

U.S. ABILITYONE COMMISSION
FISCAL YEAR 2024
PERFORMANCE AND ACCOUNTABILITY REPORT



The U.S. AbilityOne Commission is the operating name for the Committee for Purchase From People Who Are Blind or Severely Disabled



Message from the Chairperson

The U.S. AbilityOne Commission's Performance and Accountability Report for FY 2024 reflects the Commission's unwavering commitment to modernizing the AbilityOne Program.

The Commission oversees the AbilityOne Program, through which approximately 37,000 people who are blind or have significant disabilities are employed in jobs that furnish more than \$4.1 billion annually in products and services to the Federal Government.

In FY 2024, the Commission continued to modernize and transform the AbilityOne Program by leveraging major actions to improve stewardship and advance equity.

The Commission's March 2024 Report to the President "Transforming the AbilityOne Program: Current Successes and Future Initiatives" highlighted the progress of the Commission and the AbilityOne Program it oversees, including the following key areas where the agency has kept important promises to stakeholders:

Implementation of the 898 Panel Recommendations

Before it sunset, the FY 2017 National Defense Authorization Act Section 898 "Panel on Department of Defense and AbilityOne Contracting Oversight, Accountability, and Integrity" made 24 recommendations in its Fourth and Final Report to Congress.

The AbilityOne Office of Inspector General flagged successful implementation of the Panel's recommendations as a top challenge for the Commission in the annual Top Management and Performance Challenges Reports from 2020 through 2023.

The Commission has now successfully closed out all action items under its control. Out of 24 Panel recommendations, 21 are now complete. The remaining three recommendations were recommendations to Congress. The Commission will continue to work with Congress as it moves forward in crafting recommended changes. (See "*Proposing Legislative Changes to Update the Javits-Wagner-O'Day Act*," below.)

Ending Payment of Subminimum Wages on AbilityOne Contracts

FY 2024 marked the first fiscal year in which every person working on an AbilityOne contract was paid at least the Federal minimum wage, the applicable local or state minimum wage, or the applicable prevailing wage – whichever was highest. The Commission's final rule ending payment of subminimum wages in the Program took effect in October 2022, and all nonprofit agencies (NPAs) that requested extensions were in compliance by the end of FY 2023. Wages send a message of how work is valued, and the work performed by people with disabilities should be valued equally with that of others.

Proposing Legislative Changes to Update the Javits-Wagner-O'Day Act

The Commission continued to work with Congress regarding the three proposed legislative changes the Commission sent to Congress in April 2023. If enacted, these would give the Commission tools to add jobs featuring greater integrated employment, address agency concerns about the length of the process to make changes to the Procurement List, and update the Commission's legal name as a statement of its identity. There has not been a major update to the Javits-Wagner-O'Day (JWOD) Act in over half a century.

Commission members and staff have briefed OMB and Congressional staff on these legislative proposals. In addition, the Commission has been available to provide technical assistance to Members of Congress interested in further modernizing the Program. (*See Appendix 3, "Legislative Proposals" for details.*)

Improving Stewardship of the AbilityOne Program

The Commission has strengthened its internal governance processes, established a risk management framework, and delivered against corrective action plans to reduce the backlog of open IG recommendations. In FY 2024, the agency closed out 42 audit recommendations – 31 financial and 11 non-financial.

The Commission has greatly expanded its public engagement with a broad range of stakeholders including Federal customers, AbilityOne employees, Central Nonprofit Agencies (CNAs), NPAs, and the disability community. The agency solicits public feedback on key policy changes even if not required under the Administrative Procedure Act; convenes town halls and listening sessions on important issues; posts updates on social media; and solicits speakers and input for public engagement sessions held at its quarterly public meetings. All of these activities inform agency decisions and ensure transparency about modernization of the Program and other activities.

Supporting Competition in the AbilityOne Program

The Commission published a final rule on "Supporting Competition in the AbilityOne Program" on March 22, 2024, in response to 898 Panel recommendations. The rule includes providing Federal agencies the ability to request that the Commission allow a competition process between NPAs for contracts in excess of \$50 million for DoD and \$10 million for civilian agencies. The Commission will determine if such a competition should be held. The new process is structured to advance all aspects of the Program, including employee career development activities undertaken by an NPA. Price will not be weighted more than non-price factors in the process.

Updating AbilityOne Program Policies

The Commission is conducting a major update of its policies governing the Program. Its current focus on compliance policies includes streamlining documentation NPAs must acquire to determine the disability eligibility of employees; general qualifications of NPAs to participate in the Program; direct labor hour ratio requirements; compliance with employment laws; and

administrative enforcement actions by the Commission. A final policy will describe the standards for employee career development.

Going forward, the Commission will update policies dealing with the responsibilities of the CNAs and the Commission. To provide transparency and obtain feedback that can inform its decisions, the Commission consults regularly with Program stakeholders during policy development, posts policy drafts on its website, and actively solicits comments.

Advancing Employee Career Development within the AbilityOne Program

A major focus of the Commission over the past several years has been to advance employee career development within the Program. Many NPAs currently invest resources in helping their employees move to new jobs within a contract (lateral mobility), to promotions within the contract (upward mobility), or to jobs outside the AbilityOne contract (outward mobility). A new proposed policy will establish standards for NPAs' provision of job individualizations, employee career plans, and career advancement programs. At the end of FY 2024, the Commission received recommendations from an independent contractor regarding the components of employee career planning. Based on those recommendations, the Commission has revised a draft policy setting out recommendations for an NPA's provision of employee career development.

Expanding and Supporting the AbilityOne Representatives (ABORs) Program

A primary area of focus for the Commission has been to develop and manage a cohesive network of AbilityOne Program champions within Federal agencies. There are now AbilityOne Representatives (ABORs) in 21 Federal agencies, as well as 10 DoD components including the military services – a total of more than 130. Several Legislative Branch agencies are currently in the process of designating ABORs, and resolutions supporting AbilityOne were recently introduced by House members.

The Commission hosts monthly ABORs meetings, creating a community of practice that builds awareness of AbilityOne capacity within Federal agencies, creates new business opportunities, and resolves concerns with contract implementation. The Commission's ABOR program office has made AbilityOne presentations to over 6,100 Federal customers.

Continuing IT Modernization

The Commission is continuing a major upgrade to its digital backbone – the antiquated Procurement List Information Management System (PLIMS), which is the Program's primary information and decision-making support system. The PLIMS upgrade is made possible by a \$1.78 million investment from the Technology Modernization Fund. Upgrading PLIMS will connect Federal customers with Program partners, advancing acquisition transparency and effective planning by providing Federal customers with real-time communication and customer-facing information. It will also enhance acquisition transparency, streamline workflow and system accessibility, and improve nearly 2,000 business transactions annually.

Maintaining the Pace of Progress

For a second year in a row, the Commission continued to operate with the full statutory complement of 15 Presidential appointees. Under this strengthened leadership, the agency will continue its focus on transformation and stewardship.

We again received, from independent auditors, an unmodified or “clean” opinion on our financial statements for FY 2024. There was no reportable noncompliance for FY 2024 with all applicable laws and regulations.

AbilityOne is an engine of opportunity and economic empowerment for people who are blind or have significant disabilities – a population that historically experiences the lowest employment rate of any segment of U.S. society. AbilityOne also holds the potential for increasing economic opportunities for such individuals by launching them into jobs throughout the American economy.

On behalf of the U.S. AbilityOne Commission, thank you for your interest in the individuals employed nationwide through the AbilityOne Program.

Sincerely,

DocuSigned by:



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Jeffrey A. Koses
Chairperson and Presidential Appointee
November 15, 2024

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1. Management’s Discussion and Analysis

1.1. Overview

The U.S. AbilityOne Commission is the independent Federal agency that oversees the AbilityOne Program, which creates private sector jobs for approximately 37,000 people who are blind or have significant disabilities, while providing quality products and services to Federal customers at a fair market price.

The U.S. AbilityOne Commission is the operating name for the agency, whose statutory name is the Committee for Purchase From People Who Are Blind or Severely Disabled. The Commission administers the AbilityOne Program in accordance with the Javits-Wagner-O’Day (JWOD) Act (41 U.S.C. §§ 8501-8506).

A driver of economic empowerment, AbilityOne creates jobs for people who are blind or have significant disabilities, a group that has historically experienced the lowest employment rate of any segment of U.S. society.¹ The Program’s significance can be measured not only in the financial benefits and social value to these individuals, but in the broader positive economic impact at the national, state, and local levels as well.

The Commission’s FY 2022-2026 Strategic Plan is a roadmap for modernizing the AbilityOne Program in critical areas including identifying, publicizing, and supporting good and optimal jobs; ensuring effective governance and results across the Program; and building partnerships with other Federal agencies to increase employment of people who are blind or have significant disabilities.

The AbilityOne Program provided more than \$4.1 billion in products and services to the Federal Government in FY 2023.² AbilityOne employees work nationwide at 424 nonprofit agencies (NPAs), from Guam to Maine.

Growing jobs for people with disabilities, and particularly veterans with disabilities, is both an Administration and a nonpartisan priority. The Commission and AbilityOne Program have the experience and capacity to contribute effectively to this national priority.

Approximately 2,500 wounded, ill or injured veterans work in direct labor jobs in the AbilityOne Program. In addition, nearly 4,000 veterans – some with disabilities – work in indirect labor positions including supervisory and management roles. In total, approximately 6,500 veterans work at AbilityOne NPAs. The range of their military service stretches from Vietnam to Afghanistan and Iraq.

The AbilityOne Program:

- Operates at more than 1,000 locations representing 40 government agencies
- Operates more than 150 Base Supply Centers at military installations and Federal buildings
- Provides SKILCRAFT® and other office supplies, cleaning products, military clothing, and equipment

- Returns dollars to taxpayers through its contract close-out initiative which, since 2010, has identified more than \$24 billion in unused contract funds that can be returned to the U.S. Treasury

1.2. Mission and Vision

Mission

To tap America's underutilized workforce of individuals who are blind or have significant disabilities to deliver high quality, mission-essential products and services to Federal agencies in quality employment opportunities.

Vision

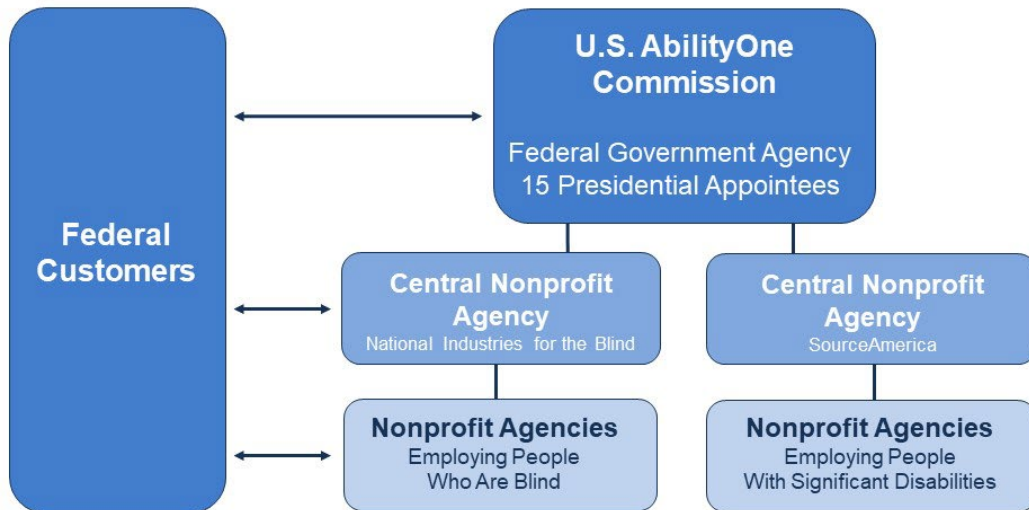
Remain a trusted source of supply and services for Federal agencies while creating quality employment opportunities across all economic sectors for people who are blind or have significant disabilities.

1.3. History

The 1938 Wagner-O'Day Act established a unique link between job creation and Federal purchasing power. The Act's focus was on providing employment for people who are blind to make products for the Federal Government. In 1971, the Act was amended to become the Javits-Wagner-O'Day (JWOD) Act, expanding the original legislation to include employment of people who have significant disabilities. It also allowed participating NPAs to expand into providing services to the Federal Government. In 2006, the Committee launched the AbilityOne brand to better reflect the Program's mission. The Committee began operating as the U.S. AbilityOne Commission in 2011.

1.4. Program Structure and Responsibilities

Organizational Overview



Presidential Appointees

The Commission consists of 15 Presidential appointees – 11 from Federal agencies as well as four private citizens who represent the employment concerns of people who are blind or have significant disabilities.

Presidential appointees on the Commission bring extensive expertise and tested judgement that promote effective implementation of the JWOD Act, operational efficiency of the Commission and AbilityOne Program, and the interests of people who are blind or have significant disabilities.

Each appointee representing a Federal government agency is a senior procurement official with decades of experience in acquisition and procurement, a senior official knowledgeable on personnel issues, or a disability employment policy expert responsible for related programs in their own agency. Each private citizen appointee is an individual with a disability and with broad knowledge of the employment problems facing people who are blind or have significant disabilities.

Commission Staff

The Commission operates as an independent agency of the Federal Government with 35 full-time equivalent (FTE) employees (as of September 30, 2024). The Commission staff maintains Agency operations and prepares materials required by law, regulation, and policy to inform the decisions made by the Presidential appointees.

The Agency also has an Office of Inspector General (OIG), created in June 2016 as the result of the Consolidated Appropriations Act, 2016. The OIG's mission is to promote the economy, efficiency, and effectiveness of AbilityOne programs and operations, and protect these programs and operations against fraud, waste, abuse, and mismanagement. OIG has 9 FTEs, as of September 30, 2024.

Statutory functions of the Commission include:

- Establishing rules, regulations, and policies to ensure effective implementation and oversight of 41 U.S.C. 8501-8506 and the AbilityOne Program it authorizes.
- Increasing employment opportunities for people who are blind or have significant disabilities.
- Determining which products and services are suitable for provision by nonprofit agencies employing people who are blind or have severe disabilities. These products and services are added to the Procurement List (PL).³
- Determining fair market prices for these products and services and revising prices in accordance with changing market conditions.
- Monitoring NPAs' compliance with 41 U.S.C. 8501-8506, Commission regulations, policies, and procedures.
- Assisting Federal agencies to expand procurement from NPAs participating in the AbilityOne Program and monitoring the compliance of both Federal agencies and nonprofit agencies with Commission regulations, policies, and procedures.
- Designating CNAs, and providing guidance to them that facilitates NPAs' participation in the AbilityOne Program.
- Conducting continuing study and evaluation of mission execution to ensure effective and efficient administration of 41 U.S.C. 8501-8506.

Central Nonprofit Agencies

The Commission currently has two designated Central Nonprofit Agencies (CNAs) – National Industries for the Blind (NIB) and SourceAmerica – to facilitate the distribution of orders and assist NPAs participating in the AbilityOne Program.

Commission Members

The following Presidential appointees served as Commission members in FY 2024:

Jeffrey A. Koses (SES)
Chairperson
Senior Procurement Executive
General Services Administration

Chai Feldblum
Vice Chairperson
Private Citizen

Bryan Bashin
Private Citizen

Matthew R. Beebe (SES)
Director of Acquisition, Defense Logistics Agency
Department of Defense

Angela Billups (SES)
Executive Director, Office of Acquisition and Logistics
Department of Veterans Affairs

Christina Brandt
Private Citizen

Scott R. Calisti (SES)
Associate Deputy Assistant Secretary (Contracting)
Department of the Air Force

Gabriel M. Cazares
Private Citizen

Megan Dake (SES)
Deputy Assistant Secretary (Procurement)
Department of the Army

Carol L. Dobak (SES)
Deputy Commissioner, Rehabilitation Services Administration
Office of Special Education and Rehabilitative Services
Department of Education

Robert D. Hogue (SES)
Principal Deputy Assistant Secretary (Manpower & Reserve Affairs)
Department of the Navy

Tara M. Jamison (SES)
Deputy Senior Procurement Executive and Director
Office of Acquisition Management
Department of Justice

Jennifer Sheehy (SES)
Deputy Assistant Secretary, Office of Disability Employment Policy
Department of Labor

Malcom A. Shorter (SES)
Assistant Secretary for Administration
Department of Agriculture

Virna L. Winters (SES)
Executive Director, Acquisition Policy, Oversight and Workforce
Office of Acquisition Management
Department of Commerce

Commission Meetings

Commission public meetings are held quarterly; however, special meetings may be called by the Chairperson at any time. FY 2024 Commission virtual quarterly public meetings were:

October 12, 2023 (~220 attendees)
January 25, 2024 (~300 attendees)
April 25, 2024 (~230 attendees)
July 25, 2024 (~190 attendees)

1.5. Performance Highlights

Most data contained in this document is from FY 2023, due to the timing of AbilityOne Program reporting cycles. Where possible, FY 2024 data is highlighted.

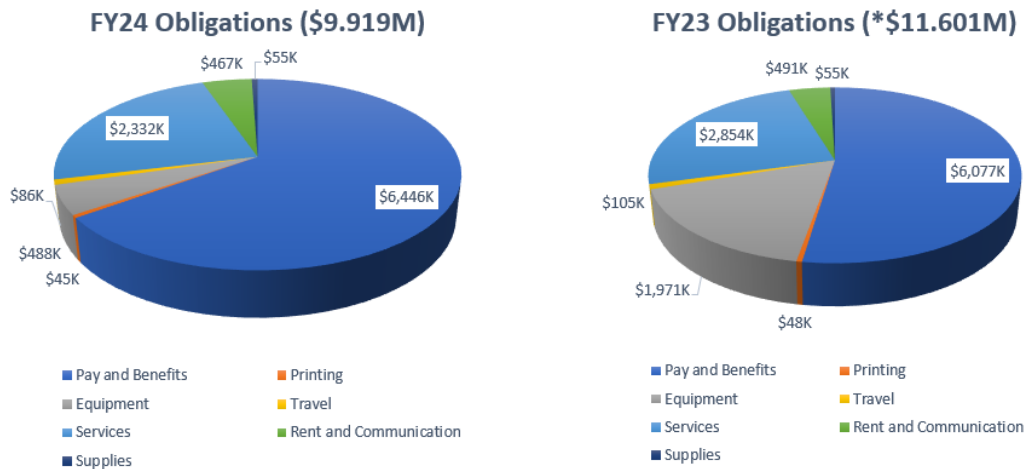
AbilityOne People and Numbers – FY 2023	
AbilityOne employees who are blind or have significant disabilities	36,600
AbilityOne wages paid	\$731.9 million
Estimated Health and Welfare Fringe Benefits (in addition to wages)	\$172.9 million
Average hourly wage	\$17.58
Cost per AbilityOne job based on Commission budget (Commission FY 2023 \$13.124 million budget ÷ 36,600 jobs)	\$359
Sales of products and services to Federal customers	\$4.15 billion
Wounded, ill, or injured veterans in AbilityOne direct labor jobs	2,500
Outward placements from AbilityOne contracts	1,610
Upward promotions within AbilityOne contracts	2,476

1.6. Analysis of Financial Statements and Stewardship Information

Limitations of the Financial Statements

The principal financial statements are prepared to report the financial position, financial condition, and results of operations, pursuant to the requirements of 31 U.S.C. § 3515(b). The statements are prepared from records of Federal entities in accordance with Federal generally accepted accounting principles (GAAP) and the formats prescribed by OMB. Reports used to monitor and control budgetary resources are prepared from the same records. Users of the statements are advised that the statements are for a component of the U.S. Government.

The Agency obligations shown below indicate the difference between FY 2024 (\$9,919,000) and FY 2023 (\$11,601,000) was the decrease in Equipment due primarily to the Agency’s FY 2023 receipt of investment resources from the Technology Modernization Fund (TMF) to support PLIMS 2.0 modernization.



*Includes \$1,686K from Technology Modernization Fund for PLIMS 2.0

1.7. Analysis of Systems, Controls and Legal Compliance



FY 2024 Management Assurance Statement

The U.S. AbilityOne Commission (Commission) management states and assures that to the best of our knowledge:

1. In accordance with OMB Circular No. A-123, Section VI (B), we are issuing an unqualified statement of assurance considering the Independent Auditor, Harper, Rains, & Knight Company issued an unmodified audit opinion in its FY2024 audit report. The system of internal controls of this agency is functioning and provides reasonable assurance as to the efficiency and effectiveness of programs and operations; reliability of financial reporting; and compliance with laws and regulations. These controls satisfy the requirements of the Federal Managers' Financial Integrity Act (FMFIA) and Federal Financial Management Improvement Act (FFMIA).
2. The financial management systems of the Commission are maintained by the Financial Management Shared Service Provider (FMSSP). Historically, the Agency has relied on its FMSSP to conduct its assessment of risk and internal control in accordance with Office of Management and Budget Circular A-123. The Commission continues to improve internal controls for funds management, obligations, and payment processes reported in the FMSSP financial management system. The Commission has coordinated with its FMSS Provider on increased internal control procedures for the disbursement of funds, such as requiring two approving signatures for transactions involving prior year funds. The Commission utilizes a Funds Control Officer to certify the availability of funds prior to Agency obligations and expenditures. This system of control as part of its Administrative Control of Funds policy ensures compliance with the Anti-Deficiency Act. The Commission also enhanced its contract administration procedures to strengthen DATA Act compliance, as well as closed four open audit recommendations.
3. The Commission received an unmodified opinion in the FY2024 financial statements audit report. The Agency implemented and completed corrective actions in FY 2024 to improve internal controls of funds management, obligation, and payment processes.

The Commission will continue its focus on properly assessing and updating its management control structure to remediate the findings noted in the recent audits, in accordance with the guidance in OMB Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control. Agency management is committed to designing and implementing a robust set of controls, and to performing regular monitoring to ensure that the

controls are operating effectively. Except as noted in our assessment and findings documented below in the Description of Independent Auditor's Findings section of this Management Assurance Statement, the Commission maintains accountability for assets and provides reasonable assurance that obligations and costs are in compliance with applicable law, and that performance data and proprietary and budgetary accounting transactions applicable to the Agency are properly recorded and accounted for to permit the timely preparation of accounts and reliable performance information. The financial management systems at this Agency satisfy the requirements of the FMFIA §4.

4. The Independent Auditor's report identified financial reporting findings in budgetary and accounting areas, as discussed below in Description of Independent Auditor's Findings.

Description of Independent Auditor's Findings

During the audit of the financial statements for the year ended September 30, 2024, the Independent Auditor communicated one internal control finding: physical inventory of property was not timely or documented effectively. This finding was reported as a Management Letter Comment (repeat from 2023). In the current year audit, a repeat finding was included in the Management Letter for non-compliance with laws and regulations related to Anti-Deficiency Act (ADA) violations for obligating expired funds. The prior year ADA finding was issued because the ADA reporting is still proceeding through the OMB clearance process.



Executive Director

1.8. Forward-Looking Information

The Commission considers forward-looking information, including risks and challenges, as it works to ensure a strong future for the AbilityOne Program and increased employment opportunities for people who are blind or have significant disabilities.

Increasing customer satisfaction by emphasizing quality contract performance

The rule “Supporting Competition in the AbilityOne Program,” effective April 22, 2024, underscores the importance of good contract performance. It furthers the Commission’s priority on enhancing and/or developing mechanisms to monitor contract performance and customer satisfaction.

Strong contract performance – quality, dependability, consistency, and timely delivery – is the foundation of the Program’s ability to meet Federal customer requirements. Quality performance showcases the work of AbilityOne in a competitive market, strengthens relationships between Federal agencies and the Program, results in increased customer satisfaction and better mission outcomes, and supports expansion into new markets.

New emphasis on subcontracting to achieve integrated employment

Consistent with the FY 2022-2026 Strategic Plan, the Commission now considers subcontracting and other approaches to collaborating with industry as ways to increase integration, leading to what the plan defines as “optimal jobs.”

Our new emphasis on subcontracting reflects modern disability policy in terms of advocating for competitive integrated employment and represents a shift from the Commission’s historical position of minimizing subcontracting of work on AbilityOne contracts so as to maintain job opportunities for AbilityOne employees within the Program.

Subcontracting and collaborations can help NPAs expand their expertise and capacity. Therefore, the Commission now supports the creative use of subcontracting in a variety of approaches that expand or sustain employment and support our customers’ satisfaction.

Job and sales growth resulting from Commission Policy 51.542 requiring NPAs to purchase and use AbilityOne products when performing AbilityOne service contracts

Sales of \$3.2 million, and an estimated 12 jobs, have been generated through March 2024 as the result of a recent Commission policy directing “service-providing” NPAs to purchase and use supplies from “product-producing” NPAs to the maximum extent practicable.⁴ This policy helps to create and sustain jobs while affirming that AbilityOne products are reasonably priced and high quality. Effective on October 1, 2022, this policy – Commission Policy 51.542 “Nonprofit Agency Use of AbilityOne Products in the Performance of AbilityOne Service Contracts” – is expected to generate continued growth in jobs and sales.

AbilityOne returns dollars to the U.S. economy and U.S. Treasury

AbilityOne employees earned close to \$1 billion in wages and health-and-welfare fringe benefits in FY 2023 – approximately \$732 million and \$173 million, respectively.

Economic empowerment of AbilityOne employees through job opportunities increases tax revenues. In 2023, the research and data analytics consultancy Mathematica was commissioned by the CNAs to conduct a study on the economic impact of the AbilityOne Program.⁵ The report estimated that every dollar that Congress and Federal agencies invest in the Program results in a return on investment to the Treasury of \$2.31 due to savings realized by reduced reliance on public programs as well as increased tax revenues from the employment of people who are blind or have significant disabilities. In addition, the study found multiplier effects on the surrounding economies.

The Commission continues to meet challenges of Congressional and Executive Branch mandates within resource limitations, including:

- Consolidated Appropriations Act, 2016, requirements for Commission to (1) establish Cooperative Agreements to govern its relationship with the CNAs, and (2) establish an OIG.
- Office of Management and Budget (OMB) requirements for IT and cybersecurity.
- The FY 2017 National Defense Authorization Act (NDAA) Section 898 “Panel on Department of Defense and AbilityOne Contracting Oversight, Accountability, and Integrity” (898 Panel) issued 24 recommendations in its Fourth and Final Report to Congress.⁶
 - Of these recommendations, the Commission has now successfully closed out all action items under its control (21 of 24 recommendations).
 - The remaining 3 recommendations require legislative action. (*For more details, see “Proposing Legislative Changes to Update the Javits-Wagner-O’Day Act” in the Chairperson’s letter in this PAR, as well as Appendix 3, “Legislative Proposals.”*)
 - Background: FY 2017 NDAA directed the Secretary of Defense to establish the Panel, whose mission was to address the effectiveness and internal controls of the AbilityOne Program related to DoD contracts.
 - 898 Panel duties included annual reporting to Congress on ways to eliminate waste, fraud and abuse, and recommending changes to business practices and IT systems.

Chief Financial Officer

As a key part of the Commission’s forward-looking focus, the Agency’s Chief Financial Officer (CFO) has made significant progress on Enterprise Risk Management and other areas. (*For details, see Section 2.3., “Strategic Objective 3.”*)

Office of Inspector General (OIG)

The Office of Inspector General is the guardian of the integrity of the U.S. AbilityOne Commission and its Program. The OIG mission is to promote economy, efficiency, and effectiveness and to prevent fraud, waste, and abuse. In furtherance of its mission, the IG conducts audits and investigations and regularly delivers reports to Congress and to the head of the Commission about its oversight work. The AbilityOne OIG is growing; OIG has expanded its oversight tools by adding an Evaluations unit, increasing mission capability, with added expertise, flexibility, and options for the OIG operations in FY 2024.

In FY 2024, the OIG issued two semiannual reports to Congress, per the Inspector General Act of 1978, as amended. In FY 2024, the OIG also issued the audit reports on the Audit of the Process U.S. AbilityOne Commission’s Contract Administration (June 27, 2024); Audit of the Process U.S. AbilityOne Commission’s Third-Party Service Provider Agreements (June 27, 2024); Audit of the U.S. Ability One Commission’s (Commission) Data Reliability, Availability, and Accessibility (June 26, 2024); Audit of the U.S. Ability One Commission’s Fiscal Year 2023 Financial Statement (March 6, 2024); FY23 Evaluation of the U.S. AbilityOne Commission’s Information Security Program (February 28, 2024); and the Audit of the U.S. AbilityOne Commission’s Quality of Products in Support of Meeting Government Requirements (January 31, 2024).

Challenges

- Implementing the Strategic Plan for FY 2022-2026, including initiatives related to:
 - Supporting competition in the AbilityOne Program.
 - Increasing “good jobs” and “optimal jobs.”
 - Modernizing oversight of NPA compliance.
- Addressing the OIG’s annual Top Management and Performance Challenges Report.
- Reviewing all agency policies, and renegotiating the Commission’s Cooperative Agreements with the CNAs, to align with the Strategic Plan for FY 2022-2026.
- Bolstering resources to meet mission requirements and increase oversight.
- Updating the IT infrastructure.

- Meeting requirements of the increased number of Congressional and Executive Branch mandates. (*See above.*)

2. Performance Section

In FY 2024, the Commission continued to modernize and transform the AbilityOne Program to align with the Commission's FY 2022-2026 Strategic Plan.⁷

Four overarching Strategic Objectives anchor the plan:

- 1) Transform the AbilityOne Program to expand competitive integrated employment (CIE) for people who are blind or have significant disabilities.
- 2) Identify, publicize, and support the increase of good jobs and optimal jobs in the AbilityOne Program.
- 3) Ensure effective governance and results across the AbilityOne Program.
- 4) Engage in partnerships to increase employment for people who are blind or have significant disabilities within and beyond the AbilityOne Program.

Strategic Plan outcome goals, strategies, and performance measures clearly communicate the Commission's direction and resource prioritization.⁸

Status of the Strategic Plan's 28 performance measures:

- 10 are implemented.
- 17 are partially implemented.
- 1 is not yet initiated.

For additional details, see Appendix 1, "U.S. AbilityOne Commission FY 2022-2026 Strategic Plan Performance Measures Status."

More information on agency performance can be found in the March 2024 Report to the President.⁹

The following agency performance information is organized under the plan's Strategic Objectives.

2.1 Strategic Objective 1: Transform the AbilityOne Program to expand competitive integrated employment (CIE) for people who are blind or have significant disabilities.

The Commission sent three legislative proposals to Congress on April 13, 2023, to amend the JWOD Act.

The Commission is committed to working effectively with Congress to amend the JWOD Act to support CIE for people who are blind or have significant disabilities. However, to achieve that goal fully, Congress must amend the JWOD Act to enable all NPAs to offer CIE to their employees.

(For more details, see Appendix 3, “Legislative Proposals.”)

2.2 Strategic Objective 2: Identify, publicize, and support the increase of good jobs and optimal jobs in the AbilityOne Program.

The Commission defines a “good job” in the AbilityOne Program as having four attributes:

1. Individuals with disabilities are paid competitive wages and benefits.
2. The job matches the individual’s interests and skills (“job individualization”).
3. Individuals with disabilities are provided with opportunities for employment advancement comparable to those provided to individuals without disabilities.
4. Individuals are covered under employment laws.

The Commission believes there are such jobs currently within the AbilityOne Program and that the number of such jobs should be increased.

The Commission defines an “optimal job” as one that includes the four attributes of a “good job,” but also allows AbilityOne employees to work side-by-side with employees without disabilities doing the same or similar work. That is obviously harder, and frequently not possible, to achieve given the direct labor hour ratio mandated by the JWOD Act. Nevertheless, the Commission is aware of several examples in which such workplaces have been achieved in the AbilityOne Program.

Commission publishes “Request for Information on Direct and Indirect Labor”

The Commission is exploring ways to encourage employment opportunities that promote career mobility without conflicting with the JWOD Act.

To that end, the agency published a Request for Information (RFI) in the Federal Register on September 23, 2024.¹⁰ The RFI sought information on proposed definitions of direct labor and categories of indirect labor, and ideas about categorizing employment tasks as direct labor or

indirect labor on Federal contracts for the purposes of compliance with the JWOD Act. The information gathered through the RFI will inform the Commission as it seeks to modernize the AbilityOne Program.

Subcontracting

As ways to increase integration leading to “optimal jobs,” the Commission has recently emphasized subcontracting, as well as other approaches to collaborating with industry.

(For more details, see “New emphasis on subcontracting to achieve integrated employment” in Section 1.8, “Forward-Looking Information.”)

2.3 Strategic Objective 3: Ensure effective governance and results across the AbilityOne Program.

Commission commitment to closing open audit recommendations

Closing open audit recommendations is a high priority for the Commission. The OIG or an independent auditor has sole responsibility for closing open audit recommendations, not the agency. The Commission has corrective action plans in place for all open recommendations and continues to implement those plans. In FY 2025, the agency will be tracking 55 unique open audit recommendations.

- Of those 55 recommendations, one (1) is awaiting review by the independent financial auditor of record for a determination regarding closure. Six (6) are awaiting review by the independent FISMA auditor.
- The remaining 48 recommendations with corrective action plans are related to compliance, business operations, and Cooperative Agreements and/or Program Fees. The actions taken in response to these recommendations will be shaped by the new strategic direction of the Commission, which is currently being implemented. For that reason, the Commission anticipates completing work on these recommendations in the coming year.
- Responsiveness to audits: Closed 31 financial audit recommendations during FY 2024.

Chief Financial Officer advancing effective stewardship

- Maintains financial processes and controls for funds management, obligations, and payments.
- Completed Management Internal Control Program in accordance with the Federal Managers’ Financial Integrity Act (FMFIA); submitted FY 2024 Annual Statement of Assurance.

- Conducted an FY 2024 Management Control Review of 102 of more than 200 Agency controls and determined Agency internal controls were effective.
- Conducts quarterly enterprise risk management assessments of risk mitigation plans; closed 14 of 26 risk mitigation plans during the fiscal year.

Updating AbilityOne Program Policies

Modernizing NPA compliance to align with Program requirements is central to the FY 2022-2026 Strategic Plan. To provide transparency and obtain feedback that can inform its decisions, the Commission has consulted regularly with Program stakeholders during the development of these policies.

For details and links to policies, draft policies, and draft forms, please see the Commission’s webpage “Compliance Policy Modernization.”¹¹

In FY 2024 and early FY 2025, the Commission issued the following policies:

- 51.400: AbilityOne Commission Compliance Program
- 51.401: AbilityOne Program Nonprofit Agency Entry Qualifications
- 51.402: Qualified Nonprofit Agency Requirements
- 51.403: Determining Eligibility of Participating Employees
- 51.404: Direct Labor Hour Ratio Requirements
- 51.406: Rights of Participating Employees
- 51.407: Qualification Assessments and Enforcement Actions (*issued October 11, 2024*)

Additionally, the agency released the following procedure:

- 51.407-01: Qualification Assessments and Enforcement Actions Procedures (*issued October 11, 2024*)

The agency also released the following draft forms for public feedback:

- Draft Form: Disability Qualification Determination
- Draft Form: Participating Employee Information
- Draft Form: Annual Representations and Certifications

Compliance

6. NPAs in Compliance with 75% Overall Direct Labor Hour Ratio Requirement*

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
NPAs in Compliance / Total NPAs ¹²	461/480	402/469	353/450	313/443	344/424
Percentage of NPAs in Compliance	96%	86% ¹³	78% ¹⁴	71% ¹⁵	81% ¹⁶

* While undertaking significant steps to modernize oversight of NPA compliance, the Commission began a pause in routine traditional compliance reviews on February 1, 2023, to consider public feedback, retrain staff, develop updated compliance materials for the NPA community, and ensure that the Commission, the NPAs, and the CNAs are in full alignment in the area of compliance.

- A key AbilityOne Program compliance metric is that people who are blind or have significant disabilities must provide at least 75% of an NPA’s overall direct labor hours worked during the fiscal year (referred to as the 75% Overall Direct Labor Hour Ratio Requirement).
- In both FY 2021 and FY 2022, NPA compliance with this key requirement was lower than in previous years due to pandemic impacts that included staffing shortages, supply chain issues, and employees needing to quarantine if affected by or infected with the pandemic virus.
- Responding to the unique circumstances presented by the pandemic, and consistent with agency practice relating to emergency responses, the agency expanded exceptions to its Direct Labor Ratio Requirements for FY 2020, FY 2021, and FY 2022.¹⁷ These exceptions included flexibilities to allow NPAs to notify the Commission if, due to or in support of the pandemic emergency response or recovery period, they will operate at a ratio below 75 percent.
- All NPAs not in compliance with the 75% Overall Direct Labor Hour Ratio requirement were put on corrective action plans and monitored for completion of those plans.

Improving customer satisfaction

Increasing Federal customer satisfaction with AbilityOne products and services is a Commission priority, reflected in the Strategic Plan – i.e., “Support the mission of the Federal customer by providing best value through contract performance.”

Customer satisfaction is also highlighted in the Commission’s vision, which refers to remaining “a trusted source of supply and services for Federal agencies.” In FY 2024, the Commission strengthened its emphasis on customer satisfaction, including through the following initiatives:

“Supporting Competition in the AbilityOne Program”

The Commission published a final rule on “Supporting Competition in the AbilityOne Program” on March 22, 2024.¹⁸ The rule was effective on April 22, 2024.

The rule’s benefits include enhancing the efficiency of the Program for Federal agencies, which will improve customer satisfaction and build confidence in the AbilityOne Program, resulting in more good jobs for people who are blind or have significant disabilities.

Strengthening contract performance

Good contract performance is essential to customer satisfaction – an area the Commission has repeatedly emphasized to the CNAs and NPAs throughout FY 2024.

(For more details, see “Increasing customer satisfaction by emphasizing contract performance” in Section 1.8, “Forward-Looking Information.”)

Supporting AbilityOne Representatives (ABORs)

ABORs play a key role in ensuring Federal agency customer satisfaction with the AbilityOne Program by serving as an essential communication channel between their agencies and the Commission and CNAs.

(For more details, see the Chairperson’s letter in this PAR.)

Implementing 898 Panel Recommendations

Achieving customer satisfaction through improved contract performance was part of every 898 Panel Annual Report to Congress from 2017 through 2021.

(For more details, see the Chairperson’s letter in this PAR and Section 1.8, “Forward-Looking Information.”)

Increasing public trust and confidence in the Commission through greater transparency and expanding public engagement

The Commission continues to expand its public engagement across a range of activities including rulemaking, policy updates, public meetings, and conferences.

Expanded public engagement has significantly boosted participation by, and input from, key stakeholders including advocates from the disability community. The Commission’s virtual quarterly public meetings now reach as high as 300 attendees or more, compared to approximately 50 in-person attendees before the pandemic.

Federal Register notices of Commission quarterly public meetings promote greater transparency and public engagement by posing questions for discussion, soliciting written statements to the Commission, conducting panels, and encouraging verbal presentations and exchanges between the public and Commission members.

Quarterly public meetings in FY 2024 were announced in Federal Register notices that solicited input from attendees about the following public engagement topics:

- October 12, 2023: “The public engagement session will address modernizing the guidance for project development assignments and order allocations for nonprofit agencies participating in the AbilityOne Program. This discussion will support the future update of Commission Policy 51.301, ‘Selection of Nonprofit Agencies for Project Assignment and Order Allocation.’”¹⁹
- January 25, 2024: “The public engagement session will address how the AbilityOne Program supports, and can increasingly support, the Federal Government’s hiring of individuals with disabilities.”²⁰
- April 25, 2024: “The public engagement session will cover two topics: (1) how digital accessibility and technology can support individuals who are blind or have disabilities in their jobs, and (2) how technology advances can support employee career development activities.”²¹
- July 25, 2024: “The Commission invites the public to suggest and discuss approaches and activities for the Commission to consider in order to continue modernizing the AbilityOne Program within the current statutory and regulatory framework.”²²

The Commission received valuable responses during these public meetings and has used the input to inform decision-making and develop agendas for future public meetings. By continuing this kind of frank and constructive exchange, we can create the shared awareness and understanding that are essential to the success of the Commission and the Program.

To further increase transparency, the Commission uses Facebook and LinkedIn accounts to announce Commission meetings, major reports, draft and final policies, and other actions.

2.4 Strategic Objective 4: Engage in partnerships to increase employment for people who are blind or have significant disabilities within and beyond the AbilityOne Program.

Employment Growth

The Commission’s FY 2022-2026 Strategic Plan includes initiatives for expanding business lines within the Program, with the outcome of new “good jobs” and “optimal jobs” within the Program.

The Strategic Plan also includes initiatives for increasing employment for people who are blind or have significant disabilities beyond the AbilityOne Program. The attributes of a “good job” in an AbilityOne contract will include employee career plans that can support the outward mobility of employees to other jobs in the economy.

In addition, the Commission intends to collaborate with other Federal agencies to increase employment opportunities in Federal agencies and with other Federal contractors for people who are blind or have significant disabilities.

Table 7. AbilityOne Program Key Metrics

	FY 2022	FY 2023	Change
Direct Labor Hours	41.40 million	41.63 million	.55 %
Employees	36,377	36,597	.60%
Promotions	1,953	2,476	26.78%
Wages	\$666.36 million	\$731.94 million	9.84%
Average Hourly Wage	\$16.09	\$17.58	9.26%
Sales	\$3.883 billion	\$4.146 billion	6.79%

As shown in Table 7, employment on AbilityOne contracts increased slightly from FY 2022 to FY 2023. Declining employment in previous years reflected factors including the following:

- National emergency for the pandemic, which caused significant disruption in manufacturing and service delivery schedules, and drastically impacted demand for certain supplies and services.
- VA’s “Rule of Two” contracting preference program, which prioritizes veteran-owned and service-disabled veteran-owned companies over AbilityOne NPAs, resulting in the loss of some AbilityOne contracts and jobs.

Expanding and Supporting the AbilityOne Representatives (ABORs) Program

For details, see Chairperson’s letter in this PAR; “Supporting AbilityOne Representatives (ABORs)” in Section 2.3, above; and OFPP memorandum “Increasing the Participation of Americans with Disabilities in Federal Contracting.”²³

3. Financial Section



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

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

November 15, 2024

MEMORANDUM

FOR: Jeffrey A. Koses
Chairperson
U.S. AbilityOne Commission

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

FROM: Stefania Pozzi Porter
Inspector General
U.S. AbilityOne Commission OIG

SUBJECT: Audit of the U.S. AbilityOne Commission's Financial Statements for Fiscal Year 2024

I am pleased to provide the audit report on the U.S. AbilityOne Commission's (Commission) financial statements. The Office of Inspector General (OIG) contracted with the independent certified public accounting firm Harper, Rains, Knight, & Company, P.A. (HRK) to audit the Commission's financial statements and related footnotes as of September 30, 2024, and for the year then ended. The contract requires that the audit be performed in accordance with U.S. generally accepted government auditing standards and the Office of Management and Budget bulletin, Audit Requirements for Federal Financial Statements.

Results of the Independent Audit

HRK found:

- The financial statements present fairly, in all material respects, the Commission's financial position as of September 30, 2024, and 2023, and its net cost of operations, changes in net position, and budgetary resources for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

- During our 2024 audit, HRK identified a deficiency in the Commission's internal control over financial reporting that it does not consider to be a material weakness or significant deficiency that, nonetheless, warrants management's attention and decided to communicate this matter to Commission management in a separate letter.

HRK's objective was not to provide an opinion on internal control over financial reporting or compliance with laws, regulations, contracts, and grant agreements applicable to the Commission.

Evaluation and Monitoring of Audit Performance

The Inspector General Act of 1978, as amended, requires that the Inspector General take appropriate steps to assure that any work performed by non-Federal auditors complies with the auditing standards established by the Comptroller General. We evaluated the independence, objectivity, and qualifications of the auditors and specialists; reviewed the plan and approach of the audit; monitored the performance of the audit; sought and obtained clarification of the auditor's methodology and findings; and reviewed HRK's reports and related audit documentation.

HRK is responsible for the attached independent auditor's report and the conclusions expressed therein. The OIG does not express opinions on the Commission's financial statements or internal control over financial reporting, or conclusions on compliance or other matters. The audit report provides an opinion on the Commission's financial statements and communicates reporting requirements on internal control over financial reporting and compliance with laws and regulations.

The OIG would like to thank the Commission staff for their assistance and cooperation. If you have any questions or need additional information, please contact me or Laretta A. L. Joseph, Acting Assistant Inspector General for Audit at (571) 329-3419 or Ljoseph@oig.abilityone.gov.

Enclosure: *Independent Auditor's Report, September 30, 2024*

cc: Chai Feldblum
Vice-Chairperson
U.S. AbilityOne Commission

Kelvin R. Wood
Chief of Staff
U.S. AbilityOne Commission



Harper, Rains, Knight & Company

Independent Auditors' Report

Chairperson, Committee Members, and Executive Director
Committee for Purchase from People Who Are Blind or Severely Disabled – U.S. AbilityOne Commission

Report on the Audit of the Financial Statements

Opinion

In accordance with the Accountability of Tax Dollars Act, we have audited the financial statements of the Committee for Purchase from People Who Are Blind or Severely Disabled – U.S. AbilityOne Commission (the Commission). The Commission's financial statements comprise the balance sheets as of September 30, 2024, and 2023; and the related statements of net cost, changes in net position, and budgetary resources for the fiscal years then ended, and the related notes to the financial statements.

In our opinion, the Commission's financial statements present fairly, in all material respects, the Commission's financial position as of September 30, 2024, and 2023, and its net cost of operations, changes in net position, and budgetary resources for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-02 are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The Commission's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; preparing, measuring, and presenting the Required Supplementary Information (RSI) in accordance with accounting principles generally accepted in the United States of America; preparing and presenting other information included in documents containing the audited financial statements and auditors' report, and ensuring the consistency of that information with the audited financial statements and the RSI; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Certified Public Accountants · Consultants · hrkcpa.com

1052 Highland Colony Parkway, Suite 100
Ridgeland, MS 39157
p: 601-605-0722 · f: 601-605-0733

1425 K Street NW, Suite 1120
Washington, DC 20005
p: 202-558-5162 · f: 601-605-0733

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to (1) obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and (2) issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement or a material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually, or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, GAS, and OMB Bulletin No. 24-02, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Perform other procedures we consider necessary in the circumstances.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America issued by the Federal Accounting Standards Advisory Board (FASAB) require that the information in the Management's Discussion and Analysis (MD&A) be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by FASAB who considers this information to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context.

Required Supplementary Information (continued)

We have applied certain limited procedures to the RSI in accordance with GAAS, which consisted of (1) inquiries of management about the methods of preparing the RSI and (2) comparing the information for consistency with management's responses to the auditors' inquiries, the financial statements, and other knowledge we obtained during the audit of the financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit, and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the Commission's financial statements. The information in the Message from the Chairperson, Performance, and Other Information sections contain a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. Management is responsible for the Other Information. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

Report on Internal Control over Financial Reporting

In planning and performing our audit of the Commission's financial statements as of and for the year ended September 30, 2024, in accordance with GAS, we considered the Commission's internal control relevant to the financial statement audit as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Report on Internal Control over Financial Reporting (continued)

Our consideration of internal control over financial reporting was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies or to express an opinion on the effectiveness of the Commission's internal control over financial reporting. Given these limitations, during our 2024 audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

During our 2024 audit, we identified a deficiency in the Commission's internal control over financial reporting that we do not consider to be a material weakness or significant deficiency that, nonetheless, warrants management's attention. We have communicated this matter to Commission management and, where appropriate, will report on it separately.

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements that have a direct effect on the determination of material amounts and disclosures in the Commission's financial statements, and to perform certain other limited procedures, but not for the purposes of expressing an opinion on the Commission's compliance with applicable laws, regulations, contracts, and grant agreements. Accordingly, we do not express such an opinion. We did not test compliance with all laws, regulations, contracts, and grant agreements applicable to the Commission. The Commission management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to the entity.

Our tests of compliance with these selected provisions of applicable laws, regulations, and contracts, and grant agreements disclosed no instances of noncompliance for the year ended September 30, 2024, that would be reportable under GAS or OMB Bulletin No. 24-02. We caution that noncompliance may occur and not be detected by these tests.

Chairperson, Committee Members and Executive Director
Committee for Purchase from People Who Are Blind and Severely Disabled – U.S. AbilityOne
Commission (continued)

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Other Reporting Required by *Government Auditing Standards* is solely to describe the scope of our testing of internal control and compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or compliance. These reports are an integral part of an audit performed in accordance with GAS and OMB Bulletin No. 24-02 in considering the entity's internal control and compliance. Accordingly, these reports are not suitable for any other purpose.

Harper, Raino, Knight & Company, P.A.

November 15, 2024
Washington, D.C.

Status of Prior Year Financial Statement Audit Recommendations

The following table provides the fiscal year (FY) 2024 status of all recommendations included in the Independent Auditors' Report on the Commission's FY 2023 Financial Statements (November 15, 2023).

Prior Year Finding	Prior Year Recommendations	FY 2024 Status
Actual and Potential ADA Violations Relating to the Obligation of Expired Funds 2023-04	<p>We recommend that Commission management:</p> <ul style="list-style-type: none"> • We recommend that Commission management 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. • We recommend that Commission management submit periodic inquiries to their OMB contact on the status of their submission. 	<p>Open</p> <p>Open</p>
Internal Control over Year-End Accrued Expenses and Liabilities are not Properly Designed and Implemented 2023-03	<p>We recommend that Commission management:</p> <ul style="list-style-type: none"> • Commission management should enhance its written policies and procedures for the accrual preparation process to clarify service provider guidance, including specifying that accruals should be recorded for known expenses in the current period in which the cash outlay will happen in a future period, regardless of the fiscal year of obligated funding. • The Chief Financial Officer, or other Commission personnel knowledgeable in accounting and finance, should independently review all accruals for accuracy and compliance with generally accepted accounting principles, regardless of the office of origination. • Book proposed adjustment to accrue for the invoices totaling \$73,210 for fiscal year 2023. 	<p>Closed</p> <p>Closed</p> <p>Closed</p>



**GENERAL FUND
FINANCIAL STATEMENTS**

As Of And For The Fiscal Years Ended September 30, 2024 and 2023

Committee for Purchase from People Who Are Blind or Severely Disabled

BALANCE SHEETS

As Of September 30, 2024 and 2023
(in thousands)

		2024	2023 (Reclassified)
Assets:			
Intragovernmental Assets:			
Fund Balance With Treasury	(Note 2)	\$ 6,763	\$ 8,674
Advances and Prepayments		29	100
Total Intragovernmental Assets		6,792	8,774
Other than Intragovernmental Assets:			
Accounts Receivable, net	(Note 3)	4	1
Property, Plant and Equipment, net	(Note 4)	2,246	630
Total Other than Intragovernmental Assets		2,250	631
Total Assets		\$ 9,042	\$ 9,405
Liabilities:			
Intragovernmental Liabilities:			
Accounts Payable		40	1,153
Other Liabilities	(Note 6)	192	330
Total Intragovernmental Liabilities		232	1,483
Other than Intragovernmental Liabilities:			
Accounts Payable		443	327
Federal Employee Salary, Leave, and Benefits Payable		1,023	880
Total Other than Intragovernmental Liabilities		1,466	1,207
Total Liabilities		\$ 1,698	\$ 2,690
Commitments and Contingencies	(Note 7 & 9)		
Net Position:			
Unexpended Appropriations - All Other Funds (Consolidated Totals)		5,821	6,731
Cumulative Results of Operations - All Other Funds (Consolidated Totals)		1,523	(16)
Total Net Position		\$ 7,344	\$ 6,715
Total Liabilities and Net Position		\$ 9,042	\$ 9,405

The accompanying notes are an integral part of these statements.

**Committee for Purchase from People Who Are Blind or
Severely Disabled**

STATEMENTS OF NET COST

**For The Fiscal Years Ended September 30, 2024 and 2023
(in thousands)**

	2024	2023
Gross Program Costs:		
Gross Costs	\$ 12,955	\$ 11,543
Less: Earned Revenue	-	2
Net Program Costs	12,955	11,541
Net Cost of Operations	\$ 12,955	\$ 11,541

The accompanying notes are an integral part of these statements.

Committee for Purchase from People Who Are Blind or Severely Disabled
STATEMENT OF CHANGES IN NET POSITION
For the Fiscal Year Ended September 30, 2024
(in thousands)

FY 2024 (CY)

	All Other Funds (Consolidated Totals)	Consolidated Total
Unexpended Appropriations:		
Beginning Balance	\$ 6,731	\$ 6,731
Appropriations received	13,124	13,124
Other Adjustments (+/-)	(156)	(156)
Appropriations used	(13,878)	(13,878)
Net Change in Unexpended Appropriations	(910)	(910)
Total Unexpended Appropriations	\$ 5,821	\$ 5,821
Cumulative Results from Operations		
Beginning Balances	\$ (16)	\$ (16)
Appropriations used	13,878	13,878
Imputed Financing	616	616
Net Cost of Operations	(12,955)	(12,955)
Net Change in Cumulative Results of Operations	1,539	1,539
Total Cumulative Results of Operations	1,523	1,523
Net Position	\$ 7,344	\$ 7,344

The accompanying notes are an integral part of these statements.

Committee for Purchase from People Who Are Blind or Severely Disabled
STATEMENT OF CHANGES IN NET POSITION
For the Fiscal Year Ended September 30, 2023
(in thousands)

FY 2023 (PY)

	All Other Funds (Consolidated Totals)	Consolidated Total
Unexpended Appropriations:		
Beginning Balance	\$ 3,334	\$ 3,334
Appropriations received	13,124	13,124
Appropriations transferred-in/out (+/-)	1,336	1,336
Other Adjustments (+/-)	(175)	(175)
Appropriations used	(10,888)	(10,888)
Net Change in Unexpended Appropriations	3,397	3,397
Total Unexpended Appropriations	\$ 6,731	\$ 6,731
Cumulative Results from Operations		
Beginning Balances	\$ 228	\$ 228
Appropriations used	10,888	10,888
Imputed Financing	409	409
Net Cost of Operations	\$ (11,541)	\$ (11,541)
Net Change in Cumulative Results of Operations	(244)	(244)
Total Cumulative Results of Operations	(16)	(16)
Net Position	\$ 6,715	\$ 6,715

The accompanying notes are an integral part of these statements.

Committee for Purchase from People Who Are Blind or Severely Disabled
STATEMENTS OF BUDGETARY RESOURCES

For The Fiscal Years Ended September 30, 2024 and 2023
(in thousands)

		<u>2024</u>		<u>2023</u>
		Budgetary		Budgetary
Budgetary resources:				
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	(Note 11) \$	2,955	\$	3,494
Appropriations (discretionary and mandatory)		13,124		13,124
Spending authority from offsetting collections (discretionary and mandatory)		-		2
Total budgetary resources		<u>\$ 16,079</u>		<u>\$ 16,620</u>
Status of budgetary resources:				
New obligations and upward adjustments (total)	(Note 8) \$	12,277	\$	13,862
Unobligated balance, end of year:				
Apportioned, unexpired account		1,088		1,453
Unexpired unobligated balance, end of year		1,088		1,453
Expired unobligated balance, end of year		2,714		1,305
Unobligated balance, end of year (total)		<u>3,802</u>		<u>2,758</u>
Total budgetary resources		<u>\$ 16,079</u>		<u>\$ 16,620</u>
Outlay, net:				
Outlays, net (total) (discretionary and mandatory)	\$	14,879	\$	9,835
Agency outlays, net (discretionary and mandatory)	\$	14,879	\$	9,835

**COMMITTEE FOR PURCHASE FROM PEOPLE WHO ARE BLIND OR
SEVERELY DISABLED**

GENERAL FUND

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Committee for Purchase from People who are Blind or Severely Disabled is the independent Federal agency that administers the Javits-Wagner-O’Day (JWOD) Program. The committee’s mission is to create employment opportunities for people who are blind or have other severe disabilities by educating Federal customers about their requirement to purchase products and services made available by nonprofit agencies across the country employing such individuals.

The Office of Inspector General (OIG) was established in 2016 as a result of the amendment to the Consolidated Appropriations Act of 2016 (P.L. 114-113). The OIG is a designated federal entity responsible for conducting audits and investigations; recommending policies and procedures that promote economy, efficiency, and effectiveness of agency resources and program; and preventing fraud, waste, abuse, and mismanagement.

The Committee received \$13,124 thousand in appropriated funding for fiscal year (FY) 2024, with the stipulation that “No less than \$3,150 thousand shall be available for the Inspector General”.

In FY 2023, the Committee also received \$1,781 thousand (no year funding) from the General Services Administration (GSA) as part of their Technology Modernization Fund. This funding is being used for the development of internal use software.

Accounting Policies

Starting in FY 2024, Federal reporting entities are required to report a right-to-use lease asset and lease liability for non-intragovernmental, non-short-term contracts or agreements, when the entity has the right to obtain and control access to economic benefits or services from an underlying property, plant, or equipment asset for a period of time in exchange for consideration under the terms of the contract or agreement.

Basis of Presentation

These financial statements have been prepared from the accounting records of the Committee in accordance with generally accepted accounting principles (GAAP), and the form and content for entity financial statements specified by the Office of Management and Budget (OMB) in OMB Circular No. A-136, as amended. GAAP for Federal entities are standards prescribed by the Federal Accounting Standards Advisory Board (FASAB), which has been designated the official accounting standards-setting body for the Federal Government by the American Institute of Certified Public Accountants.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

OMB Circular No. A-136 requires agencies to prepare principal statements which include a Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, and Statement of Budgetary Resources. The balance sheet presents, as of September 30, 2024, amounts of future economic benefits owned or managed by the Committee (assets), amounts owed by the Committee (liabilities), and amounts which comprise the difference (net position). The Statement of Net Cost reports the full cost of the program, both direct and indirect costs of the output, and the costs of identifiable supporting services provided by other segments within the Committee and other reporting entities. The Statement of Budgetary Resources reports how budgetary resources were made available during the period and their status at the end of the period.

All dollar amounts included in the financial statements and footnotes have been rounded to the nearest thousand dollar.

Basis of Accounting

Transactions are recorded on the accrual accounting basis in accordance with Generally Accepted Accounting Principles (GAAP). Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash.

Fund balance with Treasury

The Committee and OIG maintain its available funds with the Department of the Treasury (Treasury). The fund balance with Treasury is available to pay current liabilities and finance authorized purchases. Cash receipts and disbursements are processed by Treasury and are reconciled with those of Treasury on a regular basis. Note 2, Fund Balance with Treasury, provides additional information.

Revenue and Other Financing Sources

The Committee receives an annual appropriation. Other financing sources for the Committee recognize the costs in the general ledger, as required by Statement of Federal Financial Accounting Standard (SFFAS) No. 5, Accounting for Liabilities of the Federal Government.

The Committee receives the funding needed to support its programs through an annual Congressional appropriation. The United States Constitution prescribes that no money may be expended by a federal agency unless and until funds have been made available by Congressional appropriation. Appropriations are recognized as financing sources when related expenses are incurred or assets are purchased.

The Committee receives an annual appropriation that may be used within statutory limits. For example, funds for general operations are generally made available for one fiscal year. The Statement of Budgetary Resources presents information about the resources appropriated to the Committee.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with GAAP in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable, Net and Advances and Prepayments

Accounts Receivable, Net (Other than Intragovernmental) represents the Accounts Receivable from current employees. The direct write-off method is used for uncollectible receivables. The Committee has historically collected receivables due and thus has not established an allowance for uncollectible accounts. Advances and Prepayments are when an agency pays in advance for goods/services which have not yet been received.

General Property and Equipment

General property and equipment (PP&E) consist of equipment used for general operations and internal use software. The basis for recording purchased PP&E is full cost, which includes all costs incurred to bring the PP&E to a form and location suitable for its intended use. The cost of PP&E acquired through donation is the estimated fair market value when acquired. All PP&E with an initial acquisition cost of \$10 thousand or more and an estimated useful life of two years or more are capitalized.

The PP&E is depreciated using the straight-line method over the estimated useful life of the asset. Normal maintenance and repair costs are expensed as incurred.

The depreciation calculation method used was Straight Line with a useful life applicable to the type of asset (Equipment, Furniture, Motor Vehicles, and Internal Use Software at 5 years; and Leasehold Improvements at 7 years or the remainder of the lease). The Committee capitalizes PPE individually costing more than \$10 thousand (\$25 thousand for leasehold improvements and software in development). Bulk purchases of lesser value items are capitalized when the cost is \$100 thousand or greater.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Liabilities

Liabilities are recognized for amounts of probable and measurable future outflows or other sacrifices of resources as a result of past transactions or events. Since the Committee is a component of the U.S. Government, a sovereign entity, its liabilities cannot be liquidated without legislation that provides resources to do so. Payments of all liabilities other than contracts can be abrogated by the sovereign entity. In accordance with public law and existing federal accounting standards, no liability is recognized for future payments to be made on behalf of current workers contributing to the Medicare Health Insurance Trust Fund, since liabilities are only those items that are present obligations of the government. The Committees' liabilities are classified as covered by budgetary resources or not covered by budgetary resources.

Liabilities Covered by Budgetary Resources are Liabilities incurred which are covered by realized budgetary resources as of the Balance Sheet date. Budgetary resources encompass not only new budget authority but also other resources available to cover liabilities for specified purposes in a given year. Budgetary resources include: (1) new budget authority, (2) unobligated balances of budgetary resources at the beginning of the year or net transfers of prior year balances during the year, (3) spending authority from offsetting collections (credited to an appropriation or fund account), and (4) recoveries of unexpired budget authority through downward adjustments of prior year obligations.

Liabilities Not Covered by Budgetary Resources are liabilities which are not considered to be covered by budgetary resources. Liabilities Not Covered by Budgetary Resources are combined with liabilities covered by budgetary resources on the face of the Balance Sheet.

Accrued Payroll and Benefits

Accrued payroll and benefits consist of salaries, wages, leave and benefits earned by employees, but not disbursed as of September 30. Liability for annual and other vested compensatory leave is accrued when earned and reduced when taken. At the end of each fiscal year, the balance in the accrued annual leave liability account is adjusted to reflect current pay rates. Annual leave earned but not taken is considered an unfunded liability since this leave will be funded from future appropriations when it is actually taken by employees. Sick leave and other types of leave are not accrued and are expensed when taken.

Accounts Payable

Accounts payable primarily consists of amounts due for goods and services received progress in contract performance, interest due on accounts payable, and other miscellaneous payables.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal Employee Benefits

Most Committee employees participate in either the Civil Service Retirement System (CSRS) – a defined benefit plan, or the Federal Employees Retirement System (FERS) – a defined benefit and contribution plan. For employees covered under CSRS the Committee contributes a fixed percentage of pay. Most employees hired after December 31, 1983, are automatically covered by FERS. For employees covered under FERS the Committee contributes the employer’s matching share for Social Security and Medicare Insurance. A primary feature of FERS is that it offers a Thrift Savings Plan (TSP) into which the Committee automatically contributes one percent of employee pay and matches employee contributions up to an additional four percent of pay.

The U.S. Office of Personnel Management is the administering agency for both of these benefit plans and, thus, reports CSRS or FERS assets, accumulated plan benefits, or unfunded liabilities applicable to federal employees. Therefore, the Committee does not recognize any liability on its balance sheet for pensions, other retirement benefits, and other post-employment benefits.

Net Position

Net position is the residual difference between assets and liabilities and is comprised of unexpended appropriations and cumulative results of operations. Unexpended appropriations represent the amount of unobligated and unexpended budget authority. Unobligated balances are the amount of appropriations or other authority remaining after deducting the cumulative obligations from the amount available for obligation.

Intragovernmental Costs and Exchange Revenue

Intragovernmental costs arise from purchases of goods or services from other components of the Federal Government. In contrast, public costs are those that arise from the purchase of goods or services from nonfederal entities. The Committee does not provide services to another federal entity.

Classified Activities

Accounting standards require certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

Reclassification of Prior Year Amounts

These financial statements for FY 2024 and FY 2023 (prior year) are presented on a comparative basis. AB1 has reclassified the FY 2023 balance sheet data related to Federal Employee Salary, Leave, and Benefits payable for a comparable format in accordance with U.S. Treasury’s updated U.S. Standard General Financial Statement Crosswalk for FY 2024.

NOTE 2 – FUND BALANCE WITH TREASURY

The fund balance with treasury is a consolidated balance of five annual funds (FY 2020, FY 2021, FY 2022, FY 2023 and FY 2024) and one no year fund (837X). The FY 2019 annual fund was cancelled, and the remaining \$156 thousand fund balance was given back to Treasury during FY 2024.

	2024	2023
Status of Fund Balance with Treasury		
(1) Unobligated Balance		
(a) Available	\$ 1,088	\$ 1,453
(b) Unavailable	2,714	1,305
(2) Obligated Balance not yet Disbursed	2,961	5,916
Total	<u>\$ 6,763</u>	<u>\$ 8,674</u>

NOTE 3 – ACCOUNTS RECEIVABLE, NET

Accounts receivable consisted of the following on September 30:

	2024	2023
Accounts Receivable - Other than Intragovernmental	<u>\$ 4</u>	<u>\$ 1</u>

NOTE 4 – GENERAL PROPERTY, PLANT, AND EQUIPMENT, NET

As of September 30, 2024, depreciation/amortization expense for the year was \$184 thousand.

2024	Equipment	Leasehold Improvements	Internal-Use Software in Development	Total
Cost, beginning of year	\$ 58	\$ 861	\$ -	\$ 919
Capitalized acquisitions	-	-	1,801	1,801
Cost, end of year	\$ 58	\$ 861	\$ 1,801	\$ 2,720
Accumulated depreciation	(43)	(431)	-	(474)
Net Book Value, end of year	<u>\$ 15</u>	<u>\$ 430</u>	<u>\$ 1,801</u>	<u>\$ 2,246</u>

As of September 30, 2023, depreciation/amortization expense for the year was \$184 thousand. There were no additions or disposals of property, plant and equipment during the fiscal year ended September 30, 2023.

2023	Equipment	Leasehold Improvements	Internal-Use Software in Development	Total
Cost, beginning/end of year	\$ 58	\$ 861	\$ -	\$ 919
Accumulated depreciation	(31)	(258)	-	(289)
Net Book Value, end of year	<u>\$ 27</u>	<u>\$ 603</u>	<u>\$ -</u>	<u>\$ 630</u>

NOTE 5 – LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

Liabilities of the Committee are classified as liabilities covered or not covered by budgetary resources. As of September 30, 2024, the Committee showed liabilities covered by budgetary resources of \$971 thousand and liabilities not covered by budgetary resources of \$727 thousand. The only liabilities not covered by budgetary resources is the unfunded leave.

Liabilities as of September 30, 2024, and 2023 consisted of the following:

	2024	2023
Other than Intragovernmental		
Unfunded Leave	\$ 727	\$ 647
Total Liabilities not covered by budgetary resources	727	647
Total Liabilities covered by budgetary resources	971	2,043
Total Liabilities	<u>\$ 1,698</u>	<u>\$ 2,690</u>

NOTE 6 – OTHER LIABILITIES

Other Intragovernmental liabilities for the fiscal year ended September 30, 2024, consist of Employer Contributions and Payroll Taxes Payable and Other Liabilities Without Related Budgetary Obligations as shown below.

	2024		
	Non-Current	Current	Total
Intragovernmental			
Employer Contributions and Payroll Taxes Payable	\$ -	\$ 43	\$ 43
Other Liabilities Without Related Budgetary Obligations	-	149	149
Total Intragovernmental	\$ -	\$ 192	\$ 192
Total Other Liabilities	<u>\$ -</u>	<u>\$ 192</u>	<u>\$ 192</u>

Other Intragovernmental liabilities for the fiscal year ended September 30, 2023, consist of Employer Contributions and Payroll Taxes Payable and Other Liabilities Without Related Budgetary Obligations as shown below.

	2023		
	Non-Current	Current	Total
Intragovernmental			
Employer Contributions and Payroll Taxes Payable	\$ -	\$ 34	\$ 34
Other Liabilities Without Related Budgetary Obligations	\$ 148	\$ 148	296
Total Intragovernmental	148	182	\$ 330
Total Other Liabilities	<u>\$ 148</u>	<u>\$ 182</u>	<u>\$ 330</u>

NOTE 7 – LEASES

Effective June 10, 2021, the Committee and OIG entered into a lease as collocated occupants at a new headquarter building located Washington DC. On April 1, 2022, the Committee and OIG staff accepted ownership of and moved into the new headquarter building that is 7,433 square feet. The Committee is expected to cover lease costs in the new collocated headquarters.

The Committee’s cost of total operating lease expenses as of September 30, 2024 and 2023 were \$316 thousand and \$342 thousand respectively.

Below is a schedule of estimated future payments for the term of the collocated lease.

Fiscal Year	Office Space Cost Estimates
2025	\$326
2026	\$140*
Total future payments	\$466

*Represent partial lease from October 2025 to March 2026.

NOTE 8 – APPORTIONMENT CATEGORIES OF NEW OBLIGATIONS AND UPWARD ADJUSTMENTS: DIRECT VS REIMBURSABLE OBLIGATIONS

All obligations for the Commission in FY 2024 were Category A on the SF 132, *Apportionment and Reapportionment Schedule*. Obligations for the Commission in FY 2023 were split between Category A and Category B on the SF 132, *Apportionment and Reapportionment Schedule*. Category A amounts are distributed by FY quarter and Category B amounts are by a specific program, project, or activity. The amount of direct and reimbursable new obligations and upward adjustments incurred against amounts apportioned under Category A and Category B are as follows:

	2024	2023
Direct - Category A	12,277	12,556
Direct - Category B	-	1,306
Reimbursable	-	-
Total	\$ 12,277	\$ 13,862

NOTE 9 – COMMITMENTS AND CONTINGENCIES

As of September 30, 2024, the Commission did not have any contingent liabilities. There are two pending matters for which the Commission is estimating any losses to be neither probable nor reasonably possible.

As of September 30, 2023, the Commission did not have any contingent losses.

NOTE 10 – INTER-ENTITY COSTS

Goods and services are received from other federal entities at no cost or at a cost less than the full cost to the providing federal entity. Consistent with accounting standards, certain costs of the providing entity that are not fully reimbursed by the Commission are recognized as imputed cost and are offset by imputed revenue. The amounts of Imputed Costs and Financing Sources were \$616 thousand for FY 2024 and \$409 thousand for FY 2023. Such imputed costs and revenues relate to business-type activities (if applicable), employee benefits, and claims to be settled by the Treasury Judgment Fund. However, unreimbursed costs of goods and services other than those identified above are not included in our financial statements.

NOTE 11 – NET ADJUSTMENTS TO UNOBLIGATED BALANCE BROUGHT FORWARD, OCTOBER 1

During the fiscal years ended September 30, 2024 and 2023, certain adjustments were made to the balance of unobligated budgetary resources available as of October 1, 2024 and 2023. These adjustments include, among other things, downward adjustments to undelivered and delivered orders that were obligated in a prior year fiscal year. The adjustments during the fiscal years ended September 30, 2024 and 2023 are presented below.

	2024	2023
Unobligated balance, brought forward from prior year	\$ 2,758	\$ 1,447
Adjustments made during the current year		
Recoveries of prior year unpaid obligations	320	327
Recoveries of prior year paid obligations	33	113
Transfer from other accounts (GSA)		1,781
Balance withdrawn to Treasury (canceling fund)	(156)	(174)
Unobligated balance brought from prior year budget authority	<u>\$ 2,955</u>	<u>\$ 3,494</u>

NOTE 12 - UNDELIVERED ORDERS AT THE END OF THE PERIOD

Undelivered orders represent the value of goods and services ordered and obligated that have not been received. This amount includes any orders for which advance payment has been made but for which delivery or performance has not yet occurred. \$2,168 thousand was the amount of the Committee's budgetary resources obligated for undelivered orders as of September 30, 2024.

	2024	2023
Federal Undelivered Orders	\$ 215	\$ 450
Non-Federal Undelivered Orders	1,953	3,820
Total Federal/Non-Federal Undelivered Orders	<u>\$ 2,168</u>	<u>\$ 4,270</u>
Paid Undelivered Orders - Federal	29	100
Unpaid Undelivered Orders - Federal	186	350
Unpaid Undelivered Orders - Non-Federal	1,953	3,820
Total Paid/Unpaid Undelivered Orders	<u>\$ 2,168</u>	<u>\$ 4,270</u>
Total Undelivered Orders	<u>\$ 2,168</u>	<u>\$ 4,270</u>

NOTE 13 – EXPLANATION OF DIFFERENCES BETWEEN THE SBR AND THE BUDGET OF THE US GOVERNMENT

SFFAS No. 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, requires an explanation of material differences between budgetary resources available, the status of those resources and outlays as presented in the Statement of Budgetary Resources to the related actual balances published in the *Budget of the United States Government* (Budget).

The Budget that will include FY 2024 actual budgetary execution information is scheduled for publication in February 2025, which will be available through OMB's website at <http://www.whitehouse.gov/omb>. Accordingly, information required for such disclosure is not available at the time of publication of these financial statements.

Balances reported in the FY 2023 SBR and the related President's Budget reflected the following:

FY 2023	Budgetary Resources	New Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Statement of Budgetary Resources	\$ 16,620	\$ 13,862	\$ -	\$ 9,835
Difference 1 - Rounding (+/-)	(620)	138		165
Budget of the US Government	<u>\$ 16,000</u>	<u>\$ 14,000</u>	<u>\$ -</u>	<u>\$ 10,000</u>

NOTE 14 – RECONCILIATION OF NET COST TO OUTLAYS

The Committee has reconciled its budgetary obligations and non-budgetary resources available to its net cost of operations.

FY 2024

	Intragovernmental	Other than Intragovernmental	Total
	\$ 3,645	\$ 9,310	\$ 12,955
Net Operating Cost (SNC)			
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Property, plant, and equipment depreciation	-	(184)	(184)
Increase/(Decrease) in Assets not affecting Budget Outlays:			
Accounts receivable	-	3	3
Other assets	(71)	-	(71)
(Increase)/Decrease in Liabilities not affecting Budget Outlays:			
Accounts payable	1,113	(116)	997
Federal employee salary, leave, and benefits payable	-	(143)	(143)
Other Liabilities	139	-	139
Other financing sources			
Imputed Cost	(617)	-	(617)
Total Components of Net Operating Cost Not Part of the Budget Outlays	564	(440)	124
Components of the Budget Outlays That Are Not Part of Net Operating Cost			
Acquisition of capital assets	-	1,800	1,800
Total Components of the Budgetary Outlays That Are Not Part of Net Operating Cost	-	1,800	1,800
Net Outlays (Calculated Total)	\$ 4,209	\$ 10,670	\$ 14,879
Budgetary Agency Outlays, net (SBR Line 4210)			\$ 14,879

FY 2023
(Reclassified)

	Intragovernmental	Other than Intragovernmental	Total
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Net Operating Cost (SNC)	2,949	8,592	11,541
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Property, plant, and equipment depreciation	-	(184)	(184)
Increase/(Decrease) in Assets not affecting Budget Outlays:			
Accounts receivable	-	1	1
Other assets	(40)	-	(40)
(Increase)/Decrease in Liabilities not affecting Budget Outlays:			
Accounts payable	(1,026)	(74)	(1,100)
Federal employee salary, leave, and benefits payable	-	(118)	(118)
Other Liabilities	144	-	144
Other Financing Sources			
Imputed Cost	(409)	-	(409)
Total Components of Net Operating Cost Not Part of the Budget Outlays	(1,331)	(375)	(1,706)
Net Outlays (Calculated Total)	\$ 1,618	\$ 8,217	\$ 9,835
Budgetary Agency Outlays, net (SBR Line 4210)			\$ 9,835

NOTE 15 – SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through November 15, 2024, which is the date the financial statements were issued.

4. Other Information

4.1 Summary of Financial Statement Audit and Management Assurances

Table 3. Summary of Financial Statement Audit

Audit Opinion	Unmodified					
Restatement	No					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	*Reassessed	Ending Balance
Financial Reporting	0	0	0			0
Total Material Weaknesses	0	0	0			0

Table 4. Summary of Management Assurances

Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)						
Statement of Assurance	Unqualified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	*Reassessed	Ending Balance
Financial Reporting	0	0	0			0
Total Material Weaknesses	0	0	0			0
Conformance with Federal Financial Management System Requirements (FMFIA § 4)						
Statement of Assurance	Systems Conform					

4.2 Payment Integrity Information Act (PIIA) Reporting

The Commission incurs payment activity for vendor and employee payments. Controls are in place to review and reconcile payments on a quarterly basis, preventing significant improper payments from occurring. The Commission reports no improper payments for FY 2024. The Commission’s value of payments is below PIIA mandatory reporting threshold.

Fraud Reduction Report

Pursuant to the Fraud Reduction and Data Analytics Act of 2015 (Public Law 114-186, 32 U.S. Code 3321), the U.S. AbilityOne Commission is reporting on its fraud reduction efforts for FY 2024 in three key areas:

1. Implementation of financial and administrative controls
 - The Commission has built-in separation of duties, with the General Services Administration serving as a contracted financial, travel, human resources, payroll processing, and procurement services provider through an interagency agreement. Internally, financial transactions are prepared by the Chief Financial Officer or Deputy Chief Financial Officer, then the availability of funds is certified, and then approval is made at a higher level.
2. The fraud risk principle in the Standards for Internal Control in the Government (GAO Green Book)
 - The Commission has a low risk of fraud in these areas:
 - Fraudulent financial reporting risk: Financial reporting is provided by an authorized, shared financial services provider within the Federal Government. All financial reporting, including financial statements and necessary journal entries, is reviewed by the Chief Financial Officer prior to submission to the Office of Management and Budget. The Commission's financial statements are audited annually.
 - Misappropriation of assets: All assets are recorded in the general ledger, inventoried, and tracked in software managed by the Commission. Proper sign-out procedures are incorporated for all equipment and property being removed from the property.
 - Waste of government resources and abuse of authority or position: First, the Commission staff is provided with ethics training, and its leadership sets a tone of strong individual integrity. Second, the staff members receive Whistleblower training, with respect to reporting wrongdoing. This information is posted in the headquarters office suite. Third, the Commission has an active and engaged Office of Inspector General. Finally, the Commission was involved with the 2017 National Defense Authorization Act Section 898 Panel on Department of Defense and AbilityOne Contracting Oversight, Accountability, and Integrity, including the Subcommittee on Fraud, Waste and Abuse.
3. OMB Circular A-123 with respect to leading practices for managing fraud risk
 - The Commission has designed and implemented internal controls over major processes to mitigate fraud risk. The Agency utilizes automated time and attendance, procurement, contract payments, and travel and purchase card systems located within other agencies. The Commission reviews the Merchant Category Codes and places appropriate restrictions to prevent and deter unauthorized purchases on both the purchase and the travel cards. Agency points of contact for purchase and travel cards, as well as the financial services provider, are trained to review supporting documentation and identify any anomalies. For example, the assigned Commission staff reviews all travel receipts for

reimbursement before approving travel vouchers. The OIG maintains a hotline for individuals to report suspected irregularities and fraud for further evaluation and action.

4.3 Top Management and Performance Challenges Report



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

November 15, 2024

MEMORANDUM

FOR: Jeffrey Koses
Chairperson
U.S. AbilityOne Commission

FROM: Stefania Pozzi Porter
Inspector General
U.S. AbilityOne Commission

A handwritten signature in blue ink that reads "Stefania Pozzi Porter". The signature is written on a light blue rectangular background.

SUBJECT: FY24 Top Management and Performance Challenges Report (TMPC) facing the U.S. AbilityOne Commission in Fiscal Year 2025

In accordance with the Reports Consolidation Act of 2000,¹ the Office of Inspector General (OIG) reports on the most significant management and performance challenges facing the U.S. AbilityOne Commission (Commission) in FY25, for inclusion in the Commission’s Performance and Accountability Report (PAR) for fiscal year (FY) 2024.

The Reports Consolidation Act requires that each agency’s inspector general provide an annual summary perspective on the most significant management and performance challenges facing the agency, as well as a brief assessment of the agency’s progress in addressing those challenges. The top challenges summarized in this document are based either on work conducted by the Office of Inspector General (OIG) or separate observations and discussions with senior leaders and staff at the U.S. AbilityOne Commission and other stakeholders.

The OIG identified the Top Management and Performance Challenges (TMPC) facing the Commission in FY 2025 as:

- 1) Program Modernization – Implementation of the Strategic Plan: a) New Cooperative Agreements. The Commission is focusing on providing guidance to and oversight of the CNAs performing certain compliance duties; b) Database and IT Modernization
- 2) Internal Controls – Enterprise Risk Management Audit is ongoing, and the evaluation of ERM maturity level has been announced.

OIG provided a draft of this report to Commission management, whose comments on the Commission’s

¹ Pub. L. No. 106-531.

progress in each challenge area have been considered and/or incorporated into this final version.

We thank you for your support of our role, and we look forward to working with the Commission and the AbilityOne stakeholders, as the OIG continues its oversight mission.

Top Management and Performance Challenges Report

Introduction

In accordance with the Reports Consolidation Act of 2000,² the Office of Inspector General (OIG) reports on the most significant management and performance challenges facing the U.S. AbilityOne Commission (Commission) in Fiscal Year (FY) 2025, for inclusion in the Commission's Performance and Accountability Report (PAR) for FY24.

The Reports Consolidation Act requires that each agency's inspector general provide an annual summary perspective on the most significant management and performance challenges facing the agency, as well as a brief assessment of the agency's progress in addressing those challenges. The top challenges summarized in this document are based either on work conducted by the Office of Inspector General (OIG) or separate observations and discussions with the U.S. AbilityOne Commission and other stakeholders.

The OIG identified the top management and performance challenges facing the Commission in FY25 as:

- 1) Program Modernization – Implementation of the Strategic Plan: a) New cooperative agreements where the Commission is focusing on providing guidance to and oversight of the CNAs performing those duties; b) Databases (Commission received IT grant for this and see/address the OIG's recommendations from the Data Audit (OIG issued in Spring 2024)
- 2) Internal Controls – Enterprise Risk Management Audit is ongoing, and the evaluation of ERM maturity level has been announced.

OIG provided a draft of this report to Commission management, whose comments on the Commission's progress in each challenge area have been considered and/or incorporated into this final version. We appreciate the Commission's ongoing support for the OIG's oversight mission.

² Pub. L. No. 106-531.

Background

Enacted in 1938, the Wagner-O’Day Act established the Committee on Purchases of Blind-Made Products to provide employment opportunities for the blind. Legislation sponsored by Senator Jacob K. Javits was signed in 1971, amending and expanding the Wagner-O’Day Act to include persons with other severe disabilities. The Act, as amended, became known as the Javits-Wagner-O’Day (JWOD) Act (41 U.S.C. §§8501–8506), and the program’s name became the JWOD Program. The 1971 amendments also established the federal agency as the Committee for Purchase From People Who Are Blind or Severely Disabled (Committee) to reflect the expanded capabilities of the JWOD Program. In 2006, the Committee changed the program’s name from the JWOD Program to the AbilityOne Program. The Committee is now known as the U.S. AbilityOne Commission (Commission). The Commission has about 34 full-time employees³ for the administration of the AbilityOne Program.

About the U.S. AbilityOne Commission

The AbilityOne Program is administered by the U.S. AbilityOne Commission, the operating name of the Committee for Purchase From People Who Are Blind or Severely Disabled. The Commission is an independent federal agency composed of 15 Presidential appointees: 11 represent federal agencies, and four serve as private citizens who are knowledgeable about employment barriers facing people who are blind or have significant disabilities.

About the AbilityOne Program

The AbilityOne Program facilitates the use of government procurement to provide employment in the United States for people who are blind or have significant disabilities. Approximately 37,000 individuals, including more than 2,500 veterans, are employed nationwide at approximately 420 nonprofit agencies (NPAs) from Maine to Guam. AbilityOne provided more than \$4 billion in products and services to approximately 40 Federal government agencies in FY 2023.

In June 2022, the U.S. AbilityOne Commission issued its new Strategic Plan.⁴ The plan is for Fiscal Years (FY) 2022-2026 and outlines four Strategic Objectives:

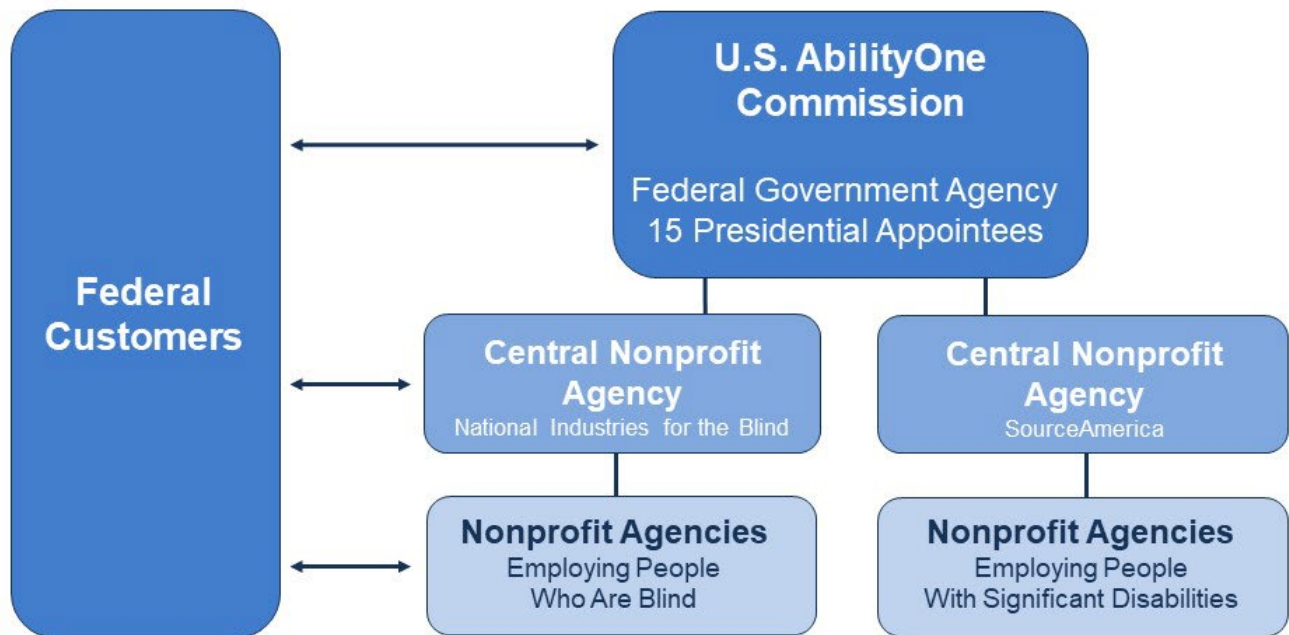
1. Transform the AbilityOne Program to expand competitive integrated employment (CIE) for people who are blind or have significant disabilities.
2. Identify, publicize, and support the increase of good jobs and optimal jobs in the AbilityOne Program.
3. Ensure effective governance and results across the AbilityOne Program.
4. Engage in partnerships to increase employment for people who are blind or have significant disabilities within and beyond the AbilityOne Program

³ Thirty-four full-time employees at the end of FY23. This does not include the OIG.

⁴ U.S. AbilityOne Commission’s Strategic Plan for FY 2022–2026. June 30, 2022.

Figure 1:

AbilityOne Program Organization



Top Management and Performance Challenges

In June 2022, the Commission published its Strategic Plan for Fiscal Years 2022–2026 (the Strategic Plan or Plan).⁵ The Plan has four strategic objectives and directly engages the top challenges identified in the OIG’s 2021 TMPC report.

Specifically, the Commission’s Plan Strategic Objective III, “Ensure Effective Governance and Results Across the AbilityOne Program”—incorporates outcomes of OIG’s oversight work. Under Strategic Objective III, Outcome Goal 1, the Commission expressed its intent to “Address top management and performance challenges to improve the operation of the Commission, the CNSs, and the NPAs.”

In this FY2024 report, OIG identified the implementation of the Strategic Plan, with its subsets, as one of the most pressing challenges facing the Commission in FY25.

- 1) Program modernization -Implementation of the Strategic Plan
 - a. New Cooperative Agreements. The Commission is focusing on providing guidance to and oversight of the CNAs performing certain compliance duties.
 - b. Database and IT Modernization
- 2) Internal Controls – Enterprise Risk Management Audit is ongoing, and the evaluation of ERM maturity level has been announced.

⁵ U.S. AbilityOne Commission’s Strategic Plan for FY 2022–2026. June 30, 2022. [AbilityOne Strategic Plan FY 2022-2026 Final](#). The Commission has also published a summary of its Strategic Plan. [Highlights-AbilityOne Strategic Plan FINAL](#)

Top Management Challenge #1

Program Modernization – Implementation of the Strategic Plan

1a) New Cooperative Agreements. The Commission is focusing on providing guidance to and oversight of the CNAs performing certain compliance duties.

The U.S. AbilityOne Commission’s mission, as outlined in its new Strategic Plan, requires work to be carried out collaboratively by the Central Nonprofit Agencies (CNAs) and the NonProfit Agencies (NPAs) with the Commission.

“The Commission’s vision requires changes in the Commission’s approach to NPA compliance for the purpose of conducting both oversight and technical assistance within the same operational framework. This shift will require the CNAs’ steadfast commitment to support and achieve the goals of this plan.”⁶

Given the role in the Strategic Plan of the CNAs and NPAs, achieving the AbilityOne mission outlined in the new Strategic Plan will require new and updated cooperative agreements. Alignment with the Strategic Plan includes creating “good jobs” and, where possible “optimal jobs,” and delivering quality contract performance.

The Commission is now about to begin the process of planning for the next iteration of the Strategic Plan. As the oversight body for the Commission, the OIG is in the process of conducting an evaluation of the strategic plan and plans to provide recommendations for the Commission to consider for the next strategic plan. The OIG gathered information from the Commission, CNAs and NPAs on the framework of the current strategic plan as a means to inform the next iteration of the Strategic Plan. The evaluation, conclusions, and related report have not been completed as of this issuance.

Modified Compliance Challenge

In its FY 2022–2026 Strategic Plan, the Commission envisions a new approach for compliance, which includes setting forth expectations that NPAs will meet new elements of compliance beyond the NPA’s appropriate documentation of a qualifying disability and achieving the mandated 75% Direct Labor Hour (DLH) ratio. This includes the expectation that every AbilityOne job will be a “good job” defined as follows:

- 1) Employees are paid competitive wages and benefits.
- 2) Employees are covered under all employment laws.
- 3) The NPA performs job customization for each entering employee with a qualifying disability.

⁶ Message from the U.S. AbilityOne Commission Chairperson, U.S. AbilityOne Commission’s Strategic Plan for FY 20222026. June 30, 2022.

<https://www.abilityone.gov/commission/documents/AbilityOne%20Strategic%20Plan%20FY%2020222026%20Final.pdf>

4) The NPA does a person-centered employment plan for each employee with a qualifying disability.

The Strategic Plan also encourages NPAs to create “optimal jobs” whenever possible within the DLH ratio constraints of the statute. An optimal job has the four components of a good job but is also performed in an integrated setting in which people with and without disabilities work together doing the same or similar jobs.

The Strategic Plan also includes a heightened focus on contract performance as part of its compliance expectations. Compliance reviews will, therefore, focus on whether the NPA has provided quality services and products that have resulted in customer satisfaction.

The Commission has indicated that some NPAs have not traditionally focused on job customization, employment plans, and outward placements for their employees with disabilities.

The Commission stated that the Compliance Program, as newly envisioned in the Strategic Plan, will include a determination of an NPA’s technical capacity and financial resources to meet the new compliance expectations.

The Commission reported that several Commission members and staff met with CNAs National Industries for the Blind (NIB) and SourceAmerica on April 11, 2023, to begin discussing some of the updates to and elements of the next Cooperative Agreements. The Commission further reported that it also met several times with AbilityOne nonprofits (the “compliance council”) and other stakeholders to discuss the draft policies.

The Commission stated that previously titled person-centered employment plan policies, as used in draft policy 51.405 issued in January 2023, will be updated as career employment development. The Commission is developing the details for the employee career advancement elements in collaboration with CNAs and subject matter experts. In September 2023, the Commission entered into a one-year contract with The Association of People Supporting Employment First (APSE) to develop employee career development elements, including job individualization, employee career plans, and career advancement programs. APSE’s recommendations were submitted to the Commission at the end of the 4th quarter of FY 2024. Based on APSE’s recommendations, the Commission has refined its draft policy 405 and has begun to share that policy with stakeholders for feedback. The Commission has informed us that it has met with fellow government agencies, disability advocacy organizations, experts in employee career development, the CNAs and a number of NPAs to solicit their feedback. The Commission has also informed us that it intends to issue the final 51.405 policy and an accompanying Appendix in December 2024.

The Commission notes that, with the new Strategic Plan, the CNAs must actively assist their NPAs in achieving the results expected by the Commission for its AbilityOne Program. These expectations for the CNAs will be set forth in the revised Cooperative Agreements. The Commission completed its update of the compliance policies for NPAs on October 11, 2024, with the exception of policy 51.405 as described above. The Commission also noted that the CNAs will play a strong role in the implementation of the new approach to NPA compliance and that this will be considered when the Cooperative Agreements are negotiated.

In regard to the OIG performance audit of the Cooperative Agreements, in FY 2023, two of the open audit recommendations related to the Cooperative Agreements were assessed as closed by the OIG. Those are tracked as PMO-2020-04 and PMO-2020-09. The Commission staff is working towards the closure of the remaining recommendations.

The Commission reports that it will publish policy 51.405 in December 2024, with an effective date of January 1, 2025.

Specifically, in FY 2024:

- As it pertains to the Strategic Plan’s Performance Measures, the Commission has implemented 10 Performance Measures, partially implemented 17 Performance Measures and not initiated 1 Performance Measure. Highlights of the Performance Measures implemented are:
 - Provided information to Congress on using the AbilityOne program to achieve CIE by offering a pilot project proposal to reduce the minimum mandated ratio of direct labor hours to be performed by employees with qualifying disabilities.
 - Reached consensus with fellow government agencies on three amendments to the JWOD Act and conveyed those recommendations to the relevant Congressional committees of jurisdiction
 - Elimination of Subminimum Wages in the AbilityOne Program.
 - Implementation of an Enterprise Risk Management system
 - Recommendations for improving Compliance visits.
 - Deployed an Affirmative Action Plan.
 - Issuance of Final Competition Rule.
 - Implementation of a robust AbilityOne Representative Program.
 - Work with the Office of Federal Procurement Policy /Office of Management and Budget to advance employment opportunities
- The Commission published three compliance policies on August 2, 2024, and issued drafts of the three policies on June 7, 2024 – Policy 51.400 articulates the Commission’s new compliance approach; the CNAs’ duties to ensure NPA compliance and provide frontline inspections; and the Commission’s intended quality assurance oversight of the CNAs’ compliance inspections. – Policy 51.403 articulates clearer and streamlined requirements for documentation of disability, relying on third-party government sources where possible. The Commission subsequently published policies 51.401, 51.402, and 51.404 on August 2, 2024; then published policy 51.406 on September 9, 2024, and policy 51.407 on October 11, 2024.
- The Commission has been working on new 300-series policies. As part of this effort, the Commission solicited feedback from the CNAs, and the CNAs have provided feedback on draft policies including NPA Selection & Recommendation, Interim Competition Policy, Program Fee Policy, and Studies & Evaluation. The updated drafts of the 300-series policies are currently under review by the Commission’s Regulations and Policy Subcommittee. The Commission expects to issue the final 300-series policies in December 2024 or, if further revisions are needed, by the first quarter of 2025.

- Publish the Commission’s final Disability Qualification Determination Form (Form 1), which will require OMB approval. This will result in two measures being fully implemented. This form has been published in the Federal Register for comments.
 - Publish the Commission’s final Participating Employees Intake Form (Form 2), which will require OMB approval. This will result in two measures being fully implemented. This form has been published in the Federal Register for comments.
 - Publish the Commission’s final Annual Representations and Certifications (ARC) for AbilityOne Qualified Nonprofit Agencies (Form 3), which will require OMB approval. This will result in two measures being fully implemented. This form has been published in the Federal Register for comments.
- Complete APSE contract to inform employee career development as an element of good and optimal jobs, which addresses 2 performance measures.

Program Modernization – Implementation of the Strategic Plan

1b) Database and IT Modernization

As the program seeks to modernize and gather more data from its stakeholders (primarily for procurement list additions), improving its information technology (IT) infrastructure is essential to its future success. In September 2023, the Council of the Inspectors General on Integrity and Efficiency (CIGIE) created a report⁷ on the top challenges facing Federal agencies as identified by those agencies' respective OIGs. IT Modernization was reported by 74% of OIG respondents as a challenge for their respective agency. The report states that “Legacy information systems create the risk of increased maintenance costs, lack of available support, and a decreased capacity to support business needs. Major hindrances to IT modernization efforts across the Government include IT funding shortages, changing priorities, and poor IT investment and project management.” Specifically, unstable network connections, delayed reporting, and high IT staff turnover continue to affect the Commission’s operations area where the Commission is already aware of its need to improve and continues to request funding from Congress to help modernize its IT infrastructure. Within the fiscal year 2025 congressional budget justification, the Commission has primarily focused on the following:

- Applying the \$1.8 million TMF investment received in October 2022 to support updating the Commission’s antiquated Procurement List Information Management System (PLIMS).
- Cloud migration of key services, databases, IT resources, and applications to align with the Administration’s strategy to accelerate agency adoption of cloud-based solutions (Cloud Smart), as well as enhance capabilities related to disaster recovery and continuity of operations. (See IT and Cybersecurity section, below.)

The Commission went further to describe that the PLIMS modernization supported by TMF will:

- Advance acquisition transparency and effective planning by ensuring that Federal customers have the right information at the right time.
- Improve workflow to allow the Commission to process business transactions and more efficiently make business decisions, such as PL additions and price changes.
- Improve the Commission’s ability to display up-to-the-moment Procurement List (PL) information in a user-friendly format.
- Improve search capability that is web-based and public-facing for PL products and services.
- Provide web-based report viewing capabilities (to include PL).
- Enable Federal customers to easily learn the scope of requirements on the PL, as well as easily view see the fair market prices set by the Commission to comply with FAR 8.7.
- Facilitate interoperability with the systems of Federal and non-Federal customers and

⁷ *Top Management and Performance Challenges Facing Multiple Federal Agencies*, Council of the Inspectors General on Integrity and Efficiency, September 22, 2023

stakeholders.

- Ensure that the process of adding requirements to the PL is completed in a timely fashion.

The challenge of modernizing the program is further exacerbated by the outdated information technology infrastructure that the Commission has. According to Cybersecurity and Infrastructure Security Agency (CISA), the nation’s growing dependency on IT highlights the need to identify and protect against cyber threats and vulnerabilities – more complex and important every day. A recent Federal Times article⁸, noted that “federal offices are mired with outmoded IT infrastructure, some dating back to nearly the 1950s, and by staffing shortages that are greatly reducing their ability to meet customer needs.”

According to its most recent report to the President, the Commission is in the early days of a major upgrade to its digital backbone – the antiquated Procurement List Information Management System (PLIMS), which is the Program’s primary information and decision-making support system. The PLIMS upgrade is made possible by a \$1.78 million investment from the Technology Modernization Fund. The upgrading of PLIMS was touted to connect Federal customers with Program partners, advancing acquisition to streamline workflow and system accessibility, and improving nearly 2,000 business transactions annually. As the Commission formulates, plans, and improves, it has stated that it will conduct a broad IT system assessment to identify weaknesses, and necessary investments and opportunities for greater efficiencies.

⁸ *Federal agencies stymied by ancient IT infrastructure, staffing woes*, Federal Times, February 8, 2023

Top Management Challenge #2 Internal Controls

A strong internal control system provides stakeholders with reasonable assurance that operations are effective and efficient, the agency uses reliable information for decision-making, and the agency is compliant with applicable laws and regulations. While improvements have been made over the years, the Commission must continue to improve its internal controls over its financial management and general operations. Further improvement of internal controls regarding financial reporting and policies and procedures is a matter that the Commission should continue to work on.

Enterprise Risk Management

In July 2016, the Office of Management and Budget (OMB) issued an update to Circular A-123 requiring federal agencies to implement Enterprise Risk Management (ERM) procedures so executives can ensure the achievement of the agency's strategic objectives⁹. Circular A-123 mandated federal agencies, including the Commission, to implement ERM procedures for effective risk management. Since 2017, when it issued its first report on the top management and performance challenges facing the Commission, and in the subsequent annual reports, the OIG has highlighted this as a top management challenge. The Commission has taken many steps over the last few years to design and implement an ERM program. The OIG has seen evidence of this in its audit of the Commission's ERM process. The OIG audit's overall objective is to determine if the Commission's ERM process is effective and used to make risk-based decisions. Although the audit, conclusions, and related report have not been completed as of this issuance, it should also be noted that the Commission has put forth significant effort to implement enterprise risk management. Additionally, the OIG has recently initiated another review of the Commission's ERM that focuses on maturity level. As recent federal guidance has focused on the importance of agencies' implementing enterprise risk-management processes, the results of the OIG's work can be used by the Commission to further bolster their internal controls.

Financial and related controls

The Commission reports its overall compliance with the OMB Circular A-123 Appendix A Management's Responsibility for Enterprise Risk Management and Internal Control (M-16-17) and the FMFIA Act through the Statement of Assurance published annually in the Performance and Accountability Report (PAR) since fiscal year (FY) 2022.¹⁰ The Commission's management assertion¹¹ made about the effectiveness of internal controls over its programs and compliance with applicable laws and regulations, was addressed by the financial statement audit team with a recommendation related to actual or potential Anti-deficiency Act (ADA) violations related to the obligation of expired funds in the

⁹ OMB Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control, https://www.whitehouse.gov/wp-content/uploads/legacy_drupal_files/omb/memoranda/2016/m-16-17.pdf

¹⁰ <https://www.abilityone.gov/documents/U.S.%20AbilityOne%20Commission%20FY2022%20PAR%20Final.pdf>

¹¹ In the 2022, 2023, and 2024 FMFIA reports, Commission management noted an exception to the management assurances related to the open ADA violations.

FY 2022 Financial Statement Report in November 2023.¹² As of this report, the verified violation has yet to be formally reported to the President and to the Congress in accordance with 31 USC §1517(b), due to the fact that OMB has yet to make its decision. In the meantime, the Commission has remained in contact with OMB regarding its assessment of the potential ADA violation.

Internal control issues exist in other areas also. As detailed in the Audit of the Third-Party Service Provider Agreements¹³ and FY 2023 Financial Statement Audit issued during the FY 2024, the Commission has not established and implemented robust internal controls procedures over some operations deemed mission critical. Additionally, there has not been a clear alignment between how the Commission identifies financial and operational activities, how it measures the performance of these activities, and how it reports these activities due to the absence of written policies and procedures resulting in the agency not meeting some objectives and regulatory requirements. Conversely, we have noted that the Commission has made an effort to hire needed, new personnel. The outcome has proven to be a significant performance differentiator. Thus, the Commission has managed to close more recommendations at a higher rate than in the previous four years.

Lastly, the Commission needs to incorporate the concept of Internal Controls Over Reporting (ICOR) to ensure full compliance with the release of the 2018 OMB Circular No. A-123 Appendix A. In this context, the definition of reporting goes beyond financial reporting and compliance driven reports, it encompasses all operational activities performed to manage risk and support all significant control activities. With the implementation of ICOR, the need for risk assessments will still be warranted since they are considered a key element to achieve the Commission objectives (e.g., strategic, operational, reporting and compliance objectives).

Policies and procedures controls

Another important component of internal controls are appropriate policies and procedures that, among other things, support the achievement of the Commission's mission and strategic objectives. There have been multiple findings highlighted in our OIG reports over the past year indicating that this is an area the Commission could strengthen. Making sure that strong controls in place through current compliant policies and procedures are particularly important when resources are scarce to monitor programs and operations.

During FY24 the OIG has released multiple audit reports with recommendations pertaining to the development or improvement of the Commission policies and procedures. The OIG noted in the audit of contract administrative process report that the Commission's lack of a Contracting Officer Warrant Program updates limited the oversight of the contracting officer's award activities.¹⁴ Since that report was released, the Commission has made efforts to update the contract administrative process. For example, it has a policy update currently in the review process for the contracting officer warranting program. In the OIG audit report on the Commission's Quality of Products in Support of Meeting

¹² <https://www.oversight.gov/sites/default/files/oig-reports/CPPBSD/Final-Report-2022-OIG-FinancialStatement-Audit-AB120221115.pdf>

¹³ <https://www.oversight.gov/sites/default/files/oig-reports/CPPBSD/Audit-Third-Party-Service-Provider-Agreements-Final-Report-06-27-2024.pdf>

¹⁴ [Audit-Contract-Administration-Process-Final-Report-06-27-2024.pdf](https://www.oversight.gov/sites/default/files/oig-reports/CPPBSD/Audit-Contract-Administration-Process-Final-Report-06-27-2024.pdf)

Government Requirements we stated that:

“We found that the Commission’s policies governing the reliability, validity, and relevance of the quality control process employed by the CNAs and NPAs to correct product deficiencies prior to delivery, while consistent with the authoritative statutory and regulatory requirements, need to be improved and enhanced, particularly as these policies relate to the handling of customer complaints and contractor performance. Furthermore, the Commission has not provided specific requirements to the CNAs regarding the quality control processes they have established to provide regulatory assistance to the NPAs they represent, as well as to facilitate and support the NPAs maintaining qualification. Lastly, the Commission does not have adequate procedures in place or obtain sufficient data from NPAs and CNAs to make an informed decision regarding NPA compliance with contract performance requirements.”¹⁵

Additionally, the data reliability, availability, and accessibility audit report contained several recommendations and one of them cited “[creating] a standard operating procedure to collect and handle data and define roles and responsibilities for enhanced operational efficiency.”¹⁶ In response to these report findings, new policies are being developed by the Commission. For instance, the new 300-series policy (mentioned earlier in this report) is intended to address several concerns related to this challenge. Specifically, the new policy should address quality control issues. As of November 2024, the 300-series policy is under development and the Commission has shared these draft policies with the CNAs for feedback.

¹⁵ [OIG Quality of Products Final Report 01-03-2024.pdf](#)

¹⁶ [Performance Audit Report of Data Reliability, Availability, and Accessibility Final Report 06-26-2024](#)

Appendix 1

U.S. AbilityOne Commission FY 2022-2026 Strategic Plan Performance Measures Status

STRATEGIC OBJECTIVE	PERFORMANCE MEASURE	FY2024 STATUS
Strategic Objective I: Transform the AbilityOne Program to Expand Competitive Integrated Employment (CIE) for People Who Are Blind or Have Significant Disabilities.	Performance Measure 1: The Commission has provided constructive information to Congress on using the AbilityOne Program to expand competitive integrated employment and the relevant committees of jurisdiction determined the information was useful.	Implemented. The Commission convened an interagency work group to develop recommendations for Congress. The work group did not reach consensus on a modification of the statutory mandated ratio in order to increase CIE. The group did reach consensus on giving the Commission pilot project authority to reduce the mandated ratio in selected contracts – a position that was transmitted to Congress as a legislative proposal in April 2023.
	Performance Measure 2: The Commission has reached consensus with its fellow government agencies on a legislative proposal to amend the JWOD Act.	Implemented. See narrative explanation in Performance Measure 1 above.
Strategic Objective II: Identify, Publicize, and Support the Increase of	Performance Measure 1: The Commission has finalized the rule prohibiting an NPA’s	Implemented.

Good Jobs and Optimal Jobs in the AbilityOne Program.	payment of subminimum or sub-prevailing wages to any employee on an AbilityOne contract to be qualified for participation in the Program.	Final rule prohibiting payment of subminimum wages on AbilityOne contracts was published on July 21, 2022. No employee on an AbilityOne contract was being paid a subminimum wage as of September 30, 2023.
	<p>Performance Measure 2: The Commission has issued a Request for Information (RFI) in order to identify good jobs and optimal jobs in the AbilityOne Program.</p>	<p>Partially implemented.</p> <p>Modified in light of other Commission actions. The Commission is in the process of updating its mandatory data collection forms. The new data will provide much of the information the RFI was designed to collect.</p> <p>In Q4 of FY 24, the Commission issued an RFI²⁴ requesting information on possible ways to address the ratio challenges related to direct and indirect labor hour calculations. The outcomes of this RFI and the implementation of the data forms could help determine if an RFI in future years is still needed for the review of good and optimal jobs.</p>

	<p>Performance Measure 3: The Commission has widely disseminated to the AbilityOne community examples of good jobs and optimal jobs.</p>	<p>Partially implemented.</p> <p>The Commission is in the process of updating its data collection forms. That data will provide information on good and optimal jobs and will be widely disseminated to the AbilityOne community and beyond.</p>
	<p>Performance Measure 4: The NPAs demonstrate an understanding of this strategic approach by requesting procurement list additions that meet the attributes of good jobs and, where possible, optimal jobs.</p>	<p>Partially implemented.</p> <p>The Commission is in the process of updating its 51.300 policy series. Those policies will guide CNAs and NPAs in highlighting an NPA’s track record in creating good and optimal jobs.</p>
	<p>Performance Measure 5: The Commission’s Cooperative Agreements require the CNAs to provide financial and technical resources to NPAs in creating workplaces that offer good jobs and, where possible, optimal jobs, consistent with the program fees collected by the CNAs.</p>	<p>Partially implemented.</p> <p>By January 2025, the Commission will have completed its update of the 51.400 policy series. Those policies will serve as the basis for the updated Cooperative Agreements that will be signed with the CNAs. The Commission is working toward implementing new Cooperative Agreements by the end of Q1 FY 2025.</p>
	<p>Performance Measure 6: The Commission has developed and executed a data system that will allow it to collect</p>	<p>Partially implemented.</p> <p>The Commission has begun a revision of the</p>

	<p>information on the number of good jobs and optimal jobs.</p>	<p>annual Representations and Certifications (“Reps and Certs”) form that will collect data on the number of good and optimal jobs and other pertinent data in the AbilityOne Program. The form must be approved under the Paperwork Reduction Act process before deployment.</p>
	<p>Performance Measure 7: The Commission has issued a revised Individual Employment Eligibility (IEE) form that is conducive to customizing jobs for individuals who are blind or have significant disabilities and to beginning an informed choice process for employment advancement.</p>	<p>Partially implemented.</p> <p>The Commission has begun the Paperwork Reduction Act process for two new data forms that will replace the current IEE form. The second form will document job individualizations, employee career plans, and career advancement programs. (The first form will document an individual’s eligibility as a blind person or a person with a significant disability.)</p>
	<p>Performance Measure 8: The Commission has developed and provided notice of a special consideration in the NPA recommendation process that takes into account how successful the NPA has been in offering good jobs and, where possible, optimal jobs.</p>	<p>Partially implemented.</p> <p>The Commission is in the process of updating its 51.300 policy series. Those policies will provide guidance to CNAs on how to consider an NPA’s track record in creating good and optimal jobs.</p>

<p>Strategic Objective III: Ensure Effective Governance and Results Across the AbilityOne Program.</p>	<p>Performance Measure 1: The Commission has used the ERM system to identify risks and has established and tracked corrective action milestones.</p>	<p>Implemented in FY 2022.</p>
	<p>Performance Measure 2: The Commission has developed a state-of-the-art IT infrastructure that meets the needs of the AbilityOne Program.</p>	<p>Partially implemented. The Commission awarded a \$1,547,444 firm-fixed price General Services Administration (GSA) schedule task order on September 4, 2023, to upgrade PLIMS. This is a one-year base contract with four one-year option periods. PLIMS 2.0 is scheduled for deployment by the end of FY 2025.</p>
	<p>Performance Measure 3: The Commission has drafted and implemented a revised Annual Representations & Certifications data collection form.</p>	<p>Partially implemented. (See narrative for Performance Measure 6 of Strategic Objective II for some data aspects of the form and the required process to deploy the form.) The revised form will include data requests necessary to assess achievement of the governance goals of Strategic Objective III.</p>
	<p>Performance Measure 4: The Commission has implemented a system for CNAs and NPAs to share data more effectively with the Commission.</p>	<p>Partially implemented. Anticipated completion by FY 2026.</p>

		In its proposed revised Compliance policies, the Commission has included requirements for the effective sharing of electronic data between the CNAs and the Commission. The details of these requirements will be included in the new Cooperative Agreements targeted for implementation by the end of Q1 FY 2025.
	Performance Measure 5: The Commission’s compliance team is provided with full and timely access to all reports and data from the CNAs’ technical assistance reviews and site visits of associated NPAs.	Partially implemented. See narrative for Performance Measure 4 of Strategic Objective III.
	Performance Measure 6: The Commission’s compliance team has identified and presented to the Commission at least five recommendations to continue to implement rigorous documentation requirements while making compliance visits more beneficial for the Commission and the NPAs.	Implemented. On 8/8/2022, the Compliance team identified and presented to the Commission five recommendations regarding compliance visits.
	Performance Measure 7: The Commission has updated the Cooperative Agreements with the CNAs to reflect the new strategic direction of the Program.	Partially implemented. See narratives for Performance Measure 5 of Strategic Objective II, and Performance Measure 4 of Strategic Objective III.
	Performance Measure 8: The Commission has updated its digital accessibility guidance	Partially implemented.

	and practices to ensure Program documentation and digital information adheres to industry standards for accessibility.	See narrative for Performance Measure 4 of Strategic Objective III.
	Performance Measure 9: The Commission has deployed its Affirmative Action Plan to increase the candidate pool and hiring of individuals with disabilities.	Implemented. The Affirmative Action Plan has been submitted to EEOC.
	Performance Measure 10: The Commission has made the necessary regulatory changes to allow competition that takes into account pricing considerations.	Implemented. On March 22, 2024, the Commission published a final rule allowing limited competition within the AbilityOne Program considering price and non-price factors as selection criteria for awarding high dollar value services contracts.
	Performance Measure 11: The Commission has created an AbilityOne Competition Subgroup (AOCS) to develop, in coordination with CNAs and Federal customers, standardized procedures and processes to promote increased competition throughout the Program.	Partially implemented. The Commission has drafted a policy that serves as an interim framework for executing competitive distributions between NPAs to achieve greater Program transparency; spur innovation; and enhance training, placement, and employment opportunities for AbilityOne participating employees at a competitive price.

		From this policy, the Commission will build the AbilityOne Competition Subgroup (AOCS).
	<p>Performance Measure 12: The Commission has determined the type of funding and personnel that NPAs need to support their workforce and provide competitively priced products and services.</p>	<p>Partially implemented.</p> <p>The Commission is reviewing deliverables received from a contractor on September 30, 2024. The Commission had engaged a contractor to develop and recommend career planning support resources for nonprofit agencies participating in the AbilityOne Program.</p>
	<p>Performance Measure 13: The Commission has improved coordination between the CNAs, the Commission, and the Federal customer to obtain up-to-date metrics for contract performance.</p>	<p>Partially implemented.</p> <p>PLIMS 2.0 will include a more robust capability to collect additional data. The Commission’s Cooperative Agreements with the CNAs will address aspects of contract performance and tracking.</p>
<p>Strategic Objective IV: Engage in Partnerships to Increase Employment for People Who Are Blind or Have Significant Disabilities Within and Beyond the AbilityOne Program.</p>	<p>Performance Measure 1: The Commission has delivered training and support tools to enable ABORs to promote satisfactory customer experiences in terms of contract performance, price, and/or relationships.</p>	<p>Implemented.</p> <p>The Commission and Defense Acquisition University provide training and education sessions about the AbilityOne Program. The Commission hired</p>

		an ABORs Program Manager in FY 2023 who is working to achieve this performance measure.
	<p>Performance Measure 2: The Commission has educated ABORs regarding the importance of creating good jobs and optimal jobs in the AbilityOne Program.</p>	<p>Implemented.</p> <p>See narrative for Performance Measure 1 of Strategic Objective IV.</p>
	<p>Performance Measure 3: The Commission has demonstrated work with the Office of Personnel Management, the Equal Employment Opportunity Commission, and the Office of Federal Contract Compliance Programs to support achievement by Federal agencies and Federal contractors of their Section 501 and Section 503 goals respectively.</p>	<p>Partially implemented.</p> <p>Members of the Commission and Commission staff have ongoing conversations with representatives from OPM, EEOC, and OFCCP.</p>
	<p>Performance Measure 4: The Commission has demonstrated work with the Office of Federal Procurement Policy (OFPP) in the Office of Management and Budget (OMB) to ensure that efforts to advance employment opportunities for individuals who are blind or have significant disabilities are integrated into the overall equity efforts of Federal acquisition.</p>	<p>Implemented.</p> <p>The Commission regularly engages with OFPP and OMB to discuss advancing such employment opportunities. Both DoD and GSA have included AbilityOne in their equity planning.</p>

	Performance Measure 5: The Commission has demonstrated work with the Small Business Administration (SBA) to increase support for small businesses owned by people who are blind or have significant disabilities.	Not yet initiated.
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Appendix 2

FY 2024 Procurement List Additions

Products and services added to the AbilityOne Procurement List in FY 2024 include (but are not necessarily limited to):

Products

Collapsible Fire Rake

Desktop Monitor

Portable Chemical Dispensing System

Quad Fold Litter

Tool Kit, Artillery and Turret

Services

Civil Engineer Supply Store, Altus Air Force Base, OK, Dept. of the Air Force

Civil Engineer Supply Store, Hanscom Air Force Base, MA, Dept. of the Air Force

Custodial and Grounds Maintenance Service, DCMA Syracuse Facility, Syracuse, NY, Defense Contract Management Agency

Custodial Service, USGS EROS Center, Sioux Falls, SD, U.S. Geological Survey

Custodial Service, Naval Surface Warfare Center Dahlgren Division, Dahlgren, VA, and Pumpkin Neck Annex, King George, VA, Dept. of the Navy

Custodial Service, Maxwell Air Force Base, Montgomery, AL, Dept. of the Air Force

Custodial Services, Air National Guard Readiness Center, Joint Base Andrews, MD, Dept. of the Army

Enterprise Services Center Support, Stennis Space Center, MS, NASA

Facilities Maintenance, Atlanta District - 4 Locations, Peachtree and Hampton, GA, Federal Aviation Administration

Janitorial Service, Airport Traffic Control Tower, N. Charleston, SC, Federal Aviation Administration

Janitorial Service, Central Office, Washington, D.C., Federal Prison Industries / UNICOR

Janitorial Service, U.S. Department of State, USIBWC, Rio Rico, AZ, International Boundary and Water Commission

Janitorial, USDA APHIS, Support Building 580 B, Laurel, MD, Animal and Plant Health Inspection Service

Mail Distribution Service, Central Mail Facility, Redstone Arsenal, AL, Dept. of the Army

Mail Service, Official Mail Center & Postal Service Center, Edwards Air Force Base, CA, Dept. of the Air Force

Navy Ships Stores Resupply, NAVSUP Fleet Logistics Center, Pearl Harbor, HI, Dept. of the Navy

Offsite Contractor Operated Parts Store, Naval Air Warfare Center Aircraft Division, Lakehurst, NJ, Dept. of the Navy

Turf Management, CHOH Palisades Maintenance District, DC and MD, National Park Service

Verbatim Transcription Services, Commander, U.S. Pacific Fleet, Pearl Harbor, HI, Dept. of the Navy

Appendix 3

Legislative Proposals

On April 13, 2023, the Commission sent three legislative proposals to Congress to amend the JWOD Act:

- Authorizing the Commission to conduct pilot tests to require a lower minimum ratio of direct labor hours performed by employees who are blind or have significant disabilities in order to increase integrated workplaces and enhance employment opportunities for such employees, and to provide data that may inform Congress for purposes of modernizing the JWOD Act.

- Promoting efficiency and effectiveness by shortening the required public notice period for Procurement List additions and deletions and providing flexibility to publish the Procurement List in a location other than the Federal Register.

- Changing the outdated name of the “Committee for Purchase From People Who Are Blind or Severely Disabled” to the “Commission for the Employment of People Who Are Blind or Have Significant Disabilities” and authorizing the Commission to make updates to the name in the future without further legislative action.

The legislative proposals advance modernization of the AbilityOne Program and align with the FY 2022-2026 Strategic Plan. The Commission continues to monitor the status of these legislative proposals.

Endnotes

¹ For recent data see Department of Labor, Bureau of Labor Statistics, “Persons with a Disability: Labor Force Characteristics – 2023” <https://www.bls.gov/news.release/pdf/disabl.pdf> (retrieved September 3, 2024). See also Department of Labor, Office of Disability Employment Policy, Disability Employment Statistics <https://www.dol.gov/agencies/odep/research-evaluation/statistics> (retrieved September 3, 2024).

² Most data contained in this document is from FY 2023, due to the timing of AbilityOne Program reporting cycles. Where possible, FY 2024 data is highlighted.

³ Once a product or service is on the [Procurement List](#), the Government must buy it from the organization designated by the Commission until the Government no longer has requirements for that item, or until a nonprofit agency employing people who are blind or have significant disabilities can no longer furnish that item.

⁴ See U.S. AbilityOne Commission Policy 51.542 “Nonprofit Agency Use of AbilityOne Products in the Performance of AbilityOne Service Contracts,” October 1, 2022, at [https://www.abilityone.gov/laws%2C_regulations_and_policy/documents/Policy%2051.542%20\(final%20version\).pdf](https://www.abilityone.gov/laws%2C_regulations_and_policy/documents/Policy%2051.542%20(final%20version).pdf).

⁵ See “Socioeconomic Impact Analysis Evaluation Report,” Mathematica, June 15, 2023, at <https://www.sourceamerica.org/sites/default/files/2023-06/socioeconomic-impact-analysis-evaluation-report.pdf>

⁶ See “FY 2017 NDAA Section 898 Panel on Department of Defense and AbilityOne Contracting Oversight, Accountability, and Integrity, Fourth and Final Report to Congress” at [https://www.acq.osd.mil/asda/dpc/cp/policy/docs/a1/4%20-%20Fourth%20and%20Final%20Sec%20898%20Panel%20RTC%20\(Dec%202021\).pdf](https://www.acq.osd.mil/asda/dpc/cp/policy/docs/a1/4%20-%20Fourth%20and%20Final%20Sec%20898%20Panel%20RTC%20(Dec%202021).pdf).

⁷ See “U.S. AbilityOne Commission Strategic Plan for Fiscal Years 2022-2026” at <https://www.abilityone.gov/commission/documents/AbilityOne%20Strategic%20Plan%20FY%202022-2026%20Final.pdf>

⁸ See “U.S. AbilityOne Commission FY 2022-2026 Strategic Plan Highlights: Strategic Objectives, Outcome Goals, Strategies, and Performance Measures” at <https://www.abilityone.gov/commission/documents/Highlights%20of%20AbilityOne%20Strategic%20Plan%20FY%202022-2026%20Final.pdf>.

⁹ See U.S. AbilityOne Commission’s March 2024 Report to the President, at <https://www.abilityone.gov/documents/U.S.%20AbilityOne%20Commission%20-%20Report%20to%20the%20President%20-%2020240328%20Final.pdf>.

¹⁰ See Committee for Purchase From People Who Are Blind or Severely Disabled, “[Request for Information on Direct and Indirect Labor](#),” Federal Register, 89 FR 7748, Sept. 23, 2024.

¹¹ See <https://www.abilityone.gov/commission/draftcompliancepolicies.html>

¹² Data in Table 6 is based on the Annual Representations and Certifications form completed by AbilityOne NPAs.

¹³ This FY 2020 percentage is lower than previous years due to the impact of the pandemic.

¹⁴ This FY 2021 percentage is lower than previous years due to the full-year impact of the pandemic.

¹⁵ This FY 2022 percentage is lower than in many previous years due to the full-year impact of the pandemic.

¹⁶ This FY 2023 percentage is lower than in many previous years due to the impact of the pandemic.

¹⁷ See “AbilityOne Flexibilities Related to the Coronavirus (COVID-19) Emergency and Recovery for the Duration of Fiscal Year 2022” at <https://www.abilityone.gov/commission/documents/FY22%20ODLH%20Exception%20Memo%20Signed%20Apr%202022.pdf>. See also earlier memos on this subject on the pandemic page of the Commission website at <https://www.abilityone.gov/covid19.html>.

¹⁸ See “Supporting Competition in the AbilityOne Program,” Federal Register, 89 FR 20324, March 22, 2024, at <https://www.federalregister.gov/documents/2024/03/22/2024-05717/supporting-competition-in-the-abilityone-program>

¹⁹ See Committee for Purchase From People Who Are Blind or Severely Disabled, “Quarterly Public Meeting,” Federal Register, 88 FR 62774, September 13, 2023, at <https://www.federalregister.gov/documents/2023/09/13/2023-19783/quarterly-public-meeting>.

²⁰ See Committee for Purchase From People Who Are Blind or Severely Disabled, “Quarterly Public Meeting,” Federal Register, 88 FR 85607, December 8, 2023, at <https://www.federalregister.gov/documents/2023/12/08/2023-27023/quarterly-public-meeting>.

²¹ See Committee for Purchase From People Who Are Blind or Severely Disabled, “Quarterly Public Meeting,” Federal Register, 89 FR 20455, March 22, 2024, at <https://www.federalregister.gov/documents/2024/03/22/2024-06087/quarterly-public-meeting>.

²² See Committee for Purchase From People Who Are Blind or Severely Disabled, “Quarterly Public Meeting,” Federal Register, 89 FR 53966, June 28, 2024, at <https://www.federalregister.gov/documents/2024/06/28/2024-14229/quarterly-public-meeting>.

²³ See Office of Management and Budget, Office of Federal Procurement Policy (OFPP), Memorandum on “Increasing the Participation of Americans with Disabilities in Federal Contracting,” October 30, 2020, at <https://www.whitehouse.gov/wp-content/uploads/2020/10/Increasing-the-Participation-of-Americans-with-Disabilities-in-Federal-Contracting.pdf>.

²⁴ See Committee for Purchase From People Who Are Blind or Severely Disabled, “[Request for Information on Direct and Indirect Labor](#),” Federal Register, 89 FR 7748, Sept. 23, 2024.