



## Office of Inspector General

### Committee for Purchase From People Who Are Blind or Severely Disabled (U.S. AbilityOne Commission)

355 E Street, SW  
Washington, DC 20024-3243

August 2, 2021

#### MEMORANDUM

**FOR:** Jeffrey A. Koses  
Chairperson  
U.S. AbilityOne Commission

Kimberly M. Zeich  
Executive Director (Acting)  
U.S. AbilityOne Commission

**FROM:** Stefania Pozzi Porter  
Inspector General (Acting)  
U.S. AbilityOne Commission

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

We are pleased to provide the performance audit report on the Procurement List (PL) Addition process, procedures, and practices, conducted by CliftonLarsonAllen LLP (CLA), an independent public auditor. CLA was engaged by the U.S. AbilityOne Commission, Office of Inspector General (OIG) to conduct the performance audit and issue its report. The objective of the performance audit was to determine whether the PL addition process was transparent and performed efficiently, effectively, and in compliance with applicable laws, regulations, and policies.

To answer the audit objective, the CLA team interviewed key officials from the Central Nonprofit Agencies (CNAs) and the Commission, and reviewed all PL additions and PL transaction data during fiscal years (FY) 2018, 2019, and 2020. The team also assessed 1) the effectiveness of the policies, procedures, and practices employed when approving the addition or removal of products and services to or from the PL, 2) CNA processes for producing and providing PL addition packages, and 3) how the Procurement List Information Management System (PLIMS) supports the processing of additions to and deletions from the PL.

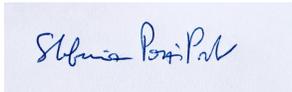
Overall, the performance audit concluded that, in general, the PL additions process complied with applicable laws and regulations, and that the Commission has improved its guidance to the CNAs regarding the submission of transaction packages to PLIMS, which led to improvements in the approval rates of PL addition packages and reduced the overall cycle time for completing additions to the PL.

There were, however, several improvement opportunities in the Commission's process for completing PL additions. For instance, many of the Commission's policies were not fully transparent because they were dated or incomplete, their authority was unclear, and staff procedures for reviewing PL additions packages were not fully documented. PLIMS, the Commission's enterprise-level critical infrastructure backbone for the PL process, was outdated, unsecure, vulnerable to data losses and persistent system outages, and has not kept pace with changing user needs. Furthermore, weaknesses in collecting and analyzing data increased the risk of errors in assessing both the CNAs' annual performance and in annual reporting to Congress. Lastly, the auditors found that the Commission did not track key data to determine if the PL addition process was efficient and meeting its goals.

The report identifies opportunities for improvement in four areas and offers 13 recommendations to help the Commission improve its controls over the PL additions process as well as improve the efficiency and effectiveness of the process in helping the Commission achieve its policy goals.

We appreciate the Commission and the CNAs assistance during the course of the audit. If you have any questions, please contact me or Rosario A. Torres, CIA, CGAP, Assistant Inspector General for Auditing, at 703-772-9054 or at rtorres@oig.abilityone.gov.

Sincerely,



Stefania Pozzi Porter  
Inspector General (Acting)

cc: Kelvin Wood  
Chief of Staff,  
U.S. AbilityOne Commission

Amy Jensen  
Director, Business Operations  
U.S. AbilityOne Commission

Irene V. Glaeser  
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CliftonLarsonAllen LLP  
CLAconnect.com

**Performance Audit Report  
on the  
Procurement List Addition Process, Procedures, and Practices**

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

**Performance Audit  
by  
CliftonLarsonAllen LLP**

**July 20, 2021**



# Results in Brief

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

Office of Inspector General Report No. 2020-08. Report Date: July 20, 2021

### **Why We Performed This Audit**

We engaged CliftonLarsonAllen LLP to conduct a performance audit of the U.S. AbilityOne Commission's Procurement List (PL) Addition process, procedures, and practices. Our audit objective was to determine whether the PL addition process is transparent and performed efficiently, effectively, and in compliance with applicable laws, regulations, and policies.

### **What We Audited**

Our scope included assessing the effectiveness of the policies, procedures, and practices employed by the Commission when approving the addition or removal of products and services to or from the PL, as well as Central Nonprofit Agency (CNA) processes for producing and providing PL addition packages including the establishment of the fair market price. The audit also assessed how the Procurement List Information Management System (PLIMS) supports the processing of additions to and deletions from the PL. We reviewed all PL additions and PL transaction data during fiscal years (FY) 2018, 2019, and 2020. We also reviewed the metrics used to assess the CNAs' performance related to PL additions and other PL transactions and any metrics used by the Commission to monitor activity and oversee the PL additions process during this period.

### **What We Recommend**

We made 13 recommendations to improve the Commission's controls over the PL additions process and improve the efficiency and effectiveness of the process in helping the Commission achieve its policy goals of increasing employment for people who are blind or have significant disabilities. In commenting on a draft of this report, the Executive Director of the Commission concurred with all 13 recommendations and stated that it would implement actions to address them.

### **What We Found**

Overall, we concluded that the PL additions process generally complied with applicable laws and regulations. Further, the Commission has improved its guidance to the CNAs regarding the submission of transaction packages to PLIMS for PL additions, deletions, and any other updates to the PL. This resulted in improvements in the approval rates of PL addition packages and reduced the overall cycle time for completing additions to the PL since the GAO reported on this in 2013. However, we identified several weaknesses in the Commission's process for completing PL additions.

- Many of the Commission's policies are not fully transparent because they are dated or incomplete, their authority is unclear, and staff procedures for reviewing PL additions packages are not fully documented. For example, we found that only 4 of the 30 policies governing the PL addition process had been updated in the last five years and 17 of the 30 had not been updated in 8 years or more. In addition, the authority provided to Commission staff under a key policy that was intended to provide Commission staff with the authority to approve some additions that they deemed low risk has, in practice, been significantly expanded without any approval by Commission members. As a result, Commission staff approved 143 of 186 PL additions (77%) under this authority during FY 2018 through FY 2020.
- PLIMS, the Commission's enterprise-level critical infrastructure backbone for the PL process is outdated, unsecure, vulnerable to data losses and persistent system outages, and has not kept pace with changing user needs. For example, the system's server was down for five days in March 2020 and then again for one day in May 2020. These outages required the CNAs to resubmit 18 PL additions and other packages.
- Weaknesses in collecting and analyzing data increases the risk of errors in assessing both the CNAs' annual performance and in annual reporting to Congress. For example, the Commission did not maintain the final data files used to support the metric assessments in a centralized location.
- The Commission does not track key data to determine if the PL addition process is efficient and is meeting its goals. For example, in FY 2016 the Commission stopped tracking and reporting how long it takes to complete a PL addition and it does not measure how the PL addition process helps the Commission achieve its goals of increasing employment for people who are blind or have significant disabilities.

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### **TRANSMITTAL MEMO**

The Office of the Inspector General (OIG) engaged CliftonLarsonAllen LLP (CLA) to conduct a performance audit and report on the U.S. Ability One Commission's (the Commission) Procurement List (PL) Addition process, procedures, and practices. The purpose of the performance audit was to determine whether the PL addition process is transparent and performed efficiently, effectively, and in compliance with applicable laws, regulations, and policies. We conducted this performance audit in accordance with generally accepted government auditing standards in Washington, DC from November 18, 2020 to May 25, 2021.

We reviewed the internal controls the Central Nonprofit Agencies (CNAs) and the Commission had in place for managing and overseeing PL additions that were significant to our objective. We did not review the Commission's overall system of internal controls and their sufficiency for the AbilityOne Program or other matters not specifically outlined in the enclosed report. Because our review was limited to these internal control components and their underlying principles, control objectives, and related controls, our review may not have disclosed all the internal control deficiencies that may have existed at the time of this audit. Further, CLA cautions that projecting the results of our performance audit to future periods is subject to the risks that conditions may materially change from their current status.

We obtained the information included in the report from the Commission and CNAs on or before May 25, 2021. We have no obligation to update our report or to revise the information contained herein to reflect events and transactions occurring subsequent to May 25, 2021.

We provided a draft of this report to the Commission on June 16, 2021. We obtained and considered the Commission's management comments on the draft report in finalizing our audit report. We did not audit the comments received from the Commission; therefore, we did not provide any conclusions on them. The Commission's management comments are included in Appendix III.

We thank the Commission, National Industries for the Blind, SourceAmerica, and nonprofit agency (NPA) staff for the cooperation and assistance provided to us during the audit.

**CLIFTONLARSONALLEN LLP**

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP".

Arlington, VA  
July 20, 2021

**U.S. AbilityOne Commission Office of Inspector General  
Audit of Procurement List Addition Process, Procedures, and Practices**

**BACKGROUND**

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Enacted in 1938, the Wagner-O'Day Act established the Committee on Purchases of Blind-Made Products to provide employment opportunities for the blind. In 1971, Congress amended and expanded the Wagner-O'Day Act with the Javits-Wagner-O'Day (JWOD) Act<sup>1</sup> to include persons with other severe disabilities. The 1971 amendments also changed the name of the Committee to the Committee for Purchase from People Who Are Blind or Severely Disabled to reflect the expanded capabilities of the JWOD Program. The program is currently a source of employment for approximately 45,000 people who are blind or have significant disabilities and are employed by 500 nonprofit agencies (NPAs) across all fifty states and U.S. territories.

In 2006, the JWOD Program was renamed the AbilityOne Program and the Committee took on the branded name of the U.S. AbilityOne Commission (hereinafter referred to as the Commission). The Commission is composed of fifteen Presidential appointees: eleven members representing federal agencies and four members serving as private citizens from the blind and disabled community, bringing their expertise in the field of employment of people who are blind or have significant disabilities. In 2020, the Commission has approximately 30 full-time employees who administer and oversee the AbilityOne Program (hereinafter referred to as the Program), which includes about \$4 billion in products and services provided to the federal government annually.

The Commission maintains and publishes a Procurement List (PL) of specific products and services, which federal agency purchase agents must buy to help them meet their departments' mission needs. Under the JWOD Act and its implementing federal regulations codified in title 41 of the U.S. Code of Federal Regulations, chapter 51,<sup>2</sup> the Commission is responsible for establishing the rules, regulations, and policies of the Program related to the addition and deletion of products and services to, as well as maintenance of the PL. The NPAs<sup>3</sup> furnish the products and services (including military resale commodities) on the PL to the Federal Government.

The Commission delegates certain program management responsibilities to its designated Central Nonprofit Agencies (CNAs) as discussed further below. Each NPA is affiliated with a CNA, that assigns the NPA(s) to a project, which if determined to be feasible becomes a proposed PL addition. The CNAs include:

- National Industries for the Blind (NIB), whose mission is to enhance the opportunities for economic and personal independence of people who are blind, primarily through creating, sustaining, and improving employment. NIB currently has about 160 employees and annual revenue of \$38.5 million. Most of NIB's affiliated NPAs manufacture goods like office supplies, textiles, and contract support services. A number of NPAs operate base supply centers and stores at military installations and bases and in federal offices across the country.
- SourceAmerica (SA), whose mission is to create employment opportunities for people with significant disabilities by securing federal contracts through the Program for its network of community-based NPAs. SA currently has about 400 employees and annual revenue of about \$97 million. Most of SA's affiliated NPAs provide services to government agencies like administrative, information technology, laundry, janitorial, and food services.

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<sup>1</sup> Senator Jacob K. Javits sponsored this legislation in 1971. See 41 U.S.C. §§8501-8506.

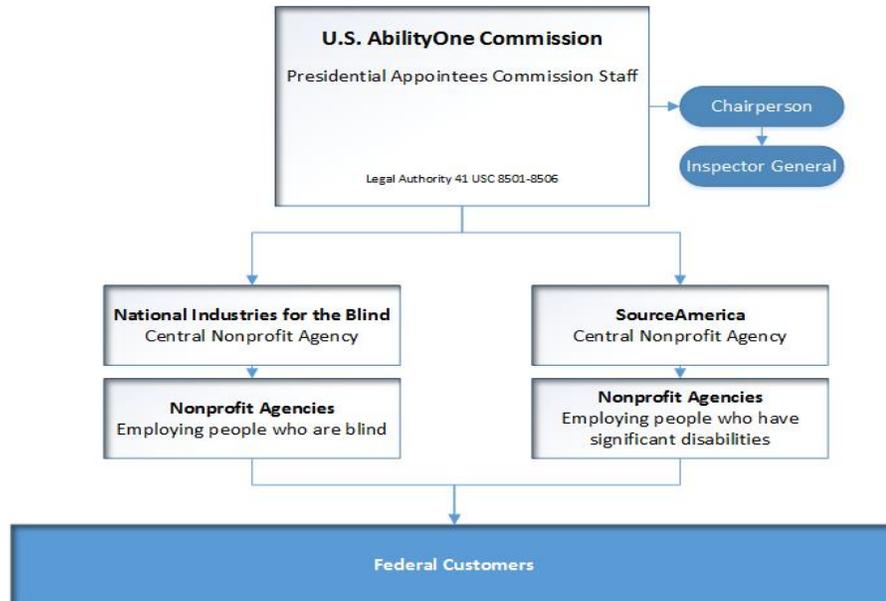
<sup>2</sup> See parts 51-1.2, 51-1.3, 51-2.2 to 51-2.8, 51-3.2, 51-3.3, 51-4.2 and 51-4.3.

<sup>3</sup> See 41 U.S.C. § 46 et seq., 41 CFR 51-1.3, and 41 CFR 51-2.8(a)

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Figure 1 below illustrates the entities and reporting relationships discussed in this report.

**Figure 1: AbilityOne Program Organization**



Source: AbilityOne Commission

In managing and administering the PL, the Commission's responsibilities<sup>4</sup> include the following:

- Determining which products and services are suitable to be added to the PL and deleting products and services deemed no longer suitable from the PL.
- Publishing notices in the Federal Register of additions and deletions. This includes an initial notice of the proposed addition or deletion prior to the Commission deciding to add or delete the product or service, and a final notice announcing the Commission's decision to add or delete an item from the PL that includes the effective date of addition or deletion. As required, each notice provides 30 days for public comment unless there is a reason for a shorter timeline that the Commission discloses in the notice.
- Disseminating information on PL items to federal agencies by making the PL available to view, search, and download from the Commission's website. The Commission provides additional information on its website of how federal customers can buy products and services on the PL.
- Determining the fair market price (FMP) for PL additions by evaluating the recommended FMP and supporting documentation submitted by the CNA and comparing it with commercial pricing and/or evaluating corresponding cost information.

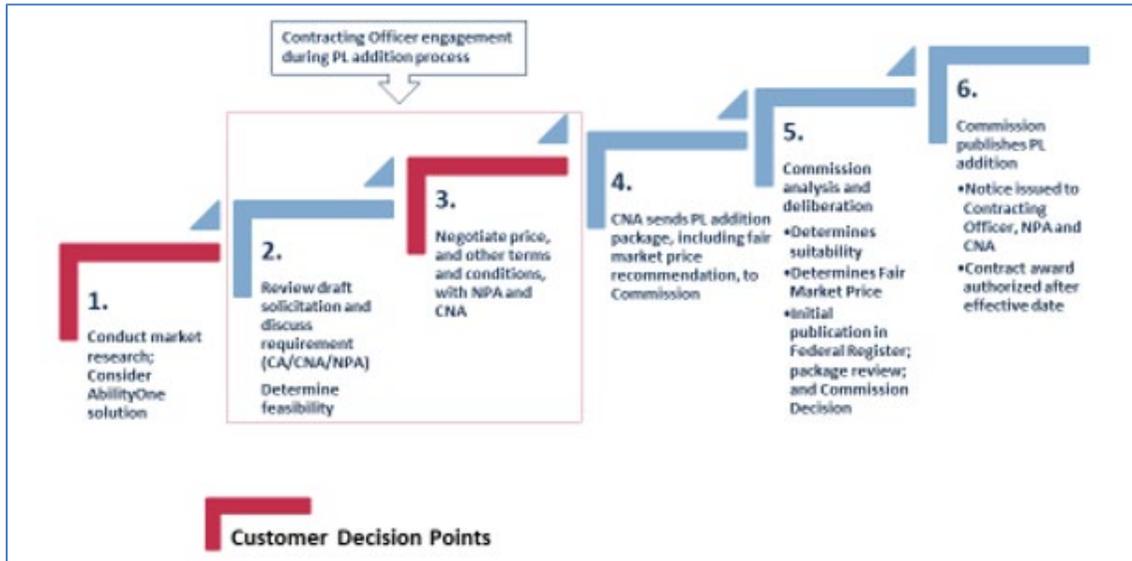
The Commission uses a workflow management system called the Procurement List Information Management System (PLIMS) to collect and process electronic submissions from the CNAs for proposed additions, deletions, and other changes to the PL. The PLIMS database contains all records for products and services on the PL including transaction data, supporting documents from CNAs and NPAs, and documentation prepared by Commission personnel. Figure 2 below presents an overview of the PL addition workflow process supported by PLIMS.

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<sup>4</sup> See 41 C.F.R. § 51-2.2

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**Figure 2: AbilityOne Program Procurement List Workflow Process**



Source: AbilityOne Commission

This report focuses on steps 4-6 of this process as explained below.

**In step 4**, the CNA documents the information necessary to ensure the proposed PL addition meets the Commission’s requirements. The CNA assembles the electronic package with supporting documentation that addresses the Commission’s requirements and submits the proposed addition using their proprietary systems, which interface with PLIMS. CNAs submit transactions to the Commission for PL additions, deletions, and any updates to the PL which we refer to as “transaction packages” or “packages” in this report. PLIMS automatically generates a sequential transaction identification number when CNAs submit a package.

**In step 5**, Commission staff review and evaluate the information and documents provided by the CNA in the proposed PL addition transaction package. If the staff determine the proposed addition meets all Commission requirements, the Commission publishes the initial notice of the addition in the Federal Register. Commission staff then prepare a *decision document* summarizing their recommendation to add the product or service to the PL including any public comments received from the initial Federal Register notice. Staff provide the decision document package, which includes the *decision document*, to the Commission members for deliberation and approval/disapproval via a voting portal within PLIMS. A majority of Commission members must vote to approve the addition, which we refer to as the “full Commission voting process” in this report.

**In step 6**, if the Commission members approve the PL addition, the Commission staff publishes the final Federal Register notice of the addition. The product or service is not added to the PL until the public comment period has expired, which is typically 30 days but can be shorter in certain circumstances.

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***FINDINGS***

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The Commission's PL additions process, and its policies for governing the process generally complied with applicable laws and regulations, but many of the policies were dated, incomplete, or unclear. For example, many of the Commission's policies have not been updated in the last five years. The age of the policies creates inconsistencies in guidance that can be confusing. Several policies are incomplete with procedures that have been under development for five or more years. Further, the authority granted under a key policy is unclear due to the policy's age and inconsistent way Commission staff implemented it and communicated its authority to Commission members and the CNAs. Lastly, the Commission has not fully documented its procedures for reviewing and evaluating documentation for proposed additions to the PL.

We identified several opportunities for the Commission to improve the effectiveness and efficiency of the PL additions process. For example, although it is critical to the PL addition process, PLIMS has several weaknesses that limit its effectiveness. We found that the system is outdated and vulnerable to data losses, and that the Commission's data back-up and contingency planning are inadequate. PLIMS has not kept pace with the changing needs of users since its implementation in 2008. Although the Commission issued a solicitation in April 2021 to engage a contractor to define the Commission's requirements to update or replace PLIMS, it has not yet established a timeline for improving the system or completed an analysis of its options for upgrading or replacing the system.

There are also several weaknesses in the collection and analysis of PLIMS data. We found errors in the Commission's implementation of its process for assessing the CNAs' annual performance, (which did not affect the CNAs ratings) and weaknesses in documentation, maintenance of records, and identification of PLIMS information required for new metrics used to assess CNA performance. We also found errors in the Commission's practices for compiling the total number of PL additions for its annual Performance and Accountability Reports to Congress for FY 2018 through FY 2020.

Lastly, the Commission does not track key data or establish appropriate metrics to determine if the PL addition process is efficient and is meeting its goals. Although the Commission took steps over the last several years to improve the timeliness and accuracy of all PL transaction submissions from the CNAs, they are not separately tracking and measuring trends for PL additions on an annual basis. The Commission stopped tracking the duration of the full life cycle of a PL addition and reporting how long it takes to add a product or service to the PL in FY 2016. The Commission does not have metrics for the PL additions process to determine whether the process assists it in achieving its goal of increasing employment for people who are blind or severely disabled.

**POLICIES AND PROCEDURES COMPLY WITH LAWS AND REGULATION BUT ARE NOT FULLY TRANSPARENT BECAUSE MANY ARE DATED AND SOME ARE INCOMPLETE OR UNCLEAR**

The Commission's policies and procedures governing the addition or removal of products from the PL generally comply with applicable laws and regulations. We reviewed the JWOD Act and AbilityOne Program regulations,<sup>5</sup> identified provisions relevant to PL additions/deletions, and compared them to 30 of the Commission's policies and procedures that implemented these

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<sup>5</sup> Title 41 of the U.S. Code of Federal Regulations – see parts 51-1.2, 51-1.3, 51-2.2 to 51-2.8, 51-3.2, 51-3.3, 51-4.2 and 51-4.3.

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statutory and regulatory requirements. Our analysis showed that all significant provisions of the JWOD Act and corresponding federal regulations were addressed in the Commission's policies and procedures. We also reviewed the Commission's Cooperative Agreements<sup>6</sup> with the CNAs for sections related to PL additions/deletions including roles and responsibilities and noted no inconsistencies with the Commission's policies and procedures. Lastly, we reviewed and analyzed a number of CNA policies related to the PL addition process with a focus on determining the initial FMP (five policies for NIB and six policies for SA) and noted no instances of non-compliance with the Commission's policies and procedures. See Appendix II for a list of the policies and procedures we reviewed.

The Commission has taken steps to improve the transparency of its policies and procedures. In 2013, the U.S. Government Accountability Office (GAO) reviewed the AbilityOne Program, including the Commission's review and approval of price recommendations for new PL additions. In its report,<sup>7</sup> GAO found that written policies and procedures were not sufficiently explicit and transparent because these documents either did not exist or were not easily understandable by all parties such as the CNAs and NPAs, and that such limitations could have made it difficult for the CNAs and NPAs to understand how and why the Commission made its decisions. GAO reported, for example, that the lack of understanding by the CNAs of the Commission's price reviewing procedures and by extension, its reasons for rejecting the proposed FMP may have contributed to the relatively high rejection rate of initial packages. This issue caused rework for the CNAs to revise and resubmit packages to the Commission.

As a result, GAO recommended that the Commission implement more explicit and transparent written policies and procedures on pricing reviews, including a discussion about the protocols the Commission uses to review the proposed FMP (e.g., a checklist of what Commission staff should review when assessing prices and a list of red flags that could indicate when recommended prices might be too high). Since 2013, the Commission has taken the following actions to address the GAO's findings:

- In 2015, issued eight new pricing policies and procedures and posted these documents on its website. The Commission process is to make its policies and procedures available to the public to ensure that the CNAs, affiliated NPAs, and the public have access to them.
- In 2018, the Commission took over responsibility for maintaining the PLIMS Manuals, and in collaboration with NIB and SA, issued its first electronic version of the manuals, that initially provided guidance to the CNAs on requirements for submitting packages to PLIMS for PL additions. The Commission has continued to modify these manuals through several updates, with the latest update issued February 14, 2021.
- In March 2020, in collaboration with NIB and SA, developed the PL Impact Manual, which provides guidance and requirements for a Request for Impact Determination submission by the CNAs. This analysis is needed to determine that the proposed addition is not likely to have a severe adverse impact on the current contractor.

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<sup>6</sup> These are the written agreement between the Commission and each CNA that formally establish expectations and guidance for the Commission and CNAs for implementing and managing of the AbilityOne Program.

<sup>7</sup> *Employing People with Blindness or Severe Disabilities, Enhanced Oversight of the AbilityOne Program Needed*, report GAO-13-457, dated May 2013.

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While these actions are consistent with *Standards for Internal Controls in the Federal Government*<sup>8</sup> for implementing control activities through policies and procedures and for using quality information to communicate with external parties so that they can help the entity achieve its objectives and address related risks, we found that additional steps could be taken to improve the Commission’s policies and procedures as discussed below.

**Many Policies are Dated, and Some are Incomplete**

Many of the Commission’s policies are dated because Commission policy 51.101, *AbilityOne Program Policy System*, requires that all policies be reviewed and/or updated every five years (or as otherwise required by changes in statute, regulation, or policy) and the Commission has not regularly updated its policies and procedures. We found that only 4 of the 30 policies had been updated in the last five years. The other 26 policies were older, 17 of which are more than eight years old, as shown in Figure 3. Further, NIB officials told us that when the Commission follows a structured process and timeline for policy updates, it allows the CNAs to coordinate their process of reviewing and updating their own policies to align with the Commission’s policies.

**Figure 3: Summary of Policy/Procedure Updates**

Date of Last Update	Number of Policies and Procedures
Less than 5 years	4
5-6 years	9
7-10 years	12
15 years or more	5
<b>Total</b>	<b>30</b>

Source: CLA analysis of Commission policies.

The age of the policies can create inconsistencies that can be confusing. For example, the Administrative Policy Memorandum No. 3, *Approval of Procurement List Additions or Deletions*, issued in 1995 refers to Administrative Policy Memorandum No. 2, *Committee Meetings*, which is no longer active. Further, this same policy memorandum appears to have language that conflicts with the more recent policy 51.203, *U.S. AbilityOne Commission Voting Protocols*, issued in 2012. For example,

- **Administrative Policy Memorandum No. 3 states:** “When a Committee member disapproves a proposed addition to the Procurement List and submits additional information not already available to the other Committee members, action to implement the proposed addition will be suspended until the Executive Director has contacted the member to determine if the member wishes to have his or her views presented to the other Committee members. If the Committee member requests to have their views be provided to the other members, the Executive Director will provide the additional information to all of the members for consideration and will request that those who have voted indicate whether they intend to change their decisions.”

<sup>8</sup> See principles 12 and 15 in report GAO-14-704G, dated September 2014.

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- **Policy 51.203 states:** “A threshold of 25% of appointed Commission members (rounded up to the nearest whole number) is required to stop a vote and conduct a discussion with the members.”

The discrepancies between the two documents appears to be that the 1995 Administrative Policy Memorandum No. 3 requires only one Commission member to suspend action on a PL and does not provide a forum for discussion of an issue with all Commission members whereas the 2012 policy 51.203 requires several Commissions members to vote to suspend action on a PL addition and provides a means for discussion of an issue. Further, Administrative Policy Memorandum No. 3 continues by stating that the Executive Director will provide a letter to each Commission member summarizing the relevant facts regarding the proposed addition which includes information addressing each of the suitability criteria in the Commission regulations. However, the memorandum does not include further guidance and both policies are still in effect in 2020.

Commission staff stated that they do not take a systematic approach to reviewing and updating policies and procedures in accordance with policy 51.101 because of resource constraints. Instead, Commission staff have prioritized addressing certain policies that required updates as time permits. This included three policies related to NPA qualifications and one policy on a pilot test for pricing AbilityOne services (see Appendix III). The lack of a systematic approach is inconsistent with *Standards for Internal Controls in the Federal Government*<sup>9</sup> for using quality information to communicate with external parties because the Commission is not periodically reviewing its policies, procedures, and related control activities for their continued relevance and effectiveness in achieving the Commission’s objectives.

Further, several of the updated policies and procedures are also incomplete. Pricing policy 51.620, *Pricing AbilityOne Services*, issued on December 30, 2015 refers to two procedures regarding developing and submitting the FMP that were “under development,” and have not yet been issued. In addition, two other pricing policies issued in 2015 (51.610 and 51.630) reference procedures “under development” or “to be developed” that have not yet been issued. In contrast, when the pricing policy 51.610 for products was issued on September 3, 2015, three similar procedural documents that provide additional guidance were issued concurrently – 51.610-01, 51.610-01.1000, and 51.610-2.

**Authority Granted Under Key Policy is Unclear and Not Transparent to Stakeholders**

As discussed above, Commission policy requires Commission members to vote and a majority to approve additions to the PL, which we refer to as the *full Commission voting process*. However, another Commission policy—policy 51.207, *Determinations and Findings (D&F)*, issued in 2012 (D&F policy)—delegates the authority for approving PL additions to Commission staff without a vote by the Commission members. The purpose of policy 51.207 was to give the Commission the authority to approve more efficiently some additions that they deemed low risk. The policy requires the approval of these decisions by the Commission members, and the Chairperson or their designee(s). The policy provides authority for two types of D&F approvals.<sup>10</sup>

- **Class D&F.** Provides authority for the written approval of classes of PL actions for the same or related supplies or services, or other PL actions that require identical justification

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<sup>9</sup> See principles 12 and 15 in report GAO-14-704G, dated September 2014.

<sup>10</sup> The policy also provides for approvals for deletions and the Commission has been using this authority to approve D&F deletions since 2013. D&F Deletions are outside the scope of our audit.

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or meet specific criteria established by the Commission. A Class D&F requires approval by the Commission members and must be signed by the Chairperson or Executive Director.

- **Individual D&Fs.** Provides authority for the written approval of a single PL action, either as a separate individual approval action or pursuant to an approved Class D&F. The Executive Director must sign any individual D&F establishing that a PL action complies with the requirements of the Class D&F. Signature authority may not be delegated below the Director, Business Operations.

Commission staff have interpreted this authority broadly since the policy was issued in 2012. For example, the Commission staff determined that some PL additions could be a class under this authority (as it did with all PL deletions starting in 2013) rather than just PL actions for the same or related supplies or services in a given year. The Commission's Executive Director, Deputy Executive Director, and General Counsel executed and signed the Class D&F justification documents for this authority each year, specifying the expiration date for that year in the documents.

However, the basis for this authority is unclear. For example, Commission staff sought approval for the Class D&F authority for PL additions from Commission members as required by the D&F policy for FY 2015, but it did not do so for FY 2016 through FY 2019. Instead, the Commission staff carried the 2015 approval forward in its Class D&F justification documents for these four years. Further, for each PL addition that was being approved under the Class D&F authority, the required Individual D&F *decision document* was not prepared to document the written determination that the PL action met all of the required criteria and was therefore, in accordance with the Class D&F. Then the Commission staff changed its approach for FY 2020 and decided to revert to using Individual D&F authority instead of its Class D&F authority for approving PL additions.

In either case, whether using Class or Individual D&F authority, the D&F policy requires approval of the Commission members, and Chairperson or their designee authorized to sign the D&F. There has been no documentation of this approval since 2015 and the Commission staff does not appear to be properly executing the authorities delegated to it, which is inconsistent with *Standards for Internal Controls in the Federal Government* for the Commission's control environment.<sup>11</sup>

Further, the Commission has not documented the procedures it uses for evaluating whether a PL addition meets the criteria for approval under the D&F authority. The initial threshold for approval is whether the price for the PL addition is \$750,000 or less, but in 2015, the Commission established eight (8) other criteria for assessing whether using D&F approval authority is appropriate. This includes, for example, that there were no comments on the addition in the federal register, that the addition is in the traditional line of business for the Program, and that the recommended NPA has at least one product or service on the PL with no known discrepancies in the same line of business being proposed. The Commission has not clearly documented the meaning of all of the criteria and the Commission does not include its analysis of the results of the application of the criteria in the decision documents presented to the Commissioners for approval of the Class D&F or Individual D&F authority. Our analysis shows that the Commission staff only rejected 3 out of 146 PL additions during FY 2018 to FY 2020. These were the only

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<sup>11</sup> See principle 3 in report GAO-14-704G, dated September 2014.

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three additions that the Commission staff determined did not meet these other eight criteria during this period.

It is also unclear whether the Commission members, when they voted in 2015 to allow the use of D&F authority for PL additions, had envisioned it would be used as widely as it is now. Commission staff conducted a two-year test pilot to determine whether to implement the D&F authority for PL additions during 2013 through 2015. During the pilot, the Commission tested this authority at the thresholds it has in place today, which includes the delegation of approval authority for potential PL additions with an annual value<sup>12</sup> of

- \$750,000 or less to the Executive Director or Deputy Executive Director
- \$500,000 or less to the Director, Business Operations<sup>13</sup>

The pilot found that granting these authorities at the rates of 51% for proposed additions less than \$500,000 and 57% for proposed additions less than \$750,000 was acceptable because documentation for all proposed additions subject to approval under D&F authority was made available to Commission members, and none were returned for review under the *full Commission voting process (as described in the background section)*. The pilots also found that the authority reduced the PL cycle time by two weeks.

There are benefits to using the D&F authority, as this authority creates efficiencies in the Commission's process for completing PL additions. For example, it takes the Commission an average of 84 days to complete a PL addition under D&F authority whereas it takes the Commission an average of 130 days when PL additions are subject to the full Commission voting process.

The PL additions under the D&F authority are also lower risk given their thresholds. During the three-year period we reviewed, FY 2018 through FY 2020, the total value of the additions approved under D&F authority was about \$23.4 million as compared to \$119.3 million for the additions approved under the full voting process. However, the Commission does not track or analyze these benefits or the annual value of the PL additions approved using D&F authority, which is inconsistent with *Standards for Internal Controls in the Federal Government*<sup>14</sup> for establishing and reviewing performance measures and indicators in response to its objectives.

However, our review shows that the volume of the PL additions approved under D&F authority exceeds the numbers that the Commission piloted. The Commission staff told us that part of the reason is that the overall value of additions has been declining due to an increase in lower dollar value military resale products. The majority of PL additions during FY 2018 through FY 2020 – *143 of 186 total PL additions during this period (77%)* – were approved under D&F authority. This includes the PL additions approved using Class D&F authority by the Director, Business Operations approving 136 of the 186 (73%), shown in Figure 4.

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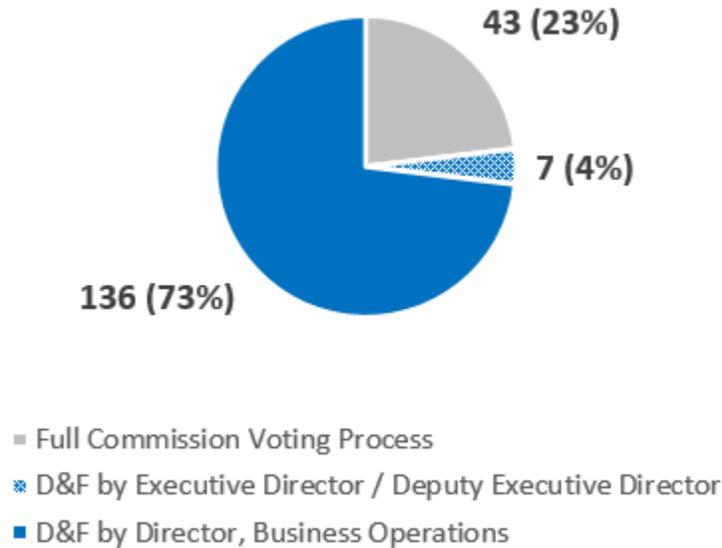
<sup>12</sup> Annual value is equal to annual quantity x unit price for products and the base year price for services.

<sup>13</sup> D&F approval thresholds as currently written overlap and therefore, are unclear. Refer to recommendation numbers 2 and 3 below which encompass the Commission evaluating and clarifying these thresholds.

<sup>14</sup> See principle 10 in report GAO-14-704G, dated September 2014.

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**Figure 4: Number of PL Additions by Approver Type for FY 2018 - FY 2020**



Source: CLA analysis of Commission PL transaction data FY 2018 – FY 2020

The Commission also does not consider the potential risks posed by nor track the volume of PL additions approved under D&F authority. Without this information, the Commission cannot assess its potential risks, and its tolerance for any risks, associated with the increased volume of D&F transactions. This is also inconsistent with *Standards for Internal Controls in the Federal Government*<sup>15</sup> which requires management to define risk tolerances and identify, analyze, and respond to risks to ensure the appropriate level of internal controls are in place.

Moreover, the benefits and potential risks posed by the volume of PL additions approved under D&F authority are not transparent to Commission members or the CNAs. This is inconsistent with *Standards for Internal Controls in the Federal Government*<sup>16</sup> for communicating quality information to internal and external parties to enable them to perform key roles in addressing risks and supporting the internal control system or to help the Commission achieve its objectives. For example, the Commission members no longer receive a required monthly report of all PL additions approved under D&F authority including all pending additions the Commission staff were processing under D&F authority. This report provided the Commission members information they could use to potentially request a review of the proposed addition using the full Commission voting process, in accordance with the D&F policy. This reporting stopped approximately in July 2019 due to a Commission staff member retiring.

The Commission does not indicate which items are being approved under its full Commission voting process or under the D&F policy on the weekly status of PL additions report that it shares with the CNAs. The CNAs told us that they were informally aware of the use of this D&F authority to approve certain additions to the PL in an expedited manner, and that they were not aware of the scope of its application. The CNAs have informed us that improved transparency of these actions would provide them with better information to monitor progress of PL additions and set expectations on the length of time it should take for the Commission to complete its review.

<sup>15</sup> See principles 6 and 7 in report GAO-14-704G, dated September 2014.

<sup>16</sup> See principles 14 and 15 in report GAO-14-704G, dated September 2014.

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**Staff Procedures for Reviewing PL Additions Packages are Not Fully Documented**

The Commission does not have official, comprehensive written standard operating procedures for the specific review procedures it requires staff to perform when reviewing PL addition packages. Commission staff provided us with examples of information procedures they use to complete part of these reviews, but they are not all-inclusive. This is inconsistent with *Standards for Internal Controls in the Federal Government*<sup>17</sup> for implementing control activities by providing personnel with adequate documentation of responsibilities through policies and procedures to ensure compliance and review of control activities when changes occur. For example, when a CNA submits a PL additions package to PLIMS, Commission staff performs an initial compliance check to ensure all required attachments are included and there are no obvious errors or inconsistencies. The Commission staff then releases the package in PLIMS for concurrent review by other Commission staff in two departments: Business Operations, which includes business development and pricing personnel, and Compliance. Commission staff in each department sign-off in PLIMS to document their review and approval of the proposed PL addition and sometimes add brief comments.

Commission staff told us that they have not formally documented these procedures because of resource constraints. For example, the Business Operations department headcount decreased from nine to four over the last several years due to staff retirements. Due to the lack of comprehensive written procedures and the small number of staff with specialized knowledge, any staff turnover could lead to errors and key steps not being performed by staff. For example, the reports of proposed additions and deletions Commission staff are approving under D&F authority required to be sent to Commission members have not been provided since approximately July 2019 when the Commission staff member responsible for this task retired. For proposed additions, the intent of the report is to allow Commission members an opportunity to exercise their authority to remove a proposed addition, of particular interest to them, from the D&F process and move it to the full Commission voting process.

**PLIMS HAS SEVERAL WEAKNESSES THAT LIMIT ITS EFFECTIVENESS**

PLIMS is the Commission's enterprise-level critical infrastructure backbone for the PL process. It was implemented in May 2008 and is outdated, unsecure, vulnerable to data losses and persistent system outages, and has not kept pace with changing user needs. Overall, Commission staff informed us that budget constraints have impacted implementation of IT solutions to address these threats, vulnerabilities, and inefficiencies, including the Commission's goal to eventually replace PLIMS. As the Commission reported, it has requested additional funds from Congress for these investments in IT, but funding has remained flat since 2017. The Commission has not analyzed whether improvements to PLIMS would sufficiently address these issues and support the agency in meeting its strategic objectives related to the PL, or whether the Commission would be better served by replacing PLIMS through a multiyear and multimillion dollar implementation of a new platform. However, the Commission has recently taken several steps to begin to address some of these issues. This includes issuing a solicitation in April 2021 to engage a contractor to help the Commission define its requirements for updating or replacing PLIMS. The Commission also requested an increase in funding of \$600,000 for FY 2022 to replace the Commission's aging servers, begin the PLIMS modernization effort, and enhance the Commission's cybersecurity program.

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<sup>17</sup> See principle 12 in report GAO-14-704G, dated September 2014.

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Better communication of the criticality of this funding, and the risks it poses to the Commission's operations, could help. However, the Commission told us it has taken steps towards establishing an enterprise risk management (ERM) program, such as drafting a policy and ERM sub-committee charter, and preparing an initial risk profile and mitigation plans, but the Commission has not fully implemented the ERM program yet. This is not yet fully consistent with *Standards for Internal Controls in the Federal Government*<sup>18</sup> for responding to risks identified and for designing an information system and related control activities to achieve objectives and respond to risk and Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, which requires an entity to implement an ERM program. OMB Circular A-123 also underscores the importance of coordinating those ERM activities with internal controls and the strategic planning and review process required by the Federal Managers' Financial Integrity Act.<sup>19</sup>

As the Commission stated in its 2020 Performance and Accountability report, the IT platform for PLIMS<sup>20</sup> has several weaknesses that increase the risk of a security breach and data loss:

- **PLIMS is outdated and unsecure:** PLIMS is a legacy application that is 13 years old with software that is no longer supported by the vendor. As a result, the Commission is unable to adequately upgrade and defend its IT systems from cybersecurity threats by installing software updates and/or patching existing software when it detects vulnerabilities. The Commission's inability to develop and implement control activities to address security threats to information technology based on risks identified is contrary to *Standards for Internal Controls in the Federal Government* for information systems.<sup>21</sup> The Commission informed us they are in the process of upgrading their middleware software<sup>22</sup> to enable them to update and patch the software. The targeted completion date is June 30, 2021.
- **Inadequate data back-up and contingency planning:** While the Commission has informed us that in March 2021, they completed migration of the backup of the PLIMS database server to the cloud, they previously backed it up to an on-site server only. Further, the Commission does not currently have an offsite or alternative storage location in the event of a natural disaster or catastrophic incident. The Commission's lack of proper contingency planning increases the risk of loss of critical PL data which Commission personnel have informed us would be time-consuming and difficult to restore.

As a result, PLIMS is vulnerable to persistent outages. These outages cause disruptions in the processing of PL transactions, and create additional work for the Commission and CNAs' staff. For example, based on a review of FY 2020 PL transaction data and correspondence with CNAs, we noted at least two instances where the PLIMS server was down for five days in March 2020 and then again for one day in May 2020. These outages resulted in transmission errors that required the CNAs to resubmit 18 PL additions and other packages once the Commission restored the PLIMS server connection. This caused additional delays of at least four days in March and one day in May 2020.

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<sup>18</sup> See principles 7 and 11 in report GAO-14-704G, dated September 2014.

<sup>19</sup> See OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, dated July 15, 2016.

<sup>20</sup> The Commission stores the PLIMS workflow application on a separate server from the PLIMS database which contains all records for products and services on the PL including transaction data.

<sup>21</sup> See principle 11 in report GAO-14-704G, dated September 2014.

<sup>22</sup> Middleware is software that lies between an operating system and the applications running on it.

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Further, the structure of PLIMS creates inefficiencies when resolving these PLIMS server issues as it requires the Commission and CNAs to complete several steps to resubmit the packages as outlined in Figure 5 below.

**Figure 5: Steps to Resolve PLIMS Server Outages**

Step No.	Who Performs	Action Taken
1	AbilityOne Commission	Recognizes that PL transaction packages submitted by the CNAs did not transmit correctly to PLIMS and resulted in a “data error.”
2	AbilityOne Commission	Informs CNAs of the PLIMS server issue and requests they cease submitting any PL transactions.
3	AbilityOne Commission	Rejects all packages with a data error. The rejection will not count when the Commission is assessing the CNAs’ performance under the Cooperative Agreements (discussed in more detail below).
4	AbilityOne Commission	Works to resolve the PLIMS server issue.
5	CNAs	Submit test transactions to PLIMS throughout the process as requested by the Commission until the Commission receives them with no errors.
6	AbilityOne Commission	Rejects all test transactions and notifies CNAs that PLIMS is up and running.
7	CNAs	Resume sending PL transaction packages, including re-submitting original transactions that the Commission had to reject in step 3.

Source: CLA analysis of AbilityOne Commission correspondence with CNAs for FY 2020.

In addition, the Commission has informed us that PLIMS has not kept pace with the changing needs of users since its implementation in 2008. This had led to reporting errors in some cases (described in more detail below) as the metrics used to measure the CNAs’ performance and other requirements are updated through the Cooperative Agreements established between the Commission and the CNAs. For example, the Commission provided us a list of over 20 desired enhancements to PLIMS as of October 2020 but has not established a timeline for implementation because of resource constraints. Moreover, there is only one IT contractor assigned to PLIMS development and day-to-day operations, so the Commission gives priority to keeping the system operating and making updates that affect critical functions, such as the voting portal used by Commission members.

**WEAKNESSES IN COLLECTING AND ANALYZING PLIMS DATA INCREASE THE RISK OF ERRORS IN ASSESSING AND REPORTING PERFORMANCE**

The Commission extracts data from PLIMS for various reasons including to assess the performance of the CNAs and for external reporting to Congress. The Commission uses the Quality Assurance Surveillance Plan (QASP) included in the Cooperative Agreements between the Commission and the CNAs to evaluate CNAs’ annual performance. The Commission used two key metrics to assess the CNA’s performance in completing PL additions and other PL transactions in a timely manner during fiscal years FY 2018-2020, shown in Figure 6.

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**Figure 6: Metrics for Assessing CNA’s Annual Performance**

Metric	Metric Measurement
PL Transactions Timeliness, Accuracy, & Completion	Percentage of PL transactions successfully submitted in accordance with the Commission’s PLIMS Manuals.
Timely PL Addition Requests (Services Only)	Average number of days from date PL service additions were submitted to PLIMS for Commission review to the start date of the service addition period of performance.

Source: FY 2018-2020 QASPs for NIB and SourceAmerica included in Cooperative Agreements.

**Weaknesses in Collecting and Analyzing PLIMS Data Result in Errors in Assessing CNAs’ Performance**

The process and manual adjustments made to the PLIMS and CNA transaction data to determine the performance ratings for the CNAs two performance metrics are complex. We found several issues with the data the Commission uses to assess the performance of the CNAs related to these two metrics. Our analysis indicates that these issues occurred because the Commission does not have policies and formal procedures for maintaining these records and reviewing the data, which is inconsistent with several components of the *Standards for Internal Controls in the Federal Government* as described below. For example:

- Final data files not maintained:** The Commission did not maintain the final data files used to support the metric assessments in a centralized location. As a result, the PLIMS data used to support these metrics was not readily available for fiscal years FY 2019-2020 and, the Commission was unable to locate the data files for FY 2018. This is inconsistent with *Standards for Internal Controls in the Federal Government*<sup>23</sup> for documenting internal control activities and transactions including ensuring documentation and records are properly managed and maintained. For FY 2018, Commission staff had to recreate the data files for the first metric in Figure 5, PL Transactions Timeliness, Accuracy, & Completion, during the audit. We reviewed this data and identified minor discrepancies with the results reported in the CNAs’ annual performance reports, but these differences did not affect the overall approval rating assessment. For example, there were two more approval transactions for SA that affected the approval rating for one individual component of the metric but did not change the overall approval rating.
- Data needed not readily available in PLIMS:** The Commission has not developed standard PLIMS reports that provide the data needed to assess performance of the CNAs. This is contrary to *Standards for Internal Controls in the Federal Government*<sup>24</sup> on identifying information requirements, updating them in an iterative and ongoing process, obtaining data from reliable sources, and processing this data into quality information that supports the internal control system. Further, control activities, whether manual or automated, should be implemented to prevent or detect and correct errors and to ensure completeness and accuracy consistent with *Standards for Internal Controls in the Federal Government*.<sup>25</sup> As discussed in the prior section on PLIMS, resource and budget constraints have impacted the Commission’s ability to modify PLIMS to set up additional

<sup>23</sup> See principle 10 in report GAO-14-704G, dated September 2014.

<sup>24</sup> See principle 13 in report GAO-14-704G, dated September 2014.

<sup>25</sup> See principles 10 and 11 in report GAO-14-704G, dated September 2014.

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data fields and develop the necessary standard reports. Therefore, Commission staff tabulate the underlying data by making manual adjustments to data obtained using ad hoc queries of PLIMS and other transaction data submitted by the CNAs, which increases complexity and the risk of errors.

- **Lack of adequate documentation:** The Commission has not completely documented the assumptions or procedures used to extract and tabulate the data. The one Commission staff in the Business Operations department that performs the work retired effective April 30, 2021. Having adequate documentation also provides a means to retain organizational knowledge and mitigate the risk of having that knowledge limited to a few personnel, and enables knowledge sharing – a principle of succession planning. Further, this is inconsistent with *Standards for Internal Controls in the Federal Government*<sup>26</sup> for documenting internal control activities and transactions. Therefore, because of the lack of documentation, there is a risk that the Commission could lose valuable historical knowledge since the employee retired.
- **Lack of adequate review:** The Commission does not have a process for reviewing the data, which increases the risk of errors going undetected. This is inconsistent with several components of the *Standards for Internal Controls in the Federal Government*<sup>27</sup> which require that management documents in policies the internal control responsibilities of its staff and should communicate quality information internally across reporting lines to enable personnel to address risks and support the internal control system. This Business Operations staff member provides summarized results to the Commission’s Program Management Office (PMO) personnel and sometimes includes additional details. While PMO staff review the summary data provided for reasonableness, they do not have access to the underlying data in PLIMS and therefore, rely heavily on the individual tabulating the data for its accuracy.

In addition, the Commission did not formally document its justifications for its Timely PL Addition Requests (Services Only) metric ratings for FY 2019. The Commission assessed both CNAs at a higher rating than the calculated results based on underlying data. During the audit, the Commission provided the justification for the ratings adjustments; however, the information provided was documented in an email. This lack of formal documentation of decisions made is inconsistent with *Standards for Internal Controls in the Federal Government* with respect to the documentation of the internal control system.<sup>28</sup>

Moreover, the Commission did not fully assess its information needs before establishing a new metric for pricing updates for services on the PL. This metric, which sought to have CNAs update expired pricing before the contract for the services expired, was added to the CNA’s QASPs in FY 2019 for NIB and FY 2020 for SA, but the Commission’s Business Operations staff realized after the performance year that this metric as stated was not measurable. The fact that the Commission did not properly evaluate the information required to measure performance before implementing this metric is contrary to the *Standards for Internal Controls in the Federal Government*<sup>29</sup> which requires management to identify information needed to achieve their objectives and address risks. The Commission informed us that they used an alternative

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<sup>26</sup> See principles 3, 4, and 10 in report GAO-14-704G, dated September 2014.

<sup>27</sup> See principles 12 and 14 in report GAO-14-704G, dated September 2014.

<sup>28</sup> See principle 10 in report GAO-14-704G, dated September 2014.

<sup>29</sup> See principle 13 in report GAO-14-704G, dated September 2014.

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methodology for purposes of the FY 2020 rating, no assessment will be made for FY 2021, and discussions are ongoing to update the metric for FY 2022.

These weaknesses in the Commission's controls can increase the potential for errors in annual performance assessments for the CNAs. This is inconsistent with several components of the *Standards for Internal Controls in the Federal Government*<sup>30</sup> which provide that management uses quality information that is complete, accurate, and accessible to make informed decisions and communicates quality information to external parties. Further, PMO personnel generally provide the summarized metric results to the CNAs for review prior to finalizing their annual assessments under the QASP. Therefore, there is a risk that CNAs are not aware of all assumptions used and adjustments made to the PLIMS data. For example, officials from one CNA told us that their records differed from the data provided by the Commission; however, the CNA did not raise an objection as it did not change its overall rating for that metric.

We obtained the complete population of the Commission's PL transaction data for FY 2018-2020 to validate the CNA's metric assessments for these periods based on this data and other information provided by the Commission. As noted above, data was not available for the second metric in Figure 6 for FY 2018. We first performed a test of completeness of the PL transaction data by accounting for the numerical sequence of the transaction identification numbers (TIDs) for FY 2018-2020, and then obtaining missing transactions from the Commission. As discussed previously, PLIMS automatically generates a sequential TID for each PL transaction package CNAs submit (see step 4 in Figure 2 above). After obtaining the missing transactions, there were still some gaps in the sequence that the Commission informed us were unused TIDs primarily related to approximately 1000 TIDs skipped when they had to reboot the PLIMS server in February 2020. According to the Commission's IT staff, test transactions submitted by the CNAs to assist in resolving PLIMS server outages (see step 5 in Figure 5 above) are rejected and also result in unused TIDs, which further limits the Commission's ability to account for the CNA's performance using the ad hoc reporting process described above.

We identified several process issues and errors in the data. Although the net effect did not impact the performance ratings of the CNAs (see the metrics in Figure 6) during the period we reviewed, CLA's analysis shows that the Commission and the CNAs cannot obtain reasonable assurance that the data used for assessing their performance is accurate. Examples of the types of errors identified are presented in Figure 7.

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<sup>30</sup> See principles 13 and 15 in report GAO-14-704G, dated September 2014.

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**Figure 7: Examples of Errors in PLIMS Data Supporting CNA Performance Assessment**

Metric	Fiscal Year	Description
PL Transactions Timeliness, Accuracy, & Completion	2019	Inconsistent application of criteria for certain manual adjustments which resulted in: <ul style="list-style-type: none"> <li>• Overstatement of NIB’s approval transactions by four (out of 572 reported) and rejection transactions by eight out of 35 reported.</li> <li>• Overstatement of SA’s approval transactions by 10 (out of 603 reported) and rejection transactions by four out of 28 reported.</li> </ul>
Timely PL Addition Requests (Services Only)	2018	One of 19 service additions included for SA was a FY 2019 transaction instead of a FY 2018 transaction.
Timely PL Addition Requests (Services Only)	2019	Two service additions for SA were double counted (i.e., 20 service additions were included in the metric calculation as opposed to the correct total of 18).

Source: CLA analysis of PL transaction data, PLIMS data extracts, and metric calculations provided by the AbilityOne Commission.

Further, we identified inconsistencies in processes and weaknesses in documentation regarding the data used to assess the CNA’s annual performance. Examples of the types of issues identified are presented in Figure 8.

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**Figure 8: Examples of Process or Documentation Issues with Data Supporting CNA Performance Assessment**

Metric	Issue Type	Fiscal Year	Description
PL Transactions Timeliness, Accuracy, & Completion	Inconsistency in process	2019	In 2019, adjustments were made for products to include transaction activity after January 11, 2019, the date the Commission fully updated the PLIMS Products Manual. However, no adjustments made for services until the start of FY 2020 even though the Commission fully updated the PLIMS Services Manual by June 19, 2019.
PL Transactions Timeliness, Accuracy, & Completion	Process not documented	2019	SA submits “master transaction packages” that can contain several types of transactions related to a PL item. The operations staff member responsible for tabulating the data did not document the process to download the transaction data details to a spreadsheet and filter it to manually adjust the transaction data as needed for the metric calculations.
PL Transactions Timeliness, Accuracy, & Completion	Assumption and potential impact not documented	2020	In October 2020 when data tabulations were performed for FY 2020, there were 35 PL transactions for SA and 8 PL transactions for NIB that had a status of “in process.” Therefore, the Commission had not yet approved or rejected them, but the operations staff member tabulating the data treated these transactions as approved. The rationale, potential impact, and any subsequent review of PLIMS to determine whether the Commission ultimately approved or rejected these transactions were not documented.
Timely PL Addition Requests (Services Only)	Adjustment not documented	2018- to 2020	Two types of service contracts were excluded from the calculation;* however, the operations staff member did not document the rationale for the exclusion.

Source: CLA analysis of PL transaction data, PLIMS data extracts, and metric calculations provided by the AbilityOne Commission. \*Base Supply Center service contracts and those processed under early publication of initial Federal Register notice are excluded.

**Weaknesses in Collecting and Analyzing PLIMS Data Result in Errors in Annual Reporting to Congress**

Weaknesses in the Commission’s processes for collecting and analyzing PLIMS data led to inaccurate reporting to Congress of the number of PL additions for FY 2018-2020. We found differences between the PL additions included in the Commission’s annual Performance and Accountability Reports<sup>31</sup> (PAR) to Congress for FY 2018-2020 when we compared them to the listing of PL additions from PLIMS provided by the Commission. For example

- **FY 2020 PAR:** Included four additions that the Commission did not approve until FY 2021.

<sup>31</sup> U.S. AbilityOne Commission Fiscal Year 2018, 2019, and 2020 Performance and Accountability Reports

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- **FY 2019 PAR:** Included four additions that the Commission did not approve until FY 2020 and also reported as FY 2020 additions.
- **FY 2018 PAR:** Reported fewer additions (26) to Congress than what we identified in the PLIMS data (55) for FY 2018 provided by the Commission.

Commission staff acknowledged that the differences identified above for FY 2019 and 2020 were errors. While the Commission has stated that there is a standard process in place to gather and review data for the PAR, they were unable to explain how these errors occurred or went undetected. For FY 2018, the Commission informed us that the intent was to include a subset of PL additions that conveyed the range, depth, and breadth of products and services added and that the preamble in the PAR clearly indicates these are examples and not a comprehensive list. However, the Commission used the same preamble in the PAR for all three fiscal years and reported the complete list of additions in FY 2019 and 2020.

The lack of accuracy in reporting this information is inconsistent with *Standards for Internal Controls in the Federal Government*<sup>32</sup> which states that quality information should be communicated to external parties and that reporting of performance relative to achieving the entity's objectives should be in compliance with laws and regulations as well as expectations of external stakeholders. Further, the Commission is not complying with OMB Circular A-11, *Preparation, Submission and Execution of the Budget*. For example, section 260 states that performance data should be verified and validated to reduce the risk of errors and provide a sufficient level of confidence to the Congress and the public that the information presented is credible as appropriate to its intended use.<sup>33</sup>

**THE COMMISSION DOES NOT TRACK KEY DATA OR ESTABLISH APPROPRIATE METRICS TO DETERMINE IF THE PL ADDITION PROCESS IS EFFICIENT AND IS MEETING ITS GOALS**

The Commission is not monitoring key metrics and, in some cases, has not established metrics to determine whether the PL addition process is efficient in meeting its goals. For example, while the Commission has taken positive steps (described below) over the last several years to improve the timeliness and accuracy of all PL transaction submissions from the CNAs, they are not separately tracking this metric for PL additions which could help inform them of potential inefficiencies in the PL additions process. Further, the Commission stopped tracking and reporting a key metric in 2016—how long it takes to add a product or service to the PL—and has not established specific metrics for the PL additions process to measure whether it is efficiently assisting the Commission in achieving its overall goal of increasing employment for people who are blind or severely disabled.

**Accuracy of All PL Submissions Improved, but the Commission Does not Track and Measure the Accuracy of Documentation Submitted for PL Additions on an Annual Basis**

Commission staff told us that the Commission's primary goal for PL additions is to ensure that they process proposed products or services in a timely manner to meet the customer's targeted start date. As discussed above, the Commission measures the CNA's annual performance on the percentage of successfully submitted PL packages to PLIMS in accordance with the Commission's PLIMS Manuals and includes elements of timeliness, accuracy, and completion. Commission staff told us the focus of the metric on accuracy promotes efficiency as it reduces

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<sup>32</sup> See sections OV 2.12 and 2.22 and principles 11 and 15 in report GAO-14-704G, dated September 2014.

<sup>33</sup> See section 260 in OMB Circular A-11, Preparation, Submission and Execution of the Budget.

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the potential for rework by the CNAs who must revise and resubmit packages and for Commission personnel who must review the PL packages when they are resubmitted.

In its 2013 report, the GAO reviewed the Commission’s process for reviewing the CNA’s pricing of potential PL additions.<sup>34</sup> The GAO concluded that the Commission needed to establish adequate oversight procedures to better help ensure Program integrity, transparency, and effectiveness. This included developing more explicit and transparent written protocols for pricing reviews (which we discussed above) and reviewing pricing packages submitted by the CNAs to determine the FMP of potential PL additions. As a result, GAO recommended that the Commission take action to correct this by developing more explicit and transparent written procedures for how Commission staff review pricing packages and clearly communicate these procedures to affiliates and the CNAs. Such communication might also highlight the most common reasons that Commission staff rejected pricing packages.

In its report, GAO cited the low initial acceptance rates of these packages as the basis for its findings and recommendations. GAO analyzed the Commission’s staff decisions on 336 pricing packages submitted by the CNAs during 2012 and determined that only 78 (23%) were approved after the Commission’s review. The Commission asked the CNAs to revise the pricing packages that they rejected and resubmit them for review and approval. The Commission approved some of these packages upon resubmission, but many others were not approved, as shown in Figure 9.

**Figure 9: Commission Staff Decisions on New Pricing Packages  
January 1, 2012 to December 10, 2012**

Staff Action	Number of Pricing Packages	Percent of Total Pricing Packages
Accepted initial pricing proposal	78	23%
Accepted revised pricing proposal	116	35%
Rejected revised pricing proposal*	142	42%
<b>Total</b>	<b>336</b>	<b>100%</b>

Source: GAO analysis of Commission staff actions on new pricing packages. \*GAO did not determine whether Commission staff approved these packages after the CNAs made further revisions or if the Commission or CNAs took other actions, such as the canceling these projects

As discussed above, the Commission took steps to address the GAO’s findings and recommendations such as issuing new pricing policies in 2015 and developing the electronic PLIMS Manuals in 2018. Despite the errors in the Commission’s PLIMS data that we discussed above, our analysis of Commission data shows that these actions resulted in improvements in the accuracy of the CNAs submissions of PL transaction packages. The Commission now tracks all types of PL submissions by the CNAs such as PL additions which includes the recommended FMP (referred to as pricing packages by the GAO), deletions, FMP updates, administrative

<sup>34</sup> See GAO-13-457, dated May 2013.

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changes, etc. These rates include transaction packages that the Commission initially approved as submitted as well as those rejected, re-submitted and subsequently approved. The approval rates for both NIB and SA increased when the Commission updated the PLIMS Products and Services Manuals and incorporated all PL transactions for this metric, as shown in Figure 10.

**Figure 10: CNA Total PL Transaction Approval Rates**

Fiscal Year	Number of NIB Transactions	NIB Transactions Approval Rate	Number of SA Transactions	SA Transactions Approval Rate
2018	240	86%	567	92%
2019	607	94%	631	96%
2020	739	92%	1,013	95%
<b>Total / Average</b>	<b>1,586</b>	<b>92%</b>	<b>2,211</b>	<b>95%</b>

Source: CLA Analysis of Annual Performance Reports provided by NIB, SA, and the AbilityOne Commission.

However, the Commission does not track and evaluate the approval rates for PL additions, which includes the recommended FMP, separate from all PL transactions. These transactions make up a small percentage of the total transaction for this period – with PL additions being 9% overall for NIB and 5% overall for SA. While the Commission told us they informally review the nature of rejections and respond accordingly, there is a risk that they may not detect and address timely any potential negative trends related to PL additions approvals (or other PL transaction types). This is inconsistent with *Standards for Internal Controls in the Federal Government*<sup>35</sup> which requires management to continuously monitor control activities, evaluate effectiveness, and respond to issues identified. Figure 11 shows that the PL Addition approval rates have improved since 2012.

<sup>35</sup> See principle 16 in report GAO-14-704G, dated September 2014.

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**Figure 11: CNA PL Addition Approval Rates**

Fiscal Year	Number of NIB PL Additions Transactions	NIB PL Additions Approval Rate	Number of SA PL Additions Transactions	SA PL Additions Approval Rate
2018	44	73%	29	83%
2019	41	88%	28	86%
2020	52	85%	46	83%
<b>Total / Average</b>	<b>137</b>	<b>82%</b>	<b>103</b>	<b>83%</b>

Source: CLA analysis of Annual Performance Reports provided by NIB, SA, and the AbilityOne Commission for FY 2018 and PL transaction data and metric calculations provided by the AbilityOne Commission for FY 2019-2020.

**Commission Does not Track How Long It Takes to Complete a PL Addition and Whether the Time it Takes to Complete an Addition Helps the Commission Achieve its Objectives**

The Commission has not established specific metrics for assessing the overall efficiency of the PL additions process. The Commission told us that their overall goal is to increase employment for persons who are blind or with significant disabilities, but the Commission has not established any specific outcomes for PL additions to achieve this objective. For example, in FY 2016 the Commission stopped tracking and reporting the elapsed time from when an opportunity is identified to when it is added to the PL (i.e., the end-to-end cycle times for completing a PL addition). Further, there are no specific metrics for assessing whether the current PL additions process in place helps the Commission achieve its goals. Commission staff told us that there is an effective process for ensuring the accuracy of PL additions and this is equally important as efficiency. However, the lack of metrics for assessing the efficiency of the process is inconsistent with *Standards for Internal Controls in the Federal Government*<sup>36</sup> which provides that an entity should define its objectives in measurable terms so that it can assess performance towards achieving those objectives.

The first part of the life cycle is under the control of the CNAs and the second is under the control of the Commission as follows:

- The Commission has stated that they no longer request data from the CNAs for the portion of the life cycle prior to submission to PLIMS citing that this time can vary, and many factors can impact timing. However, the CNAs continue to track this information.
- The Commission stated that it typically takes 90-120 days to add an item to the PL once the CNAs submit the package to PLIMS. They use an internal spreadsheet, the Weekly Addition Package Report (WAPR), to manage the internal workflow and send the CNAs a Weekly Tracking Report advising them of the status throughout the Commission's review

<sup>36</sup> See principle 6 in report GAO-14-704G, dated September 2014.

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process. Although beginning October 30, 2020, the Commission updated the WAPR to include the days elapsed from the date of receipt of the PL additions package from the CNAs, the Commission is not tracking or measuring trends on an annual basis. Refer to Figure 12 for a timeline for both a PL addition approved under the full Commission voting process and D&F process, which includes data on additions of new products or services that require the regulatory review process (referred to as “full additions” by the Commission).

**Figure 12: Timeline Goal Under Full Commission Voting Process and D&F Process for Full PL Additions**

Process Step	Who Performs	Estimated Days for Full Commission Voting Process	Estimated Days for D&F Process
Staff review of PL additions package	Business Operations and Compliance staff	16	16
File initial Federal Register Notice and await public comments if any	Deputy Director, Business & PL Operations	30	30
Review and finalize Decision Document	<ol style="list-style-type: none"> <li>1. Deputy Director, Business &amp; PL Operations (for products) or Business Management Specialist (for services)</li> <li>2. Director, Business Operations</li> <li>3. General Counsel</li> <li>4. Deputy Executive Director</li> <li>5. Executive Director</li> </ol> <p><u>Note:</u> Under the D&amp;F Process, for PL additions less than or equal to \$500K, review ends with the Director, Business Operations. General Counsel reviews all D&amp;F actions for legal sufficiency.</p>	30	14
Vote by Commission members	Commission members	14	N/A
File Final Federal Register Notice and await public comments if any	Deputy Director, Business & PL Operations	30	30
<b>Total Number of Days</b>		<b>120</b>	<b>90</b>

Source: CLA analysis of Commission policies, federal statutes, and information provided by Commission staff.

Life cycle timelines varied between products and services. Using data obtained from the CNAs and PL transaction data from the Commission, we analyzed the average PL addition life cycle times for both products and services for FY 2018-2020. In looking at the first part of the process

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from NPA assignment to submission to PLIMS, we noted that the average cycle time over this three-year period was 600 days for products and 269 days for services. The CNAs advised us that the cycle time for products is typically longer than for services because of the requirement to develop the design of the product, sourcing materials, and determining equipment needs. We also observed that the average cycle time over this three-year period for the second part of the process from PLIMS submission to addition to the PL was 91 days for products and 101 days for services. Refer to Figure 13 for further details.

**Figure 13 End-to-End PL Life Cycle for Full Additions**

Life Cycle – Product/Service	Average Total Life Cycle – Fiscal Year			
	2018	2019	2020	3-Yr. Avg <sup>37</sup>
<b>Average Days from NPA Assignment date to Package Received Date</b>				
Product	449	646	653	<b>600</b>
Service	308	330	174	<b>269</b>
<b>Average Days from Package Received to Addition Date</b>				
Product	92	89	91	<b>91</b>
Service	91	89	121	<b>101</b>
<b>Total Days</b>				
Product	541	735	744	<b>691</b>
Service	399	419	295	<b>370</b>

Source: CLA analysis of NIB, SA, and PL transaction data from the AbilityOne Commission.

During FY 2018-2020, life cycle timelines for full additions also varied between PL additions that Commission staff approved under the D&F authority and those that the Commission members approved under the full Commission voting process. Using the Commission’s PL transaction data, we analyzed the cycle times for the second part of the process and found that the average cycle time for both products and services for PL additions approved under D&F was less than or equal to 90 days, as expected (see Figure 14 below).

In contrast, for the PL additions approved by Commission members under the full Commission voting process, the average cycle times were higher for both products and services with a three-year average of 126 for products and 134 days for services. However, we also observed an overall negative trend of increasing cycle times over these three years with average FY 2020 cycle times of 145 days for products and 157 for services. These averages exceeded the 120-day average

<sup>37</sup> The number in the 3-Yr. Avg. column is equal to the sum of the number of days elapsed for each specific PL addition (e.g., number of days from NPA assignment date to date package received by Commission) during FY 2018-2020 divided by the total number of PL additions in FY 2018-2020 for products or services. This average does not equal the simple average of the three individual years.

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that Commission staff told us was their goal for adding an item to the PL. Refer to Figure 14 for further details.

**Figure 14: PL Life Cycle by Commission Approval Type for Full Additions**

Approval Type – Product/Service	Average Total Life Cycle – Fiscal Year			
	2018	2019	2020	3-Yr. Avg <sup>38</sup>
<b>Full Approval by Commission Members:</b>	<b>112</b>	<b>119</b>	<b>154</b>	<b>130</b>
Product	109	138	145	<b>126</b>
Service	116	100	157	<b>134</b>
<b>Approved by Commission Staff Under D&amp;F:</b>	<b>85</b>	<b>82</b>	<b>87</b>	<b>84</b>
Product	83	81	85	<b>83</b>
Service	86	86	90	<b>87</b>

Source: CLA analysis of PL transaction data from the AbilityOne Commission.

The Commission staff tracks the cycle time for approval of PL additions on an individual basis on the WAPR used to internally monitor the review status, and has advised us that they are aware of the increasing cycle times for PL additions approved under the full Commission voting process, but there is no annual monitoring or assessment of cycle times. Tracking cycle times on an overall basis, to potentially include stratification between products and services, could provide the Commission with better information to monitor these cycle times and take timely corrective action to address any issues, consistent with *Standards for Internal Controls in the Federal Government*.<sup>39</sup>

<sup>38</sup> The number in the 3-Yr. Avg. column is equal to the sum of the number of days elapsed from the date package received by Commission to addition date during FY 2018-2020 divided by the total number of PL additions in FY 2018-2020 for products or services and by approval type. Further, the annual averages and 3-Yr. Avg. for each approval type in bold does not equal the simple average of the numbers presented for products and services.

<sup>39</sup> See principles 16 and 17 in report GAO-14-704G, dated September 2014.

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***CONCLUSIONS AND RECOMMENDATIONS***

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Overall, we concluded that the PL additions process generally complied with applicable laws and regulations. Further, the Commission has improved its guidance to the CNAs regarding the submission of transaction packages to PLIMS for PL additions, deletions, and any other updates to the PL. This resulted in improvements in the approval rates of PL addition packages and reduced the overall cycle time for completing additions to the PL since the GAO reported on this in 2013.

However, the Commission has several opportunities to improve the effectiveness and efficiency of the PL additions process by updating its guidance, improving documentation of procedures and maintenance of records, better management of PLIMS and data needs, and additional oversight. While the Commission took some actions to address GAO's recommendations to improve the transparency of its policies and procedures, such as taking over responsibility for the PLIMS Manuals, improvement is still needed. Many of the Commission's policies and procedures are dated and have not been reviewed and/or updated in the last five years as required by the Commission's policy 51.101. The age of the policies and procedures creates inconsistencies that can be confusing. Moreover, the authority granted under the D&F policy is unclear due to the policy's age and inconsistent way the Commission staff implemented and communicated its authority to Commission members and the CNAs. We also found that several policies are incomplete, and procedures have been under development for five or more years.

There are also several opportunities for the Commission to improve the PL additions process. PLIMS is critical to the PL addition process, but the Commission has not taken several actions to address weaknesses identified that make PLIMS vulnerable to cybersecurity threats and potential data loss. This includes updating its contingency plan to include an offsite or alternative storage location and upgrading the outdated software. Further, PLIMS has not kept pace with the changing needs of users since its implementation in 2008 and the Commission has not identified needed improvements and established a timeline for implementation. Addressing these issues could help the Commission determine whether these upgrades to PLIMS effectively address the security issues and provide the functionality that the Commission needs to achieve its objectives, or whether the Commission will need to eventually replace PLIMS with another platform. The Commission issued a solicitation in April 2021 to engage a contractor to define the Commission's requirements to update or replace PLIMS.

Further, we identified several opportunities for improvement in the collection and analysis of PLIMS data to strengthen controls and reduce errors and inconsistencies. This includes the Commission's documentation and maintenance of records regarding the assessment of the CNAs' annual performance and reporting the total number of PL additions for its annual Performance and Accountability Reports to Congress. The Commission also needs to establish a process to identify PLIMS data required for any new metrics used to assess CNA performance such that metrics added to the QASPs are measurable.

Lastly, the Commission does not track key data and establish appropriate metrics to determine if the PL addition process is meeting its goals. Although the Commission took steps over the last several years to improve the timeliness and accuracy of all PL transaction submissions from the CNAs, it does not separately track this metric for PL additions on an annual basis and measure for trends. The Commission also does not track annual trends of how long it takes to add a product or service to the PL from NPA assignment to addition to the PL, and has not established metrics

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to measure whether the PL additions process assists the Commission in achieving its goal of increasing employment for persons who are blind or with significant disabilities.

Based on our conclusions, we recommend that the Commission take the following actions to improve its controls over the PL additions process, consistent with *Standards for Internal Controls in the Federal Government*, and improve their efficiency and effectiveness of the process in helping the Commission achieve its policy goals of increasing employment for people who are blind or have significant disabilities:

1. Develop a systematic approach to reviewing and updating policies and procedures every five years as needed in accordance with policy 51.101 including documentation of the review performed, whether updates are needed, and the prioritization of identified updates.
2. Update D&F policy 51.207 to improve transparency by clearly stating its use, purpose, and implementation including how D&F authority delegated to designated Commission staff is required to be approved by Commission members, documented, and periodically updated.
3. Review and evaluate the D&F thresholds, and the eight (8) other criteria for assessing whether using D&F approval authority is appropriate, in determining whether the risk tolerance for the volume of D&F approvals is at an acceptable level.
4. Monitor the annual use of D&F authority to include restarting the regular reporting to Commission members about the use of this authority.
5. Develop comprehensive written documentation of the procedures performed by Commission staff for reviewing and evaluating PL additions including the approval process under D&F authority.
6. Complete in a timely manner the implementation to update the middleware software to facilitate the upgrades of the outdated vendor software and implement system patches or security updates as warranted.
7. Update the Commission's contingency plan to include an offsite or alternative recovery location for PLIMS in the event of a natural disaster or catastrophic incident.
8. Review existing enhancements to PLIMS and determine any other enhancements needed to improve the PL additions process. The review should include documenting these processes, prioritizing enhancements, and establishing a timeline for implementation.
9. Review the process for extracting and tabulating data to assess the CNAs' performance including new PLIMS data fields and standard reports. The review should include documenting these processes, prioritizing enhancements, and establishing a timeline for implementation.
10. Evaluate the security and functionality of PLIMS after enhancements are completed and determine whether the upgraded version of PLIMS addresses the Commission's needs or should be replaced.

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11. Establish and document a process to ensure final PLIMS data files and other calculations supporting the metrics in assessing and reporting the CNAs' performance on PL additions and other PL transactions are maintained in a centralized location; and all assumptions, adjustments, and decisions made to adjust CNA final metric ratings based on the calculated results are documented.
12. Establish and document a process to evaluate the PLIMS information for new metrics prior to including the new metrics in the CNAs' QASPs.
13. Identify metrics for assessing the efficiency and effectiveness of the PL additions process and monitor progress on an annual basis. This should include tracking approval rates for PL additions separately as well as end-to-end cycle times for completing a PL addition for products and services under full Commission voting process and D&F authority.

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***EVALUATION OF MANAGEMENT COMMENTS***

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In commenting on a draft of this report, the Executive Director of the Commission concurred with all 13 of our recommendations. In reviewing management's responses and corrective action plans (CAPs), we have the following observations:

- **Finding 4 / Recommendation 4:** The CAP does not specifically state management's plan to address part of the finding/recommendation to track and monitor the annual use of the D&F authority.
- **Finding 6 / Recommendation 6:** The CAP does not specifically state management's plan to address part of the finding/recommendation to continue to monitor and implement system patches or security updates to PLIMS as warranted.
- **Finding 13 / Recommendation 13:** The CAP does not specifically state management's plan to address part of the finding/recommendation to track approval rates for PL additions separately or to monitor progress on an annual basis for all metrics identified to assess the efficiency and effectiveness of the PL additions process.

For management's complete response, see Appendix III.

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***APPENDIX I: Objective, Scope, and Methodology***

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We conducted this performance audit in accordance with generally accepted government auditing standards in Washington, DC from November 2020 – April 2021. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provided a reasonable basis for our findings and conclusions based on our audit objective.

**Objective and Scope**<sup>40</sup>. Our audit objective was to assess whether the PL addition process is transparent and performed efficiently, effectively, and in compliance with applicable laws, regulations, and policies. Our scope included assessing the effectiveness of the policies, procedures, and practices employed by the Commission when approving the addition or removal of products and services from the PL, as well as CNA processes for producing and providing PL addition packages including the establishment of the FMP. The audit also assessed how PLIMS supports the processing of PL additions and deletions from the PL. We reviewed all PL additions and PL transaction data during FY 2018, 2019, and 2020. We also reviewed the metrics used to assess the CNAs' performance related to PL additions and other PL transactions and any metrics used by the Commission to monitor activity and oversee the PL additions process during this period. We also compared our findings to those reported by the U.S. Government Accountability Office (GAO) in 2013.<sup>41</sup>

**Methodology.** We planned the audit to reduce audit risk to an acceptably low level. Planning was a continuous process throughout the audit. To address our audit objective, we interviewed key officials from the Commission and the CNAs. We collected and reviewed key documents containing suitable criteria and analyzed data relevant to our audit objectives. We also performed the following procedures:

- Assessed the extent to which the Commission's policies and procedures comply with applicable laws and regulations. We did this by identifying the provisions related to PL additions and deletions in the JWOD Act and AbilityOne Program regulations and summarizing them by major process step (adding/removing items to/from the PL, determining NPA qualification, maintaining the PL, determining the FMP, and implementing procurement priorities and waivers). We then compared these provisions to the Commission's policies and procedures that implemented these requirements. We also reviewed the Commission's Cooperative Agreements with the CNAs for sections related to PL additions/deletions and a sample of the CNA's policies and procedures surrounding the PL additions process (with a focus on FMP) to assess whether there were any inconsistencies with the Commission policies.
- We reviewed the internal controls the Commission had in place for managing and overseeing the CNAs' processes for producing and providing PL addition packages and the Commission's processes for reviewing and evaluating packages submitted. This included determining whether the Commission has provided sufficient guidance to the CNAs to ensure that all PL additions meet the Commission's requirements and PL addition packages submitted include all required documentation. Specifically, we determined that

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<sup>40</sup> While certain procedures were performed related to PL deletions as outlined above, our audit work was focused on additions to the PL.

<sup>41</sup> See GAO-13-457, dated May 2013

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all five components of *Standards for Internal Control in the Federal Government* were significant to our audit objective: Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring. We developed our audit plan to assess each of these control areas in determining how effectively the CNAs and the Commission implemented processes and procedures for additions to the PL to achieve transparency and promote efficiency and effectiveness.

- Obtained and analyzed data and supporting calculations used by the Commission to monitor and evaluate the CNAs' performance related to the PL additions process for FY 2018, 2019, and 2020. To validate the reliability of the data we received, we obtained the complete population of the Commission's PL transaction data for FY 2018, 2019, and 2020. We then performed a test of completeness of the PL transaction data by accounting for the numerical sequence of the transaction identification numbers; obtained missing transactions and explanation for gaps from the Commission. We used the PL transaction data and other information provided by the Commission to validate the CNA's metric assessments for these periods. We determined that the data provided were sufficiently reliable for the purposes of our audit.
- Determined if the Commission established metrics for assessing whether the PL additions process is efficient and effective and whether these metrics are measurable against established outcomes. We also determined the extent to which the Commission monitors and evaluates trends in these metrics. Further, we inquired and identified concerns that officials from the CNAs and the Commission had with the PL additions process and potential improvements they would recommend. We also obtained life cycle data from CNAs for the NPA assignment to PL submission part of the process and validated this data by comparing PL additions they reported for each of the three years to the Commission list of additions per PLIMS.

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***APPENDIX II: Relevant Policies and Procedures***

<b>Policy Number</b>	<b>Policy or Procedure Title</b>	<b>Effective Date</b>
<b><i>51.100 Series General Policies</i></b>		
51.100	Program Policy Statement	4-24-2012
51.101	Program Policy System	8-23-12
51.102	Definitions of Terms	3-8-2015
<b><i>51.200 Series Administrative Policies</i></b>		
51.203	Commission Voting Protocols	8-4-2012
51-205	Delegation of Authority to Executive Director	4-24-2012
51-207	Determination and Findings	4-24-2012
<b><i>51.400 Series NPA Compliance Policies</i></b>		
51-400	NPA Overall Compliance Policy	8-15-2020
51-401	Direct Labor Hour Ration Requirements	8-15-2020
51-401-01	Phase-in Procedures	3-22-2013
51-401-02	Surge Requirements Procedure	10-17-2012
51-402	Initial Qualification of NPAs	3-23-2013
51-403	NPA Out of Compliance with Commission Regulations	3-22-2013
51-404	On-Site Compliance Reviews	3-22-2013
51-409	Maintaining Qualification of NPAs	8-15-2020
<b><i>51.500 Series PL Operations Policies</i></b>		
51-514	Administration of Statutory Priority for Products	1-31-2013

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<b>Policy Number</b>	<b>Policy or Procedure Title</b>	<b>Effective Date</b>
51-530	Exceptions to AbilityOne PL Purchases	8-9-2012
<b><i>51.600 Series Commission Pricing Policies</i></b>		
51-600	FMP Policy	9-3-2015
51-610	Pricing AbilityOne Products	9-3-2015
51-610-01	Negotiating and Developing Recommended FMP	9-30-2015
51-610-01-1000	Price Change Mechanism: Producer Price Index	10-2-2015
51-610-02	Submitting Recommended FMP Products	10-5-2015
51-620	Pricing AbilityOne Services	12-30-2015
51-620-1	Interim Pilot Test Policy for Pricing AbilityOne Services	6-11-2019
51-630	Market Research for Recommended-FMP	10-5-2015
51-640	AbilityOne Program Price Impasse	9-16-2015
<b><i>Commission Policy Memoranda</i></b>		
AdminMemo 3	Approval of PL Additions or Deletions	5-19-1995
AdminMemo 4	Reconsideration of Committee Decisions	4-25-2005
AdminMemo11	CNA Fee Ceiling Determination Process	10-1-2006
OpsMemo21	Guidance on NPA Establishment of Subcontract Relationships for Current or Potential PL Projects	5-1-2006
OpsMemo22	Guidance on the Addition of Co-Branded Products to the PL	10-1-2006

Source: CLA review of the Commission's published policies and procedures.

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**APPENDIX III: Management Comments**

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**U.S. ABILITYONE COMMISSION**

July 16, 2021

VIA EMAIL

MEMORANDUM FOR THE INSPECTOR GENERAL

SUBJECT: Management Response to the OIG Performance Audit of Procurement List Addition Process, Procedures and Practices

This memorandum confirms receipt of the Office of Inspector General's (OIG) draft report submitted by CliftonLarsonAllen, LLP, the firm engaged by the Inspector General to conduct a performance audit of the U.S. Ability One Commission's Procurement List (PL) Addition process, procedures, and practices. The management response below provides general comments, followed by the Agency's response for each specific recommendation.

On behalf of the U.S. AbilityOne Commission (Commission), we appreciate this opportunity to review the document and to provide comments and clarifications regarding the 13 recommendations included in the report. We understand (and also appreciate) that the audit objective was to determine whether the PL addition process is transparent and performed efficiently, effectively, and in compliance with applicable laws, regulations and policies. The outside perspective on the subject serves as a different lens from which to view current practices, policies, and procedures utilized in our routine operations. We believe the corrective actions listed below, once implemented, will result in more transparent, efficient, and effective processes related to the addition and deletion of projects to and from the Procurement List in accordance with the AbilityOne mission to create employment opportunities for individuals who are blind or have significant disabilities.

The Commission is pleased to see the auditors' overall conclusion that the PL addition process generally complies with applicable laws and regulations. The report acknowledges the Commission's improvements in the guidance it provides to the Central Nonprofit Agencies (CNAs) regarding the submission of transactions via the electronic Procurement List Information Management System (PLIMS) for PL additions, deletions, and related project updates. The improved guidance has served to increase approval rates of PL transactions and reduce the process completion cycle time related to Addition Package submissions since the Government Accountability Office issued Report 13-457 making related recommendations.

The Commission looks forward to continuing in its efforts to strengthen the PL addition process, practices, and policies and to implement an enhanced PLIMS framework. A summary of the Commission's responses follows.



COMMITTEE FOR PURCHASE FROM PEOPLE WHO ARE BLIND OR SEVERELY DISABLED  
An Independent Federal Agency



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### Summary of the Commission's Responses:

- Recommendation #1: The Commission concurs with this recommendation, and will document its systematic approach to updating Agency policies and procedures by September 30, 2021.
- Recommendation #2: The Commission concurs with this recommendation, and will update its Determination and Findings (D&F) policy by December 31, 2021.
- Recommendation #3: The Commission concurs with this recommendation, and will complete a review and evaluation of D&F thresholds to determine the acceptable risk tolerance by December 31, 2021.
- Recommendation #4: The Commission concurs with this recommendation, and resumed all prior D&F reporting processes on or before July 1, 2021. The Executive Leadership Team will monitor the reporting quarterly to ensure continuity.
- Recommendation #5: The Commission concurs with this recommendation, and will complete or update its written processes and procedures for evaluating PL additions by December 31, 2021.
- Recommendation #6: The Commission concurs with this recommendation, and completed the software upgrade along with system patches and security updates on June 26, 2021.
- Recommendation #7: The Commission concurs with this recommendation, and will complete its updated contingency plan by September 30, 2021. The Commission established a PLIMS offsite or alternative recovery location on May 25, 2021.
- Recommendation #8: The Commission concurs with this recommendation, and will complete a review of existing enhancements to PLIMS as well as a determination of other necessary enhancements by March 31, 2022.
- Recommendation #9: The Commission concurs with this recommendation, and will complete a review of the process for extracting and tabulating PLIMS data to assess the CNAs' performance by March 31, 2022.
- Recommendation #10: The Commission concurs with this recommendation, and will evaluate the security and functionality of PLIMS one year after the above-referenced PLIMS enhancements are completed. As this evaluation must follow the implementation of earlier recommendations, an acquisition process, and the programming of enhancements, the target completion date is by September 30, 2023.



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Recommendation #11: The Commission concurs with this recommendation, and will establish and document a process to ensure central maintenance of final PLIMS data files and other calculations supporting the metrics in assessing the CNAs' performance on PL additions and other PL transactions by December 31, 2021.

Recommendation #12: The Commission concurs with this recommendation, and will implement a process to evaluate the PLIMS information for new metrics prior to including the new metrics in the CNAs' QASPs by December 31, 2021.

Recommendation #13: The Commission concurs with this recommendation, and will implement metrics for assessing the efficiency and effectiveness of the PL addition process by Jun 30, 2022.

### Detailed Commission Responses:

#### **1. Develop a systematic approach to reviewing and updating policies and procedures every five years as needed in accordance with policy 51.101 including documentation of the review performed, whether updates are needed, and the prioritization of identified updates.**

**Commission Response:** We concur with the auditor's recommendation, and will develop and document the systematic approach to reviewing and updating policies and procedures in accordance with the Agency's standards in Commission Policy 51.101 by September 30, 2021.

**Corrective Action Plan:** The Director of Contracting and Policy (DOC-P) will consult with the policy owners and will develop and document a standard operating procedure articulating the systematic approach to updating policies and procedures every five years. The approach will result in documentation of the performance of the review, as well as the identification and prioritization of needed updates. The DOC-P will provide each policy owner with an annual list of policies that are due for renewal. If updates are required, the policy owner will submit a plan to the DOC-P for updating the policy(ies), with priorities identified, and a target date for completion. The DOC-P will track the Directors' plans and completion dates. If the policy(ies) due for renewal do not require updates, the policy owner will provide the DOC-P with signed documentation stating that the identified policies have been reviewed and no updates are required.

#### **2. Update D&F policy 51.207 to improve transparency by clearly stating its use, purpose, and implementation including how D&F authority delegated to designated Commission staff is required to be approved by Commission members, documented, and periodically updated.**

**Commission Response:** We concur with the auditor's recommendation that the Commission should review and update Commission Policy 51.207, and have established a target date for completion by December 31, 2021.



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**Corrective Action Plan:** The Commission staff will review the current D&F Policy 51.207 and update its guidance to make more explicit the purpose, use, and implementation of D&F authority. Within this review and update will be clear delineation of Commission staff roles and responsibilities in the use of D&F authority. Once the review and update is complete, the Commission staff will present the Commission members with a Decision Document for approval as outlined in the policy. Once approved, the Commission staff will formally issue and implement the policy. The Commission staff has established a target date for completion by December 31, 2021.

### **3. Review and evaluate the D&F thresholds, and the eight (8) other criteria for assessing whether using D&F approval authority is appropriate, in determining whether the risk tolerance for the volume of D&F approvals is at an acceptable level.**

**Commission Response:** We concur with the auditor's recommendation that the Commission should review and evaluate the Commission's D&F approval authority, to include reviewing the D&F thresholds and the other eight (8) criteria. This review will include a risk tolerance assessment of the D&F approvals and their threshold levels.

**Corrective Action Plan:** The Commission staff is evaluating our current D&F process and procedures, to include the threshold levels and the other eight (8) criteria for determining when D&F authority can be used. When this in-depth review is complete, the Commission staff will prepare a Decision Document to present to the Commission members for their review, consideration of risk tolerance, and approval of the proposed changes. All updates to the D&F process and procedures will be documented in the updated Commission Policy 51.207. The Commission staff has established a target date for completion by December 31, 2021.

### **4. Monitor the annual use of D&F authority to include restarting the regular reporting to Commission members about the use of this authority.**

**Commission Response:** We concur with the auditor's recommendation. The Commission staff resumed regular reporting to Commission members about the use of D&F authority for PL additions in May 2021 and for deletions in July 2021.

**Corrective Action Plan:** The primary responsibility for developing and transmitting the regular D&F reports to Commission members has been assigned to a current member of the Business Operations staff under the supervision of the Deputy Director, Business Operations. One or more additional members of the Business Operations staff will be cross-trained by December 31, 2021, to increase the capability and capacity to ensure consistency with the issuance of regular D&F reports. The Business Operations staff will review the status of regular D&F reports during their routine team meetings and/or via their weekly tracker report. The Director of Business Operations is responsible for ensuring that consistent reporting is maintained and will include this process in its annual certification submission to the annual Management Statement of Assurance Report.



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**5. Develop comprehensive written documentation of the procedures performed by the Commission staff for reviewing and evaluating PL additions including the approval process under D&F authority.**

**Commission Response:** We concur with the auditor's recommendation that the Commission should develop (or update) comprehensive written processes and procedures for its evaluation of PL additions, to include the D&F approval process.

**Corrective Action Plan:** The Commission will review its policies and procedures related to PL additions, to include the PLIMS manuals. The Commission staff will develop standard operating procedures for reviewing, evaluating and approving PL additions when D&F authority is appropriate by December 31, 2021. The Commission staff will establish or update standard operating procedures for reviewing and evaluating other PL additions by July 31, 2022.

**6. Complete in a timely manner the implementation to update the middleware software to facilitate the upgrades of the outdated vendor software and implement system patches or security updates as warranted.**

**Commission Response:** We concur with the auditor's recommendation and have completed this action. As of June 26, 2021, the Commission staff has successfully migrated its PLIMS application's middleware software from the Windows Server 2003 to a Windows Server 2012. The new PLIMS server has received system patches and security updates as required. Accordingly, the Commission staff recommends closure of this recommendation.

**7. Update the Commission's contingency plan to include an offsite or alternative recovery location for PLIMS in the event of a natural disaster or catastrophic incident.**

**Commission Response:** We concur with the auditor's recommendation that the Commission should update its contingency plan to include an offsite or alternative recovery location for PLIMS.

**Corrective Action Plan:** The Commission's Information System Contingency Plan (ISCP) has been updated and is currently routing for signature. The Commission staff has established a target date for completion by September 30, 2021. As of May 25, 2021, Commission staff successfully implemented a full backup of the PLIMS application and its data to a cloud-based location. The PLIMS data is backed up daily to different data centers in the Eastern U.S. time zone.

**8. Review existing enhancements to PLIMS and determine any other enhancements needed to improve the PL additions process. The review should include documenting these processes, prioritizing enhancements, and establishing a timeline for implementation.**

**Commission Response:** We concur with the auditor's recommendation.



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**Corrective Action Plan:** The Commission has engaged contractor support for a business process reengineering requirement that will include documenting all PLIMS processes, including the existing enhancements, and defining current requirements (including necessary enhancements) to result in a Performance Work Statement for the next generation procurement. As part of this review, Commission staff will create a working group to develop a prioritized list of enhancements and will determine whether any needed enhancements can and should be implemented within the current PLIMS. The Commission staff's target date for completion is March 31, 2022.

**9. Review the process for extracting and tabulating data to assess the CNAs' performance including new PLIMS data fields and standard reports. The review should include documenting these processes, prioritizing enhancements, and establishing a timeline for implementation.**

**Commission Response:** We concur with the auditor's recommendation.

**Corrective Action Plan:** The Commission staff will review and document the current methodology for extracting and tabulating data from PLIMS to assess the CNAs' performance. In this review, the Commission staff will consider the current standard reports available in PLIMS and whether new PLIMS data fields are needed. The Commission staff will identify and prioritize reporting enhancements during the PLIMS business process reengineering effort underway, and will establish a timeline for implementation. The Commission staff has established a target date for completion of this review by March 31, 2022.

**10. Evaluate the security and functionality of PLIMS after enhancements are completed and determine whether the upgraded version of PLIMS addresses the Commission's needs or should be replaced.**

**Commission Response:** We concur with auditor's recommendations that the Commission should evaluate the security and functionality of PLIMS after enhancements are completed and determine whether the upgraded version of PLIMS is needed.

**Corrective Action Plan:** The staff is currently working with a contractor to develop a requirement for a PLIMS system that contains the enhancements and functionality necessary to meet the present-day and future requirements of the Commission. Once the requirement has been developed, the Commission will procure the services needed to implement the enhancements, subject to the availability of funds. The Commission plans to evaluate the security and functionality of PLIMS one year after the above-referenced PLIMS enhancements are completed. As this evaluation must follow the implementation of earlier recommendations, such as the identification and prioritization of enhancements, and a procurement to substantially update PLIMS is expected, the target completion date is by September 30, 2023.

**11. Establish and document a process to ensure final PLIMS data files and other calculations supporting the metrics in assessing and reporting the CNAs' performance on PL additions and other PL transactions are maintained in a centralized location; and all assumptions, adjustments,**



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**and decisions made to adjust CNA final metric ratings based on the calculated results are documented.**

**Commission Response:** We concur with auditor’s recommendations that the Commission should establish and document a process to ensure central maintenance of final PLIMS data files and other calculations supporting the metrics in assessing the CNAs’ performance on PL additions and other PL transactions.

**Corrective Action Plan:** The Commission staff will review the current methodology and processes used to maintain CNA performance metrics data and calculations documentation related to PL transactions. The Commission staff will then establish a standard operating procedure that results in the documentation of all assumptions, adjustments, and decisions related to determining or adjusting those CNAs’ performance ratings. A central repository will be established by the Commission’s Program Management Office for the CNA Cooperative Agreements, which will be used by all Commission staff who contribute data to the CNAs’ metrics and performance ratings. The Commission staff has established a target date for completion by December 31, 2021.

**12. Establish and document a process to evaluate the PLIMS information for new metrics prior to including the new metrics in the CNAs’ QASPs.**

**Commission Response:** We concur with auditor’s recommendations that the Commission should establish and document a process to evaluate the PLIMS information for new metrics prior to including the new metrics in the CNAs’ QASPs.

**Corrective Action Plan:** The Commission staff has reviewed the current methodology and metrics for assessing the use of PLIMS data in the CNAs’ QASPs. The standard operating procedure documenting how PLIMS data will be used in determining or adjusting the CNAs’ performance ratings (referenced in Recommendation #11) will include using narrow criteria and precise language to specify what will be measured. For example, when measuring the timeliness of service project prices submitted in PLIMS, this may be stated in the QASP as, “Keeps 95 - 99% of service project prices updated for the current Fiscal Year,” to achieve a Good rating. Additionally, the procedure will include a test or trial of new metrics to ensure the availability and validity of the PLIMS data prior to incorporation into the QASPs. We will implement this recommendation by December 31, 2021.

**13. Identify metrics for assessing the efficiency and effectiveness of the PL additions process and monitor progress on an annual basis. This should include tracking approval rates for PL additions separately as well as end-to-end cycle times for completing a PL addition for products and services under full Commission voting process and D&F authority.**

**Commission Response:** We concur with the auditor’s recommendation that the Commission should implement metrics for assessing the efficiency and effectiveness of the PL additions process, to include those approved under D&F authority.



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**Corrective Action Plan:** The Commission staff will review the current methodology and metrics for assessing the PL addition process, and will identify additional metrics to include the end-to-end cycle time for completing the Commission voting process and D&F authority process. The Commission staff has established a target date for completion by June 30, 2022.

My point of contact is Ms. Irene Glaeser, who can be reached at (703) 489-0023 or [iglaeser@abilityone.gov](mailto:iglaeser@abilityone.gov).



E. Ballard  
Executive Director



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