

# Office of Inspector General



Semiannual Report to Congress

October 1, 2021 – March 31, 2022

U.S. AbilityOne Commission Office of Inspector General

## Message from the Inspector General

“Looking forward” is the theme of this Semiannual Report to Congress (SAR).

Looking forward is the posture of both the Office of the Inspector General (OIG) and the U.S. AbilityOne Commission, following the path of the previous SAR’s theme of resilience and continuity. For the past year, OIG has had new leadership and the Commission’s membership also has changed.

OIG has a new homepage depicting the President Franklin Delano Roosevelt (FDR) Memorial, located between the Lincoln and Jefferson Memorials in Washington D.C. In 1938, FDR signed the Wagner-O’Day Act into law, starting what would later become the AbilityOne Program. We are also at an advanced stage of finalizing our own OIG logo, which we plan to use together with the Commission’s torch logo, to visually identify our independent role as well as our connection to the Commission and its Program. We are excited for these new, symbolic, and important features which display our connectedness and the commitment to the respective missions.

On January 10, 2022, Chairperson Jeffrey A. Koses issued a memorandum to Commission's staff reemphasizing the critical role the IG plays in the Agency’s fulfilling its mission and defining the roles and responsibilities the Commission has in working with OIG. The Commission modeled the memorandum, titled “Agency Communication on the Office of Inspector General (OIG) Access and Cooperation with the IG,” on guidance and best practices established by OMB and the Council of Inspectors General for Integrity and Efficiency (CIGIE). As we look forward, the Chairperson’s directive has helped set guideposts for the path ahead, which the Commission and OIG must navigate together.

The OIG mission, as mandated by the IG Act of 1978 as amended, is naturally tied to the mission of the government agency that the OIG is created to oversee. The effectiveness of the connection is deep and is evidenced, to mention one current and important development among others, by the OIG issuing the Top Management Challenges (TMC) report in November 2021 and the Commission in March 2022 issuing the draft of its new strategic plan. In that publication, the Commission distinctly highlights the role of the OIG, refers to OIG work products including OIG performance audits, and ties achieving its strategic objectives, in part, to addressing the challenges OIG identified in its 2021 TMC report (“The Commission will take bold steps to meet all these management challenges including those identified by the Acting Inspector General [...]).”)\*

The 898 Panel, of which the AbilityOne IG is a statutory member, recently issued its fourth and final “Panel on Department of Defense and AbilityOne Contracting Oversight, Accountability and Integrity” Report to Congress. In describing the effect of the report’s recommendations, I take the opportunity to quote the words of the Panel Chair, John Tenaglia, from his message at the begin on the report “Although the Panel officially sunsets with the submission of this final report, the results of the recommendations will be enduring and have a positive impact for the AbilityOne community and the Federal contracting workforce.”

With its role of independent oversight, the OIG promotes accountability, integrity economies, and efficiencies as well as prevents waste, fraud, and abuse in the AbilityOne Commission and its Program.

OIG is keeping its ear to the ground as to the changes and evolution of the Commission and its renewed focus on expanding and improving opportunities for integrated employment, as well as on the Commission's ability to make fully informed decisions as the government agency in charge of creating employment opportunities for people who are blind or have other significant disabilities.

Staying abreast of status and developments in the Program with the AbilityOne stakeholders, OIG is keeping an eye looking forward to the future.

A handwritten signature in blue ink, reading "Stefania Pozzi Porter".

Stefania Pozzi Porter

Inspector General (Acting)

\* As this Semiannual Report to Congress is going to press, the U.S. AbilityOne Commission is finalizing its Strategic Plan for FY 2022-2026. The OIG will publish the final plan on its website when it is available.

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## Frequently Used Abbreviations

Central Nonprofit Agency (CNA)

Committee for Purchase From People Who Are Blind or Severely Disabled (Commission)

Coronavirus Aid, Relief, and Economic Security Act (CARES)

Council of the Inspectors General for Integrity and Efficiency (CIGIE)

Department of Justice (DOJ)

Department of Veterans Affairs (VA)

Federal Information Security Modernization Act (FISMA)

Fiscal Year (FY)

Government Accountability Office (GAO)

Generally Accepted Government Auditing Standards (GAGAS)

Independent Public Accounting (IPA)

Inspector General (IG)

Inspector General Act of 1978, as amended (IG Act)

Information Technology (IT)

Javits-Wagner-O'Day (JWOD)

Memorandum of Understanding (MOU)

National Industries for the Blind (NIB)

Nonprofit Agency (NPA)

Office of Inspector General (OIG)

Office of Management and Budget (OMB)

Procurement List (PL)

SourceAmerica (SA)

Semiannual Report (SAR)

## Introduction

On December 18, 2015, the Consolidated Appropriations Act of 2016<sup>1</sup> amended the Inspector General Act of 1978 (IG Act),<sup>2</sup> creating the Inspector General (IG) for the U.S. AbilityOne Commission. The Office of Inspector General (OIG) is responsible for conducting audits, investigations, and preventing fraud, waste, abuse, and mismanagement in the Commission's programs and operations, and recommending policies and procedures to promote economy, efficiency, and effectiveness. The IG Act requires the IG to keep the Commission, Chairperson, and Congress fully and currently informed about problems and deficiencies of the Commission and its operations. OIG reports on the most significant management and performance challenges facing the Commission. Our Top Management and Performance Challenges Reports reflect on and seek to assist in the challenging environment facing the Commission and its Program.

During the reporting period, OIG issued our most recent Top Management and Performance Challenges Report in November 2021, for inclusion in the Commission's FY 2021 Performance and Accountability Report (PAR). In this year's Top Management and Performance Challenges Report, we identified the top management and performance challenges facing the U.S. AbilityOne Commission as: 1) enhancement of program compliance, 2) breakdowns in internal control over financial management and reporting (formerly named, in the 2020 Report, Addressing Anti-deficiency Violations and Strengthening Financial Management), 3) growing list of unimplemented OIG audit recommendations, 4) successful implementation of the Section 898 Panel recommendations, 5) allocation of roles, resources responsibilities, and authorities and responsibilities among the Commission senior staff, 6) higher level of transparency and communication needed to enhance program confidence, 7) establishing an enterprise-wide risk management framework, 8) implementation of cooperative agreements given Central Nonprofit Agencies (CNA) growth, and 9) erosion of statutory program authority. In the report, we introduce two Watch List items, one regarding the Commission's accessibility, and the second regarding program growth and resulting risk.

The Committee for Purchase From People Who Are Blind or Severely Disabled, operating as the U.S. AbilityOne Commission (AbilityOne, or Commission, or Agency), is 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 largest source of employment in the United States for people who are blind or have significant disabilities. Through the AbilityOne Program, approximately 40,000 Americans who are blind or have significant disabilities are employed in the service, manufacturing, and delivery of over \$3.9 billion in products and services to the Federal Government.

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<sup>1</sup> Pub. L. No. 114–113.

<sup>2</sup> 5 U.S.C. App. 3.

AbilityOne designates Central Nonprofit Agencies (CNAs) to facilitate the employment of people who are blind or have significant disabilities through nonprofit agency (NPA) employers. The Commission administers the AbilityOne Program with the assistance of two CNAs, National Industries for the Blind (NIB) and SourceAmerica.<sup>3</sup>

As this Semiannual Report to Congress is going to press, the U.S. AbilityOne Commission is finalizing its Strategic Plan for FY 2022-2026. The OIG will publish the final plan on its website when it is available.

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<sup>3</sup> 41 CFR Part 51–3.



# HIGHLIGHTS

## Statistical Highlights from Audits and Investigations

The following statistics summarize OIG's audits, investigations, and findings and recommendations that are covered in this report. The AbilityOne OIG oversees the AbilityOne Commission's programs and operations.

### Office of Audits (OA)



#### Completed Projects:

- 3 – Audit
- 5 – Audit Engagements Announced
- 2 – Quarterly Audit Recommendation Status Report
- 1 – Top Management and Performance Challenges Report



#### Findings Issued / Recommendations Given / Recommendations Closed:

14 Findings Produced / 31 Recommendations Made / 11 Recommendations Closed



#### Audits in Progress:

- 5 – Performance Audits

### Office of Investigations (OI)



- 9 – Allegations Received



- 2 – Investigations Closed / 12 - Allegations Closed

- 28 – Open Matters at End of Reporting Period

## Audit Findings & Recommendations

Examples of OIG audits completed during this semiannual reporting period are:

### **Audit of the U.S. AbilityOne Commission's Fiscal Year 2021 Financial Statements (November 16, 2021)**

OIG contracted with Allmond & Company to audit the Commission's financial statements for FY 2021.<sup>4</sup> The Commission received an unmodified (clean) opinion on its financial statements. In the auditor's opinion, the financial statements present fairly, in all material respects, the financial position of the Commission as of September 30, 2021, and 2020, and its net costs, changes in net position, and budgetary resources for the fiscal year then ended in accordance with generally accepted accounting principles. The auditors also identified: one material weakness and four significant deficiencies in internal control over financial reporting, one reportable noncompliance with applicable provisions of laws, regulations, and contracts tested, and 23 recommendations to improve financial compliance and internal control.

### **Fiscal Year 2021 Evaluation of the U.S. AbilityOne Commission's Information Security Program (November 25, 2020)**

OIG contracted with McConnell and Jones (M&J), LLP, to conduct the review of the Commission's information security program pursuant to the Federal Information Security Modernization Act of 2014 (FISMA).<sup>5</sup> The overall objective was to assess the effectiveness of the Commission's security program and practices across key functional areas as of September 30, 2021. The evaluators determined that although the Commission took positive steps to implement policies, procedures and strategies, there are existing improvement opportunities. Specifically, the Commission remediated seven of the nine prior year recommendations leading to their closure at the end of FY 2021. However, the evaluators identified two new findings with two corresponding recommendations. M&J's review rated the Commission's FY 2021 information security program as effective because the tested, calculated, and assessed maturity levels across the functional and domain areas received an overall rating of effective.<sup>6</sup>

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4 Audit of the U.S. AbilityOne Commission's Fiscal Year 2021 Financial Statements (November 16, 2021)

<https://www.oversight.gov/node/179592>

5 Fiscal Year 2021 Evaluation of the U.S. AbilityOne Commission's Information Security Program (July 23, 2021)

<https://www.oversight.gov/node/187865>

6 Under the Inspector General FISMA Reporting Metrics v.1.3, Inspectors General (IGs) are required to assess the effectiveness of information security programs on a maturity model spectrum. In the context of the maturity model, the guidance defines a "Level 4 – Managed and Measurable" as an effective level for the information security program of an agency.

## **Audit of the Commission's Compliance with Provisions of the Digital Accountability and Transparency Act of 2014 (March 17, 2022)**

OIG contracted with RMA Associates, LLC (RMA), to conduct the Audit of the Commission's Compliance with Provisions of the Digital Accountability and Transparency Act of 2014 (DATA Act).<sup>7</sup> The objectives of the audit were to assess 1) the completeness, accuracy, timeliness, and quality of the Q2 FY 2021 financial and award data submitted by the Commission for publication on USASpending.gov, and 2) the Commission's implementation and use of the government-wide financial data standards established by the Office of Management and Budget (OMB) and the U.S. Treasury (Treasury).

The auditors concluded that opportunities exist for the Commission to improve compliance with the DATA Act. Specifically, the auditors identified opportunities for improvement with the Commission's DATA Act process in three areas: roles and responsibilities, error/warning reconciliation, and quarterly assurance.

The auditors provided six findings along with six recommendations to assist the Commission in strengthening its internal controls and processes relating to the DATA Act.

## **Investigative Accomplishments**

Examples of AbilityOne OIG Investigative Accomplishments during this semiannual reporting period:

**Investigations Completed:** During this reporting period, working closely with the Department of Justice, the Assistant United States Attorney (AUSA) Office for the District of Connecticut, and interagency law enforcement partners, OIG conducted an investigation of CW Resources Inc, an AbilityOne Nonprofit Agency (NPA) based in New Britain, Connecticut.

On October 13, 2021, the Department of Justice (DOJ) announced in a press release<sup>8</sup> that CW Resources entered into a settlement agreement to resolve allegations that it submitted claims that

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<sup>7</sup> Audit of the Commission's Compliance with Provisions of the Digital Accountability and Transparency Act of 2014 (March 17, 2022) <https://www.oversight.gov/node/197221>

<sup>8</sup> Connecticut Employment Contractor Pays \$600K to Resolve Federal False Claims Act Allegations <https://www.justice.gov/usao-ct/pr/connecticut-employment-contractor-pays-600k-resolve-federal-false-claims-act-allegations>; <https://abilityone.oversight.gov/reports/2021/connecticut-employment-contractor-cw-resources-pays-600k-resolve-federal-false-claims>

falsely certified compliance with AbilityOne Program requirements and failed to maintain adequate medical documentation of significantly disabled employees pursuant to the AbilityOne Program. To resolve the allegations, CW Resources has agreed to pay the federal government \$600,000 and enter into a heightened compliance agreement.

The DOJ settlement press release that concluded OIG's investigation includes the quote by the U.S. AbilityOne Commission's Inspector General (Acting): "This settlement represents the government's commitment to hold any AbilityOne contractor accountable for noncompliance and ensure that federal dollars intended to employ workers who are blind or have significant disabilities are indeed used for that purpose. Working with the United States Attorney's Office and our investigative and law enforcement partners, the AbilityOne Office of Inspector General protects the integrity and public trust in the largest employment program in the nation of blind and significantly disabled workers."

**Infrastructure Accomplishments:** In the Reporting period, OIG reaped the benefits of increased workforce output with the addition of an entry level investigative attorney, following the acquisition of the first 1811 job series (special agent) Assistant Inspector General for Investigations (AIGI) in the past reporting period. The additional staff and resources enabled OI to advance our case portfolio, launch proactive investigative initiatives, and increase collaborative efforts with our investigative partners within DOJ and OIGs in other government agencies. OI continued to further its technological capabilities within its case management system and moving towards an interactive, shared document review software platform enhancing collaboration and efficiencies in conducting IG investigations.

## COVID-19

The coronavirus's new variants continue to challenge health, daily habits, and the economy, having a substantial impact on the AbilityOne Program. OIG has continued in telework status for the entirety of the reporting period, and it has maintained a high level of engagement and productivity.

OIG is engaged with the federal government's response to the pandemic. The Inspector General is involved with a CIGIE-wide domestic and international effort to protect the public and the government from fraud stemming from the global pandemic. OIG is a member of a COVID-19 working group that keeps up to date on legislation, agency responses, and medical and scientific information, while addressing the legal issues impacting OIG community.

The Pandemic Response Accountability Committee (PRAC) was established as a committee of CIGIE by the CARES Act which was signed into law on March 27, 2020. PRAC was created to promote transparency and prevent and detect fraud, waste, abuse, and mismanagement as it relates to the Coronavirus Response. Robert A. Westbrooks oversees PRAC and helps execute its responsibilities.



In previous reporting periods, OIG delivered presentations to the CNAs on the PRAC and the CARES Act, sharing available information and strategies the government is using to address the challenges posed by the pandemic. The head of the PRAC, Bob Westbrooks, personally joined in one of our OIG presentations to the CNAs, adding tremendous value by providing first-hand knowledge of PRAC's responsibilities and activities.

In the current reporting period, OIG has kept up to date on PRAC developments by participating in meetings and programs in the IG community.

The PRAC provides several resources including: publishing oversight reports created by federal OIGs overseeing their agencies' response to the coronavirus pandemic; hosting a hotline where individuals can submit fraud, waste, and abuse allegations; and maintaining a list of pandemic-related work by OIGs.

OIG conducted two in-person tours of NPAs during the reporting period. Among the goals of the tours is to educate the NPAs on the government's response to COVID-19 and to learn how the NPAs are adjusting to the new and more challenging environment.

## **OMB OFPP Memorandum**

On October 30, 2020, OMB's Office of Federal Procurement Policy (OFPP) issued a memorandum outlining five measures agencies should take to boost the participation of people with disabilities in federal contracting through the AbilityOne Program. OFPP guidance called for agencies' senior procurement executives to designate an AbilityOne Representative ("ABOR") that promotes federal procurement in compliance with required source-contracting procedures and engages with personnel to advance the use of the AbilityOne Program. In FY21, the ABOR Program grew quickly. Now ABORs are present in 18 of the 24 Chief Financial Officers (CFO) Act agencies, plus an additional seven (7) ABORs are located within DoD, including the military services.

The Commission is preparing for a multi-year 50% increase in sales through the AbilityOne Program. This sales growth is an anticipated result of OFPP's call to increase spending on AbilityOne contracts to 1.5% of the total amount of procurement dollars obligated during FY 2022 and the use of ABORs under OFPP's oversight and direction. The Commission anticipates that Federal agencies will reach this aggressive new percentage goal over time. For instance, the Department of Defense has a five-year plan to achieve this goal.

Over the past year, the ABORs have been developing strategic plans based on a data-driven approach and a procurement pledge for growth in AbilityOne Program participation.

The Commission expects future activities to include sharing practices for increasing opportunities for people with disabilities and assisting with the development of legislative changes and regulations that promote job opportunities for persons with disabilities. This may further boost the percentage of spending on services and products from the procurement list, employment increases, and growth.

The ABOR Program was recognized as one of 10 initiatives implementing Executive Order 13985, "Advancing Racial Equity and Support for Underserved Communities Through the Federal Government" in the Defense Equity Team report to the White House, "Department of Defense 200-Day Equity Assessment Progress Report, Advancing Racial Equity and Support for Underserved Communities."

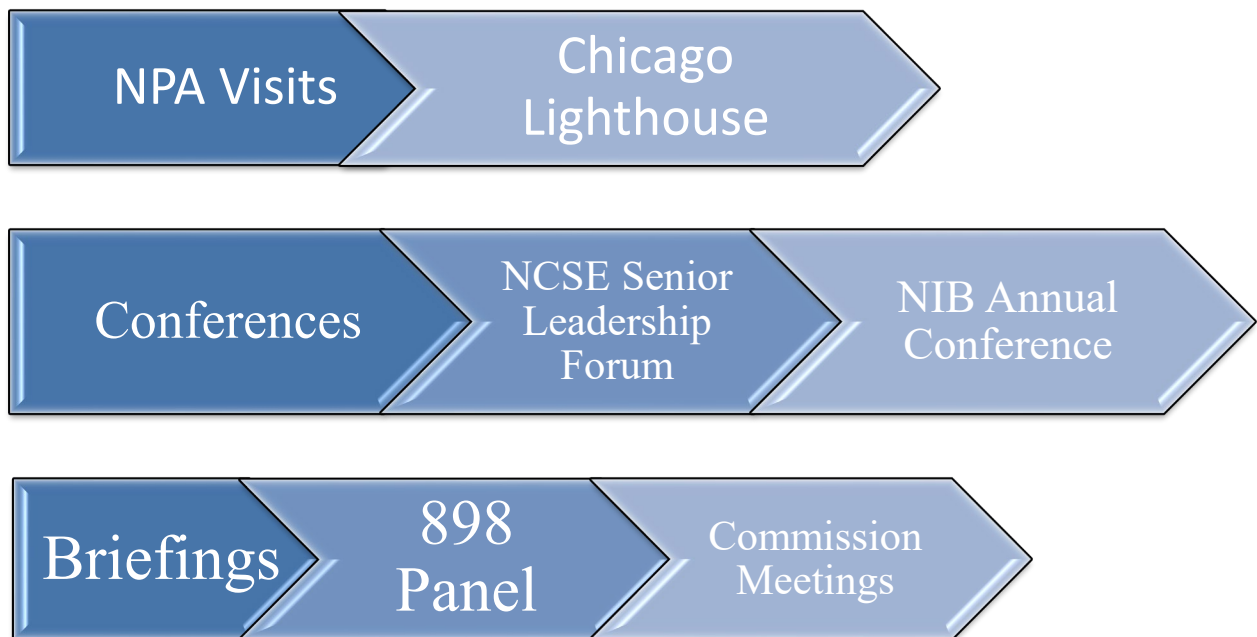
## OIG Outreach

As a part of a continuous effort to deepen its understanding of the AbilityOne Program that it oversees, our OIG conducts NPA visits, attends and regularly presents at conferences, routinely meets with and briefs the Commission, and speaks with industry experts. This outreach is designed to inform the AbilityOne Program community of the function of the IG in a government agency new to IG oversight, and to promulgate the IG's message of promoting integrity and efficiency, while also preventing waste, fraud, and abuse.

### NPA Educational Visits

In the reporting period, OIG continued its practice of meeting with NPAs. After conducting over a year of virtual visits, OIG was briefly able to resume in-person visits last summer. However, OIG transitioned back to conducting virtual visits, in light of new pandemic advisories. When visiting in person, OIG utilized appropriate safety protocols in accordance with the Centers for Disease Control and Prevention recommendations.

In March 2022, OIG visited the NPA Chicago Lighthouse, part of the NIB network. After planning and coordination, this virtual visit took place between OIG and the NPA and the various operating units in the NPA itself. The Chicago Lighthouse worked with OIG for the realization of a pandemic-safe model. During the visit, OIG successfully connected with NPA managers and Program participants using videoconferencing software, effectively conducting OIG outreach during a pandemic.





## The Chicago Lighthouse

Based on information provided by the NPA:

Founded in 1906 on Chicago's West Side, the Chicago Lighthouse has been a pioneer in innovation across the areas of vision

care, rehabilitation, education, employment, and technology for over 100 years. Now, The Chicago Lighthouse serves more than 67,000 people each year. The Chicago Lighthouse has been a leading manufacturer of precision wall clocks for over 38 years, with over 8 million clocks produced to date. In just three years, the number of Lighthouse employees has nearly quadrupled with expansion into the social enterprise arena, focused on customer care services.



During the virtual visit, OIG learned about the Chicago Lighthouse's new innovative projects and partnerships including the Digital Accessible Experience Consulting Services (DAX Program), which helps businesses and organizations make their digital platforms more accessible and provides employment for individuals who are blind or visually impaired.

### NPA: Several OIG Outreach Visits Across the Country



## Forum Presentations

During the reporting period, OIG presented at NIB's Annual Compliance Conference, SourceAmerica's National Conference, and the National Council of SourceAmerica Employers



(NCSE) Senior Leadership Forum. These presentations provided the AbilityOne community with an overview of oversight work, including the functions of an OIG, recent OIG audit results, and projections for the future.

### **U.S. AbilityOne Commission Meetings**

OIG presented at the U.S. AbilityOne Commission public virtual meetings, informing on its oversight model and mission achievements.

### **OIG Creates Content in the Commission’s Annual Report for the President: Newly Created OIG Builds an Oversight Foundation for a Stronger Future Commission and Program**

The JWOD Act requires the Commission to publish an annual report to the President and to Congress. The report covers four major areas:

- COVID 19 Response: The AbilityOne Essential Workforce
- Effective Stewardship
- Prioritizing Initiatives to Grow the Program
- Office of the Inspector General

The Report included details of OIG reports, recommendations, and oversight for the Program. In the most recent calendar year of 2021, OIG issued two Semiannual Reports to Congress, several high impact audit reports, and two valuable management alerts to the Commission.<sup>9</sup> Despite its young age, OIG’s work results have contributed to enhancing confidence in the Program, improving economies and efficiencies, and promoting Program growth. OIG’s oversight ultimately preserves jobs for Americans who are blind or significantly disabled and promotes the integrity in the Ability One Program.



### **Knowledge-Based Center and its Operations**

OIG implements operations of the Knowledge-Based Center as a part of its organizational structure. The resourceneeds for OIG far exceed current staffing levels. The goal of the knowledge-based center’s operations is to provide a vehicle, under organized direction, for acquiring additional,

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<sup>9</sup> <https://www.oversight.gov/node/60977>; <https://www.oversight.gov/node/97554>; <https://www.oversight.gov/node/97884>; <https://www.oversight.gov/node/72259>

needed OIG staffing and support through MOUs with other government agencies, as well as to provide internships, rotations, details, Council of the Inspectors General for Integrity and Efficiency (CIGIE) Fellows, and other shared services, leveraging positive synergies.



### CIGIE Fellowship

OIG participates in the CIGIE Fellow program and its multi-phased process. CIGIE Fellows provide experience and expertise in management, as well as other knowledge areas of strength for OIGs. OIG participated in the CIGIE Fellow initiative and provided direction based on having hosted a Fellow from the EPA OIG. AbilityOne OIG's Knowledge-Based Center values the CIGIE Fellow model for enhancing OIG capabilities as well as providing the Fellows with experience with new environments, challenges, and diverse work platforms for the building of their own career and professional development.

### Internship Program

AbilityOne OIG has a strong history of offering developmental internships to both undergraduate and law interns from diverse backgrounds and at various stages of educational development. During the reporting period, a 3<sup>rd</sup> year law student from George Washington University Law School returned to our OIG to complete a fall 2021 internship after completing a highly successful summer 2021 internship in our OIG. Consistent with the President's Executive Order 14035, seeking to promote the availability of paid internships, AbilityOne OIG was one of the first federal agencies that successfully undertook steps to utilize the hiring authority available under the new August 18, 2021, OPM rule encouraging pay for the time-limited appointment of post-secondary students.

In previous reporting periods, academic student interns from the Washington Center participated in our audit and pre-law internship program. The undergraduate interns assisted with work projects such as the development of end-of-year reports and support with the production of Semiannual

Reports (SAR), along with developing content and assisting with web design and other OIG work and publications, including research on legislative topics. Each student is assigned a mentor that guides the student through a successful academic internship experience, providing exposure to the work of the government, and leveraging their academic background and skills.


## **Launch of New OIG Webpage**

In 2020, OIG participated in a CIGIE work group to enhance and further build the capabilities of oversight.gov for the IG community and launch a pilot website on oversight.gov. Our co-leader on the project, the Department of Justice OIG, took its own new website live in that same reporting period. Our OIG's work on the project partly helped other small OIGs to stand up their own webpages on oversight.gov.<sup>10</sup>

In the reporting period, OIG increased website content production, creating valuable resources for AbilityOne stakeholders, and recently revamped its homepage. The new OIG homepage depicts the President Franklin Delano Roosevelt (FDR) Memorial, located in Washington D.C. In 1938, FDR signed the Wagner-O'Day Act into law, creating what would later become the AbilityOne Program. OIG recognizes and celebrates the foundations and origins of the AbilityOne Program, as we exercise our independent oversight and, forward looking, aptly track with OIG operations the U.S. AbilityOne's evolution.

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<sup>10</sup> <https://abilityone.oversight.gov/>



An official website of the United States government [Here's how you know](#)

Enhancing Confidence in the Program.  
Improving Economy and Efficiency.

**Office of Inspector General**

Home Leadership Reports Program Outreach Internships Contact FAQ

**Connecticut Employment Contractor, CW Resources, Pays \$600K to Resolve Federal False Claims Act Allegations**

This [settlement](#) represents the government's commitment to hold any AbilityOne contractor accountable for noncompliance and ensure that federal dollars intended to employ workers who are blind or have significant disabilities are indeed used for that purpose" said Acting Inspector General Stefania Porter of the U.S. AbilityOne Commission. "Working with the United States Attorney's Office and our investigative and law enforcement partners, the AbilityOne Office of Inspector General protects the integrity and public trust in the largest employment program in the nation of blind and significantly disabled workers."

REPORT FRAUD, WASTE & ABUSE

President Franklin D. Roosevelt (FDR) Memorial near the National Mall in Washington DC, picturing FDR sitting next to his beloved Scottish Terrier, Fala. In 1938, FDR signed the Wagner-O'Day Act into law, creating what would later become the U.S. AbilityOne Commission and its Program.

## Website Sample from FAQs

### I think the Office of Inspector General may want to ask me some questions for an audit or investigation. What do I have to do?

First, please remember OIG questions are designed simply to determine the facts. Feel free to ask us before or at the beginning of an interview if you have questions or concerns. We request that you cooperate fully with OIG audits and investigations, which means providing information relating to the performance of your job-related duties. If an employee determines not to answer questions or produce documents on request, the OIG may report the matter to the employee's supervisor, and continue raising the matter to the Chairman or Congress until cooperation is received. Employees are also responsible for reporting violations, or suspected violations, of the law or any abuse, waste, mismanagement or irregular activities regarding AbilityOne programs to the Office of Inspector General.

Keep in mind that cooperating with an OIG audit or investigation does not limit an individual's Fifth Amendment right not to incriminate oneself. In addition, Federal laws protect employees from reprisal by employers for "blowing the whistle" on illicit activity. For more information about whistleblower protection, please click on our "Am I a Whistleblower" tab. You may also go to this website [U.S. Office of Special Counsel \(OSC\)](#), or review this OSC pamphlet, "[Know Your Rights When Reporting Wrongs](#)."

## Co-Location Success: Reducing the Federal Footprint and Maximizing Economies

Since inception, OIG had been responsible for its own rental expenses. Unlike other Federal agencies with similarly sized OIGs, the Commission did not provide OIG with office space and required OIG to resource independently many of its correlated support services. Not only was this practice inefficient and costly, but it also conflicted with the IG Act, which requires each agency to provide its OIG “with appropriate and adequate office space at central and field office locations of such establishment, together with such equipment, office supplies, and communications offices, and provide necessary maintenance services for such offices and the equipment and facilities located therein.”<sup>11</sup>

For FY20 Congress appropriated \$1.35 million to the Commission for one-time costs associated with a move of the headquarters office with an additional \$350,000 appropriated for FY21 specifically identified for OIG co-location. OIG moved out of its Alexandria office in March of 2021, terminated its lease, and has been fully remote since. Working with the Commission, OIG has nearly finalized its new, co-located 1,692 square foot office space at 355 E Street SW, Suite 335, Washington, DC 20024. The new office space, located on the same floor as the Commission and sharing many services, represents a significantly reduced footprint for the OIG and will allow it to operate in a responsive and flexible telework schedule with reduced overhead costs and administrative burden.

## OIG’s Office of Audits

OIG’s Office of Audits provides audit oversight to a Commission responsible for administering the \$3.9 billion AbilityOne Program. During this semiannual reporting period, the Office of Audits engaged Independent Public Accounting (IPA) firms to help fulfill its OIG mission, and provided oversight as required by the IG Act of 1978, as amended. Guided by an audit plan<sup>12</sup> that identifies key areas of risk, the Office of Audits completed three audits, announced five engagements, and released two quarterly audit recommendation status reports (4<sup>th</sup> Quarter FY2021 and 1<sup>st</sup> Quarter FY2022). In total, the completed audits produced 14 findings and 31 recommendations during the reporting period.

## Completed Audits

Audit of the U.S. AbilityOne Commission’s Fiscal Year 2021 Financial Statements (November 16, 2021)

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<sup>11</sup> IG Act, 5 U.S.C. App.3 § 6(d).

<sup>12</sup> Biennial Audit Plan For Fiscal Years 2022-2023 (June 30, 2021) <https://www.oversight.gov/node/159892>



OIG contracted with IPA Allmond & Company to audit the Commission's financial statements for FY 2021.<sup>13</sup> The Commission received an unmodified (clean) opinion on its financial statements. In the auditor's opinion, the financial statements present fairly, in all material respects, the financial position of the Commission as of September 30, 2021, and 2020, and its net costs, changes in net position, and budgetary resources for the fiscal year then ended in accordance with generally accepted accounting principles.

The auditors also identified:

- One material weakness and four significant deficiencies in internal control over financial reporting,
- One reportable noncompliance with applicable provisions of laws, regulations, and contracts tested, and
- 23 recommendations to improve financial compliance and internal control.

#### Fiscal Year 2021 Evaluation of the U.S. AbilityOne Commission's Information Security Program (November 25, 2020)

OIG contracted with McConnell and Jones (M&J), LLP, to conduct the review of the Commission's information security program pursuant to the Federal Information Security Modernization Act of 2014 (FISMA).<sup>14</sup> The overall objective was to assess the effectiveness of the Commission's security program and practices across key functional areas as of September 30, 2021. The evaluators determined that although the Commission took positive steps to implement policies, procedures and strategies, there are existing improvement opportunities. Specifically, the Commission remediated seven of the nine prior year recommendations leading to their closure at the end of FY 2021. However, the evaluators identified two new findings with two corresponding recommendations.

M&J's review rated the Commission's FY 2021 information security program as effective because the tested, calculated, and assessed maturity levels across the functional and domain areas received an overall rating of effective.<sup>15</sup>

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<sup>13</sup> Audit of the U.S. AbilityOne Commission's Fiscal Year 2021 Financial Statements (November 16, 2021)  
<https://www.oversight.gov/node/179592>

<sup>14</sup> Fiscal Year 2021 Evaluation of the U.S. AbilityOne Commission's Information Security Program (July 23, 2021)  
<https://www.oversight.gov/node/187865>

<sup>15</sup> Under the Inspector General FISMA Reporting Metrics v.1.3, Inspectors General (IGs) are required to assess the effectiveness of information security programs on a maturity model spectrum. In the context of the maturity model, the guidance defines a "Level 4 – Managed and Measurable" as an effective level for the information security program of an agency.

## Audit of the Commission's Compliance with Provisions of the Digital Accountability and Transparency Act of 2014 (March 17, 2022)

OIG contracted with IPA RMA Associates, LLC (RMA), to conduct the Audit of the Commission's Compliance with Provisions of the Digital Accountability and Transparency Act of 2014 (DATA Act).<sup>16</sup> The objectives of the audit were to assess 1) the completeness, accuracy, timeliness, and quality of the Q2 FY 2021 financial and award data submitted by the Commission for publication on USASpending.gov, and 2) the Commission's implementation and use of the government-wide financial data standards established by the Office of Management and Budget (OMB) and the U.S. Treasury (Treasury).

The auditors concluded that opportunities exist for the Commission to improve compliance with the DATA Act. Specifically, the auditors identified opportunities for improvement with the Commission's DATA Act process in three areas:

- Roles and responsibilities,
- Error/warning reconciliation, and
- Quarterly assurance.

The auditors provided six findings along with six recommendations to assist the Commission in strengthening its internal controls and processes relating to the DATA Act.

## Quarterly Audit Recommendation Status Reports (November 4<sup>th</sup>, 2021, and February 16<sup>th</sup>, 2022)

Audit follow-up is an integral part of good management and is a shared responsibility of agency management and auditors. In addition to providing high-quality audit recommendations to mitigate the risks to the achievement of strategic objectives, OIG is also committed to working with Commission staff who will implement them to ensure they realize intended benefits. To that end, OIG contracted with IPA CliftonLarsonAllen (CLA) LLP provide audit recommendation tracking and reporting services.

As part of this initiative, CLA works with OIG to identify, track, and assess corrective actions taken by Commission staff as well as assess supporting evidence provided in response to performance audit recommendations to determine if corrective actions sufficiently meet the intent of the performance audit recommendations and close recommendations where the evidence supports closure. In situations where corrective actions taken in response to performance audit

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<sup>16</sup> Audit of the Commission's Compliance with Provisions of the Digital Accountability and Transparency Act of 2014 (March 17, 2022) <https://www.oversight.gov/node/197221>

recommendations require a determination of effectiveness, the CLA team informs OIG of the need to perform a formal audit follow-up.

The quarterly status reports for the fourth quarter of FY2021 and the first quarter of FY2022 can be found on our website at <https://abilityone.oversight.gov/reports>.<sup>17</sup> The results of the second quarter FY2022 status report (released after March 31<sup>st</sup>, 2022) are also provided in the “Open Audit Recommendations” section in Appendix V.

## **Other Completed Products**

### **Top Management and Performance Challenges Report (November 15<sup>th</sup>, 2021)**

During the reporting period we issued our most recent Top Management and Performance Challenges report in November 2021, for inclusion in the Commission’s FY 2021 Performance and Accountability Report (PAR).

Under the Reports Consolidation Act of 2000 (PL 106-531), the OIG reports on the most significant management and performance challenges facing the Commission. Our report reflected on and sought to assist in the challenging environment facing the Commission and its Program.

In this year’s Top Management and Performance Challenges Report, we identified the top management and performance challenges facing the U.S. AbilityOne Commission as: 1) enhancement of program compliance, 2) breakdowns in internal control over financial management and reporting (formerly named, in the 2020 Report, Addressing Anti-deficiency Violations and Strengthening Financial Management), 3) growing list of unimplemented OIG audit recommendations, 4) successful implementation of the Section 898 Panel recommendations, 5) allocation of roles, resources responsibilities, and authorities and responsibilities among the Commission senior staff, 6) higher level of transparency and communication needed to enhance program confidence, 7) establishing an enterprise-wide risk management framework, 8) implementation of cooperative agreements given Central Nonprofit Agencies (CNA) growth, and 9) erosion of statutory program authority.

In the report, we introduce two Watch List items, one regarding the Commission’s accessibility and the second regarding accessibility, and the second regarding program growth and resulting risk.

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<sup>17</sup> Quarterly Audit Recommendation Status Reports (November 4, 2021) <https://www.oversight.gov/node/178600>; (February 16, 2022) <https://www.oversight.gov/node/194767>



## Top Management and Performance Challenges Report (available here)

### Challenges Identified

- 1 Enhancement of Program Compliance
- 2 Breakdowns in Internal Control over Financial Management and Reporting (formerly named, in the 2020 Report, Addressing Antideficiency Violations and Strengthening Financial Management)
- 3 Growing List of Unimplemented OIG Audit Recommendations
- 4 Successful Implementation of the Section 898 Panel Recommendations
- 5 Allocation of Roles, Resources, Authorities, and Responsibilities Among the Commission Senior Staff
- 6 Higher Level of Transparency and Communication Needed to Enhance Program Confidence
- 7 Establishing an Enterprise-wide Risk Management Framework
- 8 Implementation of Cooperative Agreements given Central Nonprofit Agencies (CNA) Growth
- 9 Erosion of Statutory Program Authority

### Audits In-Progress

#### Audit of the AbilityOne Compliance Program

OIG contracted with CLA to perform an audit of the AbilityOne Compliance Program.<sup>18</sup> Our overall objective is to determine whether the Compliance Program has been implemented effectively to provide reasonable assurance of nonprofit agency and central nonprofit agency compliance with applicable laws, regulations, and policies. To answer our audit objective, we will 1) review laws, regulations, policies, and procedures applicable to the Compliance Program, 2) conduct interviews with key personnel, and 3) analyze data, reports, and other supporting documentation related to compliance reviews. Expected completion: 3<sup>rd</sup> quarter FY2022.

#### Audit of the Quality of Products in Support of Meeting Government Requirements

OIG contracted with CLA to perform an audit of the Quality of Products in Support of Meeting Government Requirements.<sup>19</sup> Our overall objective is to assess the reliability, validity, and relevance

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<sup>18</sup> Audit of the AbilityOne Compliance Program Announcement (December 16, 2020) <https://www.oversight.gov/node/102316>

<sup>19</sup> Quality of Products in Support of Meeting Government Requirements Announcement (September 29, 2021) <https://www.oversight.gov/report/CPBSD/Audit-Quality-Products-Support-Meeting-Government-Requirements>

of the quality control process employed by Central Nonprofit Agencies (CNAs) and Nonprofit Agencies (NPAs) to correct product deficiencies prior to delivery. To answer our audit objective, we will assess the effectiveness and transparency of the quality control process employed by the Commission, CNAs, and NPAs, as well as obtain an understanding of relevant internal controls. Expected completion: 4<sup>th</sup> quarter FY2022.

#### FY2021 Risk Assessment of the Commission's Government Charge Card

OIG initiated a risk assessment of the Commission's Government Charge Card Programs.<sup>20</sup> Our overall objectives are to 1) assess, identify, and analyze the risks of illegal, improper, or erroneous purchases and payments; and 2) determine whether the results of the risk assessment justify performing an audit in compliance with the Government Charge Card Abuse Prevention Act of 2012. To answer our objective, we will assess relevant data as well as applicable procedures, certifications, documentation, and internal controls. Expected completion: 3<sup>rd</sup> quarter FY2022.

#### Fiscal Year 2022 Evaluation of the U.S. AbilityOne Commission's Information Security Program

OIG entered into a contract with McConnell and Jones, LLP, an independent certified public accounting firm, to conduct the audit of the Commission's information security program pursuant to the Federal Information Security Modernization Act of 2014 (FISMA).<sup>21</sup> The overall objective is to determine the effectiveness of the Commission's information security program and practices. The review will assess information security program controls to support OIG's reporting of FISMA metrics into the Department of Homeland Security's (DHS) CyberScope application. Expected completion: 4<sup>th</sup> quarter FY2022.

#### Fiscal Year 2022 Evaluation of the U.S. AbilityOne Commission's Financial Statements

OIG entered into a contract with Allmond & Company, LLC, (Allmond) an independent certified public accounting firm, to conduct the Financial Statement Audit of the Commission.<sup>22</sup> Allmond will consider the Commission's financial statements and balance sheet as of September 30, 2020, to determine whether the Commission's financial statements were fairly presented, in all material respects, in accordance with the U.S. generally accepted accounting principles. Expected completion: 1st quarter FY2022.

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<sup>20</sup> Fiscal Year 2021 Risk Assessment of Commission's Government Charge Card (January 20, 2022) <https://www.oversight.gov/node/188936>

<sup>21</sup> Fiscal Year 2022 Evaluation of the U.S. AbilityOne Commission's Information Security Program (March 10, 2022) <https://www.oversight.gov/node/195260>

<sup>22</sup> Fiscal Year 2022 Financial Statement Audit (March 30, 2022) <https://www.oversight.gov/node/200641>

## Open Audit Recommendations

OIG obtained comments from Commission staff on the status of all open recommendations. The OIG considers a recommendation “Open” or “Closed” on the basis of actions that management takes or plans to take in response to the recommendation. OIG considers a recommendation “Closed” when 1) the responsible Audit Follow-Up Official (AFO) completes actions necessary to implement the recommendation and provides OIG with evidence of the final completed actions or other justifications and 2) OIG reviews the evidence provided and determined that no additional action is required.

As of the date of this report, there are 71 open recommendations (see Appendix V), 7 of which were reported as implemented by management but remain open per third-party (CLA/other Independent Public Accounting firm (IPA)/OIG) determination; and none of the remaining 64 were considered “Overdue.”<sup>23</sup> The last column of Appendix V represents the assertions of Commission management and not of OIG. We will perform periodic follow-up audits and reviews to verify management’s assertions of implementation.

## Antideficiency Act Violations and Agency Reporting Requirements

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

In 2020 potential new antideficiencies were discovered by the financial statement audit.

On December 20, 2019, OIG issued a memorandum to the Chairperson and AbilityOne executives outlining the mandatory process once an agency is aware of potential ADA violations. As outlined, the first step is for an agency to conduct an investigation into the cause of the violations. On February 27, 2020, OIG issued a follow-up memorandum to the Executive Director requesting the status.

The Commission engaged the General Service Administration (“GSA”) to conduct the investigation on its behalf. In late July 2020, GSA completed its investigation; in the report, it discussed finding multiple, intentional violations of the ADA by agency personnel. Pursuant to the requirements of the Act and OMB Circular A-11, the Commission must “immediately” report the violations, with all relevant facts and a statement of actions taken, to the President, Congress, and the Comptroller General.

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<sup>23</sup> OIG closed three FY2019 Financial Statement Audit recommendations and three FY2019 FISMA recommendations.

As of the close of the reporting period, the U.S AbilityOne Commission has engaged with the Office of Management and Budget (“OMB”) by submitting a memorandum requesting an OMB examiner review of the ADA violations memorandum and has then revised it as requested by OMB. The memorandum is currently under OMB review. When the review process with OMB is complete, the Commission plans to report the violations, with all relevant facts and a statement of actions taken, to the President, Congress, and the Comptroller General.

## OIG's Office of Investigations

OIG's Office of Investigations provides investigative oversight to a Commission responsible for administering the \$3.9 billion AbilityOne Program. During this semiannual reporting period, the Office of Investigations helped furthering the OIG mission of providing oversight as required by the IG Act of 1978, as amended. OIG is responsible for detecting and investigating fraud, waste, and abuse within the U.S. AbilityOne Commission and its Programs. Investigations may be criminal, civil, administrative, or of a contractual nature. Fraud, waste, and abuse within the AbilityOne Program leads to the loss of jobs for Americans who are blind or have severe disabilities, many of whom are veterans, and hinders law abiding AbilityOne contractors.

While the Program is administered by the U.S. AbilityOne Commission, the billions of dollars a year in goods and services are contracted for by over 40 federal agencies working directly with the NPAs. Contracting with NPAs for these goods and services is mandatory under the JWOD Act. The U.S. AbilityOne Commission oversees a mandatory Procurement List of products and services. Once a product or service is on the Procurement List, the named federal agency must buy it from the NPA designated by the Commission, without competition. As a result, OIG investigative oversight spans much of the federal government. Therefore, OI investigations are often conducted along with partners from the Offices of Inspectors General at the federal agencies that hold the AbilityOne contracts at issue.

OIG's Office of Investigations (OI) made progress during the reporting period. Through the hiring of additional staff members, on-boarded during the last reporting period, OI achieved milestones in investigations, continued to process allegations, increased its support of interagency investigations, completed planned rollouts of investigative infrastructure, and deployed a proactive approach to investigations.

### Investigative Efforts and Civil Outcome

During the reporting period, OIG conducted significant investigative activities. OIG worked actively and closely with the Department of Justice and the District of Connecticut, U.S. Attorney's Office on the investigation of an AbilityOne NPA. At the conclusion of the OIG investigation, in its press release,<sup>24</sup> on October 13, 2021, the United States Attorney's Office announced on that CW Resources Inc. (CW) a Non Profit Agency (NPA) based in New Britain, Connecticut, entered into a settlement agreement with DOJ. NPA CW entered into the settlement agreement to resolve allegations that CW submitted claims that falsely certified compliance with Program requirements and failed to maintain adequate medical documentation of significantly disabled employees pursuant to the AbilityOne Program requirements. The allegation was that CW Resources certified to the federal government that its direct labor hour figures were true and accurate when, in fact, the direct labor hours actually worked

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<sup>24</sup> Connecticut Employment Contractor Pays \$600K to Resolve Federal False Claims Act Allegations <https://www.justice.gov/usao-ct/pr/connecticut-employment-contractor-pays-600k-resolve-federal-false-claims-act-allegations>; <https://abilityone.oversight.gov/reports/2021/connecticut-employment-contractor-cw-resources-pays-600k-resolve-federal-false-claims>

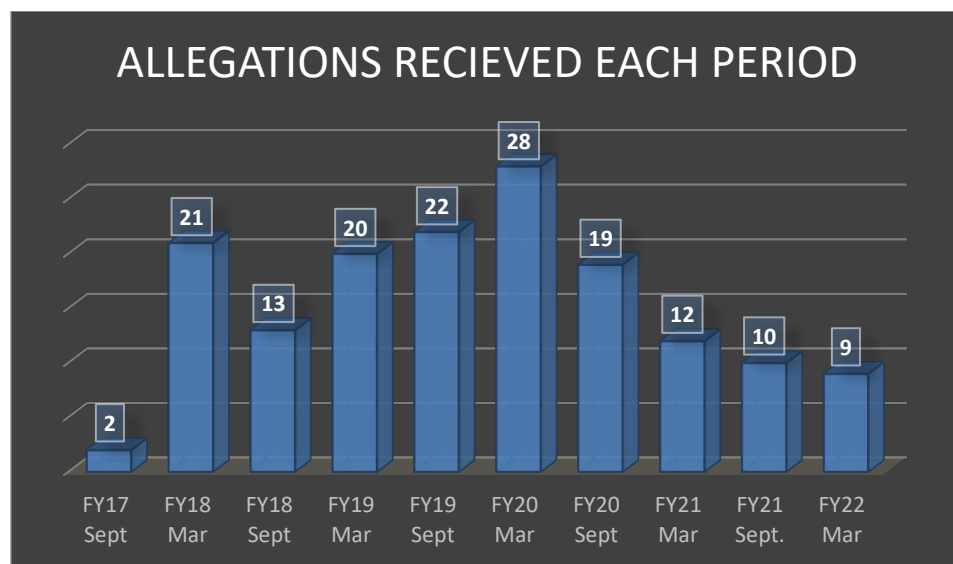
by significantly disabled individuals were much lower and were not supported by adequate medical documentation. To resolve the allegations under the False Claims Act, CW Resources has agreed to pay the federal government \$600,000 and enter into a heightened compliance agreement.

AbilityOne acting Inspector General's quote from the Department of Justice's press release:

"This settlement represents the government's commitment to hold any AbilityOne contractor accountable for noncompliance and ensure that federal dollars intended to employ workers who are blind or have significant disabilities are indeed used for that purpose. Working with the United States Attorney's Office and our investigative and law enforcement partners, the AbilityOne Office of Inspector General protects the integrity and public trust in the largest employment program in the nation of blind and significantly disabled workers."

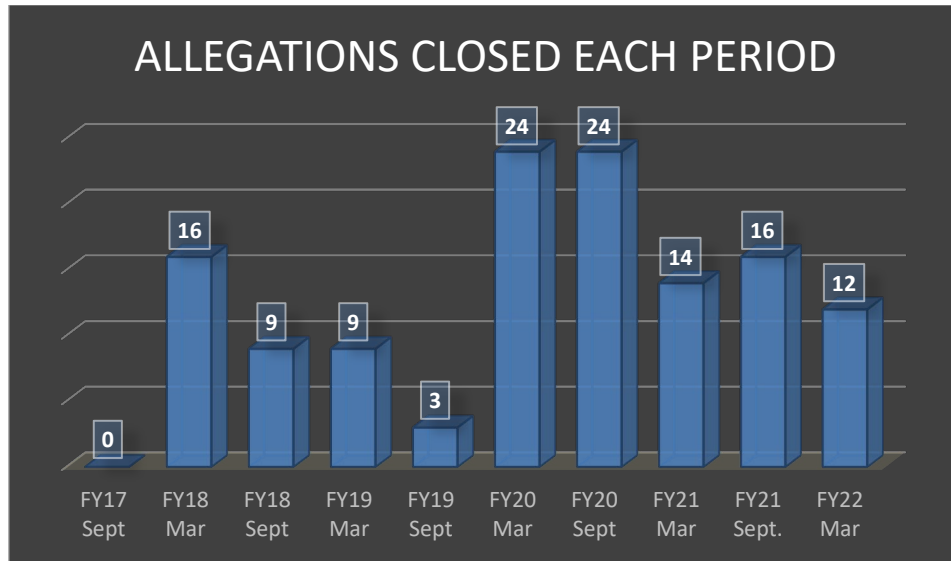
### Hotline

OIG's office of Investigations manages the hotline, which features contact email, a 24/7 live call center, and a fillable web-form by which the public may reach OIG to report allegations of fraud, waste, or abuse. During the reporting period, the office received 9 allegations.



### Allegations Processed and Closed

Allegations of waste, fraud, and abuse received by OIG are subject to an initial review. The graph above shows the number of allegations received, while the graph below shows the number of matters closed each reporting period. This reporting period, OIG closed 12 allegations.



### Investigations Completed

OIG closed two investigations during the reporting period.

### Infrastructure Accomplishments

In the reporting period, OIG reaped the benefits of an increased work force output with the addition of an entry level investigative attorney and the acquisition of the first 1811 job series (special agent) Assistant Inspector General for Investigations (AIGI), who were both onboarded during the last reporting period. Additional staff and resources enabled OI to advance the case portfolio, launch proactive investigative initiatives, and increase collaborative efforts with our investigative partners within DOJ and other agencies. OI continued to further its technological capabilities within its case management system and moving towards an interactive shared document review software platform to further enhance collaboration and efficiencies.

### Investigative Outreach and Fraud Awareness

OI worked with the Special Inspector General for Pandemic Recovery (“SIGPR”), General Services Administration (“GSA”) OIG, U.S. Postal Services OIG, Department of Defense (“DoD”) OIG, Veteran’s Affairs (“VA”) OIG, Department of Labor (“DOL”) and other government entities to build processes to better coordinate on investigative referrals and matters of interest to multiple agencies. Given that AbilityOne contracts are held by over 40 federal agencies, leveraging resources and partnerships with other OIGs and other government entities helps increase efficiency and allows for enhanced oversight.

## Challenges: Office of Investigations Takes on the Challenge of a \$3.9 Billion Program by Engaging Partners and Maximizing Efficiencies

The AbilityOne Program is unique. Where most OIGs have a distinct area of investigative jurisdiction, the AbilityOne Program contracts are used by most of the federal government across departments and agencies. For efficiency and synergy of efforts, AbilityOne OIG works with many partner agencies and counterparts in investigating cases involving AbilityOne contracts.

The AbilityOne contracts are unique also in that they are let non-competitively via a mandatory Procurement List administered by the AbilityOne Commission. Because of the non-competitive nature, the potential for fraud may be greater than with the traditionally let federal contracts. An example, from a previous reporting period, of an interagency OIG investigation is a \$1.9 million settlement with AbilityOne NPA IBVI of Wisconsin, following a DOJ-led investigation.<sup>25</sup> Full details are available at OIG's [website](#).

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<sup>25</sup> Wisconsin-Based Nonprofit To Pay \$1.9 Million To Settle Allegations Of False Claims And Kickbacks On Federal Contracts For Blind Workers <https://www.justice.gov/opa/pr/wisconsin-based-nonprofit-pay-19-million-settle-allegations-false-claims-and-kickbacks> ; <https://abilityone.oversight.gov/reports/2020/wisconsin-based-nonprofit-pay-19-million-settle-allegations-false-claims-and-kickbacks>



## 898 Panel and Activities



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

In December 2021, the Panel sunset when it issued its fourth and final annual report to Congress, culminating more than four years of effort including research, debate, and stakeholder engagement by a diverse Panel comprised of senior executives and staff from 10 Federal agencies.<sup>26</sup>

Pursuant to Section 898(a)(2), a representative of the Inspector General of the Department of Defense and the Inspector General of the AbilityOne Commission were statutory members of the Panel, among others. The primary mission of the Panel was to identify vulnerabilities and opportunities in DoD contracting within the AbilityOne Program and recommend improvements. The Panel established seven subcommittees to fulfill its duties as determined by Section 898(c). Since its inception, and during the reporting period, the IG led the Panel’s Inspector General subcommittee. In addition to leading the subcommittee, OIG provided support and advice to multiple Panel subcommittees dealing with the effectiveness and internal controls of the AbilityOne Program as it relates to DoD contracting, including to the DOJ-led subcommittee on Waste, Fraud and Abuse.

The 898 Panel’s Inspector General subcommittee was tasked with reviewing the progress of DoD IG’s recommendations from the 2016 audit report, DODIG-2016-097. The IG subcommittee previously found that the DoD had made progress with the report’s recommendations to implement existing DoD policy requiring contracting officers to check the AbilityOne’s Procurement List (PL) to verify whether a product or service is on the List, and to improve training for procurement personnel the AbilityOne Program procurement. During its work, the 898 Panel found that there were still issues with procurement officers outside of the DoD. The IG made recommendations that additional training be conducted, and that training content be regularly updated by the U.S. AbilityOne Commission in coordination with the Defense Acquisition University (DAU). The AbilityOne IG will continue to report on the progress on the implementation of the 898 Panel recommendations, for instance, in the annual

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<sup>26</sup> Panel on Department of Defense and AbilityOne Contracting Oversight, Accountability and Integrity: Fourth and Final Annual Report to Congress (December 2021) [https://abilityone.oversight.gov/sites/default/files/reports/Fourth%20and%20Final%20898%20Report\\_0.pdf](https://abilityone.oversight.gov/sites/default/files/reports/Fourth%20and%20Final%20898%20Report_0.pdf)

Top Management and Performance Challenge Report for the U.S. AbilityOne Commission, as issued by OIG in the past.<sup>27</sup>

The 898 Panel goals included prioritizing and refining the actionable recommendations to improve oversight, accountability, transparency, and integrity in contracting with the AbilityOne Program. Execution of these recommendations will have a positive impact on the employment opportunities for individuals who are blind or have other significant disabilities.

The final 898 Panel Report to Congress demonstrates the positive work of the Panel that will continue after its sunset. To facilitate this activity, this report includes mini-reports for the organizations that are accountable for completing the Panel's actionable recommendations. There are mini-reports for the following organizations: the U.S. AbilityOne Commission, Defense Acquisition University (DAU), and the Office of the Under Secretary of Defense for Acquisition and Sustainment/Defense Pricing and Contracting.

This 898 Panel Report also discusses progress on the 24 recommendations in the third Report to Congress. Thirteen recommendations are tracked as complete, and the remaining are in various stages of implementation.

As the 898 Panel Chairperson, John Tenaglia, wrote in issuing the fourth and last 898 Panel's report to Congress: "Although the Panel officially sunsets with the submission of this final report, the results of the recommendations will be enduring and have a positive impact for the AbilityOne community and the Federal contracting workforce."<sup>28</sup>

## **Commission Efforts to Eliminate Use of 14(c) on AbilityOne Contracts**

The Commission has undertaken efforts to modernize job opportunities within the Program through the gradual elimination of the use of subminimum wages and a shift towards competitive integrated employment (CIE).

Under Section 14(c) of the Fair Labor Standards Act (FLSA), employers may seek a certificate from the Department of Labor's Wage and Hour Division to allow the company to pay workers with disabilities less than the Federal minimum wage. When authorized in the 1930s, 14(c) subminimum

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<sup>27</sup> Top Management and Performance Challenges Report (2021) <https://www.oversight.gov/node/179578>; Top Management and Performance Challenges Report (2020) <https://www.oversight.gov/node/94074>; Top Management and Performance Challenges Report (2019) <https://www.oversight.gov/node/21240>; Top Management and Performance Challenges Report (2018) <https://www.oversight.gov/node/17380>; Top Management and Performance Challenges Report (2017) <https://www.oversight.gov/node/12588>

<sup>28</sup> Panel on Department of Defense and AbilityOne Contracting Oversight, Accountability and Integrity: Fourth and Final Annual Report to Congress (December 2021) [https://abilityone.oversight.gov/sites/default/files/reports/Fourth%20and%20Final%20898%20Report\\_0.pdf](https://abilityone.oversight.gov/sites/default/files/reports/Fourth%20and%20Final%20898%20Report_0.pdf)

wages were seen as a way to improve employment prospects for people with disabilities. Historically, use of 14(c) was permitted on AbilityOne contracts.

While this Federal legislation is still in effect, times have changed, as have attitudes, policies, and technologies. The Commission's position is now that all employees—with or without disabilities—should be paid at least the applicable minimum wage when the authority of the AbilityOne Program is used to award Federal contracts.

The Commission has taken steps to eliminate the use of 14(c) within the Program. Beginning in 2016, the Commission issued its “Declaration in Support of Minimum Wage for All People Who Are Blind or Have Significant Disabilities.”<sup>29</sup>

In 2019, the Commission called on SourceAmerica to accelerate the process of ending the payment of subminimum wages by NPAs associated with SourceAmerica on AbilityOne contracts.<sup>30</sup> SourceAmerica responded by launching its 14(c) Transition Program to provide consultation, knowledge, data sharing, technical support, and financial assistance through a flexible grant program intended to support NPA transition activities.

In 2020, the Commission initiated a new practice to identify and report in the Presidential Appointees' decision documents any planned use of subminimum wages related to products and services that are candidates for addition to the AbilityOne Procurement List.

As of Q1 of FY21, fewer than 2% of AbilityOne employees—an estimated 674 employees out of more than 42,000—were paid below the Federal minimum wage in the first quarter of FY 2021.<sup>31</sup>

NIB reports that all the NIB NPAs pay the full applicable minimum wage or higher on all AbilityOne contracts.<sup>32</sup>

SourceAmerica reports a downward trend in use of 14(c) certificates within its NPA network and on AbilityOne contracts.<sup>33</sup> SourceAmerica's Board of Directors passed motions including one stating that the Board does not support awarding new AbilityOne contracts that require work under 14(c).

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<sup>29</sup> <https://www.abilityone.gov/commission/documents/US%20AbilityOne%20Commission%20Declaration%2018March2016%20Final.pdf>

<sup>30</sup> [https://www.abilityone.gov/media\\_room/documents/Statement%20on%20Ending%20Subminimum%20Wages%20at%20SourceAmerica%20Nonprofit%20Agencies.pdf](https://www.abilityone.gov/media_room/documents/Statement%20on%20Ending%20Subminimum%20Wages%20at%20SourceAmerica%20Nonprofit%20Agencies.pdf) ; [https://www.abilityone.gov/media\\_room/documents/Commission%20Ltr%20to%20SourceAmerica%20-%20Subminimum%20Wage%20-%2020190219.pdf](https://www.abilityone.gov/media_room/documents/Commission%20Ltr%20to%20SourceAmerica%20-%20Subminimum%20Wage%20-%2020190219.pdf)

<sup>31</sup> [https://www.abilityone.gov/media\\_room/documents/U.S.%20AbilityOne%20Commission%20-%20Report%20to%20President,%20March%202021%20-%20Final.pdf](https://www.abilityone.gov/media_room/documents/U.S.%20AbilityOne%20Commission%20-%20Report%20to%20President,%20March%202021%20-%20Final.pdf)

<sup>32</sup> [https://www.abilityone.gov/media\\_room/documents/U.S.%20AbilityOne%20Commission%20-%20Report%20to%20President,%20March%202021%20-%20Final.pdf](https://www.abilityone.gov/media_room/documents/U.S.%20AbilityOne%20Commission%20-%20Report%20to%20President,%20March%202021%20-%20Final.pdf)

<sup>33</sup> [https://www.abilityone.gov/media\\_room/documents/U.S.%20AbilityOne%20Commission%20-%20Report%20to%20President,%20March%202021%20-%20Final.pdf](https://www.abilityone.gov/media_room/documents/U.S.%20AbilityOne%20Commission%20-%20Report%20to%20President,%20March%202021%20-%20Final.pdf)

In October 2021, the Commission announced the beginning of the official rulemaking process to eliminate the use of 14(c) subminimum wages on any AbilityOne contract.<sup>34</sup> NPAs will be disqualified from the AbilityOne Program if they use 14(c) to pay any employee working on an AbilityOne contract. Once the rule is finalized, all AbilityOne employees will be paid either the Federal minimum wage, the state or local minimum wage, or the prevailing wage if they work on a service contract governed by the Service Contract Act (SCA) or the Davis-Bacon Act (DBA).

“It’s past time to end the payment of subminimum wages in the AbilityOne Program and to ensure all AbilityOne employees are paid fairly for their work,” said Commission Chairperson Jeffrey A. Koses. “We’ve worked closely with our colleagues in the Departments of Labor and Education and other agencies, and believe we’ve put together a good proposed rule that will make a difference in the lives of Americans who are blind or have significant disabilities. The proposed rule shows the Commission’s commitment to big things, and we see it as a springboard for further modernization.”

The Commission Plans to issue a final rule by the end of FY22.

### **Commission Plan to Expand Competitive Integrated Employment (CIE) on AbilityOne Contracts**

Under discussion in the AbilityOne Program, and in the disability community at large, is the concept of what it means to fully integrate people with disabilities into the workforce. The Workforce Innovation and Opportunity Act (WIOA) defines competitive integrated employment (CIE) as work that is performed on a full-time or part-time basis for which an individual is: (a) compensated at or above minimum wage and comparable to the customary rate paid by the employer to employees without disabilities performing similar duties and with similar training and experience; (b) receiving the same level of benefits provided to other employees without disabilities in similar positions; (c) at a location where the employee interacts with other individuals without disabilities; and (d) presented opportunities for advancement similar to other employees without disabilities in similar positions.

Program participants have been operating under the parameters established by the Javits-Wagner-O’Day Act of 1971 (JWOD Act) and the resulting Commission regulations, policies, and procedures. Currently, these parameters do not incentivize and operationalize CIE as one of the programmatic key objectives.

On March 18, 2022, the Commission published the Draft Strategic Plan for FY 2022–2026 in the Federal Register opening a 30-day public comment and review period. The three overarching Strategic Objectives detailed in the Commission’s Draft Plan include:

- 1) Expand competitive integrated employment (CIE) for people who are blind or have other significant disabilities.

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<sup>34</sup> <https://www.abilityone.gov/commission/documents/U.S.%20AbilityOne%20Commisson%20NPRM%20-%20News%20Release%20Final%20-%207Oct2021a.pdf>

2) Ensure effective governance across the AbilityOne Program.<sup>35</sup>

3) Partner with Federal agencies and AbilityOne stakeholders to increase and improve CIE opportunities for people who are blind or have other significant disabilities.

To help achieve strategic objective II, the Commission uses the results of the OIG's Top Management and Performance Challenges report, as well as other Commission staff assessments, to identify and prioritize risks to mitigate and programs to improve. The Commission will continue to evaluate its performance to assure that its programs are operating as intended and achieving results.

The Commission's Draft Plan includes updated mission and vision statements that reinforce the purpose of the AbilityOne Program. It also builds on the Commission's proposed rule to end subminimum and sub-prevailing wages on all AbilityOne contracts.

An outcome goal established in the Draft Strategic Plan is for the Commission to collaborate with its designated CNAs and all qualified NPAs to identify barriers and provide workable solutions. Despite the constraints of the JWOD Act, several NPAs have established settings in which workers on the AbilityOne contracts are paid in a manner consistent with workers without disabilities, perform their work alongside other individuals doing the same type of work, and are given the opportunity to advance in the workplace like that afforded to other workers. The Commission also plans to work with Congress to amend the JWOD Act to support CIE for people who are blind or have other significant disabilities.

Another outcome goal detailed in the Draft Strategic Plan is to modernize the Commission's regulations, policies, and procedures to expand CIE within the AbilityOne Program to the maximum extent possible. To achieve this goal, the Commission plans to eliminate the use of section 14(c) certificates.

The Commission has issued a revised Individual Employment Eligibility (IEE) form that is conducive to hiring individuals who are blind or have other significant disabilities who wish to work in CIE. Finally, the Commission will incentivize the expansion of CIE by including CIE objectives as a special consideration in the contract allocation process.

## **Essentially the Same Services and Products**

The purchase of mandatory services and products from AbilityOne Nonprofit Agencies (NPAs) generates employment opportunities for people who are blind or who have other significant disabilities. Federal agencies are prohibited from buying commercial items that are "essentially the

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<sup>35</sup> To help achieve strategic objective II, the Commission uses the results of the OIG's Top Management and Performance Challenges report, as well as other Commission staff assessments, to identify and prioritize risks to mitigate and programs to improve. The Commission will continue to evaluate its performance to assure that its programs are operating as intended and achieving results.

same” (ETS) as those items listed on the AbilityOne Program Procurement List (PL) when the AbilityOne item is available.

ETS is a descriptive term for commodities (not applicable to critical or weapon system related items) that are comparable in all the prominent physical, functional, or performance characteristics to items on the PL. The Commission determination that a product is ETS does not mean the product is “exactly” the same. Rather, products may be considered ETS if the AbilityOne product has all of the critical form, fit, and function of the commercial equivalent. Products, however, will not be considered ETS if the commercial product has characteristics which the AbilityOne product lacks and those characteristics affect the performance of the product.

### **Prevention:**

There are several ways that the Commission and other stakeholders address prevention of the sale of ETS to Federal customers. For example, the Commission requires commercial distributors of AbilityOne products to be authorized by the Commission. Commission policies require Authorized AbilityOne Distributors (Authorized Distributors) to comply with the following requirements:

- Refrain from selling ETS items to federal customers;
- Remove ETS items from any electronic or paper catalogs provided to federal government customers; and
- Establish a system for
  - (i) blocking federal customers from viewing ETS offerings and
  - (ii) substituting appropriate AbilityOne products for their ETS counterparts.

CNAs engage and educate Authorized Distributors about compliance, track AbilityOne sales, serve as a focal point for Authorized Distributor product inquiries, and provide other support to the Commission and Authorized Distributors to facilitate the sales of AbilityOne items.

Federal marketplace and solicitation monitoring occurs in real time. CNAs monitor Federal solicitations to ensure that agencies are not inadvertently requesting ETS items and will notify the contracting officer to update current and future contract language to adequately ensure compliance with the JWOD Act. Some Federal agencies ask CNAs to review drafts of solicitations to ensure they are not requesting ETS items.

### **Enforcement:**

ETS items are still sold to Federal agencies. Pursuant to Commission policy, CNAs identify and inform the Commission of instances of Authorized Distributor noncompliance, including the sale of ETS items. On a quarterly basis, the Commission, with the assistance of CNAs, evaluate Authorized Distributor’s performance and compliance. The Commission provides Authorized Distributors with evidence of alleged violations and provides the Authorized Distributor with an opportunity to refute the

allegation. Under Commission policies, findings of non-compliance result in escalating penalties by the Commission up to and including de-authorization.

**Impact:**

As ETS sales increase, AbilityOne product sales for those items decrease, meaning that NPAs not only lose revenue but they also lose the corresponding work that supports the employment of people who are blind or significantly disabled. The Commission's Policies seem to have beneficially reduced the sale of ETS. Although not a direct correlation and with the understanding that several variables impact AbilityOne sales, when analyzing GSA Advantage sales data after the initial formal implementation of the compliance program, AbilityOne sales increased by roughly \$7 million (+32%) from FY16 to FY17, while the sale of ETS items decreased by nearly \$0.5 million (-17%). This trend continued in FY18.

Beginning in FY19 through the end of FY21, however, AbilityOne sales began to decrease and ETS sales increased through the GSA Advantage Channel. This trend has continued during the first quarter of FY22.

The chart below shows the total loss of ETS sales through GSA Advantage by both authorized and unauthorized distributors. The data reflects cumulative losses for both NIB and SourceAmerica-based products.

Total Loss of ETS through GSA Advantage (authorized and non-authorized resellers)				
	FY19	FY20	FY21	FY22
Q1	N/A	\$334,057.00	\$227,522.82	\$174,894.01
Q2	\$438,896.00	\$751,296.00	\$834,959.27	N/A
Q3	\$544,365.00	\$278,567.45	\$955,871.50	N/A
Q4	\$813,317.00	\$532,557.08	\$1,115,842.78	N/A
Total	\$1,796,578.00	\$1,896,477.53	\$3,134,196.37	N/A

**GSA Advantage transactional sales from October 2021 - December 2021**

Based on GSA Advantage transactional sales data provided by GSA for Q1 of 2022 (October 2021–December 2021) the AbilityOne Program lost **\$174,894.01** due to the sale of ETS by **96** Authorized Distributors. Both numbers are up from FY2021 Q1 when there was a loss of **\$87,857.89** due to the sale

of ETS by **66** Authorized Distributors. This data reflects cumulative losses for both NIB and SourceAmerica-based products.

This figure does not include sales via distributor ecommerce sites, FSSI contracts or DoD Email. Additionally, the figure does not account for the sale of ETS products sold under deviated part number not listed in the quarterly ETS file.

Additionally, the AbilityOne Program lost **\$344,324.63** due to the sale of ETS by either GSA Global Supply or non-Authorized AbilityOne vendors in Q1 FY2022, which is more than twice the amount lose in Q1 FY2021 (**\$139,664.93**).

## Veterans Employment Initiative

Section 898 of the National Defense Authorization Act (NDAA) for the Fiscal Year 2017 (Public Law 114-328) directed the Secretary of Defense to establish a panel of senior-level representatives from the Department of Defense (DoD), including the U.S. AbilityOne Commission Director of Veterans Employment & Initiatives (DVEI) along with other organizations, as specified in the legislation. The Commission's Directorate of Veterans Employment and Initiatives is important in maximizing employment opportunities for veterans with severe injuries, consistent with AbilityOne Program participants.

Veterans employment and initiatives within the Commission align with the Section 898 Panel's recommendations. The veteran-focused initiative expands and sustains employment opportunities for service-connected/severely disabled veterans, military spouses, family members, and other blind and severely disabled individuals.

According to the Commission's Budget Justification for FY2023, veterans benefit from numerous wounded warrior transition programs, training, and employment opportunities furnished by AbilityOne-authorized providers. In FY 2021 approximately 2,500 wounded, ill, or injured veterans work in direct labor jobs in the AbilityOne Program.<sup>36</sup> In addition, NPAs employ approximately 3,700 veterans working in indirect labor positions, including supervisory and management roles. In total, approximately 6,200 veterans work at AbilityOne NPAs. The range of their military service stretches from Vietnam to Afghanistan and Iraq. During the pandemic, Veteran employment saw an overall decrease, while AbilityOne Veteran employment increased.

Most recently, the Department of Labor Education and Training Administration announced an approved AbilityOne Apprenticeship initiative in February 2020 supporting the goal of higher-paying and career employment opportunities for service-connected/severely disabled and blind veterans. The initiative facilitates the employment of persons with severe disabilities or blindness. As Congress and the AbilityOne Commission look to increase employment opportunities for veterans, DVEI continues to

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<sup>36</sup> <https://www.abilityone.gov/commission/documents/CPBBSD%20AbilityOne%20FY%202023%20CBJ%20FINALE%20Accessible%20-%20Post.pdf>



look at ways to maximize resources by collaborating with existing DoD and other Government agencies opportunities such as the DoD SkillBridge program, the DoD Warrior Care Operation Warfighter program, and the Department of Labor-VETS program.

## AbilityOne and Procurement

### The Rule of Two and Legislative Changes to the VA Procurement Process

The “Rule of Two,” established under the *Veterans Benefits Act of 2006* (VBA), required the VA to set aside certain contracts for veteran-owned small business (VOSBs) where there is a “reasonable expectation” that two or more VOSBs will bid on the contract “at a fair and reasonable price that offers best value to the United States.”<sup>37</sup> This VBA requirement created a conflict with existing sourcing requirements under JWOD, and left open the question of whether VBA or JWOD requirements should be applied first. In its 2018 decision, *PDS Consultants*,<sup>38</sup> the U.S. Court of Appeals, Federal Circuit, ruled the VBA requirements took priority over the AbilityOne procurement list, jeopardizing contracts for products and services that had previously been provided through AbilityOne Program contracts.

In an effort to preserve employment of the blind and severely disabled, Congress passed the *VA Contracting Preference Consistency Act of 2020*,<sup>39</sup> which became law on August 8, 2020, and was created to preserve the AbilityOne Program with respect to products and services VA was purchasing before the VBA was enacted in 2006. The Veterans First Program under the VBA still applies to all other products and services.

On August 5, 2021, in order to ensure compliance with *VA Contracting Preference Consistency Act of 2020*, the VA revised its Acquisition Regulation VAAR at Part 808 to restore AbilityOne as a priority mandatory source for covered products on the Procurement List, except those contracts previously awarded to VOSBs between December 22, 2006, and August 7, 2020, shall continue to receive preference under certain conditions.<sup>40</sup>

### Medical/Surgical Prime Vendor-Next Generation (MSPV-NG) Current Structure

VA Acquisition Management was added to the GAO 2019 High Risk List, where the VA was specifically cited for a “lack of effective medical supplies procurement strategy.” The VA is the third-largest federal customer of CNA National Industries for the Blind (NIB) under the AbilityOne Program. In 2018, sales to the VA amounted to fifteen percent of NIB’s total AbilityOne Program sales. These sales equate to

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<sup>37</sup> *Veterans Benefits, Health Care, and Information Technology Act of 2006*, Pub. L. No. 109-461, (codified at 38U.S.C.A. § 8127(d)).

<sup>38</sup> *PDS Consultants, Inc. v. U.S., Winston-Salem Industries for the Blind*, 907 F.3d 1345 (October 17, 2018).

<sup>39</sup> Public Law No. 116-155 (2020) (codified as amended at 38 U.S.C.).

<sup>40</sup> Memorandum, Class Deviation from the VA Acquisition Regulation 808.002, Priorities for Use of Mandatory Government Sources (VIEWS 03255281).

nearly 800 jobs for Americans who are blind or significantly disabled, many of whom are veterans. SourceAmerica has numerous contracts within this Program. As identified by OIG, Program erosion is a top management challenge facing the U.S. AbilityOne Commission and its Program. OIG has identified three inter-related issues:

1. Lack of essentially-the-same (ETS) and AbilityOne compliance on the current MSPV NG formulary;
2. Absence of AbilityOne products on the MSPV 2.0 formulary; and
3. Risk of a blanket non-manufacturer waivers being issued to cover products sold to the VA.

VA contracts were awarded to four prime vendors (PVs) that cover 23 VISNs, 152 medical centers, and 1,400 community-based outpatient clinics across the United States. The VA allows PVs to partner with veteran-owned small businesses (VOSB)/service-disabled veteran-owned small businesses (SDVOSB). The VA determines the contract offering and issues a monthly product catalog known as the “formulary.” The current formulary has up to 22,757 products listed; 872 are AbilityOne items. The Veterans Health Administration (VHA) manages the product offering, and the Strategic Acquisition Center (SAC) manages the contracts. The procurement strategy for the Prime Vendor contracts disregarded the applicability of the JWOD Act after the Federal Circuit’s decision in *PDS Consultants* by precluding the AbilityOne NPAs from participating in any of the four tiers of the solicitation, which allowed both small businesses and any other commercial entity to bid before applying the JWOD Act mandatory priority.

Current challenges identified with MSPV NG include the lack of an agreement with the VA to implement an ETS review process for the formulary. Federal law prohibits federal agencies from purchasing elsewhere items that are essentially the same (ETS) as AbilityOne items on the Procurement List. See 41 CFR § 51-5.3(a). Accordingly, agencies such as GSA have used an ETS review process to avoid products appearing on the formulary that are ETS to AbilityOne products, which are mandated for purchase by the Javits-Wagner-O’Day Act as implemented by the Federal Acquisition Regulation (FAR).

Additionally, prime vendors (PVs) require commercial supplier agreements to be signed by the NPAs that manufacture the products. The GSA requires its distributors to block any ETS offerings to the federal customer and requires AbilityOne distributor authorization for all large contracts, including Federal Strategic Sourcing Initiatives (FSSI) for commodity products. The VA, however, does not have any similar requirement to be a PV. Three of the four Veteran Administration’s PVs have agreed to terms required by the U.S. AbilityOne Commission, but one Veterans Administration’s PV has refused. This lack of a single vendor’s agreement results in lost sales for the AbilityOne Program, thus reducing employment opportunities for people who are blind.

#### *MSPV 2.0 and the Revised Acquisition Strategy for the AbilityOne Program*

The VA follows the VAAR Rule of Two (“Ro2”) in determining the fulfillment of their support requirements for consumable medical supplies used in the MSPV program. The non-manufacturing

waiver allows the item(s) to be acquired from VSOB/SDVOSB suppliers who have the capability to source the item(s) but not the capability to manufacture them. Allowing this practice opens the door for VOSB/SDVOSBs (many of whom are individually owned “storefront” operations) to source products offshore; whereas, if the requirements were sourced from NPAs through the AbilityOne Program, the products would remain in production in the United States and continue to create employment for people who are blind or significantly disabled, many of whom are veterans.

In order to ensure compliance with *VA Contracting Preference Consistency Act of 2020*, the VA revised its Acquisition Regulation VAAR at Part 808 to restore AbilityOne as a priority mandatory source for covered products on the Procurement List, except that contracts previously awarded to VOSBs between December 22, 2006, and August 7, 2020, shall continue to receive preference under certain conditions.<sup>41</sup>

## E-Commerce

On July 31, 2019, the U.S. AbilityOne Commission announced the end of the pilot program between the Commission and Amazon. While the Commission was able to gain insight into E-Commerce platforms, the pilot did not lead to an increase in AbilityOne sales. Amazon did not block ETS offerings on its platform and substitute those products with AbilityOne products, which is a feature that the Commission requires of its authorized distributors.

Although AbilityOne ended its pilot program with Amazon, other federal agencies (the Department of Homeland Security (DHS) and the U.S. Air Force) have established programs with Amazon allowing the purchase by procurement officers of commercial products online through Amazon. The FY2018 NDAA, P.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.”

GSA’s implementation of the Section 846 E-Commerce Platform is expected to extend. On October 1, 2019, GSA issued a solicitation seeking platform providers in support of this initiative. The solicitation requires respondents to respect the mandatory source requirements of the AbilityOne Program; providers must block “Essentially The Same” (ETS) items in the E-marketplace and substitute AbilityOne items. The solicitation also includes FAR 52.208-9, Contractor Use of Mandatory Sources of Supply or Services, and references to the mandatory source requirements in FAR 8.002, 8.004, and 8.005.

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<sup>41</sup> Memorandum, Class Deviation from the VA Acquisition Regulation 808.002, Priorities for Use of Mandatory Government Sources (August 14, 2020).

On April 1, 2020, GSA provided an update that the Commercial Platform's Acquisition was delayed due to the fact that GSA's resources and priorities have shifted to support the COVID-19 response. On May 4, 2020, GSA released its Spring 2020 Federal Marketplace (FMP) Strategy. The release includes various project improvements related to the COVID-19 response and other updated policies. For instance, to support the federal government's response to COVID-19, GSA has created buying guides to make it easier to identify building, screening, and IT services available for acquisition. The Acquisition Resources Hub on GSA's website also has a hub where suppliers can submit modifications to temporarily add non-Trade Agreement Act (TAA) products. GSA continues to update its INFORM pilot program, which creates an enhanced notification and selection process. GSA began expanding the INFORM effort in FY2020 and continues to do so through the present day. See [here](#) for more details regarding policy improvements by GSA.<sup>42</sup>

In June 2020, GSA awarded E-Commerce platform contracts to three providers: Amazon Business, Fisher Scientific, and Overstock.com Inc.<sup>43</sup> In August 2020, GSA released the first of a series of posts designed to educate stakeholders on topics related to the E-commerce platform, focusing on supply chain risk management and protecting users against counterfeit goods.<sup>44</sup>

OIG will continue exercising its oversight role and deepening its understanding of the E-Commerce platforms and their application to the AbilityOne Program. OIG views the innovations of E-Commerce as the future of an evolving marketplace. OIG also considers that, for the shared success of the E-Commerce platform, it is key that the buyers of products and services, i.e., the government agencies and their purchase officers, understand that the customer that the E-Commerce platform seeks to serve is the AbilityOne Program itself.

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<sup>42</sup> <https://www.gsa.gov/about-us/organization/federal-acquisition-service/fas-initiatives/federal-marketplace-strategy/federal-marketplace-fmp-strategy-releases/federal-marketplace-fmp-strategy-spring-2020-release>

<sup>43</sup> <https://interact.gsa.gov/blog/gsa-awards-contracts-commercial-e-marketplace-platform-providers>

<sup>44</sup> <https://interact.gsa.gov/blog/managing-supply-chain-risk-within-commercial-platforms-proof-concept>



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

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

OIG has worked with the CIGIE Diversity, Equity, and Inclusion (DE&I) workgroup. OIG headed the strategic plan chapter in its beginning and organized the presentation of one of the first speakers on inclusion. The speaker was presidential appointee James Kesteloot, Commission member and former Chairman of the AbilityOne Commission from 2016 to 2018. Mr. Kesteloot presented on strategies and issues for increasing hiring of blind and people with disabilities in the workforce.

The former AbilityOne Inspector General was a member of CIGIE and served on CIGIE legislative committee. The former Inspector General and the Acting Inspector General contribute to the law enforcement community as adjunct instructors with the faculty at the Federal Law Enforcement Training Center (FLETC)'s IG Criminal Investigator Academy, located in Brunswick, GA (Glynco).

OIG has participated in the Oversight.gov program since the earliest stages of its creation. OIG continues to participate in a new CIGIE working group and pilot program for OIGs who are interested in creating a webpage that will be hosted by oversight.gov. The CIGIE initiative will make oversight.gov a single portal for government-wide oversight.

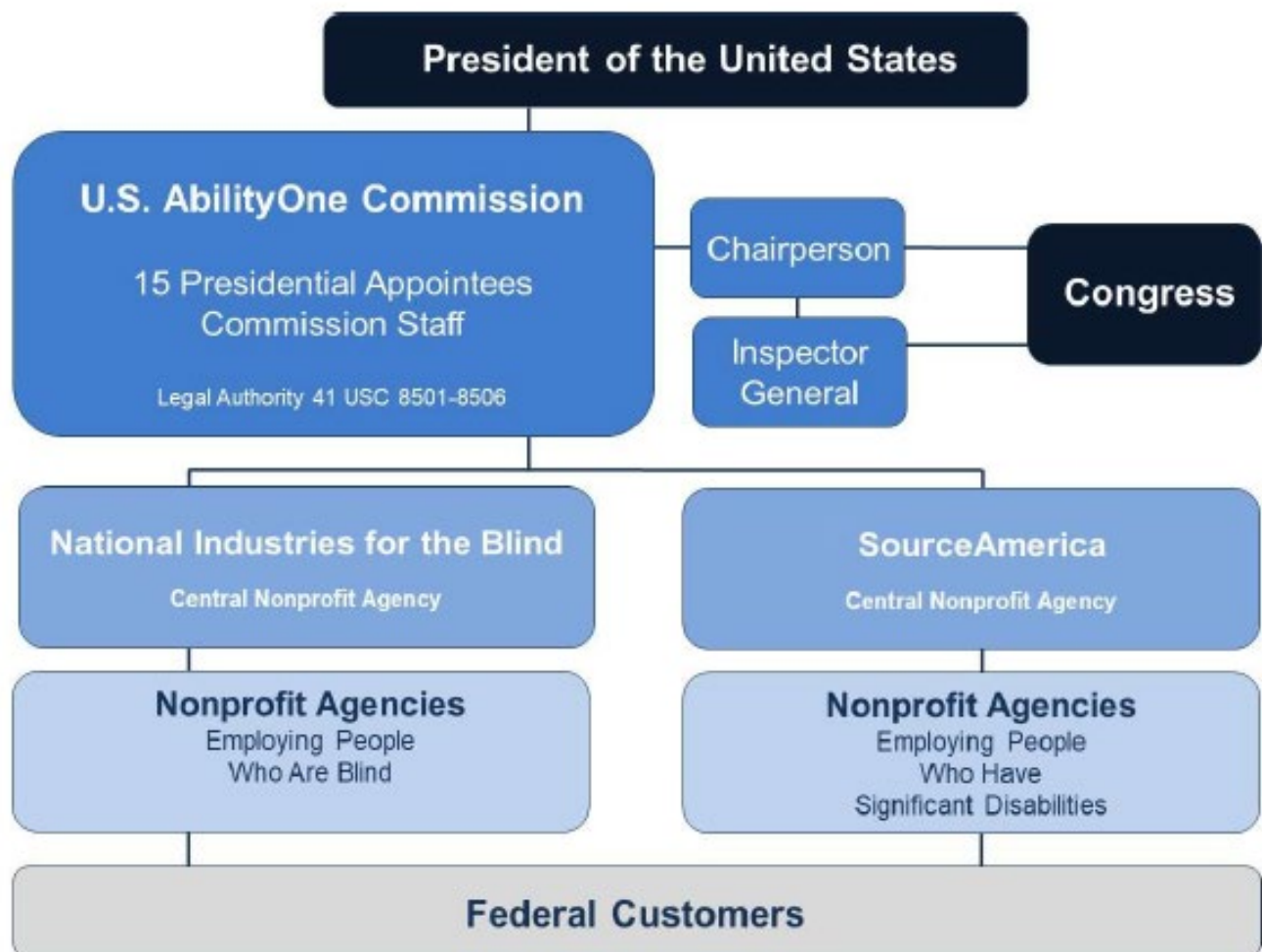
OIG regularly participates in CIGIE working groups designed to focus on areas of IG interest, sharing best practices, and addressing various topics of pertinence specifically to smaller size OIGs. The Acting Inspector General & Counsel to the IG is a member of the Council of Counsels of Inspectors General and the co-chair of the smaller OIG Counsel Group.

The Acting Inspector General & Counsel was designated by the first IG as OIG's CIGIE pandemic relief point of contact. Also, since she joined the AbilityOne OIG with the first IG in 2017, she also serves as OIG representative to other government agencies in the executive branch, as well as the in legislative branch, and specifically as OIG's congressional liaison. She was responsible for OIG content creation and output of all the IG roles as to the 898 Panel.

The Acting Deputy Inspector (DIG) / 1811-Assistant Inspector General for Investigations (AIGI) currently serves as the Chairperson on the CIGIE Technology Committee's Investigation Subcommittee. The Acting DIG is also a member of the Investigations Committee, Assistant Inspector General for Management and Administration Committee, Small OIG Shared Services Subcommittee, Special Agents-in-Charge Working Group, and Data Analytics Working Group. The Acting DIG is a regular moderator and speaker at several CIGIE Committees and activities.

The Assistant Inspector General for Auditing (AIGA) participates in subgroups of CIGIE with emphasis on audit operations and serves as the Contracting Officer Representative (COR) for OIG-contracted audit work. The Assistant Inspector General for Investigations (AIGI) participates in the AIGI quarterly meetings and initiatives.

The Acting Inspector General & Counsel and the Acting Deputy Inspector General serve as adjunct instructors for the CIGIE Inspectors General Criminal Investigator Training Academy for the course of instructions of the Essentials of Inspector General Investigations, at the Law Enforcement Training Center (FLETC) in Brunswick, Glynco, Georgia.



## Appendix II: Commission Member Composition

### PRESIDENTIAL APPOINTEES

- The Commission, whose composition is defined by statute and appointed by the President, consists of 15 members.<sup>45</sup>
- Eleven members represent government agencies. The agencies designate the length of their service.
- Four members are private citizens knowledgeable about the employment problems of people who are blind or have significant disabilities, including those employed by nonprofit agencies affiliated with the AbilityOne Program. They serve for five-year terms and may be reappointed.

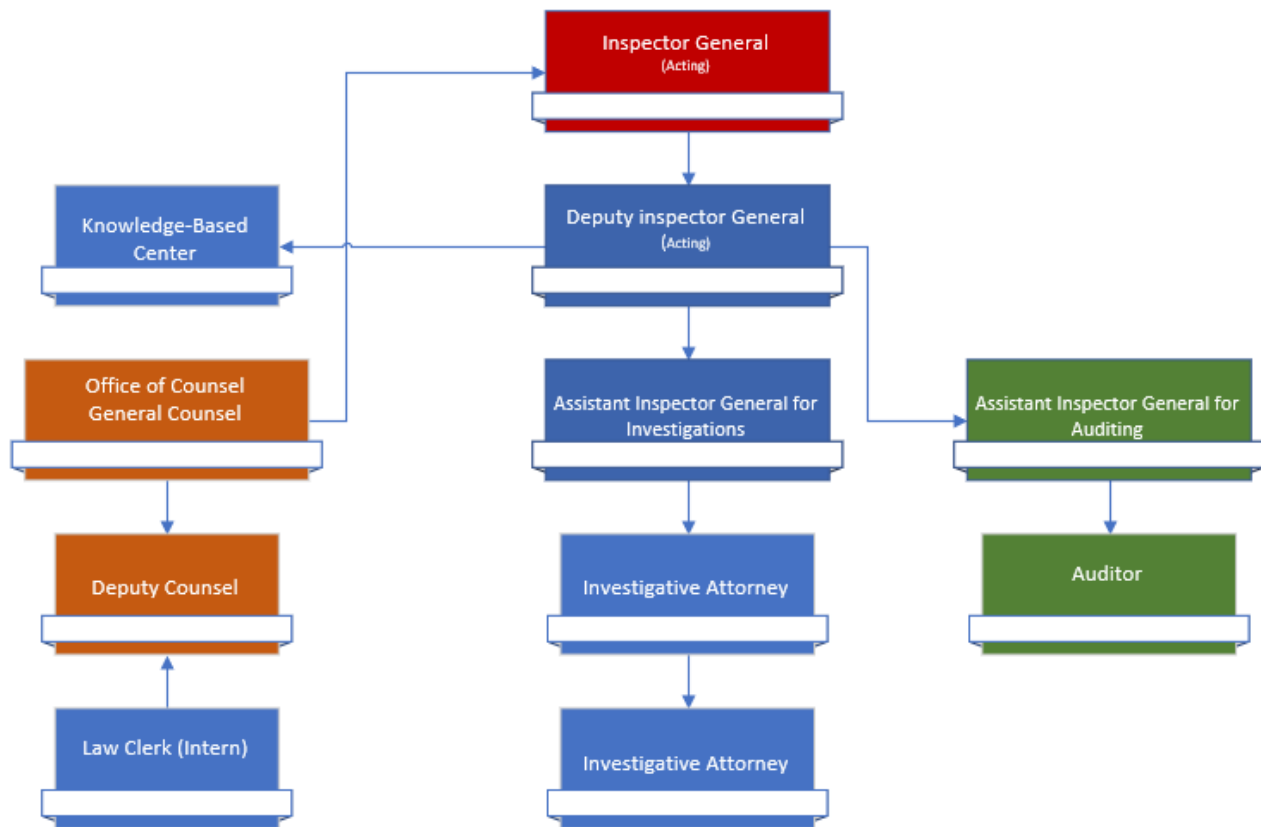
Committee Member	Agency	Position
<b>Jeffrey A. Koses- Chairperson</b>	General Services Administration	Senior Procurement Executive
<b>Chai Feldblum- Vice Chairperson</b>	Private Citizen	N/A
<b>Bryan Bashin</b>	Private Citizen	N/A
<b>Christina Brandt</b>	Private Citizen	N/A
<b>Gabe Cazaes</b>	Private Citizen	N/A
<b>Jennifer Sheehy</b>	Department of Labor	Deputy Assistant Secretary, Office of Disability Employment Policy
<b>Virna L. Winters</b>	Department of Commerce	Director for Acquisition Policy and Oversight in the Office of Acquisition Management
<b>Department of Agriculture</b>	Vacant	N/A
<b>Department of the Air Force</b>	Vacant	N/A
<b>Department of the Army</b>	Vacant	N/A
<b>Department of Defense</b>	Vacant	N/A
<b>Department of Education</b>	Vacant	N/A
<b>Department of the Navy</b>	Vacant	N/A
<b>Department of Justice</b>	Vacant	N/A
<b>Department of Veterans Affairs</b>	Vacant	N/A

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<sup>45</sup> 41 U.S.C.A. § 8502(b)(Composition).



### Appendix III: OIG Organizational Chart



Appendix IV: Audit Recommendation Status Report (April 1, 2021 – September 30, 2021)

Report Short Name	Recommendation	Target Completion Date (Per Agency)	Current Status	Recommendation Progress (Per Agency)
<b>Office of The Chief Financial Officer (CFO)</b>				
FY 2020 Financial Statement Audit	Continue to gain knowledge of OMB Circular A-136 and other authoritative guidance relating to financial reporting requirements to better oversee the performance of its shared service provider and to ensure that its reporting requirements are being fulfilled, including those relating to the submission of interim financial statements and footnotes and the proper recording and reporting of loss contingencies <i>(Repeat finding from 2019 Financial Statement Audit)</i> .	8/31/2022	Open	Implemented
FY 2020 Financial Statement Audit	Advise the service provider that outdated/superseded guidance was used in the preparation of its financial statements and footnotes so that this issue can be addressed by the service provider in the future <i>(Repeat finding from 2019 Financial Statement Audit)</i> .	8/31/2022	Open	Implemented
FY 2020 Financial Statement Audit	Request that the service provider enhance its current review procedures to identify errors and omissions in the required financial statements and footnotes and to ensure that all required presentation and disclosure requirements have been met <i>(Repeat finding from 2019 Financial Statement Audit)</i> .	8/31/2022	Open	Implemented
FY 2020 Financial Statement Audit	In accordance with generally accepted accounting principles (GAAP), ask the Commission's General Counsel to identify loss contingencies relating to legal matters that should be recorded in the agency's general ledger and/or disclosed in the notes to the financial statements and instruct the service provider to record these entries and/or disclose these amounts, as appropriate <i>(Repeat finding from 2019 Financial Statement Audit)</i> .	8/31/2022	Open	Implemented
FY2020 Financial Statement Audit	Continue to implement management's corrective action plan, including the filling of vacant positions.	8/31/2022	Open	Implemented

<b>Report Short Name</b>	<b>Recommendation</b>	<b>Target Completion Date (Per Agency)</b>	<b>Current Status</b>	<b>Recommendation Progress (Per Agency)</b>
FY2020 Financial Statement Audit	The Commission should continue to implement the actions identified in its corrective action plan relating to employee payroll and benefits, dated September 30, 2020.	8/31/2022	Open	Corrective Action Plan (CAP) in place
FY2020 Financial Statement Audit	The incoming Chief Financial Officer or other Commission personnel knowledgeable in accounting and finance 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.	9/30/2022	Open	CAP in place
FY2020 Financial Statement Audit	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.	9/30/2022	Open	CAP in place
FY2020 Financial Statement Audit	The incoming Chief Financial Officer or other Commission personnel knowledgeable in accounting and finance should independently verify the amounts recorded for reimbursable activity by its shared service provider or participate in the calculation of the recorded amounts.	6/30/2022	Open	CAP in place
FY2020 Financial Statement Audit	The incoming Chief Financial Officer or other Commission personnel knowledgeable in accounting and finance should develop a procedure to identify accrued liabilities for reimbursable expenses which should also be recorded as accrued accounts receivable.	6/30/2022	Open	CAP in place
FY2020 Financial Statement Audit	Commission management should develop written policies and procedures for the financial reporting process, including procedures to identify and perform (or assist its service provider in preparing) year-end entries to the general ledger that are required by generally accepted accounting principles.	6/30/2022	Open	CAP in place
FY2021 Financial Statement Audit	Develop a procedure to identify and track all on-top adjustments, worksheet adjustments, and other corrections for prior year	7/31/2022	Open	CAP in place

<b>Report Short Name</b>	<b>Recommendation</b>	<b>Target Completion Date (Per Agency)</b>	<b>Current Status</b>	<b>Recommendation Progress (Per Agency)</b>
	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.			
FY2021 Financial Statement Audit	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 principles.	7/31/2022	Open	CAP in place
FY2021 Financial Statement Audit	Develop a procedure to validate the agency's beginning balances that are rolled forward from the prior year to ensure that valid balances are not eliminated either before or during the closing process.	7/31/2022	Open	CAP in place
FY2021 Financial Statement Audit	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.	7/31/2022	Open	CAP in place
FY2021 Financial Statement Audit	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.	7/31/2022	Open	CAP in place
FY2021 Financial Statement Audit	Increase the precision of existing checklists and variance analysis tools so that changes from known and expected results can be detected and corrected.	7/31/2022	Open	CAP in place
FY2021 Financial Statement Audit	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.	7/31/2022	Open	CAP in place
FY2021 Financial Statement Audit	Verify that the information included in the Commitment and Contingencies footnote is clear, concise, accurate, complete, and properly classified according to generally	7/31/2022	Open	CAP in place

Report Short Name	Recommendation	Target Completion Date (Per Agency)	Current Status	Recommendation Progress (Per Agency)
	accepted accounting principles and federal reporting requirements and that all contingencies reported in the footnote exist as of the reporting date.			
FY2021 Financial Statement Audit	The Commission should correct and then regularly update a detailed listing of the assets that are reported in the agency's trial balance and financial statements to enable the agency to verify the capitalized property balances reported in the agency's financial statements are correct and are reported in accordance with generally accepted accounting principles.	7/31/2022	Open	CAP in place
FY2021 Financial Statement Audit	The Commission should regularly assess all capitalized property for assets that are no longer in service or to which the agency no longer has legal rights and ensure that these items are removed timely and proactively by Commission management.	7/31/2022	Open	CAP in place
FY2021 Financial Statement Audit	The Commission should accumulate all expenditures for the leasehold improvements for its new lease, report them as construction in progress, and adjust the balance at the end of each reporting period to reflect the work completed until the project is completed.	7/31/2022	Open	CAP in place
FY2021 Financial Statement Audit	The Commission should ensure that the date of service is entered into the Pegasys property module so that depreciation is properly calculated and recorded for all capitalized assets.	7/31/2022	Open	CAP in place
FY2021 Financial Statement Audit	The Commission should update its financial reporting policies and procedures to include the recording of new capitalized purchases, disposals of capitalized property, and depreciation/amortization in accordance with generally accepted accounting principles.	7/31/2022	Open	CAP in place
FY2021 Financial Statement Audit	Commission management should develop a procedure to review disbursements made early in the subsequent reporting period to identify items which should be included in its year-end accounts payable or develop an alternative procedure which appropriately estimates the amount of these liabilities at year-end ( <i>Repeat finding from 2019 Financial Statement Audit</i> ).	6/30/2022	Open	CAP in place

Report Short Name	Recommendation	Target Completion Date (Per Agency)	Current Status	Recommendation Progress (Per Agency)
FY2021 Financial Statement Audit	Commission management should independently verify the amounts recorded for accrued liabilities by its shared service provider or participate in the calculation of the recorded amounts <i>(Repeat finding from 2019 Financial Statement Audit)</i> .	6/30/2022	Open	CAP in place
FY2021 Financial Statement Audit	Commission management should develop written policies and procedures for the financial reporting process, including procedures to identify and perform (or assist its service provider in preparing) year-end entries to the general ledger that are required by generally accepted accounting principles <i>(Repeat finding from 2019 and 2020 Financial Statement Audits)</i> .	6/30/2022	Open	Implemented
FY2021 Financial Statement Audit	Commission management should develop written policies and procedures which define the roles and responsibilities of the service provider and Commission staff in performing financial reporting functions <i>(Repeat finding from 2019 Financial Statement Audit)</i> .	6/30/2022	Open	CAP in place
FY2021 Financial Statement Audit	The Chief Financial Officer or other personnel knowledgeable in accounting and finance should independently verify the amounts recorded for accrued liabilities and examine the entries that the service provider has recorded in its general ledger to ensure it agrees with the information the Commission has provided <i>(Repeat finding from 2020 Financial Statement Audit)</i> .	6/30/2022	Open	CAP in place
FY2021 Financial Statement Audit	Commission management should enhance its existing policies and procedures to require a more thorough review of its year-end accounting entries to ensure that all required information pertaining to accrued liabilities has been received from all sources and has been recorded in the general ledger in accordance with generally accepted accounting principles.	7/31/2022	Open	CAP in place
FY2021 Financial Statement Audit	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	10/31/2022	Open	CAP in place

Report Short Name	Recommendation	Target Completion Date (Per Agency)	Current Status	Recommendation Progress (Per Agency)
	<i>(Repeat finding from 2019 and 2020 Financial Statement Audits).</i>			
FY2021 Financial Statement Audit	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 <i>(Repeat finding from 2020 Financial Statement Audit).</i>	8/31/2022	Open	CAP in place
FY2021 Financial Statement Audit	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.	7/31/2022	Open	CAP in place
FY2021 Financial Statement Audit	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 <i>(Repeat finding from 2020 Financial Statement Audit).</i>	9/30/2022	Open	CAP in place
<b>Office of the Chief Information Officer (CIO)</b>				
FY2020 FISMA	The Commission should follow their vulnerability remediation policies.	5/31/2022	Open	CAP in place
FY2021 FISMA	Scanning should be run on a monthly basis, however if there are medium, high and/or critical vulnerabilities, then they should be remediated, and the scan should be repeated and run again <i>(Repeat finding from 2020 FISMA Audit).</i>	5/31/2022	Open	CAP in place
FY2021 FISMA	Update the configuration settings on the servers to be in compliance with Commission IT Policy and ensure only essential capabilities are being provided.	3/31/2022	Open	Implemented
Audit of Procurement List Additions Process	Complete in a timely manner the implementation to update the middleware software to facilitate the upgrades of the outdated vendor software and implement system patches or security updates as warranted.	12/31/2022	Open	CAP in place

<b>Report Short Name</b>	<b>Recommendation</b>	<b>Target Completion Date (Per Agency)</b>	<b>Current Status</b>	<b>Recommendation Progress (Per Agency)</b>
Audit of Procurement List Additions Process	Update the Commission's contingency plan to include an offsite or alternative recovery location for PLIMS in the event of a natural disaster or catastrophic incident.	12/31/2022	Open	CAP in place
<b>Oversight and Compliance Directorate (OCD)</b>				
Cooperative Agreement Audit	We recommend the Commission to ensure the CNAs have access to clear and complete guidance to follow when responding to Commission requests, enforcing the Commission's regulatory requirements, and meeting the requirements of the Agreements.	12/31/2022	Open	CAP in place
Cooperative Agreement Audit	We recommend the Commission to ensure the Commission's Agreements are harmonized with compliance enforcement protocol to ensure they are capable of meeting the regulatory requirements of the Agreements by the Commission and CNAs.	12/31/2022	Open	CAP in place
<b>Program Management Office</b>				
Program Fee	We recommend the Commission require the Commission Staff to develop and implement effective policy and procedures on the Program Fee Ceiling criteria and methodology for determining the fee ceiling on the CNAs including aligning legacy and draft policy with the criteria in the Cooperative Agreements.	4/30/2022	Open	CAP in place
Program Fee	The Commission should follow GAO 14-704G, Standards for Internal Control in the Federal Government, Principles 10-15. The principles will assist the Commission to develop, design, and implement timely guidance that is supported by quality information.	6/30/2022	Open	CAP in place
Program Fee	In order to support and inform decision-making processes and ensure effective and greater communication and reporting on the analysis being completed, the Commission should review and analyze the Fee and Expenditure Reports and other materials received from the CNAs for opportunities to use a variety of analytical, research, and evaluation methods.	6/30/2022	Open	CAP in place
Cooperative Agreement Audit	We recommend the Commission implement better practices for the QASP process that includes additions to the QASP plan or a	6/30/2022	Open	CAP in place



Report Short Name	Recommendation	Target Completion Date (Per Agency)	Current Status	Recommendation Progress (Per Agency)
	separate procedure that outlines how the QASP and KPI measurements are developed and the basis for measurements.			
Cooperative Agreement Audit	We recommend the Commission review and assess the requirements of the deliverables listed in Section G, attachment 1 of the Agreements, to determine if there are opportunities to reduce the volume and enhance the preparation effectiveness.	6/30/2022	Open	CAP in place
Cooperative Agreement Audit	We recommend the Commission to review and analyze the Fee and Expenditure Reports and other materials received from the CNAs for opportunities to use a variety of analytical, research, and evaluation methods to support an informed decision-making process.	6/30/2022	Open	CAP in place
Cooperative Agreement Audit	We recommend the Commission to ensure that responses to follow up questions from CNAs have been addressed and included in the reports prior to sending the Fee and Expenditure Reports to Congress.	6/30/2022	Open	CAP in place

#### Business Operations Office

Audit of Project Assignment and Allocation of Orders	Update policy 51.301 to include clarifying the meaning of equitable and transparent distributions, consistent with Standards for Internal Controls in the Federal Government and prior GAO recommendations.	6/30/2022	Open	CAP in place
Audit of Project Assignment and Allocation of Orders	Review and address the outstanding issues identified during the Commission's 2017 review to ensure NIB's project assignment policy aligns with Commission policy 51.301.	6/30/2022	Open	CAP in place
Audit of Project Assignment and Allocation of Orders	Ensure that NIB completes its order allocation policy and provide sufficient guidance to NIB to ensure that this policy aligns with Commission policy 51.301.	6/30/2022	Open	CAP in place
Audit of Project Assignment and Allocation of Orders	Require the CNAs to include specific criteria for considering the size of NPAs in their recommendation decisions. As part of this, develop metrics for assessing the CNAs on the equitable distribution of projects and monitor progress on an annual basis, consistent with	12/31/2022	Open	CAP in place

<b>Report Short Name</b>	<b>Recommendation</b>	<b>Target Completion Date (Per Agency)</b>	<b>Current Status</b>	<b>Recommendation Progress (Per Agency)</b>
	the Standards for Internal Controls in the Federal Government.			
Audit of Project Assignment and Allocation of Orders	Conduct a study to determine whether a different mix of different sized NPAs could help increase the number of people employed through the program and their total work hours.	12/31/2022	Open	CAP in place
Audit of Project Assignment and Allocation of Orders	Identify metrics for assessing transparency and monitor progress on annual basis, consistent with the Standards for Internal Controls in the Federal Government.	12/31/2022	Open	CAP in place
Audit of Procurement List Additions Process	Develop a systematic approach to reviewing and updating policies and procedures every five years as needed in accordance with policy 51.101 including documentation of the review performed, whether updates are needed, and the prioritization of identified updates.	12/31/2022	Open	CAP in place
Audit of Procurement List Additions Process	Update D&F policy 51.207 to improve transparency by clearly stating its use, purpose, and implementation including how D&F authority delegated to designated Commission staff is required to be approved by Commission members, documented, and periodically updated.	12/31/2022	Open	CAP in place
Audit of Procurement List Additions Process	Review and evaluate the D&F thresholds, and the eight (8) other criteria for assessing whether using D&F approval authority is appropriate, in determining whether the risk tolerance for the volume of D&F approvals is at an acceptable level.	12/31/2022	Open	CAP in place
Audit of Procurement List Additions Process	Monitor the annual use of D&F authority to include restarting the regular reporting to Commission members about the use of this authority.	12/31/2022	Open	CAP in place
Audit of Procurement List Additions Process	Develop comprehensive written documentation of the procedures performed by Commission staff for reviewing and evaluating PL additions including the approval process under D&F authority.	12/31/2022	Open	CAP in place
Audit of Procurement List Additions Process	Review existing enhancements to PLIMS and determine any other enhancements needed to improve the PL additions process. The review should include documenting these processes,	12/31/2022	Open	CAP in place

<b>Report Short Name</b>	<b>Recommendation</b>	<b>Target Completion Date (Per Agency)</b>	<b>Current Status</b>	<b>Recommendation Progress (Per Agency)</b>
	prioritizing enhancements, and establishing a timeline for implementation.			
Audit of Procurement List Additions Process	Review the process for extracting and tabulating data to assess the CNAs' performance including new PLIMS data fields and standard reports. The review should include documenting these processes, prioritizing enhancements, and establishing a timeline for implementation.	12/31/2022	Open	CAP in place
Audit of Procurement List Additions Process	Evaluate the security and functionality of PLIMS after enhancements are completed and determine whether the upgraded version of PLIMS addresses the Commission's needs or should be replaced.	12/31/2022	Open	CAP in place
Audit of Procurement List Additions Process	Establish and document a process to ensure final PLIMS data files and other calculations supporting the metrics in assessing and reporting the CNAs' performance on PL additions and other PL transactions are maintained in a centralized location; and all assumptions, adjustments, and decisions made to adjust CNA final metric ratings based on the calculated results are documented.	12/31/2022	Open	CAP in place
Audit of Procurement List Additions Process	Establish and document a process to evaluate the PLIMS information for new metrics prior to including the new metrics in the CNAs' QASPs.	7/31/2022	Open	CAP in place
Audit of Procurement List Additions Process	Identify metrics for assessing the efficiency and effectiveness of the PL additions process and monitor progress on an annual basis. This should include tracking approval rates for PL additions separately as well as end-to-end cycle times for completing a PL addition for products and services under full Commission voting process and D&F authority.	9/30/2022	Open	CAP in place
<b>Office of Contracting and Policy</b>				
FY 2021 DATA Act	Design and implement a review process of its DATA Act File submissions and source documentation to ensure information is accurate. Specifically, we recommend that the Commission review submissions performed by USDA on behalf of the Commission.	6/1/2022	Open	CAP in place

<b>Report Short Name</b>	<b>Recommendation</b>	<b>Target Completion Date (Per Agency)</b>	<b>Current Status</b>	<b>Recommendation Progress (Per Agency)</b>
FY 2021 DATA Act	Design and implement policies and procedures that require the agency to complete the CAR in FPDS within three (3) business days after an award is issued.	5/1/2022	Open	CAP in place
FY 2021 DATA Act	Design and implement policies and procedures that require the agency to ensure its monthly submissions to the Broker are completed before the required deadlines established by Treasury.	6/30/2022	Open	CAP in place
FY 2021 DATA Act	<p>RMA recommends that the Commission work with USDA to establish roles and responsibilities regarding its DATA Act reconciliation process. Additionally, it should update their policies and procedures to include a requirement for reconciliations of Broker errors/warnings to be documented. To increase the likelihood of errors/warnings from existing in the agency's file submissions, the Commission should also design, implement, and document the following review processes:</p> <ul style="list-style-type: none"> <li>• Review all DATA Act file submissions to verify that data reported matches their authoritative source;</li> <li>• Review DATA Act files A through F to provide reasonable assurance that their alignment is valid and reliable; and</li> <li>• Review object class data to ensure they are reporting object class codes in accordance with OMB guidance.</li> </ul>	5/1/2022	Open	CAP in place
FY 2021 DATA Act	<p>Work with USDA to revise its quarterly DATA Act reporting assurance statement template to include requirements of OMB M-18-16. In order to comply with OMB M-18-16, we recommend the Commission develop a DQP that covers significant milestones and major decisions pertaining to:</p> <ul style="list-style-type: none"> <li>• Organizational structure and key processes governing internal controls for spending reporting;</li> <li>• Testing plan and identification of high-risk reported data; and</li> <li>• Actions taken to manage identified risks.</li> </ul>	8/1/2022	Open	CAP in place

Report Short Name	Recommendation	Target Completion Date (Per Agency)	Current Status	Recommendation Progress (Per Agency)
	To assist in the development of a DQP that complies with OMB M-18-16, we recommend that the Commission refer to the Data Quality Playbook (dated November 30, 2018) formulated by the Leveraging Data as a Strategic Asset Working Group. This document contains DQP outlines with processes and methodologies.			
FY 2021 DATA Act	Work with USDA to update its IAA, SOW, and develop a DQP to discretely outline the roles and responsibilities associated with the DATA Act of each agency. These roles and responsibilities should establish the responsible personnel for DATA Act file preparation, submission, reconciliation, and certification processes.	10/1/2022	Open	CAP in place

## Appendix V: Reporting Requirements under the Inspector General Act of 1978


IG Act Reference	OIG Reporting Requirements	Page Number
<b>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.</b>		
<b>Section 4(a)(2)</b>	Review of legislation and regulations	<b>41 - 44</b>
<b>Section 5(a)(1)</b>	Significant problems, abuses, and deficiencies	<b>N/A</b>
<b>Section 5(a)(2)</b>	Recommendations for corrective action	<b>50 - 61</b>
<b>Section 5(a)(3)</b>	Significant outstanding recommendations	<b>26-37</b>
<b>Section 5(a)(4)</b>	Matters referred to prosecutorial authorities	<b>N/A</b>
<b>Section 5(a)(5)/ 6(c)(2)</b>	Information or assistance unreasonably refused or not provided	<b>N/A</b>
<b>Section 5(a)(6)</b>	Listing of completed audit, inspection, and evaluation reports	<b>18-24</b>
<b>Section 5(a)(7)</b>	Summary of significant reports	<b>7-8</b>
<b>Section 5(a)(8)</b>	Statistical table pertaining to questioned costs	<b>N/A</b>
<b>Section 5(a)(9)</b>	Statistical table pertaining to funds recommended to be put to better use	<b>N/A</b>
<b>Section 5(a)(10)</b>	Prior OIG reports unresolved, uncommented upon, desired timetable for achieving a management decision	<b>N/A</b>
<b>Section 5(a)(11)</b>	Significant revised management decisions	<b>N/A</b>
<b>Section 5(a)(12)</b>	Management decision disagreements.	<b>N/A</b>
<b>Section 5(a)(13)</b>	Information described under Section 804(b) of the Federal Financial Management Improvement Act of 1996	<b>N/A</b>
<b>Section 5(a)(14)</b>	Information regarding peer reviews involving the Office of Inspector General	<b>N/A</b>
<b>Section 5(a)(15)</b>	List of any outstanding recommendations from any peer review conducted by another Office of IG	<b>N/A</b>
<b>Section 5(a)(16)</b>	List of any peer reviews conducted by the IG of another Office of Inspector General during reporting period	<b>N/A</b>
<b>Section 5(a)(17)</b>	Statistical tables pertaining to OIG investigations	<b>30 - 31</b>
<b>Section 5(a)(18)</b>	Description of the metrics for OIG investigative table	<b>29 - 32</b>
<b>Section 5(a)(19)</b>	Reports involving senior Government employees where allegations were substantiated, including the facts and circumstances of the investigation and status and disposition of the matter	<b>N/A</b>
<b>Section 5(a)20</b>	Instance of whistleblower retaliation	<b>N/A</b>

<b>Section 5(a)21</b>	Attempted agency interference with OIG independence, including budget constraints designed to limit OIG capabilities; and incidents where agency has resisted, objected, or significantly delayed access to information	<b>N/A</b>
<b>Section 5(a)22</b>	Inspections, evaluations, audits, and investigations of senior Government employees undisclosed to the public	<b>N/A</b>



# PANDEMIC RESPONSE

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