

# Office of Inspector General



## Semiannual Report to Congress



October 1, 2017 to March 31, 2018



## Message from the Inspector General

The AbilityOne Office of Inspector General (OIG) is at the vanguard of a larger movement within the Federal Inspector General community celebrating the 40th anniversary of the Inspector General (IG) Act this year.

A key element of OIGs is providing leadership to promote economy, efficiency, and effectiveness. We are using the OIG lens at AbilityOne. This concept is an essential part of the OIG approach we apply, thinking and analyzing with an OIG lens.

In this Semiannual Report to Congress, we highlight a major initiative we are undertaking: a plan we developed to perform a comprehensive review of the two Central Nonprofit Agencies (CNAs) in the AbilityOne Program. Objectives of the reviews will include critical topics such as assignments for projects and allocation of orders, fees, transparency for project assignment and, completed actions of the cooperative agreements by CNAs, evaluation on the market shift for the growth and innovation of products and services, and quality of products in support of meeting government requirements.

Early innovation is a characteristic of the dynamic history of the AbilityOne Program. The purpose that spurred the growth of the nonprofit agencies (NPAs) in the 1930s was both basic and revolutionary: it provided individuals who were disabled and blind the skills necessary to make and sell products and enable them to keep the proceeds. Those original "workshops" were the early marketplaces. The AbilityOne Program, with its growing sophistication, has the potential to tap a revolutionary marketplace, with the principle challenge and opportunity being: what will the future business model be?

AbilityOne and its program are at a transformative stage. There are a host of reforms and exciting growth opportunities from the anticipated output of the DoD 898 Panel, and the eCommerce dimension.

These forces provide groundbreaking potential through the commercialization of products and services in new and innovative platforms. The Commission publicly entered into business arrangements with Amazon, and together they are building an exciting new opportunity of AbilityOne commerce.

In this Semiannual Report we discuss our accomplishments of oversight in this dynamic environment, including the Top Management Challenge Report, the recently issued Federal Information Security Modernization Act (FISMA) Metrics Report, and our completed design plan for oversight of the AbilityOne Program's two CNAs, the National Industries for the Blind (NIB) and SourceAmerica.



Maintaining focus on the fundamentals is key to our plan. We continue to visit NPAs to enhance the frame of reference for our OIG lens. This period, we built on prior visits and completed our first SourceAmerica program visit at North Bay Industries in Sonoma County, California. At North Bay Industries, which was founded in 1968, disabled workers make over 300 American flags a day for the Veterans Administration, and provide landscape maintenance, custodial services, mess attendant services, rehabilitation, contract packaging, and affordable housing's services to the Federal Government. We visited Envision in Wichita, Kansas, known for their roots of innovation in aviation, and ReadyOne Industries in El Paso, Texas, which offers garment manufacturing, call center staffing, and document management services.

Envision, true to the roots of the community, is pushing and advancing technology and research for the blind. Envision is enabling those opportunities through innovation, as I learned when I visited its Research & Development wing. There, a scientist in the Fellows Program spoke with us about the science of training the brain to be able to adapt to macular degeneration.

Among other fundamentals we are focused on, I discussed at the last Commission meeting our delivery of a comprehensive two-year audit plan to outline the first set of engagements to be completed. We carefully designed 8 audit jobs addressing a 3-billion-dollar program with over 550 participating NPAs located in all 50 states, Puerto Rico, and Guam, that employ approximately 46,000 people.

With many milestones, not only completed but perfected, we are focusing on joint investigative activities, on output stemming from our newly stood-up hotline, identifying risks in the AbilityOne program, devising a series of program reviews and CNA-related audits, and progress with the DoD 898 Panel. We can expect that the 898 Panel will draw on OIG reports.

I am excited to report on these achievements in this Semiannual Report. I thank the OIG team for their amazing contributions with our journey. Thank you to the Chair, Executive Director, and the Agency for their commitment to the success of our newly created and growing office. Our OIG is moving firmly into new oversight territory and the Agency's support of our mission and role is strong.

*Thomas Lebrich*  
Thomas K. Lebrich  
Inspector General

# Contents

Introduction.....	1
Completed Work.....	3
Audit Accomplishments.....	3
Investigative Accomplishments .....	7
Investigative Focus.....	11
OIG Lens Accomplishments.....	12
Section 2302(c) Certification Program .....	12
OIG Briefings and Site Visits .....	12
Ongoing OIG Work .....	15
898 Panel Membership and Activity.....	15
Commission Agreement with Amazon .....	16
Overview of Cooperative Agreements- Key Performance Indicators Established.....	18
Audit Activities .....	19
Oversight.gov .....	27
AbilityOne OIG Hotline.....	28
APPENDICES .....	29
Appendix I- Reporting Requirements Under the Inspector General Act of 1978, As Amended.....	29
Appendix II- FY2017 National Defense Authorization Act.....	32
Appendix III- FY2018 National Defense Authorization Act.....	37

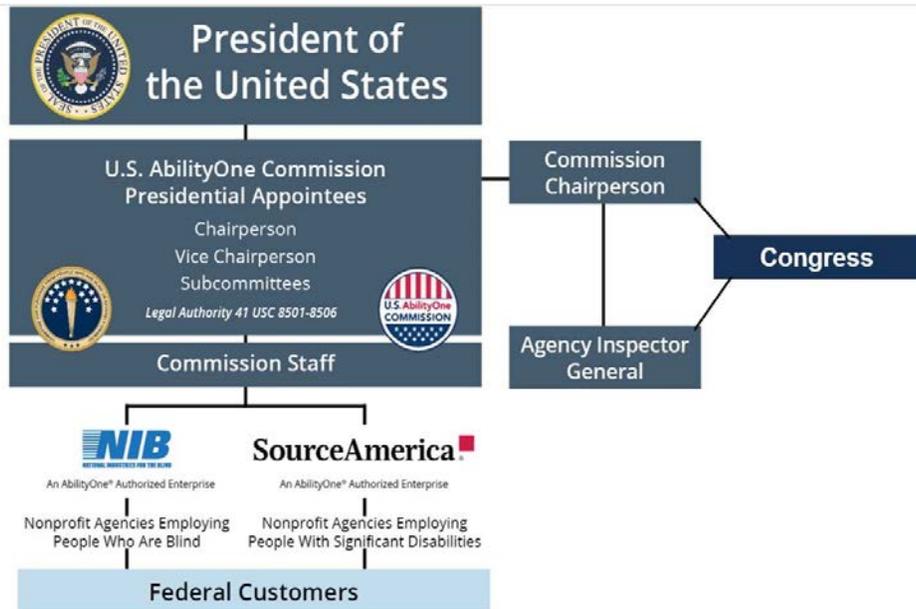
# Introduction

Through the AbilityOne Program, over 46,000 Americans who are blind or have other significant disabilities are employed in the manufacturing and delivery of over \$3.2 billion in federal contracts for products and services to the Federal Government. The Committee for Purchase From People Who Are Blind or Severely Disabled (CPPBSD), operating as the U.S. AbilityOne Commission (Commission), is an independent executive branch federal entity responsible for administering the AbilityOne Program pursuant to the Javits-Wagner-O’Day (JWOD) Act (41 U.S.C. §§ 8501–8506). The AbilityOne Program is the single largest source of employment in the United States for people who are blind or significantly disabled.

The Commission is composed of 15 members appointed by the President. The Commission has designated National Industries for the Blind (NIB) and SourceAmerica as central nonprofit agencies (CNAs) to represent and assist the over 550 community-based qualified nonprofit agencies (NPAs) located in all 50 states, Puerto Rico and Guam, that provide employment to blind and significantly disabled Americans.

On December 18, 2015, the Consolidated Appropriations Act of 2016 (P.L. 114-113) amended the Inspector General Act of 1978 (IG Act) and created the Office of Inspector General (OIG) as a designated federal entity IG. The OIG is responsible for conducting audits and investigations; recommending policies and procedures that promote economy, efficiency, and effectiveness of agency resources and programs; and preventing fraud, waste, abuse, and mismanagement. The IG Act requires the IG to keep the Commission and Congress fully and currently informed about problems and deficiencies in the Commission’s operations and the need for any corrective action.

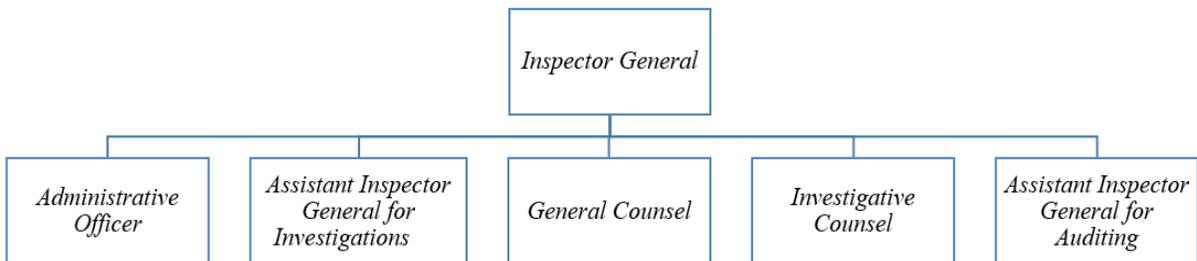
**Figure 1- AbilityOne Program Organization Chart**



**Figure 2- U.S. AbilityOne Commission Organization Structure**



**Figure 3- OIG Organization Structure**



# Completed Work

## Audit Accomplishments

The OIG conducts audits of the AbilityOne programs and operations to improve their efficiency and effectiveness, and is guided by our annual audit plan that identifies high-risk areas and cross-cutting projects and initiatives.

During this reporting period, the OIG issued five audit products, including three audit reports, and initiated work on eight audit recommendations.

### Audit Reports Issued



#### **1. U.S. AbilityOne Commission Top Management Challenges Report (October 16, 2017)**

During the reporting period, the OIG issued the first Top Management Challenges Report facing the Commission. The OIG identified the erosion of statutory program authority, lack of adequate resources, needed enhancements to program compliance, and a lack of Enterprise-wide Risk Management framework as the most pressing challenges.

##### *Management Challenge 1: Erosion of Statutory Program Authority*

The JWOD Act has not been materially altered since 1971, despite a revolution in the way federal agencies purchase products and services and the proliferation of available options. Additionally, there are multiple special classes in which the AbilityOne Program now competes for federal contracts, including veterans and small businesses. In the report we identified significant areas where the program authority was subject to erosion.

##### *Management Challenge 2: Lack of Adequate Resources*

The Commission has a staff of fewer than 30 people to administer a \$3 billion Program spanning all 50 states, plus Puerto Rico and Guam, that employs approximately 46,000 people. It is not

necessary to belabor the obvious difficulty in administering a program of that size and scope with such sparse resources.

*Management Challenge 3: Enhancement to Program Compliance*

Undoubtedly related to Challenge 2, the Commission has less than five staff assigned to Program compliance. With NPAs numbering over 550, and involving more than 46,000 employees, Program compliance may suffer without the proper resources, and utilizing a risk based model.

*Management Challenge 4: Lack of Enterprise-Wide Risk Management Framework*

In July 2016, OMB issued an update to OMB Circular A-123, requiring federal agencies to implement Enterprise Risk Management (ERM) procedures. This would allow agency executives to more effectively manage its risks and align its strategic goals and objectives according to the risk's threat to accomplishing agency goals. Despite progress in addressing Program risks, the formal ERM is not yet in place, limiting the Commission's ability to identify and respond quickly to critical issues that may arise.

**2. Audit of the U.S. AbilityOne Commission's Fiscal Year 2017 Financial Statements (November 16, 2017)**

The independent public accounting firm Davis and Associates PLLC (Davis and Associates) audited the Commission's Fiscal Year 2017 financial statements issuing an unmodified opinion. The Chief Financial Officers (CFO) Act of 1990, as amended by the Government Management Reform Act of 1994, and the Accountability of Tax Dollars Act of 2002 require federal agencies and entities to prepare and submit audited financial statements to OMB and the Congress.

Davis and Associates performed the audit in accordance with the Government Auditing Standards and the OMB's Bulletin No. 17-03, "Audit Requirements for Federal Financial Statements." The audit resulted in an unmodified opinion on the Commission's FY 2017 financial statements. An unmodified opinion means the financial statements present fairly, in all material respects, the financial position and results of the Commission's operations in conformity with U.S. generally accepted accounting principles. In addition, Davis and Associates also reported on the Commission's internal control over financial reporting and compliance with laws and regulations. Davis and Associates did not identify any deficiencies with internal control over financial reporting, and found no instances of noncompliance with laws and regulations that would be reportable under the Government Auditing Standards.

**3. Evaluation of the U.S. AbilityOne Commission's Compliance with the Federal Information Security Modernization Act (Report No. 18-01, December 8, 2017)**

The OIG contracted with an independent public accounting firm to perform an evaluation on the information security program pursuant to the requirements under the Federal Information Security Modernization Act of 2014 (FISMA). In accordance with FY 2017 IG FISMA Reporting Metrics, the objective of the evaluation was to determine the effectiveness of the information security program and practices of the Commission. The evaluation focused on the Commission's General Support System (GSS) and related information security policies, procedures, standards, and guidelines. The Commission continues to make positive efforts to develop, document, and implement agency-wide information security measures that support its operations and assets. The

inventory management maintained an accurate inventory of the Commission's information systems and hardware assets.

The report found that improvements are needed in the policies and procedures to achieve better results for the agency-wide information security program. The evaluation measured the effectiveness of the information security programs on a maturity model spectrum, and found the Commission information security program did not meet the FY 2017 IG FISMA Reporting Metrics definition of effective. The report contained 29 recommendations to improve the overall security program to meet the IG FISMA Reporting Metrics. The recommendations address areas including scanning vulnerabilities, security assessment and authorization documentation, user access for terminated/transferred personnel, physical and environment controls, contingency training and backups, configuration changes, incident response training and testing, access authorization management, complexity settings, audit events, reviews and updates, and continuous monitoring.

#### **4. Oversight Audit Plan of Central Nonprofit Agency Reviews (February 7, 2018)**

The Commission leadership requested OIG to consider and conduct oversight of the CNAs and related risk areas to the AbilityOne Program. The proposed series of audit jobs are based on the OIG perspective, risk-based research, judgment, and work performed by other oversight components with interest in the AbilityOne Program.

The Commission designated two CNAs (NIB and SourceAmerica) to represent qualified NPAs within the AbilityOne Program. The CNAs' responsibilities include making recommendations to the Commission of one or more qualified NPAs to develop a product or service that may be proposed for addition to the Procurement List (PL). The CNAs distribute orders for items on the PL among multiple NPAs that have been designated by the Commission to fulfill a specific product or service requirement. The CNAs' method for project assignments and order allocations must result in a fair, equitable, and transparent distribution of opportunities among NPAs, and must take into account the unique mission of the AbilityOne Program.

In the Plan, we detailed seven oversight projects as the initial audit coverage for CNAs review:

- *Evaluation of the NPA assignment of projects and allocation of orders.*  
The transparency, effectiveness and consistency of the criteria applied by the CNAs for NPA project assignments and allocation of orders.
- *Audit of the Fee to Qualified and Approved NPAs.*  
Whether the program fee as established, applied and, developed, accomplishes the intended benefits and efficiencies for the qualified and approved NPAs participating in the AbilityOne Program.
- *Review the appeal (reconsideration) process for the selection decision on NPAs project assignment and allocation of orders.*  
The CNAs' latitude for recommending an NPA project assignment or allocation of orders, and the limited opportunity by NPAs to appeal the designation of qualified NPAs to provide the product or service to the government.

- *Evaluation on the CNAs recommendations of order allocations to designated NPAs.*  
Whether the CNAs disclose effectively how they make decisions for the recommendations to the Commission of project assignments and allocation of orders in a transparent and fair manner to all AbilityOne NPAs.
- *Review completed actions of the Cooperative Agreements by CNAs.*  
Whether the desired outcome for the CNAs to grow employment and promote greater program accountability is being achieved.
- *Audit on the quality of products in support of meeting Government requirements.*  
Whether the quality of products to furnish specific orders to ensure the Government's requirements are fulfilled in a timely manner.
- *The market evolution for the expansion of products and services growth and innovation.*  
How long it takes to get an NPA's project proposal idea implemented and vetted through the CNAs' processes, and whether those processes ultimately stifle growth of the program.

## **5. Audit System of Quality Control**

### **OIG Issues Audit Policy and Procedures**

During this period, the OIG issued audit policy and procedures. In compliance with professional standards, the OIG audit policy outlined the functions and responsibilities, and the OIG audit manual established the procedures in performing audits. The policy and manual were issued in accordance with the IG Act, as amended, and the Government Auditing Standards established by the Comptroller General of the U.S. Government Accountability Office (GAO).

The policy and procedures provide guidelines to meet the OIG objective of providing timely, independent audit work that can assist AbilityOne management in improving accountability, effectiveness, efficiency, and integrity of the AbilityOne Program.

### **OIG Implemented Annual Statement of Independence**

Independence is an essential element and a cornerstone principle informing the OIG. In this reporting period, the OIG implemented the annual statement of independence for its personnel that documents compliance with the independence principle.

In all matters relating to the OIG work, the OIG staff must be free both in fact and appearance from personal, external, and organizational impairments to independence in carrying out effective oversight of the AbilityOne Program. The OIG staff shall avoid circumstances that would cause a reasonable third party with knowledge of the relevant facts to believe the staff is not capable of exercising impartial judgment or that an OIG work product has been compromised.

## Investigative Accomplishments

During this semiannual reporting period, the OIG revised the Investigative Priorities Report; received 17 hotline complaints; initiated investigations; closed one investigation; participated in AbilityOne Program joint investigations; initiated its first inspection/evaluation; provided fraud awareness briefings for the AbilityOne Program, and sponsored its first graduate from the Criminal Investigator Training Program at the Federal Law Enforcement Training (FLETC) in Glynco, GA.

The OIG initiates investigations regarding possible violations of laws, policies or regulations in the administration of the AbilityOne program and activities or misconduct on part of AbilityOne Program employees and contractors, CNAs and NPAs. In furtherance of its mission, the OIG seeks to detect and prevent fraud and criminal activities on the AbilityOne Program.

Office of Investigations	Number
Total number of closed investigations	1
Total number of persons referred to Dept. of Justice for criminal prosecution	0
Total number of persons referred to State and Local prosecuting authorities for criminal prosecution	0
Total number of indictments and criminal information that results from any prior referral to prosecuting authorities	0
Closed hotline complaints during the reporting period	15
Open at the end of the period	2

## Investigative Priorities



## Investigative Activities

### 1. CNAs' Cooperative Agreement Mandatory Disclosure Reporting

In June of 2016, the U.S. AbilityOne Commission signed Cooperative Agreements with both NIB and SourceAmerica. The Consolidated Appropriations Act, 2016 imposed several needed oversight measures in the Cooperative Agreements. The Agreement established mandatory disclosure reporting requirements for the CNAs on allegations, findings or knowledge of violations of federal law involving the AbilityOne Program.

The OIG is now receiving from the agency disclosure reports for consideration under the Cooperative Agreements. During the reporting period, the OIG received four mandatory disclosure reports. The reports provided information into alleged misconduct within the AbilityOne Program. Three of the reports reported allegations of NPA internal management issues not within the IG investigative purview, and the OIG referred them to agency management for further action. The fourth report is currently under OIG review.

### 2. OIG Trains Over 100 Stakeholders in Fraud Awareness

The OIG promotes outreach to educate stakeholders of the AbilityOne Program about its oversight role. The orientation is a front-line tool to generate awareness for the participants about program vulnerabilities. During this reporting period, the fraud awareness orientation was given to over 100 AbilityOne Program members and it was posted to the AbilityOne OIG website.

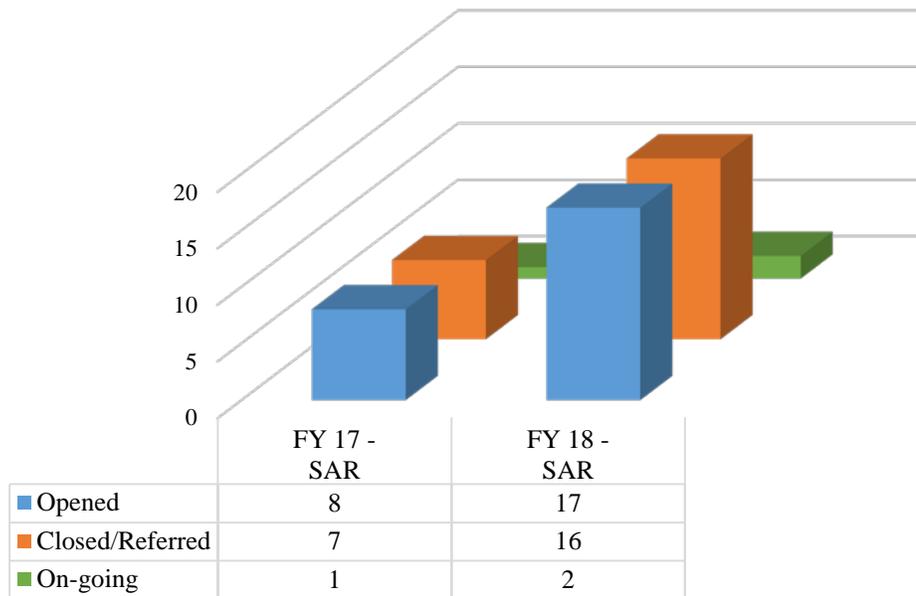
### 3. Hotline Complaints Increased by more than 100% during the Reporting Period

During this reporting period, the OIG hotline received 17 hotline complaints. Of the 17 complaints received:

- 1 complaint regarding an allegation of Falsification of Documentation was opened;
- 1 complaint is under review;
- 4 complaints were closed by the OIG and were referred to agency; and
- 11 complaints were closed or referred to other agencies.

**Figure 4 - OIG Hotline Trends**

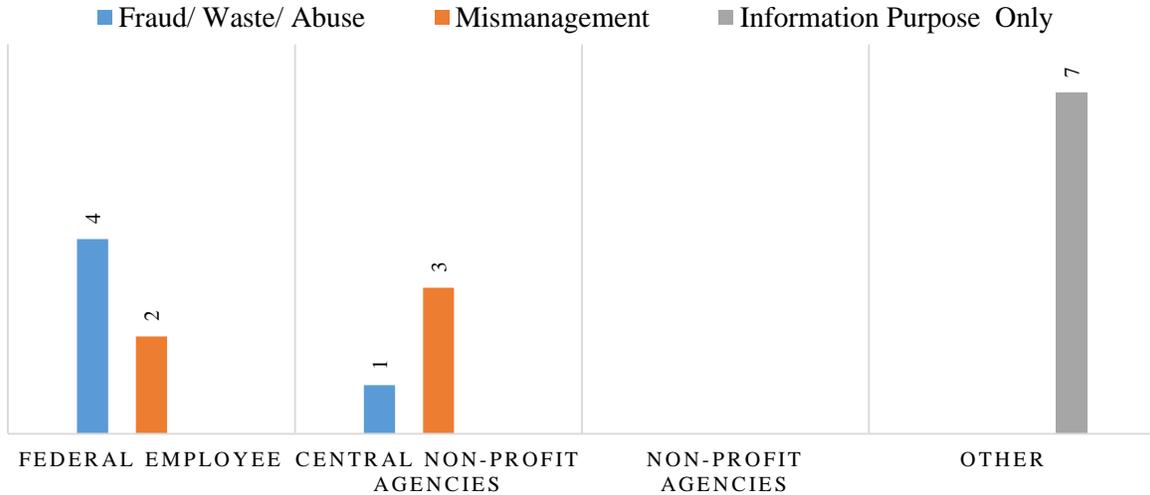
**Hotline Complaints**



**HOTLINE INTAKE**



## REPORTING SOURCE AND THE ALLEGATION OF HOTLINE COMPLAINT



#### 4. Closed Investigations

The OIG conducted, and closed as unfounded, an investigation of an anonymous complaint that alleged a conflict of interest with a member of the Commission regarding a prior and/or current position with a nonprofit agency within the AbilityOne Program. The OIG found the allegation to be unsubstantiated as the member of the Commission had a recusal in place and did not participate in any of the matters alleged in the complaint, including a collateral allegation regarding a Commission vote contending that members of the Commission may have departed from the Commission’s policy when approving the formation of a related nonprofit corporation.

#### 5. Joint Investigations of Civil Fraud and Criminal Violations

During the reporting period, the OIG provided investigative support for on-going joint investigations with law enforcement partners into allegations of fraud in the AbilityOne Program. The total amount of government funds currently estimated in the investigations is over \$300 million dollars.

#### 6. Inspections and Evaluations of Agency Operations, Programs, or Policies

During the reporting period the OIG started its first inspection and evaluation. The focus of the evaluation is to identify the mandatory reporting requirements applicable to the Commission.

The goal of this first OIG inspection and evaluation report is to provide a description of the reporting requirements that apply to the Commission.

# Investigative Focus

## **Ongoing Investigative Activities**

In the reporting period, our on-going investigative activities included:

1. **Joint Investigations**

Joint Investigations with our Federal Law Enforcement Partners. The Joint Investigations involve allegations of fraud by NPAs, within the AbilityOne Program.

2. **Comprehensive Plan for the Evaluation of the Statutorily Mandated Reporting Requirements**

We are currently conducting an evaluation of the reporting requirements applicable to the Commission, with a report expected in the 4<sup>th</sup> Quarter.

3. **Educating Individuals on vulnerabilities within the AbilityOne Program**

In its front-line efforts, the OIG provides Fraud Awareness Orientation to personnel of the NPAs, CNAs and the Commission.

4. **Law Enforcement Authority**

Based on the investigative needs of the program, the OIG is planning to seek law enforcement authority, pursuant to the IG Act.

# OIG Lens Accomplishments

## **Section 2302(c) Certification Program**

During this period the OIG obtained Office of Special Counsel (OSC) certification under the 2302(c) program. Congress enacted 5 U.S.C. §2302(c) in response to reports of limited understanding in the federal workforce concerning employees' right to be free from prohibited personnel practices (PPPs), especially retaliation for whistleblowing. The OSC's §2302(c) Certification Program allows federal agencies to meet the statutory obligation to inform their workforces about the rights and remedies available to them under the Whistleblower Protecting Act and related civil service laws.

In 2002, OSC established the 2302(c) Certification Program to provide agencies and agency components with a process for meeting this statutory requirement. In 2014, the White House directed agencies to take affirmative steps to complete OSC's program. In our continuous effort of complying with the applicable laws and regulations, our OIG planned to go through the certification process with OSC. The OSC Chief of Training and Outreach came in person to our office on November 28, 2018, and provided the required training.

## **OIG Briefings and Site Visits**

The mission of the AbilityOne Program is first and foremost to provide employment opportunities for people who are blind or have significant disabilities. The Program serves federal customers by providing them with high quality products and services, delivered on time and at a reasonable price. The American taxpayer also benefits from reduced disability payments made to people with significant disabilities and the increased tax revenues their employment generates. The AbilityOne Commission designated two central nonprofit agencies to help administer the program – NIB and SourceAmerica.

In its continuous effort to deepen its learning and understanding of the AbilityOne Program that it oversees, the AbilityOne OIG conducts site visits of program participants. During the reporting period, the AbilityOne OIG conducted three visits to nonprofit sites Envision, North Bay Industries, and ReadyOne Industries.

**Figure 5 – OIG Visits to NPA Locations**



## Envision



Located in Wichita, Kansas, Envision has been a voice for people who are blind and visually impaired since 1933. Their mission is to improve the quality of life and provide inspiration and opportunity through employment, outreach, rehabilitation, education, and research for people who are blind or visually impaired.

The OIG site visit included a tour of Envision headquarters, the Early Child Development Center, Envision Rehabilitation Center, Envision Research Institute, and BVI Workforce Innovation Center. The OIG also visited McConnell AFB, and the Envision Express Store at the Base, as part of the network of Base Supply Centers that Envision operates through a federal contract.

### **North Bay Industries**

The OIG visited two sites for North Bay Industries (NBI). The first site visit was of NBI headquarters. The visit included a tour of the NBI Manufacturing Facility, Corporate Office, Activity Center, and Contract Support and it incorporated meetings with the employees and staff working there.

NBI provides employment to people with severe disabilities through a variety of different contracts including landscape maintenance, custodial services, mess attendant services, contract packaging, assembly and flag manufacturing.



NBI provides an array of services for the U.S. Army, U.S. Navy and the U.S. Coast Guard in four different counties in California. NBI is also a certified HUD management agency, currently managing 61 housing units in Marin and Sonoma Counties.

The second site visit was at the Two Rock Coast Guard Training Center in Petaluma where NBI, through a federal contract, provides services by workers with severe disabilities. The work performed at the training center by NBI employees consists of landscaping and kitchen-related services for the Coast Guard.

Both site visits to the NBI headquarters and the Coast Guard Training Center provided the OIG with the opportunity to interact directly with management and workers and to ask specific questions about the program and listen to concerns by the program participants.

## ReadyOne Industries

The visit to ReadyOne Industries in Texas enhanced the OIG’s understanding of the business operations and the products and services provided to government agencies. The OIG met with ReadyOne management and toured production facilities.



## Ongoing OIG Work

### 898 Panel Membership and Activity

Section 898 of the National Defense Authorization Act for Fiscal Year 2017 (P.L. 114-328) required the Secretary of Defense to establish a panel known as the “Panel on Department of Defense and AbilityOne Contracting Oversight, Accountability, and Integrity” (“the Panel”).

Pursuant to Section 898(a)(2), a representative of the Inspector General of the Department of Defense and from the Commission are members of the Panel. The primary mission of the Panel is to identify vulnerabilities and opportunities for improvement in DoD contracting within the AbilityOne Program. The Panel established several subcommittees to work on recommendations and potential, legislative proposals.

Since its inception, and during this reporting period, the AbilityOne IG led the Panel’s Inspector General subcommittee, which is composed of members from the participating agencies, as designated by the Act. In addition to leading the subcommittee, the OIG provides support and advice to multiple Panel subcommittees dealing with the effectiveness and internal controls of the AbilityOne Program as it relates to DoD contracting.

During this reporting period, the Panel and its subcommittees met to identify and discuss ways to eliminate fraud, waste, and abuse, promote integrity, and ensure accountability for violations of law or regulation. In furtherance of its mission in the Panel, the IG provided draft reports for the

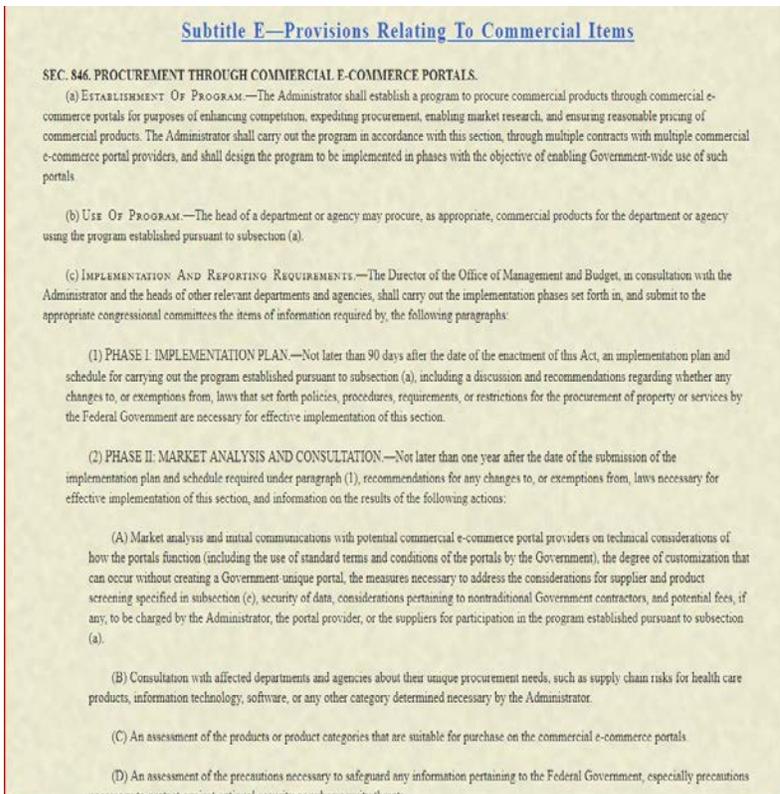
IG committee’s work and briefings during the meetings. The meetings, conducted monthly for the subcommittees and quarterly for the Panel, covered a wide range of areas and included recommending changes to business practices, information systems training, training contracting officers in the requirements of the AbilityOne Program, and eliminating waste, fraud and abuse. Until the sunset of the Panel in 2020, as established by the law, the IG will continue to report on the progress of the IG subcommittee efforts and achievements in its contribution to the Panel’s vital mission.

### Commission Agreement with Amazon

In August 2017, prior to the enactment of the National Defense Authorization Act (NDAA) for FY 2018, the Commission and Amazon reached an agreement for products on the AbilityOne Procurement List (PL) to be made available to government purchase card holders on the Amazon online marketplace [amazon.com](https://www.amazon.com). The arrangement between the Commission and Amazon was in support of the Commission’s effort to offer AbilityOne PL products for sale for Government purchase card holders. The expectation is that, by offering government agencies the ability to purchase AbilityOne products through Amazon, AbilityOne product sales would increase and result in more jobs for people who are blind or significantly disabled.

In addition to the AbilityOne and Amazon arrangement, other federal agencies (the Department of Homeland Security (DHS), and the U.S. Air Force) are establishing pilot programs with Amazon allowing the purchase of commercial products online through Amazon.

The NDAA (Pub. L. 115-91) was signed by the President on December 12, 2017 and included Section 846, “Procurement Through Commercial e-commerce Portals.” Section 846 directed GSA, in partnership with OMB, to “...establish a program to procure commercial products through commercial e-commerce portals for the purposes of enhancing competition, expediting procurements, enabling market research, and ensuring reasonable pricing of commercial products.” (e.g. Amazon, Office Depot, etc.).



Congress directed GSA to establish and implement the program through a phased approach after conducting outreach to the government procurement community and stakeholders. GSA began

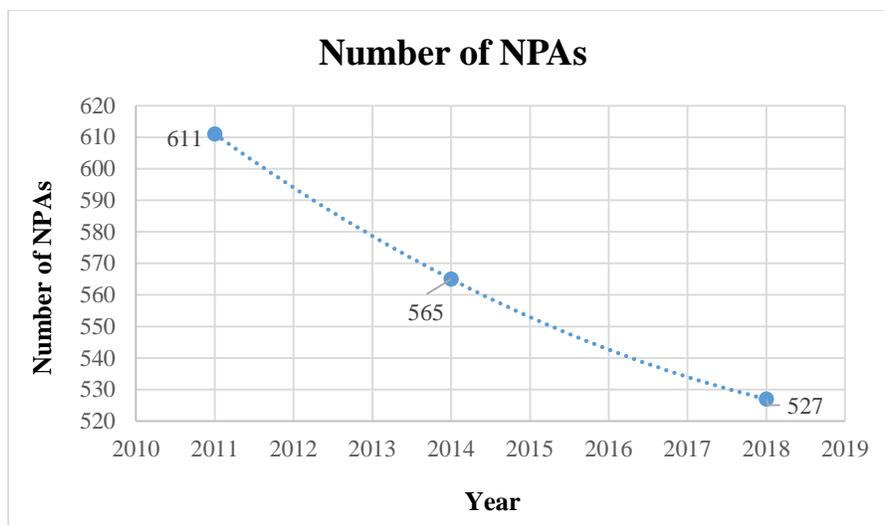
the outreach which identified several potential challenges, including how to ensure that government procurement preference programs (e.g. AbilityOne, Federal Prison Industries, small business) would be presented under any new e-commerce program. In March 2018, GSA and OMB issued the Phase 1 Implementation Plan which included legislative recommendations and other policy assessments. The Phase 1 plan did not resolve the issue concerning preserving the protection of the AbilityOne mandate and other government preference programs, the plan did identify the issue as a “consideration which GSA must fully examine, as part of the long-term plan...”

As GSA’s implementation of Section 846 is expected to extend through FY 2020, the OIG will continue exercising its oversight role and deepening its understanding of the e-commerce platforms and their application in the AbilityOne Program. We view the innovations and e-commerce as the future marketplace, just as the early “workshops” provided opportunities for the blind.

### **NPAs Participants in the AbilityOne Program**

The number of NPAs affiliated with NIB and SourceAmerica decreased from the year 2011 to 2014 and another drop from 2014 to 2018. OIG research identified NPAs from different data sources and looked at the number of NPAs per year. We plan on conducting further analysis into the distribution of federal contracts among the AbilityOne NPAs. The OIG’s goal in this context is to identify trends associated with the number of participating NPAs in existing AbilityOne contracts.

**Figure 6 – Snapshot of AbilityOne’s NPAs**



Sources:

[AbilityOne Annual Report FY2011](#)

[AbilityOne Annual Report FY2014](#)

[AbilityOne Congressional Budget Justification FY2018](#)

## **Overview of Cooperative Agreements- Key Performance Indicators Established**

In June 2016, as mandated by the Consolidated Appropriations Act, 2016, (P. L. 114-113), the Commission entered into a written Cooperative Agreement (Agreement) with each of the two CNAs, NIB and SourceAmerica. The Agreement is the first written arrangement in the 80-year history of the program that formally documents the business relationship between the Commission and the CNAs regarding the management and execution of the AbilityOne Program. The Agreement established the governing relationships, roles, responsibilities, expectations, and guidance for the Commission and the CNAs, and it included the following key performance indicators:

- Employment Growth
- Program Administration
- Nonprofit Agency Support, Assistance, and Development
- Strategic Communications and Training

OIG has initiated the Oversight Audit Plan of the CNAs which includes an audit of the Program Fee and a review of completed actions of the cooperative agreement by the CNAs, and whether the desired outcome for the CNA has been achieved.



are established, developed, and applied, and whether the fee program accomplishes the intended benefits for the qualified and approved NPAs participating in the AbilityOne Program.

3. *Review the Appeal (reconsideration) Process for the Selection Decision on NPAs Project Assignment and Allocation of Orders:* To determine whether the CNAs are effectively and efficiently complying with developed policies and procedures for the appeals (reconsideration) of selection decisions by NPAs for project assignment and allocation of orders.
4. *Evaluation on the CNAs Recommendations of Order Allocations to Designated NPAs:* To determine whether there are appropriate established procedures for making recommendations to the Commission for one or more qualified NPAs' ability to develop a product or service, and the distribution of orders for items on the PL among multiple NPAs to fulfill that particular product or service requirement.
5. *Review Completed Actions of the Cooperative Agreements by CNAs:* To determine the effectiveness of employment growth and program accountability as a result of implemented Cooperative Agreements oversight requirements in the areas of direct labor hours, program fees, and reportable expenditures.
6. *Audit on the Quality of Products in Support of Meeting Government Requirements:* To determine the effectiveness on high level commodities from a sample of product lines, to include Base Supply Centers, in furnishing orders to federal agencies and the U.S. military.
7. *Evaluation on the Market Shift for the Growth and Innovation of Products and Services:* To determine whether the NPA innovations for products and services are properly acknowledged and reported through the PL additions product business lines.

### **Initiate Follow-up Audit Process**

During the 2nd quarter of FY 2018, OIG commenced the audit follow-up process to track audit recommendations and management-implemented actions resulting from previous findings and recommendations.

An audit is closed when all of the recommendations have been identified for closure through the follow-up audit process. The IG Act, as amended, and professional audit standards require that a follow-up process is put in place to monitor the disposition of audit results and ensure that the recommendations have been effectively implemented.

OIG is working with AbilityOne leadership to promptly track the implementation of audit recommendations. OIG maintains a complete record of actions taken by management on significant findings and recommendations (both monetary and non-monetary).

The following terminology and definitions pertain to the audit follow-up and the resolution of a recommendation.

*Open:* A recommendation is considered open when the OIG determines that AbilityOne leadership:

- is responsive to the recommendation within established timeframes;
- provides a reply that is responsive to the intent of the recommendation;
- proposes actions that will resolve the underlying cause of the recommendation;
- agrees with an OIG finding or recommendation, in whole or in part; or
- agrees with potential monetary benefits identified in the OIG report.

*Completed:* The OIG considers a recommendation implemented or completed when the OIG receives notification from the auditee that the recommendation has been addressed and supporting documentation is provided for further OIG review and determination.

*Closed:* The OIG considers a recommendation resolved or closed when the OIG accepts the auditee's position on the recommendation and the OIG verifies the finding, and the underlying cause has been addressed.

### **Follow-up on the Information Security Program**

For this reporting period, we initiated follow-up work on the overall security program in meeting the IG FISMA Reporting Metrics for the following eight recommendations:

- **Recommendation 1** – Policy for timely remediation of vulnerabilities.
  - Completed action – Risk Assessment Policy and Procedures.
- **Recommendation 6** – Updates to the Rules of Behavior to include social media and networking requirements.
  - Completed action – General Rules of Behavior for IT Users.
- **Recommendation 10** – Policy for timely personnel security access termination and transfer.
  - Completed action – Personnel Security Policy and Procedure and example of recent user access termination.
- **Recommendation 11** – Access controls in the physical server area.
  - Completed action – Implementation of server room sign-in sheet and identification of authorized access users.
- **Recommendation 12** – Continuous monitoring of the physical server area.
  - Completed action – Physical walkthrough of the server room area and observation of the implemented monitoring technology system and application.
- **Recommendation 13** – Environmental controls in the physical server area.
  - Completed action – AcuRite remote monitoring log to show temperatures and server room conditions.
- **Recommendation 25** – Identification and authorization for configuration and complexity settings activity.

- Completed action – Documentation of users’ IDs automatically disabled after a period of 120 days of inactivity.
- **Recommendation 26** – Changes to audit events, reviews, and updates.
  - Completed action – Documentation of audit settings updated so that “Privileged Use”, “Policy Change”, and “Account Management” are set to both success and failure.

The implemented actions will be evaluated as part of the Commission’s IT security program during the 2018 IG FISMA Reporting Metrics. We will determine if implemented corrective actions identified from the 2017 IG FISMA review have been addressed and can be closed upon further review, analysis and documentary evidence.

**Status of Recommendations**

As shown in Table 1, Commission IT management made progress in implementing recommendations from the 2017 IG FISMA Reporting Metrics.

Status of Recommendations	Number of Recommendations
Open at the beginning of the reporting period	0
Issued during the reporting period	29
Subtotal	29
Implemented/Completed during the reporting period	8
Closed during the reporting period	0
Open at the end of the period	21

Table 2 summarizes the audit report issued during the reporting period that have unimplemented recommendations.

Evaluation of the U.S. AbilityOne Commission’s Compliance with the Federal Information Security Modernization Act, Report No. 18-01				
Reportable Area	Recommendation	Status	Initial Estimated Completion Date	Revised Estimate Completion Date
Timely Remediation of Vulnerabilities	1. Establish policy for remediation of vulnerabilities.	Completed	1/31/2018	N/A
	2. Implement and follow vulnerability remediation policy.	Open	3/31/2018	4/30/2018

		Work in-progress		
	3. Run vulnerability scan, and take action upon results.	Open  Work in-progress	3/31/2018	4/30/2018
Security Assessment and Authorization (SA&A) Package Requirements	4. Develop and implement System Security Plan (SSP).	Open  Pending Accrediting Official signature.	4/30/2018	On Track
	5. Develop and implement Information Security Contingency Plan (ISCP).	Open	5/30/2018	On Track
	6. Update Rules of Behavior (RoB) to include social media and network restrictions.	Completed	8/30/2018	N/A
	7. Document a Security Assessment Report.	Open  Pending Accrediting Official signature.	4/30/2018	On Track
	8. Accrediting Official (AO) signs off on the SAR to indicate acceptable levels of risk for the systems environment.	Open  Pending Accrediting Official signature.	4/30/2018	On Track
	9. Create and formalize a Plan of Action and Milestones (POAM) by risk categories, resource requirements, and timelines.	Open  Pending Accrediting Official signature.	4/30/2018	On Track

Personnel Termination / Transfer	10. Establish formal policy and implement procedures for users' access removal or updates.	Completed	1/30/2018	N/A
Physical and Environmental Controls	11. Server room controlled and authorized entry access.	Completed	2/28/2018	N/A
	12. Active video monitoring and backup restoration.	Completed	2/28/2018	N/A
	13. Enhance physical control activities for continued operations.	Completed	2/28/2018	N/A
Contingency Training and Backups	14. Store incremental and full backup with service provided that is FedRAMP certified.	Open Work in-progress	8/30/2018	On Track
	15. IT personnel receives annual contingency training.	Open	8/30/2018	On Track
	16. Test and improve the disaster and recovery plan.	Open	8/30/2018	On Track
Configuration Changes	17. Formalize change requests process.	Open	5/30/2018	7/30/2018
	18. Segregation of duties for facilitating change management activities.	Open	5/30/2018	7/30/2018
	19. Review a sample of changes annually, to ensure compliance with established process.	Open	5/30/2018	7/30/2018
Incident Response Training and Testing	20. Test the Incident Response Plan annually, and make necessary changes.	Open	2/28/2018	8/30/2018

	21. IT personnel receive incident response training.	Open	8/30/2018	On Track
Access Authorization Management	22. Implement review and approval process for initial users' access privileges.	Open	3/30/2018	5/30/2018
	23. Annual review of employees' user permissions or user privileges.	Open	3/30/2018	5/30/2018
	24. Annual review of admin user's accounts and authorizations.	Open	3/30/2018	5/30/2018
Complexity Settings	25. IDs automatically disabled after a period of 120 days of inactivity.	Completed	1/21/2018	N/A
Audit Events, Reviews, and Updates	26. Audit settings set to both success and failure.	Completed	3/30/2018	N/A
	27. Review audit logs and respond to corrective actions.	Open	3/30/2018	6/30/2018
Continuous Monitoring	28. Identify, assess and monitor critical controls.	Open	4/30/2018	On track
	29. Establish strategic plan for testing all non-critical controls over a period of time.	Open	4/30/2018	7/30/2018

## CIGIE Activities



*Council of the*  
**INSPECTORS GENERAL**  
*on INTEGRITY and EFFICIENCY*

### **Activities with the Inspector General Community**

The AbilityOne OIG participated in the Council of Inspectors General on Integrity and Efficiency (CIGIE), a council of Federal Inspectors General that promotes collaboration on issues of economy, efficiency, and effectiveness that transcend individual agencies. The AbilityOne IG is a member of two CIGIE committees, the investigative and legislation committees. OIG regularly participated in CIGIE working groups designed to address areas of common interest, share best practices, and address various topics of pertinence to smaller OIGs.

The Assistant Inspector General for Auditing (AIGA) participated in subgroups of CIGIE to aid in the accomplishment of AbilityOne OIG mission with special emphasis on audit operations, risk principles, and key concepts. The Investigative Counsel is a member of the Council of Counsels of Inspectors General and the co-chair of the smaller OIG Counsel Group. The Investigative Counsel serves as the OIG liaison with other government agencies and enforcement entities, and OIG counterparts for joint investigations and cooperation, along with the Assistant Inspector General for Investigations (AIGI).

The AbilityOne OIG participated in the Oversight.gov Pilot Program during the stages of its creation, and it contributed to the CIGIE Top Management and Performance Challenges Facing Multiple Federal Agencies (2018), available at [www.ignet.gov/content/top-challenges](http://www.ignet.gov/content/top-challenges).

The AbilityOne OIG is looking forward to participating in the CIGIE Commemoration Committee activities planned in celebration of the 40 years of the existence of the IG Act of 1978, as the newest OIG joining the existing team of IGs building on 40 Years of Excellence in Independent Oversight.

# Oversight.gov

*All Federal Inspectors General Reports In One Place*



On October 1, 2017, the Council of the Inspectors General on Integrity and Efficiency (CIGIE) announced the official launch of [oversight.gov](https://www.oversight.gov). This new website provides a “one stop shop” to follow the ongoing oversight work of all Inspectors General that publicly post reports. The site is operated and maintained by CIGIE. The reports and information are uploaded to this site by the IGs.

The AbilityOne OIG participated in the beta-testing phase effort and will continue to post reports to its own website and Oversight.gov. With the launch of Oversight.gov, users can now sort, search, and filter the site’s database of public reports from CIGIE’s member OIGs to find reports of interest. The site features a user-friendly map to find reports based on geographic location, and contact information for each OIG’s whistleblower hotline. Users can receive notifications when new reports are added to the site by following CIGIE’s Twitter account, [@OversightGov](https://twitter.com/OversightGov).

AbilityOne OIG work products can be  
found on [oversight.gov](https://www.oversight.gov)

# AbilityOne OIG Hotline

## What should you do if you suspect fraud, waste or abuse?

The OIG Hotline provides a way for employees and other concerned citizens to report suspected wrongdoing within the AbilityOne Program. If you suspect fraud, waste or abuse, call our Hotline at (844) 496-1536, or email the Office of Inspector General at [hotline@oig.abilityone.gov](mailto:hotline@oig.abilityone.gov). All callers may remain anonymous and may request confidentiality. Further details of the OIG Website and Hotline Contact information are below.

Hotline Toll-Free Number:	(844) 496-1536
Email a hotline complaint:	<a href="mailto:Hotline@oig.abilityone.gov">Hotline@oig.abilityone.gov</a>
OIG website:	<a href="http://abilityone.gov/commission/oig.html">abilityone.gov/commission/oig.html</a>
Hotline link on the website:	<a href="http://oig.abilityone.ethicspoint.com">oig.abilityone.ethicspoint.com</a>

## APPENDICES

### Appendix I- Reporting Requirements Under the Inspector General Act of 1978, As Amended

IG Act Reference	OIG Reporting Requirements	Page Number Index
	Each Inspector General shall, not later than April 30 and October 31 of each year, prepare semiannual reports summarizing the activities of the Office during the immediately preceding six-month periods ending March 31 and September 30.	
Section 4(a)(2)	Review of legislation and regulations.	N/A
Section 5(a)(1)	Significant problems, abuses, and deficiencies.	N/A
Section 5(a)(2)	Recommendations with respect to significant problems, abuses, and deficiencies.	N/A
Section 5(a)(3)	Significant recommendations described in previous semiannual report on which corrective action has not yet completed.	N/A
Section 5(a)(4)	Summary of matters referred to prosecute authorities.	N/A
Section 5(a)(5)	Summary of instances where information or assistance requested was refused or not provided.	N/A
Section 5(a)(6)	Listing subdivided according to subject matter of audit, inspection, and evaluation reports issued by OIG during the reporting period and, as applicable, total dollar value of questioned costs (including separate category for dollar value of unsupported costs) and dollar value of recommendations that funds be put to better use.	3-6
Section 5(a)(7)	Summary of each significant report.	N/A
Section 5(a)(8) A-D	Statistical table showing the number of audit, inspection, and evaluation reports and total dollar value of questioned costs (including separate category for dollar value of unsupported costs) for – Which no management comment decision has been made by commencement of the reporting period; Issued during reporting period; Which management decision was made during the reporting period; and Which no management decision has been made by the end of the reporting period.	N/A
Section 5(a)(9) A-D	Statistical table showing the number of audit, inspection, and evaluation reports and dollar value of recommendations that funds be put to better use for – Which no management decision had been made by the commencement of the reporting period;	N/A

IG Act Reference	OIG Reporting Requirements	Page Number Index
	Which were issued during the reporting period; Which management decision was made during the reporting period; and Which no management decision has been made by the end of the reporting period.	N/A
Section 5(a)(10) A-C	Summary of audit, inspection, and evaluation reports issued before the commencement of the reporting period for – Which no management decision has been made; Which no establishment comment returned within 60 days; and; Which there are any outstanding unimplemented recommendations.	N/A
Section 5(a)(11)	Description and explanation of reasons for any significant revised decisions by management during the reporting period.	N/A
Section 5(a)(12)	Information concerning significant decisions by management with which the Inspector General is in disagreement.	N/A
Section 5(a)(13)	Information described under Section 804(b) of the Federal Financial Management Improvement Act of 1996.	N/A
Section 5(a)(14)	Information regarding peer reviews involving the Office of Inspector General.	N/A
Section 5(a)(15)	List of any outstanding recommendations from any peer review conducted by another Office of IG.	N/A
Section 5(a)(16)	List of any peer reviews conducted by the IG of another Office of Inspector General during reporting period.	N/A
Section 5(a)(17) A-D	Statistical tables during the reporting period showing – Total number of investigative reports; Total number of persons referred to the Dept. of Justice for criminal prosecution; Total number of person referred to State and local prosecuting authorities for criminal prosecution; Total of number of indictments and criminal information that resulted from any prior referral to prosecuting authorities.	7
Section 5(a)(18)	Description of the metrics used for developing the data for the statistical tables under paragraph (17).	N/A
Section 5(a)(19) A-B	A report on each investigation conducted by the Office involving a senior Government employee where allegations were substantiated, including a description of – Facts and circumstances of the investigation; Status and disposition of the matter.	N/A

<b>IG Act Reference</b>	<b>OIG Reporting Requirements</b>	<b>Page Number Index</b>
Section 5(a)20	Detailed description of any instance of whistleblower retaliation, including official found to have engaged in retaliation and what, if any, consequences imposed.	N/A
Section 5(a)21A-B	Detailed description of any attempt to interfere with the independence of the OIG, including – Budget constraints to limit the capabilities of the OIG; Incidents or restricted or significantly delayed access to information, to include justification for such action.	N/A
Section 5(a)22A-B	Detailed descriptions of the particular circumstances of – Inspection, evaluation, and audit conducted by the OIG that is closed and was not disclosed to the public; and Investigation conducted by OIG involving a senior Government employee that is closed and was not disclosed to the public.	10

## **Appendix II- FY2017 National Defense Authorization Act**

### **SEC. 898. ESTABLISHMENT OF PANEL ON DEPARTMENT OF DEFENSE AND ABILITYONE CONTRACTING OVERSIGHT, ACCOUNTABILITY, AND INTEGRITY; DEFENSE ACQUISITION UNIVERSITY TRAINING.**

(a) ESTABLISHMENT OF PANEL ON DEPARTMENT OF DEFENSE AND ABILITYONE CONTRACTING OVERSIGHT, ACCOUNTABILITY, AND INTEGRITY. —

(1) IN GENERAL. —The Secretary of Defense shall establish a panel to be known as the “Panel on Department of Defense and AbilityOne Contracting Oversight, Accountability, and Integrity” (hereafter in this section referred to as the “Panel”). The Panel shall be supported by the Defense Acquisition University, established under section 1746 of title 10, United States Code, and the National Defense University, including administrative support.

(2) COMPOSITION. —The Panel shall be composed of the following:

(A) A representative of the Under Secretary of Defense for Acquisition, Technology, and Logistics, who shall be the chairman of the Panel.

(B) A representative from the AbilityOne Commission.

(C) A representative of the service acquisition executive of each military department and Defense Agency (as such terms are defined, respectively, in section 101 of title 10, United States Code).

(D) A representative of the Under Secretary of Defense (Comptroller).

(E) A representative of the Inspector General of the Department of Defense and the AbilityOne Commission.

(F) A representative from each of the Army Audit Agency, the Navy Audit Service, the Air Force Audit Agency, and the Defense Contract Audit Agency.

(G) The President of the Defense Acquisition University, or a designated representative.

(H) One or more subject matter experts on veteran’s employment from a veteran’s service organization.

(I) A representative of the Commission Directorate of Veteran Employment of the AbilityOne Commission whose duties include maximizing opportunities to employ significantly disabled veterans in accordance with the regulations of the AbilityOne Commission.

(J) One or more representatives from the Department of Justice who are subject matter experts on compliance with disability rights laws applicable to contracts of the Department of Defense and the AbilityOne Commission.

(K) One or more representatives from the Department of Justice who are subject matter experts on Department of Defense contracts, Federal Prison Industries, and the requirements of the Javits-Wagner-O’Day Act.

(L) Such other representatives as may be determined appropriate by the Under Secretary of Defense for Acquisition, Technology, and Logistics.

(b) MEETINGS. —The Panel shall meet as determined necessary by the chairman of the Panel, but not less often than once every three months.

(c) DUTIES. —The Panel shall—

(1) review the status of and progress relating to the implementation of the recommendations of report number DODIG–2016–097 of the Inspector General of the Department of Defense titled “DoD Generally Provided Effective Oversight of AbilityOne Contracts”, published on June 17, 2016;

- (2) recommend actions the Department of Defense and the AbilityOne Commission may take to eliminate waste, fraud, and abuse with respect to contracts of the Department of Defense and the AbilityOne Commission;
  - (3) recommend actions the Department of Defense and the AbilityOne Commission may take to ensure opportunities for the employment of significantly disabled veterans and the blind and other severely disabled individuals;
  - (4) recommend changes to law, regulations, and policy that the Panel determines necessary to eliminate vulnerability to waste, fraud, and abuse with respect to the performance of contracts of the Department of Defense;
  - (5) recommend criteria for veterans with disabilities to be eligible for employment opportunities through the programs of the AbilityOne Commission that considers the definitions of disability used by the Secretary of Veterans Affairs and the AbilityOne Commission;
  - (6) recommend ways the Department of Defense and the AbilityOne Commission may explore opportunities for competition among qualified nonprofit agencies or central nonprofit agencies and ensure an equitable selection and allocation of work to qualified nonprofit agencies;
  - (7) recommend changes to business practices, information systems, and training necessary to ensure that—
    - (A) the AbilityOne Commission complies with regulatory requirements related to the establishment and maintenance of the procurement list established pursuant to section 8503 of title 41, United States Code; and
    - (B) the Department of Defense complies with the statutory and regulatory requirements for use of such procurement list; and
  - (8) any other duties determined necessary by the Secretary of Defense.
- (d) CONSULTATION. —To carry out the duties described in subsection (c), the Panel may consult or contract with other executive agencies and with experts from qualified nonprofit agencies or central nonprofit agencies on—
- (1) compliance with disability rights laws applicable to contracts of the Department of Defense and the AbilityOne Commission;
  - (2) employment of significantly disabled veterans; and
  - (3) vocational rehabilitation.
- (e) AUTHORITY. —To carry out the duties described in subsection (c), the Panel may request documentation or other information needed from the AbilityOne Commission, central nonprofit agencies, and qualified nonprofit agencies.
- (f) PANEL RECOMMENDATIONS AND MILESTONE DATES. —
- (1) MILESTONE DATES FOR IMPLEMENTING RECOMMENDATIONS. —After consulting with central nonprofit agencies and qualified nonprofit agencies, the Panel shall suggest milestone dates for the implementation of the recommendations made under subsection (c) and shall notify the congressional defense committees, the Committee on Oversight and Government Reform of the House of Representatives, the Committee on Homeland Security and Governmental Affairs of the Senate, qualified nonprofit agencies, and central nonprofit agencies of such dates.
  - (2) NOTIFICATION OF IMPLEMENTATION OF RECOMMENDATIONS. —After the establishment of milestone dates under paragraph (1), the Panel may review the activities, including contracts, of the AbilityOne Commission, the central nonprofit agencies, and the relevant qualified nonprofit agencies to determine if the recommendations made under subsection (c) are being substantially implemented in good faith by the AbilityOne Commission or such agencies. If the Panel determines that the AbilityOne Commission or any such agency is

not implementing the recommendations, the Panel shall notify the Secretary of Defense, the congressional defense committees, the Committee on Oversight and Government Reform of the House of Representatives, and the Committee on Homeland Security and Governmental Affairs of the Senate.

(g) REMEDIES. —

(1) IN GENERAL. —Upon receiving notification under subsection (f)(2) and subject to the limitation in paragraph (2), the Secretary of Defense may take one of the following actions:

(A) With respect to a notification relating to the AbilityOne Commission, the Secretary may suspend compliance with the requirement to procure a product or service in section 8504 of title 41, United States Code, until the date on which the Secretary notifies Congress, in writing, that the AbilityOne Commission is substantially implementing the recommendations made under subsection (c).

(B) With respect to a notification relating to a qualified nonprofit agency, the Secretary may terminate a contract with such agency that is in existence on the date of receipt of such notification, or elect to not enter into a contract with such agency after such date, until the date on which the AbilityOne Commission certifies to the Secretary that such agency is substantially implementing the recommendations made under subsection (c).

(C) With respect to a notification relating to a central nonprofit agency, the Secretary may include a term in a contract entered into after the date of receipt of such notification with a qualified nonprofit agency that is under such central nonprofit agency that states that such qualified nonprofit agency shall not pay a fee to such central nonprofit agency until the date on which the AbilityOne Commission certifies to the Secretary that such central nonprofit agency is substantially implementing the recommendations made under subsection (c).

(2) LIMITATION. —If the Secretary of Defense takes any of the actions described in paragraph (1), the Secretary shall coordinate with the AbilityOne Commission or the relevant central nonprofit agency, as appropriate, to fully implement the recommendations made under subsection (c). On the date on which such recommendations are fully implemented, the Secretary shall notify Congress, in writing, and the Secretary's authority under paragraph (1) shall terminate.

(h) PROGRESS REPORTS. —

(1) CONSULTATION ON RECOMMENDATIONS. —Before submitting the progress report required under paragraph (2), the Panel shall consult with the AbilityOne Commission on draft recommendations made pursuant to subsection (c). The Panel shall include any recommendations of the AbilityOne Commission in the progress report submitted under paragraph (2).

(2) PROGRESS REPORT. —Not later than 180 days after the date of the enactment of this Act, the Panel shall submit to the Secretary of Defense, the Chairman of the AbilityOne Commission, the congressional defense committees, the Committee on Oversight and Government Reform of the House of Representatives, and the Committee on Homeland Security and Governmental Affairs of the Senate a progress report on the activities of the Panel.

(i) ANNUAL REPORT. —

(1) CONSULTATION ON REPORT. —Before submitting the annual report required under paragraph (2), the Panel shall consult with the AbilityOne Commission on the contents of the report. The Panel shall include any recommendations of the AbilityOne Commission in the report submitted under paragraph (2).

(2) REPORT. —Not later than September 30, 2017, and annually thereafter for the next three years, the Panel shall submit to the Secretary of Defense, the Chairman of the AbilityOne

Commission, the congressional defense committees, the Committee on Oversight and Government Reform of the House of Representatives, and the Committee on Homeland Security and Governmental Affairs of the Senate a report that includes—

(A) a summary of findings and recommendations for the year covered by the report;

(B) a summary of the progress of the relevant qualified nonprofit agencies or central nonprofit agencies in implementing recommendations of the previous year's report, if applicable;

(C) an examination of the current structure of the AbilityOne Commission to eliminate waste, fraud, and abuse and to ensure contracting integrity and accountability for any violations of law or regulations;

(D) recommendations for any changes to the acquisition and contracting practices of the Department of Defense and the AbilityOne Commission to improve the delivery of goods and services to the Department of Defense;

and (E) recommendations for administrative safeguards to ensure the Department of Defense and the AbilityOne Commission follow the requirements of the Javits-Wagner-O'Day Act, Federal civil rights law, and regulations and policy related to the performance of contracts of the Department of Defense with qualified nonprofit agencies and the contracts of the AbilityOne Commission with central nonprofit agencies.

(j) SUNSET. —The Panel shall terminate on the date of submission of the last annual report required under subsection (i).

(k) INAPPLICABILITY OF FACA. —The requirements of the Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the Panel established pursuant to subsection (a).

(l) DEFENSE ACQUISITION UNIVERSITY TRAINING. —

(1) IN GENERAL. —The Secretary of Defense shall establish a training program at the Defense Acquisition University established under section 1746 of title 10, United States Code. Such training shall include—

(A) information about—

(i) the mission of the AbilityOne Commission;

(ii) the employment of significantly disabled veterans through contracts from the procurement list maintained by the AbilityOne Commission;

(iii) reasonable accommodations and accessibility requirements for the blind and other severely disabled individuals; and

(iv) Executive orders and other subjects related to the blind and other severely disabled individuals, as determined by the Secretary of Defense; and

(B) procurement, acquisition, program management, and other training specific to procuring goods and services for the Department of Defense pursuant to the Javits-Wagner-O'Day Act.

(2) ACQUISITION WORKFORCE ASSIGNMENT. —Members of the acquisition workforce (as defined in section 101 of title 10, United States Code) who have participated in the training described in paragraph (1) are eligible for a detail to the AbilityOne Commission.

(3) ABILITYONE COMMISSION ASSIGNMENT. —Career employees of the AbilityOne Commission may participate in the training program described in paragraph (1) on a non-reimbursable basis for up to three years and on a non-reimbursable or reimbursable basis thereafter.

(4) FUNDING. —Amounts from the Department of Defense Acquisition Workforce Development Fund established under section 1705 of title 10, United States Code, are authorized for use for the detail of members of the acquisition workforce to the AbilityOne Commission.

(m) DEFINITIONS. —In this section:

- (1) The term “AbilityOne Commission” means the Committee for Purchase from People Who Are Blind or Severely Disabled established under section 8502 of title 41, United States Code.
- (2) The terms “blind”, “qualified nonprofit agency for the blind”, “qualified nonprofit agency for other severely disabled”, and “severely disabled individual” have the meanings given such terms under section 8501 of such title.
- (3) The term “central nonprofit agency” means a central nonprofit agency designated under section 8503(c) of such title.
- (4) The term “executive agency” has the meaning given such term in section 133 of such title.
- (5) The term “Javits-Wagner-O’Day Act” means chapter 85 of such title.
- (6) The term “qualified nonprofit agency” means—
  - (A) a qualified nonprofit agency for the blind; or
  - (B) a qualified nonprofit agency for other severely disabled.
- (7) The term “significantly disabled veteran” means a veteran (as defined in section 101 of title 38, United States Code) who is a severely disabled individual.

## **Appendix III- FY2018 National Defense Authorization Act**

### **SEC. 846. PROCUREMENT THROUGH COMMERCIAL E-COMMERCE PORTALS**

(a) Establishment Of Program. —The Administrator shall establish a program to procure commercial products through commercial e-commerce portals for purposes of enhancing competition, expediting procurement, enabling market research, and ensuring reasonable pricing of commercial products. The Administrator shall carry out the program in accordance with this section, through multiple contracts with multiple commercial e-commerce portal providers, and shall design the program to be implemented in phases with the objective of enabling Government-wide use of such portals.

(b) Use Of Program. —The head of a department or agency may procure, as appropriate, commercial products for the department or agency using the program established pursuant to subsection (a).

(c) Implementation and Reporting Requirements. —The Director of the Office of Management and Budget, in consultation with the Administrator and the heads of other relevant departments and agencies, shall carry out the implementation phases set forth in, and submit to the appropriate congressional committees the items of information required by, the following paragraphs:

(1) PHASE I: IMPLEMENTATION PLAN. —Not later than 90 days after the date of the enactment of this Act, an implementation plan and schedule for carrying out the program established pursuant to subsection (a), including a discussion and recommendations regarding whether any changes to, or exemptions from, laws that set forth policies, procedures, requirements, or restrictions for the procurement of property or services by the Federal Government are necessary for effective implementation of this section.

(2) PHASE II: MARKET ANALYSIS AND CONSULTATION. —Not later than one year after the date of the submission of the implementation plan and schedule required under paragraph (1), recommendations for any changes to, or exemptions from, laws necessary for effective implementation of this section, and information on the results of the following actions:

(A) Market analysis and initial communications with potential commercial e-commerce portal providers on technical considerations of how the portals function (including the use of standard terms and conditions of the portals by the Government), the degree of customization that can occur without creating a Government-unique portal, the measures necessary to address the considerations for supplier and product screening specified in subsection (e), security of data, considerations pertaining to nontraditional Government contractors, and potential fees, if any, to be charged by the Administrator, the portal provider, or the suppliers for participation in the program established pursuant to subsection (a).

(B) Consultation with affected departments and agencies about their unique procurement needs, such as supply chain risks for health care products, information technology, software, or any other category determined necessary by the Administrator.

(C) An assessment of the products or product categories that are suitable for purchase on the commercial e-commerce portals.

(D) An assessment of the precautions necessary to safeguard any information pertaining to the Federal Government, especially precautions necessary to protect against national security or cybersecurity threats.

(E) A review of standard terms and conditions of commercial e-commerce portals in the context of Government requirements.

(F) An assessment of the impact on existing programs, including schedules, set-asides for small business concerns, and other preference programs.

(3) PHASE III: PROGRAM IMPLEMENTATION GUIDANCE. —Not later than two years after the date of the submission of the implementation plan and schedule required under paragraph (1), guidance to implement and govern the use of the program established pursuant to subsection (a), including protocols for oversight of procurement through the program, and compliance with laws pertaining to supplier and product screening requirements, data security, and data analytics.

(4) ADDITIONAL IMPLEMENTATION PHASES. —A description of additional implementation phases, as determined by the Administrator, that includes a selection of agencies to participate in any such additional implementation phase (which may include the award of contracts to multiple commercial e-commerce portal providers).

(d) Considerations For Commercial E-Commerce Portals.—The Administrator shall consider commercial e-commerce portals for use under the program established pursuant to subsection (a) that are widely used in the private sector and have or can be configured to have features that facilitate the execution of program objectives, including features related to supplier and product selection that are frequently updated, an assortment of product and supplier reviews, invoicing payment, and customer service.

(e) Information On Suppliers, Products, And Purchases. —

(1) SUPPLIER PARTICIPATION AND PRODUCT SCREENING. —The Administrator shall provide or ensure electronic availability to a commercial e-commerce portal provider awarded a contract pursuant to subsection (a) on a periodic basis information necessary to ensure compliance with laws pertaining to supplier and product screening as identified during implementation phase III, as described in subsection (c)(3).

(2) PROVISION OF ORDER INFORMATION. —The Administrator shall require each commercial e-commerce portal provider awarded a contract pursuant to subsection (a) to provide order information as determined by the Administrator during implementation phase II, as described in subsection (c)(2).

(f) Relationship To Other Provisions Of Law. —

(1) All laws, including laws that set forth policies, procedures, requirements, or restrictions for the procurement of property or services by the Federal Government, apply to the program established pursuant to subsection (a) unless otherwise provided in this section.

(2) A procurement of a product made through a commercial e-commerce portal under the program established pursuant to subsection (a) is deemed to be an award of a prime contract for

purposes of the goals established under section 15(g) of the Small Business Act ([15 U.S.C. 644\(g\)](#)), if the purchase is from a supplier that is a small business concern.

(3) Nothing in this section shall be construed as limiting the authority of a department or agency to restrict competition to small business concerns.

(4) Nothing in this section shall be construed as limiting the applicability of section 1341 of title 31, United States Code (popularly referred to as the Anti-Deficiency Act).

(g) Use Of Commercial Practices And Standard Terms And Conditions. —A procurement of a product through a commercial e-commerce portal used under the program established pursuant to subsection (a) shall be made, to the maximum extent practicable, under the standard terms and conditions of the portal relating to purchasing on the portal.

(h) Disclosure, Protection, And Use Of Information. —In any contract awarded to a commercial e-commerce portal provider pursuant to subsection (a), the Administrator shall require that the provider—

(1) agree not to sell or otherwise make available to any third party any information pertaining to a product ordered by the Federal Government through the commercial e-commerce portal in a manner that identifies the Federal Government, or any of its departments or agencies, as the purchaser, except if the information is needed to process or deliver an order or the Administrator provides written consent;

(2) agree to take the necessary precautions to safeguard any information pertaining to the Federal Government, especially precautions necessary to protect against national security or cybersecurity threats; and

(3) agree not to use, for pricing, marketing, competitive, or other purposes, any information related to a product from a third-party supplier featured on the commercial e-commerce portal or the transaction of such a product, except as necessary to comply with the requirements of the program established pursuant to subsection (a).

(i) Simplified Acquisition Threshold. —A procurement through a commercial e-commerce portal used under the program established pursuant to subsection (a) shall not exceed the simplified acquisition threshold in section 134 of title 41, United States Code.

(j) Comptroller General Assessments. —

(1) ASSESSMENT OF IMPLEMENTATION PLAN. —Not later than 90 days after the Director of the Office of Management and Budget submits the implementation plan described in subsection (c)(1) to the appropriate congressional committees, the Comptroller General of the United States shall submit to the appropriate congressional committees an assessment of the plan, including any other matters the Comptroller General considers relevant to the plan.

(2) ASSESSMENT OF PROGRAM IMPLEMENTATION. —Not later than three years after the first contract with a commercial e-commerce portal provider is awarded pursuant to subsection (a), the Comptroller General of the United States shall submit to the appropriate congressional committees a report on the challenges and benefits the General Services Administration and participating departments and agencies observe regarding implementation of the program established pursuant to subsection (a). The report shall include the following elements:

(A) A description of the acquisition of the commercial e-commerce portals (including the extent to which the portals had to be configured or otherwise modified to meet the needs of the program) costs, and the implementation schedule.

(B) A description of participation by suppliers, with particular attention to those described under subsection (e), that have registered or that have sold goods with at least one commercial e-commerce portal provider, including numbers, categories, and trends.

(C) The effect, if any, of the program on the ability of agencies to meet goals established for suppliers and products described under subsection (e), including goals established under section 15(g) of the Small Business Act ([15 U.S.C. 644\(g\)](#)).

(D) A discussion of the limitations, if any, to participation by suppliers in the program.

(E) Any other matters the Comptroller General considers relevant to report.

(k) Definitions. —In this section:

(1) ADMINISTRATOR. —The term “Administrator” means the Administrator of General Services.

(2) APPROPRIATE CONGRESSIONAL COMMITTEES. —The term “appropriate congressional committees” means the following:

(A) The Committees on Armed Services of the Senate and House of Representatives.

(B) The Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Oversight and Government Reform of the House of Representatives.

(C) The Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives.

(3) COMMERCIAL E-COMMERCE PORTAL. —The term “commercial e-commerce portal” means a commercial solution providing for the purchase of commercial products aggregated, distributed, sold, or manufactured via an online portal. The term does not include an online portal managed by the Government for, or predominantly for use by, Government agencies.

(4) COMMERCIAL PRODUCT. —The term “commercial product” means a commercially available off-the-shelf item, as defined in section 104 of title 41, United States Code, except the term does not include services.

(5) SMALL BUSINESS CONCERN.—The term “small business concern” has the meaning given such term under section 3 of the Small Business Act ([15 U.S.C. 632](#)).



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