



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

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**Inspector General**

Fort Lauderdale, FL  
January 21, 2020



# Agenda

- Results of Recent Oversight Work and Reports Issued
- Performance Audit of the Cooperative Agreements
- Phases of Oversight
- Future and Beyond
- Questions and Comments



# Roadmap to Oversight

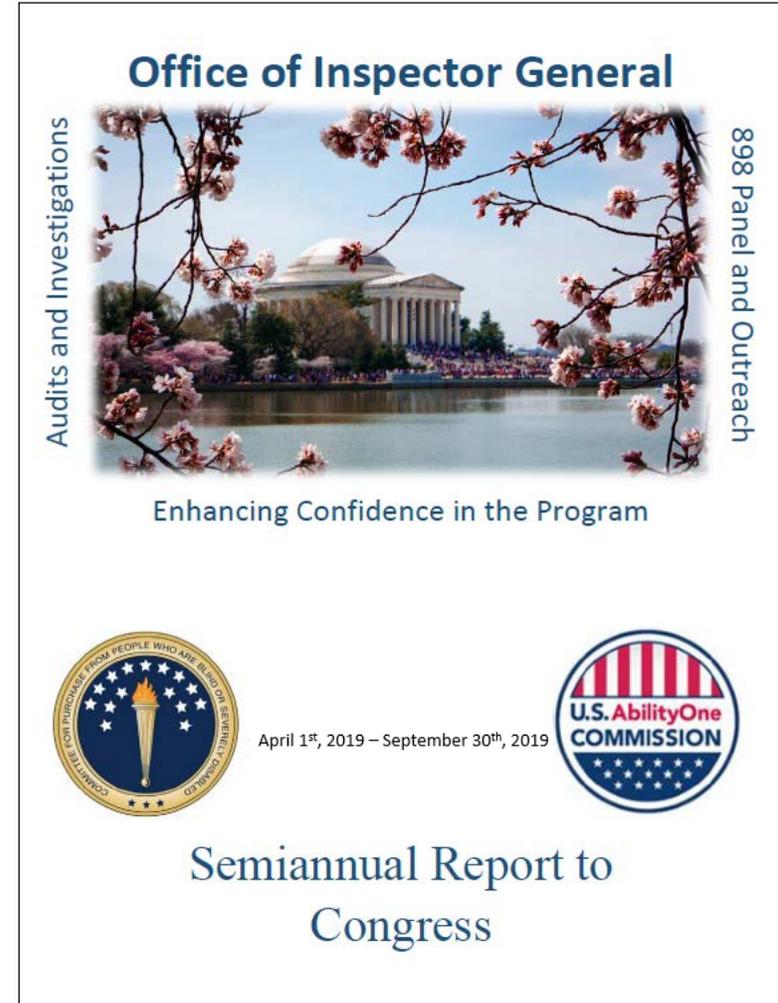
- **IG Semiannual Report to Congress – April 1, 2019 to September 30, 2019**
- **NPA Visits to Understand the Business of the AbilityOne Program**
- **Top Management and Performance Challenges Report– December 2, 2019**
- **Performance Audit of the AbilityOne Program Fee – December 20, 2019**
- **Performance Audit of the AbilityOne Cooperative Agreements – Est. March 2020**
- **Commission’s Financial Statement Audit – December 13, 2019**
- **Commission’s Federal Information Security Modernization Act (FISMA) Evaluation – November 21, 2019**



# IG Semiannual Report to Congress

April 1<sup>st</sup>, 2019 – September 30<sup>th</sup>, 2019

- IG Message Theme: Steps to Start-Up
- Previous IG Message Themes
  - Sustainability and Innovation
  - Hitting our Stride





# OIG Program Visits to Understand the Business of AbilityOne

NPA: Nearly Thirty Visits Across the Country



Most Recent Visit:  
**Seattle Lighthouse**



Dallas Lighthouse for the Blind



CNA: Over Twenty Five Meetings with CNA Leadership/ CEOs



# Top Management and Performance Challenges

- Report issued on December 2, 2019 in accordance with the Reports Consolidation Act of 2000.
- OIG reports on the most significant management and performance challenges facing the Commission, for inclusion in the Commission's Performance and Accountability Report (PAR) for fiscal year (FY) 2019.
- The challenge areas identified are connected to the Commission's mission to provide employment and training opportunities in the manufacture and delivery of products and services to the Federal Government of the United States for people who are blind or have significant disabilities.



# Top Management and Performance Challenges

- Higher Level of Transparency and Communication Needed to Enhance Program Confidence
- Erosion of Statutory Program Authority
- Implementation of Cooperative Agreements Given Central Nonprofit Agencies (CNAs) Growth
- Establishing an Enterprise-Wide Risk Management Framework
- Enhancement of Program Compliance



# Monitoring of Work Performed by Outside Auditors

- Section 4(b) of the Inspector General Act of 1978, as amended.
  - Assure any work performed by non-Federal auditors complies with the standards established by the Comptroller General.
- U.S. Government Accountability Office (GAO)
  - Government Auditing Standards 2018 Revision (known as the Yellow Book).
  - Standards commonly referred as to generally accepted government auditing standards (GAGAS).
  - GAGAS reinforces the monitoring by OIGs of contracted audit work performed by an independent accounting firm (IPA) where the IPA served as the principal auditor.



# Performance Audit of the AbilityOne Program Fee

- Performance audit report issued on December 20, 2019
- The objective of the audit was to perform a comprehensive analysis of the history and function of the AbilityOne Program Fee, and to determine whether effective and transparent criteria exists with the AbilityOne Program Fee
- During fieldwork, the outside auditors:
  - Reviewed the history and function and audited the procedures and processes
  - Conducted site visits and interviews at the Commission, NIB, and SourceAmerica
  - Performed focus groups with 11 NPAs CEOs
  - Obtained responses to questionnaires from 5 NPAs CEOs
- The audit concluded that the Commission did not provide effective criteria related to the AbilityOne Program Fee



# Performance Audit of the AbilityOne Program Fee

- Among the findings were that the management of the fee ceiling determination, and lack of timely implementation of the policies has produced poor outcomes.
- The report included five recommendations to assist in strengthening the effectiveness for the AbilityOne Program Fee
  - Policy and procedures on the Program Fee Ceiling criteria and methodology
  - Policy on the methodology for the CNAs to calculate the Program Fee
  - Standards to assist the Commission with the development, design, and implementation of timely policies and procedures
  - Commission workforce analysis to determine Commission staffing requirements
  - Data analysis on CNAs Fee and Expenditure reports



## Performance Audit of the Cooperative Agreements - Update

- Audit notification issued on September 27, 2019
- The audit objective is to determine whether the Agreements are adequately designed and operating effectively to improve performance and transparency in the AbilityOne Program
  - Commission
  - NIB
  - SourceAmerica
- The review will determine whether the performance criteria are reasonable, measurable, and implemented to achieve effective oversight
- Fieldwork is underway and results expected by March 2020



# Financial Statement Audit

- Audit report issued on December 13, 2019 of the Commission's financial statements and related footnotes.
- The audit resulted in an adverse opinion due to significant departures from generally accounting principles and federal reporting requirements, including material misstatements and omissions in the Commission's financial statements and footnotes.
- The misstatements and omissions were material and pervasive, and included the failure to record accounts payable accrual and accurately record other accrued liabilities, which materially misstated the Commission's beginning and ending balances, and the omission of uncorrected errors in required footnotes.



# Financial Statement Audit

The audit report included 18 recommendations to address two material weaknesses, two significant deficiencies, and two findings related to noncompliance with certain provisions of applicable laws and regulations.

- Financial statements and footnotes not prepared in accordance with generally accepted accounting principles & OMB Circular A-136 “Financial Reporting Requirements”
- Year-end accrued liabilities not estimated or accurately recorded
- Improvement needed in the computation of imputed costs
- Employee benefits election forms not maintained per OPM requirements
- Management assurance was not prepared
- Potential anti-deficiency act violation relating to obligation of expired funds



# Federal Information Security Modernization Act (FISMA)

- Evaluation report issued on November 21, 2019.
- The objective of the evaluation was to assess the effectiveness of the Commission's information security and privacy program as of September 30, 2019.
- The overall assessment of the Commission's information security program was deemed not effective because the tested, calculated and assessed maturity levels across the functional and domain areas received an overall rating at Level 3.



# Phases of Oversight

Phase I

Phase II

Phase III





# Future and Beyond



Credits: NASA



# Thank You

## Q&A

- OIG Hotline Toll-Free Number:  
(844) 496-1536
- Emailing a hotline complaint:  
[Hotline@oig.abilityone.gov](mailto:Hotline@oig.abilityone.gov)