



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

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

July 31, 2020

FROM: Thomas K. Lehrich
Inspector General

SUBJECT: Antideficiency Act Reporting Requirements

Congress determines the amount of funding available to an agency by enacting appropriations to cover programs, projects, purchases, and services needed by the agency during the period for which the funds are made available. The Antideficiency Act prohibits the agency from exceeding the enacted appropriations for the year.¹

GSA issued its report of investigation to the Commission Chairperson on July 28, 2020, finding that Antideficiency Act violations occurred. Now that the Agency has the facts of the violation, pursuant to the requirements of the Antideficiency Act² and OMB Circular A-11,³ the Commission must immediately report the violations, with all relevant facts and a statement of actions taken, to the President (through the Office of Management and Budget (OMB)), Congress, and the Comptroller General.

The Agency initiated the investigation following the recommendations by OIG to do so, as a result of the FY 2019 Financial Statement Audit, conducted by the certified public accounting firm Allmond & Company, LLC (Allmond), which resulted in an adverse opinion.⁴ Allmond's audit found significant deviations from generally accepted accounting principles and federal reporting requirements, including material and pervasive misstatements and omissions in the Commission's financial statements and footnotes. Examples included the failure to record

¹ 31 U.S.C. § 1341(a)(1).

² 31 U.S.C.A. § 1351; 31 U.S.C.A. § 1517(b).

³ OMB Circular A-11, Preparation, Submission, and Execution of The Budget, Part 4, Section 145, "Requirements for Reporting Antideficiency Act Violations," July 10, 2020.

⁴ Audit of the U.S. AbilityOne Commission's Financial Statements for Fiscal Year 2019, Report No. 20-02 (December 13, 2019). <https://www.oversight.gov/sites/default/files/oig-reports/FY%202019%20U.S.%20AbilityOne%20Commission%20Financial%20Statement%20Audit%20%28Report%20No.%2020-02%29.pdf>

accounts payable and accurately record other accrued liabilities, which resulted in materially misstating the Commission's beginning and ending balances as well as the omission of uncorrected errors in required footnotes. The audit also found that the Commission entered into new obligations using funds that were no longer available for obligation.

As documented in its Financial Statement Audit report, Allmond findings included the following:

- Eight new obligations which totaled \$704,875.19 were recorded in the general ledger to the expired FY 2017 and FY 2018 Treasury Account Symbols (TAS) during fiscal year (FY) 2019.
- Two instances which totaled \$451,333.08 (\$250,000 and \$201,333.08) in which lump sums of payments recorded to current year obligations were transferred (or reclassified) to contracts that were assigned to prior year TAS (\$445,510.75 to FY 2018 and \$5,822.33 to FY 2017), effectively creating new obligations of the prior year expired funds and improperly liquidating the expired balances.
- Six instances in which the amounts recorded to the Commission's general ledger to obligate prior year funds during FY 2019 did not agree to the source documentation (i.e., purchase orders, contract modifications, and payment transfers).

The Commission concurred with all 18 recommendations from the Financial Statement Audit, including the findings regarding the obligation of expired funds. Agency management wrote in the Commission's Audit Response to Findings: "The Commission has requested that the USDA conduct an internal review/investigation into the root cause of the violation."

The Commission then requested GSA to conduct the investigation. GSA found multiple violations by the Agency and intentional actions by Agency personnel. Pursuant to the requirements of the Act⁵ and OMB Circular A-11⁶, the Commission must immediately report the violations, with all relevant facts and a statement of actions taken, to the President (through the Office of Management and Budget (OMB)), Congress, and the Comptroller General. OMB Circular A-11 prescribes the methodology for this reporting.

Pursuant to the IG Act of 1978, as amended, we may initiate additional actions and ask that you advise us expeditiously when the required reporting has been completed.

CC: Timi Nickerson Kenealy
General Counsel

⁵ 31 U.S.C.A. § 1351; 31 U.S.C.A. § 1517(b).

⁶ OMB Circular A-11, Preparation, Submission, and Execution of The Budget, Part 4, Section 145, "Requirements for Reporting Antideficiency Act Violations," July 10, 2020.