funds, including a policy governing reserve levels;
3. Performance goals and targets;
4. Governance standards and other internal controls to prevent fraud, waste, and abuse, including conflict of interest disclosures and reports of alleged misconduct;
5. Access to data and records;

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<sup>2</sup> H. Report 115-244, Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Bill 2018; Departments of Labor, Health and Human Services, And Education, and Related Agencies Appropriations Bill 2020

<sup>3</sup> P.L. 114-113 Sec. 402 <https://www.govinfo.gov/content/pkg/PLAW-114publ113/pdf/PLAW-114publ113.pdf> and H. Report 115-244, Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Bill 2018

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6. Consequences for not meeting expectations;
7. Periodic evaluations and audits on affiliates;
8. Periodic review and updates on pricing information; and
9. Provisions for updating the Agreement.

The Agreements state that the Commission will monitor and measure the CNA's service performance under the Agreements to determine if services provided are satisfactorily performed and meet performance requirements of the Performance Work Statement to ensure compliance with the terms and conditions of the Agreements. In addition, Congress in House Report 116-62 at 223 raised concerns about the language in the Agreement between the Commission and the CNAs requiring the CNAs to notify (10 days) in advance and report to the Commission any meetings with key stakeholders, including with Congressional members and staff.<sup>4</sup> The Commission made a unilateral modification to the Agreement regarding *Section 3.4.1.1: Providing Written Notice to the Commission Prior to Significant Meetings or Events*. According to the CNAs, the original language of Section 3.4.1.1, stated, in part: "the parties shall communicate and reach a resolution prior to the significant meeting." was changed to the current language "the Commission encourages the CNA to seek resolution with the Commission of any concerns prior to significant meetings." In addition, the following sentence was added: "This does not infringe upon the CNA's right to represent theirs or the NPAs' interests." Changes were made with NIB modification on June 24, 2019, and SourceAmerica on June 14, 2019.

The Agreements are measured by reports, due from the Commission at the end of each fiscal year quarter to the Committees on Oversight and Government Reform and Education and the Workforce of the House of Representatives, Committees on Homeland Security and Governmental Affairs and Health, Education, Labor, and Pensions of the Senate, and Committees on Appropriations of the House of Representatives and the Senate.

The Commission is required to submit these two reports, the Quarterly CNAs' Fees and Expenditures Reports required by Congress which shall be submitted within thirty (30) days after the end of each FY Quarter, unless otherwise stated in the Agreement.

The CNAs' Fee Reports include information about each fee charged pursuant to Section 51-3.5 of title 41 of the CFR; each NPA charged a fee pursuant to Section 51-3.5 of title 41; and for each fee charged, for each government order, include: a) Name of NPA, b) Description of product or service ordered, c) Ordering government agency, d) Order price (total), and e) Contract award ID associated with any order, where applicable.

The Commission uses these reports to measure the CNAs' performance in the Agreements by factors that include but are not limited to the Key Performance Indicators (KPI)s, Quality Assurance Surveillance Plans (QASP) and such deliverables.

The other report is the CNAs' Expenditure Reports that includes employee salaries (total), including executive salaries; employee benefits, including executive benefits; executive salaries; executive benefits; total travel expenses; executive travel; lobbying; advertising and promotion; CNA reserve level (restricted and unrestricted); and funds spent to support the efforts of the Commission, including a description of the activities, services, and products supplied to the Commission.

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<sup>4</sup> House Report 116-62 at 223, Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Bill, 2020.

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**AUDIT RESULTS**

Overall, we concluded that the Agreements were effective and designed to promote and enhance accountability, operational effectiveness, integrity, and transparency of the Program. We found that the Commission has established best practices with the establishment of the PMO that operates effectively with the use of the Quality Assurance Surveillance Plans (QASP).

For instance, the Commission and CNAs have established mission operational offices under the title of Program Management Office (PMO). The PMO assists the Commission and CNAs in meeting the requirements of the Agreement. The PMO operates effectively and has improved transparency of this program. We found in our field work that the allocation of roles, responsibilities and resources by senior staff in managing the resources for the Agreements needs improvement.

Furthermore, we found that GAO has identified nine Key Practices for Effective Performance Management. That information is contained in the following report:

GAO Report-03-488, Subject: *RESULTS-ORIENTED CULTURES: Creating a Clear Linkage between Individual Performance and Organizational Success*, dated March 2003, and identified nine Key Practices for Effective Performance Management. They are as follows:

1. Align individual performance expectations with organizational goals.
2. Connect performance expectations to crosscutting goals.
3. Provide and routinely use performance information to track organizational priorities.
4. Require follow-up actions to address organizational priorities.
5. Use competencies to provide a fuller assessment of performance.
6. Link pay to individual and organizational performance.
7. Make meaningful distinctions in performance.
8. Involve employees and stakeholders to gain ownership of performance management systems.
9. Maintain continuity during transitions.

Based on our research and discussions, we found that Key Practices one and two above, were considerations in the implementation of PMO mission operational offices to meet Agreement requirements.

During our field work it was established that SourceAmerica noticed a difference in the organization of the Program after the implementation of the Agreement. Overall, the CNAs believe the Agreement has solidified the transparency of the Program and helped them better understand the requirements, which has improved their working relationship with the Commission staff.

Our field work determined that the CNAs found the operation of the Program is more transparent since the Agreement was implemented. The transparency has allowed stakeholders and the Commission to have a better understanding of why and how NIB and Source America operate their businesses, thus allowing the Commission to provide recommendations for improvement.

The Commission staff stated that to ensure effective oversight of the CNAs, they are involved in working with members of subcommittees of the 898 panel. Section 898 of the National Defense Authorization Act for Fiscal Year 2017 (Public Law 114-328) directs the Secretary of Defense to establish the "Panel on Department of Defense and AbilityOne Contracting Oversight, Accountability and Integrity" ("the Panel") of senior level representatives from Department of

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Defense agencies, the U.S. AbilityOne Commission, and other organizations as specified in the legislation. In addition to holding regular meetings with CNAs, the Commission also maintains relationships with stakeholders throughout the community to enhance stewardship of the Program.

We concluded that there are opportunities for improvements with the Commission's oversight of CNAs as it relates to compliance, deliverables, and performance measurements contained in the Agreements. Specifically, we noted opportunities for improvements in five areas. We made seven recommendations to assist the Commission in strengthening its oversight effectiveness and transparency of the Program.

In addition, we identified several administrative discrepancies during our detailed review of the Agreements. These discrepancies were verbally communicated to the Commission and the CNAs for corrective action. We also found in our field work that the allocation of roles, responsibilities and resources by senior staff in managing the resources needed for the Agreements needs improvement.

## **Audit Findings**

### **1. Improvements In The Process And Measurement Of The Criteria Used To Develop The Key Performance Indicators (KPI) Are Needed.**

The Commission has established a good foundation for the QASP<sup>5 6</sup>, which we believe to be part of GAO key practices. However, our field work determined concerns that some KPIs are out of CNAs' control and do not enhance intended performance in the program. In addition, there is no formal process in place outlining how the KPI measurements were and are developed. There is a lack of adequate procedures for CNAs to resolve KPI criteria disagreements with the Commission.

The purpose of the QASP, as required by the Agreements, is to identify the methods and procedures the Commission uses to ensure the CNAs provide the services to the NPAs and whether the services are accomplishing the AbilityOne Program objectives set forth under this Agreement.

Federal Acquisition Regulation (FAR), Subpart 46.4 - Government Contract Quality Assurance, Issued FY 2019. FAR 46.401 provides guidance and preparation requirements on when and how the QASP should be used. More specific, it states, in part, "The Quality Assurance Surveillance Plans should be prepared in conjunction with the preparation of the statement of work."

According to the Agreements, "The CNA shall provide all management, labor, supervision, materials, equipment and supplies to furnish CNA program services as outlined in this Agreement, the JWOD Act, 41 U.S.C. Chapter 85 and implementing regulations, 41 C.F.R. Chapter 51, and Commission policies governing the AbilityOne Program. The CNA shall plan, schedule, coordinate, and ensure effective and efficient performance of all services provided. All work must be performed in a manner that promotes the Federal Government's policies and the Commission's specific objectives as set forth in this Agreement, the JWOD Act, 41 U.S.C. Chapter 85 and implementing regulations, 41 C.F.R. Chapter 51, and Commission policies governing the

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<sup>5</sup>[https://www.abilityone.gov/laws,\\_regulations\\_and\\_policy/documents/NIB%20QASP%20FINAL%201.10.19.pdf](https://www.abilityone.gov/laws,_regulations_and_policy/documents/NIB%20QASP%20FINAL%201.10.19.pdf)

<sup>6</sup>[https://www.abilityone.gov/laws,\\_regulations\\_and\\_policy/documents/QASP%20SA%20Mod%206%201.11.18%20Final.pdf](https://www.abilityone.gov/laws,_regulations_and_policy/documents/QASP%20SA%20Mod%206%201.11.18%20Final.pdf)

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AbilityOne Program. This is a performance-based agreement. These performance-based specifications express the Government's requirements in the form of the minimum quality standard to be met and consequences for deficient performance."

The Agreement further states: "The overall purpose of this effort is to increase employment and training opportunities for persons who are blind or have other significant disabilities through the delivery of products and services to the Federal Government in accordance with the JWOD Act.

High value is associated with sustaining and increasing current employment levels and developing and executing new lines of business in the AbilityOne Program that also increase new employment opportunities." Accordingly, the Commission established the following KPIs:

- Employment Growth
- Program Administration, Oversight, and Integrity
- NPA Support, Assistance, and Development
- Training and Strategic Communications (Note: as of the audit, Training is no longer part of this KPI)

The KPIs were established to evaluate the CNAs performance under the Agreement.

According to the Agreements, "The purpose of this QASP is to identify the methods and procedures the Commission will use to ensure the CNA provides the services to the NPAs and accomplishes the AbilityOne Program objectives set forth under this Agreement. This plan will focus on the level of performance required by the Performance Work Statement (PWS); not the methodology or process."

According to the Agreements, "The Commission will evaluate the CNA's performance under this agreement in accordance with the QASP (See Section G Attachment 2). This QASP will serve as a guide for all parties involved to ensure the CNA is providing the Commission and NPAs the support and services required by this agreement. The QASP defines how the performance standards will be applied, the frequency of surveillance, and the minimum acceptable performance levels."

Section G Attachment 2 of the Agreement states that "The purpose of this QASP is to identify the methods and procedures the Commission will use to ensure the CNA provides the services to the NPAs and accomplishes the AbilityOne Program objectives set forth under this Agreement. The QASP provides a systematic method to evaluate performance for the stated contract. This QASP is a 'living document' and the Commission may review and revise it on a regular basis. However, the Commission shall coordinate changes with the CNA." Under the surveillance approach section there are different performance measures the CNAs are measured on and how the CNAs are measured such as:

- Periodic Inspections
- User Surveys
- 100 Percent Inspections
- Ratings

According to the agreements, the Commission will review QASP Performance Objectives, assess their applicability, and make changes as needed on an annual basis. Also, surveillance

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documentation must be maintained by the Commission to capture surveillance and assessment conducted relevant to the four key performance indicators.

FAR 46.401 provides guidance and preparation requirements on when and how the QASP should be used. More specifically, it states in part that the plans should be prepared in conjunction with the preparation of the statement of work and should specify:

- (1) All work requiring surveillance; and
- (2) The method of surveillance.

The FAR also states that the QASP should fully incorporate and spell out the what, when, and how relative to the performance of contract surveillance activities.

During our fieldwork we received comments from the CNAs that some of the measurements are out of their control and may be considered subjective. Those comments are listed as follows:

**NIB general comments:** NIB provided the following QASP measurements concerns to the Commission in a letter dated November 19, 2019:

The letter states, in part, on document pages 4 and 5: “Many of these metrics depend on the parties reaching mutually agreeable language in the Performance Work Statement (PWS). Please note that not all the changes to the QASP received by NIB were reflected in the Commission’s redline. NIB believes a dialogue with the Commission following mutual agreement on the PWS language to be the best route to address the QASP. NIB also believes any measurement criteria listed in the QASP should be specified in the PWS. Nevertheless, NIB wants to highlight a few areas for the Commission’s consideration:

- **Upward Mobility:** The metric measures NIB on how often NPA employees who are blind accept promotions or placements. As NPAs are independent from NIB, NIB can provide and report on programs and incentives in support of upward mobility, but it does not have any authority to require promotions and placements at NPAs. Furthermore, there are many reasons that an employee who is blind would not accept a promotion offered by the NPA, such as jeopardizing his or her SSDI benefits that are beyond NIB’s control.

- **Compliance:** This metric rates NIB by the percentage of NPAs “in compliance.” What does “in compliance” mean? How would the Commission determine whether an NPA is “in compliance”? How can NIB be responsible for whether NPAs are “in compliance” when NPAs are separate, legal entities from NIB?

- **Litigation/Investigations Reporting:** To reach an exceptional rating, there must be “no violations.” Does this refer to the NIB’s requirement to report an allegation or does it refer to the existence of allegations themselves? If the latter, how can NIB be responsible for actions of NPAs and their employees when NIB does not have any ownership or control over those organizations?

- **PL Service Pricing Maintenance:** What does “without Commission assistance” mean? Would NIB be penalized for seeking the Commission’s assistance in resolving a dispute so that a service can be added to the Procurement List—particularly as the Commission has final authority over the fair market price? Furthermore, because pricing disputes are between the NPA and the federal customer, NIB cannot ensure that disputes between third parties are resolved “at the lowest level.” (End of quote)

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**SourceAmerica general comments:** Our field work determined that SourceAmerica provided the following concerns on January 6, 2020, in documentation provided to the auditors relating to the QASP measurement process: Response stated, in part:

“1) **Net Employment Growth** - SourceAmerica expressed concern over the requirement or growth targets to increase "people" because the only measure in Representations and Certifications related to people is workforce and there is not necessarily a direct correlation between employment growth and workforce. SourceAmerica also expressed concern over being able to track "unforeseen changes by the federal customers to phase out or insource certain lines of business or unforeseen declines in a particular industry" because project level Representations and Certifications are not required from NPAs.

2) **Upward Mobility** - SourceAmerica expressed concern with this measure because AbilityOne workers are not SourceAmerica employees. SourceAmerica is fully invested in supporting NPAs, however, we do not make any AbilityOne Placements and Promotions. The authority delegated to SourceAmerica does not provide us with the required leverage to enforce activity with the NPAs to affect this measure.

3) **Allocation and Recommendation appeals overturned** - SourceAmerica expressed concern over this metric because only appeals overturned where the Commission determined we did not follow the approved NPA Recommendation Process should impact the measure.

4) **Reps and Certs on time submission** - While SourceAmerica is fully invested in supporting NPAs in timely reporting through focused marketing, continuous data mining, and targeted communications, the authority delegated to SourceAmerica does not provide us with the required leverage to enforce this measure. Additionally, NPAs are required to submit their Reps and Certs data by November 1 and SourceAmerica's Annual Reps and Certs End of Year Analysis is due December 1. If any NPAs do not submit on time, we have less than 30 days to perform the analysis of the submitted data.” (End of quote)

The QASP plan in the Agreement provides a good foundation for allowing the CNAs to know what is being measured and how they are being rated based on those measurements.

GAO has identified a set of key practices for effective performance management that collectively create a linkage between individual performance and organizational success. The information is contained in the following report:

GAO Report-03-488, Subject: RESULTS-ORIENTED CULTURES: *Creating a Clear Linkage between Individual Performance and Organizational Success*, dated March 2003 states: in part, “Based on previously issued reports on public sector organizations’ approaches to reinforce individual accountability for results, GAO identified key practices that federal agencies can consider as they develop modern, effective, and credible performance management systems.”

The report also states, in part: “Public sector organizations both in the United States and abroad have implemented a selected, generally consistent set of key practices for effective performance management that collectively create a clear linkage “line of sight” between individual performance and organizational success. These key practices include the following.

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- 1. Align individual performance expectations with organizational goals.** An explicit alignment helps individuals see the connection between their daily activities and organizational goals.
- 2. Connect performance expectations to crosscutting goals.** Placing an emphasis on collaboration, interaction, and teamwork across organizational boundaries helps strengthen accountability for results.
- 3. Provide and routinely use performance information to track organizational priorities.** Individuals use performance information to manage during the year, identify performance gaps, and pinpoint improvement opportunities.
- 4. Require follow-up actions to address organizational priorities.** By requiring and tracking follow-up actions on performance gaps, organizations underscore the importance of holding individuals accountable for making progress on their priorities.
- 5. Use competencies to provide a fuller assessment of performance.** Competencies define the skills and supporting behaviors that individuals need to effectively contribute to organizational results.
- 6. Link pay to individual and organizational performance.** Pay, incentive, and reward systems that link employee knowledge, skills, and contributions to organizational results are based on valid, reliable, and transparent performance management systems with adequate safeguards.
- 7. Make meaningful distinctions in performance.** Effective performance management systems strive to provide candid and constructive feedback and the necessary objective information and documentation to reward top performers and deal with poor performers.
- 8. Involve employees and stakeholders to gain ownership of performance management systems.** Early and direct involvement helps increase employees' and stakeholders' understanding and ownership of the system and belief in its fairness.
- 9. Maintain continuity during transitions.** Because cultural transformations take time, performance management systems reinforce accountability for change management and other organizational goals."

We believe the Commission has addressed most of the key practices in the development of the QASP. However, we also found there is no section in the plan that explains how the measurements are developed, why the Commission is focusing on a specific measurement, and how the KPIs will affect the CNAs' performance evaluation ratings. The Agreement also states that the Commission reserves the right to unilaterally modify the Agreement to effectuate QASP changes. In addition, the plan does not have a section on how the CNAs may submit concerns when they believe the measurements are unfair. Not having these sections for the CNAs could lead to a lack of transparency in the measurements process for the CNAs. Furthermore, the CNAs may receive inaccurate performance evaluation ratings because the measurements are not within the CNAs capability of control.

According to GAO Report-05-927, *Enhancing Agency Use of Performance Information for Management Decision Making*, dated: September 2005, GAO illustrated: "To ensure that performance information will be both useful and used in decision making throughout the



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organization, agencies need to consider users' differing policy and management information needs. Practices that improve the usefulness of performance information can help to meet those needs. We reported previously<sup>7</sup> that to be useful, performance information must meet users' needs for completeness, accuracy, consistency, timeliness, validity, and ease of use. Other attributes that affect the usefulness of information include, but are not limited to, relevance, credibility, and accessibility. We have reported previously on a number of practices that improve the usefulness of performance information to different users.<sup>8</sup> Measures should be selected specifically on the basis of their ability to inform the decisions made at each organizational level and should be appropriate to the responsibilities and control at each level. In that regard, involving managers in the development of performance goals and measures is critical to increasing the relevance and therefore the usefulness of performance information to their day-to-day activities. Agency officials in our case illustrations identified a number of practices that increased the usefulness of performance information, including its relevance, ease of use, timeliness, and accessibility."

We believe that between the Commission's foundation and the GAO established enhancements, the Commission can greatly improve the QASP process with the CNAs.

**RECOMMENDATION:**

**We recommend the Commission:**

1. Implement better practices for the QASP process that includes additions to the QASP plan or a separate procedure that outlines how the QASP and KPI measurements are developed and the basis for measurements.

**2. Commission's Limited Resources Have Resulted In Ineffective Compliance Enforcement For The AbilityOne Program And Agreement Requirements.**

During our fieldwork we performed an analysis on the quarterly reports the Commission received from the CNAs and participated in discussions with the Commission staff. Using the CNAs FY19 quarterly reports submitted to the Commission, we analyzed the CNAs reports to determine which NPAs did not meet the Overall Direct Labor Hour Ratio. Commission policy 51.403 requires participating NPAs to demonstrate that at least 75 percent or more of all direct labor hours were performed by people who are blind or have significant disabilities for the fiscal year.

SourceAmerica had a cumulative total of 46 NPAs below the 75 percent ratio during some of the four quarters of FY19. Five of those were below the 75 percent ratio for all four quarters of FY19. We further contacted the CNAs to determine what procedures they took as a result of the NPAs being out of compliance with the Commission policy. We found that NIB had a cumulative total of eight NPAs that were below the 75 percent ratio during some of the four quarters of FY19. There were four NPAs who were below the ratio for the entire four quarters of FY19. Both CNAs were able to provide supporting documentation to substantiate the type of corrective actions taken were in accordance with the requirements of the Commission's Policy 51.403.

Although we found that the CNAs took corrective action in accordance with the Commission's policy, we were informed that the Commission had not conducted a review of the subject NPAs

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<sup>7</sup> <http://www.gao.gov/cgi-bin/getrpt?GAO-04-38>.

<sup>8</sup> GAO, Performance Plans: Selected Approaches for Verification and Validation of Agency Performance Information, GAO/GGD-99-139 (Washington, D.C.: July 30, 1999).

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since the inception of the Agreements. As a result, it appears the Commission's reliance on the CNAs to ensure enforcement of its compliance policies or requirements creates risk.<sup>9</sup>

A discussion with the Commission staff revealed that the Compliance team is not fully staffed. Therefore, the work has to be prioritized resulting in completing work that the Commission deems most important first. Even with prioritizing work, there is still work that should be done but is not completed due to the size of the Commission's staff.

We also assessed the CNAs' ability to effectively enforce the Agreement requirements by analyzing the CNAs FY17 and 18 Annual Cooperative Agreement Performance Evaluation Summaries slides and FY19 Semi-Annual Cooperative Agreement Performance Evaluation Summaries slides. We performed our analyses to determine how the CNAs' performance evaluation have progressed over the years for the overall rating and more specifically, for KPI 3, NPA Support, Assistance, and Development category. We found the following:

**Table 1: CNAs Overall Annual Ratings\***

<b>NIB</b>		
<b>Year</b>	<b>Commission Rating</b>	<b>Commission Remarks</b>
FY17	Satisfactory	None
FY18	Good	None
FY19	No final rating at time of audit review	Overall Semi-Annual Rating

<b>SourceAmerica</b>		
<b>Year</b>	<b>Commission Rating</b>	<b>Commission Remarks</b>
FY17	Good	None
FY18	Good	None
FY19	No final rating at time of Audit Review	Overall Semi-Annual Rating

**Table 2: CNAs KPI 3, NPA Support, Assistance, and Development Ratings\***

<b>NIB</b>		
<b>Year</b>	<b>Commission Rating</b>	<b>Commission Remarks</b>
FY17	Good	None
FY18	Exceptional	None
FY19	No final rating at time of Audit Review	On track for Unsatisfactory rating.

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<sup>9</sup> *AbilityOne On-Site Compliance Review Policy 51.404, dated 3/22/2013.* According to the policy, it is the Commission's responsibility to conduct on-site reviews of participating NPAs to ensure compliance with all applicable statutes, regulations, policies, and guidance. The Commission is also required to take necessary steps to ensure corrective action for non-compliance and provide guidance, education, and training for CNAs and NPAs to assist them with understanding the compliance requirements.

See Also: *AbilityOne NPA Out-of-Compliance Policy 51.403, dated 3/22/2013.* The policy prescribes the Commission policy for oversight of NPAs that are found to be out of compliance with requirements of the Program.

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**SourceAmerica**

<b>Year</b>	<b>Commission Rating</b>	<b>Commission Remarks</b>
FY17	Good	None
FY18	Good	None
FY19 Semi- Annual	No final rating at time of Audit Review (for NPAs Compliance with AbilityOne Regulatory Requirements and Reps and Certs Timeliness, Accuracy & Completion)	On track for Unsatisfactory rating. (Less than 95%) Not evaluated because data is submitted on annual basis (Annual Reps & Certs). – Comment for NPAs Compliance with AbilityOne Regulatory Requirements)

(\*) Indicates source data were obtained from “For Official Use Only” document.

While the CNAs overall positive annual ratings from the Commission have been consistent, the potential final rating for KPI 3, during FY19 raise concerns about the documented statement as being on track for an unsatisfactory rating. Specifically, since the KPI rating includes the NPAs compliance with AbilityOne regulatory requirements that carry a weighted percent of nine for NIB and 10 for SourceAmerica in FY19 –the highest in that category. Accordingly, a lack of compliance enforcement appears to be reflected in the performance rating of the CNAs.

41 U.S.C. 8501-8506 establish rules, regulations, and policies to ensure effective implementation and oversight as required the JWOD Act. Further, 41 U.S.C. 8503 (c) and the Consolidated Appropriations Act, 2016, granted the Commission authority to designate one or more CNAs to facilitate distribution of Federal Government orders for products and services. Accordingly, the Commission has designated NIB and SourceAmerica to facilitate the distribution of orders and provide other assistance to NPAs in the Program.

Title 41 of the Code of Regulations, Committee for Purchase From People Who Are Blind or Severely Disabled, 41 C.F.R. § 51-2.2(a) provides the responsibility to the Commission to establish rules, regulations, and policies to assure implementation of the JWOD Act.

The GAO issued a report *Employing People with Blindness or Severe Disabilities, Enhanced Oversight of the AbilityOne Program Needed*, GAO-13-457, dated May 2013. The recommendations states, in part, for the Commission to further improve oversight and transparency in the AbilityOne Program. It also suggests the Chairperson of the U.S. AbilityOne Commission should:

- a. Routinely obtain from the CNAs any audits and reports of alleged misconduct or other internal controls violations, and information on corrective actions taken by the CNAs.
- b. Take additional action to better ensure that the CNAs’ processes of assigning projects to affiliated agencies result in a transparent and equitable distribution. Such action could include one or more of the following:
  - i. Further developing its policy to specify procedures CNAs should follow to ensure equity and transparency in project assignment decisions, or

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- ii. Developing protocols for how the Commission will review CNA project assignment procedures to ensure their alignment with the Commission's policy.

*AbilityOne On-Site Compliance Review Policy 51.404, dated 3/22/2013.* According to the policy, it is the Commission's responsibility to conduct on-site reviews of participating NPAs to ensure compliance with all applicable statutes, regulations, policies, and guidance. The Commission is also required to take necessary steps to ensure corrective action for non-compliance and provide guidance, education, and training for CNAs and NPAs to assist them with understanding the compliance requirements.

*AbilityOne NPA Out-of-Compliance Policy 51.403, dated 3/22/2013.* The policy prescribes the Commission policy for oversight of NPAs that are found to be out of compliance with requirements of the Program.

According to the Agreements, the Commission has a responsibility to "Ensure compliance with all Agreement requirements and notify the CNA in writing of unsatisfactory performance of the terms and conditions of this Agreement."

In policy 51.404 the Commission is required to conduct on-site compliance reviews of the NPAs. The compliance reviews are based on: "Review cycle, scope of compliance deficiencies as identified by CNAs or other sources, NPAs report total agency direct labor ratios below 75 percent, NPAs that have received their first AbilityOne contract, NPAs that exhibit patterns of rapid growth or concentrate in high risk business lines, NPAs that comprise the largest participating agencies, and the best interest of the Government or the AbilityOne Program as determined by the staff or the Commission."

There are indications that the limited resources within the Commission staff may have hindered effective compliance enforcement of the requirements in the Agreements. Lack of proper resources including an efficient staff could lead to ineffective oversight of CNAs and compliance enforcement of the Program and the Agreements regulatory requirements.

**RECOMMENDATIONS:**

**We recommend the Commission to:**

- 2 Complete a work force analysis to determine staffing requirements based on major mission activities.
- 3 Ensure the Commission's Agreements are harmonized with compliance enforcement protocol to ensure they are capable of meeting the regulatory requirements of the Agreements by the Commission and CNAs.

**3. Program Performance Objectives And Deliverables Are Outdated Resulting In Inefficient And Wasted Resources In The Preparation And Review Of Requirements By The Commission.**

Our field work determined a lack of evidence that a review and assessment of required deliverables have been conducted since the development of the Agreements to determine if the data requirements are still valid. The most serious oversight weakness of the Agreements is managing the workflow to ensure information is evaluated properly.

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OMB Circular A-11, Part 6, Section 240.27 states: “Verification and validation of performance data support the general accuracy and reliability of performance information, reduce the risk of inaccurate performance data, and provide a sufficient level of confidence to the Congress and the public that the information presented is credible as appropriate to its intended use.” The Circular also states: “The GAO defines **verification** as a process of checking or testing performance information to assess other types of errors, such as errors in keying data. The GAO defines **validation** as an effort to ensure that data are free of systematic error or bias and that what is intended to be measured is actually measured.”

The *Commission Fiscal Year 2019 Performance and Accountability Report*, Paragraph 3.4, Data Validation and Verification, states: “Most of the key program data used for analysis and reporting is collected from each participating NPA in the AbilityOne Program. The source data are well defined and documented in the Commission’s compliance procedures disseminated by the CNAs. The Commission and the CNAs utilize on-site audits, to the extent practical, and technical support visits to educate NPAs and verify that their collection techniques are valid and accurate. Before it is submitted to the Commission on the Representations and Certifications form, the NPA’s annual program data must be verified and certified by the head of the NPA and an officer of its Board of Directors. In addition, the data is initially provided to the appropriate CNA for its review. The data will not be accepted if it is incomplete or contains discrepancies. The data is generated and transmitted electronically to reduce the potential for errors in data entry. A senior officer from the appropriate CNA must sign off on the data, certifying it to be accurate to the best of his or her knowledge. Finally, the Commission staff conducts data analysis looking for potential issues and requests verification of those found. A thorough reconciliation process is executed each year to ensure data accuracy.”

Furthermore, the Consolidated Appropriations Act, 2016 required such Agreements entered into shall contain such auditing, oversight, and reporting provisions as necessary to implement Chapter 85 of Title 41, United States Code. According to the Commission staff and CNA PMOs, the day-to-day level of responsibilities for meeting deliverables are the responsibility of each organizations’ subject matter experts (SMEs). However, the deliverables are filtered through the PMOs to the Commission. The reporting provisions for Deliverables Schedules are identified in Section G, attachment 1 of both Agreements. There are 53 required deliverables in NIB’s most recently negotiated Agreement and 52 in SourceAmerica’s. According to the Agreements, each report shall include the established Key Performance Indicators and associated metrics as identified in Section G, Attachment 2, and Quality Assurance Surveillance Plan.

Discussions with the Commission Staff revealed that due to the rush to develop the Agreements and the consistency requirements for maintaining the deliverables, the SMEs have not had sufficient time to conduct a thorough review and update of the required deliverables since implementation of the Agreements.

The staff also stated in their comments that a top-down review of each deliverable by directorate did occur in October and November of 2018. At that time, there were deliverables deleted by other deliverables were added given lessons learned from the previous fiscal year.

While the GAO recommended the establishment of the agreements three years prior, the Commission was given approximately 180 days after the date of enactment of the Consolidated Appropriations Act, 2016, to enter into a written agreement with CNAs. Since the Commission

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was already working with CNAs, they solicited their input on how best to meet the requirements laid out in the Consolidated Appropriations Act, 2016. The Commission established task forces to assist in the transition into the Agreement development.

Therefore, a collaborative discussion and analysis of the current deliverables and reports between the Commission and CNAs that identifies the key requirements can greatly reduce the amount of deliverables. In addition, if the deliverables can be effectively reduced, it would eliminate wasted resources through time spent preparing and reviewing reports that may not be relevant. Furthermore, some of the reports include KPI and associated metrics that require a thorough and effective review to ensure an accurate rating in the QASP process. We believe a streamlined preparation and review process will eliminate wasted resources and contribute to a more efficient and effective deliverable process, subsequently ensuring an accurate rating process.

**RECOMMENDATION:**

**We recommend the Commission:**

4. Review and assess the requirements of the deliverables listed in Section G, attachment 1 of the Agreements, to determine if there are opportunities to reduce the volume and enhance the preparation effectiveness.

**4. Lack Of Evidence That The Commission Performs Data Analysis On CNAs' Reports Puts Program Measurements At Risk.** (Auditor's Note: This is a continuation of Finding #3, from the audit of the AbilityOne Program Fee.)<sup>10</sup>

We found that there are no indications that the Commission staff conducts data analysis to assess and validate the Fee and Expenditure Reports submitted by the CNAs before they are sent to Congress. Furthermore, during this review we conducted an analysis that revealed the Commission submitted the FY19 Quarterly Fee and Expenditure Reports to Congress the very same day they received them from the CNAs.

In accordance with the Consolidated Appropriations Act of 2016 (P.L. 114-113) and the Program Performance Objectives and Deliverables under the established Agreements, the CNAs are required to provide a report on fees and expenditures to the Commission. During our field work we learned from the CNAs that there is little or no evidence that they recognize of any analysis by the Commission staff of the voluminous information they provide. Our audit work during the period of this review provided that there are no indications that the Commission staff conducts data analysis to assess and validate the Fee and Expenditure Reports submitted by the CNAs. The information from these reports is taken into consideration to develop the Program Fee Ceiling. Congress would benefit from any synthesis of the information or reports that demonstrates analysis.

OMB Circular A-11, Part 6, Section 240.27 states: "Verification and validation of performance data support the general accuracy and reliability of performance information, reduce the risk of inaccurate performance data, and provide a sufficient level of confidence to the Congress and the public that the information presented is credible as appropriate to its intended use." The Circular also state: "The GAO defines **verification** as a process of checking or testing performance information to assess other types of errors, such as errors in keying data. The GAO defines

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<sup>10</sup> U.S. AbilityOne Commission, Office of Inspector General, *AbilityOne Program Fee Audit Report*, dated December 20, 2019

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**validation** as an effort to ensure that data are free of systematic error or bias and that what is intended to be measured is actually measured.”

The *Commission Fiscal Year 2019 Performance and Accountability Report*, Paragraph 3.4, Data Validation and Verification, states: “Most of the key program data used for analysis and reporting is collected from each participating NPA in the AbilityOne Program. The source data are well defined and documented in the Commission’s compliance procedures disseminated by the CNAs. The Commission and the CNAs utilize on-site audits and provide technical and to an extent practical support visits to educate NPAs and verify that their collection techniques are valid and accurate. Before it is submitted to the Commission on the Representations and Certifications form, the NPA’s annual program data must be verified and certified by the head of the NPA and an officer of its Board of Directors. In addition, the data is initially provided to the appropriate CNA for its review. The data will not be accepted if it is incomplete or contains discrepancies. The data is generated and transmitted electronically to reduce the potential for errors in data entry. A senior officer from the appropriate CNA must sign off on the data, certifying it to be accurate to the best of his or her knowledge. Finally, the Commission staff conducts data analysis looking for potential issues and requests verification of those found. A thorough reconciliation process is executed each year to ensure data accuracy.”

Using the CNAs FY18 and FY19 Fee and Expenditure reports, we conducted a date submission tracking analysis (analysis) to determine if the CNAs submitted their reports in accordance with the required due dates. We concluded that all reports were submitted on time or within one day of the deadlines. However, NIB stated it takes them alone the full 30 days to collect and verify the data provided by the NPAs. Accordingly, they would recommend Congress extend the Commission’s deadline to report this information from 30 days to 45 days (while retaining NIB current 30-day requirement).

During the AbilityOne Program Fee audit<sup>11</sup>, the Commission staff strongly emphasized time and resource constraints as the reason why they did not review and validate the CNAs’ Fee and Expenditure reports. As a result, they must take the CNAs at their word for the data they submit in the reports. The Commission Fiscal Year 2019 Performance and Accountability Report states “the Commission staff conducts data analysis looking for potential issues and requests verification of those found.” In addition to revealing that reports were submitted on time, our analysis also revealed that the Commission submits the Quarterly Fee and Expenditures report to Congress the same day they are received from the CNAs. The analysis further revealed that in some instances, the report was sent to Congress while the staff was still obtaining responses, to questions about the report, from CNAs.

CNAs Fee and Expenditure Reports summarizes the data information that is used to develop the Program Fee ceiling. In addition, Congress uses these two reports to measure the Agreements. Failure to effectively analyze, validate, and verify data may not provide the Commission with accurate data to provide to Congress. Furthermore, if the reports are submitted on the same day received, this does not appear to be sufficient time for the staff to conduct an effective data analysis as stated in the Commission’s Performance and Accountability Report. Finally, this is another indication that the Commission must rely on the CNAs to meet the requirements with minimum oversight.

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<sup>11</sup> *ibid*

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**RECOMMENDATIONS:**

**We recommend the Commission to:**

5. Review and analyze the Fee and Expenditure Reports and other materials received from the CNAs for opportunities to use a variety of analytical, research, and evaluation methods to support an informed decision-making process.
6. Ensure that responses to follow up questions from CNAs have been addressed and included in the reports prior to sending the Fee and Expenditure Reports to Congress.

**5. Our Review Of The Commission Policies Revealed They Are Not Aligned With The Cooperative Agreements Requirements And In Some Cases May Be Outdated.**

The GAO issued a report *Employing People with Blindness or Severe Disabilities, Enhanced Oversight of the AbilityOne Program Needed*, GAO-13-457, dated May 2013. The recommendations state, in part, for the Commission to further improve oversight and transparency in the AbilityOne Program and suggests the Chairperson of the U.S. AbilityOne Commission should:

- a. Routinely obtain from the CNAs any audits and reports of alleged misconduct or other internal controls violations, and information on corrective actions taken by the CNAs.
- b. Take additional action to better ensure that the CNAs' processes of assigning projects to affiliated agencies result in a transparent and equitable distribution. Such action could include one or more of the following:
  - i. Further developing its policy to specify procedures CNAs should follow to ensure equity and transparency in project assignment decisions, or
  - ii. Developing protocols for how the Commission will review CNA project assignment procedures to ensure their alignment with the Commission's policy.

We found that most policies and procedures were developed prior to the implementation of the Agreements that were based on the GAO report. We also found that SourceAmerica has been very effective in establishing new policies to align with the Agreement requirements. NIB elected not to develop new policies relating the Agreement requirements. Instead, they follow the requirements included in the Agreement.

GAO Report 13-457, dated May 2013, recommendation states, in part, that the Commission take action to better ensure that the CNAs' processes of assigning projects to affiliated agencies result in a transparent and equitable distribution. Such action could include one or more of the following: (1). Further developing its policy to specify procedures CNAs should follow to ensure equity and transparency in project assignment decisions, or (2). Developing protocols for how the Commission will review CNA project assignment procedures to ensure their alignment with the Commission's policy.

The Consolidated Appropriations Act, 2016, established the governing relationship between the Commission and the CNA to ensure effective stewardship and to increase employment and training opportunities for persons who have other significant disabilities through the delivery of products and services by the NPAs to Federal Government customers in accordance with and in furtherance of the JWOD Act. Accordingly, the Commission developed and implemented the Agreements with CNAs.



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According to the Agreements Order of Precedence, the following order of precedence (listed in descending order) shall be adhered to when conducting business, responding to Commission requests, and ensuring compliance with the Program:

- a) Statutes: JWOD Act, Chapter 85 of Title 41 United States Code
- b) Executive Orders (if applicable to the AbilityOne Program)
- c) Regulation: Chapter 51 of Title 41 Code of Federal Regulations
- d) Agreement and Commission Policies and Procedures – Commission note: It is important to note that the Agreement and Commission Policies and Procedures are supplemental to the JWOD and Commission regulations and do not supersede or replace statute or regulation.

Further, the Order of Precedence is listed at Section G, Attachment 3 of the Agreements. Accordingly, the Commission has very effectively addressed the fact that the Commission policies and procedures shall be adhered to when conducting business, responding to Commission requests, and ensuring compliance with the Program. However, we believe the policies and procedures should be complete and current to meet their intended purpose.

We found several of the Commission's policies listing one of the CNAs as NISH. We also found during our interviews with the Commission and CNAs that personnel specifically stated minutes are not recorded for the Commission meetings. However, the Commission Policy 51-201, dated 8/9/2012, states: "The minutes of the Commission meetings shall consist of a summary of the discussion and conclusions reached by the Commission, a record of any motions made, and the results of Commission votes." These examples demonstrate the Commission policies and procedures are not current and may not be in alignment with all of the requirements of the Agreements.

Outdated guidance causes confusion and reduces the effectiveness and timeliness of the Commission's mission. In addition, it does not contribute to the transparency enhancement of the Program.

**RECOMMENDATION:**

**We recommend the Commission to:**

- 7. Ensure the CNAs have access to clear and complete guidance to follow when responding to Commission requests, enforcing the Commission's regulatory requirements and meeting the requirements of the Agreements.

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**Appendix I - Audit Objectives, Scope and Methodology**

**AUDIT OBJECTIVES AND SCOPE**

Our audit objective was to determine whether the Agreements are adequately designed and operating effectively to improve performance and transparency in the Program. In addition, we determined whether the performance criteria are reasonable, measurable, and implemented to achieve effective oversight.

The scope of the performance audit was to focus on the Agreements implemented and monitoring activities by the Commission and CNAs to determine if the input (process) and output (results) yield to improvement of performance and transparency in the Program. The following was part of the scope:

- Original and renegotiated Agreements between the Commission, NIB, and SourceAmerica;
- Purpose of the renegotiated Agreements;
- The effectiveness of the Commission's stewardship of the CNAs;
- Roles and responsibilities of the Commission and CNAs;
- Policies and procedures of the Agreements;
- Documentation and reporting requirements of the Agreements;
- Performance evaluation process;
- Key performance evaluation indicators and process, such as:
  - Employment Growth,
  - Program Administration, Oversight and Integrity,
  - NPA support, Assistance and Development,
  - Training and Strategic Communications, and
  - Annual Performance Evaluation and Overall Rating; and
- The Quality Control Plan (QCP) and QASP processes.

**AUDIT METHODOLOGY**

We conducted this performance audit in accordance with generally accepted auditing standards established by the GAO *Government Auditing Standards (2018 Revision)*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.

We officially provided our draft audit report and exited the engagement through issuing the formal draft report to the Commission, NIB and SourceAmerica on March 5, 2020, and received management comments from the Commission, NIB and SourceAmerica on March 5, 2020, respectively. We considered management comments to the draft audit report in finalizing this report.

Our general audit methodology included:

- Assessing the audit risks and significance within the context of our audit objective.

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- Understanding relevant information systems controls, as applicable.
- Identifying sources of evidence and the amount and type of evidence required.
- Determining whether other auditors have conducted, or are conducting, audits of the program that could be relevant to the audit objective.

To implement our audit methodology, we performed the following audit procedures:

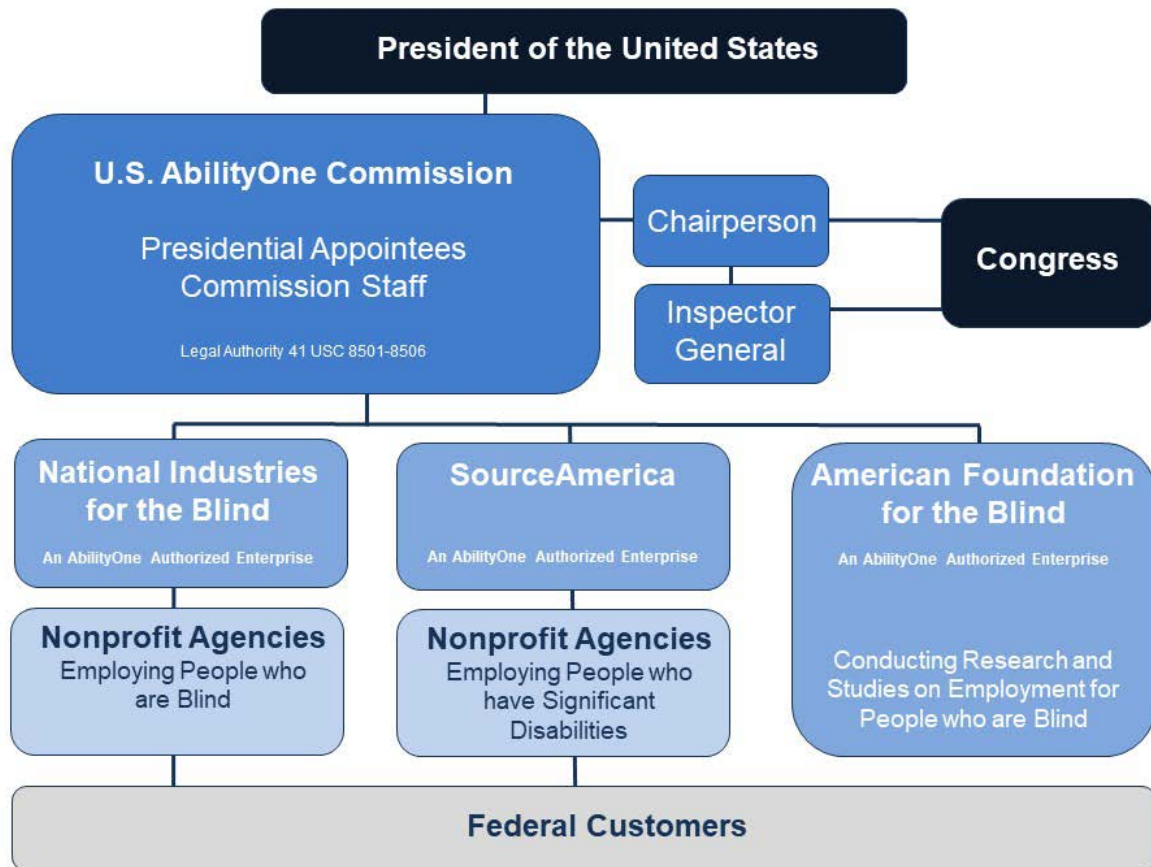
- Conducted site visits in Arlington, Alexandria, and Tysons Corner, VA to interview staff from the Commission and CNAs.
- Requested and received preliminary information from the Commission and CNAs.
- Reviewed documentation related to the Agreement regulatory requirements, oversight, compliance, performance evaluations, and other policies and procedures.
- Used CNAs Quarterly Reporting Deliverables to develop a tracking submission analysis of selected FY18 and 19 reports.
- Used the CNAs Quarterly Combined Reports to identify and develop an NPA noncompliance analysis of the Direct Labor Hour Ratios that fell below 75 percent for all four quarters of FY19.
- Identified and compared GAO Key Management Practices with the Commission PMO alignment and performance evaluation processes.

We conducted our fieldwork in Greenbelt, MD; Arlington, Alexandria; and Tysons Corner, VA between January 15 and January 30, 2020.

The audit of the Agreements included the entities included in the organizational structure of the Program (See Appendix II). The organization structure includes the Commission, NIB and SourceAmerica. AFB was not within the scope of the Agreements performance audit.

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**Appendix II – Program Organization**



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**Appendix III – Evaluation of Management’s Comments**

The audit of the Agreements included the entities shown in the program structure of the AbilityOne Program (See Appendix II). The program structure includes the Commission, NIB and SourceAmerica.

We provided our draft audit report to the Commission, NIB and SourceAmerica on March 5, 2020, and received technical and management comments from the NIB and SourceAmerica on March 23, 2020 and April 1, 2020, respectively. The Commission provided their technical and management comments on April 1, 2020. We considered the technical and management comments to the draft audit report in finalizing this report. See Appendix IV, V and VI for the Commission, NIB and SourceAmerica responses, respectively.

The Commission concurred with findings 2 and 5. The Commission did not concur with findings 1, 3, and 4. We concurred with the Commission’s responses to findings 2 and 5.

While the Commission staff did make comments relating to the recommendations, they did not specifically state their standing on the recommendations.

NIB and SourceAmerica were in support of the findings and recommendations. In addition, both CNAs indicated they were willing to support the Commission with any actions required to implement the recommendations and create an environment with full transparency and clarity to the AbilityOne program.

Our evaluation of the Commission’s responses to recommendations 1, 4, 5 and 6 is below.

**Finding 1**

**Recommendation 1** - Implement better practices for the QASP process that includes additions to the QASP plan or a separate procedure that outlines how the QASP and KPI measurements are developed and the basis for measurements.

While we agree with the Commission that the Agreements performance requirements are spelled out in the Agreements, they do not provide formalized or effective guidance on how the measurements are developed, why the Commission is focusing on a specific measurement, and how the KPIs will affect the CNAs’ performance evaluation ratings.

While there may be ways for the CNAs to express their concerns that they feel the measurements are unfair the plan doesn’t detail the official process that the CNAs should follow to express their concerns, rather the Agreement states that the Commission reserves the right to unilaterally modify the Agreement to effectuate QASP changes.

**Finding 3**

**Recommendation 4** – Review and assess the requirements of the deliverables listed in Section G, attachment 1 of the Agreements, to determine if there are opportunities to reduce the volume and enhance the preparation effectiveness.

We revised the report relating to the finding to include information provided in the Commission’s technical comments. However, we believe the recommendation will contribute to a more efficient and effective deliverable process, subsequently ensuring an accurate rating process.

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**Finding 4**

**Recommendation 5** - Review and analyze the Fee and Expenditure Reports and other materials received from the CNAs for opportunities to use a variety of analytical, research, and evaluation methods to support an informed decision-making process.

**Recommendation 6** - Ensure that responses to follow up questions from CNAs have been addressed and included in the reports prior to sending the Fee and Expenditure Reports to Congress.

In response to the Commission's statement: "There is no statutory requirement for the Commission to analyze and verify this information before sending it to Congress. The content of the reports is specific to the CNAs and, consistent with their role, operational in nature. Furthermore, the Commission's data analyst does perform analysis of the CNAs' Fee Revenues and Fee Expenditures reports, after the reports are submitted to Congress. The Commission staff regularly follows up with the CNAs to ask questions and clarify any data that is unclear."

We believe OMB Circular A-11 Part 6 Section 240.27, provides a best practice for management to reduce the risk of inaccurate performance data, and provide a sufficient level of confidence to the Congress and the public that the information presented is credible as appropriate to its intended use. Furthermore, we believe just because a process is not a "Statutory Requirement" it does not prevent implementing processes to improve mission effectiveness.

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**Appendix IV – U.S. AbilityOne Commission Management Comments**



**U.S. ABILITYONE COMMISSION**

April 1, 2020

703-603-7740  
FAX 703-603-0655

1401 S. Clark Street, Suite 715  
Arlington, Virginia 22202-4149

**MEMORANDUM FOR THE INSPECTOR GENERAL**

**SUBJECT:** Management Response to the FY2019 OIG Audit of the Cooperative Agreements

Thank you for the opportunity to review and comment on the findings of the Draft OIG Audit Report of the Cooperative Agreements. On behalf of the U.S. AbilityOne Commission (Commission), we appreciate this opportunity to receive an outside perspective on processes and procedures. The management response below provides general comments followed by comments regarding each specific finding.

The Consolidated Appropriations Act of 2016 directed the Commission to establish written agreements with its designated Central Nonprofit Agencies (CNAs), to establish performance standards and to achieve greater accountability. The Commission gathered input from more than 50 AbilityOne-participating nonprofit agencies to identify the Key Performance Indicators (KPI), and assembled an interagency working group of seasoned acquisition professionals to design and negotiate the Cooperative Agreements. As required by Congress, the Agreements contain performance standards, require annual evaluations, and link performance (along with other factors) to the Program Fee Ceiling.

After three performance rating periods, the Cooperative Agreements are a **new and effective** business model for the AbilityOne Program. We see significant gains in **alignment and accountability** across the AbilityOne Program. For example, the CNAs have achieved **measurable increases** in programs that foster training and upward mobility for the AbilityOne workforce, as well as in the **accuracy and efficiency** of CNA business transactions, and coordination of AbilityOne Program communications. The Commission staff regularly meets with the CNAs to discuss concerns or recommendations for improving the Cooperative Agreements, and issues modifications as necessary to enhance the clarity of the documents.

Increases in transparency, accountability, and performance evaluation required by the Consolidated Appropriations Act, 2016, and the preceding GAO Report GAO-13-457, have largely been met. However, the Cooperative Agreements are living, dynamic documents updated as needed to address new priorities determined by Agency leadership. Similarly, in the period since the Agreements were signed in 2016, the AbilityOne Program has experienced challenges arising from hurricane damage, the partial government shutdown, the impacts of the Department of Veterans Affairs (VA) "Rule of Two" implementation, and now COVID-19. The Commission has allowed, and will continue to allow, flexibility and mitigation of performance scores resulting from these circumstances. Our working relationships remain positive.

The Commission looks forward to continuing in its efforts to strengthen the CNAs' performance of their program-related duties through the Cooperative Agreements.



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Summary of the Commission's Response:

- Finding 1: The Commission **non-concurs** with this finding.
- Finding 2: The Commission **concurs** with this finding, and will complete implementation of recommended policy updates by September 30, 2021.
- Finding 3: The Commission **non-concurs** with this finding.
- Finding 4: The Commission **non-concurs** with this finding.
- Finding 5: The Commission **concurs** with this finding, and will complete implementation of recommended policy updates by September 30, 2021.

Detailed Response:

Finding 1: Improvements in the Process and Measurements of the Criteria Used to Develop the Key Performance Indicators are Needed.

Management Response/Action Plan

**Commission Response:** We **non-concur** with this finding.

First, the audit report justifies this finding with excerpts from letters the CNAs sent to the Commission prior to renegotiating their current Cooperative Agreements, in which the CNAs requested clarification of some proposed terms and sought to position their organizations for negotiations. As negotiations subsequently took place, were completed, and new Cooperative Agreements were executed, it is reasonable to conclude that the Commission and CNAs determined that the final language was mutually acceptable.

Second, the audit methodology did not provide the Commission an opportunity to respond to the specific comments and concerns raised by the CNAs in those letters, resulting in audit conclusions and findings that are one-sided and not fully informed. If asked, the Commission would have responded to the CNAs' concerns about some of the measures as follows:

1. The CNAs have performed their duties for decades, but did not have Government-established standards, measures, or evaluations until 2016. It is not surprising that a new level of accountability causes some tension or discomfort.
2. Given the CNAs' role and responsibilities, evaluating their performance legitimately involves measuring outcomes such as their associated nonprofit agencies' success in growing employment and achieving regulatory compliance.
3. While these outcomes are not entirely in the CNAs' control, the Commission expects the CNAs to develop effective plans, training, and initiatives to facilitate the nonprofit agencies' achievements. The Commission considers these supporting efforts in the rating process.
4. The CNAs' recent ratings of "Exceptional" or "Good" in areas such as upward mobility and regulatory compliance demonstrate that they are able to positively influence these outcomes.



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Regarding the audit recommendation to “review and assess the QASP process to improve the processes and ensure they are fair and effective as intended for the Program,” the Commission staff continually assesses the QASP and makes adjustments, as necessary, to the Agreements.

Regarding the audit recommendation to “add a section to the QASP plan or a separate procedure that outlines how the QASP and KPI measurements are developed and the basis for measurements,” the Commission points out that a QASP is a standard tool used to protect the Government’s interests and ensure that contract provisions are met. QASPs do not normally contain a section or separate procedure describing how the Government determined what it will monitor or measure.

Regarding the audit recommendation to “include a formal process for CNAs to follow if they feel the measurements are unfair and/or do not enhance increasing employment of blind and significantly disabled workers,” the Commission points out that the CNAs have several ways to express concerns about their measurements, in addition to the formal negotiation process: (1) monthly PMO meetings, (2) letters to the Commission, and (3) discussions with Commission senior leaders. The CNAs’ concerns have been heard, and where appropriate, have resulted in adjustments to the QASP.

**Finding 2: Commission’s Limited Resources Have Resulted in Ineffective Compliance Enforcement for the AbilityOne Program and Agreement Requirements.**

**Management Response/Action Plan**

**Commission Response:** We **concur** with the auditor’s finding that the Commission Compliance team is inadequately staffed, due to resource constraints, and we have made this our top priority. The Commission is reprogramming existing staff to increase capability and capacity in the Compliance Directorate, and requested additional resources in the President’s FY 2021 budget.

However, we do not agree with the approach or some of the justification for the finding.

This finding appears to exceed the scope of the audit, which was “to determine whether the Agreements are adequately designed and operating effectively to improve performance and transparency of the AbilityOne Program (Program). In addition, ... whether the performance criteria are reasonable, measurable, and implemented to achieve effective oversight of the CNAs.” [emphasis added] The Cooperative Agreements are not designed to address the Commission’s compliance monitoring activities related to AbilityOne nonprofit agencies.

The audit report quotes the CNAs’ comments about the Commission’s nonprofit agency compliance inspections, without requesting supporting data or verification from the Commission. The Commission made a limited number of nonprofit agency inspections during the Cooperative Agreements’ periods of performance, while it reviewed the Annual Representations and Certifications submitted by all participating nonprofit agencies, and reviewed all of the CNAs’ regulatory assistance reports as part of its overall compliance approach.



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The audit report's discussion of the CNAs' annual ratings (as related to regulatory assistance reviews) presents assumptions, based on mid-year FY 2019 data, which are unfounded. At the mid-year point, the CNAs had conducted less than half of their targeted regulatory assistance visits. The CNAs tend to accelerate travel in the third and fourth quarters and, characteristically, in FY 2019, both reached their numerical targets by the end of the year. Both CNAs achieved either Good or Exceptional ratings for FY 2019 for their support of nonprofit agencies, including their regulatory assistance accomplishments.

Regarding the audit recommendation that the Commission "complete a Work Force analysis to determine staffing requirements based on major mission activities," the Commission has analyzed its compliance staffing needs, and has received compliance staffing recommendations from the panel established by Sec. 898 of the 2017 National Defense Authorization Act (NDAA). The Commission's compliance staffing needs are discussed in its FY 2021 Congressional Budget Justification, available at [www.abilityone.gov](http://www.abilityone.gov).

Regarding the audit recommendation to "ensure the Commission's Cooperative Agreements are harmonized with its compliance enforcement protocol," the Commission agrees that some of its policies require updates to reflect the Cooperative Agreements. However, the Compliance-related policies are focused on the participating nonprofit agencies' requirements, not the CNAs' requirements. As noted in the overall finding, the Compliance team is understaffed and must prioritize its resources. Thus, the Commission has established a target date of September 30, 2021, to review its Compliance policies and complete necessary updates.

**Finding 3: Program Performance Objectives and Deliverables are Outdated Resulting in Wasted Resources in the Preparation and Review of Requirements by the Commission**

**Management Response/Action Plan**

**Commission Response:** We **non-concur** with this finding.

The Commission's Cooperative Agreement Task Force, PMO staff, Agreements Officer and other senior staff met face-to-face and reviewed every deliverable in October 2018, prior to renegotiating the CNAs' Agreements. The staff determined which deliverables should be added to or subtracted from the Cooperative Agreements, based on the need for certain information to support the Commission's oversight of the CNAs. To minimize administrative burden, the Commission allows the CNAs to consolidate several deliverables into quarterly reports.

We disagree with the statement, "Discussions with the Commission revealed that due to the rush to develop the Agreements and the consistency requirements for maintaining the deliverables, the SMEs have not had sufficient time to conduct a thorough review and update of the required deliverables since implementation of the Agreements." This opinion is not representative of the Commission staff as a whole, and is contradicted by the October 2018 meetings cited above.

Regarding the audit recommendation to "determine whether there are opportunities to reduce the volume of deliverables, and enhance preparation and reviewing time," the Commission staff



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notes that the AbilityOne Program's response to the COVID-19 national emergency necessitates a review of the Cooperative Agreement KPIs and deliverables, to adjust for present conditions. The Commission staff has initiated this review, with input requested from and provided by the CNAs. The Commission will complete its review of necessary changes to the Agreements, and plans to issue modifications within the next 90 days.

**Finding 4. Lack of Evidence that the Commission Performs Data Analysis on CNA's Reports Puts Program Measurements at Risk.**

**Management Response/Action Plan**

**Commission Response:** We **non-concur** with this finding, as we did when it was listed as a finding in the previous audit of Program Fee Ceiling.

The CNAs' Quarterly Fees and Expenditures reports, to which this finding refers, are required by the Consolidated Appropriations Act, 2016. The law requires the Commission to transmit these reports to its Congressional oversight committees for review 30 days after the quarter closes. The CNAs require the full 30 days to assemble and provide the reports, which precludes the Commission's detailed review before the Congressional deadline.

There is no statutory requirement for the Commission to analyze and verify this information before sending it to Congress. The content of the reports is specific to the CNAs and, consistent with their role, operational in nature. Furthermore, the Commission's data analyst does perform analysis of the CNAs' Fee Revenues and Fee Expenditures reports, after the reports are submitted to Congress. The Commission staff regularly follows up with the CNAs to ask questions and clarify any data that is unclear.

Regarding the audit recommendations to "review and analyze the Fee and Expenditure Reports and other materials received from the CNAs for opportunities to use a variety of analytical, research, and evaluation methods to support an informed decision-making process," the Commission's data analyst and PMO already perform these functions. The Commission analysis of these reports, coupled with the regular follow-up dialogue with the CNAs, does in fact support informed decision-making.

The audit recommendation that the Commission "ensure that responses to follow up questions from CNAs have been addressed and are included in the reports prior to sending the Fee and Expenditure Reports to Congress" is inconsistent with the statutory guidance. The Commission will continue to follow the statutory guidance.

**Finding 5. Our Review of the Commission Policies Revealed they are not Aligned With the Cooperative Agreements Requirements and in Some Cases May be Outdated.**

**Commission Response:** We **concur**, as we did in the recent Program Fee audit, that some Commission policies require updating, and the staff is currently working this issue.



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Regarding the audit recommendation that the Commission “ensure the CNAs have access to clear and complete guidance to follow when responding to Commission requests, enforcing the Commission’s regulatory requirements and meeting the requirements of the Agreements,” the Commission has established a target date of September 30, 2021 to review its CNA-related policies and complete necessary updates. Please note that the CNAs do not “enforce the Commission’s regulatory requirements,” but assist their nonprofit agencies to understand and meet those requirements.

My point of contact for this response is Ms. Irene V. Glaeser, Director, Program Management Office, at (703) 603-2118 or [iglaeser@abilityone.gov](mailto:iglaeser@abilityone.gov).



Thomas D. Robinson  
Chairperson and Presidential Appointee



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**U.S. AbilityOne Commission  
Audit of the U.S. AbilityOne Cooperative Agreements  
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**Appendix V – NIB Management Comments**



April 1, 2020

Thomas K. Lehrich  
Inspector General  
Office of Inspector General  
U.S. AbilityOne Commission  
2331 Mill Rd., Suite 505  
Alexandria, VA 22314

RE: "Performance Audit Report on the U.S. AbilityOne Cooperative Agreements"

Dear Mr. Lehrich:

On behalf of National Industries for the Blind (NIB), thank you, the Office of Inspector General staff, and the auditors from CliftonLarsonAllen LLP for your efforts over the past several months to learn about the Cooperative Agreements between the Central Nonprofit Agencies (CNAs) and the U.S. AbilityOne Commission (Commission).

We appreciate the opportunity to provide a response to your draft audit report titled, "Performance Audit Report on the U.S. AbilityOne Cooperative Agreements."

Background

NIB is a nonprofit organization whose mission is to enhance the personal and economic independence of people who are blind, primarily through creating, sustaining, and improving employment. NIB has been designated by the Commission to serve as a CNA in the AbilityOne Program.

Audit Findings

Your report includes five findings that we address individually below.

***1. Improvements in the Process and Measurement of the Criteria Used to Develop the Key Performance Indicators (KPI) are Needed.***

*NIB Response:* NIB's Program Management Office (PMO) will continue to work with the Commission's PMO to ensure KPIs reflect metrics that CNAs can control rather than nonprofit agency (NPA) actions that CNAs merely influence.



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**2. *Commission's Limited Resources Have Resulted in Ineffective Compliance Enforcement for the AbilityOne Program and Agreement Requirements.***

*NIB Response:* NIB supports strengthening the Commission's compliance function, and NIB stands ready to support the Commission's efforts to ensure Program compliance.

**3. *Program Performance Objectives and Deliverables are Outdated Resulting in Wasted Resources in the Preparation and Review of Requirements by the Commission.***

*NIB Response:* As with the Agreement KPIs, NIB will continue to work with the Commission to improve the effectiveness of NIB's required deliverables.

**4. *Lack of Evidence that the Commission Performs Data Analysis on CNAs' Reports Puts Program Measurements at Risk.***

*NIB Response:* As NIB shared in its formal response to the Inspector General's AbilityOne Program Fee Audit, NIB believes an extension of the delivery time to Congress, to 45 days instead of the current 30 days, could provide sufficient time for review. NIB's quarterly Fees report includes over 200,000 individual transactions.

**5. *Our Review of the Commission Policies Revealed they are not Aligned With the Cooperative Agreements Requirements and in Some Cases May be Outdated.***

*NIB Response:* NIB can assist the Commission as necessary to help reconcile any differences between Commission Policies and the Cooperative Agreements.

**Conclusion**

NIB appreciates the opportunity to provide feedback and looks forward to working with the AbilityOne Commission to create an environment with full transparency and clarity for all parties.

Sincerely,

/ s /

Kevin A. Lynch  
President and CEO  
National Industries for the Blind

**U.S. AbilityOne Commission  
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**Appendix VI - SourceAmerica Management Comments**

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April 1, 2020

Mr. Thomas K. Lehrich  
Inspector General  
Office of Inspector General AbilityOne Office (OIG)  
Committee for Purchase From People  
Who Are Blind or Severely Disabled  
2331 Mill Road, Suite 505  
Alexandria, Virginia 22314

Dear Mr. Lehrich,

Thank you for the opportunity to provide formal comments to the Draft Report of the AbilityOne audit of the Cooperative Agreement for SourceAmerica June 15, 2016. Below are our formal responses to the recommendations noted in the report.

**1. Improvements in the Process and Measurement of the Criteria Used to Develop the Key Performance Indicators (KPI) are Needed.**

**Recommendations:**

1. Review and assess the QASP process to improve the processes and ensure they are fair and effective as intended for the Program.
2. Add a section to the QASP plan or a separate procedure that outlines how the QASP and KPI measurements are developed and the basis for measurements. Also, include a formal process for CNAs to follow if they feel the measurements are unfair and/or do not enhance increasing employment of blind and significantly disabled workers.

**SourceAmerica Response:**

As is appropriate, and in accordance with the Cooperative Agreement requirements, SourceAmerica will support the AbilityOne Commission (Commission) with any actions required to implement the recommendations. We support and encourage the Commission to establish measures the CNAs can directly influence and are not out of the control of the CNAs for improved accountability.

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**2. Commission's Limited Resources Have Resulted in Ineffective Compliance Enforcement for the AbilityOne Program and Agreement Requirements.**

Recommendations:

3. Complete a Work Force analysis to determine staffing requirements based on major mission activities.
4. Ensure the Commission's Cooperative Agreements are harmonized with compliance enforcement protocol to ensure they are capable of meeting the regulatory requirements of the Agreements by the Commission and CNAs.

SourceAmerica Response:

As is appropriate, and in accordance with the Cooperative Agreement requirements, SourceAmerica will support the AbilityOne Commission (Commission) with any actions required to implement the recommendations.

**3. Program Performance Objectives and Deliverables are Outdated Resulting in Wasted Resources in the Preparation and Review of Requirements by the Commission.**

Recommendation:

5. Review and assess the effectiveness and requirements of the deliverables listed in Section G, attachment 1 of the Agreements, to determine if there are opportunities to reduce the volume and enhance the preparation and reviewing time.

SourceAmerica Response:

As is appropriate, and in accordance with the Cooperative Agreement requirements, SourceAmerica will support the AbilityOne Commission (Commission) with any actions required to implement the recommendations. We are prepared to assist the Commission to provide an assessment of the deliverables and to make recommendations related to the value add of information currently provided to the Commission.

**4. Lack of Evidence that the Commission Performs Data Analysis on CNAs' Reports Puts Program Measurements at Risk.** (Auditor's Note: This is a continuation of Finding #3, from the audit of the AbilityOne Program Fee.)

Recommendation:

6. Review and analyze the Fee and Expenditure Reports and other materials received from the CNAs for opportunities to use a variety of analytical, research, and evaluation methods to support an informed decision-making process.
7. Ensure that responses to follow up questions from CNAs have been addressed and included in the reports prior to sending the Fee and Expenditure Reports to Congress.



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SourceAmerica Response:

As is appropriate, and in accordance with the Cooperative Agreement requirements, SourceAmerica will support the AbilityOne Commission (Commission) with any actions required to implement the recommendations.

Further, SourceAmerica has an internal procedure that requires a two-step review of the fee and expenditures reports. The reports are reviewed to identify and resolve any anomalies prior to submission. All report deliverables are verified and validated by functional leadership.

**5. Our Review of the Commission Policies Revealed they are not Aligned With the Cooperative Agreements Requirements and in Some Cases May be Outdated.**

Recommendation:

8. Ensure the CNAs have access to clear and complete guidance to follow when responding to Commission requests, enforcing the Commission's regulatory requirements and meeting the requirements of the Agreements.

SourceAmerica Response:

As is appropriate, and in accordance with the Cooperative Agreement requirements, SourceAmerica will support the AbilityOne Commission (Commission) with any actions required to implement the recommendations.

The following statement is noted within finding #5, "GAO Report 13-457, dated May 2013, recommendation states, in part, that the Commission take action to better ensure that the CNAs' processes of assigning projects to affiliated agencies result in a transparent and equitable distribution. Such action could include one or more of the following: (1). Further developing its policy to specify procedures CNAs should follow to ensure equity and transparency in project assignment decisions, or (2). Developing protocols for how the Commission will review CNA project assignment procedures to ensure their alignment with the Commission's policy."

To properly address the recommendation of the GAO, SourceAmerica implemented policies and procedures (i.e. NPA Recommendation Policies and Procedures). We continue to review and modify these procedures as required and obtain Commission approval on substantive changes.

Should any further clarification be required please let us know.

Sincerely,



Vincent M. Loose  
President and CEO