



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

November 15, 2024

MEMORANDUM

FOR: Jeffrey Koses
Chairperson
U.S. AbilityOne Commission

FROM: Stefania Pozzi Porter
Inspector General
U.S. AbilityOne Commission

SUBJECT: FY24 Top Management and Performance Challenges Report (TMPC) facing the
U.S. AbilityOne Commission in Fiscal Year 2025

In accordance with the Reports Consolidation Act of 2000,¹ the Office of Inspector General (OIG) reports on the most significant management and performance challenges facing the U.S. AbilityOne Commission (Commission) in FY25, for inclusion in the Commission's Performance and Accountability Report (PAR) for fiscal year (FY) 2024.

The Reports Consolidation Act requires that each agency's inspector general provide an annual summary perspective on the most significant management and performance challenges facing the agency, as well as a brief assessment of the agency's progress in addressing those challenges. The top challenges summarized in this document are based either on work conducted by the Office of Inspector General (OIG) or separate observations and discussions with senior leaders and staff at the U.S. AbilityOne Commission and other stakeholders.

The OIG identified the Top Management and Performance Challenges (TMPC) facing the Commission in FY 2025 as:

- 1) Program Modernization – Implementation of the Strategic Plan: a) New Cooperative Agreements. The Commission is focusing on providing guidance to and oversight of the CNAs performing certain compliance duties; b) Database and IT Modernization
- 2) Internal Controls – Enterprise Risk Management Audit is ongoing, and the evaluation of ERM maturity level has been announced.

OIG provided a draft of this report to Commission management, whose comments on the Commission's

¹ Pub. L. No. 106-531.

progress in each challenge area have been considered and/or incorporated into this final version.

We thank you for your support of our role, and we look forward to working with the Commission and the AbilityOne stakeholders, as the OIG continues its oversight mission.

Top Management and Performance Challenges Report

Introduction

In accordance with the Reports Consolidation Act of 2000,² the Office of Inspector General (OIG) reports on the most significant management and performance challenges facing the U.S. AbilityOne Commission (Commission) in Fiscal Year (FY) 2025, for inclusion in the Commission's Performance and Accountability Report (PAR) for FY24.

The Reports Consolidation Act requires that each agency's inspector general provide an annual summary perspective on the most significant management and performance challenges facing the agency, as well as a brief assessment of the agency's progress in addressing those challenges. The top challenges summarized in this document are based either on work conducted by the Office of Inspector General (OIG) or separate observations and discussions with the U.S. AbilityOne Commission and other stakeholders.

The OIG identified the top management and performance challenges facing the Commission in FY25 as:

- 1) Program Modernization – Implementation of the Strategic Plan: a) New cooperative agreements where the Commission is focusing on providing guidance to and oversight of the CNAs performing those duties; b) Databases (Commission received IT grant for this and see/address the OIG's recommendations from the Data Audit (OIG issued in Spring 2024)
- 2) Internal Controls – Enterprise Risk Management Audit is ongoing, and the evaluation of ERM maturity level has been announced.

OIG provided a draft of this report to Commission management, whose comments on the Commission's progress in each challenge area have been considered and/or incorporated into this final version. We appreciate the Commission's ongoing support for the OIG's oversight mission.

² Pub. L. No. 106-531.

Background

Enacted in 1938, the Wagner-O'Day Act established the Committee on Purchases of Blind-Made Products to provide employment opportunities for the blind. Legislation sponsored by Senator Jacob K. Javits was signed in 1971, amending and expanding the Wagner-O'Day Act to include persons with other severe disabilities. The Act, as amended, became known as the Javits-Wagner-O'Day (JWOD) Act (41 U.S.C. §§8501–8506), and the program's name became the JWOD Program. The 1971 amendments also established the federal agency as the Committee for Purchase From People Who Are Blind or Severely Disabled (Committee) to reflect the expanded capabilities of the JWOD Program. In 2006, the Committee changed the program's name from the JWOD Program to the AbilityOne Program. The Committee is now known as the U.S. AbilityOne Commission (Commission). The Commission has about 34 full-time employees³ for the administration of the AbilityOne Program.

About the U.S. AbilityOne Commission

The AbilityOne Program is administered by the U.S. AbilityOne Commission, the operating name of the Committee for Purchase From People Who Are Blind or Severely Disabled. The Commission is an independent federal agency composed of 15 Presidential appointees: 11 represent federal agencies, and four serve as private citizens who are knowledgeable about employment barriers facing people who are blind or have significant disabilities.

About the AbilityOne Program

The AbilityOne Program facilitates the use of government procurement to provide employment in the United States for people who are blind or have significant disabilities. Approximately 37,000 individuals, including more than 2,500 veterans, are employed nationwide at approximately 420 nonprofit agencies (NPAs) from Maine to Guam. AbilityOne provided nearly \$4 billion in products and services to approximately 40 Federal government agencies in FY 2023.

In June 2022, the U.S. AbilityOne Commission issued its new Strategic Plan.⁴ The plan is for Fiscal Years (FY) 2022-2026 and outlines four Strategic Objectives:

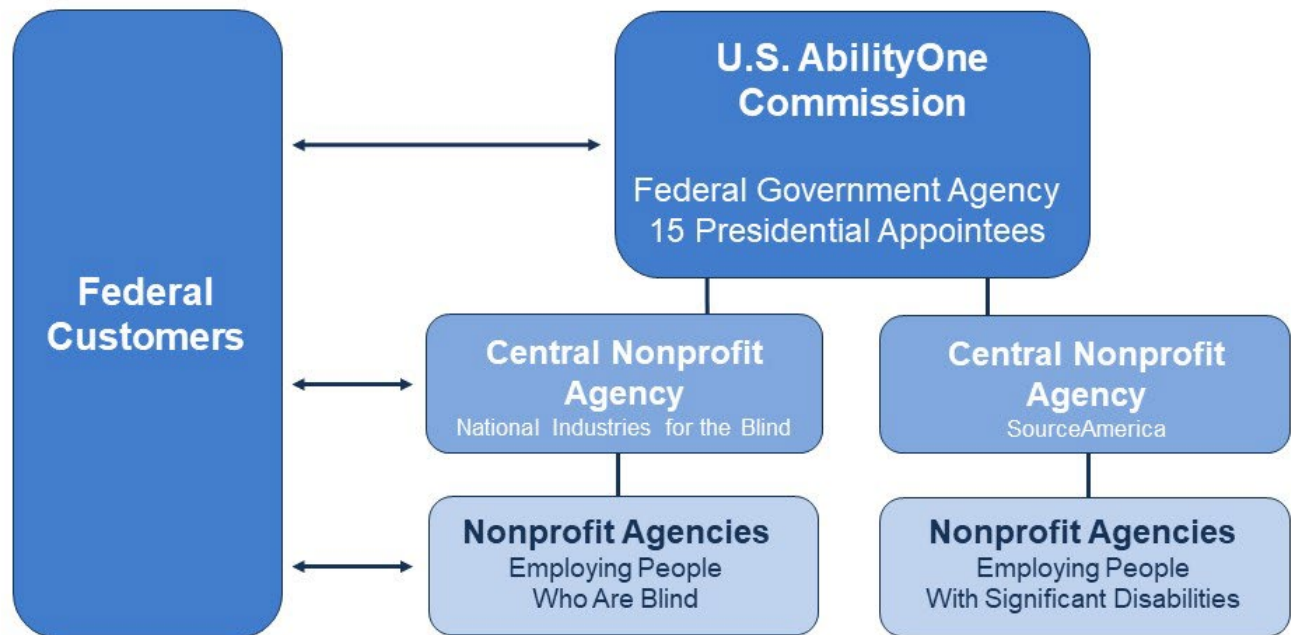
1. Transform the AbilityOne Program to expand competitive integrated employment (CIE) for people who are blind or have significant disabilities.
2. Identify, publicize, and support the increase of good jobs and optimal jobs in the AbilityOne Program.
3. Ensure effective governance and results across the AbilityOne Program.
4. Engage in partnerships to increase employment for people who are blind or have significant disabilities within and beyond the AbilityOne Program

³ Thirty-four full-time employees at the end of FY23. This does not include the OIG.

⁴ U.S. AbilityOne Commission's Strategic Plan for FY 2022–2026. June 30, 2022.

Figure 1:

AbilityOne Program Organization



Top Management and Performance Challenges

In June 2022, the Commission published its Strategic Plan for Fiscal Years 2022–2026 (the Strategic Plan or Plan).⁵ The Plan has four strategic objectives and directly engages the top challenges identified in the OIG’s 2021 TMPC report.

Specifically, the Commission’s Plan Strategic Objective III, “Ensure Effective Governance and Results Across the AbilityOne Program”—incorporates outcomes of OIG’s oversight work. Under Strategic Objective III, Outcome Goal 1, the Commission expressed its intent to “Address top management and performance challenges to improve the operation of the Commission, the CNSs, and the NPAs.”

In this FY2024 report, OIG identified the implementation of the Strategic Plan, with its subsets, as one of the most pressing challenges facing the Commission in FY25.

- 1) Program modernization -Implementation of the Strategic Plan
 - a. New Cooperative Agreements. The Commission is focusing on providing guidance to and oversight of the CNAs performing certain compliance duties.
 - b. Database and IT Modernization
- 2) Internal Controls – Enterprise Risk Management Audit is ongoing, and the evaluation of ERM maturity level has been announced.

⁵ U.S. AbilityOne Commission’s Strategic Plan for FY 2022–2026. June 30, 2022. [AbilityOne Strategic Plan FY 2022-2026 Final](#). The Commission has also published a summary of its Strategic Plan. [Highlights-AbilityOne Strategic Plan FINAL](#)

Top Management Challenge #1

Program Modernization – Implementation of the Strategic Plan

1a) New Cooperative Agreements. The Commission is focusing on providing guidance to and oversight of the CNAs performing certain compliance duties.

The U.S. AbilityOne Commission’s mission, as outlined in its new Strategic Plan, requires work to be carried out collaboratively by the Central Nonprofit Agencies (CNAs) and the NonProfit Agencies (NPAs) with the Commission.

“The Commission’s vision requires changes in the Commission’s approach to NPA compliance for the purpose of conducting both oversight and technical assistance within the same operational framework. This shift will require the CNAs’ steadfast commitment to support and achieve the goals of this plan.”⁶

Given the role in the Strategic Plan of the CNAs and NPAs, achieving the AbilityOne mission outlined in the new Strategic Plan will require new and updated cooperative agreements. Alignment with the Strategic Plan includes creating “good jobs” and, where possible “optimal jobs,” and delivering quality contract performance.

The Commission is now about to begin the process of planning for the next iteration of the Strategic Plan. As the oversight body for the Commission, the OIG is in the process of conducting an evaluation of the strategic plan and plans to provide recommendations for the Commission to consider for the next strategic plan. The OIG gathered information from the Commission, CNAs and NPAs on the framework of the current strategic plan as a means to inform the next iteration of the Strategic Plan. The evaluation, conclusions, and related report have not been completed as of this issuance.

Modified Compliance Challenge

In its FY 2022–2026 Strategic Plan, the Commission envisions a new approach for compliance, which includes setting forth expectations that NPAs will meet new elements of compliance beyond the NPA’s appropriate documentation of a qualifying disability and achieving the mandated 75% Direct Labor Hour (DLH) ratio. This includes the expectation that every AbilityOne job will be a “good job” defined as follows:

- 1) Employees are paid competitive wages and benefits.
- 2) Employees are covered under all employment laws.
- 3) The NPA performs job customization for each entering employee with a qualifying disability.

⁶ Message from the U.S. AbilityOne Commission Chairperson, U.S. AbilityOne Commission’s Strategic Plan for FY 20222026. June 30, 2022.

<https://www.abilityone.gov/commission/documents/AbilityOne%20Strategic%20Plan%20FY%2020222026%20Final.pdf>

4) The NPA does a person-centered employment plan for each employee with a qualifying disability.

The Strategic Plan also encourages NPAs to create “optimal jobs” whenever possible within the DLH ratio constraints of the statute. An optimal job has the four components of a good job but is also performed in an integrated setting in which people with and without disabilities work together doing the same or similar jobs.

The Strategic Plan also includes a heightened focus on contract performance as part of its compliance expectations. Compliance reviews will, therefore, focus on whether the NPA has provided quality services and products that have resulted in customer satisfaction.

The Commission has indicated that some NPAs have not traditionally focused on job customization, employment plans, and outward placements for their employees with disabilities.

The Commission stated that the Compliance Program, as newly envisioned in the Strategic Plan, will include a determination of an NPA’s technical capacity and financial resources to meet the new compliance expectations.

The Commission reported that several Commission members and staff met with CNAs National Industries for the Blind (NIB) and SourceAmerica on April 11, 2023, to begin discussing some of the updates to and elements of the next Cooperative Agreements. The Commission further reported that it also met several times with AbilityOne nonprofits (the “compliance council”) and other stakeholders to discuss the draft policies.

The Commission stated that previously titled person-centered employment plan policies, as used in draft policy 51.405 issued in January 2023, will be updated as career employment development. The Commission is developing the details for the employee career advancement elements in collaboration with CNAs and subject matter experts. In September 2023, the Commission entered into a one-year contract with The Association of People Supporting Employment First (APSE) to develop employee career development elements, including job individualization, employee career plans, and career advancement programs. APSE’s recommendations were submitted to the Commission at the end of the 4th quarter of FY 2024. Based on APSE’s recommendations, the Commission has refined its draft policy 405 and has begun to share that policy with stakeholders for feedback. The Commission has informed us that it has met with fellow government agencies, disability advocacy organizations, experts in employee career development, the CNAs and a number of NPAs to solicit their feedback. The Commission has also informed us that it intends to issue the final 51.405 policy and an accompanying Appendix in December 2024.

The Commission notes that, with the new Strategic Plan, the CNAs must actively assist their NPAs in achieving the results expected by the Commission for its AbilityOne Program. These expectations for the CNAs will be set forth in the revised Cooperative Agreements. The Commission completed its update of the compliance policies for NPAs on October 11, 2024, with the exception of policy 51.405 as described above. The Commission also noted that the CNAs will play a strong role in the implementation of the new approach to NPA compliance and that this will be considered when the Cooperative Agreements are negotiated.

In regard to the OIG performance audit of the Cooperative Agreements, in FY 2023, two of the open audit recommendations related to the Cooperative Agreements were assessed as closed by the OIG. Those are tracked as PMO-2020-04 and PMO-2020-09. The Commission staff is working towards the closure of the remaining recommendations.

The Commission reports that it will publish policy 51.405 in December 2024, with an effective date of January 1, 2025.

Specifically, in FY 2024:

- As it pertains to the Strategic Plan's Performance Measures, the Commission has implemented 10 Performance Measures, partially implemented 17 Performance Measures and not initiated 1 Performance Measure. Highlights of the Performance Measures implemented are:
 - Provided information to Congress on using the AbilityOne program to achieve CIE by offering a pilot project proposal to reduce the minimum mandated ratio of direct labor hours to be performed by employees with qualifying disabilities.
 - Reached consensus with fellow government agencies on three amendments to the JWOD Act and conveyed those recommendations to the relevant Congressional committees of jurisdiction
 - Elimination of Subminimum Wages in the AbilityOne Program.
 - Implementation of an Enterprise Risk Management system
 - Recommendations for improving Compliance visits.
 - Deployed an Affirmative Action Plan.
 - Issuance of Final Competition Rule.
 - Implementation of a robust AbilityOne Representative Program.
 - Work with the Office of Federal Procurement Policy /Office of Management and Budget to advance employment opportunities
- The Commission published three compliance policies on August 2, 2024, and issued drafts of the three policies on June 7, 2024 – Policy 51.400 articulates the Commission's new compliance approach; the CNAs' duties to ensure NPA compliance and provide frontline inspections; and the Commission's intended quality assurance oversight of the CNAs' compliance inspections. – Policy 51.403 articulates clearer and streamlined requirements for documentation of disability, relying on third-party government sources where possible. The Commission subsequently published policies 51.401, 51.402, and 51.404 on August 2, 2024; then published policy 51.406 on September 9, 2024, and policy 51.407 on October 11, 2024.
- The Commission has been working on new 300-series policies. As part of this effort, the Commission solicited feedback from the CNAs, and the CNAs have provided feedback on draft policies including NPA Selection & Recommendation, Interim Competition Policy, Program Fee Policy, and Studies & Evaluation. The updated drafts of the 300-series policies are currently under review by the Commission's Regulations and Policy Subcommittee. The Commission expects to issue the final 300-series policies in December 2024 or, if further revisions are needed, by the first quarter of 2025.

- Publish the Commission’s final Disability Qualification Determination Form (Form 1), which will require OMB approval. This will result in two measures being fully implemented. This form has been published in the Federal Register for comments.
- Publish the Commission’s final Participating Employees Intake Form (Form 2), which will require OMB approval. This will result in two measures being fully implemented. This form has been published in the Federal Register for comments.
- Publish the Commission’s final Annual Representations and Certifications (ARC) for AbilityOne Qualified Nonprofit Agencies (Form 3), which will require OMB approval. This will result in two measures being fully implemented. This form has been published in the Federal Register for comments.
- Complete APSE contract to inform employee career development as an element of good and optimal jobs, which addresses 2 performance measures.

Program Modernization – Implementation of the Strategic Plan

1b) Database and IT Modernization

As the program seeks to modernize and gather more data from its stakeholders (primarily for procurement list additions), improving its information technology (IT) infrastructure is essential to its future success. In September 2023, the Council of the Inspectors General on Integrity and Efficiency (CIGIE) created a report⁷ on the top challenges facing Federal agencies as identified by those agencies' respective OIGs. IT Modernization was reported by 74% of OIG respondents as a challenge for their respective agency. The report states that "Legacy information systems create the risk of increased maintenance costs, lack of available support, and a decreased capacity to support business needs. Major hindrances to IT modernization efforts across the Government include IT funding shortages, changing priorities, and poor IT investment and project management." Specifically, unstable network connections, delayed reporting, and high IT staff turnover continue to affect the Commission's operations area where the Commission is already aware of its need to improve and continues to request funding from Congress to help modernize its IT infrastructure. Within the fiscal year 2025 congressional budget justification, the Commission has primarily focused on the following:

- Applying the \$1.8 million TMF investment received in October 2022 to support updating the Commission's antiquated Procurement List Information Management System (PLIMS).
- Cloud migration of key services, databases, IT resources, and applications to align with the Administration's strategy to accelerate agency adoption of cloud-based solutions (Cloud Smart), as well as enhance capabilities related to disaster recovery and continuity of operations. (See IT and Cybersecurity section, below.)

The Commission went further to describe that the PLIMS modernization supported by TMF will:

- Advance acquisition transparency and effective planning by ensuring that Federal customers have the right information at the right time.
- Improve workflow to allow the Commission to process business transactions and more efficiently make business decisions, such as PL additions and price changes.
- Improve the Commission's ability to display up-to-the-moment Procurement List (PL) information in a user-friendly format.
- Improve search capability that is web-based and public-facing for PL products and services.
- Provide web-based report viewing capabilities (to include PL).
- Enable Federal customers to easily learn the scope of requirements on the PL, as well as easily view see the fair market prices set by the Commission to comply with FAR 8.7.
- Facilitate interoperability with the systems of Federal and non-Federal customers and

⁷ *Top Management and Performance Challenges Facing Multiple Federal Agencies*, Council of the Inspectors General on Integrity and Efficiency, September 22, 2023

stakeholders.

- Ensure that the process of adding requirements to the PL is completed in a timely fashion.

The challenge of modernizing the program is further exacerbated by the outdated information technology infrastructure that the Commission has. According to Cybersecurity and Infrastructure Security Agency (CISA), the nation's growing dependency on IT highlights the need to identify and protect against cyber threats and vulnerabilities – more complex and important every day. A recent Federal Times article⁸, noted that “federal offices are mired with outmoded IT infrastructure, some dating back to nearly the 1950s, and by staffing shortages that are greatly reducing their ability to meet customer needs.”

According to its most recent report to the President, the Commission is in the early days of a major upgrade to its digital backbone – the antiquated Procurement List Information Management System (PLIMS), which is the Program's primary information and decision-making support system. The PLIMS upgrade is made possible by a \$1.78 million investment from the Technology Modernization Fund. The upgrading of PLIMS was touted to connect Federal customers with Program partners, advancing acquisition to streamline workflow and system accessibility, and improving nearly 2,000 business transactions annually. As the Commission formulates, plans, and improves, it has stated that it will conduct a broad IT system assessment to identify weaknesses, and necessary investments and opportunities for greater efficiencies.

⁸ *Federal agencies stymied by ancient IT infrastructure, staffing woes*, Federal Times, February 8, 2023

Top Management Challenge #2

Internal Controls

A strong internal control system provides stakeholders with reasonable assurance that operations are effective and efficient, the agency uses reliable information for decision-making, and the agency is compliant with applicable laws and regulations. While improvements have been made over the years, the Commission must continue to improve its internal controls over its financial management and general operations. Further improvement of internal controls regarding financial reporting and policies and procedures is a matter that the Commission should continue to work on.

Enterprise Risk Management

In July 2016, the Office of Management and Budget (OMB) issued an update to Circular A-123 requiring federal agencies to implement Enterprise Risk Management (ERM) procedures so executives can ensure the achievement of the agency's strategic objectives⁹. Circular A-123 mandated federal agencies, including the Commission, to implement ERM procedures for effective risk management. Since 2017, when it issued its first report on the top management and performance challenges facing the Commission, and in the subsequent annual reports, the OIG has highlighted this as a top management challenge. The Commission has taken many steps over the last few years to design and implement an ERM program. The OIG has seen evidence of this in its audit of the Commission's ERM process. The OIG audit's overall objective is to determine if the Commission's ERM process is effective and used to make risk-based decisions. Although the audit, conclusions, and related report have not been completed as of this issuance, it should also be noted that the Commission has put forth significant effort to implement enterprise risk management. Additionally, the OIG has recently initiated another review of the Commission's ERM that focuses on maturity level. As recent federal guidance has focused on the importance of agencies' implementing enterprise risk-management processes, the results of the OIG's work can be used by the Commission to further bolster their internal controls.

Financial and related controls

The Commission reports its overall compliance with the OMB Circular A-123 Appendix A Management's Responsibility for Enterprise Risk Management and Internal Control (M-16-17) and the FMFIA Act through the Statement of Assurance published annually in the Performance and Accountability Report (PAR) since fiscal year (FY) 2022.¹⁰ The Commission's management assertion¹¹ made about the effectiveness of internal controls over its programs and compliance with applicable laws and regulations, was addressed by the financial statement audit team with a recommendation related to actual or potential Anti-deficiency Act (ADA) violations related to the obligation of expired funds in the

⁹ OMB Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control, https://www.whitehouse.gov/wp-content/uploads/legacy_drupal_files/omb/memoranda/2016/m-16-17.pdf

¹⁰ <https://www.abilityone.gov/documents/U.S.%20AbilityOne%20Commission%20FY2022%20PAR%20Final.pdf>

¹¹ In the 2022, 2023, and 2024 FMFIA reports, Commission management noted an exception to the management assurances related to the open ADA violations.

FY 2022 Financial Statement Report in November 2023.¹² As of this report, the verified violation has yet to be formally reported to the President and to the Congress in accordance with 31 USC §1517(b), due to the fact that OMB has yet to make its decision. In the meantime, the Commission has remained in contact with OMB regarding its assessment of the potential ADA violation.

Internal control issues exist in other areas also. As detailed in the Audit of the Third-Party Service Provider Agreements¹³ and FY 2023 Financial Statement Audit issued during the FY 2024, the Commission has not established and implemented robust internal controls procedures over some operations deemed mission critical. Additionally, there has not been a clear alignment between how the Commission identifies financial and operational activities, how it measures the performance of these activities, and how it reports these activities due to the absence of written policies and procedures resulting in the agency not meeting some objectives and regulatory requirements. Conversely, we have noted that the Commission has made an effort to hire needed, new personnel. The outcome has proven to be a significant performance differentiator. Thus, the Commission has managed to close more recommendations at a higher rate than in the previous four years.

Lastly, the Commission needs to incorporate the concept of Internal Controls Over Reporting (ICOR) to ensure full compliance with the release of the 2018 OMB Circular No. A-123 Appendix A. In this context, the definition of reporting goes beyond financial reporting and compliance driven reports, it encompasses all operational activities performed to manage risk and support all significant control activities. With the implementation of ICOR, the need for risk assessments will still be warranted since they are considered a key element to achieve the Commission objectives (e.g., strategic, operational, reporting and compliance objectives).

Policies and procedures controls

Another important component of internal controls are appropriate policies and procedures that, among other things, support the achievement of the Commission's mission and strategic objectives. There have been multiple findings highlighted in our OIG reports over the past year indicating that this is an area the Commission could strengthen. Making sure that strong controls in place through current compliant policies and procedures are particularly important when resources are scarce to monitor programs and operations.

During FY24 the OIG has released multiple audit reports with recommendations pertaining to the development or improvement of the Commission policies and procedures. The OIG noted in the audit of contract administrative process report that the Commission's lack of a Contracting Officer Warrant Program updates limited the oversight of the contracting officer's award activities.¹⁴ Since that report was released, the Commission has made efforts to update the contract administrative process. For example, it has a policy update currently in the review process for the contracting officer warranting program. In the OIG audit report on the Commission's Quality of Products in Support of Meeting

¹² <https://www.oversight.gov/sites/default/files/oig-reports/CPPBSD/Final-Report-2022-OIG-FinancialStatement-Audit-AB120221115.pdf>

¹³ <https://www.oversight.gov/sites/default/files/oig-reports/CPPBSD/Audit-Third-Party-Service-Provider-Agreements-Final-Report-06-27-2024.pdf>

¹⁴ [Audit-Contract-Administration-Process-Final-Report-06-27-2024.pdf](#)

Government Requirements we stated that:

“We found that the Commission’s policies governing the reliability, validity, and relevance of the quality control process employed by the CNAs and NPAs to correct product deficiencies prior to delivery, while consistent with the authoritative statutory and regulatory requirements, need to be improved and enhanced, particularly as these policies relate to the handling of customer complaints and contractor performance. Furthermore, the Commission has not provided specific requirements to the CNAs regarding the quality control processes they have established to provide regulatory assistance to the NPAs they represent, as well as to facilitate and support the NPAs maintaining qualification. Lastly, the Commission does not have adequate procedures in place or obtain sufficient data from NPAs and CNAs to make an informed decision regarding NPA compliance with contract performance requirements.”¹⁵

Additionally, the data reliability, availability, and accessibility audit report contained several recommendations and one of them cited “[creating] a standard operating procedure to collect and handle data and define roles and responsibilities for enhanced operational efficiency.”¹⁶ In response to these report findings, new policies are being developed by the Commission. For instance, the new 300-series policy (mentioned earlier in this report) is intended to address several concerns related to this challenge. Specifically, the new policy should address quality control issues. As of November 2024, the 300-series policy is under development and the Commission has shared these draft policies with the CNAs for feedback.

¹⁵ [OIG Quality of Products Final Report 01-03-2024.pdf](#)

¹⁶ [Performance Audit Report of Data Reliability, Availability, and Accessibility Final Report 06-26-2024](#)