



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

355 E Street SW (OIG Suite 335)
Washington, DC 20024-3243

November 15, 2024

MEMORANDUM

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

Kimberly M. Zeich
Executive Director
U.S. AbilityOne Commission

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

SUBJECT: Audit of the U.S. AbilityOne Commission's Financial Statements for Fiscal Year 2024

I am pleased to provide the audit report on the U.S. AbilityOne Commission's (Commission) financial statements. The Office of Inspector General (OIG) contracted with the independent certified public accounting firm Harper, Rains, Knight, & Company, P.A. (HRK) to audit the Commission's financial statements and related footnotes as of September 30, 2024, and for the year then ended. The contract requires that the audit be performed in accordance with U.S. generally accepted government auditing standards and the Office of Management and Budget bulletin, Audit Requirements for Federal Financial Statements.

Results of the Independent Audit

HRK found:

- The financial statements present fairly, in all material respects, the Commission's financial position as of September 30, 2024, and 2023, and its net cost of operations, changes in net position, and budgetary resources for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

- During our 2024 audit, HRK identified a deficiency in the Commission's internal control over financial reporting that it does not consider to be a material weakness or significant deficiency that, nonetheless, warrants management's attention and decided to communicate this matter to Commission management in a separate letter.

HRK's objective was not to provide an opinion on internal control over financial reporting or compliance with laws, regulations, contracts, and grant agreements applicable to the Commission.

Evaluation and Monitoring of Audit Performance

The Inspector General Act of 1978, as amended, requires that the Inspector General take appropriate steps to assure that any work performed by non-Federal auditors complies with the auditing standards established by the Comptroller General. We evaluated the independence, objectivity, and qualifications of the auditors and specialists; reviewed the plan and approach of the audit; monitored the performance of the audit; sought and obtained clarification of the auditor's methodology and findings; and reviewed HRK's reports and related audit documentation.

HRK is responsible for the attached independent auditor's report and the conclusions expressed therein. The OIG does not express opinions on the Commission's financial statements or internal control over financial reporting, or conclusions on compliance or other matters. The audit report provides an opinion on the Commission's financial statements and communicates reporting requirements on internal control over financial reporting and compliance with laws and regulations.

The OIG would like to thank the Commission staff for their assistance and cooperation. If you have any questions or need additional information, please contact me or Laretta A. L. Joseph, Acting Assistant Inspector General for Audit at (571) 329-3419 or Ljoseph@oig.abilityone.gov.

Enclosure: *Independent Auditor's Report, September 30, 2024*

cc: Chai Feldblum
Vice-Chairperson
U.S. AbilityOne Commission

Kelvin R. Wood
Chief of Staff
U.S. AbilityOne Commission



Independent Auditors' Report

Chairperson, Committee Members, and Executive Director
Committee for Purchase from People Who Are Blind or Severely Disabled – U.S. AbilityOne Commission

Report on the Audit of the Financial Statements

Opinion

In accordance with the Accountability of Tax Dollars Act, we have audited the financial statements of the Committee for Purchase from People Who Are Blind or Severely Disabled – U.S. AbilityOne Commission (the Commission). The Commission's financial statements comprise the balance sheets as of September 30, 2024, and 2023; and the related statements of net cost, changes in net position, and budgetary resources for the fiscal years then ended, and the related notes to the financial statements.

In our opinion, the Commission's financial statements present fairly, in all material respects, the Commission's financial position as of September 30, 2024, and 2023, and its net cost of operations, changes in net position, and budgetary resources for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-02 are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The Commission's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; preparing, measuring, and presenting the Required Supplementary Information (RSI) in accordance with accounting principles generally accepted in the United States of America; preparing and presenting other information included in documents containing the audited financial statements and auditors' report, and ensuring the consistency of that information with the audited financial statements and the RSI; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to (1) obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and (2) issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement or a material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually, or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, GAS, and OMB Bulletin No. 24-02, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Perform other procedures we consider necessary in the circumstances.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America issued by the Federal Accounting Standards Advisory Board (FASAB) require that the information in the Management's Discussion and Analysis (MD&A) be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by FASAB who considers this information to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context.

Required Supplementary Information (continued)

We have applied certain limited procedures to the RSI in accordance with GAAS, which consisted of (1) inquiries of management about the methods of preparing the RSI and (2) comparing the information for consistency with management's responses to the auditors' inquiries, the financial statements, and other knowledge we obtained during the audit of the financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit, and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the Commission's financial statements. The information in the Message from the Chairperson, Performance, and Other Information sections contain a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. Management is responsible for the Other Information. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

Report on Internal Control over Financial Reporting

In planning and performing our audit of the Commission's financial statements as of and for the year ended September 30, 2024, in accordance with GAS, we considered the Commission's internal control relevant to the financial statement audit as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Report on Internal Control over Financial Reporting (continued)

Our consideration of internal control over financial reporting was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies or to express an opinion on the effectiveness of the Commission's internal control over financial reporting. Given these limitations, during our 2024 audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

During our 2024 audit, we identified a deficiency in the Commission's internal control over financial reporting that we do not consider to be a material weakness or significant deficiency that, nonetheless, warrants management's attention. We have communicated this matter to Commission management and, where appropriate, will report on it separately.

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements that have a direct effect on the determination of material amounts and disclosures in the Commission's financial statements, and to perform certain other limited procedures, but not for the purposes of expressing an opinion on the Commission's compliance with applicable laws, regulations, contracts, and grant agreements. Accordingly, we do not express such an opinion. We did not test compliance with all laws, regulations, contracts, and grant agreements applicable to the Commission. The Commission management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to the entity.

Our tests of compliance with these selected provisions of applicable laws, regulations, and contracts, and grant agreements disclosed no instances of noncompliance for the year ended September 30, 2024, that would be reportable under GAS or OMB Bulletin No. 24-02. We caution that noncompliance may occur and not be detected by these tests.

Chairperson, Committee Members and Executive Director
Committee for Purchase from People Who Are Blind and Severely Disabled – U.S. AbilityOne
Commission (continued)

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Other Reporting Required by *Government Auditing Standards* is solely to describe the scope of our testing of internal control and compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or compliance. These reports are an integral part of an audit performed in accordance with GAS and OMB Bulletin No. 24-02 in considering the entity's internal control and compliance. Accordingly, these reports are not suitable for any other purpose.

Harper, Raino, Knight & Company, P.A.

November 15, 2024
Washington, D.C.

Status of Prior Year Financial Statement Audit Recommendations

The following table provides the fiscal year (FY) 2024 status of all recommendations included in the Independent Auditors' Report on the Commission's FY 2023 Financial Statements (November 15, 2023).

Prior Year Finding	Prior Year Recommendations	FY 2024 Status
Actual and Potential ADA Violations Relating to the Obligation of Expired Funds 2023-04	<p>We recommend that Commission management:</p> <ul style="list-style-type: none"> • We recommend that Commission management fulfill the requirements of 31 USC §1517(b) by reporting the FY 2019 and FY 2020 violations to the President, Congress, and the Comptroller General of the United States. • We recommend that Commission management submit periodic inquiries to their OMB contact on the status of their submission. 	<p>Open</p> <p>Open</p>
Internal Control over Year-End Accrued Expenses and Liabilities are not Properly Designed and Implemented 2023-03	<p>We recommend that Commission management:</p> <ul style="list-style-type: none"> • Commission management should enhance its written policies and procedures for the accrual preparation process to clarify service provider guidance, including specifying that accruals should be recorded for known expenses in the current period in which the cash outlay will happen in a future period, regardless of the fiscal year of obligated funding. • The Chief Financial Officer, or other Commission personnel knowledgeable in accounting and finance, should independently review all accruals for accuracy and compliance with generally accepted accounting principles, regardless of the office of origination. • Book proposed adjustment to accrue for the invoices totaling \$73,210 for fiscal year 2023. 	<p>Closed</p> <p>Closed</p> <p>Closed</p>