

# Office of Inspector General



Semiannual Report to Congress  
October 1, 2020 – March 31, 2021  
U.S. AbilityOne Commission  
Office of Inspector General

## Message from the Inspector General

### Pivotal Stage—the Future

Working with the Commission, OIG constructed a transformative framework for the Program’s future success. Our theme this Semiannual Report is “Pivotal Stage—the Future.” We support and applaud Chairperson Koses in setting stewardship as one of the several pillars for the Commission’s strategic goals along with the establishment of three Commissioner subcommittees comprised of key members of the Commission.

During the reporting period, the coronavirus pandemic continued to challenge the Nation’s health and economy, while driving deep across the globe. Our thoughts remain with those hardest hit, including the Program participants—the blind and people with disabilities around the country—who are affected by the havoc this virus is wreaking. OIG is engaged with the federal government’s response. We are actively involved in the effort of the Council of Inspectors General on Integrity and Efficiency (CIGIE) to protect the public and the government from fraud, including the fraud stemming from the global pandemic.

In this Semiannual Report, we are pleased to report on the largest body of oversight work performed by the OIG to date. A few highlights:

Through audits and investigations using a risk-based model, as well as through partnerships with other agencies, OIG leverages limited resources to maximize impact on Program risk areas. The implementation of Cooperative Agreements, DoD 898 Panel recommendations, and emerging challenges are among many of the priorities that impact the Program’s capability to provide job opportunities for people who are blind or have significant disabilities.

During this reporting period we completed the performance audit of the allocation of assignment of products and services, and the report detailed several findings and companion recommendations. We issued audit reports on IT security completing the FY2020 FISMA evaluation and the FY2020 audit of the Commission’s financial statements.

During this reporting period, we provided the Commission with a Management Alert highlighting problems with ineffective stewardship. The OIG issued this alert to the Commission to help ensure a stronger future for the Program. We extensively analyzed and synthesized 19 published reports on the Commission and Programs using over 110 separate data points identified in the reports. The reports we analyzed provide specific recommendations that will enhance efficiency and confidence in the Agency, reduce identified deficiencies, and foster program growth.

We issued the Top Management Challenges Report for the Commission and discuss it in this Semiannual Report. CIGIE’s report on *Top Management Challenges Facing Multiple Federal Agencies* was issued this reporting period. In February, CIGIE published the document, which identified government-wide challenges and represents an indispensable resource for the community, the Administration, and

other stakeholders. The report reflects the depth and breadth of the OIG community's work, with examples from agencies as large as the Department of Defense and as unique as AbilityOne. AbilityOne OIG's analysis of enterprise risk management was included in the CIGIE report. Our OIG's work was featured in the report.

The IG is a statutory member of the DoD 898 Panel and chairs the Inspector General Subcommittee. Additionally, OIG provides support and advice to multiple 898 Panel subcommittees dealing with the effectiveness and internal controls of the AbilityOne Program as it relates to DoD contracting, including to the DOJ-led subcommittee on Waste, Fraud, and Abuse.

In this Semiannual Report our audit team included reporting on issued and open recommendations. OIG provided 67 concrete recommendations to improve the Program. The Commission took actions to successfully implement the recommendations in several of the 67 recommendations (roughly 10 percent), and OIG closed these six recommendations in the first quarter of FY21.

In the reporting period, the issues involving the Commission's antideficiencies continue. During this reporting period we issued the Audit Report on the Financial Statement for FY2020. The auditors issued a clean opinion, and the report contained significant findings and recommendations including findings of new potential Antideficiency violations. Congress determines the amount of funding available to an agency by enacting appropriations to cover programs, projects, purchases, and services needed by the agency during the period for which the funds are made available. During the reporting period the AbilityOne Commission hired its first ever CFO to address these issues. The CFO has begun working with our office, and we will report on the progress

We virtually visited two NPAs for our knowledge-acquisition activities. We visited Goodwill Finger Lakes in upstate New York and Brevard Achievement Center (BAC). BAC offers employment and training opportunities at federal contract sites across Florida, Puerto Rico, Virginia, and North Carolina. We also learned about a unique partnership with Brevard Public Schools that allows BAC to reach out to students with disabilities to help them plan for the future.

We are pleased to discuss in this Semiannual Report to Congress the benefits of the launch of OIG's webpage. This year, OIG completed its pilot website on [oversight.gov](https://www.oversight.gov) and went live. Our co-leader on the project, the Department of Justice OIG, took its own new website live, too. Visit us! <https://www.oversight.gov/abilityone/>

I want to congratulate Jeffrey Koses as the new Chairperson and Bob Kelly as Vice Chairperson. We welcome the excellent new officers. Through our work, the OIG strives to help the Program reach the potential, innovation, and growth that will sustain AbilityOne's mission. The Program stands at a pivotal stage. At this pivotal stage, the Commission has the framework to make the transformation.

**Thomas K. Lehrich**

Inspector General

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## **Frequently Used Abbreviations**

Central Nonprofit Agency (CNA)

Committee for Purchase from People Who Are Blind or Severely Disabled (Commission)

Coronavirus Aid, Relief, and Economic Security Act (CARES)

Council of the Inspectors General for Integrity and Efficiency (CIGIE)

Department of Justice (DOJ)

Department of Veterans Affairs (VA)

Federal Information Security Modernization Act (FISMA)

Fiscal Year (FY)

Government Accountability Office (GAO)

Generally Accepted Government Auditing Standards (GAGAS)

Independent Public Accounting (IPA)

Inspector General (IG)

Information Technology (IT)

Javits-Wagner-O'Day (JWOD)

National Industries for the Blind (NIB)

Nonprofit Agency (NPA)

Office of Inspector General (OIG)

Office of Management and Budget (OMB)

Procurement List (PL)

Source America (SA)

Semiannual Report (SAR)

Inspector General Act of 1978, as amended (IG Act)

Memorandum of Understanding (MOU)

# HIGHLIGHTS

## Statistical Highlights from Audits and Investigations

The following statistics summarize the OIG's audits, investigations, and findings and recommendations that are covered in this report. The OIG oversees the AbilityOne Commission's programs and operations.

### Office of Audits (OA)



#### Completed Projects:

- 3 - Audits  
(FISMA Review, Financial Statement Audit, Performance Audit)
- 1 - Management Alert
- 1 - Top Management and Performance Challenges Report



#### Findings Issued / Recommendations Given / Recommendations Closed:

- 19 Findings Produced / 41 Recommendations Given / 6 Recommendations Closed



#### Audits in Progress:

- 2 - Performance Audits

### Office of Investigations (OI)



- 12 - Allegations Received



- 0 - Investigations Closed / 14 - Allegations Closed



- 44 - Open Matters at End of Reporting Period

## Audit Findings & Recommendations

Examples of OIG audits completed during this semiannual reporting period are:

- **Audit of the U.S. AbilityOne Commission’s Fiscal Year 2020 Financial Statements (November 16th, 2020)** In the auditor’s opinion, the financial statements were fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. The auditors also found: 1) six findings and provided 25 recommendations regarding the financial statements; 2) two material weaknesses and three significant deficiencies in internal controls over financial reporting; and 3) several accounting errors and additional Antideficiency Act Violations for FY2020, adding to the list of prior violations of the Antideficiency Act. During the FY2020 audit, the Commission corrected misstatements in their FY2019 financial statements and restated the balance sheet, statement of net cost, statement of net position, and the related footnotes. The corrections enabled a restatement of the FY2019 financial statements and led to an unmodified opinion on the restated financial statements.
- **Audit Report of the Central Nonprofit Agency Selection of Nonprofit Agencies for Project Assignment and Allocation of Orders (March 12th, 2021)** The objective was to assess the extent to which the implementation of the project assignment and allocation process by the CNAs was effective and followed applicable laws and regulations as well as established policies and procedures. The auditors concluded that while the CNAs’ project distribution processes were generally effective and followed applicable laws, regulations, and established guidance from the Commission, the CNAs could improve the distribution processes with updated guidance, better management, and additional oversight from the Commission. The auditors provided seven findings along with seven corresponding recommendations to help the Commission improve controls over the CNAs’ project distribution processes and improve overall administration of the Program.

## Investigative Accomplishments

Examples of OIG Investigative Accomplishments during this semiannual reporting period:

- **AbilityOne OIG’s Application for Law Enforcement Authority** Since OIG’s inception in 2017, we have reported to Congress the plan that AbilityOne OIG requires law enforcement authority to provide the oversight envisioned by Congress. In March, OIG formally applied with the Department of Justice for law enforcement authority, which would provide our criminal investigators the much needed ability to seek and execute search and arrest warrants, seize evidence, carry firearms, and make reasonable arrests without a warrant. As authorized by § 6(f) of the Inspector General Act of 1978 (IG Act), law enforcement capabilities would enable the AbilityOne OIG to meet the Congressional mandates of the IG Act to effectively and efficiently investigate crimes involving the more than \$3.9 billion AbilityOne contract portfolio.

- **Infrastructure Accomplishments** OI successfully further enhanced its case management system. A case management system is integral to tracking allegations, cases, referrals, and related OI work product, as well as securely storing and accessing investigative records. The new case management system is fed-ramp certified and hosted in the cloud, permitting investigators to securely access needed files from any location.

## Introduction

On December 18, 2015, the Consolidated Appropriations Act of 2016 (P.L. 114-113) amended the Inspector General Act of 1978 (IG Act), creating the Inspector General (IG) for the U.S. AbilityOne Commission. The Office of Inspector General (OIG) is responsible for conducting audits, investigations, and preventing fraud, waste, abuse, and mismanagement in the Commission's programs and operations, and recommending policies and procedures to promote economy, efficiency, and effectiveness. The IG Act requires the IG to keep the Commission, Chairperson, and Congress fully and currently informed about problems and deficiencies of the Commission and its operations.

The Committee for Purchase from People Who Are Blind or Severely Disabled, operating as the U.S. AbilityOne Commission (AbilityOne, or Commission, or Agency), is responsible for administering the AbilityOne Program pursuant to the Javits-Wagner-O'Day (JWOD) Act (41 U.S.C. §§ 8501–8506). The AbilityOne Program is the largest source of employment in the United States for people who are blind or have significant disabilities. Through the AbilityOne Program, over 45,000 Americans who are blind or have significant disabilities are employed in the service, manufacturing, and delivery of over \$3.9 billion in contracts for the Federal Government.

AbilityOne designates Central Nonprofit Agencies (CNAs) to facilitate the employment of people who are blind or have significant disabilities through nonprofit agency (NPA) employers. The Commission administers the AbilityOne Program with the assistance of two CNAs, National Industries for the Blind (NIB) and SourceAmerica.<sup>1</sup>

## COVID-19

The coronavirus continues to challenge health, daily habits, and the economy, having a substantial impact on the AbilityOne Program. OIG has continued in telework status for the entirety of the reporting period, and it has maintained a high level of engagement and productivity.

OIG is engaged with the federal government's response to the pandemic. The Inspector General is involved with a CIGIE-wide domestic and international effort to protect the public and the government from fraud stemming from the global pandemic. The OIG is a member of a COVID-19 working group that stays up to date on legislation, agency responses, and medical and scientific

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<sup>1</sup> 41 CFR Part 51–3.

information, while addressing the legal issues impacting the OIG community.

The Pandemic Response Accountability Committee (PRAC) was established as a committee of CIGIE by the CARES Act which was signed into law on March 27, 2020. PRAC was created to promote transparency and prevent and detect fraud, waste, abuse, and mismanagement as it relates to the Coronavirus Response. Robert A. Westbrooks oversees PRAC and helps execute its responsibilities.



OIG delivered presentations to CNAs on PRAC and the CARES Act, sharing available information and strategies the government is using to address the challenges posed by the pandemic. The head of PRAC, Bob Westbrooks, was kind enough to join in one of our presentations to the CNAs, adding tremendous value by providing first-hand knowledge of PRAC’s responsibilities and activities.

PRAC provides several resources including: publishing oversight reports created by federal OIGs overseeing their agencies’ response to the coronavirus pandemic; hosting a hotline where individuals can submit fraud, waste, and abuse allegations; and maintaining a list of pandemic-related work by OIGs.

OIG conducted virtual tours of NPAs during the reporting period. Among the goals of the virtual tours is to educate the NPAs on the government’s response to COVID-19, and to learn how the NPAs are adjusting to the new and more challenging environment.

### **OMB OFPP Memo**

OMB’s Office of Federal Procurement Policy (“OFPP”), issued a new memorandum outlining five measures agencies should take to boost the participation of people with disabilities in federal contracting through the AbilityOne Program. OFPP directs senior procurement executives at agencies to designate an AbilityOne representative (“ABOR”) that promotes federal procurement in compliance with required source contracting procedures and engages with personnel to advance the use of the program. The memorandum will enable OFPP to establish and oversee a cross-agency team of ABORs to support the work of the AbilityOne Commission. The effort will increase Program size. Activities we expect to see in the future include sharing practices for increasing opportunities

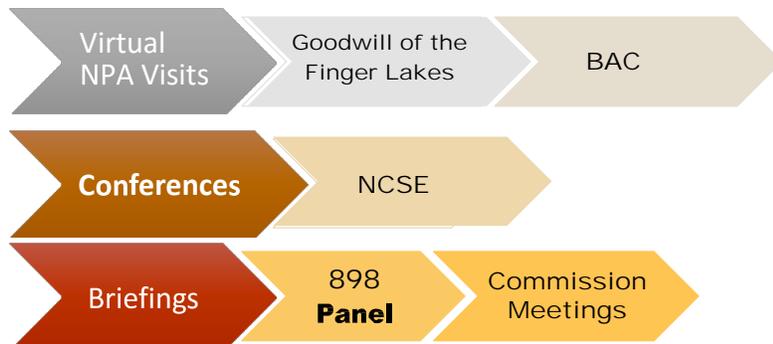
for people with disabilities and assisting with the development of legislative changes and regulations that promote job opportunities for persons with disabilities.

This may result in boosting the percentage of spending on services and products from the procurement list, employment increases, and growth.

## OIG Outreach

As a part of a continuous effort to deepen its understanding of the AbilityOne Program that it oversees, our OIG conducts NPA visits, attends and often presents at conferences, routinely meets with and briefs the Commission, and speaks with industry experts. This outreach is designed to inform the AbilityOne Program community of the function of an OIG in a government agency new to OIG oversight, and to promulgate the IG’s message of promoting integrity and efficiency, while also preventing waste, fraud, and abuse.

In the reporting period, the nation continued to be under the threat of the COVID-19 pandemic. In addition to actively participating and presenting at the 898 Panel meetings, OIG took the initiative to continue conducting NPA visits, compatibly with the condition of the new environment. OIG designed and conducted its NPA visits through leveraging technology and IT platforms for video meetings in real time, in order to be able to continue its outreach during these uncertain times affecting employers and Program participants alike.



## NPA Educational Visits

The OIG continued its tradition of meeting with NPAs. To maintain safety during the pandemic, OIG transitioned to 100% virtual visits. We visited the Brevard Achievement Center (BAC) of Florida and Goodwill of the Finger Lakes.

Both virtual visits took place after effective planning and coordination between the OIG and the NPA, and among the various operating units in the NPA itself. We thank Finger Lake Goodwill and Brevard Achievement Center for working with OIG for the creation of the virtual visit model. The OIG successfully connected with NPAs and their Program participants on the ground, effectively conducting OIG outreach during a pandemic.

## Goodwill of the Finger Lakes

Goodwill of the Finger Lakes is in upstate New York serving the greater Rochester area. Goodwill of the Finger Lakes was founded as Association of Blind or Visually Impaired (ABVI) in 1911 and joined Goodwill Industries International in 1994. We learned about the work of over 700 team members who help over 150,000 people annually live an independent and meaningful life. Goodwill of the Finger Lakes offers services to people with vision loss and their families; a 24/7 informational, referral, and crisis hotline; a Good Neighbor Program to support work-ready wardrobe programs, green initiatives, and partnering with other community agencies; and a Job Readiness Program that provides job training and placement opportunities for individuals trying to overcome obstacles keeping them from entering or remaining in the workforce.



During the visit, OIG learned about the firsthand experiences of several employees who told their stories of how Goodwill of the Finger Lakes offered specialized training, flexible accommodations, and community supports that have enabled them to find and maintain gainful employment.

## Brevard Achievement Center (BAC) of Florida

BAC was founded in 1968 to service a part of Florida void of training and work opportunities for people with disabilities. Today, BAC has grown to over 100 staff members who help nearly 5,000 people with disabilities annually with services such as career planning, educational programming, community-service events, and independent living skills. BAC offers employment and training opportunities at federal contract sites across Florida, Puerto Rico, Virginia, and North Carolina. BAC produces several products, including packaging latex gloves, which have been essential during the pandemic. We also learned about a unique partnership with Brevard Public Schools that allows BAC to reach out to students with disabilities to help them plan for the future.

During the visit, OIG learned about BAC's emphasis on career growth and upward mobility. Each year, dozens of BAC employees are promoted within direct labor hour positions, into non-direct labor hour supervisory positions, or use the skills learned at BAC to lateral into private sector employment.



## OIG Has Visited Over Thirty AbilityOne Program Employers (NPAs)



### Forum Presentations

During the reporting period, OIG presented at NIB, NAEPB and the National Council of SourceAmerica Employers (NCSE). These presentations provided the AbilityOne community with an overview of oversight work, including the functions of an OIG, recent audit results, and projections for the future.

### Commission Briefings

#### U.S. AbilityOne Commission Meeting

The OIG presented at the U.S. AbilityOne Commission public virtual meeting. The Inspector General presented on the theme of "why?" The presentation featured a discussion of the year-in-review of the major accomplishments of the OIG, and that dramatic change is needed for the successful future of the Program.

- Presented at NAEPB Leadership Forum
- 898 Panel issued Second Annual Report to Congress
- Knowledge-Based Center for interns, law clerks, CIGIE Fellows, and Wounded Warriors
- OIG implemented COVID-19 response measures
- OIG Biannual Audit Plan for FY20-21
- Presented at SourceAmerica NCSE 2020 South CEO Leadership Forum
- Presented Pandemic Response Accountability Committee (PRAC) Briefing to NIB and SourceAmerica
- Conducted multiple fraud awareness briefings



- Presented at Commission Meeting
- IG and DIG taught at FLETC IG Criminal Investigator Academy
- Met with Chairperson Robinson at Wright-Patterson Air Force Base/off-site
- Performance Audit Report on the U.S. AbilityOne Cooperative Agreements
- AbilityOne OIG Semiannual Report (Oct. 1, 2019 – March 31, 2020) – *Invested in Success*
- Visited NPA ACHIEVE

- Initiated Audit of Procurement List Additions
- Initiated Audit of CNA Selection of NPAs
- Management Alert - Lack of Management Action on ERM and Internal Controls
- Illustrated Next Steps to Commission on Antideficiency Act Reporting Requirements
- Visited NPA LCI
- Presented at NCSE Leadership Forum
- Launched Oversight.gov webpage
- DOJ and OIG announced settlement of IBI Milwaukee
- Closed 2 investigations and 24 allegations in FY20
- Top Management Challenges Report
- Audit of AbilityOne Commission's Financial Statements for FY20
- 2020 FISMA Report
- Semiannual Report to Congress (April 1, 2020 – Sept. 30, 2020) - *The future: tell your own story*
- Presented at Commission Meeting



- Investigative Summary of Spoofing Attack, Payroll Fraud, and Related Policy Violations
- Presented at GW/Melwood JWOD Legal & Policy Forum
- Prepared a Transition Memo for new Chairperson Koses
- Management Alert - Persistent Deficiencies and Mismanagement Hamper AbilityOne's Future
- Initiated Audit of the AbilityOne Compliance Program
- IG selected to serve on CIGIE Legislative Committee
- OIG prepared transition materials and met with Biden-Harris Transition Team
- Completed 898 Panel Third Annual Report to Congress draft

## OIG Creates Content in the Commission’s Annual Report for the President: Newly Created OIG Builds an Oversight Foundation for a Stronger Future Commission and Program

The JWOD Act requires the Commission to publish an annual report to the President and to Congress. The report covers four major areas:

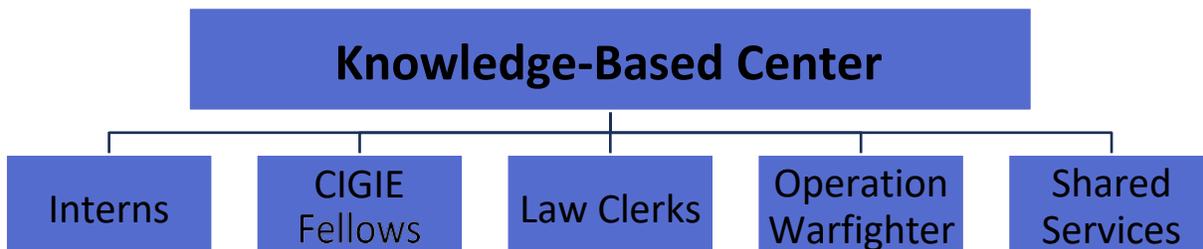
- COVID 19 Response: The AbilityOne Essential Workforce
- Effective Stewardship
- Prioritizing Initiatives to Grow the Program
- Office of the Inspector General



The Report included details of the OIG reports, recommendations, and oversight for the Program. In the most recent calendar year of 2020, OIG issued two Semiannual Reports to Congress, a number of high impact audit reports, and two valuable management alerts to the Commission.<sup>2</sup> Despite its young age, the OIG’s high-quality work has succeeded in enhancing confidence in the Program, improving economies and efficiencies, and promoting Program growth. OIG’s work preserves jobs for Americans who are blind or significantly disabled and ensures the integrity of goods and services offered to the federal customer.

### Knowledge-Based Center

OIG implements a Knowledge-Based Center as a part of its organizational structure. The resource needs for the OIG far exceed current staffing levels. The goal of the knowledge-based center is to provide a vehicle and an organized center for additional OIG staffing and support through MOUs with other government agencies, internships, rotations, details, Council of the Inspectors General for Integrity and Efficiency (CIGIE) Fellows, and other shared services, while leveraging positive synergies.



<sup>2</sup> <https://www.oversight.gov/node/60977>; <https://www.oversight.gov/node/97554>; <https://www.oversight.gov/node/97884>; <https://www.oversight.gov/node/72259>

## **CIGIE Fellowship**

OIG participates in the CIGIE Fellow program and its multi-phased process. CIGIE Fellows provide experience and expertise in management, as well as other knowledge areas of strength for OIGs. OIG participated in the CIGIE Fellow initiative and provided direction based on having hosted a Fellow from the EPA OIG. AbilityOne OIG's Knowledge-Based Center values the CIGIE Fellow model for enhancing OIG capabilities as well as providing the Fellows with experience with new environments, challenges, and diverse work platforms for the building of their career and development.

## **The Washington Center**

Academic student interns from the Washington Center participated in our audit and pre-law internship program. The college interns assisted with work projects such as the development of end-of-year reports and support with the production of Semiannual Reports (SAR), along with developing content and assisting with web design and other OIG work and publications, including research on legislative topics. Each student is assigned a mentor that guides the student through a successful academic internship experience, providing exposure to the work of the government, and utilizing their academic background and skills.

## **Launch of New OIG Webpage**

OIG participated in a CIGIE work group to enhance and further build the capabilities of oversight.gov for the IG community. In the prior reporting period, OIG completed its pilot website on oversight.gov and went live on the new web platform. Our co-leader on the project, the Department of Justice OIG, took its own new website live in the reporting period as well. This reporting period, OIG increased website content production, creating valuable resources for AbilityOne stakeholders.

As a goal of the effort, we hope that our work on this project helps other small OIGs to stand up their own webpages on oversight.gov: <https://www.oversight.gov/abilityone/>

## AbilityOne OIG – Oversight.gov’s Home Page

An official website of the United States government. [Help! Show you know.](#)



Enhancing Confidence in the Program.  
Improving Economy and Efficiency.

**REPORT FRAUD, WASTE & ABUSE**

**Office of Inspector General**

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**On September 30, 2020, DOJ announced NPA Industries for the Blind and Visually Impaired Inc., of Wisconsin, had agreed to settle for \$1.9 million allegations of false claims and kickbacks**

*"We are committed to preserving the integrity of the AbilityOne program. False claims on the program exclude blind and significantly disabled workers from opportunities and hinders law-abiding AbilityOne contractors,"* said Thomas K. Lehrich, Inspector General of the U.S. AbilityOne Commission. *"Working with DOJ and our partners, the Office of Inspector General protects the confidence and public trust in the largest employment program in the nation of blind and significantly disabled workers."*

## Website Sample from FAQs

**I think the Office of Inspector General may want to ask me some questions for an audit or investigation. What do I have to do?**

First, please remember OIG questions are designed simply to determine the facts. Feel free to ask us before or at the beginning of an interview if you have questions or concerns. We request that you cooperate fully with OIG audits and investigations, which means providing information relating to the performance of your job-related duties. If an employee determines not to answer questions or produce documents on request, the OIG may report the matter to the employee's supervisor, and continue raising the matter to the Chairman or Congress until cooperation is received. Employees are also responsible for reporting violations, or suspected violations, of the law or any abuse, waste, mismanagement or irregular activities regarding AbilityOne programs to the Office of Inspector General.

Keep in mind that cooperating with an OIG audit or investigation does not limit an individual's Fifth Amendment right not to incriminate oneself. In addition, Federal laws protect employees from reprisal by employers for "blowing the whistle" on illicit activity. For more information about whistleblower protection, please click on our "Am I a Whistleblower" tab. You may also go to this website [U.S. Office of Special Counsel \(OSC\)](#), or review this OSC pamphlet, "[Know Your Rights When Reporting Wrongs.](#)"

## Office of Audits

The Office of Audits (OA) provides audit oversight to a Commission responsible for administering the \$3.9 billion AbilityOne Program. Guided by an audit plan that identifies key areas of risk, the OIG OA conducted three audits, announced one audit, and issued a management alert on persistent deficiencies and mismanagement. The completed audits produced 19 findings and 41 recommendations during the reporting period (see figure 1 in the next section).<sup>3</sup>

### Completed Audits

#### **Audit Report of the Central Nonprofit Agency Selection of Nonprofit Agencies for Project Assignment and Allocation of Orders (March 12, 2021)**

As part of our risk-based audit coverage of AbilityOne Program operations, major activities, and challenges, OIG engaged CliftonLarsonAllen (CLA) LLP to conduct a performance audit of the Central Nonprofit Agencies' (CNA) Selection of Nonprofit Agencies (NPA) for Project Assignment and Allocation of Orders. The objective was to assess the extent to which the implementation of the project assignment and allocation process by the CNAs was effective and followed applicable laws and regulations as well as established policies and procedures.

The auditors concluded that while the CNAs' project distribution processes were generally effective and followed applicable laws, regulations, and established guidance from the Commission, the CNAs could improve the distribution processes with updated guidance, better management, and additional oversight from the Commission. CLA identified several opportunities for the Commission to improve the CNAs' processes by clarifying their current guidance and requiring the CNAs to align their project distribution policies with Commission policy 51.301 (Selection of NPAs for Project Assignment and Allocation of Orders and its related Interim Pilot Test). The audit determined that the Commission should establish additional controls to oversee the CNAs and improve the effectiveness of the project distribution processes in meeting the Commission's goals of equitable and transparent distribution of project opportunities among NPAs.

The auditors provided seven findings along with seven corresponding recommendations to help the Commission improve controls over the CNAs' project distribution processes and improve overall administration of the Program.

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<sup>3</sup> See table 1 in the "Open Audit Recommendations" section for a list of recommendations provided to the Commission and current progress.

## **Audit of the U.S. AbilityOne Commission’s Fiscal Year 2020 Financial Statements (November 16, 2020)**

OIG contracted with Allmond & Company to audit the Commission’s financial statements for FY2020. The Commission received an unmodified (clean) opinion on its financial statements. In the auditor’s opinion, the financial statements were fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles.

The auditors also found:

- Six findings and provided 25 corresponding recommendations regarding the financial statements.
- Two material weaknesses and three significant deficiencies in internal controls over financial reporting.
- Several accounting errors and additional Antideficiency Act Violations for FY2020, adding to the list of prior violations of the Antideficiency Act.
- During the FY2020 audit, the Commission corrected misstatements in their FY2019 financial statements and restated the balance sheet, statement of net cost, statement of net position, and the related footnotes. The corrections enabled a restatement of the FY2019 financial statements and led to an unmodified opinion on the restated financial statements.

OIG identified the reporting of “Antideficiency Act Violations and Strengthening Financial Management” as a top management challenge for FY2020.<sup>4</sup>

The Commission staff has not completed the written correction plan from the FY2019 financial statement audit and has not completed a written correction plan to date for FY2020.

### **Antideficiency Act Violations and Agency Reporting Requirements**

Congress determines the amount of funding available to an agency by enacting appropriations to cover programs, projects, purchases, and services needed by the agency during the period for which the funds are made available. The Antideficiency Act (ADA) prohibits the agency from exceeding the enacted appropriations for the year.

In 2020 potential new antideficiencies were discovered by the financial statement audit.

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<sup>4</sup> AbilityOne Office of Inspector General, Top Management and Performance Challenges Report (November 12, 2020), (<https://www.oversight.gov/sites/default/files/oig-reports/AbilityOne%20Top%20Management%20Challenges%202020.pdf>).

On December 20, 2019, OIG issued a memorandum to the Chairperson and AbilityOne executives outlining the mandatory process once an agency is aware of potential ADA violations. As outlined, the first step is for an agency to conduct an investigation into the cause of the violations. On February 27, 2020, OIG issued a follow-up memorandum to the Executive Director requesting the status.

The Commission engaged GSA to conduct the investigation on its behalf. In late July 2020, GSA completed its investigation; in the report, it discussed finding multiple, intentional violations of the ADA by agency personnel. Pursuant to the requirements of the Act and OMB Circular A-11, the Commission must “immediately” report the violations, with all relevant facts and a statement of actions taken, to the President, Congress, and the Comptroller General.

As of the close of the reporting period, the U.S AbilityOne Commission has not reported the violations, with all relevant facts and a statement of actions taken, to the President, Congress, and the Comptroller General.

### **Fiscal Year 2020 Evaluation of the U.S. AbilityOne Commission’s Information Security Program (November 25, 2020)**

OIG contracted with McConnell and Jones (M&J), LLP, to conduct the review of the Commission’s information security program pursuant to the Federal Information Security Modernization Act of 2014 (FISMA). M&J’s review rated the Commission’s FY2020 information security program as effective because the tested, calculated, and assessed maturity levels across the functional and domain areas received an overall rating of effective.<sup>5</sup> Although the Commission took positive steps to implement policies, procedures and strategies, improvements are required. M&J closed all prior year recommendations and provided six new findings with nine corresponding recommendations regarding the Commission’s information security program.

The overall objective was to assess the effectiveness of the Commission’s security program and practices across key functional areas as of September 30, 2020. The review team determined that the Commission made progress through implementation of security policies, procedures, and strategies, but lacked quantitative and qualitative measures to assess them.

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<sup>5</sup> Under the Inspector General FISMA Reporting Metrics v.1.3, Inspectors General (IGs) are required to assess the effectiveness of information security programs on a maturity model spectrum. In the context of the maturity model, the guidance defines a “Level 4 – Managed and Measurable” as an effective level for the information security program of an agency.

**Figure 1: AbilityOne OIG Audit Recommendation Dashboard**



Source: AbilityOne OIG Office of Audits Analysis.

**Other Completed Products**

**OIG Management Alert: Persistent Deficiencies and Mismanagement of Agency Programs Hamper AbilityOne’s Future (December 6, 2020)**

OIG issued this management alert to the Commission to help ensure a stronger future for the AbilityOne Program. OIG performed extensive analysis of 19 published reports within the most recent seven years to identify and compile the recurring managerial breakdowns observed. We assessed the nature of the breakdowns to categorize them into one of the five internal control components, which would allow us to assess the breakdowns against the fundamental principles underpinning these control components. We then identified which principles under the corresponding internal control standard were not present and functioning appropriately, and we tracked how many times the issues occurred.

Upon our review of the reports, we identified and extracted 110 separate issues that, over the course of seven years, have significantly degraded the Commission’s ability to mitigate risks and carry out program objectives efficiently, effectively, transparently, and in compliance with laws and regulations. Based on our analysis of the reports, the majority of management issues in the Commission’s

operations can be traced to gaps in two of five internal control components, namely the control environment which is the foundation for all other internal control components, providing discipline and structure, and the control activities, which are the policies and procedures that help ensure management directives are carried out.

The Chairperson provided a positive and detailed response whereby management concurred with the management alert and has begun taking positive steps to address these issues throughout FY2021.

In response to this report, the Commission took several good steps including establishing an enterprise risk management subcommittee, beginning work on an enterprise risk management plan, and establishing a goal to close out 1/3 of the current audit recommendations by the end of the fiscal year. This is a positive step. We will report on progress in the next Semiannual Report.

### **FY2020 Top Management and Performance Challenges Report Issued in this Reporting Period (November 12, 2020)**

The OA led the production of the FY2020 Top Management and Performance Challenges Report during the semiannual reporting period. The challenge areas identified are connected to the Commission's mission to provide employment and training opportunities in the manufacture and delivery of products and services to the federal government for people who are blind or have significant disabilities. The OIG identified eight top management and performance challenges for FY2020:

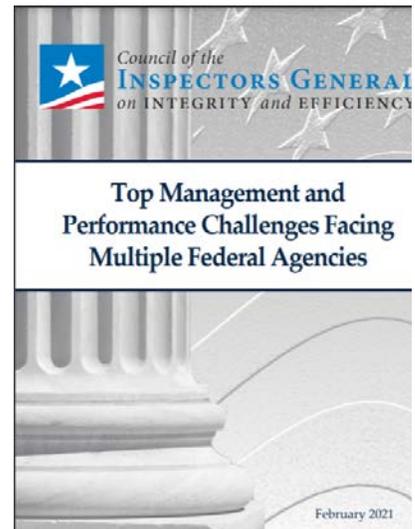
- **Allocation of Roles, Resources, Authorities, and Responsibilities Among the Commission Senior Staff:** The management and allocation of scarce resources by the senior staff has not improved. The allocation of roles, responsibilities, and resources among the Commission senior staff creates challenges in achieving positive business outcomes such as the ability to timely implement policies and initiatives, effectively execute changes in the programs, and support Program growth.
- **Successful Implementation of the Section 898 Panel Recommendations:** A significant challenge for the Commission this year will be implementing the 898 Panel recommendations to improve oversight, accountability, transparency, and integrity in contracting with the AbilityOne Program. The majority of the recommendations require action by the Commission to establish or update policy, business practices, and regulations, or to recommend Congressional amendment of the Javits-Wagner-O'Day (JWOD) Act.
- **Addressing Antideficiency Violations and Strengthening Financial Management:** In December 2019 and February 2020, OIG issued memoranda to the Chairperson and senior agency personnel outlining the agency's reporting requirements under the Antideficiency Act. OIG explained that the Antideficiency Act and OMB Circular A-11 required the Commission to investigate the violations. On concluding that a violation of the ADA had occurred, an agency must "immediately" report the violations, along with relevant facts and a statement of actions taken, to the President, Congress, and the Comptroller.

- **Higher Level of Transparency and Communication Needed to Enhance Program Confidence:** Commissions and Boards typically benefit from publishing quality information and program-wide communication pertinent to their agency business. Increased use of appropriate methods of communication such as social media outreach and reporting on metrics and compliance data could provide useful communication on project status and needs, updates of activities, and performance planning. The Commission takes only some advantage of this and publishes an annual regulatory agenda. Agencies are increasingly using electronic filing and document dissemination systems to manage deadlines and actions.
- **Erosion of Statutory Program Authority:** During the last three reports, we presented the concept of erosion of statutory Program authority as a challenge to ensure this excellent Program has the resources and support it needs to grow and increase the employment of blind and severely disabled workers. The legal framework for the AbilityOne Program was created in 1938 and amended in 1971. Since then, it has not had a reauthorization or modernization. Since 1971 Congress has enacted, and agencies have implemented, multiple acquisition reform laws designed to modernize the way government agencies buy goods and services. Some of these laws have created conflict with the AbilityOne Program.
- **Implementation of Cooperative Agreements given Central Nonprofit Agencies (CNA) Growth:** The Commission established a Program Management Office (PMO) with two professional staff to administer the implementation of the Cooperative Agreements. The new Director has been onboard since 2018 and has enhanced the performance of the PMO significantly during her tenure with improved communication, effective management of timelines and deliverables, and developing positive workflow with the stakeholders. The PMO Office is managed well and better than any other Commission business unit. The Director and Deputy Director of the PMO however, are understaffed to efficiently analyze and manage large volumes of deliverables received and reviewed annually in the administration for the CNA Cooperative Agreements.
- **Establishing an Enterprise-wide Risk Management Framework:** The Commission does not have a formal enterprise-wide program for organizational risk and, as a result, is unable to effectively prioritize and manage risks. Since 2017, the OIG identified a lack of risk management as a serious management challenge.
- **Enhancement of Program Compliance:** Support by senior staff leadership of the compliance program continues to be ineffective. Pursuant to 41 CFR Chapter 51, the Commission, through its Oversight and Compliance Office, assesses the 500 AbilityOne NPAs with their 45,000 employees for compliance with AbilityOne Program requirements. Inspections by the office involve the NPA compliance of direct labor hour ratios, eligibility requirements (i.e. NPA-provided documentation regarding the employee's significant disability), and company health and safety standards. In FY2020 the Compliance office failed to complete one onsite visit inspection or review for a NPA.

## **CIGIE Top Management and Performance Challenges Facing Multiple Federal Agencies**

In February 2021, CIGIE published their FY2021 report on the Top Management and Performance Challenges Facing Multiple Federal Agencies. The report identifies and analyzes cross-cutting challenges in government and is a premier resource for the IG community, the Administration, and other stakeholders.

CIGIE included two of the challenges identified by the AbilityOne OIG among the referenced analyses of only a few OIGs. Specifically, CIGIE highlighted the AbilityOne OIG's identification of the Commission's challenges in employing an enterprise risk management framework as well as the gaps in their allocation of roles, responsibilities, and resources as examples of the common challenges Federal agencies face in performance management and accountability.



### **Audits In-Progress**

#### **Audit of the Procurement List Addition Process, Procedures, and Practices**

OIG engaged with CLA to perform the audit of the Procurement List Addition Process, Procedures, and Practices. The overall objective is to determine whether the Procurement List addition process is transparent and performed efficiently, effectively, and in compliance with applicable laws, regulations, and policies. The audit will assess the effectiveness of the policies, procedures, and practices employed by the Commission when approving the addition or removal of products and services from the Procurement List, as well as CNAs' processes for producing and providing procurement list addition packages. The establishment of the Fair Market Price (FMP) represents a significant part of the addition process, and the audit will assess the effectiveness of the FMP guidance as well as how effective PLIMS supports the Program. Expected completion: 3<sup>rd</sup> quarter FY2021.

#### **Audit of the AbilityOne Compliance Program**

OIG initiated an audit of the AbilityOne Compliance Program in December 2020. Our overall objective is to determine whether the Compliance Program has been implemented effectively to provide reasonable assurance of nonprofit agency and central nonprofit agency compliance with applicable laws, regulations, and policies. To answer our audit objective, we will 1) review laws, regulations, policies, and procedures applicable to the Compliance Program, 2) conduct interviews with key personnel, and 3) analyze data, reports, and other supporting documentation related to compliance reviews. Expected completion: 4<sup>th</sup> quarter FY2021.

## Open Audit Recommendations

We obtained comments from Commission staff on the status of all open recommendations. The OIG considers a recommendation “Open” or “Closed” on the basis of actions that management takes or plans to take in response to the recommendation. OIG considers a recommendation “Closed” when 1) the responsible Audit Follow-Up Official (AFO) completes actions necessary to implement the recommendation and provides OIG with evidence of the final completed actions or other justifications and 2) OIG reviews the evidence provided and determined that no additional action is required.

As of the date of this report, there are 68 open recommendations; 16 of 68 are categorized as “Overdue.”<sup>6</sup> Six recommendations were closed by the OIG during the semiannual reporting period.<sup>7</sup> The last column of table 1 represents the assertions of Commission management and not of the OIG. We will perform periodic follow-up audits and reviews to verify management’s assertions of implementation.

**Table 1. Audit Recommendation Status Report (01 OCT 2020 – 31 MAR 2021)**

Engagement	Recommendation	Est. Comp. Date	Current Status (Per OIG)	Recommendation Progress (Per Agency)
<b>Office of The Chief Financial Officer (CFO)</b>				
FY2019 Financial Statement Audit	Become familiar with OMB Circular A-136 and other authoritative guidance relating to financial reporting requirements to better oversee the performance of its shared service provider and to ensure that its reporting requirements are being fulfilled.	6/10/2020	Open	Implemented
FY2019 Financial Statement Audit	Advise the service provider that outdated/superseded guidance was used in the preparation of its financial statements and footnotes so that this issue can be addressed by the service provider in the future.	6/10/2020	Open	Implemented

<sup>6</sup> An open recommendation is considered “overdue” if OIG has not received documentation that supports management’s assertion of implementation prior to the recommendation’s target implementation date.

<sup>7</sup> OIG closed three FY2019 Financial Statement Audit recommendations and three FY2019 FISMA recommendations.

<b>Engagement</b>	<b>Recommendation</b>	<b>Est. Comp. Date</b>	<b>Current Status (Per OIG)</b>	<b>Recommendation Progress (Per Agency)</b>
FY2019 Financial Statement Audit	Request that the service provider begin preparing and submitting third quarter notes to the financial statements, in compliance with the financial reporting requirements which apply to agencies subject to the Accountability of Tax Dollars Act (ATDA) and take adequate steps to ensure that all of the year-end notes are included.	6/10/2020	Open	Implemented
FY2019 Financial Statement Audit	Request that the service provider enhance its current review procedures to identify errors and omissions in the required financial statements and footnotes and to ensure that all required presentation and disclosure requirements have been met.	6/10/2020	Open	Implemented
FY2019 Financial Statement Audit	In accordance with generally accepted accounting principles (GAAP), ask the Commission's General Counsel to identify loss contingencies relating to legal matters that should be recorded in the agency's general ledger and/or disclosed in the notes to the financial statements and instruct the service provider to record these entries and/or disclose these amounts, as appropriate.	6/10/2020	Open	Implemented
FY2019 Financial Statement Audit	Commission management develop a procedure to review disbursements made early in the subsequent reporting period to identify items which should be included in its year-end accounts payable or develop an alternative procedure which appropriately estimates the amount of these liabilities at year-end.	6/10/2020	Overdue	Corrective action plan in place
FY2019 Financial Statement Audit	Commission management independently verify the amounts recorded for accrued liabilities by its shared service provider or participate in the calculation of the recorded amounts.	6/10/2020	Overdue	Corrective action plan in place

<b>Engagement</b>	<b>Recommendation</b>	<b>Est. Comp. Date</b>	<b>Current Status (Per OIG)</b>	<b>Recommendation Progress (Per Agency)</b>
FY2019 Financial Statement Audit	Commission management develop written policies and procedures for the financial reporting process, including procedures to identify and perform (or assist its service provider in preparing) year-end entries to the general ledger that are required by generally accepted accounting principles.	6/10/2020	Overdue	Corrective action plan in place
FY2019 Financial Statement Audit	Commission management develop written policies and procedures which define the roles and responsibilities of the service provider and Commission staff in performing financial reporting functions.	6/10/2020	Overdue	Corrective action plan in place
FY2019 Financial Statement Audit	We recommend that the Commission consider performing routine reviews of employee benefit elections and Official Personnel Files (OPFs) to ensure they are complete and accurate and address this issue with its shared service provider to ensure that OPM guidance is appropriately followed with respect to the Commission's personnel records.	6/10/2020	Overdue	Corrective action plan in place
FY2019 Financial Statement Audit	We recommend that the Commission management develop and document a process to evaluate its internal controls over financial reporting which provides (1) an assessment of the effectiveness of the organization's internal controls to support reliable financial reporting, effective and efficient programmatic operations, and compliance with applicable laws and regulations, and (2) an assessment of whether financial management systems comply with federal financial management systems requirements.	6/10/2020	Overdue	Corrective action plan in place
FY2019 Financial Statement Audit	Ensure that new obligations are recorded only within the current fiscal year, as required by law.	6/10/2020	Overdue	Corrective action plan in place

<b>Engagement</b>	<b>Recommendation</b>	<b>Est. Comp. Date</b>	<b>Current Status (Per OIG)</b>	<b>Recommendation Progress (Per Agency)</b>
FY2019 Financial Statement Audit	Ensure that no payment reclassifications are performed between TAS unless the payment documentation is sufficient to show that the payment was applied to another TAS in error and there are sufficient existing obligated balances in excess of the amount(s) of the payment(s).	6/10/2020	Overdue	Corrective action plan in place
FY2019 Financial Statement Audit	Ensure that all obligations recorded to the general ledger are properly supported (i.e., the obligated amount recorded agrees to the obligating document).	6/10/2020	Overdue	Corrective action plan in place
FY2019 Financial Statement Audit	Open and complete a review into the potential ADA violation noted and report to the appropriate parties, as necessary, so that the Commission can determine if an actual violation occurred.	6/10/2020	Open	Implemented
FY2020 Financial Statement Audit	Advise the service provider of, and request compliance with, the preparation and submission deadlines for the preparation of its financial statements and required variance analyses so that this issue can be addressed by the service provider in the future.	5/12/2021	Open	Corrective action plan in place
FY2020 Financial Statement Audit	Request the service provider to begin preparing and submitting third quarter notes to the financial statements by the OMB submission deadline, in compliance with the financial reporting requirements which apply to all agencies subject to the Accountability of Tax Dollars Act (ATDA).	5/12/2021	Open	Implemented
FY2020 Financial Statement Audit	If a waiver or exemption of the OMB Circular A-136 reporting requirements is deemed to be necessary, then the Commission should submit a request to OMB for consideration and obtain OMB's response in writing which formally waives this requirement.	5/12/2021	Open	Implemented

Engagement	Recommendation	Est. Comp. Date	Current Status (Per OIG)	Recommendation Progress (Per Agency)
FY2020 Financial Statement Audit	If the required statements, variance analyses, and footnotes are not submitted by the service provider on its behalf, then the Commission should consider submitting them to OMB directly.	5/12/2021	Open	Corrective action plan in place
FY2020 Financial Statement Audit	Continue to gain knowledge of OMB Circular A-136 and other authoritative guidance relating to financial reporting requirements to better oversee the performance of the Commission's shared service provider and to ensure that the Commission's reporting requirements are being fulfilled, including those relating to the submission of interim financial statements and footnotes and the proper recording and reporting of loss contingencies.	5/12/2021	Open	Implemented
FY2020 Financial Statement Audit	Continue to implement management's corrective action plan, including the filling of vacant positions.	5/12/2021	Open	Implemented
FY2020 Financial Statement Audit	Consider preparing its own financial statements and footnotes, both at interim and year-end, if the service provider cannot provide complete and accurate financial statements and footnotes timely.	5/12/2021	Open	Implemented
FY2020 Financial Statement Audit	Commission management should develop written policies and procedures for the financial reporting process, including procedures to identify and review year-end entries to the general ledger to ensure that they have been recorded in accordance with generally accepted accounting principles.	5/12/2021	Open	Corrective action plan in place
FY2020 Financial Statement Audit	The incoming Chief Financial Officer or other Commission personnel knowledgeable in accounting and finance should independently verify the amounts recorded for accrued liabilities by its shared service provider and examine the entries that the	5/12/2021	Open	Corrective action plan in place

Engagement	Recommendation	Est. Comp. Date	Current Status (Per OIG)	Recommendation Progress (Per Agency)
	service provider has recorded in its general ledger.			
FY2020 Financial Statement Audit	Consider performing routine reviews of employee benefit elections and Official Personnel Files (OPFs) to ensure they are complete and accurate and address this issue with its shared service provider to ensure that OPM guidance is appropriately followed with respect to the Commission's personnel records.	5/12/2021	Open	Corrective action plan in place
FY2020 Financial Statement Audit	Consider obtaining replacement copies of missing records that have been identified and either provide these documents to the service provider so that the information can be maintained in the e-OPF or consider developing and implementing its own repository of documentation to ease the retrieval and response process.	5/12/2021	Open	Corrective action plan in place
FY2020 Financial Statement Audit	Continue to implement the actions identified in its corrective action plan dated September 30, 2020.	5/12/2021	Open	Corrective action plan in place
FY2020 Financial Statement Audit	The incoming Chief Financial Officer or other Commission personnel knowledgeable in accounting and finance should work with the service provider to identify, at least quarterly, upward adjustments that have been offset by downward adjustments in the general ledger so that manual adjustments can be recorded to properly state the ending balances of both accounts.	5/12/2021	Open	Corrective action plan in place
FY2020 Financial Statement Audit	Commission management should work with its service provider to design and implement policies and procedures which enhance the internal review process for upward and downward adjustment transactions and includes a reconciliation of the	5/12/2021	Open	Corrective action plan in place

Engagement	Recommendation	Est. Comp. Date	Current Status (Per OIG)	Recommendation Progress (Per Agency)
	UDO balances with the supporting documentation to ensure that transactions have been recorded correctly.			
FY2020 Financial Statement Audit	To ensure that billing and collection activities are complete and timely, the Commission should initiate (or instruct its service provider to initiate) IPACs to receive reimbursement payments from the Requesting Agency at the same time that the transmittal form approving the vendor payment is submitted to the service provider for processing.	5/12/2021	Open	Corrective action plan in place
FY2020 Financial Statement Audit	The incoming Chief Financial Officer or other Commission personnel knowledgeable in accounting and finance should independently verify the amounts recorded for reimbursable activity by its shared service provider or participate in the calculation of the recorded amounts.	5/12/2021	Open	Corrective action plan in place
FY2020 Financial Statement Audit	The incoming Chief Financial Officer or other Commission personnel knowledgeable in accounting and finance should develop a procedure to identify accrued liabilities for reimbursable expenses which should be also be recorded as accrued accounts receivable.	5/12/2021	Open	Corrective action plan in place
FY2020 Financial Statement Audit	Commission management should develop written policies and procedures for the financial reporting process, including procedures to identify and perform (or assist its service provider in preparing) year-end entries to the general ledger that are required by generally accepted accounting principles.	5/12/2021	Open	Corrective action plan in place
FY2020 Financial Statement Audit	Commission management should record the proposed adjusting entries in order to correct the errors identified.	5/12/2021	Open	Implemented

Engagement	Recommendation	Est. Comp. Date	Current Status (Per OIG)	Recommendation Progress (Per Agency)
FY2020 Financial Statement Audit	Fulfill the requirements of 31 USC §1517(b) by reporting the FY 2019 violations to the President, Congress, and the Comptroller General of the United States.	5/12/2021	Open	Corrective action plan in place
FY2020 Financial Statement Audit	Ensure that new obligations are recorded only within the current fiscal year, as required by law	5/12/2021	Open	Corrective action plan in place
FY2020 Financial Statement Audit	Ensure that no payment reclassifications are performed between TAS unless the payment documentation is sufficient to show that the payment was applied to another TAS in error and there are sufficient existing obligated balances in excess of the amount(s) of the payment(s).	5/12/2021	Open	Corrective action plan in place
FY2020 Financial Statement Audit	Ensure that all obligations recorded to the general ledger are properly supported (i.e., the obligated amount recorded agrees to the obligating document).	5/12/2021	Open	Corrective action plan in place
FY2020 Financial Statement Audit	Open and complete a management review into the new potential ADA violations noted and report to the appropriate parties, as necessary, so that the Commission can determine if an actual violation occurred.	5/12/2021	Open	Corrective action plan in place
FY2020 Financial Statement Audit	Continue to implement the measures established in the Commission’s corrective action plan, dated September 30, 2020.	5/12/2021	Open	Corrective action plan in place
<b>Office of the Chief Information Officer (CIO)</b>				
FY2020 FISMA	The Commission should follow their vulnerability remediation policies.	3/31/2021	Open	Implemented
FY2020 FISMA	Scanning should be run on a monthly basis, however if there are medium and/or high vulnerabilities, then they should be remediated, and the scan should be repeated and run again.	3/31/2021	Open	Implemented

Engagement	Recommendation	Est. Comp. Date	Current Status (Per OIG)	Recommendation Progress (Per Agency)
FY2020 FISMA	The Commission should identify any deficiencies (through the development of the SSP) and they should be documented on the SAR.	3/31/2021	Open	Implemented
FY2020 FISMA	Once the SAR is completed, the Accrediting Official (AO) should sign off on the SAR indicating their acceptance of risk for this system to be in a production environment.	3/31/2021	Open	Implemented
FY2020 FISMA	All deficiencies identified on the SAR should then be categorized by risk (low, medium, and high) and then formalized POA&Ms should be created. The POA&Ms should contain the hours needed to remediate the deficiency, personnel required, timeline, and cost.	3/31/2021	Open	Corrective action plan in place
FY2020 FISMA	IT should ensure that backed up data is encrypted.	11/20/2020	Open	Implemented
FY2020 FISMA	All users should have their IDs automatically disabled after a period of 90 days of inactivity.	12/31/2020	Open	Implemented
FY2020 FISMA	Finalize the Mobile Device Policy and ensure that users of the systems adhere to the stipulations outlined within the Policy.	11/20/2020	Open	Implemented
FY2020 FISMA	Ensure that IT finalizes the Enterprise Architecture Policy and then disseminates it to appropriate personnel.	12/31/2020	Overdue	Corrective action plan in place
<b>Business Operations</b>				
Audit of Project Assignments and Allocation of Orders	Develop programmatic guidance on the interim pilot test program goals and provide it to the CNAs to help ensure the program achieves its goals, consistent with Standards for Internal Controls in the federal government. This includes:	09/30/2021	Open	Corrective action plan in place

Engagement	Recommendation	Est. Comp. Date	Current Status (Per OIG)	Recommendation Progress (Per Agency)
	<ul style="list-style-type: none"> <li>a. Clarify its authority for conducting the pilot program to address recent federal court decisions that questioned whether the Commission has this authority.</li> <li>b. Clarifying whether the CNAs need to update their project distribution polices to incorporate the changes for the pilot test program.</li> </ul>			
Audit of Project Assignments and Allocation of Orders	Update policy 51.301 to include clarifying the meaning of equitable and transparent distributions, consistent with Standards for Internal Controls in the federal government and prior GAO recommendations.	09/30/2021	Open	Corrective action plan in place
Audit of Project Assignments and Allocation of Orders	Review and address the outstanding issues identified during the Commission’s 2017 review to ensure NIB’s project assignment policy aligns with Commission policy 51.301.	09/30/2021	Open	Corrective action plan in place
Audit of Project Assignments and Allocation of Orders	Ensure that NIB completes its order allocation policy and provide sufficient guidance to NIB to ensure that this policy aligns with Commission policy 51.301.	09/30/2021	Open	Corrective action plan in place
Audit of Project Assignments and Allocation of Orders	Require the CNAs to include specific criteria for considering the size of NPAs in their recommendation decisions. As part of this, develop metrics for assessing the CNAs on the equitable distribution of projects and monitor progress on an annual basis, consistent with the Standards for Internal Controls in the Federal Government.	09/30/2021	Open	Corrective action plan in place
Audit of Project Assignments and Allocation of Orders	Conduct a study to determine whether a different mix of different sized NPAs could help increase the number of people employed through the program and their total work hours.	12/31/2021	Open	Corrective action plan in place

Engagement	Recommendation	Est. Comp. Date	Current Status (Per OIG)	Recommendation Progress (Per Agency)
Audit of Project Assignments and Allocation of Orders	Identify metrics for assessing transparency and monitor progress on annual basis, consistent with the Standards for Internal Controls in the Federal Government.	09/30/2021	Open	Corrective action plan in place
<b>Program Management Office</b>				
Program Fee Audit	Require the Commission Staff to develop and implement effective policy and procedures on the Program Fee Ceiling criteria and methodology for determining the fee ceiling on the CNAs including aligning legacy and draft policy with the criteria in the Cooperative Agreements.	3/31/2020	Overdue	Corrective action plan in place
Program Fee Audit	Require the Commission Staff, to work jointly with the CNAs to issue and implement a policy on the methodology for the CNAs to calculate the Program Fee.	3/31/2020	Overdue	Corrective action plan in place
Program Fee Audit	The Commission should follow GAO 14-704G, Standards for Internal Control in the Federal Government, Principles 10-15. The principles will assist the Commission to develop, design, and implement timely guidance that is supported by quality information.	3/31/2020	Overdue	Corrective action plan in place
Program Fee Audit	In order to effectively manage the Program fee, the Commission should complete a workforce analysis to determine Commission staffing requirements based on major mission activities and cross-cutting priority goals.	6/17/2020	Overdue	Corrective action plan in place
Program Fee Audit	In order to support and inform decision-making processes and ensure effective and greater communication and reporting on the analysis being completed, the Commission should review and analyze the Fee and Expenditure Reports and other	6/17/2020	Open	Implemented

Engagement	Recommendation	Est. Comp. Date	Current Status (Per OIG)	Recommendation Progress (Per Agency)
	materials received from the CNAs for opportunities to use a variety of analytical, research, and evaluation methods.			
Cooperative Agreement Audit	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.	10/5/2020	Overdue	Corrective action plan in place
Cooperative Agreement Audit	Complete a work force analysis to determine staffing requirements based on major mission activities.	9/30/2021	Open	Corrective action plan in place
Cooperative Agreement Audit	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.	9/30/2021	Open	Implemented
Cooperative Agreement Audit	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.	10/5/2020	Open	Implemented
Cooperative Agreement Audit	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.	10/5/2020	Open	Implemented
Cooperative Agreement Audit	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.	10/5/2020	Overdue	Corrective action plan in place

<b>Engagement</b>	<b>Recommendation</b>	<b>Est. Comp. Date</b>	<b>Current Status (Per OIG)</b>	<b>Recommendation Progress (Per Agency)</b>
Cooperative Agreement Audit	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.	9/30/2021	Open	Implemented

## Office of Investigations

The Office of Investigations (OI) made progress during the reporting period. It achieved milestones in investigations, continued to process allegations, increased its support of interagency investigations, and completed planned rollouts of investigative infrastructure.

OIG is responsible for detecting and investigating fraud, waste, and abuse within the U.S. AbilityOne Commission and its Programs. Investigations may be criminal, civil, administrative, or of a contractual nature. Fraud, waste, and abuse within the AbilityOne Program leads to the loss of jobs for Americans who are blind or severely disabled, many of whom are veterans, and hinders law abiding AbilityOne contractors.

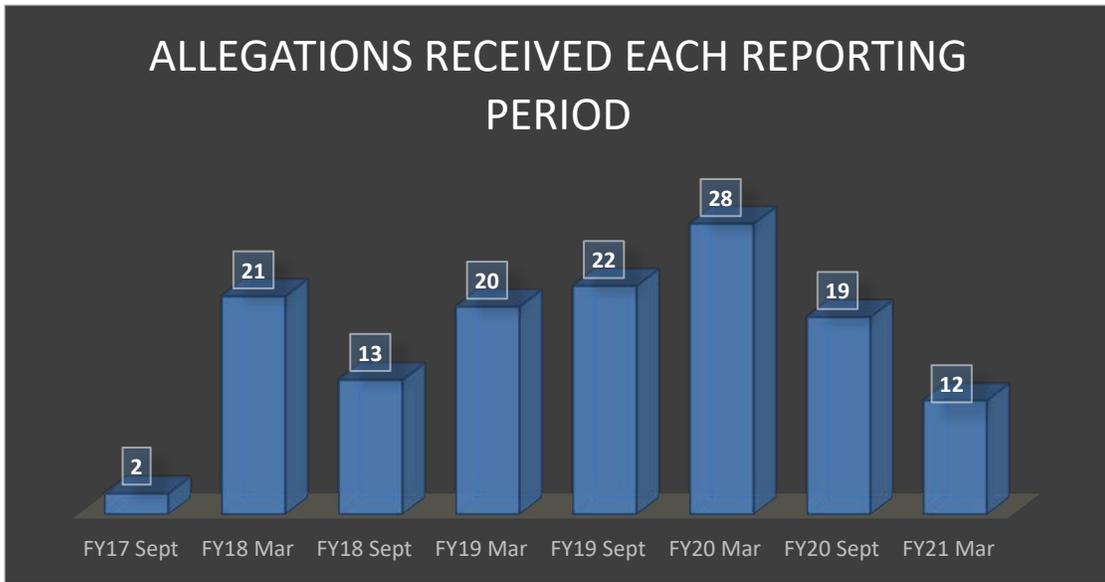
While the Program is administered by the U.S. AbilityOne Commission, the billions of dollars a year in goods and services are contracted for by federal agencies directly with the NPAs. Contracting with NPAs for these goods and services is not optional. The U.S. AbilityOne Commission has a mandatory procurement list of goods and services that federal agencies are required to purchase, without competition. As a result, investigative oversight spans much of the federal government. OI investigations are often conducted along with partners from the Offices of Inspectors General at the federal agencies that hold the AbilityOne contracts at issue.

### **AbilityOne OIG's Application for Law Enforcement Authority**

Since OIG's inception in 2017, we have reported to Congress the plan that AbilityOne OIG requires full law enforcement authority to provide the oversight envisioned by Congress. In March, OIG formally applied with the Department of Justice for such law enforcement authority, which would provide our criminal investigators the much needed ability to seek and execute search and arrest warrants, seize evidence, carry firearms, and make reasonable arrests without a warrant. AbilityOne's complex structure, history of mismanagement, and vulnerable workforce make it especially prone to fraud, and the lack of law enforcement authority significantly hampers our ability to provide oversight. As authorized by § 6(f) of the Inspector General Act of 1978 (IG Act), law enforcement capabilities would enable the AbilityOne OIG to meet the Congressional mandates of the IG Act to effectively and efficiently investigate crimes involving the more than \$3.9 billion AbilityOne contract portfolio.

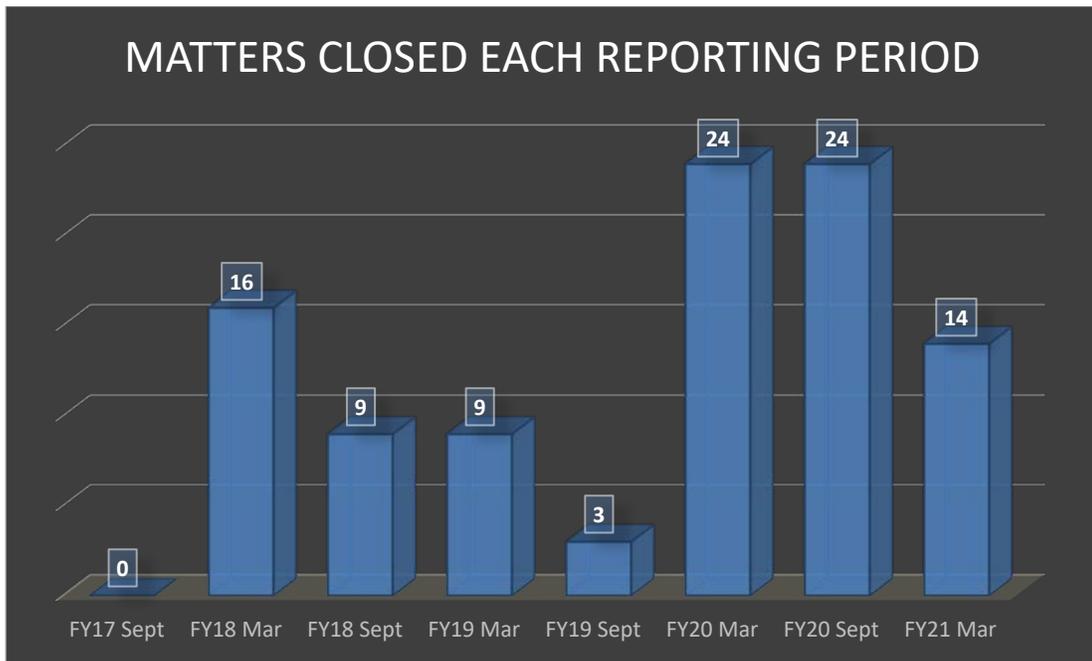
### **Hotline**

OI manages the hotline, which includes email, phone, and a fillable web-form, by which the public may reach OIG to report allegations of fraud, waste, or abuse. During the reporting period, the office received 12 allegations.



### Allegations Processed and Closed

Allegations of waste, fraud, and abuse received by OIG are subject to an initial review. The graph above shows the number of allegations, while the graph below shows the number of matters closed each reporting period.



## Investigations Completed

OI closed no investigations during the reporting period.

## Spoofing Attack on U.S. AbilityOne Commission

During the last reporting period, the Office of Inspector General, in partnership with GSA OIG, completed an investigation on a spoofing attack that targeted the U.S. AbilityOne Commission.

During the current reporting period, the Chairperson of the U.S. AbilityOne Commission reported that the agency had completed its review into the spoofing attack. The Chairperson noted that the agency would implement policy reviews and changes and improvements to IT security processes.

Summary: Investigative Activity Oct 1, 2020 – March 31, 2021	Number
Closed allegations during the reporting period	14
Closed investigations during the reporting period	0
Total number of persons referred to DOJ for criminal prosecution	0
Total number of persons referred to State and Local prosecuting authorities for criminal prosecution	0
Total number of indictments and criminal information that results from any prior referral to prosecuting authorities	0
Open matters at the end of the reporting period	44

## Infrastructure Accomplishments

During the last reporting period, OIG completed the launch of its case management system and an integrated hotline that streamlines the submission of allegations involving the AbilityOne Program. The new hotline webpage is available [here](#). An efficient hotline and case management system is integral to tracking allegations, cases, referrals, and related OI work product, as well as securely storing and accessing investigative records. The new case management system is FedRAMP certified.

## Investigative Outreach and Fraud Awareness

OIG conducted outreach and fraud awareness efforts to the Commission and the CNAs. In multiple presentations, the Inspector General has focused on PRAC efforts, the CARES Act, and provided information and training to CNAs, NPAs, and the Commission. The Inspector General has also presented information about OIG’s civil fraud portfolio.

OI worked with the Equal Employment Opportunity Commission, the Department of Defense (“DoD”) OIG, Social Security Administration (“SSA”) OIG, Defense Health Agency (“DHA”) OIG, Veteran’s Affairs (“VA”) OIG, and others, to build processes to better coordinate on investigative referrals and

matters of interest to multiple agencies.

### **Challenges: Office of Investigations Takes on the Challenge of a \$4 Billion Program by Engaging Partners and Maximizing Efficiencies**

The AbilityOne Program is unique. Where most OIGs have a distinct area of investigative jurisdiction, the AbilityOne Program is used by most of the federal government across departments and agencies. For efficiency and synergy of efforts, AbilityOne OIG works with many partner-agencies and counterparts in investigating cases involving AbilityOne contracts.

The contracts at issue are also unique in that they are let non-competitively via a mandatory procurement list. For this reason, the potential for fraud may be greater. A recent example of an interagency investigation is a \$1.9 million settlement with IBVI of Wisconsin following a DOJ-led investigation. Full details are available at OIG’s new [website](#).

### **898 Panel and Activities**



Section 898 of the National Defense Authorization Act for Fiscal Year 2017 (P.L. 114-328) required the Secretary of Defense to establish the “Panel on Department of Defense and U.S. AbilityOne Contracting Oversight, Accountability, and Integrity” (“the Panel”). The Panel has issued three reports to Congress, the most recent was published in January of 2021.

Pursuant to Section 898(a)(2), a representative of the Inspector General of the Department of Defense and the Inspector General of the AbilityOne Commission are statutory members of the Panel, among others. The primary mission of the Panel is to identify vulnerabilities and opportunities in DoD contracting within the AbilityOne Program and recommend improvements. The Panel established seven subcommittees to fulfill its duties as determined by Section 898(c). Since its inception, and during the reporting period, the IG leads the Panel’s Inspector General subcommittee. In addition to leading the subcommittee, the OIG provided support and advice to multiple Panel subcommittees dealing with the effectiveness and internal controls of the AbilityOne Program as it relates to DoD contracting, including to the DOJ-led subcommittee on Waste Fraud and Abuse.

The Panel’s Inspector General subcommittee is tasked with reviewing the progress of DoD IG’s recommendations from the 2016 audit report, DODIG-2016-097. The IG subcommittee previously found that

the DoD had made progress with the report's recommendations to implement existing DoD policy requiring contracting officers to check the AbilityOne's Product List (PL) to verify whether a product or service is on the List, and to improve training for procurement personnel the AbilityOne Program procurement. During its May 6, 2020, meeting, the 898 Panel found that there were still issues with procurement officers outside of the DoD. The IG made recommendations that additional training be conducted and continues to monitor the procurement officers' progress.

The 898 Panel set its goals to include prioritizing and refining the actionable recommendations to improve oversight, accountability, transparency, and integrity in contracting with the AbilityOne Program. Execution of these recommendations will have a positive impact on the employment opportunities for individuals who are blind or have other significant disabilities. Until the sunset of the Panel with its last report in 2021, the IG will continue to report on the progress of the Panel.

### **Essentially the Same Services and Products**

The purchase of mandatory services and products from AbilityOne Nonprofit Agencies (NPAs) generates employment opportunities for people who are blind or who have other significant disabilities. Federal agencies are prohibited from buying commercial items that are "essentially the same" (ETS) as those items listed on the AbilityOne Program Procurement List (PL) when the AbilityOne item is available.

ETS is a descriptive term for commodities (not applicable to critical or weapon system related items) that are comparable in all the prominent physical, functional, or performance characteristics to items on the PL. The Commission determination that a product is ETS does not mean the product is "exactly" the same. Rather, products may be considered ETS if the AbilityOne product has all of the critical form, fit and function of the commercial equivalent. Products, however, will not be considered ETS if the commercial product has characteristics which the AbilityOne product lacks and those characteristics affect the performance of the product.

### **Prevention:**

There are a number of ways that the Commission and other stakeholders address prevention of the sale of ETS to Federal customers. For example, the Commission requires commercial distributors of AbilityOne products to be authorized by the Commission. Commission policies require Authorized

AbilityOne Distributors (Authorized Distributors) to comply with the following requirements:

- Refrain from selling ETS items to Federal customers;
- Remove ETS items from any electronic or paper catalogs provided to Federal Government customers; and
- Establish a system for

- (i) blocking Federal customers from viewing ETS offerings and
- (ii) substituting appropriate AbilityOne products for their ETS counterparts.

CNAs engage and educate Authorized Distributors about compliance, track AbilityOne sales, serve as a focal point for Authorized Distributor product inquiries, and provide other support to the Commission and Authorized Distributors to facilitate the sales of AbilityOne items.

Federal marketplace and solicitation monitoring occurs in real time. CNAs monitor Federal solicitations to ensure that agencies are not inadvertently requesting ETS items and will notify the contracting officer to update current and future contract language to adequately ensure compliance with the JWOD Act. Some Federal agencies ask CNAs to review drafts of solicitations to ensure they are not requesting ETS items.

**Enforcement:**

ETS items are still sold to Federal agencies. Pursuant to Commission policy, CNAs identify and inform the Commission of instances of Authorized Distributor noncompliance, including the sale of ETS items. On a quarterly basis, the Commission, with the assistance of CNAs, evaluate Authorized Distributor's performance and compliance. The Commission provides Authorized Distributors with evidence of alleged violations and provides the Authorized Distributor with an opportunity to refute the allegation. Under Commission policies, findings of non-compliance result in escalating penalties by the Commission up to and including de-authorization.

**Impact:**

As ETS sales increase, AbilityOne product sales for those items decrease, meaning that NPAs not only lose revenue but they also lose the corresponding work that supports the employment of people who are blind or significantly disabled. The initial impact of the Commission's Policies on the sale of ETS was positive. Although not a direct correlation and understanding several variables impact AbilityOne sales, when analyzing GSA Advantage sales data after the initial formal implementation of the compliance program, AbilityOne sales increased by roughly \$7 million (+32%) from FY16 to FY17, while the sale of ETS items decreased by nearly \$0.5 million (-17%). This trend continued in FY18.

Beginning in FY19, AbilityOne sales began to decrease and ETS sales increased through the GSA Advantage Channel. The end of FY20 found the ratio of AbilityOne spend versus ETS spend through GSA Advantage to be nearly back to the levels of FY17. The number of vendors selling ETS on GSA Advantage has increased to an all-time high of 130 since the compliance program began.

## Veterans Employment Initiative

Section 898 of the National Defense Authorization Act (NDAA) for the Fiscal Year 2017 (Public Law 114-328) directed the Secretary of Defense to establish a panel of senior-level representatives from the Department of Defense (DoD), including the U.S. AbilityOne Commission Director of Veterans Employment & Initiatives (DVEI) along with other organizations, as specified in the legislation. The Veterans Employment and Initiatives is important in maximizing employment opportunities for veterans with severe injuries, consistent with AbilityOne Program participants.

The veteran's employment and initiatives within the Commission is aligned with the Section 898 Panel's recommendations. The veteran-focused initiative is expanding and sustaining employment opportunities for service-connected/severely disabled veterans, military spouses, family members, and other blind and severely disabled individuals.

According to the Commission's Budget Justification for FY2020 veterans benefit from numerous wounded warrior transition programs, training, and employment opportunities furnished by AbilityOne-authorized providers. Approximately 3,000 wounded, ill, or injured veterans work in direct labor jobs in the AbilityOne Program. In addition, NPAs employ approximately 4,000 veterans working in indirect labor positions, including supervisory and management roles. The range of their military service stretches from Vietnam to Afghanistan and Iraq. During the pandemic, Veteran employment saw an overall decrease, while AbilityOne Veteran employment increased.

Most recently, the Department of Labor Education and Training Administration, an approved AbilityOne Apprenticeship, announced its initiative supporting the goal of higher-paying and career employment opportunities for service-connected/severely disabled and blind veterans. The initiative facilitates the employment of persons with severe disabilities or blindness. As Congress and the AbilityOne Commission look to increase employment opportunities for veterans, DVEI continues to look at ways to maximize resources by collaborating with existing DoD and other Government agencies opportunities such as the DoD SkillBridge program, the DoD Warrior Care Operation Warfighter program, and the Department of Labor-VETS program.

## AbilityOne and Procurement

### The Rule of Two and Legislative Changes to the VA Procurement Process

The "Rule of Two," established under the *Veterans Benefits Act of 2006* (VBA), required the VA to set aside certain contracts for veteran-owned small business (VOSBs) where there is a "reasonable expectation" that two or more VOSBs will bid on the contract "at a fair and reasonable price that offers best value to the United States."<sup>8</sup> This VBA requirement created a conflict with existing sourcing

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<sup>8</sup> *Veterans Benefits, Health Care, and Information Technology Act of 2006*, Pub. L. No. 109-461, (codified at 38 U.S.C.A. § 8127(d)).

requirements under JWOD, and left open the question of whether VBA or JWOD requirements should be applied first. In its 2018 decision, *PDS Consultants*,<sup>9</sup> the U.S. Court of Appeals, Federal Circuit, ruled the VBA requirements took priority over the AbilityOne procurement list, jeopardizing contracts for products and services that had previously been provided through AbilityOne Program contracts.

In an effort to preserve employment of the blind and severely disabled, Congress passed the *VA Contracting Preference Consistency Act of 2020*,<sup>10</sup> which became law on August 8, 2020, and was created to preserve the AbilityOne Program with respect to products and services VA was purchasing before the VBA was enacted in 2006. The Veterans First Program under the VBA still applies to all other products and services. In order to ensure compliance with *VA Contracting Preference Consistency Act of 2020*, the VA revised its Acquisition Regulation VAAR at Part 808 to restore AbilityOne as a priority mandatory source for covered products on the Procurement List, except that contracts previously awarded to VOSBs between December 22, 2006 and August 7, 2020 shall continue to receive preference under certain conditions.<sup>11</sup>

### **Medical/Surgical Prime Vendor-Next Generation (MSPV-NG) Current Structure**

VA Acquisition Management was added to the GAO 2019 High Risk List, where the VA was specifically cited for a “lack of effective medical supplies procurement strategy.” The VA is the third-largest federal customer of CNA National Industries for the Blind (NIB) under the AbilityOne Program. In 2018, sales to the VA amounted to fifteen percent of NIB’s total AbilityOne Program sales. These sales equate to nearly 800 jobs for Americans who are blind or significantly disabled, many of whom are veterans. SourceAmerica has numerous contracts within this Program. As identified by the OIG, Program erosion is a top management challenge facing the U.S. AbilityOne Commission and its Program. OIG has identified three inter-related issues:

- 1) Lack of essentially-the-same (ETS) and AbilityOne compliance on the current MSPV NG formulary;
- 2) Absence of AbilityOne products on the MSPV 2.0 formulary; and
- 3) Risk of a blanket non-manufacturer waivers being issued to cover products sold to the VA.

VA contracts were awarded to four prime vendors (PVs) that cover 23 VISNs, 152 medical centers, and 1,400 community-based outpatient clinics across the United States. The VA allows PVs to partner with veteran-owned small businesses (VOSB)/service-disabled veteran-owned small businesses (SDVOSB). The VA determines the contract offering and issues a monthly product catalog known as the “formulary.” The current formulary has up to 22,757 products listed; 872 are AbilityOne items. The

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<sup>9</sup> *PDS Consultants, Inc. v. U.S., Winston-Salem Industries for the Blind*, 907 F.3d 1345 (October 17, 2018).

<sup>10</sup> Public Law No. 116-155 (2020) (codified as amended at 38 U.S.C.).

<sup>11</sup> Memorandum, Class Deviation from the VA Acquisition Regulation 808.002, Priorities for Use of Mandatory Government Sources (VIEWS 03255281).

Veterans Health Administration (VHA) manages the product offering, and the Strategic Acquisition Center (SAC) manages the contracts. The procurement strategy for the Prime Vendor contracts disregarded the applicability of the JWOD Act after the Federal Circuit's decision in *PDS Consultants* by precluding the AbilityOne NPAs from participating in any of the four tiers of the solicitation, which allowed both small businesses and any other commercial entity to bid before applying the JWOD Act mandatory priority.

Current challenges identified with MSPV NG include the lack of an agreement with the VA to implement an ETS review process for the formulary. Federal law prohibits federal agencies from purchasing elsewhere items that are essentially the same (ETS) as AbilityOne items on the Procurement List. See 41 CFR § 51-5.3(a). Accordingly, agencies such as GSA have used an ETS review process to avoid products appearing on the formulary that are ETS to AbilityOne products, which are mandated for purchase by the Javits-Wagner-O'Day Act as implemented by the Federal Acquisition Regulation (FAR).

Additionally, prime vendors (PVs) require commercial supplier agreements to be signed by the NPAs that manufacture the products. The GSA requires its distributors to block any ETS offerings to the federal customer and requires AbilityOne distributor authorization for all large contracts, including Federal Strategic Sourcing Initiatives (FSSI) for commodity products. The VA, however, does not have any similar requirement to be a PV. Three of the four Veteran Administration's PVs have agreed to terms required by the U.S. AbilityOne Commission, but one Veterans Administration's PV has refused. This lack of a single vendor's agreement results in lost sales for the AbilityOne Program, thus reducing employment opportunities for people who are blind.

#### *MSPV 2.0 and the Revised Acquisition Strategy for the AbilityOne Program*

The VA follows the VAAR Rule of Two ("Ro2") in determining the fulfillment of their support requirements for consumable medical supplies used in the MSPV program. The non-manufacturing waiver allows the item(s) to be acquired from VSOB/SDVOSB suppliers who have the capability to source the item(s) but not the capability to manufacture them. Allowing this practice opens the door for VOSB/SDVOSBs (many of whom are individually owned "storefront" operations) to source products offshore; whereas, if the requirements were sourced from NPAs through the AbilityOne Program, the products would remain in production in the United States and continue to create employment for people who are blind or significantly disabled, many of whom are veterans.

In order to ensure compliance with *VA Contracting Preference Consistency Act of 2020*, the VA revised its Acquisition Regulation VAAR at Part 808 to restore AbilityOne as a priority mandatory source for covered products on the Procurement List, except that contracts previously awarded to VOSBs between December 22, 2006 and August 7, 2020 shall continue to receive preference under certain conditions.<sup>12</sup>

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<sup>12</sup> Memorandum, Class Deviation from the VA Acquisition Regulation 808.002, Priorities for Use of Mandatory

## E-Commerce

The U.S. AbilityOne Commission announced the end of the pilot program between the Commission and Amazon. While the Commission was able to gain insight into E-Commerce platforms, the pilot did not lead to an increase in AbilityOne sales. Amazon did not block ETS offerings on its platform and substitute those products with AbilityOne products, which is a feature that the Commission requires of its authorized distributors.

Although AbilityOne ended its pilot program with Amazon, other federal agencies (the Department of Homeland Security (DHS) and the U.S. Air Force) have established programs with Amazon allowing the purchase by procurement officers of commercial products online through Amazon. The FY2018 NDAA, P.L. 115-91, was signed by the President on December 12, 2017, and included Section 846, “Procurement Through Commercial E-Commerce Portals.” Section 846 directed GSA, in partnership with OMB, to “...establish a program to procure commercial products through commercial E-Commerce portals for the purposes of enhancing competition, expediting procurements, enabling market research, and ensuring reasonable pricing of commercial products.”

GSA’s implementation of the Section 846 E-Commerce Platform is expected to extend. On October 1, 2019, GSA issued a solicitation seeking platform providers in support of this initiative. The solicitation requires respondents to respect the mandatory source requirements of the AbilityOne Program; providers must block “Essentially The Same” (ETS) items in the E-marketplace and substitute AbilityOne items. The solicitation also includes FAR 52.208-9, Contractor Use of Mandatory Sources of Supply or Services, and references to the mandatory source requirements in FAR 8.002, 8.004, and 8.005.

On April 1, 2020, GSA provided an update that the Commercial Platform’s Acquisition was delayed due to the fact that GSA’s resources and priorities have shifted to support the COVID-19 response. On May 4, 2020, GSA released its Spring 2020 Federal Marketplace (FMP) Strategy. The release includes various project improvements related to the COVID-19 response and other updated policies. For instance, to support the federal government’s response to COVID-19, GSA has created buying guides to make it easier to identify building, screening, and IT services available for acquisition. The Acquisition Resources Hub on GSA’s website also has a hub where suppliers can submit modifications to temporarily add non-Trade Agreement Act (TAA) products. GSA continues to update its INFORM pilot program, which creates an enhanced notification and selection process. GSA began expanding the INFORM effort in FY2020 and continues to do so through the present day. See [here](#) for more details regarding policy improvements by GSA.

In June 2020, GSA awarded E-Commerce platform contracts to three providers: Amazon Business, Fisher Scientific, and Overstock.com Inc.<sup>13</sup> In August 2020, GSA released the first of a series of posts designed

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Government Sources (August 14, 2020).

<sup>13</sup> <https://interact.gsa.gov/blog/gsa-awards-contracts-commercial-e-marketplace-platform-providers>

to educate stakeholders on topics related to the E-commerce platform, focusing on supply chain risk management and protecting users against counterfeit goods.<sup>14</sup>

The OIG will continue exercising its oversight role and deepening its understanding of the E-Commerce platforms and their application to the AbilityOne Program. The OIG views the innovations of E-Commerce as the future of an evolving marketplace. The OIG also considers that, for the shared success of the E-Commerce platform, it is key that the buyers of products and services, i.e. the government agencies and their purchase officers, understand that the customer that the E-Commerce platform seeks to serve is the AbilityOne Program itself.

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<sup>14</sup> <https://interact.gsa.gov/blog/managing-supply-chain-risk-within-commercial-platforms-proof-concept>



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### **Activities with the Inspector General Community**

OIG has worked with the CIGIE DE&I workgroup. OIG headed the strategy plan chapter and organized the presentation of one of the first speakers on inclusion. The speaker was presidential appointee James Kesteloot, Commission member and former Chairman of the AbilityOne Commission from 2016 to 2018 and presented on strategies and issues for increasing hiring of blind and people with disabilities in the workforce.

The AbilityOne Inspector General is a member of CIGIE, and the Inspector General also serves on CIGIE legislative committee. The IG and the Deputy IG & Counsel contribute to the law enforcement community as adjunct instructors with the faculty at the Federal Law Enforcement Training Center (FLETC)'s IG Criminal Investigator Academy, located in Brunswick, GA (Glynco).

OIG has participated in the Oversight.gov program since the earliest stages of its creation. OIG continues to participate in a new CIGIE working group and pilot program for OIGs who are interested in creating a webpage that will be hosted by oversight.gov. The CIGIE initiative will make oversight.gov a single portal for government-wide oversight.

The OIG regularly participates in CIGIE working groups designed to focus on areas of IG interest, sharing best practices, and addressing various topics of pertinence specifically to smaller size OIGs. The Deputy Inspector General & Counsel to the IG is a member of the Council of Counsels of Inspectors General and the co-chair of the smaller OIG Counsel Group.

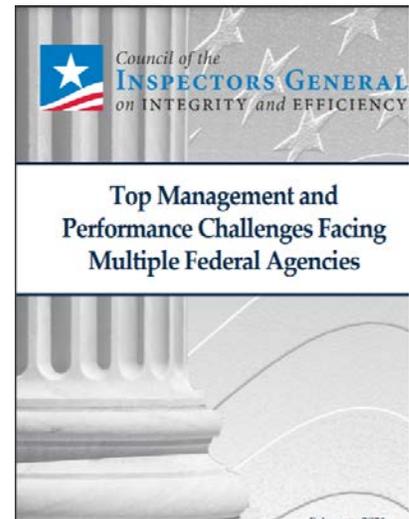
The Deputy Inspector General & Counsel was designated by the IG as the OIG's CIGIE pandemic relief point of contact and serves as the OIG representative to other government agencies in the executive branch as well as the legislative branch, and specifically as the OIG's congressional liaison.

The Assistant Inspector General for Auditing (AIGA) participates in subgroups of CIGIE with emphasis on audit operations. The Assistant Inspector General for Investigations (AIGI) participates in the AIGI quarterly meetings and initiatives.

## **CIGIE's Top Management and Performance Challenges Report Facing Multiple Federal**

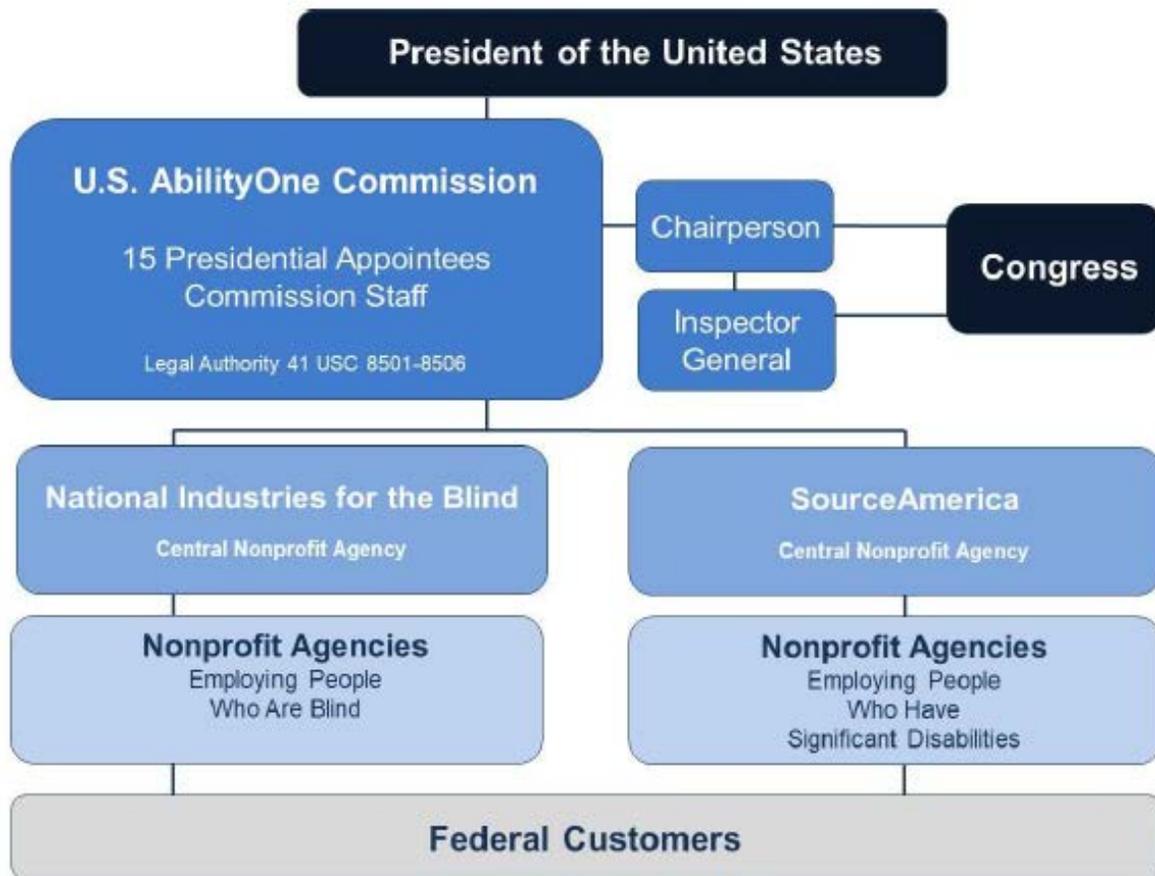
CIGIE's published their FY2021 report on Top Management and Performance Challenges Facing Multiple Federal Agencies in February. The report is the premier resource for the community, the Administration and other stakeholders, identifying government wide challenges, including:

- Information Technology Security and Management
- Human Capital Management
- Financial Management
- Homeland Security, Disaster Preparedness, and COVID-19
- Procurement Management
- Grant Management, and
- Performance Management and Accountability



CIGIE referenced the analysis of only a few OIGs in identifying the cross-cutting challenges facing the government and included the work of AbilityOne OIG in one of the challenges, featured on pages 23 and 25 of the report. The report reflects the depth and breadth of the OIG community's work, with examples from agencies as large as the Department of Defense and as unique as AbilityOne.

# Appendix I: AbilityOne Organization Chart



**Appendix II: Reporting Requirements under the Inspector General Act of 1978**

IG Act Reference	OIG Reporting Requirements	Page Number
Each Inspector General shall, not later than April 30 and October 31 of each year, prepare semiannual reports summarizing the activities of the Office during the immediately preceding six-month periods ending March 31 and September 30.		
Section 4(a)(2)	Review of legislation and regulations	45-48
Section 5(a)(1)	Significant problems, abuses, and deficiencies	N/A
Section 5(a)(2)	Recommendations for corrective action	26-37
Section 5(a)(3)	Significant outstanding recommendations	26-37
Section 5(a)(4)	Matters referred to prosecutorial authorities	N/A
Section 5(a)(5) / 6(c)(2)	Information or assistance unreasonably refused or not provided	N/A
Section 5(a)(6)	Listing of completed audit, inspection, and evaluation reports	18-24
Section 5(a)(7)	Summary of significant reports	7-8
Section 5(a)(8)	Statistical table pertaining to questioned costs	N/A
Section 5(a)(9)	Statistical table pertaining to funds recommended to be put to better use	N/A
Section 5(a)(10)	Prior OIG reports unresolved, uncommented upon, desired timetable for achieving a management decision	N/A
Section 5(a)(11)	Significant revised management decisions	N/A
Section 5(a)(12)	Management decision disagreements.	N/A
Section 5(a)(13)	Information described under Section 804(b) of the Federal Financial Management Improvement Act of 1996	N/A
Section 5(a)(14)	Information regarding peer reviews involving the Office of Inspector General	N/A
Section 5(a)(15)	List of any outstanding recommendations from any peer review conducted by another Office of IG	N/A
Section 5(a)(16)	List of any peer reviews conducted by the IG of another Office of Inspector General during reporting period	N/A
Section 5(a)(17)	Statistical tables pertaining to OIG investigations	39-41
Section 5(a)(18)	Description of the metrics for OIG investigative table	39-41
Section 5(a)(19)	Reports involving senior Government employees where allegations were substantiated, including the facts and circumstances of the investigation and status and disposition of the matter	N/A
Section 5(a)(20)	Instance of whistleblower retaliation	N/A

Section 5(a)21	Attempted agency interference with OIG independence, including budget constraints designed to limit OIG capabilities; and incidents where agency has resisted, objected, or significantly delayed access to information	N/A
Section 5(a)22	Inspections, evaluations, audits, and investigations of senior Government employees undisclosed to the public	N/A

# AbilityOne OIG

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## SUBMIT AN OIG COMPLAINT

Please submit complaints using our [Portal](#)

You may also submit a complaint via our:

Hotline Toll-Free Number: 844-496-1536, or Email:  
[hotline@oig.abilityone.gov](mailto:hotline@oig.abilityone.gov)

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Office of the Inspector General  
Committee for Purchase From People Who Are Blind or Severely Disabled  
(U.S. AbilityOne Commission)  
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<b>IG Reports</b> Completed reports on agency programs and operations	<b>PRAC Reports</b> Reporting on the accountability efforts across the government	<b>Ongoing Work</b> Audit-related projects we're working on
<b>Recommendations</b> What IGs have recommended to management to improve operations	<b>Lessons Learned</b> Examples of successful emergency response programs and operations	<b>Investigative Results</b> Results of coronavirus-related criminal and civil cases
<b>Fraud Awareness</b> Learn about coronavirus scams and how to report fraud	<b>GAO Reports</b> Government Accountability Office reviews of the federal response to the COVID-19 pandemic and oversight of related spending	

For information concerning oversight of government spending related to the coronavirus response, please visit: <https://pandemic.oversight.gov/>