



June 10, 2013

**Description and Analysis of GAO Report  
Enhanced Oversight of the AbilityOne Program Needed  
GAO-13-457 (May 2013)**

**Overview of GAO Review:**

Recently, the GAO completed a report that examined how the AbilityOne Commission:

1. Directs and oversees the Central Nonprofit agencies (CNAs);
2. Adds products and services to the program and assigns affiliates to provide them; and
3. Prices program projects.

GAO reviewed policies, procedures, relevant federal laws and regulations, and other documents; interviewed CNAs and AbilityOne officials; held five focus groups with affiliates; and analyzed data on program products, services, and pricing reviews.

**Findings:**

The Commission has **limited control over some aspects of CNA operations**—spending (executive compensation and benefits, lobbying, reserves, funding of program initiatives); and performance management, governance standards, and other internal controls.

The Commission relies on CNAs to recommend projects for the Program, but has not resolved concerns about **how CNAs assigned projects to affiliates**.

- The Process CNAs use to assign projects are not fully transparent and some affiliates view them as inequitable.
- Limited transparency and perceived inequities may not be resolved by the Commission’s most recent efforts.
- The Commission does not track how the program’s distribution of projects affects job creation for its target population.

The AbilityOne Commission has **final approval of project prices**, but procedures could be strengthened.

- The Commission’s review and approval of price recommendations for new projects lacks transparency.
- The Commission’s pricing revision process has not ensured approval of all price revisions.

### Conclusions:

The GAO concluded that the AbilityOne program is the single largest source of employment for blind and others with severe disabilities.

The GAO also concluded that there are specific areas where the AbilityOne Commission needs to establish adequate oversight procedures to better help ensure program integrity, transparency, and effectiveness. These include:

- Obtaining reports from CNAs on alleged misconduct and internal control variations to ensure that any appropriate corrective actions are taken;
- Overseeing CAN procedures for assigning projects to affiliates to help ensure transparency and equity;
- Developing more explicit and transparent written protocols for pricing reviews; and
- Reviewing pricing packages to ensure fair market value.

Finally, the AbilityOne program does not have an independent Inspector General. Without an independent IG, this major procurement program lacks an office to independently audit and investigate waste, fraud, and abuse and to make recommendations for enhancing program integrity and operations.

### Recommendations:

To enhance program effectiveness, efficiency, and integrity in the AbilityOne program, Congress may wish to consider establishing an independent Inspector General for the program with the authority to audit and investigate the Commission and the CNAs.

To promote greater accountability for program effectiveness, efficiency, and integrity, GAO recommended that the Chair of the AbilityOne Commission should direct the A1 Commission to enter into a written agreement with each CNA. The agreement should establish key expectations for each CNA and mechanisms for the Commission to oversee their implementation and could cover, among other things:

- Expenditures of funds;
- Performance goals and targets;
- Governance standards and other internal controls to prevent fraud, waste, and abuse;
- Access to data and records;
- Consequences for not meeting expectations; and
- Provisions for updating the agreement.

To further improve oversight and transparency in the AbilityOne program, the Chair of the AbilityOne Commission should:

- Routinely **obtain from the CNAs any audits and reports** of alleged misconduct or other internal control violations, and information on corrective actions taken by the CNAs.
- Take additional action to better ensure that the CNAs **processes of assigning projects to affiliated agencies result in a transparent and equitable distribution.** Such action could include one or more of the following:
  - Further developing its policy to specify procedures CNAs should follow to ensure equity and transparency in project assignment decisions;
  - Developing protocols for how the Commission will review CNA project assignment procedures to ensure their alignment with the Commission's policy; or
  - Performing a study to determine if and how the distribution of projects among affiliates affects the number of jobs for people who are blind or have severe disabilities.
- Develop more explicit and transparent **written procedures for how Commission staff review pricing packages and clearly communicate these procedures to affiliates and the CNAs.** Such communication might also highlight the most common reasons that pricing packages are rejected by Commission staff.
- Require CNAs to provide current pricing information to enable the Commission to better **identify instances when current prices differ from approved prices.**