



# Office of Inspector General Update

## U.S. AbilityOne Commission

### Public Meeting

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Inspector General

Arlington, VA  
October 16, 2018



# Roadmap

- IG Focus and Sustainability
- Reports & Work this Quarter
  - Semiannual Report to Congress (October 31, 2018)
  - Top Management Challenges Report (November 2018)
- Audit Accomplishments and Activities
- Learning the Business of the Agency Through Visits
- 898 Panel Report
- Q & A



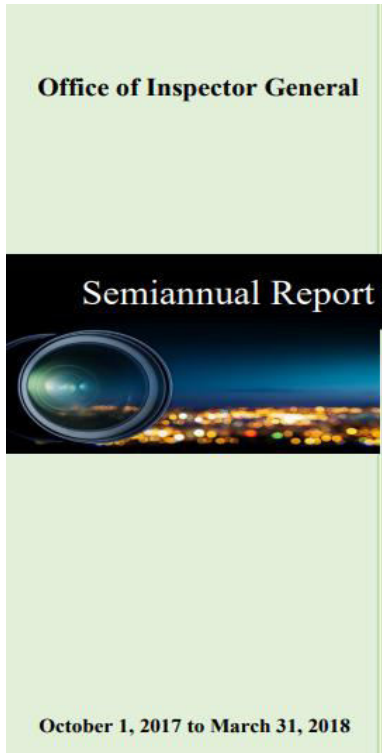
# IG Focus

- Enhancing confidence in the program
- Increase economies and efficiencies
- Program growth





# IG Semiannual Report to Congress (SAR)



## Theme of the Semiannual Report to Congress this Period

- Sustainability
- Innovation

Office of Inspector General



Semiannual Report to Congress

April 1, 2018 to September 30, 2018



# Top Management Challenges Report - OIG

## New report coming out in Nov. 2018

- Erosion of statutory program authority
- Impact on effectiveness due to lack of resources
- Enhancing of program-wide compliance
- Establishing of an enterprise-wide risk management
- New challenges identified



# Top Management Challenges Report - CIGIE

- On April 2018, CIGIE issued for the first time a report of the Top Management and Performance Challenges Facing Multiple Federal Agencies.
- Report identified AbilityOne as an agency facing challenges:
  - 1) FUNDING AND STAFFING:**
    - AbilityOne OIG reported that AbilityOne does not have adequate staffing and resources to effectively execute its responsibilities and sustain its mission.
    - AbilityOne OIG further reported that its agency faces challenges as it operates with a staff of less than 31 people responsible for administering a \$3 billion program with locations in all 50 states, Puerto Rico, and Guam.
  - 2) TRAINING**
    - AbilityOne experienced problems with contracting officers of Client government agencies being able to navigate acquisition regulations.
    - Contracting officers experienced confusion as to how rules about AbilityOne contracts should be interpreted and implemented.



# Audit Accomplishments and Activities

- Financial Statement Audit
- Single Audit White Paper
- CNA Reviews



# Financial Statement Audit

- The audit objective is to determine whether the Commission's financial statements are free from material misstatement and examine the adequacy of internal controls over financial reporting and compliance.
- Assessing the accounting principles used, as well as the overall financial statement presentation by the Commission for year ending September 30, 2018.
- Audit results expected by November 15 in order to be included in the Commission's Performance and Accountability Report (PAR) for Fiscal Year 2018.





# Applicability of Single Audits of CNAs

- OIG was asked to provide an analysis on single audits of CNAs
- In general, any non-federal entity that in a year expends \$750,000 or more of federal grants or awards is subject to the Single Audit Act requirements
- AbilityOne CNAs are not subject to the Single Act because the income the CNAs receive through fees from federal contracts are not appropriated funds
- As part of the oversight audit plan of the CNAs, AbilityOne OIG plans to incorporate the review the CNAs financial reporting requirements under the Cooperative Agreement
  - Audit of the Program Fee to Qualified and Approved NPAs, and
  - Review of Completed Actions of the Cooperative Agreements by CNAs



# OIG Audits of CNAs

## Developed a comprehensive plan for oversight of CNAs:

- Evaluation of the NPA assignment of projects and allocation of orders.
- Audit of the Fee to Qualified and Approved NPAs.
- Review the appeal (reconsideration) process for the selection decision on NPAs project assignment and allocation of orders.
- Evaluation on the CNAs recommendations of order allocations to designated NPAs.
- Review completed actions of the Cooperative Agreements by CNAs.
- Audit on the quality of products in support of meeting Government requirements.
- The market evolution for the expansion of products and services growth and innovation.



# CNAs Oversight Audit Plan - Matrix

Audit Job	Potential Risk	Audit Objective	Planned Scope/Methodology
1. Audit of the Program Fee to Qualified and Approved NPAs	Lack of optimal understanding from program stakeholders for how the CNAs fee is established, developed and applied	Is there a clear understanding and adequate guidance for how the Program Fee works?	Detail criteria that defines standards, requirements, or measures on Program Fees
2. Evaluation of the process for NPA assignment of projects and allocation of orders	Lack of transparency, effectiveness, and consistency for applying the criteria on project assignments/allocation of orders	Are there effective internal controls over the process for assigning projects and the distribution of orders?	Measure the effectiveness of policies/procedures, and test the efficiency of key controls
3. Evaluation on the CNAs recommended submission package to the Commission for NPAs project assignments and allocation of orders	Transparency and disclosure on the recommended submission for NPA project assignments and allocation of orders	Is there appropriate established policy and procedures for making recommendations to the Commission?	Evaluate the process from policy to internal controls for the overall preparation and submission of recommendations to the Commission
4. Review the appeal process on the designation of project assignments and allocation of orders	Latitude for recommending a NPA project assignment or allocation of orders, and limited opportunity for an appeal	Are the appeal policies and procedures in place and followed?	Assess established process and adequate documentation of appeals
5. Review completed actions of the Cooperative Agreements by CNAs	Desired key performance indicators may not be achieved by the implementation of the Cooperative Agreements	Is employment growth and program accountability being measured and improved?	Assess the review process of completed actions from the Cooperative Agreements and improvements made
6. Audit of the quality of products or services in meeting Government requirements	The quality control process may not yield to a systematic, organized, and structured approach to enhance product/service delivery	Is the quality control process by the CNAs and NPAs effective to remediate deficiencies on a timely basis?	Review the corrective actions from the quality control process of a few product/service business lines
7. Evaluation on the market shift and developments for the innovation of products and services	Business development opportunities may be limited due to the initial parties involved during the PL Addition Process	Do all NPAs get the same opportunity to develop new items that are added on the PL?	Select a few PL additions and measure the effectiveness for the process and practice used



# CNAs Oversight Audit Plan - Tiers

## Tier I

Program Fee

Project Assignments and Allocation of Orders

Completed Actions from Cooperative Agreements

## Tier II

Business Development and Innovation of Products

CNA Recommended Submission to the Commission

## Tier III

Quality Control Review Process

Appeal Process by NPAs of Projects and Orders



# OIG Program Visits to Understand the Business of AbilityOne

## Lighthouse for the Blind

- St. Louis, MO
- July 2018

- **Skookum**

- Seattle, WA
- Sept. 2018

- **NFB**

- Baltimore, MD
- May 2018

## Expected:

- **AlphaPointe**

- Kansas City, MO

- **Pride Industries**

- Roseville, CA



# 898 Panel Report – July 18, 2018

The 898 Panel issued its first annual report to Congress

- Lack of resources - most significant challenge facing the Program
- 40+ recommendations for consideration and implementation
- DoD initial actions in 6 focus areas:
  - Resources
  - Program Oversight
  - Contract Goal
  - Definitions
  - Training
  - Technology



# Thank You!

# Q&A