



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



May 4, 2018

## **Oversight Audit Plan of AbilityOne Central Nonprofit Agencies**

### **Introduction**

As part of its AbilityOne Program oversight responsibilities, the Office of Inspector General (OIG) has established an oversight audit plan of the AbilityOne Commission-designated Central Nonprofit Agencies (CNAs).

This oversight audit plan of CNAs aligns with the OIG Audit Plan for Fiscal Years (FY) 2018-2019, and the Commission's "Top Management and Performance Challenges Report" issued by the OIG in October 2017. The AbilityOne OIG proposed audit work is based on independent perspective, risk-based research, judgment, and work performed by other oversight components with interest in the AbilityOne Program.

The AbilityOne Program consists of the U.S. AbilityOne Commission (Commission), the two designated CNAs (National Industries for the Blind (NIB) and SourceAmerica), and a nationwide network of qualified nonprofit agencies (NPAs). The AbilityOne Program exceeds \$3.3 billion in sales to government agencies worldwide, and includes approximately 550 NPAs located in all 50 states, Puerto Rico and Guam. The NPAs employ approximately 46,000 people who are blind or have significant disabilities in more than 1,000 locations, and fulfill government contracts for over 40 federal agencies.<sup>1</sup>

Commission Policy 51.301, *Selection of Nonprofit Agencies For Project Assignment and Order Allocation*, dated May 30, 2012, outlines the responsibilities and policies of CNAs in the selection of NPAs' project assignment developments, and the allocation of orders for NPAs to provide the products and services on the Procurement List (PL).

The CNAs' processes and criteria for project assignment and order allocation must result in a fair, equitable, and transparent distribution of opportunities among NPAs, taking into account the unique mission of the AbilityOne Program.<sup>2</sup>

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<sup>1</sup> Reference: [AbilityOne Program Fact Sheet](#).

<sup>2</sup> See also 41 U.S.C. § 8503(c), 41 C.F.R. § 51-2.2 (f), 41 C.F.R. § 51-3.2 (f), 41 C.F.R. § 51-3.4, and 41 C.F.R. § 51-6.2.

The Commission maintains and publishes the PL of specific products and services that the Commission has determined are suitable for procurement by federal agencies.<sup>3</sup> In addition, the Commission determines the fair market price (FMP) for PL items and, when appropriate, revises the FMP to keep program products and services competitive with other commercial offerings available to agencies.<sup>4</sup>

The CNAs are designated to help administer the AbilityOne Program, including facilitating participation of the NPAs and recommending products and services suitable to be placed on the PL. The CNAs assist nonprofit agencies with federal government contract opportunities that help sustain employment for people who are blind or have other severe disabilities.

This comprehensive review of the CNAs will be conducted through a contract audit vehicle, and will be ongoing over the next two years.

### **Oversight Project 1: CNA Evaluation on the NPA Assignment for Projects and Allocation of Orders**

The evaluation will assess the transparency, effectiveness and consistency of the criteria applied by the CNAs for NPA project assignments and allocation of orders.

The objective is to determine whether the CNAs have effective controls over their process in making recommendations to the Commission for NPA project assignments, and distribution of orders by the CNAs for items on the PL. In particular, it will measure the effectiveness of policies and procedures, and test the efficiency of certain key controls.

### **Oversight Project 2: Audit of the Program Fee to Qualified and Approved NPAs**

The audit will enhance the understanding of the program fee<sup>5</sup>. The performance audit will assess whether the CNA fee as established, applied and developed accomplishes the intended benefits and efficiencies for the qualified and approved NPAs participating in the AbilityOne Program.<sup>6</sup>

### **Oversight Project 3: Review the Appeal (reconsideration) Process for the Selection Decision on NPAs' Project Assignment and Allocation of Orders**

The review will assess the CNAs' latitude for recommending a project assignment or allocation of orders to an NPA, and the opportunity by NPAs to appeal the designation of qualified NPAs to provide the product or service to the government.

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<sup>3</sup> 41 U.S.C. § 8503(a)(1).

<sup>4</sup> 41 U.S.C. § 8503(b).

<sup>5</sup> See Cooperative Agreements

[National Industries for the Blind SourceAmerica](#)

<sup>6</sup> 41 CFR 51 – 3.5.

The objective is to determine whether the CNAs are effectively and efficiently complying with policies and procedures for appeals (reconsideration) on the project assignment and allocation of orders.

#### **Oversight Project 4: Evaluation on the CNAs' Recommendations of Order Allocations to Designated NPAs**

The OIG will evaluate the process for CNAs' recommendations to the Commission for the project assignments and allocation of orders among qualified NPAs.

The objective is to determine whether there are effective procedures for making recommendations to the Commission for qualified NPAs to develop a product or service, and the distribution of orders for items on the PL among multiple NPAs to fulfill that particular product or service requirement.

#### **Oversight Project 5: Review Completed Actions of the Cooperative Agreements by CNAs**

The review will measure whether the desired outcomes are being achieved for the CNAs and the AbilityOne Program to grow employment and promote greater program accountability.<sup>7</sup>

The objective is to determine the effectiveness of employment growth as well as program accountability as a result of implemented Cooperative Agreements oversight requirements in the areas of direct labor hours, program fees, and reportable expenditures.

#### **Oversight Project 6: Audit on the Quality of Products in Support of Meeting Government Requirements**

This audit will review whether the products delivered to the Government fulfill the requirements for quality and timeliness.

#### **Oversight Project 7: Evaluation on the Market Shift for the Growth and Innovation of Products and Services**

The evaluation will explore the lifecycle for NPA project proposals or ideas being implemented through the CNAs' processes, and whether those processes foster growth of the program.

The objective is to determine whether the NPA innovations for products and services are optimally leveraged and translate to additions in product business lines.

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<sup>7</sup> See Cooperative Agreements  
[National Industries for the Blind](#)  
[SourceAmerica](#)