

Office of Inspector General



October 1, 2019 – March 31, 2020

U.S. AbilityOne Commission OIG

Message from the Inspector General

Invested in Success

The theme for this Semiannual Report to Congress is “Invested in Success.” The Office of Inspector General is invested in the success of the U.S. AbilityOne Commission and its human-powered program employing people who are blind or have significant disabilities.

During this reporting period, the coronavirus crisis challenged health, daily habits, work patterns, and the economy of America while driving deep across the globe. Our thoughts remain with those hardest hit, including the program participants—the blind and disabled around the country—who are affected by the economic havoc this virus is wreaking.

OIG is engaged with the federal government’s response. We are involved with CIGIE’s effort to protect the public and the government from fraud resulting from the global pandemic. The AbilityOne model and the program participants are resilient, but both require continuous attention and support. The constructive oversight model we have built together is based on the OIG foundation of being invested in success and will foster the necessary support to weather this crisis.

I want to thank Chairperson Robinson for hosting our Deputy IG and me in February at a productive and energizing off-site meeting at Wright-Patterson AFB. We worked on planning for the lifecycle of our young office and the investment in the success of the Commission. While at the AFB, I noticed the published Air Force strategic plan from Mr. Robinson’s directorate, *Air Force Contracting Flight Plan*. I read it and continued to study it with great interest when I returned to Washington. I noted striking similarities between this published mission statement and the OIG Vision Statement. For instance, in the section about mission-focused business leaders, Mr. Robinson illustrates leveraging strategic external partnerships and how to attract, access, and retain key talent. OIG is building and enhancing confidence in the program, increasing economies and efficiencies, and understanding its stakeholders.

This Semiannual Report builds on our last one, “Steps to Start Up,” in which we described the compendium of tasks we completed to stand up the OIG. We are pleased to report on the robust body of oversight work performed by the OIG, the most to date. We discuss the first two performance audits of the program: (1) an audit of the AbilityOne Program Fee; and (2) an audit of the Cooperative Agreements between Central Non-Profits and the Commission.

The Cooperative Agreement audit found a highly improved Program Management Office (PMO) including a new PMO leader who has successfully implemented and used best practices. The performance audit of the AbilityOne Program Fee concluded that the Commission did not provide effective criteria related to the AbilityOne Program Fee.

The audit report recommendations provide a guide for improvements for the Commission to meet its next phase of innovation and growth.

During the reporting period, an independent certified public accounting firm performed the annual audit of the Commission's financial statements and related footnotes. This audit marked a milestone in oversight as it was the first Financial Statement Audit of the Commission conducted by an OIG. The audit resulted in an adverse opinion due to significant departures by the Commission from generally accepted accounting principles and federal reporting requirements, including pervasive, material misstatements and omissions in the Commission's financial statements and footnotes.

OIG worked with DOJ, Postal OIG and Oversight.gov to build a new and improved website hosted at Oversight.gov. Our OIG helped to pioneer this site as a representative of small OIGs, while DOJ served as the representative of larger OIGs. This website will increase public access and awareness by making the websites for many OIGs available in one central location.

During the reporting period, the OIG visited Lighthouse for the Blind, Inc. in Seattle to experience their deaf-blind program, and acquired a deeper understanding of the impact of AbilityOne programs on the NPAs.

Through our work, we strive to help the program reach the potential, innovation, and growth that will sustain AbilityOne's special mission.



Thomas K. Lehrich
Inspector General

Frequently Used Abbreviations

American Foundation for the Blind (AFB)

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)

Information Technology (IT)

Javits-Wagner-O'Day (JWOD)

National Industries for the Blind (NIB)

Nonprofit Agency (NPA)

Office of Inspector General (OIG)

Office of Management and Budget (OMB)

Procurement List (PL)

Source America (SA)

Semiannual Report (SAR)

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

Memorandum of Understanding (MOU)

Table of Contents

Introduction	7
COVID-19	7
Impact, the OIG, Agency and the Program.....	7
The CARES Act and OIGs	8
OIG Outreach	9
NPA Educational Visits	10
The Lighthouse for the Blind, Inc.	10
Work Inc.	11
Forum Presentations	13
GW Law Javits-Wagner O'Day Legal and Policy Symposium (October 2019).....	13
NIB Annual Board of Directors (October 2019).....	13
National Association for the Employment of People Who Are Blind (January 2020)	13
SourceAmerica South CEO/Senior Leadership Forum (March 2020).....	14
Briefings	14
U.S. AbilityOne Commission Meeting	14
Knowledge-Based Center	14
Top Management and Performance Challenges Report	16
Office of Audits	17
Completed Audits	17
Performance Audit on the AbilityOne Program Fee (Report No. 02-03)	17
Audit of the U.S. AbilityOne Commission’s Financial Statements (Report No. 20-02)	18
Status of Three Findings of a Potential Violation of the Antideficiency Act	19
Audit of the U.S. AbilityOne Commission’s Compliance with the Federal Information Security Modernization Act (Report No. 20-01).....	20
Audit Reconciliation Matrix Developed During This Reporting Period	21
Audits In-Progress	23
Performance Audit of U.S. AbilityOne Commission’s Cooperative Agreements with CNAs.....	23
Audit of the U.S. AbilityOne Commission’s Financial Statements.....	23
Other Audit Projects	24
Enterprise Risk Management	24
Two-Year Audit Plan.....	24
Challenges	24
Office of Investigations	24

Investigative Accomplishments	25
Infrastructure Accomplishments	25
Completing Deployment of OIG’s Case Management System	25
Enhancing OIG’s Cyber Security	25
Moving OIG to the Cloud	26
Investigative Hotline	26
Intake and Processing of Allegations.....	26
Investigations	27
Investigative Outreach and Fraud Awareness	28
OIG Will Seek Criminal Investigative Authority	28
Items of Interest	28
898 Panel and Activities	28
AbilityOne and Procurement	31
HR 4920 and Legislative Changes to the VA Procurement Process.....	31
MSPV-NG Current Structure.....	31
<i>MSPV 2.0 and the Unknown Acquisition Strategy for the AbilityOne Program</i>	32
<i>“Blanket” Non-manufacturing Waiver</i>	33
<i>Current Procurement Process</i>	33
<i>Potential Impact of a “Blanket” Non-Manufacturing Waiver</i>	34
Veterans Employment Initiative	34
E-Commerce	35
Appendix I: AbilityOne Organization Chart	37
Appendix II: Reporting Requirements under the Inspector General Act of 1978	38

Introduction

On December 18, 2015, the Consolidated Appropriations Act of 2016 (P.L. 114-113) amended the Inspector General Act of 1978 (IG Act) and created the 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 Commission programs and operations, as well as 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.

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, over 45,000 Americans who are blind or have significant disabilities are employed in the service, manufacturing, and delivery of over \$3.6 billion in contracts for the Federal Government.

AbilityOne designates Central Nonprofit Agencies (CNAs) to facilitate the employment of people who are blind or have significant disabilities through nonprofit agencies (NPAs) employers. The dynamics of the CNAs are changing and growing. Adding to the two CNAs National Industries for the Blind (NIB) and SourceAmerica (SA), on July 26, 2018, the AbilityOne Commission designated a third CNA, American Foundation for the Blind (AFB). AFB joins NIB (established in 1928) and SA (established in 1974), albeit with an 18-month period of research and studies with no NPAs, or federal contracts.¹

COVID-19

Impact, the OIG, Agency and the Program

As the coronavirus continues to challenge health, daily habits, and the economy, it has an unprecedented and novel impact on our OIG, Agency, and program. The OIG has maintained a high level of engagement and productivity. In the last three weeks of the reporting period, OIG successfully completed a performance audit and announced the 2020 Financial Statement Audit, as well as initiated hiring actions to grow the OIG team. We preserved the academic internship of our three college students and enabled them to safely achieve the credits needed and conduct their internship to completion.

OIG is engaged with the federal government's response. 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. The Inspector General is able to provide expertise on the issues of blindness and disabilities and manufacturing. The OIG is a member of a COVID-19 working

¹ 41 CFR Chapter 51-3.

group that stays up to date on legislation, Agency responses, and medical and scientific information, while addressing the legal issues impacting the OIG community.

In prior Semiannual Reports and Top Management Challenges Reports, that are the foundation of our work, OIG has reported that the Agency and its program are in a period of rapid change. The pandemic is likely to increase the challenges faced by the Agency and we positively recognize a number of initiatives making a difference for the stakeholders throughout the United States.

In March the Commission established COVID-19 Contingency Support Operations and Communications (CSOC) Team providing a single point of contact for the Commission, the Central Nonprofit Agencies (CNAs), and the 500 nonprofit agencies (NPAs) that are active suppliers in the U.S. industrial base through federal contracts. The team consists of representatives from the Commission, and CNAs NIB and SourceAmerica. The mission is to provide real-time information to Federal agency COVID-19 responders on high-demand stock and raw materials, including availability and anticipated delivery of products and services.

On March 23, 2020, an insightful letter was issued by Commission Chairperson Thomas D. Robinson to the Board Chairs of National Industries for the Blind and SourceAmerica detailing the Commission response to COVID-19 and the importance of ensuring that nonprofit agencies provide appropriate guidance and equipment to safeguard AbilityOne employees.

During the COVID-19 response, NPAs remain open while some are closed. The production and manufacturing and service areas continue to provide assistance to the government. As an example, thirty program participants with disabilities, employed by NPA Versability Resources provisioned the U.S. Navy Ship *Comfort* with meals to feed its thousand-plus crew members for the mission, before its voyage from Virginia. These efforts were in preparation for the vessel's mission to New York City. The vessel arrived in New York City on March 30, 2020, and is being utilized as a floating hospital to help the region.

The CARES Act and OIGs



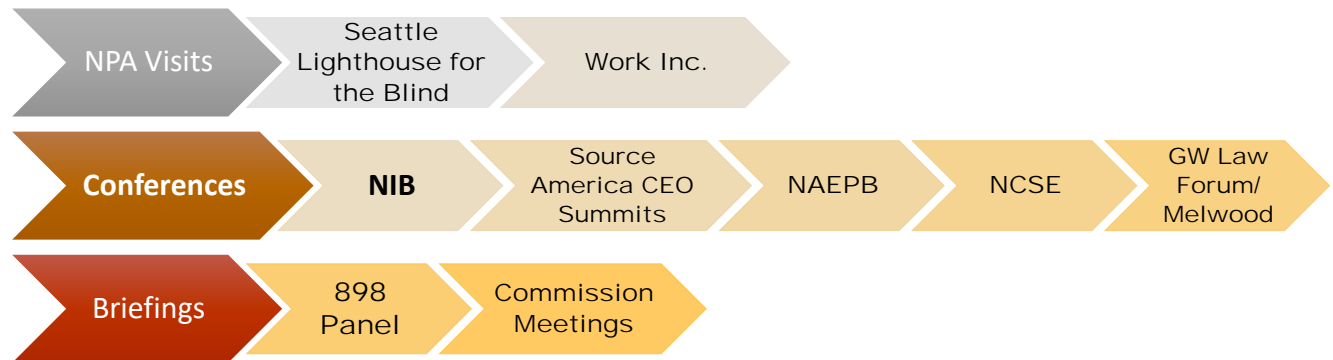
PANDEMIC RESPONSE **ACCOUNTABILITY COMMITTEE**

The CARES Act, signed into law on March 27, 2020, created a Pandemic Response Accountability Committee (PRAC or the Committee) within CIGIE, comprised of IGs and an Executive Director and staff. The Committee has several responsibilities, including creating a webpage to keep the public informed of pandemic response funds being spent by entities, as well as publishing information related to the IG community and GAO's oversight of that spending. CIGIE will leverage Oversight.gov and existing technology in conducting the effort. The CARES Act provides the Committee with auditing and review authority, including testimonial subpoena authority. The law provides \$80 million in no-year money for the Committee to carry out its responsibilities. The

Act permits the PRAC to use its funds to support individual IGs conducting pandemic response oversight. The Pandemic Response Accountability Committee sunsets in 2025.²

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 often 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 an OIG in a government Agency new to OIG oversight, and to promulgate the IG’s message of promoting integrity and efficiency, while also preventing waste, fraud, and abuse.



² The full text of the CARES Act is available [here](#). CIGIE-related provisions begin on page 253, Section 15010.

NPA Educational Visits

During the reporting period, the OIG visited Lighthouse for the Blind Inc. in Seattle and Work, Inc. in Dorchester and communicated the value of the OIG oversight while acquiring a deeper understanding of the AbilityOne program.

The Lighthouse for the Blind, Inc. Seattle, WA



During the reporting period, OIG visited Lighthouse for the Blind, Inc. in Seattle, WA. The visit was hosted by Cindy Watson, President and CEO, and OIG met with the senior leadership team and toured the manufacturing facilities for an organization that has over 60 years of experience in precision machining. During the visit, the OIG learned about the array of machinery parts and plastic injection molding that the NPA manufactures for aerospace companies in the Seattle geographical area, as well as about hydration equipment made by blind workers for the military.

Source: IG Photos



The Lighthouse operates six AbilityOne Base Supply Centers (BSCs) in military bases on the West Coast. These federal contracts provide customer access to Lighthouse products as well as employment opportunities for people who are blind. A highlight of the OIG visit with the Lighthouse was meeting with more than a dozen program participants and learning about the blind and deaf-blind community and the challenges involved. We learned firsthand about the impressive in-house sign language interpreting department that ensures effective communication for employees who are deaf-blind, and about the orientation and mobility instructors that teach independent travel through the aid of a white cane or guide dog.

Employees of Lighthouse for
the Blind

Source: Seattle Lighthouse



During our visit, the NPA introduced the Ethel L. Dupar’s Fragrant Garden located at its Seattle facility that was designed specifically for people who are blind or deaf-blind, featuring over sixty different fragrant plants that appeal both to the sense of smell and touch. Established in 1973, the garden presents an opportunity for an enrichment activity for employees who are blind to learn more about plants and gardening.

Work Inc.
Dorchester, MA



The Office of Inspector General visited Work Inc. in Dorchester, Massachusetts. Our first agenda item was meeting with the leadership team and facilities managers of the NPA. The meeting was followed by a visit to the Thomas P. O'Neill, Jr. Federal Building in Boston where program participants service GSA through an AbilityOne facilities contract. Work Inc. provides custodial services to the Federal buildings in the Boston area, such as the Tip O'Neill Building, the Moakley Federal Courthouse, and Complete Facility Management Services to the John F. Kennedy Library, a national landmark.

For over 50 years, Work Inc. has provided supportive services to help people with disabilities, as the largest employer of people with disabilities in New England. We visited two of the nineteen residential sites that Work Inc. operates 24 hours a day that serve individuals through supported living programs.

In our tour at the Work Inc. HQ in Dorchester, MA, we visited the Strides Day Habilitation Program, which is a progressive day program that provides services for adults with disabilities. Daily activities are designed and developed to promote independence, social inclusion, personal safety, self-confidence, life satisfaction, positive interpersonal relationships, and optimum health. Work Inc. indicated that the participants in the AbilityOne Program have a perspective that sustains and motivates them: “A focus on appreciating and respecting ourselves and fellow employees as a priority.”



Source: IG Photos

Employee of Work Inc.

Source: Work Inc.



Since Inception, OIG Has Visited Nearly Thirty AbilityOne Program Employers (NPAs)



Forum Presentations

GW Law Javits-Wagner O'Day Legal and Policy Symposium (October 2019)

During the reporting period, OIG participated in the Javits-Wagner O'Day Legal and Policy Symposium organized by the NPA Melwood at George Washington Law School, in Washington, DC. This second Annual Javits-Wagner-O'Day Legal and Policy Symposium illustrated the legal complexities, challenges, and future of the AbilityOne Program.

The Inspector General presented at a panel that discussed the history and development of the JWOD Act. The panel addressed the original legislative intent and purpose of the 1938 Wagner-O'Day Act and the 1971 Javits-Wagner-O'Day Act and the reasons the AbilityOne Program was created. The IG spoke about the origin of the disability employment policies and procurement goals for the program. Additionally, the Inspector General was the keynote lunch speaker and discussed the future of the AbilityOne Program including the building of oversight programs as a new OIG.

NIB Annual Board of Directors (October 2019)

During the Fall meeting of the full Board of Directors, the Inspector General presented on the accomplishments of the OIG and the oversight plan for the program. The IG talked with the Directors and answered questions about the OIG audit plan and AbilityOne program future.

National Association for the Employment of People Who Are Blind (January 2020)

OIG attended the National Association for the Employment of People Who Are Blind (NAEPB) forum in Fort Lauderdale, Florida, In January 2020. NAEPB is a group of executives representing NPAs that provide services and products under the AbilityOne Program and associated with the CNA National Industries for the Blind (NIB).

The Inspector General addressed the NAEPB forum detailing the results of recent oversight work including Semiannual Reports, the Performance Audit of the AbilityOne Program Fee, and the status of the Cooperative Agreements, the Financial Statement Audit, the Federal Information Security Modernization Act evaluation, and the phases of OIG oversight. In a separate session during the forum, the Inspector General facilitated a discussion with the NPA's CEOs regarding the challenges the AbilityOne Program faces and the implementation of the 898 Panel's recommendations.

SourceAmerica South CEO/Senior Leadership Forum (March 2020)

OIG attended the National Council of SourceAmerica Employers (NCSE) forum in Fort Lauderdale, Florida in March 2020. NCSE is a group of executives representing NPAs that provide services and products to the federal government under the AbilityOne Program, and is associated with the CNA SourceAmerica.

The Inspector General and the Deputy IG addressed the audience of CEOs with an innovative presentation that involved imaging the future of the program through the eyes of a venture capitalist. The Inspector General spoke about the future of the AbilityOne program and the phases of OIG oversight.

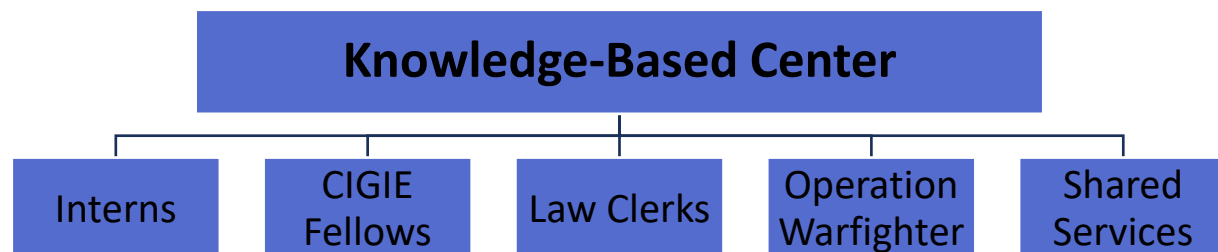
Briefings

U.S. AbilityOne Commission Meeting

In February of 2020, the OIG presented at the U.S. AbilityOne Commission meeting. The Inspector General addressed the general session and spoke about the future of the AbilityOne program, the three planned phases of oversight, the Top Management and Performance Challenges report, and ongoing audits.

Knowledge-Based Center

OIG implements a Knowledge-Based Center as a part of its organizational structure. The resource needs for the OIG far exceed current staffing levels. The goal of the knowledge-based center is to provide a vehicle and an organized center for additional OIG staffing and support through MOUs with other government agencies, internships, rotations, details, Council of the Inspectors General for Integrity and Efficiency (CIGIE) Fellows, other shared services, and leveraging positive synergies.



Wounded Warrior Program/Operation Warfighter

This reporting period, OIG hosted among its team a veteran from the Wounded Warrior Program/Operation Warfighter. As a participant in the Wounded Warrior Program/Operation Warfighter, OIG contributed by providing on-the-job training and work assignments to help its wounded warrior veteran intern continue the recovery and journey towards employment as a civilian, transitioning from the military.

More than 52,000 servicemen and women have been physically injured in recent military conflicts. At least 500,000 veterans live with varying wounds, ranging from physical trauma to post-traumatic stress disorder. 320,000 experience debilitating brain trauma.

CIGIE Fellow

OIG hosted a CIGIE fellow who provided experience and expertise in management, as well as other knowledge areas of strength for OIG. Our CIGIE fellow presented at the Annual Federal Executive Audit Council annual conference about AbilityOne OIG best practices for shared services. In particular, the AbilityOne OIG's Knowledge-Based Center was recognized as a work-model example for the entire OIG community.

The Washington Center

Academic student interns from the Washington Center participated in our audit and legal internship program. The interns assisted with work projects such as the development of end of year procurement 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. Each student is assigned a mentor that guides the student through a successful academic internship experience.

Quotes from OIG interns this semester.

Andrew A.: The opportunity to work closely alongside the AbilityOne Inspector General and gain exposure to a variety of overarching OIG projects including the Semiannual Report to Congress, legal research and writing, preparation of forum presentations, and executive correspondence has provided me with an invaluable in-depth look into the inner-workings of oversight in the federal environment.

Caleb S.: My experience at AbilityOne OIG has enhanced my understanding of how the government operates. This internship has challenged me in new ways, strengthened my ambition for success, and gave me insight into the importance of being a valued member of a team of professionals.

Joshua S.: AbilityOne OIG has enabled and entrusted me to take on projects and contribute to high impact assignments, creating an environment for personal growth, professional development, and quality work experiences. I have greatly benefited from the mentorship of the highly qualified professionals I have had the privilege of working with during my internship.

Web Page Hosting for OIGs

OIG continues to lead and participate in a special CIGIE working group to enhance and further build the capabilities of oversight.gov for the IG community. This CIGIE working group project is designed to build web hosting and other capabilities for OIGs across the government. OIG expects that the website on oversight.gov will go live during the next reporting period along with the website of its co-leader on the project, the Department of Justice OIG.

Top Management and Performance Challenges Report

During the reporting period we issued our most recent Top Management and Performance Challenges report in December 2019, for inclusion in the Commission's FY 2019 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 include as the most pressing challenges: transparency, erosion of statutory program authority, implementation of the cooperative agreements, inadequate resources, needed enhancements to program compliance, and a lack of risk management.

In the report, we introduce an emerging challenge with organizational governance and are placing it on a watch list as a potential reportable challenge for the Commission. The allocation of roles, authorities, and responsibilities among the Commission senior staff creates challenges in achieving positive business outcomes such as the ability to implement timely policies and initiatives, effectively execute changes in the programs, and support program growth.

Top Management and Performance Challenges Report

(available [here](#))

Challenges Identified

- 1 Higher levels of transparency and communication needed to enhance program confidence
- 2 Erosion of statutory program authority
- 3 Implementation of Cooperative Agreements given CNA growth
- 4 Lack of adequate resources impacts program effectiveness
- 5 Establishing an enterprise-wide risk management framework
- 6 Enhancement of program compliance

Office of Audits

The office of audits provides audit oversight to a Commission responsible for administering the \$3.6 billion AbilityOne Program. Guided by an audit plan that identifies key areas of risk, during the reporting period the OIG office of audits conducted three audits and the Top Management Challenges Report of the AbilityOne Program. In total, the completed audits produced 11 findings and 26 recommendations.

Completed Audits

Performance Audit on the AbilityOne Program Fee (Report No. 02-03)

The Program Fee Audit was completed during the reporting period. The OIG Performance audit report was issued on December 20, 2019. The objective of the audit was to perform a comprehensive analysis of the history and function of the AbilityOne Program Fee, and to determine whether effective and transparent criteria exists with the AbilityOne Program Fee.

The audit concluded that the Commission did not provide effective criteria related to the AbilityOne Program Fee. Among the findings were that the management of the fee ceiling determination and lack of timely implementation of the policies have produced poor outcomes.

The report included five recommendations to assist in strengthening the effectiveness for the AbilityOne Program Fee:

- Policy and procedures on the Program Fee Ceiling criteria and methodology
- Policy on the methodology for the CNAs to calculate the Program Fee
- Standards to assist the Commission with the development, design, and implementation of timely policies and procedures
- Commission workforce analysis to determine Commission staffing requirements
- Data analysis on CNAs Fee and Expenditure reports

Performance Audit of Ability One Program Fee (available here)		
	Findings	Recommendations
1	Guidance on the Program Fee ceiling needs improvement	One
2	Current and complete Program Fee calculation guidance not available	Two
3	Lack of evidence that the Commission performs data analysis on CNA's reports	Two

Audit of the U.S. AbilityOne Commission’s Financial Statements (Report No. 20-02)

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. Allmond considered the Commission’s balance sheet as of September 30, 2019, with a goal 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.

The audit resulted in an adverse opinion. Allmond found significant deviations from generally accepted accounting principles and federal reporting requirements. The departures from the guidelines included material and pervasive misstatements and omissions in the Commission’s financial statements and footnotes. Examples included the failure to record accounts payable and accurately record other accrued liabilities. This failure resulted in materially misstating the Commission’s beginning and ending balances as well as the omission of uncorrected errors in required footnotes. The financial statement auditors identified three findings of a potential violation of the Antideficiency Act by the Commission.

The Commission concurred with all 18 recommendations and is working toward bringing the Agency within required compliance. Additionally, the Commission is working to establish a quarterly budget, correct year-end accrued liabilities, improve the calculation of imputed costs, bring employee benefits electronic forms within the Office of Personnel Management requirements, and prepare the Management Assurance Statement.

Status of Three Findings of a Potential Violation of the Antideficiency Act

The Commission has not completed the recommendation to perform an investigation into the facts identified by the financial auditors that identified three findings of a potential violation of the Antideficiency Act.

The financial auditors during this reporting period identified three findings of a potential violation of the Antideficiency Act by the Commission. The potential Antideficiency Act violations at issue relate to the obligation of expired funds. Eight new obligations totaling over \$700,000 (or about 10% of the Agency’s annual appropriation) were recorded in the general ledger to expired treasury account symbols.

The Inspector General sent a memorandum dated December 20, 2019, to the Commission to explain the steps necessary to address the problems identified by the financial auditors.³ In the memorandum to the Commission, OIG explained that the Commission had a responsibility to investigate the circumstances of the potential violation and suggested that the Commission consult with and use Government Accountability Office (GAO) to investigate the matter. OIG sent a follow-up memorandum to the Commission’s Executive Director dated February 27, 2020. In the follow-up memorandum, the OIG requested that the Agency provide a written update on its efforts to investigate the facts. The Chief of Staff responded timely to the OIG request and explained that the Agency had selected GSA to conduct the investigation.

The investigation into the facts identified by the financial auditors regarding a potential AntiDeficiency Act violation has not been completed by the Commission.

Financial Statement Audit (available here)		
	Findings	Recommendations
1	Financial statements and footnotes were not prepared in accordance with generally accepted accounting principles & OMB Circular A-123	Five
2	Year-end accrued liabilities not estimated or accurately recorded	Five
3	Improvement needed in the computation of imputed costs	Two
4	Employee benefits election forms not maintained in eOPF per OPM requirements	One
5	Management assurance statement was not prepared	One
6	Potential ADA violation relating to the obligation of expired funds	Four

³ See 31 U.S.C. §§ 1501 and 1502.

Audit of the U.S. AbilityOne Commission’s Compliance with the Federal Information Security Modernization Act (Report No. 20-01)

Per the Federal Information Security Modernization Act of 2014 (FISMA), OMB Memorandum M-19-02, and the Guidance on Federal Information Security and Privacy Management Requirements, the Inspector General of each Agency performs an annual independent evaluation of the Agency’s information security programs and practices.

OIG contracted with McConnell & Jones LLP, an independent public accounting firm, to conduct an independent evaluation to assess the effectiveness of the Commission’s information security and privacy program as of September 30, 2019. The scope of the FISMA evaluation focused on the Commission’s General Support System and related information security policies, procedures, standards, and guidelines.

The FISMA evaluation assessed the Commission’s maturity level across key areas and its compliance using the evaluation guide developed by the Council of the Inspectors General on Integrity and Efficiency. The overall assessment of the Commission's FY 2019 information security program was deemed not effective because the tested, calculated and assessed maturity levels across the functional and domain areas received an overall rating at Level 3 – Consistently Implemented, below the required score of level 4 (and out of a possible Level 5). The findings from the evaluation demonstrate that improvements are needed with respect to continuous monitoring and information system and communication.

The Commission concurred with all three recommendations of the FY2019 FISMA report. Commission’s management developed a plan of action with a timeline for completing the recommendations by December 31, 2019.⁴ The Office of Audits will continue to report on the completed recommendations by management pursuant to documented completion by the CIO including any validation needed by IT experts conducting the FY2020 evaluation.

FISMA Audit (available here)		
	Findings	Recommendations
1	Continuous monitoring	Two
2	System and communication protection	One

⁴ [*NIST Special Publication \(SP\) 800-53, Rev. 4, Security and Privacy Controls for Federal Information Systems and Organizations*](#)

Audit Reconciliation Matrix Developed During This Reporting Period

OIG tracks the Commission's reconciliation of audit recommendations. To encourage proactive efforts by the Agency, OIG conducts meetings with the Commission to discuss open recommendations and to review recommendations ready to be closed. A sample of the OIG's reconciliation matrix for the audit of the AbilityOne Program Fee is included below.

Program Fee Audit Recommendations (Report No. 20-03)

Rec.	Finding	Recommendations	Issuance	Status
1	Adequate guidance on the Program Fee ceiling needs improvements	We recommend the Commission require the Commission Staff to: (1) 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.	Final report issued Dec 20, 2019	Open
2	Current and complete Program Fee calculation guidance is not available	We recommend the Commission require the Commission Staff, to work jointly with the CNAs to: (2) Issue and implement a policy on the methodology for the CNAs to calculate the Program Fee.	Final report issued Dec 20, 2019	Open
		(3) When developing guidance policies and procedures, 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.	Final report issued Dec 20, 2019	Open
3	Lack of indicators and evidence that the Commission performs data analysis on CNAs' reports	In order to effectively manage the Program fee, the Commission should complete a workforce analysis to determine Commission staffing requirements based on major mission activities and cross-cutting priority goals.	Final report issued Dec 20, 2019	Open
		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.	Final report issued Dec 20, 2019	Open

Audits In-Progress

Performance Audit of U.S. AbilityOne Commission's Cooperative Agreements with CNAs

During this reporting period the field work of the performance audit on the Cooperative Agreements between the U.S. AbilityOne Commission and the Central Nonprofit Agencies was completed. We will report on the audit in the next Semiannual Reporting. This is the first audit of the Cooperative Agreements. The genesis of the agreements goes to the May 2013 GAO report-*Employing People with Blindness or Severe Disabilities, Enhanced Oversight of the AbilityOne Program Needed*, GAO-13-457. In its 2013 report, GAO recommended that the Commission develop written agreements with each CNA that would specify key expectations for the CNAs and oversight mechanisms. To ensure implementation of GAO's recommendations, three years later Congress passed the Consolidated Appropriations Act of 2016, Public Law 114-113 (Act). The Act required the Commission, within 180 days of the Act's passage to enter into written agreements with the CNAs.

The OIG engaged CliftonLarsonAllen LLP (CLA), an independent public auditor, to conduct the performance audit and issue its report. The CLA team conducted extensive field work and reviewed the statutory mandates and history behind the development of the Agreements. CLA evaluated and measured the procedures and processes leading to the development of the Agreements and their content. The audit was conducted in accordance with generally accepted government auditing standards.

As was illustrated in the audit exit conference's documents, the performance audit concluded that the Agreements were effective and designed to enhance accountability, operational effectiveness, integrity, and transparency of the Program. The Commission and CNAs have established mission operational offices to align with each other in meeting the requirements for the AbilityOne Program. CLA found that the Commission has established best practices with the creation of the Program Management Office (PMO) that operate effectively and with the use of the Quality Assurance Surveillance. The audit concluded that there are opportunities for improvements with the Commission's oversight of CNAs as it relates to compliance, deliverables, and performance measurements contained in the Agreements.

Audit 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. Allmond will consider the Commission's balance sheet as of September 30, 2020, with a goal 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.

Other Audit Projects

Enterprise Risk Management

OIG provided the Agency with a synthesis of recently published CIGIE materials intended for OIGs in their work with oversight of risk mitigation. OIG summarized the CIGIE materials to assist the Commission in risk management.

Two-Year Audit Plan

During this reporting period the OIG issued an ambitious two-year audit plan for Fiscal Years 2020-2021. The plan includes four mandatory audits of the U.S AbilityOne Commission and nine discretionary audits covering the AbilityOne Commission and Program.

The mandatory audits of the Commission include:

- Financial Statement Audit;
- Audit of the Agency's compliance with the Federal Information Security Modernization Act;
- Risk Assessment for Government Charge Card Programs; and
- Progress Review on Transparency of Federal Data Requirements.

Audits focusing on the Program and CNAs include:

- Evaluation on the market shift for the growth and innovation of products and services;
- Effectiveness of completed actions from CNAs Cooperative Agreements;
- CNA Selection of NPAs for project assignment and allocation of orders;
- Evaluation on the CNAs' recommendations of assignments and orders to NPAs;
- Audit on the quality of products in support of meeting government requirements;
- Review the appeal (reconsideration) process for the selection decision on NPAs' project assignment and allocation of orders.

Challenges

A challenge facing the OIG in both business units, the Office of Audits and the Office of Investigations, is building the resources. Congress has provided strong support and needed funding as we build out the office. The OIG remains young, and building a comprehensive audit and investigative program to address the many facets and layers of the AbilityOne Program requires resources for sustained time and effort, as well as adequate staff size with varied specialized skills and expertise.

Office of Investigations

The Offices of Investigations (OI) is responsible for detecting and investigating fraud, waste, and abuse within the U.S. AbilityOne Commission and its Programs. OI investigates possible violations

of laws, regulations, or policies related to the program. Investigations may be criminal, civil, administrative, or of a contractual nature. Fraud, waste, and abuse within the AbilityOne program ultimately means that someone is taking away jobs from blind and severely disabled Americans, many of whom are also veterans.

The AbilityOne program employs 45,000 blind and severely disabled Americans, who are employed by non-profit agencies (NPAs) across the United States and its territories. These employer NPAs operate under designated CNAs, which are themselves connected to the U.S. AbilityOne Commission through, for instance, the JWOD Act and the Cooperative Agreements. Approximately \$3.6 billion dollars annually in federal contracts for goods and services flow through the AbilityOne program.

While the program is administered by the U.S. AbilityOne Commission, the goods and services, amounting to over three billion dollars annually, are contracted for by federal government agencies directly with the NPAs. Contracting with NPAs for these goods and services is not optional for the federal government agencies: the U.S. AbilityOne Commission has a mandatory procurement list of goods and services that federal agencies are required to purchase, without competition, from NPAs, the contractors participating in the AbilityOne program. As a result, the oversight encompasses the whole federal government, because of the potential for interagency investigations with federal agencies that are customers for AbilityOne products or services.

Investigative Accomplishments

OI made progress during the reporting period: it achieved milestones in investigations, addressed a surge in allegations, increased its support of interagency investigations, and continued to build investigative infrastructure.

Infrastructure Accomplishments

OI continued to stand up its capabilities in case management and cyber security. While work on case management and cyber security can never be fully complete, OI's efforts contribute to ensuring compliance with CIGIE standards and best practices.

Completing Deployment of OIG's Case Management System

During the reporting period, OI implemented a new investigative case management system. The CMS tool enhances investigative case management and is compliant with CIGIE Investigative Standards.

Enhancing OIG's Cyber Security

Secure systems are a prerequisite for investigative work. Like many OIGs, our office relies on the Agency for IT support, including cyber security. During the last reporting period we uncovered a number of areas not in conformance with IT best practices. During this reporting period, OI brought the issues to the attention of the Agency's IT staff as well as, as needed, to the FISMA auditors.

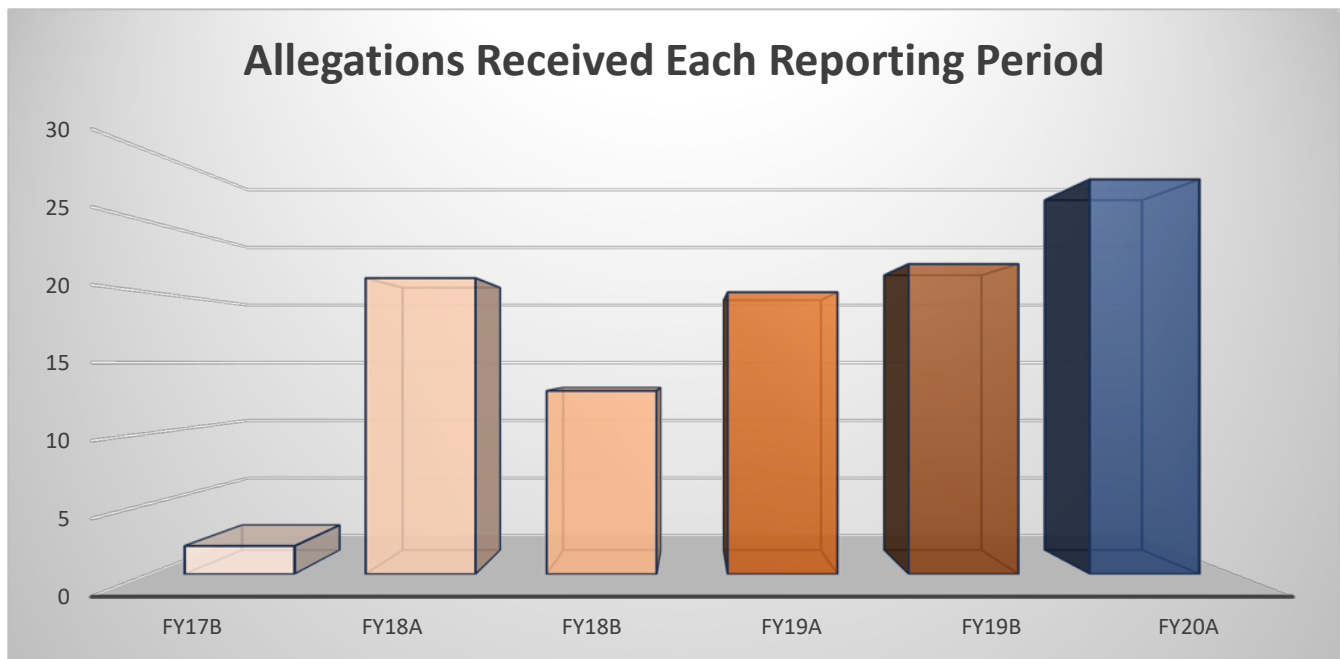
At the close of the reporting period, OIG had successfully improved the security of OIG devices. Additional efforts will occur during the next reporting period to implement policies and procedures designed to continue to upgrade and monitor the security of OIG information and devices. OIG wishes to thank the OIG IT Intern from the Wounded Warrior Program who provided invaluable assistance to OI during the reporting period.

Moving OIG to the Cloud

OIG studied a move to a cloud environment. OI is collaborating with the Agency with the goal to move to cloud services. OI expects substantial progress to be made in the next few months with the goal of completing migration to the cloud by the end of the next reporting period.

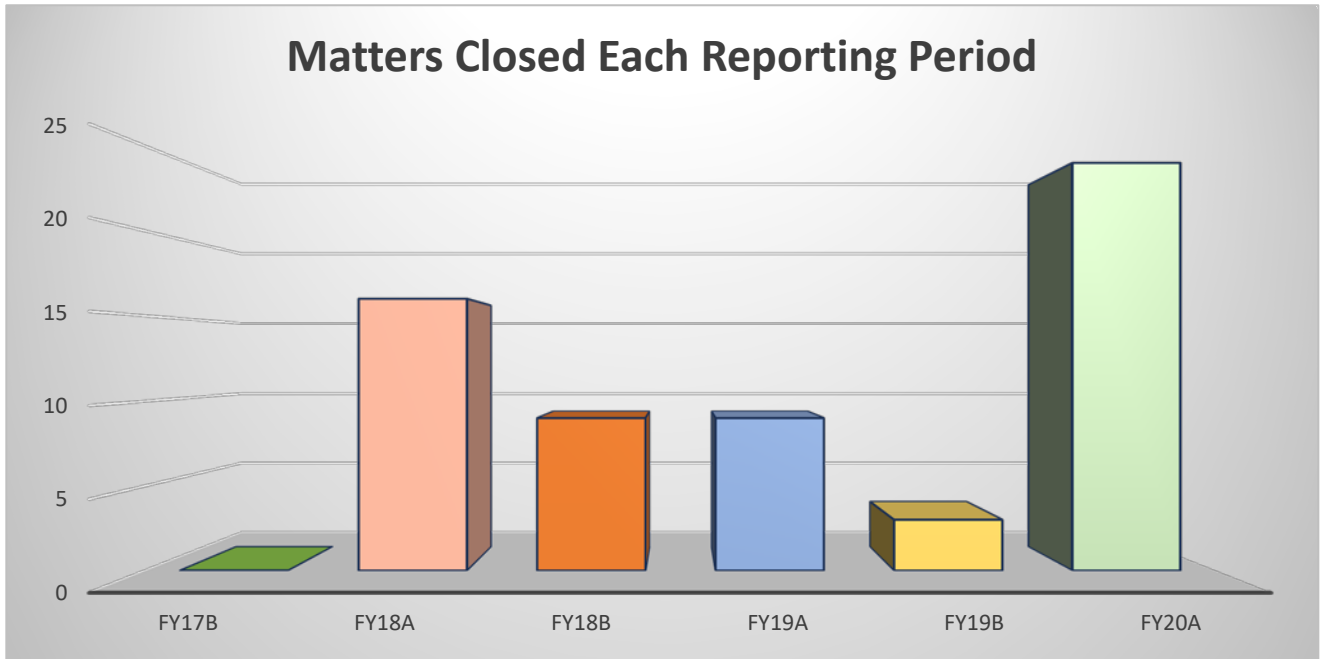
Investigative Hotline

OIG manages the hotline, which includes email, phone, and a fillable web-form, by which the public may reach our office to report allegations of fraud, waste, or abuse. During the reporting period, the office received a total of 25 allegations from various sources.



Intake and Processing of Allegations

Allegations of waste, fraud, and abuse received by OIG are subject to an initial review. We made substantial progress during the reporting period in processing allegations. The graph above shows the number of allegations received on an upward trend. The graph below shows the number of matters closed each reporting period.



Investigations

An allegation may, after review, be converted into a preliminary investigation or an investigation. OI pursues administrative, civil and criminal matters, as well as matter that are contractual in nature. Interagency investigations are most often referred to our OIG by other OIGs, as well as generated by allegations received on our hotline. OI's goal is to contribute to the number and timeliness of outcomes for improving the integrity and efficiency of the AbilityOne Program and its mission.

Summary: Investigative Activity October 1, 2019 – March 31, 2020	Number
Closed allegations during the reporting period	24
Total number of closed investigations	0
Total number of persons referred to DOJ for criminal prosecution	0
Total number of persons referred to State and Local prosecuting authorities for criminal prosecution	0
Total number of indictments and criminal information that results from any prior referral to prosecuting authorities	0
Open matters at the end of the reporting period	41

Investigative Outreach and Fraud Awareness

During the reporting period, OIG attended the joint IG and AIGI conference at the Federal Law Enforcement Training Center in Brunswick, Georgia. OIG conducted outreach and fraud awareness efforts while attending various training programs and symposia hosted by CNAs and NPAs, including a GW Law/Melwood symposium and meetings with the Commission and the CNAs.

OIG Will Seek Criminal Investigative Authority

AbilityOne OIG plans to seek law enforcement authority from the Attorney General, and work with hill stakeholders on the steps for it.



Over the reporting period, OIG worked with DOJ, Postal OIG and Oversight.gov to build a new and improved website hosted at Oversight.gov. This website will increase public access and awareness by making the websites for many OIGs available at one central location and by compiling OIG reports from across the Federal government. OIG helped to pioneer this site as a representative of small OIGs, while DOJ served as the representative of larger OIGs. Together, we are building a platform that will save taxpayer dollars, better ensure OIG independence, and increase visibility of OIG work product.

Items of Interest

In this Semiannual Report, we highlight several important initiatives that are the future and life of the program.

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”). The Panel, reporting annually, issued two reports to Congress and will continue to do so, until its sunset in 2021.

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 are statutory members of the Panel, among others. The primary mission of the Panel is to identify vulnerabilities and opportunities for improvement in DoD contracting within the AbilityOne Program. 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 leads the Panel’s Inspector General subcommittee. In addition to leading the subcommittee, the 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 Panel’s Inspector General subcommittee is tasked with reviewing the progress of DoD IG’s recommendations from the 2016 audit report, DODIG-2016-097. The IG subcommittee 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 Product List (PL) to verify whether a product or service is on the List, and to improve training for procurement personnel the AbilityOne program procurement.

The 898 Panel identified its goals to include prioritizing and refining the actionable recommendations to improve oversight, accountability, transparency, and integrity in contracting with the Program. Execution of these recommendations will have a positive impact on the employment opportunities for individuals who are blind or have other significant disabilities. Until the sunset of the Panel with its report in 2021, the IG will continue to report on the progress of the Panel.

Representation (Organization)	Office/Position
Panel Chairman	Office of the Under Secretary of Defense (Acquisition, Technology and Logistics); Director, Defense Pricing/Defense Procurement and Acquisition Policy
Executive Secretary	Department of the Army, Army Contracting Command - Aberdeen Proving Ground (ACC-APG); Executive Director
U.S. AbilityOne Commission	Chairperson
U.S. AbilityOne Commission	Executive Director
U.S. AbilityOne Commission	Directorate of Veteran Employment Initiatives

Office of the Under Secretary of Defense (Acquisition, Technology and Logistics)	Deputy Director, Defense Procurement and Acquisition Policy
Department of the Army	Deputy Assistant Secretary of the Army (Procurement)
Department of the Air Force	Associate Deputy Assistant Secretary of the Air Force (Contracting)
Department of the Navy	Deputy Assistant Secretary of the Navy; Naval Supply Systems Command, Assistant Commander for Contracting
Department of the Navy	Deputy Assistant Secretary of the Navy; Naval Facilities Command, Assistant Commander for Acquisitions
Defense Logistics Agency	Troop Support, Acquisition Executive
Defense Contract Management Agency	Director, Contract Management Branch
Defense Contract Audit Agency	Assistance Director for Policy and Plans
Department of Defense Office of Inspector General	Assistant Inspector General for Contract Management and Payment
U.S. AbilityOne Commission Office of Inspector General	Inspector General
Air Force Audit Agency	Associate Director, Acquisition Division
Defense Acquisition University	Center Director for Contracting
Defense Health Agency	Director of Contracting
U.S. Department of Justice	Office of the Assistant Attorney General, Civil Rights Section, Senior Counsel
U.S. Department of Justice	Office of the Assistant Attorney General Disability Rights Section, Deputy Chief
U.S. Department of Justice	UNICOR, General Counsel
U.S. Department of Justice	Office of the Inspector General, Deputy Assistant Inspector General for Investigations

U.S. Department of Labor	Office of Disability Employment Policy (ODEP), Senior Advisor
U.S. General Services Administration	Federal Acquisition Service, Office of Supplies and Services Categories
National Aeronautics and Space Administration	Headquarters, Procurement
U.S. Department of Education	Office of Special Education and Rehabilitative Services, Deputy Commissioner, Rehabilitation Services Administration
U.S. Department of Veterans Affairs	Vocational Rehabilitation and Employment (VR&E) Service; Director, Rehabilitations Services
National Veteran Small Business Coalition	Executive Director

AbilityOne and Procurement

HR 4920 and Legislative Changes to the VA Procurement Process

The VA Contracting Preference Consistency Act (HR 4920) was created to provide an exception to certain small business contracting requirements applicable to the Department of Veterans Affairs procurement of certain goods and services covered under the Ability One program. HR 4920 was introduced through the House Veterans’ Affairs Committee, successfully passed the House of Representatives on December 16, 2019, followed by the Senate Committee on Veterans’ Affairs and then the Senate by unanimous consent on March 12, 2020. HR 4920 was passed out of Senate to the House of Representatives for action on March 16, 2020. With amendments the bill is under consideration with the House.

MSPV-NG Current Structure

Department of Veterans Affairs (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.”⁵ The VA is CNA National Industries for the Blind (NIB)’s third-largest federal customer 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 nearly 800 jobs for Americans who are blind or significantly disabled, many of whom are veterans. SourceAmerica has numerous contracts within

⁵ Government Accountability Office (GAO) 2019 High Risk List, See <https://www.gao.gov/assets/700/697245.pdf>

this program. As identified by the OIG, Program erosion is a top management challenge facing the U.S. AbilityOne Commission and its Program. OIG has identified three inter-related issues of concern:

- 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 have been identified with MSPV NG that 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 Unknown Acquisition Strategy for the AbilityOne Program

On February 28, 2019, the VA hosted a webinar for industry to provide an overview of the new MSPV 2.0 Program. During this web forum, the VA announced that AbilityOne procurement would take place outside of the formulary, which will now be known as the “catalog.” Absent an expressed

acquisition strategy for AbilityOne products, this raises concerns about the impact this will have on VA compliance with the mandatory source provisions of the FAR. The new MSPV 2.0 catalog has 26 categories; AbilityOne items should be included in 10 of those categories.

The MSPV 2.0 also references the use of this procurement vehicle by other federal agencies. This could magnify the concerns already described and place other federal agencies in a non-compliant situation. Not including AbilityOne items on the MSPV 2.0 catalog will have a detrimental impact on the AbilityOne Program and its mission to generate employment for Americans who have significant disabilities.

The OIG will be following the developments of the VA's decision not to include AbilityOne in the bucket of its formulary.

“Blanket” Non-manufacturing Waiver

In February 2019, the VA Office of Small and Disadvantaged Business Utilization (OSDBU) posted a request for information (RFI) with guidance that respondents reply via electronic survey. The purpose of the RFI was to conduct market research to determine the potential industrial base of small businesses capable of manufacturing products reflected in the MSPV 2.0 catalog. The survey questions focused on the manufacturing capabilities for 26 product categories to be included in the MSPV catalog.

In April 2019, the VA OSDBU sent non-manufacturer waiver requests to the Small Business Administration (SBA) for ten supply categories for MSPV 2.0 and are proposing five more categories. Four of those categories cover 7.5-percent of AbilityOne products. Beginning in mid-April 2019 and extending into September 2019, these waivers were established by the SBA creating further challenges for the AbilityOne Program. The impact of this could result in a potentially devastating loss of jobs for people who are blind, estimated at approximately 437 Blind Work Years and lost sales in the amount of \$63.9M.

Current Procurement Process

The VA follows the VAAR Rule of 2 (“Ro2”) in determining 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.

Potential Impact of a “Blanket” Non-Manufacturing Waiver

The decision to allow a non-manufacturing waiver would only compound the current situation by virtually eliminating the sale of AbilityOne products on the formulary/catalog and essentially lead to the probability of no new VA-sponsored Federal Procurement List additions. This will have an impact on the AbilityOne Program’s mission of creating employment opportunities for Americans who are blind or have significant disabilities. In our work, we are going to explore resolutions that include program compliance strategies such as:

1. Refusing to grant non-manufacturing waivers and require the VA to come to AbilityOne for everything their NPAs can do; or,
2. When a requirement receives a non-manufacturing waiver, require VOSB/SDVOSB contractors to source through the AbilityOne Program (where NPAs can provide the items).

The OIG is also exploring the role of program risk. As stated earlier, the VA Acquisition Management was recently added to the GAO 2019 High Risk List. The VA was specifically cited for a “lack of effective medical supplies procurement strategy.” Removing mandatory AbilityOne products from a national procurement solutions program exacerbates this risk.

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 Veterans Employment and Initiatives is important in maximizing employment opportunities for veterans with severe injuries, consistent with AbilityOne program participants.

The veteran’s employment and initiatives within the Commission is aligned with the Section 898 Panel’s recommendations. The veteran-focused initiative is expanding and sustaining 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 FY2020 veterans benefit from numerous wounded warrior transition programs, training and employment opportunities furnished by AbilityOne-authorized providers. Approximately 3,000 wounded, ill or injured veterans work in direct labor jobs in the AbilityOne Program. In addition, NPAs employ approximately 4,000 veterans working in indirect labor positions, including supervisory and management roles. The range of their military service stretches from Vietnam to Afghanistan and Iraq.

Most recently, the Department of Labor Education and Training Administration, an approved AbilityOne Apprenticeship, announced its initiative 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 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.

E-Commerce

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.

In addition to the AbilityOne and Amazon pilot program arrangement, other federal agencies (the Department of Homeland Security (DHS) and the U.S. Air Force) are establishing 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” (e.g., Amazon, Office Depot, etc.).

GSA’s implementation of the Section 846 E-Commerce Platform is expected to extend through FY 2020. On October 1, 2019, GSA issued a solicitation seeking platform providers in support of this initiative. With a response date of November 15, 2019, the solicitation requires respondents to respect the mandatory source requirements of the AbilityOne Program.

On April 1, 2020, GSA provided an update that the Commercial Platform’s Acquisition has been delayed due the fact that GSA’s resources and priorities have shifted to support the COVID-19 response. GSA anticipates a delay in the contract award to e-marketplace platform providers for the proof of concept but aims to make the contract award in the coming months. See <https://interact.gsa.gov/node/466302> for more details regarding the shift in GSA priorities in response to COVID-19.

The solicitation requires providers to block “Essentially The Same” (ETS) items in the e-marketplace and substitute those products with 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.

The OIG will continue exercising its oversight role and deepening its understanding of the E-Commerce platforms and their application to the AbilityOne Program. The OIG views the innovations of E-Commerce as the future of an evolving marketplace. The 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.



Council of the
INSPECTORS GENERAL
on INTEGRITY and EFFICIENCY

Activities with the Inspector General Community

The AbilityOne Inspector General is a member of CIGIE and the Inspector General also serves on CIGIE legislative committee. The IG and the Deputy IG & Counsel 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.

The 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 Deputy 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.

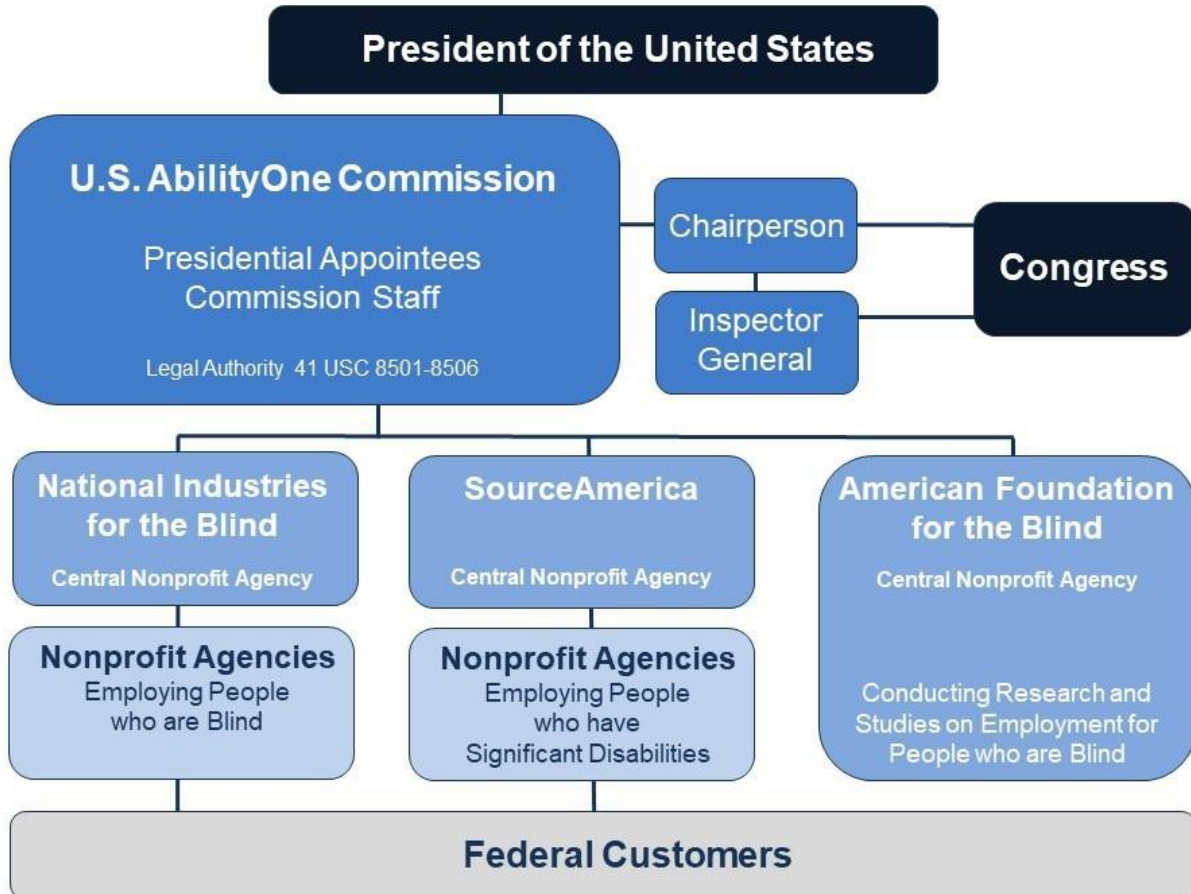
The Deputy Inspector General & Counsel was designated by the IG as the CIGIE pandemic relief point of contact, and serves as the OIG representative to other government agencies in the executive branch as well as legislative branch, and specifically as congressional liaison.

The Assistant Inspector General for Auditing (AIGA) participates in subgroups of CIGIE with emphasis on audit operations. Our Assistant Inspector General for Investigations participates in AIGI quarterly meetings, attends joint training exercises with the Export Import Bank OIG and Commerce OIG, and serves as the OIG's point of contact for interagency investigations and enforcement entities.

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.

As a part of the Knowledge-Based Center, during the reporting period, the OIG continued to host a CIGIE fellow from the Environmental Protection Agency OIG. The CIGIE Fellows Program provides selected employees within the IG community with opportunities to expand their leadership competencies, broaden their organizational experiences, and foster professional networks.

Appendix I: AbilityOne Organization Chart



Appendix II: Reporting Requirements under the Inspector General Act of 1978, as amended

IG Act Reference	OIG Reporting Requirements	Page
	Each Inspector General shall, not later than April 30 and October 31 of each year, prepare semiannual reports summarizing the activities of the Office during the immediately preceding six-month periods ending March 31 and September 30.	
Section 4(a)(2)	Review of legislation and regulations.	31-36
Section 5(a)(1)	Significant problems, abuses, and deficiencies.	N/A
Section 5(a)(2)	Recommendations for corrective action.	17-24
Section 5(a)(3)	Significant outstanding recommendations.	18
Section 5(a)(4)	Matters referred to prosecutorial authorities.	N/A
Section 5(a)(5) / 6(c)(2)	Information or assistance unreasonably refused or not	N/A
Section 5(a)(6)	Listing of completed audit, inspection, and evaluation reports.	17-24
Section 5(a)(7)	Summary of significant reports.	N/A
Section 5(a)(8)	Statistical table pertaining to questioned costs.	N/A
Section 5(a)(9)	Statistical table pertaining to funds recommended to be put to better use.	N/A
Section 5(a)(10)	Prior OIG reports unresolved, uncommented upon, desired timetable for achieving a management decision.	N/A
Section 5(a)(11)	Significant revised management decisions.	N/A
Section 5(a)(12)	Management decision disagreements.	N/A
Section 5(a)(13)	Information described under Section 804(b) of the Federal Financial Management Improvement Act of 1996.	N/A
Section 5(a)(14)	Information regarding peer reviews involving the Office of Inspector General.	N/A
Section 5(a)(15)	List of any outstanding recommendations from any peer review conducted by another Office of IG.	N/A
Section 5(a)(16)	List of any peer reviews conducted by the IG of another Office of Inspector General during reporting period.	N/A
Section 5(a)(17)	Statistical tables pertaining to OIG investigations.	26-27
Section 5(a)(18)	Description of the metrics for OIG investigative table.	26-27
Section 5(a)(19)	Reports involving senior Government employees where allegations were substantiated, including the facts and circumstances of the investigation and status and disposition of the matter.	N/A
Section 5(a)20	Instance of whistleblower retaliation.	N/A
Section 5(a)21	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.	N/A

Section 5(a)22	Inspections, evaluations, audits, and investigations of senior Government employees undisclosed to the public.	N/A
----------------	--	-----

Upon the enactment of the IG Empowerment Act on December 16, 2016, the OIG is required under IG Act section 5(a)(20) to provide “a detailed description of any instance of whistleblower retaliation, including ... what, if any, consequences the establishment imposed to hold that official accountable.” Pursuant to the IG Empowerment Act’s reporting requirement, the OIG will provide information about any consequences imposed by the establishment for retaliation in the semiannual report for the period in which the OIG is informed that the consequences were imposed.



Office of Inspector General

Committee for Purchase From People Who Are Blind or Severely Disabled

(U.S. AbilityOne Commission) OIG

2331 Mill Road, Suite 505

Alexandria, VA 22314

<https://abilityone.gov/commission/oig.html>



PANDEMIC RESPONSE
ACCOUNTABILITY COMMITTEE

<https://pandemic.oversight.gov/>