



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


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

November 15, 2023

**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

**SUBJECT:** Audit of the U.S. AbilityOne Commission's Financial Statements  
for Fiscal Year 2023

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, 2023, 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, 2023, and its net cost of operations, changes in net position, and budgetary resources for the fiscal year then ended in accordance with generally accepted accounting principles.

- One significant deficiency (Finding 2023-03) in internal control over financial reporting.

While the report includes one significant deficiency related to the Commission's internal control over financial reporting, 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 Rosario A. Torres, CPA, CIA, MBA, CGAP, Assistant Inspector General for Auditing at (703) 772-9054 or [rtorres@oig.abilityone.gov](mailto:rtorres@oig.abilityone.gov).

Enclosure: *Independent Auditor's Report, September 30, 2023*

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 sheet as of September 30, 2023, and the related statements of net cost, changes in net position, and budgetary resources for the fiscal year 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, 2023, and its net cost of operations, changes in net position, and budgetary resources for the fiscal year 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* (GAGAS), issued by the Comptroller General of the United States and Office of Management and Budget (OMB) Bulletin No. 24-01, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-01 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, GAGAS, and OMB Bulletin No. 24-01, 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.

***Other Matters***

The financial statements of the Commission for the year ended September 30, 2022, were audited by another auditor who expressed an unmodified opinion on those statements on November 15, 2022.

***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 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. 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

***Required Supplementary Information (continued)***

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, 2023, in accordance with GAGAS, 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. We consider the deficiency described in the accompanying, *Exhibit 1, Findings and Recommendations-Significant Deficiency*, as NFR 2023-03 to be a significant deficiency.

***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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying *Exhibit 1, Findings and Recommendations-Significant Deficiency*, we identified a deficiency in internal control that we consider to be a significant deficiency.

In addition, we also identified deficiencies in the Commission's internal control over financial reporting that we do not consider to be material weaknesses or significant deficiencies that, nonetheless, warrant management's attention. We have communicated these matters to Commission management and, where appropriate, will report on them 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, 2023, that would be reportable under GAGAS or OMB Bulletin No. 24-01. We caution that noncompliance may occur and not be detected by these tests.

***Management's Response to Finding***

Management's response to the findings identified in our audit is described in the accompanying Exhibit I. Management's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 GAGAS and OMB Bulletin No. 24-01 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 14, 2023  
Washington, DC

**Exhibit 1 Findings and Recommendations-  
Significant Deficiency**

**Notice of Findings and Recommendations  
Year End Accrual Control is not Properly Designed  
U.S. AbilityOne Commission  
FY 2023 Financial Statement Audit**

**Background:**

**Ref. Number:** 2023-03

**Title:** Internal Control over Year-End Accrued Expenses and Liabilities are not Properly Designed and Implemented

**Repeat Finding:** 2022-10, 2021-11,2021-04,2020-06, 2019-02

**W/P Reference:** [3604](#)

**Condition:**

The Commission's internal controls over the estimation and recording of accrued expenses and liabilities are not sufficiently designed and implemented to prevent, detect, or correct errors in its financial statements.

During our performance of substantive procedures over the balance of Accounts Payable and Undelivered Orders as of September 30, 2023, we identified the following:

- The Commission did not record an accrual for two invoices received September 27, 2023, totaling \$73,210 for work performed during fiscal year 2023. These invoices were for services performed in accordance with a contract funded with fiscal year 2022 appropriated funds.

**Criteria:**

AbilityOne Budget and Financial Management Standard Operating Procedures, March 2023, Financial Management, Accrual Preparation, Pages 31-32 states,

“-To achieve accounting standards, AbilityOne will, at a minimum, submit material accruals (i.e., payroll, bonuses, accounts payable) prior to development of interim and end of year financial statements. Accruals will be developed for known liabilities and receipts.

-Accruals will follow standard funds management and obligation workflow process for funds certification and approval signatures on transmittals used.”



**Exhibit 1 Findings and Recommendations-  
Significant Deficiency (continued)**

-AbilityOne will track and cross reference accrual submissions to trial balance and financial statements for accuracy and completeness of financial reporting requirements; AbilityOne will use the Accounting History Report to track accrual postings; Accounting History Report displays general ledger posts that reflect trial balances.

-Coordination with OIG will be conducted to capture their accruals as well."

The Government Accountability Office (GAO) *Standards for Internal Control in the Federal Government* (GAO-14-704G, September 2014), Principle 10 – Design Control Activities, Section 10.01 states, “Management designs control activities in response to the entity’s objectives and risks to achieve an effective internal control system. Control activities are the policies, procedures, techniques, and mechanisms that enforce management’s directives to achieve the entity’s objectives and address related risks. As part of the risk assessment component, management identifies the risks related to the entity and its objectives, including its service organizations.

The Government Accountability Office (GAO), *Standards for Internal Controls in the Federal Government*, (issued September 2014), Principle 10 – Design Control Activities, 10.03, Accurate and timely recording of transactions, states, “Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded.”

The Government Accountability Office (GAO’s) *Standards for Internal Control in the Federal Government*, Principle 10.01: Design Control Activities, states the following: “Management should design control activities to achieve objectives and respond to risks. The following attributes contribute to the design, implementation, and operating effectiveness of this principle:

- Response to Objectives and Risks
- Design of Appropriate Types of Control Activities
- Design of Control Activities at Various Levels
- Segregation of Duties”

The Government Accountability Office (GAO) *Standards for Internal Control in the Federal Government* (GAO-14-704G, September 2014), Section 4 – Additional Considerations, Service Organizations, OV4.03 states, “Management may consider the following when determining the extent of oversight for the operational processes assigned to the service organization: The nature of services outsourced.....[and] the extent to which the entity’s internal controls are sufficient so that the entity achieves its objectives and addresses risks related to the assigned operational process.”

**Cause:**

- The accrual guidance provided by the Commission's service provider did not establish clear criteria for the preparation of year end accruals. Specifically, the guidance does not specify 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.

**Exhibit 1 Findings and Recommendations-  
Significant Deficiency (continued)**

- The Chief Financial Officer, or other Commission personnel knowledgeable in accounting and finance did not review all accruals for accuracy or completeness prior to recording in the general ledger.

**Effect:**

- There is an increased risk of material and pervasive misstatements of the balances reported on the Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, Statement of Budgetary Resources, and the financial statement footnotes for each year in which accrued liabilities are not reviewed completely by personnel with responsibility for financial reporting.
- Errors in the fiscal year-end financial statements and footnotes and other required reporting included:
  - Balance Sheet – Accounts Payable was understated by \$73,210 and Cumulative Results of Operations was overstated by \$73,210.
  - Statement of Net Cost – Total Gross Costs, Net Program Costs, and Net Cost of Operations were understated by \$73,120.
  - Statement of Changes in Net Position – Net Cost of Operations, Net Change in Cumulative Results of Operations were understated by \$73,210, and Net Position was overstated by \$73,210.
  - \$73,210 overstatement of Undelivered Orders-Unpaid and \$73,210 understatement of Delivered Orders-Unpaid

**Recommendation:**

- 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.

**Exhibit 1 Findings and Recommendations-  
Significant Deficiency (continued)**

**Managements' Response**

Management concurs with the findings and recommendations. In accordance with the above recommendations, management will implement the following corrective actions by 31 January 2024:

- Enhance written policies and procedures for accrual preparation and submission to shared service provider, including specific language 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 CFO will independently review all accruals for accuracy and compliance with generally accepted accounting principles prior to submission to shared service provider.



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

**Exhibit 1 Findings and Recommendations-  
Significant Deficiency (continued)**

**Proposed Audit Adjustment 2023-01**

<b>SGL Number</b>	<b>SGL Name</b>	<b>Debit</b>	<b>Credit</b>
610000	Operating Expenses/Program Costs-Nonfederal	\$ 73,210	
210000.02	Accounts Payable-General-Nonfederal		\$ 73,210
480100	Undelivered Orders-Obligations, Unpaid	\$ 73,210	
490100	Delivered Orders-Obligations, Unpaid		\$ 73,210
310700	Unexpended Appropriations-Used-Accrued	\$ 73,210	
570000	Expended Appropriations-Used-Accrued		\$ 73,210

## Exhibit 2 Status of Prior Year Financial Statement Audit Recommendations

The following table provides the fiscal year (FY) 2023 status of all recommendations included in the Independent Auditors' Report on the Commission's FY 2022 Financial Statements (November 15, 2022).

Prior Year Finding	Prior Year Recommendations	FY 2023 Status
<p>Interim Financial Statements and Footnotes Were Not Prepared in Accordance with U.S. GAAP and Federal Reporting Requirements (2022-01)</p>	<p>We recommend that Commission management:</p>	
	<ul style="list-style-type: none"> <li>• Verify that current Treasury and OMB financial reporting requirements and other authoritative guidance is obtained and followed during the preparation and review of the financial statements and footnotes, including all mandatory and presumptively mandatory provisions, as defined in those sources.</li> </ul>	Closed
	<ul style="list-style-type: none"> <li>• Reconcile the trial balance to subsidiary or supplementary sources, such as the capitalized expenditure and accrued expense worksheets to the general ledger to validate the balances reported in the trial balance.</li> </ul>	Closed
	<ul style="list-style-type: none"> <li>• Increase the precision of existing checklists and variance analysis tools so that changes from known and expected results can be detected and corrected.</li> </ul>	Closed
	<ul style="list-style-type: none"> <li>• Request and obtain the legal representation letter from the Office of the General Counsel (OGC) or consult with the OGC prior to the close of the reporting period so that any required entries can be recorded and the Commitment and Contingencies footnote can be prepared and reviewed timely.</li> </ul>	Closed
	<ul style="list-style-type: none"> <li>• Add the review of legal matters to the financial reporting checklist or other tracking system with other adjusting entries and reconciliations so that it becomes part of a routine process that is performed at the end of each quarter.</li> </ul>	Closed
	<ul style="list-style-type: none"> <li>• Verify that the information included in the Commitment and Contingencies footnote is clear, concise, accurate, complete, and properly classified according to generally accepted accounting principles and federal reporting requirements and that all contingencies reported in the footnote exist as of the reporting date.</li> </ul>	Closed
	<ul style="list-style-type: none"> <li>• Verify the mathematical accuracy of all statements and footnote schedules and agree all balances reported in the statements and footnotes to corrected trial balances.</li> </ul>	Closed
<ul style="list-style-type: none"> <li>• Prepare, sign and date, and retain a formal checklist or memorandum to document the review and approval process that includes all of the procedures that were performed by management to validate the completeness and accuracy of all required financial statements and footnotes.</li> </ul>	Closed	

**Exhibit 2 Status of Prior Year Financial Statement Audit Recommendations (continued)**

Prior Year Finding	Prior Year Recommendations	FY 2023 Status
<p>Corrections for Known Errors and Misstatements Were Not Identified or Recorded in the General Ledger 2022-02</p>	<p>We recommend that Commission management should:</p> <ul style="list-style-type: none"> <li>• Develop a procedure to identify and track all on-top adjustments, worksheet adjustments, and other corrections for prior year transactions that were processed during the prior fiscal year, evaluate their effects on current year balances, and record them timely (during the first quarter of the fiscal year) in the general ledger.</li> <li>• Review the posting logic that was applied within Pegasys for each correcting entry and record reclassification journal entries in the general ledger using the appropriate general ledger accounts for the correction of errors, in accordance with generally accepted accounting principle.</li> </ul>	<p>Closed</p> <p>Closed</p>
<p>Personnel Actions Are Not Accurate, Timely, or Complete 2022-03</p>	<p>We recommend that:</p> <ul style="list-style-type: none"> <li>• The Commission should perform a thorough review of all personnel actions before they are approved by the appointing official and submitted to the service provider to ensure they are complete and accurate.</li> <li>• If a change to the effective date or other modification is required, the Commission should complete a revised Request for Personnel Action form and verify that is dated and signed by the appointing official prior to the revised effective date.</li> <li>• The Commission should retain clear, concise, and complete documentation to support all personnel actions in the employees' Official Personnel Folders</li> </ul>	<p>Closed</p> <p>Closed</p> <p>Closed</p>
<p>Actual and Potential ADA Violations Relating to the Obligation of Expired Funds 2022-04</p>	<p>We recommend that Commission management:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Perform a legal review of all transactions for which the assignment of a prior budget year is contemplated.</li> </ul>	<p>Open</p> <p>Closed</p>
<p>Obligations Were Not Submitted Timely for Recording in the General Ledger 2022-05</p>	<p>We recommend that:</p> <ul style="list-style-type: none"> <li>• Commission management should ensure that all transmittal forms and supporting documents are submitted to the service organization within five business days of the agency incurring an obligation so that the service organization can record the obligation in the agency's general ledger timely.</li> <li>• On a quarterly or more frequent basis, Commission management (i.e., budget officers/funding officials, contracting officers, and other personnel involved in the procurement process) should perform a review of open obligation aging reports to verify that the balance for each obligation is accurate and all obligations that have been incurred by the agency have been recorded in the general ledger.</li> </ul>	<p>Closed</p> <p>Closed</p> <p>Closed</p>

**Exhibit 2 Status of Prior Year Financial Statement Audit Recommendations (continued)**

Prior Year Finding	Prior Year Recommendations	FY 2023 Status
	<ul style="list-style-type: none"> <li>• On a quarterly or more frequent basis, Commission management should perform a review of all procurement documentation (i.e., transmittal forms, SF-30, SF-1449, and other funding or obligating documents) and agree the documentation to the open obligation aging reports in order to verify that the balance for each obligation is accurate and all obligations that have been incurred by the agency have been recorded in the general ledger.</li> <li>• Personnel performing procurement activities should maintain a log or other record that includes the status of all commitments and obligations, which should be reviewed at the end of each reporting period, and particularly at fiscal year-end, so that action can be taken timely for any incomplete items.</li> <li>• Standard operating procedures should be expanded, or desk procedures developed, so that policies and procedures are explained clearly, and the roles and responsibilities of personnel performing procurement activities are defined for each step of the process.</li> </ul>	<p>Closed</p> <p>Closed</p>
<p>Employee Benefits Election Forms Were Not Maintained in eOPF per OPM Requirements 2022-06</p>	<p>We recommend that:</p> <ul style="list-style-type: none"> <li>• The Commission should perform routine reviews of employee benefit elections and Official Personnel Files (OPFs) to ensure they are complete and accurate and address this issue with its shared service provider to ensure that OPM guidance is appropriately followed with respect to the Commission’s personnel records.</li> <li>• The Commission should obtain replacement copies of missing records that have been identified and either provide these documents to the service provider so that the information can be maintained in the e-OPF or consider developing and implementing its own repository of documentation to ease the retrieval and response process.</li> <li>• At the end of each pay period or at least monthly, the Commission should review reports of employee benefits election changes made through the employee self-service portal and retain the documentation for all changes in the employees’ e-OPF.</li> </ul>	<p>Open</p> <p>Open</p> <p>Open</p>
<p>Federal Employee Health Benefits (FEHB) Program Premiums Were Included in OASDI and Medicare Taxes in Error 2022-07</p>	<p>We recommend that:</p> <ul style="list-style-type: none"> <li>• The Commission should research the impacted employee’s payroll records to confirm the error and determine why the error occurred. Appropriate action should then be taken to identify any other affected employees and to correct the root cause of the error.</li> <li>• Correction of the error should include an appropriate credit for the excess taxes withheld from the employee’s pay and an adjustment of the agency’s matching contributions that were paid for this employee.</li> </ul>	<p>Closed</p> <p>Closed</p>
<p>Improvements Needed for</p>	<p>We recommend that:</p>	

**Exhibit 2 Status of Prior Year Financial Statement Audit Recommendations (continued)**

Prior Year Finding	Prior Year Recommendations	FY 2023 Status
Internal Controls Relating to the Performance of Property Inventories 2022-08	<ul style="list-style-type: none"> <li>• The Commission should perform and adequately document the results of its annual physical inventory, which includes a summary of the procedures performed, the name and title of the individual(s) who performed it, the date it was performed, and evidence of review and approval by an appropriate management official.</li> <li>• The Commission should correct and then regularly update all listings of the Commission’s assets to enable the agency to quickly and accurately locate all items issued to Commission personnel.</li> <li>• The Commission should, by employee/contractor, develop or retain records of all property that is issued, returned, and/or reissued to all personnel and update the asset listings to agree with the source documentation.</li> </ul>	<p>Open</p> <p>Closed</p> <p>Closed</p>
Lack of Sufficient Internal Control over Financial Reporting Relating to Upward and Downward Adjustments of Prior Year Obligations 2022-09	<p>We recommend that:</p> <ul style="list-style-type: none"> <li>• Commission management should work with the service provider to identify, at least quarterly, upward adjustments that have been offset by downward adjustments in the general ledger so that manual adjustments can be recorded to properly state the ending balances of both accounts.</li> <li>• Commission management should work with its service provider to design and implement policies and procedures which enhance the internal review process for upward and downward adjustment transactions and includes a reconciliation of the UDO balances with the supporting documentation to ensure that transactions have been recorded correctly.</li> </ul>	<p>Closed</p> <p>Closed</p>
Year-End Accrued Expenses and Liabilities Were Not Correctly Estimated or Recorded 2022-10	<p>We recommend that:</p> <ul style="list-style-type: none"> <li>• Commission management should enhance its written policies and procedures for the financial reporting process, including procedures to identify, prepare, and review year-end entries to the general ledger to ensure that all required entries been recorded in accordance with generally accepted accounting principles.</li> <li>• The Chief Financial Officer or other Commission personnel knowledgeable in accounting and finance should independently verify the amounts estimated for accrued liabilities and examine the entries that have been recorded in the Commission’s general ledger to ensure that the entries agree with the information the Commission has provided.</li> <li>• Commission management should enhance its existing policies and procedures to provide a more thorough review of all accounting entries for year-end accruals to ensure that all accrued liabilities have been received from all sources and recorded in accordance with generally accepted accounting principles.</li> <li>• At least twice per year, to coincide with the preparation and review of the third and fourth quarter financial statements, the Commission should track</li> </ul>	<p>Open</p> <p>Open</p> <p>Open</p>



**Exhibit 2 Status of Prior Year Financial Statement Audit Recommendations (continued)**

<b>Prior Year Finding</b>	<b>Prior Year Recommendations</b>	<b>FY 2023 Status</b>
	<p>the status of each open obligation for which an advance payment was made in order to determine what amount, if any, should be recognized as an expense for that period and what amount should remain or be reclassified as an advance.</p> <ul style="list-style-type: none"> <li>• At least twice per year, to coincide with the preparation and review of the third and fourth quarter financial statements, the Commission should ensure that all approved and paid invoices have been provided to the Commission's service provider and recorded in the agency's general ledger to reduce the advanced balance and recognize operating expenses. If the goods and/or services have been received but the billing process is incomplete as of the end of the reporting period, an accrual entry should be recorded.</li> <li>• Amend the financial statement review checklist to include a review of balances relating to Advances and Prepayments to identify whether expected changes to the related balances have occurred.</li> </ul>	<p>Closed</p> <p>Open</p> <p>Closed</p>