

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

**FISCAL YEAR 2010
PERFORMANCE AND ACCOUNTABILITY REPORT**



An independent agency responsible for administering the
Javits-Wagner-O'Day Act (41 U.S.C. 46-48c) and the AbilityOne Program.



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COMMITTEE FOR PURCHASE FROM
PEOPLE WHO ARE BLIND OR SEVERELY DISABLED

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November 16, 2010

The Honorable Jacob J. Lew
Director
Office of Management and Budget
725 17th Street, NW
Washington, DC 20503

Dear Mr. Lew:

The Committee for Purchase From People Who Are Blind or Severely Disabled (the Committee) respectfully submits the enclosed FY 2010 Performance and Accountability Report (PAR). The Committee is an independent Executive Branch agency that administers the Javits-Wagner-O'Day Act of 1971 (as amended). This statute authorizes the Committee to guide and oversee an employment program for people who are blind or who have other significant disabilities, known as the AbilityOne Program.

The Committee's mission, and that of the AbilityOne Program, is to create employment opportunities for people who are blind or who have other significant disabilities in the manufacture and delivery of products and services to the Federal Government. Through AbilityOne employment, many individuals with the most barriers to employment are able to work, to reduce their dependence on disability benefits programs and to become taxpayers for the first time. At the same time, federal agencies receive quality products and services that are furnished by the AbilityOne workforce, on time and at reasonable prices.

Employment is a key pillar of President Obama's Plan to Empower People with Disabilities. The Committee's mission, vision and program make significant contributions to this goal. The AbilityOne Program network of nonprofit agencies is the single largest source of employment for this segment of the U.S. population. In FY 2010, over 45,000 individuals who are blind or who have other significant disabilities received employment through the AbilityOne Program, earning an estimated \$500 million in wages. Not only do AbilityOne employees earn income and tangible benefits, but they gain skills, experience and greater independence.

Performance data related to the employment mission is verified by the Committee's staff upon receipt of certified annual reports from all participating nonprofit agencies. The Committee's compliance function includes on-site audits of nonprofit agency data to ensure that it is properly captured, classified and reported, consistent with the Agency's emphasis on stewardship.

A more detailed description of the Committee's high priority strategic goals and performance results is provided in Part II of the enclosed report.

The External Services Branch of the Finance Division at the General Services Administration (GSA) provided financial systems services to the Committee under an interagency agreement during FY 2010. These include an accounting system, travel, administrative payments; personnel compensation and benefits; and cash collection and deposits. The Committee relied primarily upon audits of the Finance Division conducted by the Office of the Inspector General at GSA to uncover material weaknesses in the systems and to ensure that internal control procedures are in place. No material weaknesses have been reported to the Committee by that office.

The Committee is in the process of establishing a more formal internal controls program. As a small, independent agency, with less than 30 full-time employees and an annual budget slightly more than \$5 million in FY 2010, the Committee does not have an internal controls infrastructure akin to that of a department or larger agency. However, the Committee values and emphasizes effective stewardship both for its internal operations and within the Program it administers. The Committee has processes and procedures in place to prevent the unauthorized use or misappropriation of Government assets going undetected, and receives an independent financial audit each year to identify and address any potential shortcomings in its systems. The Agency's FY 2010 audit is in process at this time, and will be forwarded to OMB as soon as it is available. This report includes discussion of ongoing plans and actions to further strengthen internal controls on pages 8 and 15.

More than 10 million Americans are blind or have other severe disabilities with the most significant barriers to employment. Among this segment of the population, the rate of *employment* is extremely low. In fact, over 60% of these individuals are not employed. The AbilityOne Program attempts to correct this inequity, providing over 45,000 job opportunities to people who are blind or who have other significant disabilities. The Program's delivery of such jobs, as well as quality products and services at a fair market price, is built on a foundation and spirit of accountability and transparency. We look forward to further enhancing and demonstrating the performance results of the AbilityOne Program.

Sincerely,

/ s /

E. Ballard
Executive Director

Enclosure

PART I. Management’s Discussion and Analysis

Mission and Organizational Structure

The Committee for Purchase From People Who Are Blind or Severely Disabled (Committee) was established by the Wagner-O’Day Act of 1938, which later became the Javits-Wagner-O’Day Act of 1971 (as amended). The Act authorizes the Committee to administer an employment program, known today as the AbilityOne Program, which generates job opportunities for more than **45,000** people who are blind or have other significant disabilities in the manufacture and delivery of products and services to the Federal Government. The vision of the AbilityOne Program is to enable all people who are blind or have other severe disabilities to achieve their maximum employment potential.

In accordance with the enabling legislation, a unique public-private structure is in place to administer and support the AbilityOne Program. The Act directs the Committee to designate one or more central nonprofit agencies to assist it in implementing the AbilityOne Program. The Committee has designated National Industries for the Blind (NIB) and NISH (serving people with a wide range of significant disabilities) to fulfill this role. NIB and NISH assist more than 600 private nonprofit agencies and/or State agencies to participate in the AbilityOne Program and in so doing, to employ people who are blind or who have other significant disabilities. Accordingly, the AbilityOne Program organization structure is shown below.

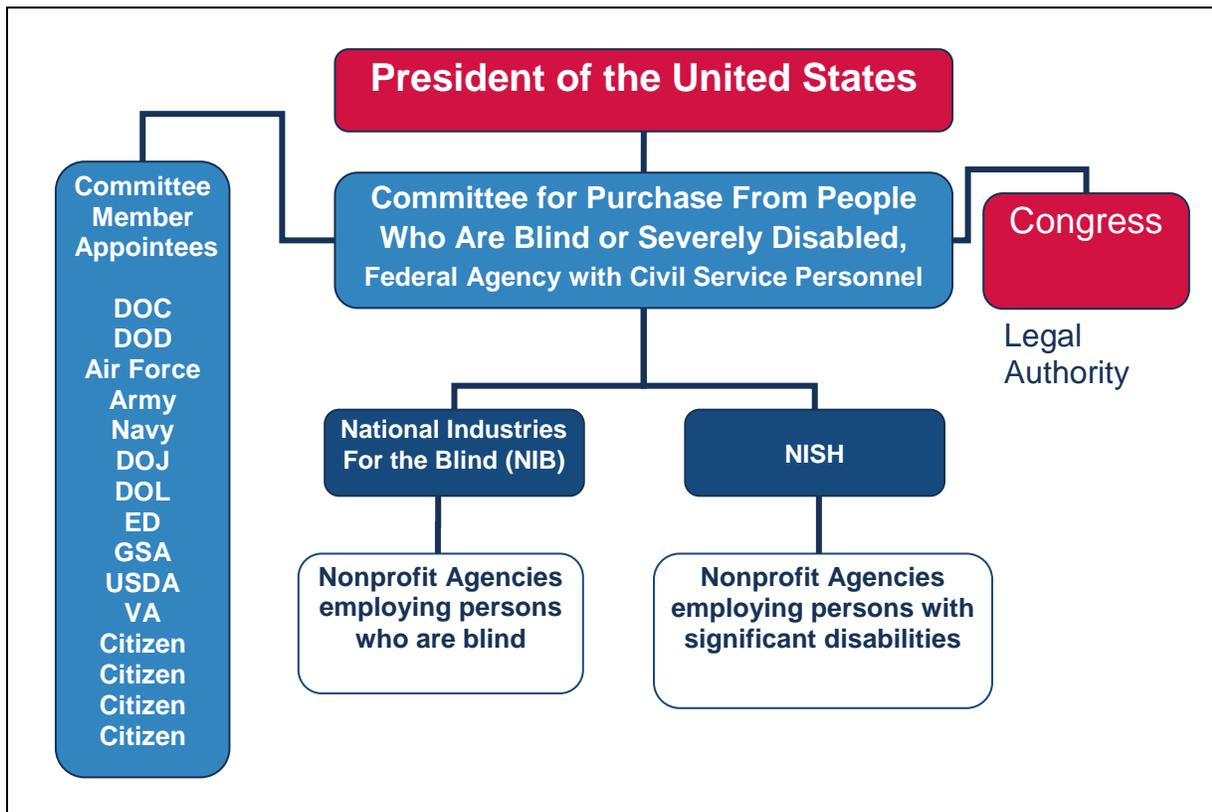


Figure 1. AbilityOne Program Structure

The President appoints 15 Committee members who provide oversight and guidance to the Agency and who, by law, make certain determinations about products and services suitable for the Procurement List. Eleven of the appointees represent federal agencies, while four are private citizens representing the employment concerns of people who are blind or who have other significant disabilities. In FY 2010, the Committee Chairperson was Andrew D. Houghton, private citizen from Florida, and the Vice Chairperson was James H. Omgig, private citizen from Arizona. Within the Committee, there are four Subcommittees where substantive policy issues are discussed and recommendations are forwarded to the full Committee for approval and implementation. The Subcommittees are directly aligned with the organization’s high-priority strategic goals discussed below.

A member of the Senior Executive Service serves as chief executive officer and leads the full-time civil service personnel who carry out strategic as well as routine business of the Committee as a federal agency. The Agency personnel handle all day-to-day business and prepare the information required by the appointees for decision making. The staff is organized into the following functional areas: executive office, compliance, information technology, policy and programs. Senior leaders for these functional areas are shown in the chart below. The Agency is in the process of filling vacancies in the areas of compliance, policy and operations, in part due to some staff restructuring to address the highest priorities of the organization. There were 25 FTEs on staff at the end of FY 2010.

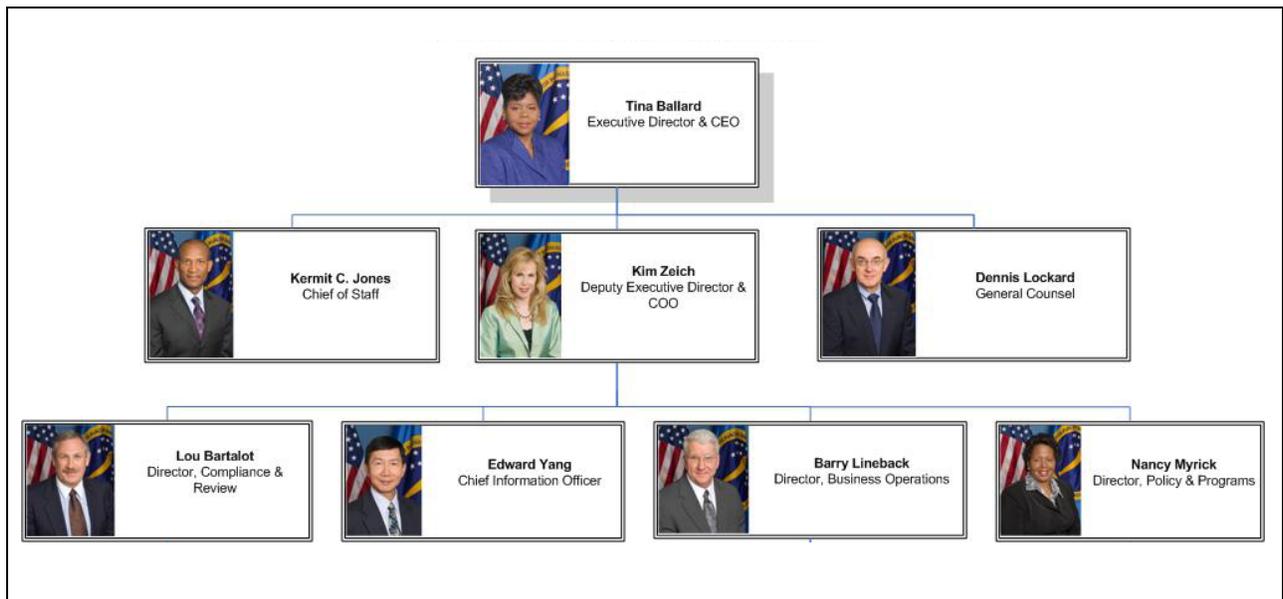


Figure 2. Committee Civil Service Personnel Organization Chart

Performance Goals, Indicators and Highlights

The Committee utilizes the following performance goals and indicators to evaluate the success of its execution of the mission and particularly, its administration of the AbilityOne Program:

1. Effective stewardship, demonstrated by the number of participating nonprofit agencies verified to be in full compliance with program rules and regulations.
2. Employee and customer satisfaction, demonstrated by increases over time in percentages of employees and customers who report that they are satisfied or highly satisfied with what the AbilityOne Program provides them.
3. Employment growth, demonstrated by the increase in jobs and hours worked by the AbilityOne Program's workforce.
4. Business excellence, demonstrated by improved processes that affect the entire enterprise, including decreased cycle time for the AbilityOne Program's key business transactions.

Fiscal Year 2009 was a year of growth and improvement in key programmatic areas, and while all FY 2010 data will not be received until December 2010, leading indicators point to additional growth in mission areas during the past year. The Committee's continued emphasis on nonprofit agency compliance resulted in over 98% of AbilityOne-participating nonprofit agencies achieving full compliance with statutory and regulatory requirements in 2009. There has been a steady and significant improvement in compliance over the last 10 years. Since 1999, the number of nonprofit agencies out of compliance for one year decreased from 70 to 13, and the number of nonprofit agencies out of compliance for multiple years decreased from 25 to only four. This emphasis on compliance is warranted, as the Committee must ensure both that the AbilityOne Program is serving the intended beneficiaries and that it continues to provide an effective (and cost-effective) way for the Federal Government to help individuals who are blind or have other significant disabilities achieve employment and greater economic independence.

In FY 2010, the Committee made great strides toward enhancing the quality as well as the quantity of employment offered through the establishment and implementation of its "Quality Work Environment" (QWE) initiative. This initiative was designed to identify and promote best practices to support the quality of employment provided to the AbilityOne's nationwide workforce—resulting in expanded choice, increased training opportunities and a clear path for advancement for individuals who are blind or who have other severe disabilities. Employee satisfaction surveys implemented in late FY 2010 and early FY 2011 will establish benchmark scores relating to the elements of quality employment, and will enable measurement of progress in this area.

Employment growth was a significant area of success for the AbilityOne Program in FY 2009, and the leading indicators for FY 2010 tell us that even greater numbers of new jobs will be shown in our final data. As noted in Figure 3 below, in FY 2009, the number of AbilityOne employees increased more than five percent and the hours of direct labor they performed increased more than four percent. The total wages paid increased significantly more than eight percent, resulting in greater purchasing power and more economic independence for AbilityOne employees who are blind or have other significant disabilities.

	FY 2009 Result	Delta from FY 2008	FY 2010 Result	Delta from FY 2009
Procurement List Additions	120	(-11.11%)	160	33.33%
Estimated New FTEs	1,107	41.92%	1,856	67.66%
Total Hours Worked	45,647,969	4.28%	TBD	TBD
Total AbilityOne Jobs	45,936	5.87%	TBD	TBD
AbilityOne Wages Paid	\$493,900,931	8.12%	TBD	TBD

Figure 3. Fiscal Year 2009 Results and 2010 Employment Indicators

The number of Procurement List additions and the estimated new full-time equivalent (FTE) associated with those additions is a leading indicator for the Committee and the AbilityOne Program. In general, more additions of employment-creating requirements to the Procurement List will result in a greater number of new FTEs at the end of the Fiscal Year. When the number of new FTEs increases year-over-year, the Committee expects to see its total direct labor hours worked and total AbilityOne employment number increase. The latter two data elements are lagging indicators, as this information is not aggregated and available until the second quarter of the new Fiscal Year. Thus, all FY 2010 results will be available in early calendar year 2011.

In another area of emphasis, in FY 2009, the Committee established a goal to place emphasis on improving mission-critical business processes such as the method for adding products and services to the Committee’s Procurement List. In early FY 2010, a Lean Six Sigma team reviewed the Procurement List addition process end-to-end, and identified four primary areas in which to streamline and improve processes. These solutions areas were further studied by dedicated working groups that will identify and pilot test improvements by December 31, 2010.

Accomplishments during FY 2009 and FY 2010 have set the stage for success in FY 2011 and beyond. The establishment of enterprise-wide goals, objectives and focus around employment growth and stewardship, for example, is driving the AbilityOne Program toward creating and sustaining more jobs for people who are blind or who have other significant disabilities.

Analysis of Financial Information, Controls and Legal Compliance

Though it is a small, independent agency, the Committee accomplishes an important mission that is national in scope – touching more than 45,000 lives. It does so without a national infrastructure, and with very limited appropriated funds; the agency’s 2010 budget was \$5,396,000. As in FY 2009, Committee’s budget in FY 2010 was primarily used to fund salaries and benefits for its full-time civil service staff and private citizen members; to pay for rent and overhead expenses at the agency’s sole office in Arlington, Virginia; to fund official travel. The majority of Agency travel is to audit nonprofit agencies’ compliance with the law and relevant regulations. Any change in the Agency’s financial position from the previous fiscal year is nominal.

The Committee's management is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the Federal Managers' Financial Integrity Act (FMFIA). The associated reviews enable the Committee to provide a qualified statement of assurance that the internal controls and financial management systems meet the objectives of FMFIA, with the exception of 10 material weaknesses. The details of the exceptions are provided in Exhibit I.

The agency's goals, objectives, targets and measures are focused on administration of the AbilityOne Program nationwide. Given its small size, the Committee has not previously implemented a formal internal controls program, though it does have processes and procedures to prevent the unauthorized use or misappropriation of Government assets going undetected. The External Services Branch of the Finance Division at the General Services Administration (GSA) provided financial systems services to the Committee under an interagency agreement during FY 2009. These include an accounting system, travel, administrative payments; personnel compensation and benefits; and cash collection and deposits. The Committee relied primarily on audits of the Finance Division conducted by the Office of the Inspector General at GSA to uncover material weaknesses in the systems and to ensure that internal control procedures are in place. No material weaknesses have been reported to the Committee by that office.

The Committee's independent financial auditor has advised the Agency that GSA's controls do not include adequate assurance of the accuracy of the reports they generate from the Financial Information Management System (FMIS) on behalf of client agencies such as the Committee. Thus, monthly versus periodic reconciliation of the financial statements generated from FMIS will be implemented to prevent the agency from experiencing a future material weakness in internal control over financial reporting. Beginning in 2010, the Committee has adopted a spending data quality framework as instructed by the Office of Management and Budget (OMB) and the Open Government Directive. This framework will provide a new level of internal control and accountability for the Agency, including monthly review and reconciliation of financial reports as recommended. The independent financial auditor has also advised the Committee that its capitalization of property, plant and equipment requires strengthening. Thus, corrective action is underway in 2010 to prevent the agency from experiencing a future material weakness in internal control over financial reporting related to property capitalization.

With the above-referenced corrective actions, further discussed in Exhibit I, the Committee provides reasonable assurance that its systems of internal accounting and administrative control comply with applicable requirements of the Federal Managers' Financial Integrity Act of 1982 (FMFIA) and OMB Circular A-123 (revised December 21, 2004), and are adequate and effective. The independent audit found no instances of noncompliance with the selected provisions of laws and regulations applicable to the Agency's financial statements.

The objectives of internal controls are to provide reasonable assurance that:

- Programs achieve their intended results;
- Resources are used consistent with the Agency's mission;
- Programs and resources are protected from waste, fraud, and mismanagement;
- Laws and regulations are followed; and

- Reliable and timely information is obtained, maintained, reported, and used for decision making.

In accordance with the Improper Payments Information Act of 2002, the Committee reports that it had no significant improper or erroneous payments in FY 2009 [review pending for FY 2010]. Because no significant improper or erroneous payments occurred, no corrective action is necessary at this time.

Possible Future Effects of Existing Events and Conditions

While FY 2009 showed an upward trend in employment, and FY 2010 is expected to show a similar increase, the AbilityOne Program has faced and continues to face several challenges in meeting its mission. Its total employment dropped from a high of 47,000 individuals who are blind or severely disabled in FY 2006 to approximately 42,000 individuals in FY 2007, and only began to rebound in FY 2008, reaching more than 43,000. The FY 2009 final employment number, while in excess of 45,000 individuals, did not surpass the program high recorded in FY 2006. This volatility in employment numbers is due in part to the military drawdown and other federal agency budget reductions, resulting in the purchase of fewer AbilityOne products and services. It is critical for the Committee to lead the AbilityOne Program into new lines of business and to build stronger relationships with key customers to increase jobs for the AbilityOne workforce.

The decrease described above was also due to the loss of several hundred jobs at a few of the largest AbilityOne participating nonprofit employers, where inaccurate reporting and noncompliance with the Committee's regulations were identified. These discoveries, combined with a January 2007 report issued by the Government Accountability Office (GAO), solidified the Committee's need to significantly increase its oversight and compliance functions.¹ The Committee has ultimate responsibility for the integrity, effectiveness and overall stewardship of the AbilityOne Program. Thus, the agency initiated several steps to improve oversight. The data collected by the agency and verified to the best of our current capability shows a high level of compliance in FY 2009; however, additional staff and resources have been requested to conduct more site visits that would help ensure the AbilityOne Program's integrity and good stewardship of taxpayer's money.

It is clear that the Committee must focus on increasing employment through new lines of business to replace products that have become obsolete and to expand services beyond markets that are saturated. In light of today's economic environment, the need to raise awareness, understanding and preference for the AbilityOne Program among government and other stakeholders who can positively impact the employment options for people who are blind or severely disabled has never been so important. Beginning in 2008, and continuing through FY 2010, the Committee has initiated and forged several new business partnerships with the Department of Defense and members of the defense industry, which are expected to result in significant growth for AbilityOne jobs.

¹ GAO-07-236: Federal Disability Assistance – Stronger Federal Oversight Could Help Assure Multiple Programs' Accountability, January 26, 2007.

New initiatives could result in significant increases in AbilityOne jobs over the next five years. However, the Committee must have the infrastructure in terms of human capital and information technology to handle this expected and much-needed employment growth. The staff is close to its capacity to maintain the AbilityOne business transactions already coming in, even with the automation of many functions via its information management system.

Other Management Information, Initiatives, and Issues

After more than 70 years of existence, the AbilityOne Program has become much more than was ever imagined. It is now the single largest employer of people who are blind or severely disabled in the U.S., tapping into the abilities of more than 45,000 individuals nationwide. In the beginning, nonprofit agencies provided a few brooms and mops to the Federal Government. Now they are providing a myriad of complex products (many of which are military unique) and services. Even after seven decades, two important aspects of the AbilityOne Program remain the same: (1) providing needed employment to an untapped labor resource that has limited opportunities to participate in the national economy; and (2) providing federal customers with quality goods and services at a fair market price to support their critical mission needs.

In light of our nation's continued military initiatives, it is necessary for the Committee to fully engage and collaborate with other agencies that provide rehabilitation and vocational services to veterans returning from active duty with disabilities. This is important because the AbilityOne Program picks up where other services leave off, and offers specific employment and training opportunities at locations where the veterans choose to live and work using their skill sets.

The AbilityOne Program constitutes less than one percent of the Government's total procurement dollar spending. However, it has enabled thousands of Americans who are blind or have other severe disabilities to have meaningful employment. While final results from FY 2010 are not yet available, in FY 2009, these persons worked 45.6 million hours at an average hourly wage of \$10.82 as compared to the federal minimum wage of \$7.25 an hour (effective July 24, 2009). While some people who are blind or have other significant disabilities will remain within the AbilityOne Program, others are able to obtain employment in the competitive workforce. In FY 2009, more than 2,000 people with disabilities working in the AbilityOne Program were able to obtain competitive employment.

Limitations of the Financial Statements

The principal financial statements have been prepared to report the financial position and results of operations of the entity, pursuant to the requirements of 31 U.S.C. 3515 (b). While the statements have been prepared from the books and records of the entity in accordance with GAAP for federal entities and the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity.

PART II. Performance Section

Comparison of Actual to Target Performance by Goals; Plans/Schedules to Improve

Strategic Goal #1: Effective Stewardship

[In previous Strategic Plans, “Stewardship, Program Integrity and Leadership”]

Following a 2007 report and recommendations issued by the Government Accountability Office (GAO), the Committee determined that all compliance reviews of AbilityOne participating nonprofit agencies are inherently governmental and must be performed by Agency personnel. Prior to 2007, the Agency’s designated Central Nonprofit Agencies performed a significant share of the total compliance reviews.

The Committee implemented several strategies to enhance the compliance function’s efficiency and outcomes. The Agency used a statistically valid sampling method to allow a representative portion of records to be reviewed at each site with a high degree of reliability. Our information management system enabled receipt of participating nonprofit agencies’ self-certification reports electronically, facilitating the staff’s review and identification of discrepancies. The Agency leveraged technical assistance visits by its Central Nonprofit Agencies to increase nonprofit agencies’ awareness and understanding of statutory and regulatory requirements. Feedback from such technical assistance visits, as well as annual data we are authorized to collect from AbilityOne participants, enabled the Committee staff to target locations that warrant site visits.

The Committee established a target of 100% nonprofit agency compliance with statute and regulations as verified via direct Committee audit. The Committee acknowledges that a target of perfect compliance by more than 600 agencies might not be attainable, but the Committee does not condone any nonprofit agencies being out of compliance. Further, the Committee established a target to conduct on-site compliance audits at all participating nonprofit agencies over a five-year cycle. Given the total number of participants, the Committee will need to visit an average of 120 nonprofit agencies per year, including repeat visits for those that are out of compliance and require follow-up work.

The number of on-site visits has been steadily rising through FY 2009 and FY 2010, but has not yet hit the target of 120 per year, due to some vacant positions on the compliance staff. The Compliance staff is expected to achieve 130 or more on-site audits in FY 2011; then to exceed this number over each of the next two years in order to meet the five-year target of all 600-plus nonprofit agencies visited. With respect to the outcomes or results of the combined on-site audits and self-certification reports, a compliance rate of 98% was achieved in FY 2009. This equates to about 13 out of 600-plus nonprofit agencies being out of compliance, a high level of compliance but not up to the standard of 100 percent. The FY 2010 results will be available in early January 2011 for review.

Plans/Schedules to improve: Each nonprofit agency that is out of compliance is advised in writing by the Committee and has its performance subsequently monitored quarterly by the Committee and by the appropriate Central Nonprofit Agency. Technical assistance visits are made, and AbilityOne contract work is evaluated to determine whether it should be removed

from the noncompliant organization. If a nonprofit agency is out of compliance for a second consecutive year, it must appear before the Committee to explain its noncompliance and to justify its continued eligibility to participate in the AbilityOne Program. Follow-up review of noncompliant agencies has subsequently found that all nonprofit agencies found out of compliance at the end of FY 2009 have since achieved compliance or have left the AbilityOne Program.

Strategic Goal #2: Employee/Customer Satisfaction

[previously, “Employment” and “Customer Satisfaction”].

President Obama’s Plan to Empower People with Disabilities dedicates an entire section to employment. To truly empower an individual, employment must provide personal satisfaction as well as financial income. The Agency has three guiding principles for AbilityOne employment. These principles state that employees who are blind or have other significant disabilities should have opportunities to do the work of their choice, with appropriate supports and/or workplace flexibilities; access to on-going training; and a clear path to career and advancement opportunities, including opportunities to enhance earnings. The Committee established a Quality Work Environment (QWE) initiative that will provide a strategic, consistent and program wide approach to quality employment and employee satisfaction.

While employee satisfaction is important in its own right, it is also a driver of customer service excellence. Ensuring the satisfaction and loyalty of federal customers is equally critical to fulfilling the employment mission of the AbilityOne Program. It is a key driver of federal agencies’ continued use of the AbilityOne Program’s products and services. Quality initiatives have been undertaken by the Central Nonprofit Agencies and AbilityOne participating nonprofit agencies over the past few years to increase the level and consistency of performance on their manufacturing and service contracts. Several nonprofit agencies are ISO 9001 and ASO 9100 certified. Affiliated nonprofit agencies have also received quality awards from their customers, such as the Navy’s Ney Award for the best food service operation ashore.

Some formal and informal methods have been employed to solicit AbilityOne employee feedback over the past several years; however, this has not been accomplished on a consistent, program-wide basis. While quality efforts and continuous improvement are ongoing, statistically sound baseline data does not exist to permit precise measurement of changes in customer satisfaction at this time. It is necessary to develop mechanisms, both quantitative and qualitative, to collect reliable satisfaction data.

Plans/Schedules to improve: The Central Nonprofit Agencies will provide the Committee with results from their 2010 research (still ongoing as of November 1, 2010) to obtain satisfaction data from AbilityOne employees. While conducted independently, the research was coordinated in order to allow for aggregation of the employee satisfaction data. These baselines will enable the execution and evaluation of strategies to increase the percentage of highly satisfied AbilityOne employees. A review of existing research regarding federal customers’ satisfaction with the AbilityOne Program has been completed, and some qualitative satisfaction research was conducted in FY 2010. The findings from this research will be analyzed in FY 2011 and strategies developed as a result of the findings. Further, the information gathered in FY 2010

will inform the methodology being developed in FY 2011 to collect more comprehensive, updated Federal customer satisfaction information.

Strategic Goal #3: Employment Growth

[previously, “Employment” and “Market Development”].

To more effectively accomplish the intent, strategic direction and employment that are the foundation of the Javits-Wagner-O’Day Act, the AbilityOne Program must aggressively pursue new employment opportunities. The AbilityOne Program provides over 45,000 job opportunities to people who are blind or who have other severe disabilities. Nevertheless, AbilityOne job opportunities only scratch the surface in comparison to the opportunities needed by the program’s target population.

The Committee continued to identify and pursue several strategies to increase employment opportunities in FY 2010, such as data mining, proactive engagement with federal customers and proactive engagement with members of the defense industry. As a result, several new business opportunities were offered for development, and some have already come to fruition in terms of addition to the Committee’s Procurement List, resulting in increased employment. For example, as a result of engagement with customers and development of program capabilities, over 60 new jobs for people with significant disabilities will be created through the Committee’s FY 2010 addition of Custodial Services for the Department of Energy’s Forrestal Building to its Procurement List. Over 200 new jobs for people who are blind or who have other significant disabilities will be created through the Committee’s FY 2010 addition of a portion of the Army’s requirement for trousers and blouses/shirts in multi-camouflage patterned fabric.

The Committee partnered with other federal agencies to create and deliver training programs aimed at federal employees and industry employees who perform federal contract work, to educate them about the professional capabilities of people who are blind or severely disabled under the AbilityOne Program. Several hundred acquisition professionals were presented with educational information regarding the Program during the FY 2010 Department of Defense Procurement Conference, while many smaller symposia, seminars and briefings were presented for similar purposes. These and other outreach activities demonstrated return on investment in the form of contacts and leads for new contracting requirements and thus new employment opportunities for the AbilityOne workforce.

The growth in jobs for people who are blind in FY 2009 exceeded 4%, while the growth in employment hours for this population exceeded 5%. The Committee’s most recent targets established for National Industries for the Blind were articulated as 2.5% growth in jobs and 4.0% growth in employment hours, and thus were achieved in FY 2009. FY 2010 data is not yet available. For NISH, the Committee’s targets were 4.0% and 9.0% respectively. The target for the number of individuals with significant disabilities other than blindness who were provided employment opportunities was exceeded; however, the target of a 9% increase in direct labor hours for NISH-associated nonprofit agencies was not met. The latter was recognized to be a stretch goal, and in fact, expectations for FY 2010 are higher (again, this data is not yet available).

The number of requirements for products or services added to the Procurement List, and the estimated full-time equivalent positions associated with those additions are leading indicators for AbilityOne employment growth. The trend from FY 2008 to FY 2010 indicates that a significant increase in employment will be measured when FY 2010 data is fully available.

	FY 2009 Result	Delta from FY 2008	FY 2010 Result	Delta from FY 2009
Procurement List Additions	120	(-11.11%)	160	33.33%
Estimated New FTEs	1,107	41.92%	1,856	67.66%
Total Hours Worked	45,647,969	4.28%	TBD	TBD
Total AbilityOne Jobs	45,936	5.87%	TBD	TBD
AbilityOne Wages Paid	\$493,900,931	8.12%	TBD	TBD

Table 1. Fiscal Year 2009 and 2010 Employment Results to date.

Nearly half of the 1,100-plus new jobs created by the AbilityOne Program in FY 2009 were in non-traditional, innovative lines of business. This is an encouraging trend, demonstrating that AbilityOne-participating nonprofit agencies are investing in their capabilities and capacity, and are diversifying their business base. As some of the program's more traditional lines of business become saturated, newer lines of business will enable the AbilityOne Program to continue to offer people with the most significant disabilities new employment opportunities. In FY 2010, additions in services such as Consolidated Facilities Management, Public Works, Contract Closeout Services and Hospitality (First Sergeant's Barracks Initiative) promise that significant numbers of FTEs will be attributable to new lines of business, continuing the positive trend.

Plans/Schedules to improve: The business plans and strategic objectives associated with growing employment in terms of jobs and direct labor hours for AbilityOne employees have been strengthened for FY 2011 to be more specific and to leverage the skills and talents of internal and external subject matter experts. The development of capabilities and additional capacity in new lines of business are collectively expected to increase total employment under the AbilityOne Program. Further, efforts to partner with federal and industry customers will be increased in FY 2011 through Memoranda of Agreement, additional training and outreach, which are expected to facilitate employment growth. Targets for employment growth have been established for FY 2011 and are reviewed quarterly by the Committee via scorecards.

Strategic Goal #4: Business Excellence

[no previous goal in this area].

As the Agency responsible for the effective administration of the AbilityOne Program, the Committee must execute several business processes directly linked to key stakeholders and the employment mission. Three primary business processes that require attention, resources and coordination across agencies are (1) the Procurement List addition process, (2) fair market pricing policy and procedures, to include handling price impasses, and (3) the Central Nonprofit Agency (CNA) Fee determination process.

These objectives were generally addressed under a process improvement goal in a previous Strategic Plan, but were not explicit in the Committee's final plan for FY 2007-2009. The Agency explicitly identified business process excellence among its strategic goals during FY 2010. Progress will be measured in this goal area during FY 2011-2014. The primary measures will include milestone completion of Lean Six Sigma process reviews as well as cycle time reduction resulting from process streamlining. The Committee will continue to provide ongoing oversight into both the establishment of a ceiling for fees paid by nonprofit agencies to their central nonprofit agencies and the effective use of such resources to support AbilityOne goals and priorities.

PART III. Financial Section

As required by the ATD Act, the Committee's quarterly unaudited financial statements were submitted to OMB. These financial statements were prepared by the General Services Administration (GSA) from the accounting records of the Committee in accordance with generally accepted accounting principles.

The General Services Administration also prepared the principal financial statements to report its financial position and results of operations pursuant to the requirements of 31 U.S.C. § 3515(b). GSA prepared the statements from its books and records in accordance with generally accepted accounting principles for federal entities and the formats prescribed by OMB. The agency's financial statements and reports are prepared from the same books and records, and both are used to monitor and control budgetary resources.

The Committee's FY 2010 financial audit has not yet been completed. The results will be forwarded to OMB as soon as they are available to be merged with this PAR. In the interim, the Committee's FY 2009 financial audit management representation letter is attached as Exhibit I. In connection with the FY 2009 financial audit, the Committee is in the process of establishing a more formal internal controls program. The Agency is also implementing its plan to improve the quality of its procurement spending data.

Under the Inspector General Act, the Committee is categorized as a non-designated agency and is not required to establish an Office of Inspector General.

Exhibit I



COMMITTEE FOR PURCHASE FROM
PEOPLE WHO ARE BLIND OR SEVERELY DISABLED

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The Honorable Gene L. Dodaro
Acting Comptroller General of the United States
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Andrew B. Martin, CFE, CPA
Managing Partner
Martin & Wall, P.C.
1633 Q Street, NW, Suite 230
Washington, DC 20009

Dear Mr. Dodaro and Mr. Martin:

We are providing this letter in connection with your audit of the Committee for Purchase from People Who Are Blind or Severely Disabled's balance sheet as of September 30, 2009 and 2008, and the related statements of net costs, changes in net position, budgetary resources, for the years then ended (hereinafter referred to as the "financial statements").

You conducted your audit to (1) express an opinion as to whether the financial statements are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles, (2) report on the entity's internal control over financial reporting and compliance with laws and regulations as of September 30, 2009 and (3) test for compliance with applicable laws and regulations. In addition, you have performed certain audit procedures with respect to the Committee for Purchase from People Who Are Blind or Severely Disabled's 2009 Management's Discussion and Analysis (MD&A) and other supplementary information, which is included as part of the 2009 financial statements of the Committee for Purchase from People Who Are Blind or Severely Disabled.

Certain representations in this letter are described as being limited to matters that are material. For purposes of this letter, matters are considered material if they involve \$50,000 or more. Items also are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following representations made to you during the audits. These representations pertain to both years' financial statements, and update the representations we provided in the prior year:

Presentation and Disclosure

1. We are responsible for the fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles. We are also responsible for the preparation of the MD&A, and (if any): required supplementary information (RSI), required supplementary stewardship information (RSSI), and other supplementary information.
2. The financial statements are fairly presented in conformity with U.S. generally accepted accounting principles. The MD&A, and (if any) RSI, RSSI, and other supplementary information are fairly presented and are consistent with the financial statements.
3. We have made available to you all
 - a. financial records and related data;
 - b. where applicable, minutes of meetings of the Board of Directors [or other similar bodies of those charged with governance] or summaries of actions of recent meetings for which minutes have not been prepared; and
 - c. any communications from the Office of Management and Budget (OMB) concerning noncompliance with or deficiencies in financial reporting practices.
4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements or disclosed in the notes to the financial statements.
5. There are no uncorrected financial statement misstatements as we have adjusted the financial statements for all known and likely misstatements you have informed us of.
6. The Committee for Purchase from People Who Are Blind or Severely Disabled has satisfactory title to all owned assets, including stewardship property, plant, and equipment. There are no liens or encumbrances on these assets and no assets have been pledged.
7. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities or that we are required to disclose in the financial statements.
8. There are no guarantees under which the Committee for Purchase from People Who Are Blind or Severely Disabled is contingently liable that require reporting or disclosure in the financial statements.

9. Related party transactions including related accounts receivable or payable, revenues, expenditures, loans, transfers, leasing arrangements, assessments, and guarantees have been properly recorded and disclosed in the financial statements.
10. No material events or transactions have occurred subsequent to September 30, 2009 that have not been properly recorded in the financial statements or disclosed in the notes.

Intra-governmental Activities

11. All intra-entity transactions and balances have been appropriately identified and eliminated for financial reporting purposes. All intra-governmental transactions and activities have been appropriately identified, recorded, and disclosed in the financial statements. We have reconciled material intra-governmental transactions and balances with the federal entity providing the goods or services.

Internal Control

12. We are responsible for establishing and maintaining a system of internal control.
13. Pursuant to 31 U.S.C. 3512(c), (d) (commonly known as the Federal Managers' Financial Integrity Act), we have assessed the effectiveness of the Committee for Purchase from People Who Are Blind or Severely Disabled's internal control in achieving the following objectives:
 - a. Reliability of financial reporting: Transactions are properly recorded, processed, and summarized to permit the preparation of the financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition.
 - b. Compliance with applicable laws and regulations: Transactions are executed in accordance with laws governing the use of budget authority; other laws and regulations that could have a direct and material effect on the financial statements, and any other laws and regulations identified in OMB audit guidance.

We have prepared written responses to each notice of findings and recommendations presented in Appendix B of the audit report. We are implementing corrective actions and will monitor progress of corrective actions.

14. We have disclosed to you all significant deficiencies in the design or operation of internal control that could adversely affect the Committee for Purchase from People Who Are Blind or Severely Disabled's ability to meet the internal control objectives.
15. There have been no changes to internal control subsequent to September 30, 2009 or other factors that might significantly affect the effectiveness of internal control.

Fraud

16. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud (intentional misstatements or omissions of amounts or disclosures in financial statements and misappropriation of assets that could have a material effect on the financial statements).
17. We have no knowledge of any fraud or suspected fraud affecting the Committee for Purchase from People Who Are Blind or Severely Disabled involving:
 - a. management,
 - b. employees who have significant roles in internal control, or
 - c. others where the fraud could have a material effect on the financial statements.
18. We have no knowledge of any allegations of fraud or suspected fraud affecting the Committee for Purchase from People Who Are Blind or Severely Disabled received in communications from employees, former employees, or others.

Laws & Regulations

19. We are responsible for the Committee for Purchase from People Who Are Blind or Severely Disabled's compliance with applicable laws and regulations.
20. We have identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts. These include: the Anti-Deficiency Act; Provisions Governing Claims of the U.S. Government (31 U.S.C. 3711-3720E), including the Debt Collection Improvement Act of 1996 (DCIA), the Prompt Payment Act; the Pay and Allowance System for Civilian Employees as provided primarily in Chapters 51-59 of title 5, United States Code; the Civil Service Retirement Act, 5 U.S.C. Chapter 83; Federal Employee Health Benefits Act, 5 U.S.C. Chapter 89; Federal Employees Compensation Act (FECA), 5 U.S.C. Chapter 81; Federal Employee's Retirement System (FERS) Act of 1986, 5 U.S.C. Chapter 84.
21. There are no
 - a. violations or possible violations of laws or regulations whose effects we should evaluate for disclosure in the financial statements or as a basis for recording a loss contingency,
 - b. material liabilities or gain or loss contingencies that are required to be accrued or disclosed that have not been accrued or disclosed, or
 - c. unasserted claims or assessments that are probable of assertion and must be disclosed that have not been disclosed.
22. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

23. We are not aware of any violations of the Antideficiency Act that we must report to the Congress and the President (and provide a copy of the report to the Comptroller General) for the year ended September 30, 2009.

Budgetary and Restricted Funds

24. The information presented in the Committee for Purchase from People Who Are Blind or Severely Disabled's Statement of Budgetary Resources (materially - defined in paragraph 2 on page 1001 A-1) agrees with information submitted in its year-end *Reports on Budget Execution and Budgetary Resources* (SF-133s). The information will be used as input for fiscal year 2009 actual column of the Program and Financing Schedules reported in the fiscal year 2010 Budget of the U.S Government. This information is supported by the related financial records and data.
25. We have disclosed in the financial statements all material earmarked funds as defined by FASAB SFFAS No. #27 and all material restricted funds.

E. Ballard
Executive Director

Kermit C. Jones
Chief of Staff