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Report Purpose

The National Council on Disability’s (NCD) Fiscal Year (FY) 2013 Performance and Accountability Report (PAR) provides the results of the agency’s program and financial performance and demonstrates to the Congress, the President, and the public NCD’s commitment to its mission and accountability over the resources entrusted to it.

This report includes information that satisfies the reporting requirements contained in the following legislation:

• Federal Managers’ Financial Integrity Act of 1982
• Government Performance and Results Act of 1993
• Government Management Reform Act of 1994
• Reports Consolidation Act of 2000
• Accountability of Tax Dollars Act of 2002
• Improper Payments Information Act of 2002
• GPRA Modernization Act of 2010

Report Organization

1. Management’s Discussion and Analysis - Provides an overview of NCD’s mission and organization, mission challenges, performance measurement methodology, key performance measures and efficiency measures, performance highlights, alignment of NCD costs and goals, financial highlights, and management assurances on internal control and financial systems.

2. Performance Section – Explains NCD’s performance relative to its strategic goals and objectives, and includes an overview on how performance data are verified and validated.

3. Financial Section – Provides financial details, including the independent auditors report and audited financial statements with accompanying notes.
Message from the Chairperson

On behalf of the members of the National Council on Disability (NCD or the Council), I am pleased to submit the Fiscal Year (FY) 2013 Performance and Accountability Report (PAR). The Council received a qualified opinion from its independent auditors on its FY 2013 annual financial statements.

The Council is working intensely with technical and contractual support from the General Services Administration to improve and further strengthen our internal agency operations and fiscal management. Additionally, NCD is also implementing best practice procedures in accordance with guidance from the Government Accountability Office (GAO) and the AICPA Audit Committee Effectiveness Center.

During the course of FY2013, the Council developed and adopted a financial procedural manual facilitated under the leadership of the Audit and Finance Committee and reviewed by external government partners for additional input. In FY2014 the same quality work will be conducted on the Council’s Administrative Policy manual to bring this document up to the standards required by the federal government.

The Audit & Finance Committee and the Executive Committee have reviewed and approved the Council’s Corrective Action Plan (incorporated in this document) to make decisive action to improve internal controls, IT security, and overall oversight as we move into FY2014. We have also worked with GSA to refine the requirements and duties of a financial analyst to further strengthen our internal operations.

As the Council moves to fill our vacant positions in FY2014, we have partnered with GSA in obtaining recommended contractual support to carry out these functions in the interim to ensure continuity of operations and improve the segregation of duties.

The Council’s role as an independent advisor on disability matters to the President and Congress is essential to assuring the Federal government is well informed and qualified to perform their duties and effectively serve the public, including individuals with disabilities. NCD carries out its mission to promote equality of opportunity, full participation, independent living and economic self-sufficiency for people with disabilities of all ages and backgrounds by: (1) continually reviewing disability programs and policies, (2) meeting with people with disabilities and other stakeholders around the country to learn about on-the-ground realities, and (3) providing advice, analysis and recommendations on disability policy to the President, Congress, and other federal agencies. NCD’s analysis and recommendations have led to enactment of important laws and other improvements to the programs and services provided by the many federal agencies that serve the disability community. NCD’s most notable achievement is drafting and recommending the Americans with Disabilities Act.

During FY 2013, the Council extended its engagement in several substantive areas that contributed to the nation’s progress toward achieving the goals of equality of
Management’s Discussion and Analysis

opportunity, independent living, full participation, and economic self-sufficiency for all people with disabilities.

These efforts have been undertaken as effective stewards of limited fiscal resources and included addressing the needs of people who have acquired disabilities, measuring the accessibility of polling places, promoting innovation in health care and fairness in the implementation of managed care. Additionally we are proud to continue our efforts in promoting effective communication fully accessible to all people with disabilities throughout all phases of emergency management.

The Council partnered with the White House on several initiatives promoting new leaders in the disability community, and addressing issues of mental health reform. In the course of the year NCD released a series of timely reports, papers, and letters including:

- Clearing the Backlog and Facilitating Benefits for Veterans with Disabilities
- Experience of Voters with Disabilities in the 2012 Election Cycle
- NCD Letter to Senate HELP Committee Opposing Sec. 511’s Inclusion in WIA Reauthorization
- A Promising Start: Preliminary Analysis of Court Decisions Under the ADA Amendments Act
- NCD Letter to EEOC Urging Employer Wellness Program Guidance
- A Medicaid Block Grant Program: Implications for People with Disabilities
- The Case for Medicaid Self-Direction: A White Paper on Research, Practice, and Policy Opportunities
- NCD Urges HUD to Issue Olmstead Guidance
- Medicaid Managed Care for People with Disabilities
- NCD Statement on the President's FY14 Budget
- Letter to OMB about the Companionship Exemption
- Letter to House Energy and Commerce Subcommittee on Oversight on Mental Health, Lack of Representation of People with Psychiatric Disabilities at Roundtable
- Letter to Vice President Biden Regarding Anticipated Taskforce Recommendations
- Toward the Full Inclusion of People with Disabilities: Examining the Accessibility of Overseas Facilities and Programs Funded by the United States
- NCD Letter to President Obama Regarding Mental Health Funding
- NCD Letter to CMS about Amendment to Kancare Medicaid Section 1115
- NCD Education Forum Report: UN Convention on the Rights of Persons with Disabilities
- NCD Letter to Senate Finance Committee in Support of Amendment Language Regarding Supported Employment

NCD is proud of its successful efforts in promoting equality of opportunity, full participation, independent living, and economic sufficiency for all individuals with disabilities, of all ages, throughout the country. I want to express my profound appreciation for the hard work and dedication of NCD’s Members and staff, who continued to make important policy contributions while simultaneously addressing a significant deficiency reported in the FY 2011 independent
audit. We remain steadfast in our commitment to carrying out our responsibilities in working with the President, the Congress and each level of local, state and federal agencies to accomplish our nation’s vision of valuing and respecting each member of our society.

Sincerely,

Jeff Rosen, Chairperson
Management’s Discussion and Analysis

History

National Council on Disability (NCD) (www.ncd.gov) is an independent federal agency that advances full inclusion, independence, and equal opportunity for people with disabilities. NCD was initially established in 1978 as an advisory board within the U.S. Department of Education (Public Law 95-602). The Rehabilitation Act Amendments of 1984 (Public Law 98-221) transformed NCD into an independent agency and required NCD to provide expert advice to Congress and the Administration. Changes were also made to NCD’s statutory mandate by the Rehabilitation Act Amendments of 1992 and 1998 and the Education of the Deaf Act Technical Amendments of 1993.

Organization

Governance

NCD’s governing body is the Council, which is comprised of 15 Senate-confirmed (as of October 10, 2012, NCD members are no longer confirmed by Senate per the Presidential Appointment Efficiency and Streamlining Act of 2011) Presidential appointees, including a Chair, whom the President appoints, and a Vice Chair, determined by the Chair. Council Members live across the country and each brings a unique perspective informed by varied personal and professional experiences. Council Members are people with disabilities, parents or guardians of people with disabilities, or other people who have substantial knowledge of or experience with disability policies and programs. Council Members are appointed to represent people with disabilities, national organizations concerned with disabilities, providers and administrators of services to people with disabilities, people engaged in conducting medical or scientific research related to disabilities, business concerns, and labor organizations. A majority of Council Members are people with disabilities.

As the governing body, Council Members establish NCD’s priorities and budget, and monitors and provides oversight of NCD’s programs, operations, and finances. The Council is organized into four standing committees:

- Executive Committee
- Audit and Finance Committee
- Governance and Planning Committee
- Policy Development and Program Evaluation Committee

The Audit and Finance Committee monitors the operating effectiveness of internal controls, reliability and usefulness of financial statements and supplemental financial information provided to stakeholders, and compliance with audit and financial reporting requirements.
Management’s Discussion and Analysis

The Chair appoints an Executive Director and evaluates the Executive Director’s performance.

Management

NCD’s Executive Director serves as the chief executive of the agency and has full responsibility for managing the agency to accomplish the mission, goals and objectives established by legislation and Council members. NCD currently has 11 full time employees organized into three teams:

• **Policy & Legal Team** - The Policy & Legal Team analyzes federal laws, regulations, programs, policies, and case law precedent; and proposes and develops NCD policy positions that have a national, state and international impact on the lives of people with disabilities.

• **Legislative Affairs & Outreach Team** - The Legislative Affairs & Outreach Team closely monitors Congressional activity on issues critical to the disability community and cultivates and maintains effective working relationships with NCD stakeholders at the federal, state, and local levels.

• **Finance, Operations & Administration Team** - The Operations & Administration Team provides staff support and monitors the agency’s finance and accounting, information technology, and human resources management.
Mission, Vision, Goals & Objectives

NCD has a unique mission among federal agencies because it is charged with reviewing all programs and policies across the federal government, not merely one aspect of policy affecting people with disabilities.

<table>
<thead>
<tr>
<th>Mission</th>
<th>Promote equality of opportunity, full participation, independent living and economic self-sufficiency of people with disabilities of all ages and backgrounds by providing advice, analysis and recommendations on disability policy to the President, Congress and other federal agencies.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vision</td>
<td>NCD leads by facilitating, articulating and promoting inclusion and empowerment of individuals with disabilities to live, learn and earn based on informed choices.</td>
</tr>
<tr>
<td>Strategic Goal</td>
<td>Advance the goals of the Americans with Disabilities Act by promoting policies, programs, practices, and procedures that guarantee equal opportunity and provide for economic self-sufficiency, independent living, and inclusion and integration into all aspects of society for individuals with disabilities.</td>
</tr>
</tbody>
</table>
| Strategic Objectives | 1. **Engagement** - Engage stakeholders in order to assess concerns and priorities and build a network of NCD partners.  
2. **Policy Development & Collaboration** – Address stakeholder concerns and priorities by advancing specific, practical, policy solutions and encouraging collaboration. |

Agency Mission Challenges

NCD is a small organization that advises the President and Congress on disability policy by engaging with the community, setting policy priorities and working in such areas, developing policy recommendations, and promoting progress and systems change on issues that affect the disability community.

With a budget of only $3.18 million, 15 part-time Council Members, and 13 full-time staff, NCD has cultivated and routinely leverages strategic partnerships and works closely with a variety of important stakeholders – including people with disabilities, federal, state and local agencies, elected officials and their staff, universities, and a diverse group of non-profit organizations and individual disability policy experts and advocates – to advance our mission, goals and objectives.
NCD’s strategic objectives of engagement and policy development can be quantifiably measured by our raw data and enumerating the number of people that attend our forums, regularly engage with us via social media, download and read our policy reports and adopt or promote our recommendations. However, measuring NCD’s impact on its strategic goal of guaranteeing equal opportunity and providing for economic self-sufficiency, independent living, and inclusion and integration into all aspects of society for individuals with disabilities is far more subjective since these are systemic endeavors in which NCD is part of a community of agencies, advocates, and others seeking to secure such outcomes. NCD is continually working to identify better mechanisms for measuring outcomes and reporting achievements. This includes increased efforts to gather and report personal stories of where our engagement or policy initiatives provided a spark or tipping point toward improving the lives of people with disabilities.

Performance Management Methodology

NCD utilizes the following performance management methodology to set priorities, allocate resources, and evaluate results.

<table>
<thead>
<tr>
<th>Strategic Goal</th>
<th>Statements of long-term aims outlined in Strategic Plan, which define how NCD carries out its mission.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objectives</td>
<td>Statements of how NCD plans to achieve its strategic goals.</td>
</tr>
<tr>
<td>Performance Measures</td>
<td>Indicators used to gauge success in reaching strategic objectives.</td>
</tr>
<tr>
<td>Key Measures</td>
<td>Measures that best indicate whether NCD’s activities are achieving the desired outcome associated with the related objective.</td>
</tr>
<tr>
<td>Targets</td>
<td>Expressions of desired performance levels or specific desired results targeted for a given fiscal year. Targets are expressed in quantifiable terms.</td>
</tr>
<tr>
<td>Outcomes</td>
<td>Meaningful measures to show effectiveness, efficiency and results in mission achievement.</td>
</tr>
</tbody>
</table>

As previously mentioned, measuring NCD’s impact on its strategic goal of guaranteeing equal opportunity and providing for economic self-sufficiency, independent living, and inclusion and integration into all aspects of society for individuals with disabilities is challenging since these are large-scale, long-term endeavors.

Accordingly, as we evaluate performance measurements, key measures, targets and outcomes, we ask:
Management’s Discussion and Analysis

• Has NCD identified critical needs where our engagement with stakeholders and policy development and collaboration can advance existing initiatives?

• Can NCD be a thought leader, performing important research and analysis on critical topics?

• Can NCD provide practical, timely policy recommendations and consultations to Members of Congress and the Executive Branch?

Performance Highlights

NCD has achieved meaningful accomplishments in advancing its mission, vision, strategic goals and strategic objectives. This includes combining engagement to learn about critical issues, conducting independent, objective, fact-based research and analysis of issues, publishing reports with policy recommendations and questions for consideration by elected officials, and then continuing engagement on the issues.

One notable area of achievement has been the work of NCD in addressing the increasing use of managed care in Medicaid for individuals with disabilities, as states move to control increasing Medicaid costs, while preserving quality and access to services for individuals with disabilities. NCD’s reports on Guiding Principles for Managed Care programs and A Medicaid Block Grant Program: Implications for People with Disabilities has been used cited by numerous national disability stakeholder organizations, as well as CMS and state governments as a valued resource for federal and state partners. In FY 2013 and into FY 2014, NCD has held and will be holding a series of regional stakeholder/federal & state partner forums to assist policy makers and program administrators in understanding the impact of managed care upon the disability community. Forums have been held and will be held in varied locations including, Topeka, Tallahassee, Sacramento, Chicago and New York City. Federal partners who have assisted in these forums include the Department of Justice-Office of Civil Rights, SAMSA, CMS and others.

Another key area of focus for NCD in FY 2013 included the Council’s work addressing voter accessibility issues for individuals with disabilities. The Council’s publication: Experience of Voters with Disabilities in the 2012 Election Cycle, highlighted the difficulties faced by individuals with disabilities in achieving access to be able to vote, including access to polling locations, and their ability to have a secret and secure ballot. Interest in this topic resulted in the NCD holding a hearing in the U.S. Capitol, in accordance with the Council’s authority to conduct public hearings. A variety of stakeholders and expert witnesses testified regarding this issue, including the author of the Help America Vote Act, former U.S. Senator Chris Dodd.
A continuing area of interest in NCD’s integrated policy development process work is the Council’s prior report on the parenting rights of people with disabilities.

In 2010, at one of NCD’s quarterly meetings, NCD heard from the head of a national disability rights organization, who described a nationwide occurrence of parents with disabilities being denied custody of their children after their births or during custody battles in divorce, solely on the basis of their disabilities. Several months later, in 2011, as a part of NCD’s engagement activities, NCD hosted a regional policy forum in Portland, OR, and included a panel of parents and experts who discussed the topic at length, just months after the topic had been flagged at the NCD Quarterly Meeting. Equipped with the panel’s information, the Council voted to commission a report on the topic as well as policy areas tangential to parenting (including access to assisted reproductive technologies and to international adoption), and to focus its attention on legislative and policy solutions. The outcome of this policy-development endeavor, born out of NCD’s engagement activities, is NCD’s “Rocking the Cradle: Ensuring the Rights of Parents with Disabilities and Their Children” report, which is a first of its kind: http://www.ncd.gov/publications/2012/Sep272012/ and has been widely hailed across both the disability community and social services professional circles as an important and valuable report.

The purpose of this report is to comprehensively examine the barriers and facilitators people with disabilities experience in exercising their fundamental right to create and maintain families, and to highlight the persistent, systemic, and pervasive discrimination against parents with disabilities. In particular, the report analyzes how U.S. federal disability law and policy applies to parents with disabilities within the child welfare system and the family law system, and the systems’ disparate treatment of parents with disabilities and their children. The report examines the impediments prospective parents with disabilities encounter when they attempt to adopt children, either domestically or internationally, and when they attempt to access assisted reproductive technologies.

As a result of NCD’s robust and ongoing report dissemination strategies, in early FY13, over six million Americans around the country heard about the key findings and recommendations in the report over a series of dozens of radio shows in diverse markets; and millions more read of the report through a full-length Associated Press article written on the topic, featuring a number of the profiles of parents whose experiences were highlighted in the report. Spin-off and follow-up coverage of the report has continued in a variety of mainstream local news outlets, as well as professional journals and blogs.

On April 17, 2013, NCD hosted a congressional briefing on the report. Rather than merely providing a summary of the report, NCD collaborated to host the well-attended briefing with many of the professionals who are primary stakeholders in the findings and recommendations of the report. Testimony and support for the report’s recommendations from NCD Members and staff, a psychologist and member of the American Psychological Association, a professor of social work and member of the National Association of Social

State legislators have also taken notice of the issue since the report’s release and at least two state legislators have introduced state legislation based on the recommended model legislation in the report. In FY 14 the Council is planning on working on model federal legislation on this topic and for 2015 a National Conference on the Civil Rights of Parents with Disabilities. NCD has been requested by the National Council of State Legislatures to submit presentation request to discuss the parenting report at the 2014 NCSL Annual Conference in August 2014.

NCD has also continued to recommend the United States Senate ratify the Convention on the Rights of Persons with Disabilities. To that end, the Convention on the Rights of Persons with Disabilities (CRPD) educational forum provided an excellent opportunity to highlight critical information about the CRPD and the leadership role of National Council on Disability and its partners in strongly supporting ratification. Approximately 100 representatives of the disability and veteran communities came to Washington, DC on September 17, 2013 to participate in an educational forum on ratification of the treaty. In partnership, NCD and U.S. International Council on Disabilities convened the forum to hear from leaders and experts from various disability, veteran, faith and business organizations involved in promoting greater understanding of the importance of the treaty, the process, and timely ratification. Overall, the forum presented the CRPD as a vital framework for use around the world in creating legislation and policies that embrace the human rights and dignity of all people with disabilities.

NCD has improved measurement of outputs and outcomes. This includes more formal tracking of engagement activities at forums, website usage, social media, and collecting personal stories of how NCD’s work has benefited people with disabilities. NCD reached hundreds of thousands of people in FY 2013 through Council meetings, speaking engagements, panel discussions, roundtables, listening sessions, and media coverage of NCD’s policy work. NCD’s website received approximately 288,000 visitors in FY 2013, which was an increase of roughly 139% over the previous fiscal year, and saw tens of thousands of downloads of its policy reports from domestic and international sources. The most popular policy publications, according to the number of report views, were *The Current State of Health Care for People with Disabilities* (FY08), with close to 30,000 views in the last fiscal year alone; the *Rocking the Cradle* report (FY13) on the rights of parents with disabilities, with approximately 20,000 views in the last fiscal year; and NCD’s briefing paper “Bullying and Students with Disabilities,” with nearly 10,000 views. NCD reaches several thousand people through its official agency list serve, its Facebook page, and Twitter accounts. NCD currently has the most followers of any disability focused federal agency on Facebook with over 6500 individuals. In addition, NCD staff and Council Members now appear regularly in national media to inform the public about disability-related news, reaching nearly 6 million viewers on one occasion alone on the topic of abuse of people with disabilities and yielding repeated requests on
topics including but not limited to parenting rights and subminimum wage. Below are some testimonials from individuals who engaged with NCD in FY 2013 at an event or responded to one of the agency’s FY 2012-13 policy reports:
## Performance Highlights: Goals, Measures & Activities

<table>
<thead>
<tr>
<th>Integrated Approach</th>
<th>Strategic Goal Components</th>
<th>Key Measures</th>
<th>Program Activity Highlights for FY 2013</th>
<th>Potential and Planned Activities for FY 2014 and 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Self Sufficiency</td>
<td>Enhancing participation in employment, education, job training and benefit programs</td>
<td>Congressional briefing on NCD’s <em>Rocking the Cradle</em></td>
<td>Conference on the rights of parents with disabilities; Plan a disability policy track at annual legislative summit of state legislator association to enhance state/federal policy coordination</td>
<td></td>
</tr>
<tr>
<td>Independent Living</td>
<td>Improving access to long term services and support, health care, housing and transportation</td>
<td>Secured prominent regional and national print and broadcast media coverage of NCD’s <em>Rocking the Cradle</em> report, which resulted in stories by Associated Press, NPR, Time Magazine and others, reaching millions of people</td>
<td>Continue regular speaking engagements, congressional briefings and hearings; agency website enhancements, including video and podcasts, ongoing social media development, and traditional media placements</td>
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<tr>
<td>Integration and Inclusion</td>
<td>Improving policies and practices to ensure that all children, youth, and adults with disabilities are valued by, and contribute to, their communities of choice and civil rights are protected</td>
<td>Hosted a congressional briefing on the <em>Rocking the Cradle</em> report, bringing the report’s primary professional stakeholders together to discuss the report’s findings and recommendations Utilizing NCD’s statutory authority, held a hearing on Capitol Hill regarding the progress of the Help America Vote Act (HAVA) and the ability of Americans with disabilities to cast private and independent ballots</td>
<td>Utilizing NCD’s statutory authority, held a hearing on Capitol Hill regarding the progress of the Help America Vote Act (HAVA) and the ability of Americans with disabilities to cast private and independent ballots</td>
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</tr>
</tbody>
</table>
Table 3: Performance Highlights - Goals, Measures & Activities

<table>
<thead>
<tr>
<th>Strategic Goal Components</th>
<th>Key Measures</th>
<th>Program Activity Highlights for FY 2013</th>
<th>Potential and Planned Activities for FY 2014 and 2015</th>
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<tr>
<td></td>
<td></td>
<td>ask its participants questions</td>
<td>People with Disabilities Before, During and After Emergencies</td>
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<td></td>
<td></td>
<td>Held a congressional briefing for the five year anniversary of the ADA Amendments Act, featuring four members of Congress, and panelists from the disability, business, and civil rights communities</td>
<td>Reforming the Social Security Administration’s Benefit System</td>
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<td></td>
<td></td>
<td>Numerous conference keynotes and panelist speaking; other speaking engagements</td>
<td>Working with other federal agencies and stakeholders in 2015 to celebrate the 25th Anniversary of the ADA</td>
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<td>Reports / Papers:</td>
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<td>Issued a trio of Medicaid reports:</td>
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<tr>
<td></td>
<td></td>
<td>1) Medicaid Managed Care for People with Disabilities</td>
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<td></td>
<td></td>
<td>2) A Medicaid Block Grant Program: Implications for People with Disabilities</td>
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<tr>
<td></td>
<td></td>
<td>3) The Case for Medicaid</td>
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</tbody>
</table>
Table 3: Performance Highlights - Goals, Measures & Activities

<table>
<thead>
<tr>
<th>Strategic Goal Components</th>
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<th>Program Activity Highlights for FY 2013</th>
<th>Potential and Planned Activities for FY 2014 and 2015</th>
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</thead>
<tbody>
<tr>
<td>Self-Direction: A White Paper on Research, Practice, and Policy Opportunities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issued Toward the Full Inclusion of People with Disabilities: Examining the Accessibility of Overseas Facilities and Programs Funded by the United States</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Issued A Promising Start: Preliminary Analysis of Court Decisions Under the ADA Amendments Act</td>
<td></td>
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</tr>
</tbody>
</table>

NCD has been improving on its measurement of outputs and outcomes. This includes more formal tracking of engagement activity at forums, website usage, social media, and collecting personal stories of how NCD’s work has impacted the lives of people with disabilities. NCD reached over 10,000 people in FY 2012 through Council meetings, lectures, panel discussions, forums, listening sessions and other events. NCD’s website received 206,869 visitors in FY 2012, and saw tens of thousands of downloads of its policy reports from domestic and international sources. NCD reaches several thousand people through its official agency list serve, its Facebook page, and Twitter accounts. In addition, NCD staff has appeared several times on national media programs to comment on disability-related news, reaching nearly 6 million viewers on one occasion on the topic of abuse of people with disabilities. Below are some testimonials from individuals who engaged with NCD in FY 2012 at one of our forums or was responding to one of our FY 2012 policy reports:
## Performance Highlights: Real Life Stories

<table>
<thead>
<tr>
<th>Program or Product</th>
<th>Program Outcome and Accomplishment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rocking the Cradle:</strong> Ensuring the Rights of Parents with Disabilities and Their Children report</td>
<td>A Massachusetts state legislator introduced legislation on the rights of parents with disabilities, modeled after the model legislation in NCD’s report. Legislators in Tennessee and Oregon have followed suit. In enthusiastic support of the <em>Rocking the Cradle</em> report, one member of the public – a parent with a disability herself – attended a recent NCD quarterly meeting to meet the Council and staff and person and give them her personal thanks for the report. Following her attendance at the meeting, she wrote NCD an additional letter of appreciation, in which she stated, “I will do all I can to spread the word about the important work being done at NCD.”</td>
</tr>
<tr>
<td><strong>Deinstitutionalization Toolkit for State and Local Policymakers</strong></td>
<td>With regard to closing state institutions, one Kansas mom who had been the leader of the campaign opposing closing state institutions stated in a news article in 2010 that she felt she was wrong to oppose closure saying her son was the happiest he had ever been after leaving the state institution. She further told Kansas state lawmakers: “With the right supports anyone can be living in the community,” Bird told lawmakers. “If I were to die today, my only regret,” she said, “would be that I was not able to do this for my oldest son, who died at age 12 when he was living at KNI. That’s how wonderful Michael’s life has been.” The mom passed away last year, content in knowing her son’s future was safe.</td>
</tr>
<tr>
<td><strong>NCD policy hearing on Capitol Hill on the progress of the Help America Vote Act (HAVA) for people with disabilities’ right to cast a private, independent vote</strong></td>
<td>NCD received testimony from ten disability voting experts, including Democratic Whip Steny Hoyer (D-MD) and former Senator Christopher Dodd (D-CT), the Government Accountability Office, EEOC Commissioner Chai Feldblum, and one self-advocate with a developmental disability who enthusiastically shared her emotional account of voting independently for the first time and how empowering an experience that was.</td>
</tr>
</tbody>
</table>
### Table 4: Performance Highlights - Real Life Stories

<table>
<thead>
<tr>
<th>Program or Product</th>
<th>Program Outcome and Accomplishment</th>
</tr>
</thead>
<tbody>
<tr>
<td>NCD report on Subminimum Wage and Supported Employment for Workers with Disabilities</td>
<td>One year after its release, the report continues provide the bedrock foundation for continued engagement on the issue among advocates and for the news media. This included advocacy events coordinated by self-advocates across the nation, the source material for an in-depth feature story on NBC’s ‘Rock Center with Brian Williams’ in May and a follow-up article that included an interview with NCD’s Clyde Terry in August 2013.</td>
</tr>
<tr>
<td>NCD disability voting roundtable, hosted for the Presidential Commission on Election Administration</td>
<td>The Presidential Commission provided feedback to NCD that they were extremely grateful for the assistance in convening a cross-disability discussion about voting access concerns and found the content incredibly informative and helpful. Prior to NCD’s offer to convene the roundtable, the Presidential Commission had not heard from any groups from within the disability community.</td>
</tr>
</tbody>
</table>
Financial Highlights

NCD received a reduction in funding in FY 2013 due to Government-wide sequestration. NCD implemented cost cutting measures in response. Year over year changes in financial position, results of operations and key budgetary accounts are summarized below.

<table>
<thead>
<tr>
<th>Financial Line Item</th>
<th>FY 2013</th>
<th>FY 2012</th>
<th>Dollar Change</th>
<th>% Chg</th>
<th>Explanation of Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>$1,022,805</td>
<td>$944,607</td>
<td>78,198</td>
<td>8.3%</td>
<td>Increase in Fund Balance with Treasury and Advances &amp; Prepayments</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$476,535</td>
<td>$699,918</td>
<td>(223,383)</td>
<td>-31.9%</td>
<td>Decrease in accounts payable</td>
</tr>
<tr>
<td>Net Position</td>
<td>$546,270</td>
<td>$244,689</td>
<td>301,581</td>
<td>123.2%</td>
<td>Increase in Fund Balance with Treasury and increase in accounts payable.</td>
</tr>
<tr>
<td>Net Cost of Operations</td>
<td>$2,844,883</td>
<td>$3,768,519</td>
<td>(923,636)</td>
<td>-24.5%</td>
<td>Decrease in expenditures</td>
</tr>
<tr>
<td>Outlays, net</td>
<td>$3,025,360</td>
<td>$3,347,287</td>
<td>(321,927)</td>
<td>-9.6%</td>
<td>Timing of payments.</td>
</tr>
<tr>
<td>Appropriations</td>
<td>$3,087,427</td>
<td>$3,257,831</td>
<td>(170,404)</td>
<td>-5.2%</td>
<td>Sequestration of 5% from prior years</td>
</tr>
<tr>
<td>Obligations Incurred</td>
<td>$2,831,229</td>
<td>$3,346,600</td>
<td>(515,371)</td>
<td>-15.3%</td>
<td>Cost control due to decreased appropriations.</td>
</tr>
<tr>
<td>Undelivered Orders</td>
<td>$80,945</td>
<td>$95,864</td>
<td>(14,919)</td>
<td>-15.5%</td>
<td>Improved monitoring of long term contracts</td>
</tr>
</tbody>
</table>
Management’s Discussion and Analysis

Management is working to improve and refine NCD’s fiscal management in concert with GSA technical assistance and support services. Major efforts have been initiated in the prior two years to better define strategy in a strategic plan, streamline to strategic goals, develop more effective measures for strategic objectives, and commence the process for better allocation of costs to program activities to better illustrate alignment of costs and goals. Combined with initial efforts to improve internal controls over contract monitoring and financial reporting, management believes NCD has improved economy and efficiency as well as reliability and usefulness of financial reporting.

Discussion and Analysis of Financial Statements

NCD prepares financial statements in conformity with accounting principles generally accepted in the United States for Federal Government entities. The Federal Accounting Standards Advisory Board has established a framework of integrated budgetary and proprietary reporting. Budgetary reporting addresses appropriations, budget authority, budgetary resources, obligations, undelivered orders and delivered orders. Proprietary reporting is traditional financial reporting of assets, liabilities, net position, and net cost. OMB Circular A-136, Financial Reporting Requirements, defines the form and content of financial statements, accompanying notes and supplemental information.

NCD’s financial statements are subject to independent audit to ensure they are free from material misstatement. NCD has received a qualified audit opinion for FY 2013.

Balance Sheet

The Balance Sheet presents the total amounts available for use by the Council (assets) against the amounts owed (liabilities) and amounts that comprise the difference (net position). Balance sheets are a snapshot in time (fiscal year end) to an entity’s present financial position.

NCD’s assets (items with future value) are virtually all Fund Balance with Treasury (FBWT), which represents NCD’s cash balances with the U.S. Treasury from which the Council is authorized to make expenditures and pay liabilities from operational activities. FBWT is primarily increased by receiving appropriations and primarily decreased by making expenditures or cancellations of expired appropriations. NCD’s remaining asset amounts consist of trivial accounts receivable and a loan receivable from a retired employee. While NCD owns computer equipment, furniture and leasehold improvements, these items have been fully depreciated or amortized, thus do not appear on the balance sheet as property, plant and equipment.

NCD’s liabilities (what entity owes) are entirely current liabilities (due within one year) and primarily with the public ($476,535) as opposed to intragovernmental ($14,748). At fiscal year ended September 30, 2013, accounts payable with the public were $340,454, as opposed to $556,710. This is primarily a result of improved contract management and
accrual process, as well as the recognition of costs in the current year of multiyear contract costs obligated in prior years.

NCD’s net position is a combination of unexpended appropriation and cumulative results of operations. Net position decreased significantly due to the decrease in Fund Balance with Treasury and increase in accounts payable. Management does not believe this change is a meaningful financial measure, and is more reflective of timing differences between years, as unused prior year appropriations expire, and contracting cycles shorten.

Statement of Net Cost

The Statement of Net Cost presents the annual cost of operating the Council’s programs on an accrual basis, which means costs are recognized when incurred, not when paid. In contrast, outlays are cash basis costs recognized when paid. The major difference between accrual and cash on NCD’s books are year-end accounts payable accruals and imputed financing costs for employee benefits. Gross costs less any earned revenue is used to arrive at the total net cost of operations. NCD has no earned revenue. NCD’s net costs were $2,864,127 for FY 2013, down 23.9% from FY 2012’s $3,768,519.

<table>
<thead>
<tr>
<th>Cost Category</th>
<th>FY 2013</th>
<th>FY 2012</th>
<th>Dollar Change</th>
<th>% Chg</th>
<th>Explanation of Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Costs</td>
<td>$1,675,326</td>
<td>$1,835,545</td>
<td>(160,219)</td>
<td>-8.7%</td>
<td>Vacant Positions</td>
</tr>
<tr>
<td>Contractual Services</td>
<td>$658,839</td>
<td>$699,918</td>
<td>(41,079)</td>
<td>-5.9%</td>
<td>Decrease in contractual services</td>
</tr>
<tr>
<td>Travel</td>
<td>$152,687</td>
<td>$197,586</td>
<td>(44,899)</td>
<td>-22.7%</td>
<td>Decrease in engagement activities</td>
</tr>
<tr>
<td>Rent</td>
<td>$251,860</td>
<td>$252,132</td>
<td>272</td>
<td>0.1%</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Personnel costs consistently account for over 50% of NCD’s net costs of operations year over year since the agency is primarily delivering engagement and policy development services, which involve Council members and staff with specialized skills in disability policy. Contractual services consist primarily of private sector research contracts and intergovernmental costs. Rent is for the agency’s headquarters in Washington, DC, which houses 9 full time equivalent employees. Travel is related to
Council meetings and engagement forums. NCD has budgeted for increases in travel and contractual services in FY 2014.

NCD’s administrative overhead costs consist primarily of intergovernmental costs with federal agency service providers that support independent agencies, leading to cost savings for the agency and the federal government overall. The Council uses the General Services Administration (GSA) to provide accounting, payroll, human resources, facilities management, and legal assistance. Finally, the Government Printing Office provides printing services to NCD. The services provided by these agencies consume about 10 percent of NCD’s total budget.

Statement of Changes in Net Position

This statement presents in greater detail the net position section of the Balance Sheet, which includes Cumulative Results of Operations and Unexpended Appropriations. The statement identifies the activity that caused the net position to change during the reporting period. The total net position increased by approximately $301,765 for reasons explained above.

Statement of Budgetary Resources

The Statement of Budgetary Resources provides information on the source and status of budgetary resources made available to the NCD during the reporting period. It presents the relationship between budget authority and budget outlays, as well as the reconciliation of obligations to total outlays. Total Budgetary Resources and Status of Budgetary Resources for FY 2013 was $3,368,774, a decrease of $225,028 or 6.2%. The decrease results from decreased appropriations due to government-wide sequestration and the expiration of prior year unused appropriations.

Limitations of the Financial Statements

The principal financial statements have been prepared to report the financial position and results of operations of the Council, pursuant to the requirements of 31 U.S.C. 3515 (b). While the statements have been prepared from the books and records of the Council in accordance with U.S. generally accepted accounting principles (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.

NCD has a unique mission among federal agencies because it is charged with reviewing all programs and policies across the federal government, not merely one aspect of policy affecting people with disabilities. While the Council’s independent status allows NCD to provide an unbiased overview of many of those agency services and programs, it is the nature of NCD’s overview and recommendations that make NCD’s work so important in
Management’s Discussion and Analysis

the eyes of those who eventually benefit when those recommendations are acted upon by those who have the power to do so.

The Council produces information critical to improving the delivery of programs to individuals with disabilities. The Council’s series of reports and papers study a broad array of disability-related laws and programs and has resulted in or documented the need for ongoing changes to many of the services needed to sustain the health and independence of many of our citizens with disabilities. These reports can be found at http://www.ncd.gov/publications. In addition, as related below, NCD has been given substantial responsibilities for disability-related issues in the nationwide effort to improve emergency preparedness and enhance homeland security.

Management Assurances and Analysis of Controls, Systems and Legal Compliance

Implementation of the Federal Managers’ Financial Integrity Act (FMFIA) at NCD

Federal agency managers have a fundamental responsibility to develop and maintain effective internal controls. Effective internal controls help to ensure that programs are managed with integrity and resources are used efficiently and effectively through three objectives: effective and efficient operations, reliable financial reporting, and compliance with laws and regulations. The safeguarding of assets is a subcomponent of each objective.

NCD 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) of 1982 as implemented by OMB Circular A-123, revised, Management’s Responsibility for Internal Control. Circular A-12 focuses on providing agencies with a framework for assessing and managing risks more strategically and effectively. The Circular contains multiple appendices that address, at a more detailed level, one or more of the objectives of effective internal control. Appendix A provides a methodology for agency management to assess, document, test and report on internal controls over financial reporting.

Appendix B requires agencies to maintain internal controls that reduce the risk of fraud, waste, and error in Government charge card programs. Appendix C implements the requirements of the Improper Payments Information Act, as amended by the Improper Payments Elimination and Recovery Act, which includes measurement, reporting, recovery and remediation. As a small, independent agency covered by the Accountability of Tax Dollars Act of 2002 as opposed to the CFO Act, NCD is exempt from many formal reporting requirements in Circular A-123.
The FMFIA requires federal agencies to provide an annual statement of assurance regarding management controls and financial systems. The objectives of NCD’s internal controls are to provide reasonable assurance that:

- Obligations and costs are in compliance with applicable laws and budget restrictions;
- Assets are safeguarded against waste, loss, unauthorized use, or misappropriation;
- Revenues and expenditures applicable to NCD operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports, and to maintain accountability over assets; and
- All programs are efficiently and effectively carried out in accordance with applicable laws and management policy.

**Section 2 of the FMFIA** requires federal agencies to report, on the basis of annual assessments, any material weaknesses that have been identified in connection with their internal and administrative controls. On July 29, 2011, NCD completed an updated risk assessment and internal control review to address matters communicated to management by auditors.

This resulted in an unqualified assurance that NCD’s systems and management controls comply with the requirements of the FMFIA. During FY 2012, the Council’s Audit and Finance Committee and NCD management focused efforts on streamlining financial processes and monitoring the operating effectiveness of key controls, such as monthly reconciliations of agency data to service provider data, quarterly analysis of financial statements, monitoring contracts and undelivered order status of open obligations, and year-end search for unrecorded liabilities and preparing year-end accruals. Accordingly, NCD’s assurance on its internal controls was unqualified based on the risk assessments and reviews and consideration of internal analyses, reconciliations and the findings identified in the *Independent Auditor’s Report on Internal Control Over Financial Reporting*, dated November 15, 2012. See the Financial Section for the full independent auditor’s report.

**Section 4 of the FMFIA** requires that agencies’ financial management systems controls be evaluated annually. NCD relies upon GSA for the evaluation of its financial management systems for the fiscal year ending September 30, 2013 in accordance with the FMFIA and OMB Circular No. A-127, *Financial Management Systems*, as applicable. NCD uses GSA as its accounting service provider. GSA’s financial management systems conform to the principles and standards required under Section 4 of the FMFIA. Accordingly, NCD is able to provide reasonable assurance under Section 4 of the FMFIA.

**Legal Compliance**
Federal agencies are required to comply with a wide range of laws and regulations, including appropriations, employment, ethics, health and safety, and others. Responsibility for compliance primarily results with agency management. Compliance is addressed as part of agency financial statement audits. Agency auditors test for compliance with selected laws and regulations related to financial reporting. The FY 2012 audit did not report any instances of non-compliance. Management comments on compliance efforts with specific laws and regulations are below.

**Federal Financial Management Improvement Act (FFMIA)**

Agencies subject to the Accountability of Tax Dollars Act (ATDA) of 2002 are not subject to the requirements of FFMIA. Accordingly, NCD is not subject to the requirements of FFMIA. However, OMB A-136, revised, requires NCD to be in compliance with FFMA. NCD uses GSA as its accounting service provider. GSA's financial management systems conform with the principles and standards required under OMB A-136 and FFMIA.

**Improper Payments Elimination and Recovery Act**

The Improper Payments Information Act (IPIA—P.L. 107-300) requires federal agencies to identify and report on significant payment programs that are susceptible to improper payments. The Act defines significant improper payments as those within a single payment program that exceed both 2.5 percent of that program’s annual amounts paid and $10 million annually.

The Improper Payments Elimination and Recovery Act of 2010 (IPERA), enacted on July 22, 2010, requires the development of policies and procedures for the prevention and detection of improper payments in the federal government. The Act expands on the Improper Payments Information Act of 2002 (IPIA), which requires an initial assessment to identify those programs that are susceptible to significant risk of improper payments. “Significant,” as defined in the Act, means that in the preceding fiscal year, improper payments in the program or activity may have exceeded $10,000,000 of all program or activity payments made during that fiscal year reported and 2.5 percent of program outlays; or $100,000,000.

NCD does not have any programs where significant erroneous payments have occurred within the agency. The Council will continue to review its financial operations on an annual basis to determine if any significant erroneous payments exist.

**Prompt Payment Act**

The Prompt Payment Act requires federal agencies to make timely payments to vendors, including any interest penalties for late invoice payments. In FY 2013 and FY
2012, the NCD paid an immaterial amount in interest penalties on invoices processed. However, in the Regis and Associates final report, NCD’s auditors found that: “The Council does not appear to comply with the Prompt Payment Act. During our audit, we noted several instances where payment to contractors and vendors were not made within the required 30-day stipulation.” NCD is working to correct deficiencies in financial processes and controls to ensure that all vendors are paid in accordance with the Prompt Payment Act.

**Chairman’s Assurance on Internal Control**

The following pages contain NCD Chairman’s Statement of Assurance on Internal Control.
Chairman’s Statement of Assurance

The Council'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). Based on the findings of the FY2013 Audit, the Council is taking aggressive steps in ensuring that its internal control over the effectiveness and efficiency of operations and compliance with applicable laws and regulations are in place and working effectively moving forward. We understand the need for consistent vigilance in monitoring internal control effectiveness given noted deficiencies in this area. Operating with a small staff and under limited resources, the Council relied highly on the effectiveness and good-faith efforts of a certain staff person and as a result of the poor outcome of that dependency on the individual we are developing controls and procedures to eliminate single points of failure and to ensure that the operations will run smoothly regardless of who fills a particular position, or whether a particular position is filled at all.

As the Council closes its FY2013 books, as described in its response to the auditor’s findings, we are developing more accurate controls to identify failures or deficiencies in real-time to ensure that corrective measures would be taken while they still can still be remedied. The Council's goal is to become a model small independent agency with regard to financial procedures and controls. In FY2014, the Council intends to strengthen its financial oversight including more frequent reporting to the NCD Audit & Finance Committee, distilling its financial and administrative policies into user-friendly policies that the Council and its staff will be trained in, connecting issues in its payment system to ensure efficient and accurate turnaround of invoices and reimbursements, and maintaining an annual IT and fixed assets inventory.

As part of its path forward, NCD will determine its organizational structure with respect to its financial staff to ensure that its internal control environment and financial management systems meet the objectives of FMFIA. NCD has finalized a financial procedure manual in FY 2013. The Council intends to soon fill a financial analyst position and will utilize a contractor in the transition to ensure consistency and compliance of operations.

Additionally, all staff share a role in maintaining the Council's operational infrastructure. This approach has led to necessary adjustments being made to segregate duties among the management team and key members of the Audit and Finance Committee. Additionally, the Audit and Finance Committee will be tasked with the oversight of increased transparency and accountability of the financial management of the agency.

Based on our assessment, we have determined that the Council's financial systems conform to applicable financial systems requirements.

Jeff Rosen. | Chairperson | February 15, 2014
The Performance Section presents the agency’s performance in Fiscal Year 2013, the first year of its five-year Strategic Plan, which can be read in its entirety at: http://www.ncd.gov/Accountability/strategicplan/

This section also includes a discussion of strategies and factors affecting performance, the relationship of outputs to outcomes, a summary of methods used to verify and validate performance data, and performance results by strategic goal and strategic objectives.

**Performance Framework**

NCD’s performance framework consists of a mission statement supported by a single, overarching strategic goal supported by two strategic objectives that advances NCD’s statutory mandate. The two supporting objectives and their corresponding strategies indicate how NCD will achieve its goal and provide an approach for measuring NCD’s progress and success. The strategic framework in the table below is followed by a detailed view of each objective and its corresponding strategies, key outcomes, means and key activities, and performance measures follows the overview.

<table>
<thead>
<tr>
<th>Mission</th>
<th>Promote equality of opportunity, full participation, independent living and economic self-sufficiency of people with disabilities of all ages and backgrounds by providing advice, analysis and recommendations on disability policy to the President, congress and other federal agencies.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vision</td>
<td>NCD leads by facilitating, articulating and promoting inclusion and empowerment of individuals with disabilities to live, learn and earn based on informed choices.</td>
</tr>
<tr>
<td>Strategic Goal</td>
<td>Advance the goals of the Americans with Disabilities Act by promoting policies, programs, practices, and procedures that guarantee equal opportunity and provide for economic self-sufficiency, independent living, and inclusion and integration into all aspects of society for individuals with disabilities.</td>
</tr>
<tr>
<td>Strategic Objectives</td>
<td><strong>Engagement</strong> - Engage stakeholders in order to assess concerns and priorities and build a network of NCD partners. <strong>Policy Development &amp; Collaboration</strong> – Address stakeholder concerns and priorities by advancing specific, practical, policy solutions and encouraging collaboration.</td>
</tr>
</tbody>
</table>
## Performance Section

| Stakeholders | All Americans with disabilities – a population diversified by geography, age, race, gender, ethnicity, sexual orientation, income, education, political party, type of disability, and other affiliations and identities.  
**Policymakers and decision makers** – including the President and all federal agencies, Congress, state, tribal, and local governments and communities – who create and implement federal policies and programs that affect people with disabilities.  
**Groups and organizations** concerned with people with disabilities.  
**Families and support systems** of people with disabilities, including parents and guardians.  
**Society at large** – employers, educators, manufacturers, service providers, engineers, designers, entertainers, and other individuals and organizations who influence inclusion and participation of Americans with disabilities. |

NCD has developed specific strategies and measurements of outcomes, means and key activities for its two strategic objectives.

| Strategic Objective #1 | Engagement – Engage stakeholders in order to assess concerns and priorities and build a network of NCD partners. |

**Overview:** NCD cannot fulfill its mission without regular, meaningful engagement with its stakeholders. NCD’s authorizing statute mandates this valued interaction. More importantly, the value of policy evaluation and recommendations should be measured by whether they are consistent with the needs, challenges, and aspirations of NCD’s stakeholders. By facilitating meaningful communication with stakeholders, Objective 1 (Engagement) supports the agency’s strategic goal through identification of systems of success as well as shortfalls, toward which NCD can direct its attention in the formulation of policy solutions.

Over the last several years, NCD has closely consulted stakeholders as key advisors in shaping NCD’s policy endeavors. NCD gathers information through a variety of means: public testimony, national and regional forums, electronic mail or letters from the public, public consultations via the Internet, research reports, conferences and meetings of stakeholder groups, federal workgroups, and meetings with members of Congress or their staff. In addition, NCD has also pursued creation of public-private working groups and/or federal advisory committees on priority issues to ensure NCD is both in continual contact with stakeholders and to act nimbly and efficiently when responding to identified need for action.
Strategy 1A – Create and maintain regular opportunities to receive direct input from community stakeholders: Coordinated collaboratively by the General Counsel and Policy Directorate and Legislative Affairs and Outreach Directorate, NCD will develop and implement an annual outreach plan to provide meaningful venues for direct contact with disability community stakeholders on a regular basis.

Strategy 1B – Cultivate trusted relationships with Congress: Coordinated collaboratively by the General Counsel and Policy Directorate and Legislative Affairs and Outreach Directorate, NCD will develop and implement a program for meaningful NCD engagement with Congressional Members and their staff and Committee leadership and their staff.

Strategy 1C – Establish and cultivate trusted relationships with state, local, and tribal governments and other entities: Coordinated collaboratively by the Legislative Affairs and Outreach Directorate and the General Counsel and Policy Directorate, NCD will develop and implement a program for meaningful NCD engagement with leaders of state, local, and tribal governments and other entities.

Strategy 1D – Brand NCD as a principal national voice of the disability community: Coordinated by the Legislative Affairs and Outreach Directorate, NCD will develop and implement a communications plan to develop messages and modes of delivery designed to enhance the understanding of NCD’s mission, activities, and accomplishments with its stakeholders.

| Strategic Objective #2 | Policy Development & Collaboration – Address stakeholder concerns and priorities by advancing specific, practice policy solutions and encouraging collaboration. |

Overview: Using the information NCD has gained from its engagement activities with its stakeholders, as outlined in Objective 1 (Engagement) above, NCD must identify and prioritize opportunities to add value and make a difference in peoples’ lives. NCD does not have rulemaking or enforcement authority. Rather, NCD serves as an independent advisor on disability matters to the President and Congress. This role is essential to assure the Federal Government is well-informed and qualified to perform its duties and effectively serve the public, including individuals with disabilities. In addition to meeting with stakeholders, NCD advocates for equality of opportunity, full participation, independent living, and economic self-sufficiency for people with disabilities of all ages and backgrounds by continually reviewing disability programs and policies and providing analysis and recommendations on disability policy to the President, Congress, and other federal agencies.
NCD’s analysis and recommendations have led to enactment of important laws and other improvements to the programs and services provided by the many federal agencies that serve the disability community. Yet people with disabilities continue to face personal, social, and economic disadvantages and barriers that prevent access to the same opportunities as Americans without disabilities. Therefore, NCD will increase emphasis on providing recommendations and looking for opportunities for their implementation.

NCD optimizes opportunities to put to practical use its vast amount of acquired knowledge through years of intensive research activities. This research is reflected in NCD’s reports, papers, and briefs which each contain analysis and recommendations for actions at all levels of government. These reports and papers are available on NCD’s agency website at www.ncd.gov.

Objective 2 (Policy Development & Collaboration) supports the activities of identifying and formulating solutions to emerging and existing challenges; providing tools to facilitate effective implementation of policy solutions; and engaging and influencing current debates, all of which directly support the strategic goal. Further, Objective 2 supports the strategic goal by leveraging NCD’s resources through coordination and collaboration to amplify its impact relative to the agency’s size.

Strategy 2A – Cultivate trusted relationships with other federal agencies and look for opportunities to coordinate and work collaboratively: Coordinated collaboratively by the General Counsel and Policy Directorate and Legislative Affairs and Outreach Directorate, NCD will develop and implement a program for meaningful NCD engagement with other federal agencies.

Strategy 2B – Work closely with and enlist the support of stakeholders to develop and advance policy responses to priority issues: Coordinated collaboratively by the General Counsel and Policy Directorate and Legislative Affairs and Outreach Directorate, NCD will develop and implement a program to partner with a cross-section of stakeholders to consider priority policy issues and strategic activities to address them, and to support successful implementation of federal legislation that benefits people with disabilities.

Strategy 2C – Produce materials that have practical utility for federal, state, tribal and local stakeholders regarding successful implementation of federal policies: Coordinated collaboratively by the General Counsel and Policy Directorate and Legislative Affairs and Outreach Directorate, NCD will produce and disseminate shorter, timely policy briefs, white papers, “policy toolkits,” and other materials.

Strategy 2D - Update NCD’s annual progress report to be more responsive to Congress and the Administration: Coordinated collaboratively by the General Counsel and Policy Directorate and Legislative Affairs and Outreach Directorate, NCD
will develop a new model for its statutorily mandated annual progress report that will contain a significant discussion of the overall state of the disability community and the policies affecting it based upon information NCD acquires through use of strategies envisioned throughout this plan.

**Performance Measurement Challenges**

NCD is a micro-agency that advises the President and Congress on disability policy by engaging with the community, setting policy priorities and working in such areas, developing policy recommendations and promoting progress and systems change on issues that affect the disability community. With a budget of only $3.08 million, 15 part-time Council Members, and 9 full-time staff, NCD has adopted a strategy of working in conjunction with a wide range of stakeholders – including people with disabilities, federal, state and local agencies, elected officials and their staff, universities, and a diverse group of non-profit organizations and individual disability policy experts and advocates – to advance our mission, goals and objectives.

NCD’s strategic objectives of engagement and policy development can be quantifiably measured by our raw data and enumerating the number of people that attend our forums, regularly engage with us via social media, download and read our policy reports, and adopt or promote our recommendations. However, measuring NCD’s impact on its strategic goal of guaranteeing equal opportunity and providing for economic self-sufficiency, independent living, and inclusion and integration into all aspects of society for individuals with disabilities is far more subjective since these are systemic endeavors in which NCD is part of a community of agencies, advocates, and others seeking to secure such outcomes.

Accordingly, NCD’s analysis of the relationships of program outputs (such as forums and reports) to tangible outcomes impacting our stakeholders requires a multi-year time horizon. Measuring NCD’s impact on its strategic goal of guaranteeing equal opportunity and providing for economic self-sufficiency, independent living, and inclusion and integration into all aspects of society for individuals with disabilities is challenging since these are large-scale, long-term endeavors.

Accordingly and as previously mentioned, as we evaluate performance measurements, key measures, targets and outcomes, we ask:

- Has NCD identified critical needs where our engagement with stakeholders and policy development and collaboration can advance existing initiatives?
- Can NCD be a thought leader, performing important research and analysis on critical topics?
- Can NCD provide practical, timely policy recommendations and consultations to Members of Congress and the Executive Branch?
NCD is continually working to identify better mechanisms for measuring outcomes and reporting achievements. This includes increased efforts to gather and report personal stories of where our engagement or policy initiatives provided a spark or tipping point toward improving the lives of people with disabilities. The Performance Highlights section of the Management’s Discussion and Analysis presents specific comments from impacted stakeholders and a case study of how engagement and policy converged into positive outcomes on the issue of parenting rights of people with disabilities.

Program Activities and Performance Results by Strategic Objectives

As indicated above, NCD has one overarching strategic goal and two strategic objectives to advance the agencies mission, strategic goal and statutory responsibilities. Below is a description of key policy and program accomplishments in FY 2012 and planned future activities.

Objective 1: Engagement

NCD is an advisory agency that seeks to provide timely, valuable counsel to the President, Congress and other federal agencies regarding policies, programs, practices, and procedures that affect people with disabilities. NCD views its diverse stakeholders – people with disabilities of all ages and types of disability; groups and organizations concerned with people with disabilities; policymakers; and families and support system of people with disabilities – as key informants to the development of NCD’s policy recommendations. Accordingly, NCD prioritizes creating opportunities to hear from its stakeholders through a variety of means: regional policy forums; public testimony received at meetings in person or by telephone; letters of concern from the public; participation at conferences and meetings of stakeholder groups; congressional policy briefings; and listening sessions and town halls the agency hosts throughout the year.

In addition to these opportunities, NCD’s legislation mandates a minimum of four public meetings annually. Some of NCD’s most important activities occur during the quarterly meetings. Public comments, full-length presentations by stakeholders, and opportunities to meet with additional stakeholders in the disability community who attend the meetings afford NCD the opportunity to identify needs as well as promising practices in communities and regions across the country. NCD also has a history of playing a convening role, advancing policy discussions in the process, by bringing diverse stakeholders together that may not otherwise have policy discussions with one another. In FY2013, NCD hosted several such gatherings on the topics stakeholders have indicated they want to hear the most about and that build on our previous work:

• **NCD Stakeholder Meeting regarding the Department of Labor (DOL) Companionship Exemption:** On January 16, OMB accepted the draft final rule for review from the Department of Labor regarding the companionship exemption. Nonetheless, on January 30, NCD convened a meeting with relevant stakeholders to discuss their ongoing concerns with the proposed rule’s negative
impact on people with disabilities. Soon after, NCD met with OMB to discuss DOL’s proposed changes to the companionship exemption. Representatives from several national disability advocacy organizations also were in attendance and expressed significant concerns related to consumer-directed programs and likelihood of increased institutionalization if the rules are implemented. On March 19, NCD sent OMB a follow-up letter, urging DOL to further engage in dialogue with the disability and aging communities to address their concerns. In August, DOL hosted a listening session to reengage the community regarding their concerns.

• **NCD Disability Roundtable with the Presidential Commission on Election Administration:** On July 11, 2013, NCD hosted a roundtable for the benefit of the Presidential Commission on Election Administration (PCEA), inviting representatives from across the disability community to present testimony to the PCEA Commissioners and staff about the experiences of voters with a variety of disabilities, and answer the PCEA’s questions. NCD continues to act as a liaison between the PCEA and the disability community as the PCEA works to compile data in order to write its report to the President.

• **NCD Roundtable on Implementation of the United Nations Convention on the Rights of People with Disabilities:** On June 18, 2013, NCD conducted a roundtable with representatives from the Consortium on Citizens with Disabilities (CCD); the Disability Rights Education and Defense Fund (DREDF); the United States International Council on Disabilities (USICD); and the State Department.

• **Webinar: “Navigating NCD’s Deinstitutionalization Toolkit” to the Great Lakes Americans with Disabilities Act Center:** On January 7, 2013, NCD conducted a webinar with over 50 P&As, DD Councils and advocacy groups from across the United States detailing the tools available to assist people with disabilities as they move out of institutions and into the community. Slides from the toolkit were presented and provided to participants in PowerPoint format with the usual accessibility accommodations.

• **NCD Collaboration with the White House for the 23rd Anniversary of the ADA:** On July 25, 2013, NCD co-hosted with the White House and ADA celebration honoring eight next generation Champions of Change and helping lay out a discussion of future directions in public policy. NCD coordinated speakers including Valerie Jarrett and newly confirmed Secretary of Labor Tom Perez and worked with the Office of Public Engagement to select, vet, invite, and award the champions in front of a room of 163 key leaders, stakeholders, policymakers, and advocates.

In addition to congressional and intergovernmental engagement, NCD also continued to actively solicits and collects public comments as a regular part of its quarterly meetings.
In addition, with every meeting, NCD also receives numerous written comments in advance, in addition to the oral remarks made. Comments during NCD’s four quarterly meeting in FY 2013 were focused on workplace accommodations, the U.N Convention on the Rights of Persons with Disabilities, futility care policies of states and hospitals, deinstitutionalization, access to service for children with complex medical needs, and special education policy.

Conferences and Other Speaking Engagements – NCD receives numerous invitations each year to speak at state, national, and international conferences and other events and makes good use of the opportunities it accepts by sharing its latest policy findings and recommendations with hundreds of attendees at each event. In FY 2013, NCD participated in over 50 outreach events increasing last year’s total by 1/3rd with our media exposure more than doubling last year’s totals. Events included interviews, op-eds, presentations at national and state level conferences/meetings, webinars and testimony. These extend beyond our report releases and hearings and often lead us to new work and exciting new working relationships. Highlights included:

- A NCD staff member was invited to speak on our parenting report at various conferences including the University of Minnesota and the Child Welfare League of America. NCD also submitted an article for Disability, Pregnancy & Parenthood International based on the report.
- NCD Council Members and staff participated in a series of meetings with the Council of State Governments and the National Conference of State Legislatures to discuss opportunities to collaborate on issues tied to managed care and parenting rights.
- NCD staff moderated a panel discussion entitled “Towards a disability-inclusive post-2015 development framework” at United Nations headquarters in New York City.
- NCD Council Members began holding meetings with representatives of Facebook, Twitter, Google, and Apple to discuss collaboration opportunities to encourage greater accessibility of social media products and help build the disability community user presence.
- NCD members met with the Department of Justice, the National Economic Council and representatives of the Domestic Policy Council discuss NCD’s work on subminimum wage.
- NCD Council Members maintained ongoing collaboration with the Vice President’s Office in response to the Newtown school shooting about youth with mental health disabilities. NCD presented to the Kansas legislature about managed care.

Through these engagements activities NCD reached over 10,000 people.
**Congressional and Federal Agency Engagement** – Throughout FY 2013 NCD continued to cultivate and deepen relationships with staff of congressional offices as a trusted advisor in both Member and committee offices and federal agencies. NCD responds to calls and letters from individual congressional offices throughout each year that request disability-related information regarding constituents’ needs. In addition to being a resource for Members’ district offices, NCD strives to provide timely policy information and recommendations to legislative offices and federal agencies. NCD staff provided electronic copies of its policy reports and papers to legislative directors in the House and Senate and appropriate federal agencies throughout the past fiscal year. In addition, NCD staff has offered policy briefings on its reports’ major findings and recommendations, as well, utilizing teleconferences and in-person Hill and agency briefing formats. Some highlights of NCD’s FY13 congressional activity include the following:

- **Congressional Briefing on the Rocking the Cradle report:** On April 17, 2013, NCD hosted a robust discussion on the challenges facing parents with disabilities. Estimates indicate that 6.1 million children in the U.S. have parents with disabilities – nearly 1 in 10. However, twenty-two years after the passage of the Americans with Disabilities Act (ADA), parents with disabilities continue to be the only distinct community who has to fight to retain and sometimes gain custody of their own children without cause. Their fundamental right to parent is often impinged by disparate treatment they receive in the court and service systems. Active participants and supporters of this hearing included the American Psychological Association, the National Association of Social Workers and the Child Welfare League of America.

- **NCD Congressional Hearing on the Help America Vote Act (HAVA):** On April 23, 2013, NCD, utilizing its statutory authority to receive testimony (Rehabilitation Act of 1973 (29 U.S.C. 780 et seq.)), held a policy forum / hearing on Capitol Hill on the topic of voting access for people with disabilities. In anticipation of the NCD report on voting access, the forum focused on the Help America Vote Act (HAVA) and the state of voting accessibility today. Through the invited testimony of Members of Congress, representatives from federal agencies and the Administration, and the civil rights disability communities, as well as the questions asked of the witnesses by the NCD Council Members, the forum explored what HAVA was intended to do, what it has accomplished, what work remains, and what policy measures would assist in addressing the persistent barriers experienced by people with disabilities when attempting to exercise their fundamental and cherished right to vote.

- **NCD Congressional Briefing on the Impact of the ADA Amendments Act, Five Years Later:** On July 23, 2013, NCD hosted a policy briefing and report release on the impact of the ADA Amendments Act, based upon a preliminary examination of the case law to date. NCD opened the briefing up with a panel of the disability, civil rights, congressional, and business community leaders
responsible for negotiating the legislative compromise that resulted in the unanimous approval of the legislation in both chambers. Congressional speakers included Reps. Jim Sensenbrenner (R-WI), Jerrold Nadler (D-NY), and Jim Langevin (D-RI), and Sen. Tom Harkin (D-IA).

- **Participation at a Congressional Briefing on Community Integration:** An NCD Council Member joined as a panelist two well-attended policy briefings (one on the House-side and one on the Senate-side) titled, “The Americans with Disabilities Act and Community Integration,” hosted by the Consortium for Citizens with Disabilities and the Bipartisan Disabilities Caucus.

With a new Chair and Executive Director coming on board this year, outreach to our partner agencies has taken on a new level of priority. We have met with colleagues at over 67 agencies, subagencies, and Hill offices to reengage in partnership conversations and zero in on key policy foci of NCD, including the Office of Federal Contracts and Compliance Programs (Section 503 regulations), the Pentagon (ADA compliance and international installations), USDA (farm bill & rural housing issues), the Office of the Vice President (mental health & gun control) as well as our traditional partners of the Departments of Education, Health and Human Services, and the Social Security Administration.

In understanding the critical role NCD plays in bringing the voices of all Americans with Disabilities to the White House and the Congress, NCD has worked to build relationships with non-disability diversity organizations including but not limited to the Leadership Conference for Civil and Human Rights, the Human Rights Campaign, the Asian American Justice Coalition, and the National Council of La Raza. The Council also took the lead with the White House on organizing cross-agency events surrounding the 23rd Anniversary of the Americans with Disabilities Act.

As referenced later in this narrative, NCD continued its dedicated focus on emergency management, closely collaborating with the Federal Emergency Management Agency (FEMA) within the U.S. Department of Homeland Security through weekly calls with the Director of the Office of Disability Integration and Coordination. NCD has also provided updates to the House Homeland Security Committee’s Subcommittee on Emergency Preparedness, Response, and Communications on this collaboration, as well as other critical areas of emergency management, to help inform the oversight role of the Committee.

**Website, Social Media, and Media** – NCD maximizes its distribution of information by leveraging its online presence via its website. NCD also increased its reach and its stakeholder interaction in the last fiscal year by using our branded social media tools, including Facebook and Twitter. During the past fiscal year NCD’s website received
approximately 288,000 visitors, and recorded tens of thousands of downloads of its policy reports from domestic and international sources.

During the last fiscal year, NCD has built upon last year’s successes and is recognized by the disability community as a leader in utilizing social media to engage with stakeholders with our active Facebook and Twitter accounts. NCD staff has utilized the agency’s social media presence in innovative ways over the last year, including popular “live tweeting” of disability policy events on Capitol Hill and the White House. NCD continues to utilize its traditional email distribution listserv, as well, with approximately 3,000 subscribers receiving regular policy and activities updates from the agency.

Finally, in keeping with NCD’s strategic plan’s goal to leverage media more aggressively to help brand NCD and help frame national conversations on disability, NCD Members and staff made several national media appearances on a variety of topics, including international coverage by the Associated Press, and national attention in the Washington Post, National Public Radio and TIME Magazine among others. In FY13, the agency conducted its first radio “tour” as a cost effective, yet unique way to expand dissemination of the policy findings and recommendations in NCD’s Rocking the Cradle report on the rights of parents with disabilities, and reached over six million listeners in local markets -- this in addition to the impressive national print media coverage the report received.

Highlights of NCD’s media placement in the last year include:

• NCD’s Rocking the Cradle report on parenting with a disability received unprecedented news coverage by numerous high profile media outlets including the BBC World Service, Associated Press, National Public Radio and TIME magazine. The report was also featured by specialized blogs and journals including ABA Children’s Law Practice e-newsletter and Psychiatry Online.
• NCD member was interviewed by the Associated Press on independent living reaching an international audience.
• An NCD member and staffer co-authored an OpEd highlighting the interconnectedness of National Foster Care Awareness Month and Mental Health Awareness Month, two important designations recognized in May reaching over 75,000 readers.
• ABC News.com published an article discussing both NCD’s Rocking the Cradle report and deinstitutionalization toolkit.

These activities, in combination with regular and numerous in-office meetings, including with international delegations, demonstrate that NCD, despite its small size and budget, has maintained a large impact, relative to our size. This also means we have made strides in achieving our goal of being a national voice of the disability community, reflective of the geographic, age, cultural, and other diversity within the community.
In Fiscal Year 2014, the National Council on Disability (NCD) will work with our federal partners and stakeholders to advance the goals of the Americans with Disabilities Act (ADA) by promoting policies, programs, practices, and procedures that guarantee equal opportunity and provide for economic self-sufficiency, independent living, and inclusion and integration into all aspects of society for individuals with disabilities. NCD is committed to approaching its work with an inclusive lens that learns about, includes, and respects various perspectives and backgrounds, including multi-generational perspectives, reflected in the disability community. Impact the development and implementation of Medicaid managed care systems across the country to ensure they are successful for beneficiaries with disabilities;

- Work with congressional staffers toward introduction of federal legislation that emphasizes and invests in integrated, individualized supported employment and deemphasizes and shifts resources away from segregated, subminimum wage employment;
- Work with congressional staffers toward introduction of federal legislation that clarifies and safeguards the rights of parents with disabilities;
- Work with federal agencies toward development of guidance that clarifies rights and protections of parents with disabilities within a variety of circumstances;
- Develop definitions of and offer mechanisms to measure the quality of home- and community-based services;
- Offer policymakers a viable policy roadmap to reform Social Security’s disability program;
- Assist federal partners, congressional staff, and Administration officials in seeing an elimination of the veterans disabilities claim backlog by 2015;
- In concert with industry partners, develop and facilitate solutions to accessibility issues using social media; and
- Celebrate the U.S. ratification of the U.N. Convention on the Rights of Persons with Disabilities
- Work with state and federal partners to sharpen the focus outcomes based compliance and monitoring for students with disabilities in kindergarten through twelfth grade with particular emphasis on literacy, high school graduation, and post-secondary enrollment.
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In Fiscal Year 2015, the National Council on Disability (NCD) will further work with our federal partners and stakeholders to advance the goals of the Americans with Disabilities Act (ADA) by promoting policies, programs, practices, and procedures that guarantee equal opportunity and provide for economic self-sufficiency, independent living, and inclusion and integration into all aspects of society for individuals with disabilities, with continued emphasis on integrated employment, parenting rights, access to health care, protection of the rights of people with disabilities being served in managed care system and addressing the backlog of veterans’ with disabilities claims.

Objective 2: Policy Development & Collaboration

NCD Annual Progress Report
In FY 2013, NCD’s Annual Progress Report highlighted initiatives of federal partners that have made progress on implementing disability policy this year. These highlights include federal agency enforcement and regulatory activities; implementation of disability laws; and other policy trends. The material was gathered from NCD stakeholders, federal agencies, and information gathered through NCD’s own recent policy work. NCD found that the nation’s long-term fiscal stability depends, in part, on providing people with disabilities with meaningful opportunities to contribute to our nation’s collective well-being and on eliminating outdated policies that trap people with disabilities in cycles of poverty and dependency. This necessitates the need to integrate and deliver necessary supports and services across silos to ensure effective coordination and collaboration which meet individual needs. NCD’s FY 2013 Annual Progress Report offers highlights of progress in realizing the goals and objectives of the Americans with Disabilities Act (ADA) combined with recommendations that promote independence and self-sufficiency of Americans with disabilities.

Since its inception, NCD has been viewed by the disability community, congressional leaders, various administrations, and organizations in the public as a trusted source and cutting edge leader in the disability arena. To that end, in FY 2013, NCD completed several reports, including:

Medicaid Managed Care for People with Disabilities: Policy and Implementation Considerations for State and Federal Policymakers to assist with the implementation of managed care reforms without harming Americans with disabilities. In the report, the agency outlined twenty-two principles to guide the design and implementation of managed care services for Americans with disabilities. NCD also recommended that the Centers for Medicare and Medicaid Services (CMS) create and circulate a comprehensive, easy-to-understand procedure spelling out the process for determining
state demonstration waiver requests that seek to link Medicaid managed long-term services and supports. Today, more than two-thirds of the 70 million Medicaid beneficiaries receive at least a portion of their services through a managed care plan. Until recently, the vast majority of these enrollees have been people without disabilities, however, now more than half the states are enrolling adults with disabilities as well as children with specialized medical needs. In addition, the number of States utilizing Medicaid managed care for long-term services and supports jumped from 8 in 2004 to 16 in 2012. This trend will undoubtedly increase as the Affordable Care Act expands Medicaid eligibility next year.

In *A Medicaid Block Grant Program: Implications for People with Disabilities and The Case for Medicaid Self-Direction: A White Paper on Research, Practice and Policy Opportunities*. In these publications, NCD sought to address concerns held by both providers and consumers as changes to Medicaid are considered and made in the months and years ahead. In *“A Medicaid Block Grant Program”*, NCD examined the history of federal block grant programs in general as well as proposals to block grant federal Medicaid funding; the fiscal challenges underlying the consideration of capping federal Medicaid funding and converting the program into a block grant authority; and the potential impact of current and past Medicaid block grant proposals.

In *The Case for Medicaid Self-Direction*, NCD traced the history of self-directed services in the U.S. and its emergence and growth in Medicaid; summarizes findings regarding the cost-effectiveness of self-directed services; explores the implications of the growing use of Medicaid managed care for the future of self-directed services and supports; and recommends strategies for improving the accessibility and quality of self-directed Medicaid services and supports.

*A Promising Start: Preliminary Analysis of Court Decisions Under the ADA Amendments Act*, which reviewed the court decisions that have been rendered to date applying the Americans with Disabilities Act Amendments Act of 2008 (ADAAA) and reveals significant improvements in how courts are interpreting protections intended for coverage under the ADA. NCD’s report provided 23 findings and three recommendations based on an analysis of court decisions made under the ADAAA by examining decisions rendered under ADA amendments that were agreed on across both sides of the aisle in Congress. Using this measure, it is clear that the ADAAA has made a significant positive difference for plaintiffs in ADA lawsuits thus far. For example, in six of the seven Circuit Court decisions in which the provisions of the ADAAA were applied, the plaintiff prevailed on establishing a disability; and in the district court decisions analyzed plaintiffs prevailed on the showing of disability in more than three out of four decisions – a promising start and a substantial improvement over pre-ADAAA decisions under the broad scope of coverage under the ADA that Congress intended. However, many cases are still dismissed on procedural grounds before the alleged discriminatory conduct of the employer is ever addressed. In an attempt to
correct this concern, NCD’s report included recommendations on guidance and technical assistance to address some of these procedural issues.

**Help America Vote Act** -- The Help America Vote Act (Pub.L. 107-252), (HAVA) was passed, in response (at least in part) to the controversy surrounding the 2000 U.S. presidential election. The goals of HAVA are: (1) replace punch card and lever-based voting systems; (2) create the Election Assistance Commission to assist in the administration of Federal elections; and (3) establish minimum election administration standards. The report language accompanying the FY 2012 Senate Labor-H Appropriation bill included language for NCD and the Administration on Developmental Disabilities (ADD), which was part of the Administration on Children and Families (ACF) at the Department of Health and Human Services (HHS), regarding the HAVA. The language specifically reads “Voting Access for Individuals with Disabilities. -- ... The Committee also encourages ACF, in consultation with the National Council on Disability, to monitor the implementation of the Help America Vote Act for voters with disabilities during the 2012 election cycle.” Although the bill passed the Senate, it was not included in the final appropriation bill. However, ACF responded to the Senate language with: “The Administration on Developmental Disabilities (ADD), will work with the National Council on Disability (NCD) and other federal partners to assess the accessibility of the election process for people with disabilities during the 2012 general election. In addition, ADD staff will continue to provide technical assistance and support to Secretaries of State to ensure election accessibility and timely expenditure of appropriated funds for such purposes.”

In response to the FY 2012 Senate language, NCD, in collaboration with ADD, issued a report that: (1) describes the utilization of federal funds, activities and outcomes under HAVA for people with disabilities over the past decade; (2) includes stories and anecdotes collected through the questionnaire process; (3) incorporates data from the questionnaire regarding voting accessibility during the 2012 general election, and an analytical narrative describing the findings; and (4) includes recommendations to improve voter participation and accessibility for people with disabilities for the future.

**Toward the Full Inclusion of People with Disabilities: Examining the Accessibility of Overseas Facilities and Programs Funded by the United States** NCD reviewed United States federal disability laws; the United States Agency for International Development’s (USAID) disability policy; and the Convention on the Rights of Persons with Disabilities (CRPD) as they relate to foreign assistance programs. The report also makes recommendations to help ensure that programs administered by the Department of State, USAID, and the Department of Defense are accessible to persons with disabilities. Key findings in the Report revealed that officials at embassies, consular offices and missions routinely invoke security concerns when confronted with the lack of accessibility. The Report urged USAID to review and update its Disability Policy. The current policy, drafted in 1997, is outdated and provides minimal guidance on how USAID programs can be made inclusive across all sectors of its development portfolio.
Furthermore the Report urged the Department of State to strengthen its disability rights coverage in its Human Rights Reports; and that the Department of Defense should provide clear guidance to contractors on the application of the ABA Accessibility Standards in developing countries. At present, the standards state that they apply "worldwide," but there is a gap in the standards that allows contractors to apply for waivers or argue for an exception in developing countries.

NCD also weighed in on a variety of subjects via letters, meetings, or convenings including, but not limited to the U.S. Department of Labor companionship exemption, the Judge Rotenberg Center’s use of electroshock therapy; Employer Wellness Programs; the U.S. Department of Housing and Urban Development’s Olmstead guidance; the President’s Budget; mental health issues in the wake of the Newtown, CT. tragedy; the U.N. Convention on the Rights of Persons with Disabilities; long-term care vis-à-vis the Long-Term Care Commission; hate crimes; and sequestration. NCD will follow-up on the recommendations contained in each of those reports, provide direct and timely assistance to the Administration and Congress, and will continue to work with our stakeholders to identify new policy areas to study.

NCD has a long and proud history of this kind of collaboration. For example, prior to the catastrophic hurricanes of 2005 (Katrina and Rita) NCD led a project related to emergency preparedness for people with disabilities - Saving Lives: Including People with Disabilities in Emergency Planning. Based on that work, NCD received additional appropriations through the Post-Katrina Emergency Management Reform Act of 2006 (PKEMRA) to continue working on emergency preparedness efforts for people with disabilities. In FY 2010 and 2011 NCD worked with the Federal Emergency Management Agency (FEMA) Office of Disability Integration and Coordination on co-hosting two inclusive emergency preparedness conferences.

As a result of this work, NCD was well-positioned to help during subsequent natural disasters. For example, in FY 2011, NCD sent a letter to the Administrator of the United States Agency for International Development (USAID) related to the triple disasters of the earthquake, tsunami and nuclear plant breakdown in Japan offering our recommendations and assistance in addressing the needs of people with disabilities affected. The comprehensive information gleaned at 1) the joint NCD/FEMA conferences and meetings; 2) the aftermath of the triple disaster in Japan; and 3) the subsequent tsunami alerts in Hawaii and California led to identification of a significant need for the disability community – effective communications. For example, a number of people with disabilities were unaware of the potential threat caused by the triple disaster in Japan on the West Coast of the United States because emergency information was not made available to people with certain sensory disabilities. Thus, stakeholders called for a standardization of how select emergency information data is displayed on smartphones and other devices. In FY 2013, NCD used the remaining PKEMRA funds in a cooperative agreement with Georgia Tech Research Corporation in a study titled Effective Communication for People with Disabilities Before, During, and After
**Emergencies.** This study researches effective communication that is accessible to people with disabilities throughout all phases of emergency management (preparedness, response, recovery, and mitigation). NCD’s examination will continue to explore the current issues in effective communications before, during and after an emergency situation; seek to identify potential solutions; develop proposals intended to have a positive impact on the policy environment; and develop guidance summarizing promising practices intended to educate emergency planners, as well as state and local officials, about how to provide effective communication to all people with disabilities. This report will be released in the spring of 2014.

**Positive Steps and Paying Attention – Clearing the Backlog and Facilitating Benefits and Treatment for America’s Veterans** -- In 2009, the Ninth Circuit Court of Appeals rendered an opinion which documented frightening statistics—18 veterans of American military service were committing suicide daily, with a thousand more attempted suicides per month. Citing disparities in treatment categories, claims services and delay in the appeal process, the Ninth Circuit applied due process rights squarely to military personnel returning from service with medical and other claims. The Veteran’s Administration (VHA and VBA) have reacted swiftly and decisively to reach veterans and their families in need, expanding medical treatment categories to include Post-Traumatic Stress Disorder (PTSD), establishing a widely used hot-line to deal with emergencies, and facilitating creation of on-line benefits applications and claims procedures. Nonetheless, significant backlogs continue to exist, and returning veterans continue to live with (sometimes grave) risk. This loss of life is devastating and the lost potential insurmountable. NCD produced a paper that was distributed to Congress, the VA, and other appropriate federal entities with recommendations ways to eliminate barriers to ensure that the backlog of claims and appeals are reduced, and veterans and their families’ best served. To date, NCD has met with representative of House and Senate committees of jurisdiction, the VA, the VBA, and the White House regarding this report, with more liaising planned in the near term, to include representatives from the Department of Defense.

Activities such as these assist with NCD meeting performance measures highlighted in its strategic plan resulting in an immediate impact. For instance, because of our work NCD has been asked to participate on a number federal commissions and councils including the Transportation Security Administration’s (TSA) Disability Working Group, Federal Emergency Management Agency’s (FEMA) Long Term Disaster Recovery Initiative and National Response Framework as well as at the state level with our involvement in the Council of State Governments (CSG) Deeper Learning Focus Group (related to education reform).
Indeed, the Centers for Medicare and Medicaid Services (CMS) linked to NCD’s FY 12 Analysis and Recommendations for the Implementation of Managed Care in Medicaid Programs for People with Disabilities document [http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Delivery-Systems/Medicaid-Managed-Long-Term-Services-and-Supports-MLTSS.html](http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Delivery-Systems/Medicaid-Managed-Long-Term-Services-and-Supports-MLTSS.html) on the same website where CMS is highlighting their own initiatives.

**Fiscal Year 2014**

NCD’s FY 2014 initiatives capitalize on the agency’s ability to play a unique and valuable role in the policy process. NCD intends to be a driving force in the community and will continue to take on the role of convener to bring various stakeholders together, including our federal agency partners. NCD will continue to work on a number of policy areas but will also work to strengthen the linkage between the Administration, Congress, and the growing but often overlooked constituency of people with disabilities. Furthermore, NCD’s projects are intended to identify reforms, potential savings, and other ways to help reduce the national debt. In FY2014, these projects include:

**Reforming Social Security’s Disability Benefits System** -- Current budget debates in Congress and with the President have highlighted that our nation faces fiscal challenges. According to the 2011 Social Security Trustees’ Report, the Social Security Disability Insurance Trust Fund is scheduled to become exhausted in 2016. Because of increasing numbers of claims due to the economic situation and concerns with potential work disincentives facing both Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) recipients, these programs have been highlighted as in need of reform by policymakers.

NCD wants to highlight the place of disability in our national fiscal policy and will initiate a project that analyzes options for SSI and SSDI reform, including what measures could increase work effort for people currently utilizing SSI/DI, what measures could decrease the likelihood of using such benefits, and what financing options exist for both programs. NCD will generate a platform for disseminating the findings which will include recommendations.

**CMS Regional Office Stakeholder Meetings** – This project is follow-up to our Medicaid Managed Care report and would facilitate NCD, local stakeholder and CMS Regional Office staff conversations to promote greater dialogue and contact between key decision-makers in CMS’ Regional Office system and the disability community regarding Managed Care waiver applications and dual eligible demonstration proposals. NCD would hold 2-3 regional forums with HHS regional offices regarding Medicaid managed care and the review of state 1115 and 1915(b)(c) waiver applications, dual eligible demonstration proposals and relevant Medicaid waiver or state plan amendments.
Transportation – Investing in independence necessarily involves investing in transportation. People with disabilities cannot work if they cannot get to the workplace.

In 2005, NCD released a comprehensive transportation report addressing access to ground transportation for people with disabilities: The Current State of Transportation for People with Disabilities in the United States, (2005), www.ncd.gov/publications/2005/06132005. In FY 2013, NCD is looking at progress made since 2005 and examining the recommendations made by NCD in the 2005 report to identify which recommendations have and have not been addressed successfully, and identify what barriers remain for people with disabilities in accessing transportation, including rural transportation. Particular emphasis is being placed on transportation issues for people with disabilities in rural and outlying urban areas; and inner city transit issues – subways, buses, taxis and issues regarding “silo” transit systems such as para-transit.

NCD will also continue to track the work of the Transportation Security Administration (TSA), via TSA’s Disability Working Group. Based on the negative experiences of travelers with disabilities at airport security checkpoints NCD reached out to the Transportation Security Administration (TSA) offering our assistance, in a technical advisory capacity, regarding security screenings of passengers with disabilities and specifically the need for a universal design-based solution for the screening of all passengers. As a result of a meeting with TSA’s Office of Disability Policy and Outreach, TSA formed an Integrated Product Team to conduct an extensive review of the Screening Checkpoint Standard Operating Procedures sections that apply to people with disabilities and medical conditions. NCD will continue to track its progress.

Emerging Technology in Transportation - In 2004 NCD issued a report, Design for Inclusion, aimed at educating designers and manufacturers about the way electronic and information technology (E&IT) intersects with the needs of individuals with disabilities, and how designing with access in mind can significantly increase the size of targeted markets for E&IT. In 2011, NCD took the next step in recognizing the transformative power of technology and innovation, and examined the importance of social media and other information technologies in connecting people to job opportunities in report The Power of Digital Inclusion.

The latest innovations in technology are now upon us through the use of autonomous vehicles. Autonomous vehicles are vehicles capable of operating with minimal or no input from a human driver beyond entering an intended destination or a planned travel route. While this technology is still in its infancy, it is emerging. The expanded use of these vehicles could begin to address the dramatic increase in social isolation, chronic unemployment, and an overall poorer quality of life stemming in no small part from a
lack of transportation. For people who are blind, experience seizures, or have physical, developmental or intellectual disabilities whose effects prevent them from driving, autonomous vehicles could provide a new and vital transportation option. Many senior citizens would also benefit from this technology as they experience isolation - often from a lack of transportation. In addition, in most rural areas of the country there simply is not adequate public transportation to meet the needs of persons with disabilities. Advancing this technology may ease the demand on government dollars to support such transit systems. Hence the potential opportunities this advance could bring to people with disabilities is significant and requires an examination of the public policy barriers that need to be eliminated to further the development of this technology, and improve the quality of lives for persons with disabilities.

Several states across the country have already passed legislation relative to the operation of autonomous vehicles. NCD would like to ensure, as more states begin to experiment with allowing this technology, that no federal barriers exist that would prevent its wider use. In 2014, NCD will engage with industry experts to identify the policy barriers of this technology and recommend federal legislation to further advance the testing and trial operation of autonomous vehicles. In addition, the project could include the drafting model legislation which states may use to create a consistent approach across the country.

**Social Media Accessibility** -- In FY14, NCD will also convene stakeholders at a forum titled “Filling in the Digital Divide: Ensuring a National Integration Strategy for Internet and Social Media Access” (Report follow-up activity) - In 2011, NCD completed and released its report on Digital Inclusion: Barriers and Opportunities for Employment ([http://www.ncd.gov/publications/2011/Oct042011](http://www.ncd.gov/publications/2011/Oct042011)). Analyzing six ‘vectors’ or pathways, the report examined the ‘new information’ economy in an effort to understand why barriers continue to exist for employment of people with disabilities. In that report, NCD recommended increased education, conduct of awareness campaigns and collaborative outreach and training, particularly for young adults aged 21-30, along with private sector and interagency programs and research designed to enhance technological capabilities and standardize assistive technology for the broad population of Americans with disabilities. Nearly 3 years later, federal agencies are striving to improve accessibility of the fast developing technological pathways. This project seeks to take the next step-to engage in dialogue with federal agencies and the private sector in order to ensure that the landscape of cyberspace develops as fully integrated and navigable for all Americans, and that the unique opportunities created by virtual communications are maximized. In doing so, Americans with disabilities will be empowered and able to expand their participation in the American culture, workforce and society, consistently with the goals of the NCD Strategic Plan, and the intent and stated desire of the Americans with Disabilities Act.

Activities such as these assist with NCD meeting performance measures highlighted in its strategic plan resulting in an immediate impact. For instance, because of our work
NCD has been asked to participate on a number of federal commissions and councils including the Transportation Security Administration’s (TSA) Disability Working Group, Federal Emergency Management Agency’s (FEMA) Long Term Disaster Recovery Initiative and National Response Framework as well as at the state level with our involvement in the Council of State Governments (CSG) Deeper Learning Focus Group (related to education reform).

Indeed, the Centers for Medicare and Medicaid Services (CMS) linked to NCD’s FY 12 Analysis and Recommendations for the Implementation of Managed Care in Medicaid Programs for People with Disabilities document http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Delivery-Systems/Medicaid-Managed-Long-Term-Services-and-Supports-MLTSS.html on the same website where CMS is highlighting their own initiatives.

The Convention on the Rights of Persons with Disabilities – NCD heard from several stakeholders at its April 2013 quarterly meeting regarding how NCD can assist in CRPD ratification efforts. The guidance provided to us included both follow-up work to the recent release of NCD’s Full Inclusion report (see CRPD projects in Chapter 2); and work that we can undertake immediately regarding public awareness of the CRPD. Specifically, NCD will engage in a public awareness campaign to inform the disability community and the public at large about the importance of the CRPD and the need for United States ratification for Americans with disabilities. NCD will specifically raise awareness about the purpose of the CRPD; the message of support for disability rights which ratification brings; and the potential for tangible benefits ratification would provide to current and future generations of Americans with disabilities who wish to travel, study, work, and conduct business abroad.

The Council will highlight how ratification of the CRPD would provide the United States with the legal and legitimate ability to engage and work with other nations who are parties to the CRPD to uphold anti-discrimination standards similar to what exist in the United States. In today’s global society, United States ratification would place the U.S. government in a much stronger position to influence foreign governments who have ratified the CRPD to assure equal opportunities are available to U.S. citizens with disabilities. Without ratification, the United States is in a much weaker position to encourage, either bi-laterally or multi-laterally, that governments of the hundreds of nations which are parties to the CRPD assure U.S. citizens with disabilities do not face discrimination while abroad when studying, traveling, and conducting business abroad. As part of this public awareness campaign, NCD will highlight to the parents of children with disabilities the increased opportunity for their sons and daughters to engage in the global economy if the United States has the CRPD as a tool to better ensure other nations protect disability rights. Ratification will enable the U.S. government to work at both the multi-lateral and bi-lateral level to influence other nations to create laws and systems which prohibit discrimination based on disability, similar to what is enjoyed on U.S. soil under the Americans with Disabilities Act (ADA). From requiring equality under
the law, prohibiting employment discrimination based on disability, to eliminating accessibility barriers in public transportation, the CRPD seeks to ensure for people with disabilities in other nations what the ADA has done for the United States. These changes in nations around the world would significantly expand the opportunities available for Americans with disabilities.

This public awareness campaign will include NCD convening meetings and press briefings, either quarterly or more frequently as the Council deems necessary, to discuss with the disability community the efforts made towards ratification by the United States government, and to seek input from the community about these efforts as a way of elevating the many voices that are in support of the CRPD. One such community is the international exchange and development community. NCD will also seek to clarify that rather than diminishing parental rights, the CRPD actually strengthens parental rights. NCD will develop an awareness campaign to address the fears of parents who are unnecessarily concerned. It is an appropriate role for NCD to uncover the facts of ratification of the treaty and disseminate them. Dispelling myths about the CRPD has the dual benefit of dispelling myths about disability and heightening awareness that nondiscrimination, inclusion, and full participation by people with disabilities is possible in society—the vision of the CRPD.

NCD will continue to recommend to Congress the need for United States ratification of the CRPD to better provide for the equal opportunity and self-sufficiency of individuals with disabilities. In doing so, NCD will offer its expertise on the treaty to all members of the United States Senate to answer any questions and to explain why ratification is so important. NCD will also work to ensure that the Senate Foreign Relations Committee, and other Senate processes, are accessible to all people with disabilities, particularly when it comes to communication access. NCD will continue to offer itself as an expert resource to the Senate process.

**Defining and Measuring Home and Community Based Services Quality** - Over the course of the last several years, considerable energy and effort has been focused on the topic of expanding Home and Community Based Services (HCBS) for people with disabilities and older adults. Through programs like Money Follows the Person, the State Balancing Incentive Program and the Community First Choice State Option, states have been offered financial incentives to shift away from institutional services and towards HCBS. Studies have shown that community services are less expensive than institutional care and making such a shift could potentially save Medicaid millions of dollars annually. Additionally, efforts by the Department of Justice’s Civil Rights Division to enforce the Supreme Court’s 1999 *Olmstead v. L.C.* decision have also helped to further the shift towards community services. Despite this significant progress in terms of state willingness to invest in community support infrastructure, considerable tensions remain as to how to define and assess the quality of HCBS.
Additionally, as the Olmstead decision is applied in new contexts, definitions of integrated day and employment activities acquire particular relevance.

CMS has recently issued numerous public comment opportunities focusing on this particular question, and ongoing deliberations within numerous federal agencies, including DOJ, HUD, CMS and the new Administration on Community Living continue to work to identify the best ways at ensuring quality measurement infrastructures that are truly reflective of community life. If conducted, this project could provide a meaningful and practical summary of the relevant issues and options available to state and federal policymakers with regards to defining and assessing HCBS systems for consistency with the goals and intent of the Medicaid HCBS program, compliance with the Americans with Disabilities Act, and the ability to meaningfully enhance the quality of life of individuals with disabilities and older adults. Further aspects of this project that could be explored include examining: how HCBS should be defined and what should and should not be funded utilizing HCBS dollars; what constitutes meaningful compliance with the federal Olmstead decision and what implications have yet to be fully explored by policymakers and advocates; and how policymaking and quality assessment activities of both Medicaid and non-Medicaid programs can be improved with regards to HCBS.

**Fiscal Year 2015**

For FY 2015, NCD plans on building on past success such as our revamped annual progress report and completing several significant policy reports in areas of priority to the community and Congress. We also intend to begin several new policy projects of national concern for people with disabilities identified through our outreach and engagement efforts. NCD has identified several possible new projects and areas to address systemic issues affecting people with disabilities (one project was mandated by Congress); some of which identify areas of potential savings to help reduce the national debt. These potential policy areas include:

**2015 Scorecard** -- In our work to revise the format of the Annual Progress report to make it more user-friendly for our varied stakeholders, including Members of Congress and their staff, in 2015, NCD plans to produce, with the assistance of a contractor and local stakeholders, a state by state examination of progress made in implementing the goals of the ADA in the past 25 years. The Council will convene a stakeholder group of national disability stakeholders to determine objective metrics to measure state by state implementation and compliance with the ADA. Additionally state stakeholders will be asked to identify targets and goals to be achieved by the 30th ADA Anniversary to measure continuing and future implementation efforts. These metrics will be utilized by the Council in meeting our statutory obligation to inform the President and Congress about annual progress. We also envision this as a way to make the Progress Report more valuable to our stakeholders and an actual tool that they can use in their work at all levels of government. We anticipate dedicating $75,000 to this project.
**Vocational Rehabilitation** -- The state-federal vocational rehabilitation program is the only federal funding stream dedicated exclusively to assisting people with disabilities in obtaining and maintaining employment. One way to reduce the strain being placed on entitlement programs provided by the Social Security Administration or Medicaid is to help people find meaningful employment. While states are struggling to access these funding streams, people with disabilities have been on waiting lists or turned away from vocational rehabilitation services needed to help people find employment and become tax paying citizens. Additionally, vocational rehabilitation agencies have (by law) been asked to participate in the nationwide One Stop system. Yet, little to no data is available to indicate if these systems are physically and programmatically accessible and if people with disabilities are using and/or benefitting from the services.

Currently, the Workforce Investment Act (WIA) is eight years past its required re-authorization. Hence NCD’s next employment focused project will examine Section 503 of the Rehabilitation Act and the role of federal/state collaboration. The Council intends to showcase best practices and ways to leverage the President’s call to action as a number of states start building state level initiatives to increase the hiring of people with disabilities by state contractors. The report could incorporate the role Vocational Rehabilitation can play, the role metrics and accountability can play, and continue to build the vision of competitive employment and career opportunities for transitioning youth and young adults. We anticipate dedicating $25,000 to this project.

**Reforming Private Health Insurance to be consistent with the Goals of the ADA** --

The current focus on health reform, community living, and enforcement of the Supreme Court decision in Olmstead v. L.C. primarily focuses on public health benefits, Medicaid, in particular. However, little attention is being paid to the extent to which private health insurers structure health benefits in ways that interfere with an individual’s right to live in the community. Private health policies often contain exclusions or restrictions on the types of services most needed by people with disabilities, and have an institutional bias – covering services if an individual lives in a nursing home or rehabilitation facility, but not covering the services in the individual’s home. Many private insurance plans fail to adequately cover rehabilitation and habilitation services and devices; and mental health and substance use disorders, including behavioral health treatment.

According to the Institute of Medicine, habilitation, mental health, substance abuse, and behavioral services have largely been left to the public sector to provide and fund at taxpayers’ expense. For example, many private plans fail to cover, or place unrealistic restrictions on, durable medical equipment and limit prosthetic limbs to one per lifetime. In addition, many private plans only cover therapies to the extent that they result in progress toward recovery – thereby discriminating against people with permanent disabilities who need therapies to maintain functioning or prevent deterioration of functioning, such as people with cerebral palsy, multiple sclerosis, or people who need psychiatric rehabilitation. Most private plans do not cover hearing aids or low vision aids.
and avoid covering services for children with autism or intellectual disabilities through use of a definition of “medical necessity” that applies only to restoration of function.

Such benefit limitations have a disproportionate detrimental effect on people with disabilities that go far beyond a negative impact on health. The impact is so extreme that many people with disabilities cannot work because employer-sponsored health insurance is inadequate compared with the benefits they can receive from Medicaid. Private insurance limitations and exclusions force some people who would rather be at home into more costly institutions; placing further strain on cash strapped public programs. This is in direct contravention to the Americans with Disabilities Act, the Olmstead decision, and generally-accepted principles of community living and inclusion. The private insurance market is in need of significant reforms if people with disabilities are to participate equally in private health insurance. The purpose of this potential project is to analyze the policies of the 20 largest private health insurers and document the contract provisions that are inconsistent with the goals of the ADA, the Olmstead decision, and the Administration on Community Living (ACL) initiatives. Furthermore, the analysis could include specifics such as spotlighting the practices of the private insurance market that have the intent or effect of discriminating against individuals with disabilities. The Council will dedicate $50,000 to this project.

**Education Outcomes for Diverse Students with Disabilities** – Investing in the workforce of the future is vital to our nation’s interests. One cannot access the workforce without the appropriate education yet we continue to see students with disabilities from diverse communities slipping through the cracks. Our nation recently celebrated the 35th anniversary of the Individuals with Disabilities Education Act (IDEA). IDEA guarantees students with disabilities a right to a free and appropriate public education in the least restrictive environment and provides State and Local Education Authorities with funding in order to meet their legal obligations under the law. Despite thirty-five years of IDEA implementation and enforcement, students with disabilities still lag behind their non-disabled peers and are disproportionately in the school to prison pipeline, however it’s mostly discussed within specific populations rather than across them. In light of the President’s “My Brother’s Keeper” initiative the Council is looking to revisit this issue by going back to its 2003 report “**Addressing the Needs of Youth with Disabilities in the Justice System**” which laid out NCD’s belief that delinquency prevention is a critical feature of any service or support system that is used to address the needs of all youth, especially youth with disabilities and special education needs. A significant proportion of youth in the juvenile justice system have education-related disabilities and are eligible for special education and related services under the Individuals with Disabilities Education Act (IDEA). Factors associated with the disproportionate representation of youth with disabilities in juvenile corrections are complex—but the available information suggests that school failure, poorly developed social skills, and inadequate school and community supports greatly increase the risks for arrest and incarceration.
NCD is looking to partner with the White House Initiatives on Educational Excellence and Hispanic Americans, African Americans, Asian Americans and Pacific Islanders, and Native Americans and Alaska Natives to engage in a groundbreaking cross-community dialogue to discuss how the diversity and disability communities can work together to meet the needs of our young people as early on as possible in the education system to prevent them from becoming adjudicated, and if adjudicated, prevent recidivism and entrance into the adult justice system. The Council also looks to engage the Office of Safe and Healthy Students at the U.S. Department of Education and the Department of Justice. The Council will dedicate $50,000 to this project.

Parenting with a Disability Conference – As mentioned earlier, the Council continues to receive significant interest from Federal and State legislators, community based organization (disability and non-disability), and the general public about its work on the Civil Rights of Parents with Disabilities. NCD is looking to convene a conference on this topic— to provide a venue for the necessary key stakeholders (parents with disabilities, federal agencies, advocates, members of Congress and their staff, service providers, and researchers) to convene and begin focusing the necessary attention this issue so rightly deserves. The conference would attempt to answer several questions of prominent concern such as: what actions have been taken on the state and federal level to address discrimination against parents with disabilities and their children – what are the barriers and facilitators; what promising practices and/or state initiatives have been implemented to support parents with disabilities and their children since the release of NCD’s report; and what progress has been made on NCD’s report recommendations and what more needs to be done to advance and promote the rights of parents with disabilities and their children. In addition the conference will break the report out into key topics including, but not limited to child custody, foster care, and adoption.

This report has been a tremendous driver of traffic to NCD’s homepage and of NCD’s broader outreach work, which is why we continue to highlight it. In fact, the week of August 8, 2013 we saw 2000 new downloads that we believe can be directly tied to new press being done around the issues of parents with disabilities tied to the fall tv schedule’s addition of Michael J. Fox’s new sitcom on parenting with Parkinson’s disease. We expect to only see media and societal attention to this issue increase going forward and want to be proactive to the demand. The National Council on Disability will dedicate $50,000 to this project, in hopes of collaborating with additional agencies.

Federal Advisory Committees: Since the dissolution of its three federal advisory committees in the last administration, NCD has struggled to be truly reflective of the disability experience in America. We are proposing the reconstituting of these committees in FY2015 as a means to re-engage with the broader disability community and to also enable NCD the flexibility it needs to continue to produce the forward thinking material it’s known for. Members will be chosen across different regions of the
country, reflecting the diversity of the country, and will convene for monthly conference calls and budget willing, one annual face to face meeting.

**International Watch**: NCD plans to re-constitute its “International Watch” (IW) Federal Advisory Committee. IW’s purpose will be to (1) share information on international disability issues and activities; and (2) advise the National Council on Disability (NCD) on the development of policy proposals and strategies to advance a foreign policy consistent with the values and goals of the Americans with Disabilities Act. IW will serve as a vital communications and advisory link during a remarkable upsurge of international activity around disability issues. Most importantly, on the Convention on the Rights of Persons with Disabilities (CRPD).

The International Watch will be comprised of members appointed by the NCD chairperson, and represent diverse cultural, disability and professional backgrounds who are knowledgeable about international disability issues and policies. Periodic conference calls among International Watch membership will serve as a primary vehicle for information sharing and for communications among the active membership during an unprecedented growth period of international activity around disability issues. International Watch will regularly track and advise on the treaty process, providing updates during conference calls from a wide range of participants in the US ratification process. In sum, NCD’s International Watch will become the primary conduit for information about the treaty process, and inclusion of disability within international development efforts, within the American disability community. This role is in keeping with the policy of the US Government to support the development of domestic disability legislation in other countries and to provide technical expertise in these endeavors, especially in the developing world, based on the American experience.

**Diversity and Inclusion Watch:**
NCD plans to reconstitute its former Federal Advisory Committee tied to cultural diversity to broaden to “Diversity and Inclusion”. DIW’s purpose will be to (1) create a diversity and inclusion lens to add to the broader work of the council, (2) build relationships with diverse organizations and leaders to cultivate relationships between them and the disability community, and (3) provide recommendations to the council on public policy and programs tied to increasing the participation of diverse groups in our overall work and strategic planning. NCD hopes this group will enable the Council to be truly inclusive of a much broader base of the disability community as we approach the 25th Anniversary of the ADA, the proposed report on the School to Prison Pipeline, the upcoming scorecard on the ADA and all of the work going forward.
Youth Watch:
NCD's Youth Advisory Committee was established in Fiscal Year 2000. It accomplished its purpose of providing input into NCD activities consistent with the values and goals of the Americans with Disabilities Act by discussing government policies that affect all people with disabilities. The experience, advice, and insights of the Youth Advisory Committee assure that the voice of youth with disabilities is institutionalized within the core of NCD's decision making process. Youth issues are emerging issues. The Youth Advisory Committee is necessary because it provides timely advice from the perspective of youth and young adults to NCD as it develops policy recommendations to the President and Congress. NCD recommendations to the President and Congress on youth issues will be published, along with other issues, in NCD's congressionally mandated National Disability Policy: A Progress Report. There is no other entity in NCD or elsewhere in the Federal Government that can appropriately serve these purposes.

State Academies
The Council will, in collaboration with the National Conference of State Legislatures (NCSL) and the Council on State Governments (CSG), establish a policy academy series to offer expert assistance on disability policy and disability impact upon general policy issues under consideration by federal, state and local governments. NCD will provide such expert resources during the annual and quarterly regional meetings of both associations.
The financial section presents the message from the Executive Director, followed by the independent auditor’s report and the financial statements with accompanying notes. Discussion of the financial statements, financial position and results of operations can be found in Management Discussion and Analysis Section.
Message from the Executive Director

I am pleased to report that the National Council on Disability earned a qualified audit opinion on its consolidated financial statements. To address the material weakness found during our audit, we will enact appropriate general and entity level controls over our Information Technology operations. This effort will include the retention of an outside expert to perform a security audit of our Information Technology systems and equipment and the formulation of appropriate procedures and controls to ensure the integrity and security of our Information Technology assets.

With regard to the remaining findings, as noted in the Chairman’s Statement of Assurance and described in further detail in the Management Letter Comments, following the close of FY2013 the Council has started taking progressive action to address the findings of the audit. We view our response to the findings as an opportunity to fundamentally correct deficiencies common to small, independent federal entities. Our goal is to create formal checkpoints and controls to identify failures and deficiencies in advance of adverse outcomes. In particular the establishment of a formal quarterly Audit and Finance Committee financial statement review procedure is expected to provide a significant enhancement to our ability to identify problems early and accurately. As a general matter, we will work to increase the segregation of duties and signatures, and establish written financial procedures to provide both a testable process but also to ensure that no single individual point of failure can become an obstacle to the orderly operation of our financial system. In sum, our goal, as detailed in our Management Letter Comments, is to increase the transparency, accountability, and reliability of our financial and operations systems as we move through FY2014.

Finally, I want to take this opportunity to acknowledge the efforts of the Council and the entire staff that made our financial management a priority during FY 2013. We are all dedicated to ensuring the development of stronger controls in the future to maintain our commitment to quality financial management.

Rebecca Cokley
Executive Director
MANAGEMENT LETTER COMMENTS

ON THE GENERAL FUND

OF THE NATIONAL COUNCIL ON DISABILITY

SEPTEMBER 30, 2013
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To: Mr. Jeff Rosen, Chairman  
National Council on Disability

We audited the financial statements (balance sheet, and the related statements of net cost, changes in net position, and statement of budgetary resources, herein after referred to as “financial statements”) of the National Council on Disability (“the Council” or “NCD”) as of, and for the years ended September 30, 2013 and 2012. We concluded that the Council's financial statements as of, and for the years then ended, are presented fairly, in all material respects, in conformity with U.S. Generally Accepted Accounting Principles, except for the material weakness in internal control and the reportable condition on compliance.

In planning and performing our audit, we considered the Council’s internal control over financial reporting, by obtaining an understanding of the design effectiveness of its internal controls, determined whether internal controls had been placed in operation, assessed control risk, and performed tests of controls as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements. We limited our internal control testing to those controls necessary to achieve the objectives described in the Office of Management and Budget’s (OMB) Bulletin No. 14-02, Audit Requirements for Federal Financial Statements, but not for the purpose of expressing an opinion on the effectiveness of the Council’s internal control. We have not considered the internal control structure since the date of our report.

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 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.

During our audit, we noted certain matters involving the internal control structure and other operational matters that are presented in this letter for your consideration. These issues and related recommendations have been discussed with the appropriate members of the Council’s management, and are intended to improve the internal control structure or result in operating efficiencies. The Council’s written responses to these matters identified in our audit have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

The report is intended for the information and use of those charged with governance and management of the Council, the Office of Inspector General, others within the agency, OMB, and the U.S. Congress; and is not intended to be, and should not be used by anyone other than those specified parties.

REGIS & ASSOCIATES, PC  
Washington, DC  
February 18, 2014
MANGEMENT LETTER COMMENTS (MLC)

No. 1 – Ineffective Controls over the Preparation and upload of the Fluctuation Report

Condition:

The Council did not prepare, analyze, complete, or upload the Fluctuation Report for three (3) quarters of fiscal year (FY) 2013 to the OMB MAX Federal Community System.

Criteria:

OMB Circular A-136, revised, states in Section IV: “Agencies are required to submit an analysis of significant variances along with the quarter's three financial statements”, (Balance Sheet, Statement of Net Cost (SNC) and the Statement of Budgetary Resources (SBR)). “The analyses for the three financial statements should be in a separate file or attachment within the submission. The variance analysis required by OMB should be only on the significant variances between the current quarter and the same quarter from the prior year. If a financial statement does not have significant variances between the comparative periods, this should also be included and noted in the analysis”.

Included in OMB Circular A-136, revised, are requirements to submit an analysis of any material differences between the current quarter's unaudited SBR and the current quarter's department-wide SF 133, Report on Budget Execution and Budgetary Resources. The Council should reconcile the two reports; however, the Council is only required to provide OMB with an explanation for any material differences between the SBR and SF 133 for comparable line items related to unobligated balances brought forward, gross budget authority, obligations incurred, actual offsetting collections, net outlays, and distributed offsetting receipts.

These quarterly variance analyses are required to be updated to OMB, using the MAX Federal Community System, within 21 calendar days after the end of each of the three quarters of the fiscal year. To facilitate OMB’s and Treasury’s analysis of differences between agencies’ SBRs and SF 133s, agencies will submit the interim comparative SBR in Excel, as well as the Balance Sheet, and Statement of Net Cost (SNC).

Cause:

The Council had high turnover at the Executive Director level during FY 2013. There were three (3) Executive Directors during the year. In addition, the Council did not have a qualified internal financial analyst from July 1, 2013 to the end of FY 2013. These turnovers adversely affected the Council’s ability to prepare and submit quarterly variance reports, as required.
No. 1 – Ineffective Controls over the Preparation and upload of the Fluctuation Report
(Continued)

Effect:

By not submitting its interim unaudited Financial Statements and Fluctuation Report to the MAX Federal Community System, as required, the Council was not able to receive comments from OMB in advance of year-end deadlines. In addition, this deficiency did not allow sufficient time to improve the accuracy and conformity of the Notes for the year-end submission of the Performance and Accountability Report (PAR), as well as to enable Treasury’s Financial Management Service (FMS) to conduct preliminary analysis of the Council’s data to facilitate the preparation of the U.S. Government’s Financial Reports.

Recommendation:

We recommend that the Council’s management implement procedures to ensure that it submits Fluctuation Reports to the MAX OMB system, as required. To facilitate the timely reconciliation, preparation, and upload of the variance analyses, the Council should retain the services of a Senior Financial Consultant or other financial professional to assist them in preparing the required reports.

Management’s Response:

Prior to this issue being raised, and in collaboration with the Chair of the Council’s Audit and Finance Committee, the Executive Director reached out to GSA staff to develop its criteria for significant variance and this criteria was used to review and upload the 2013 Q4 Flux Analysis. Going forward, the Executive Director will upload the interim financial statements after reviewing them with relevant staff and the Chair of the Audit and Finance Committee. Staff will also conduct a quarterly financial status meeting with the Audit and Finance committee to brief and review the reconciliation of FMIS and GSA’s Status of Funds report. A monthly Status Of Funds report will be prepared by the 5th of the month and submitted to the Audit and Finance committee and included as an update on the monthly Executive Committee call. Management has held on submitting its completed 2013 Performance and Accountability Report (PAR) pending the completion of the audit and upon completion and acceptance of the attached audit, will file the PAR with OMB, inclusive in the PAR of audit fiscal data. This issue itself was caused by the Director of Administration ceasing to advise the Executive Director in the preparation of these analyses. We disagree with the characterization of a high turnover of Executive Directors; the previous Executive Director resigned to assume another government position and was replaced by the current Executive Director with an interim Executive Director (a long time NCD staff person) who served less than 2 months to bridge the transition. Additionally, the Council
has never had a financial analyst, as this role was proposed of its own volition for FY2013 and the Council is actively pursuing qualified candidates in FY2014.
No. 2 – Ineffective Controls over Human Resources and Administrative Manual update

Condition:

Procedures provided in the Council’s Human Resources and Administrative Manual are not up to date.

Criteria:

U.S. Office of Personnel Management (OPM) provides guidance for human resources, through the Human Capital Assessment and Accountability Framework (HCAAF). The HCAAF provides information on linkages to merit system compliance, which provide information about five human capital systems: Strategic Alignment, Leadership and Knowledge Management, Results-Oriented Performance Culture, Talent and Management, and Accountability; as well as their expected results and linkages to merit system compliance, where appropriate. The guidance complies with merit system principles; veterans’ preference rules; and other civil service laws, rules, and regulations; including those relating to prohibited personnel practices. To achieve consistency in the application of human resources, agencies and individual Federal managers must take systematic and proactive measures to document each agency’s specific control. The regulation at 5 CFR 250.203 establishes requirements for an agency to maintain a current human capital plan, and submit to OPM, an annual human capital accountability report. The requirements in the regulation are by design, congruent with the planning and reporting requirements contained in OMB Circular A-11, and Title 31 U.S.C.

Cause:

Based on the frequent changes in senior management, the Council did not update the Human Resources and Administrative Manual during the current and prior years. According to the Council’s management, they relied on the U.S. Office of Personnel Management - Human Resource guidance. However, the Council did not establish a requirement to maintain a current human capital plan, and submit to OPM, an annual human capital accountability report, as required.

Effect:

Adequate written policies and procedures are necessary to provide clear directives, reliance, and consistency in the development, review, approval, and issuance of the Council’s human

Financial Section
resources and administrative procedures. As a result of not updating its Human Resources (HR) and Administrative Manual, the Council may not be able to provide reasonable assurance that program operations, obligations, and expenditures comply with applicable laws and regulations; and that resources are efficiently used and effectively allotted for authorized purposes.

**Recommendation:**

We recommend that the Council update the HR and Administrative Manual to ensure that its policies and procedures are compliant with relevant laws and regulations, and provide reasonable assurance that human resources accomplish program objectives. Human resources controls developed for the Council’s programs should be logical, applicable, reasonably complete and effective, and efficient in accomplishing management objectives.

**Management’s Response:**

*In FY2013, based on the findings of the previous audit, the Council moved proactively to develop, and approve a manual for Financial Policies and Procedures, as this was seen to be the item requiring the most urgent attention. For FY2014, the Council will bring on HR assistance to assist with the revision of its Administrative manual and assist in the hiring and onboarding of at least 4 staff. This will be done in collaboration with the Governance Committee and overseen by the Executive Director and the Council member POC for HR. This will include taking into account the supplements provided by SERCO as per their contract under the previous Chair & Executive Director and reaching out to other small agencies to review models of best practice. Additionally, a series of pull-out documents for easy reference will be developed for staff and Council members to ensure compliance with key policies, procedures, and trainings. Regardless, the Council agrees that the Administrative manual requires updating to reflect current agency policies, such as the processing of FOIA requests.*
No. 3 – Ineffective Monitoring Policies and Procedures

**Condition:**

The Council did not appear to have any policies and procedures in place to react to changes in operations.

**Criteria:**

OMB Circular A-123, *Management Accountability and Control*, states that, “Management is responsible for establishing and maintaining internal control to achieve the objectives of effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations. To achieve consistency in the application of internal control, agencies and individual Federal managers must take systematic and proactive measures to document internal control.” In addition, Management should have a strategy to ensure that ongoing monitoring is effective, and will trigger separate evaluations where problems are identified, or where systems are critical and testing is periodically desirable.

**Cause:**

The auditors requested documentation of ongoing monitoring strategies, and documentation of the separate evaluations where problems were identified, or where systems critical for testing were periodically completed. The auditors were not provided with these documents. In addition, the auditors requested a list of all employees that were regularly asked to state explicitly whether they complied with the agency’s code of conduct or similar agency pronouncements of expected employee behavior. The auditors were not provided with this document, neither were they provided with the Council’s central repository for monitoring activities.

**Effect:**

As a result of the lack of an internal control monitoring system, reports were not prepared and submitted to the relevant authorities on due dates, credit card reconciliations were not prepared for some of the periods, and there were delays in vendor payments. These, and other related deficiencies have been discussed in other findings in this report.

**Recommendation:**

One of the major components of internal control is control monitoring. We recommend that the Council develop and implement control-monitoring mechanisms to identify and appropriately respond to changes in operations, and deficiencies in internal control.
Management’s Response:

Throughout FY2013, the Chairperson, and Chair of the Audit and Finance Committee were intricately involved in the operations as needed (as per an email sent on September 18, 2013), including when the Executive Director was on abbreviated maternity leave. As additional issues arose in FY2013, the Chair and other members of the Council leadership reached out to GSA for assistance, particularly as it related to finance and operations. As an operational matter, the Council will update its Administrative Manual, fill vacant administrative positions, and in August of 2014, NCD will take 2 weeks to create desk manuals for each position so that functions can be backfilled as needed. The Council will use the calendar of events from our response to Material Weakness, NFR 13-01, Ineffective Controls over Policies and procedures in place for IT general and entity controls, to establish effective measures of performance so that any gaps in delivery can be identified and corrected in real time. Finally, specific cross-checks on service delivery will be developed that can be performed at the Council Audit and Finance Committee meetings in addition to the Quarterly meetings, so that the Board can have reliable indicators of systemic organizational dysfunction.
No. 4 – Ineffective Compliance with the annual or periodic inventory of non-expendable property

Condition:

The Council did not complete the annual or periodic inventory of non-expendable property in fiscal year 2013, as provided for in the Financial Policy and Procedures manual. In addition, the Council also did not identify and tag all inventory of non-expendable property.

Criteria:

The Council’s Financial Policy and Procedures manual, Section 10.3, states in part that: “… all purchased equipment and furniture having a useful life of more than one-year come under the definition of non-expendable property.” It also states that “…A record of all non-expendable property is to be maintained in a property log showing date of purchase, purchase value, a complete description of the item (including color, size, model and serial number), and the specific location. All property will be tagged upon receipt and the assigned number recorded on all applicable documents pertaining to the property control system. An inventory will be conducted yearly to verify existence, condition, and continued need.”

Cause:

Due to a lack of oversight, the Council’s management responsible for non-expendable property, did not complete the annual or periodic inventory of non-expendable property, as required in their Financial Policy and Procedures manual. In addition, the Council’s employee responsible for supervising the property control system did not tag all new non-expendable property, upon receipt, in fiscal year 2013.

Effect:

The safeguarding of assets is a subset of internal control objectives. Due to the non-completion of the annual or periodic inventory of non-expendable property, the Council may not be able to provide reasonable assurance regarding prevention of, or prompt detection of, unauthorized acquisition, use, or disposition of assets.

Recommendation:

We recommend that the Council follow the procedures regarding non-expendable property contained in its Financial Policy and Procedures manual, Section 10.3.
Management’s Response:

Council management attempted without consistent success to direct the Director of Administration’s performance of administrative tasks such as this one. Although a technology inventory was completed in FY2014, going forward, the Council’s administrative staff will conduct an inventory due April 15 and September 15 including all relevant items. As these items age or are no longer in use, they will be added to a rolling archived inventory as needed. This inventory will be kept on the shared drive.
No. 5 – Ineffective Controls over Capitalization of furniture, fixtures, and equipment

Condition:

The Council did not capitalize furniture, fixtures, and equipment purchased during 2013, with a threshold of $5,000 or more, and having with a useful life of two or more years.

Criteria:

Federal capitalization guidelines state that “…capitalizable items should only be capitalized if they have an estimated useful life of at least two years following the date of acquisition. Capitalization thresholds are best applied to individual items rather than to groups of similar items (e.g., desks and tables), unless the effect of doing so would be to eliminate a significant portion of total capital assets (e.g., equipment).”

Federal capitalization guidelines also state that “In no case should a government establish a capitalization threshold of less than $5,000 for any individual item; and agencies should exercise control over potentially capitalizable items that fall under the operative capitalization threshold”.

The Council’s Financial Policy and Procedure manual states that “…physical assets acquired in excess of $5,000 will be classified as a fixed asset and recorded on the asset log with a useful life of two or more years.”

Cause:

Due to a shortage of human resources during fiscal year 2013, the Council’s employee responsible for carrying out the Council’s financial policies did not capitalize the new fixed assets purchased in 2013. In addition, the Council’s employee responsible for supervising the property control system did not tag all new non-expendable property or fixed assets, upon receipt, in fiscal year 2013.

Effect:

As a result of not capitalizing the purchase of the furniture and fixtures, with a threshold of $5,000 and having a useful life of two or more years, fixed assets were originally expensed as part of Gross Cost - Program A, in FY 2013.

Recommendation:

We recommend that the Council follow the procedures relating to fixed assets, contained in its Financial Policy and Procedures manual.
No. 5 – Ineffective Controls over Capitalization of furniture, fixtures, and equipment
(Continued)
Management’s Response:

The Council’s biannual inventory, as noted in management letter comment, Ineffective Compliance with the annual or periodic inventory of non-expendable property, will ensure proper accounting of furniture and fixed assets, as needed. As these items depreciate in value, age or are no longer in use, they will be noted accordingly. To ensure transparency, accountability, and ease of access, this inventory will be kept on the Council’s shared drive.
No. 6 – Lack of segregation of duties over accounts payable functions

Condition:

We examined the Council’s accounts payable system, and noted a lack of segregation of duties over accounts payable functions in the third and fourth quarters of fiscal year 2013. Our consideration regarding segregation of incompatible duties over the accounts payable function, as part of our walk-through procedures, indicated that there were incompatible duties during the fourth quarter of FY 2013. We also noted that this issue was also present in the third quarter of FY 2013. Specifically, we noted that a full time employee, approved vendor invoices for payment, and signed the receiving report that acknowledged the delivery and acceptance of the goods and services.

Criteria: OMB Circular A-123, Management Accountability and Control, defines control activities as the policies and procedures that help ensure that management directives are carried out. This includes ensuring that adequate segregation of duties is provided between performance, review, and recordkeeping of a task. In addition, the Committee of Sponsoring Organizations of the Treadway Commission (COSO) provides guidance for defining internal controls and its key components. One of the key components under the control activities area is segregation of duties, which is defined as follows: Duties are divided, or segregated, among different people to reduce the risk of error or inappropriate actions.

Cause:

The employee in this position was new, and there were no procedures to document the process, policies, and procedures relating to invoice processing and vendor payments.

Effect:

As a result of the condition noted above, there is a risk that errors or inappropriate transactions in accounts payable may not be prevented or detected, in a timely manner.

Recommendation:

We recommend that the Council follow its own policies and procedures, and implement adequate segregation of duties, by separating and assigning responsibilities for authorizing and recording transactions, and handling the related assets, among different personnel. This should ensure that the persons who approve vendor invoices do not sign the receiving reports for the same goods or services they are approving for payment.
No. 6 – Lack of segregation of duties over accounts payable functions (Continued)
Management’s Response:

As a small organization, the Council staff must perform multiple functions that would ordinarily be spread across separate individuals in larger agencies. Nonetheless, separating the authorization of the obligation/payment function from the transmittal function does provide an important check against unauthorized expenditures. To that end, the Executive Director, General Counsel, and members of the Audit and Finance Committee have been granted signature authority for Obligations and Transmittals so that financial submissions for obligations and payments are not restricted by the availability of a particular individual. A single individual will not ordinarily be allowed to both sign for an obligation or authorize a payment, and also authorize transmittal. Those functions will be performed by two separate authorized signatories when possible. Additionally, going forward the Audit and Finance Committee will be meeting monthly to review and ensure compliance and transparency in financial processes and transactions.
No. 7 – **No monthly reconciliation between contract obligations, payment data, and Council’s internal record of obligations and payments**

**Condition:**

We noted that there was no monthly reconciliation between contract obligations, payment data, and the Council’s internal record of obligations and payments. Additionally, the timely receipt and review of the Transmittal, with any changes or edits recorded by the external service branch of GSA on the confirmation, which would reduce a significant source of error, was not completed.

**Criteria:**

The Council’s Financial Policy and Procedures manual, requires management to perform routine examinations on the accuracy and validity of obligations and expenditures. In addition, the Council is required to perform reconciliations of the data transmitted to GSA, to the actual recorded data recorded in GSA’s shared financial system, which serves as the official books and records for the Council.

**Cause:**

There were no procedures to document the process, policies, and procedures relating to invoice processing and vendor payments. As a result, monthly reconciliations between contract obligations, payment data, and the Council’s internal records of obligations and payments were not adequately prepared or approved.

**Effect:**

Failure to prepare monthly reconciliations between contract obligations, payment data, and the Council’s internal record of obligations and payments increases the likelihood of not detecting errors and irregularities in financial records.

**Recommendation:**

We recommend that the Council’s management assign qualified personnel to prepare and review the monthly reconciliations between contract obligations, payment data, and the Council’s internal record of obligations and payments in a timely and consistent manner.
No. 7 – No monthly reconciliation between contract obligations, payment data and Council’s internal record of obligations and payments (Continued)

Management’s Response:

This issue was a result of the Director of Administration failing to fulfill functions of her position. Going forward into FY2014, the Council will:

1. Utilize the automated reconciliation tools available to the Council as part of the Budget Execution and Reporting System to match internal obligation and payment balances against the data contained in Pegasys, as accessed from FMIS. This reconciliation will be performed on a quarterly basis, to precede as closely as possible regularly scheduled OMB-Max submissions and the audit schedule.
2. Document the closing and reconciliation procedures as part of a revised Finance Manual.
3. Use the quarterly financial status meeting as a driver to ensure that the Council adheres to the documented process.
4. Develop tools to improve the transparency of the financial flow through to enable COTR’s to directly monitor the status of contracts they supervise.
5. Review open contracts for accuracy of obligation and payment of invoices.
6. Provide training to all staff to ensure the staff are familiar with the policy and procedures, and understand their roles and responsibilities as it pertains to reviewing contracts and determining if information is needed from the vendor to support an accrual.
7. The Executive Director will participate in CO training this spring, and the existing COTRs will renew their training as required, by September.
8. Reconciliations and monthly status of fund reports will be provided to the Executive and Audit and Finance Committees.
No. 8 – No modifications on file for extension of Contract performance periods

Condition:

We noted that out of 19 contracts and agreements tested, there were three (3) contracts where we could not locate any modifications on file that allowed for extension of time to complete the services rendered by the Contractor, vendor, or supplier.

Criteria:

FAR part 43.201 states “(a) Generally, Government contracts contain a changes clause that permits the contracting officer to make unilateral changes, in designated areas, within the general scope of the contract. These are accomplished by issuing written change orders on standard form 30, Amendment of Solicitation/Modification of Contract (SF 30), unless otherwise provided. (b) The contractor must continue performance of the contract as changed, except that in cost-reimbursement or incrementally funded contracts the contractor is not obligated to continue performance or incur costs beyond the limits established in the Limitation of Cost or Limitation of Funds clause (see 32.706). (c) The contracting officer may issue a change order by telegraphic message under unusual or urgent circumstances; provided, that— (1) Copies of the message are furnished promptly to the same addressees that received the basic contract; (2) Immediate action is taken to confirm the change by issuance of a SF 30; (3) The message contains substantially the information required by the SF 30 (except that the estimated change in price shall not be indicated), including in the body of the message the statement, “Signed by (Name), Contracting Officer”; and (4) The contracting officer manually signs the original copy of the message”.

Cause:

The employee in this position was new, and there were no procedures to document the process, policies, and procedures relating to contract modifications. As a result, proper documentation of modifications was not maintained to ensure that the services rendered by the vendor or supplier, were properly approved.

Effect:

As a result of not documenting modifications in a timely manner, the Council runs a risk of obligating funds in excess of funds availability, or not obligating funds in the correct annual fund year.
Recommendation:

We recommend that the Council document all extensions in contract performance periods by utilizing Standard Form 30, Amendment of Solicitation/Modification of Contract.

Management’s Response:

The Director of Administrator refused to assist with the extensions of certain contracts despite directives. A monthly report will be sent to all COTRs notifying them of contracts expiring in the next 30 days that have an open balance. The COTRs will notify the financial analyst whether to extend the period of performance or de-obligate the balance. As a cross-check, on a quarterly basis a report will be generated showing all items that expired with an open balance. Following review, the balances will be de-obligated or the contracts extended. Additionally, in FY2014 the Council will be developing a series of quick reference materials to ensure understanding and compliance with financial policies and procedures to prevent this issue from occurring again.
No. 9 – No credit card reconciliations for August and September 2013

Condition:

During our audit, we performed procedures to determine whether the Council followed GSA’s credit card policy, which includes the preparation and review of credit card reconciliations. We noted that the Council did not prepare credit card reconciliations for August and September, 2013.

Criteria:

The Credit Card Act requires all executive agencies to establish and maintain safeguards and internal controls for purchase cards, travel cards, integrated cards, and centrally billed accounts.

Based on the Council’s policy and procedures, the Cardholder is required to reconcile monthly credit card statements from Citibank, against the Purchase Request Forms; and the Director of Administration is required to review and approve the reconciliation of the monthly purchase card statements.

Cause:

Due to management oversight, the Council did not prepare credit card reconciliations for August and September 2013. In addition, there was no management follow-up to ensure that the credit card reconciliations were prepared or reviewed.

Effect:

Failure to prepare monthly credit card reconciliations increases the likelihood of not detecting errors and irregularities in financial records. This deficiency could also lead to payment of unauthorized expenses.

Recommendation:

We recommend that the Council’s management implement procedures and provide greater internal control monitoring to ensure that monthly credit card reconciliations are prepared, reviewed, and approved in a consistent and timely manner.
Management’s Response:

Whereas the Executive Director was responsible for oversight on this issue, the Director of Administration failed to comply with the functional responsibilities detailed in the Financial Policies and Procedures manual. Prior to the completion of the FY13 audit, the Council’s Executive Director reached out to Citibank directly to ensure all statements had been received, and worked alongside the Council’s financial contractor to ensure any outstanding payment was remedied immediately. Until the vacant positions on the Administrative team are filled, the Executive Director will maintain oversight on this function.
No. 10 – No plans for promoting efficient spending

Condition:

The Council’s Financial Policy and Procedures manual, dated September 12, 2013, includes procedures relating to travel and other procurement of supplies and services. However, the manual did not include any plans for promoting efficient spending, as required by the November 9, 2011 Executive Order 13589, Promoting Efficient Spending.

Criteria:

Executive Order 13589, Promoting Efficient Spending, - Sec. 2 and Sec 3 (a) - Agency Reduction Targets requires each agency to establish a plan for reducing the combined costs associated with the activities covered by travel, employee information technology devices, printing, executive fleet efficiencies, and extraneous items, by not less than 20 percent in Fiscal Year (FY) 2013 from FY 2010 levels. Agency plans for meeting this target were to be submitted to the Office of Management and Budget (OMB) within 45 days of the date of this order.

Cause:

The Council did not monitor compliance with new laws and regulations, due to the frequent changes in senior management, and the open Financial Analyst position from July 1, 2013 through September 30, 2013, that remained vacant during the fiscal year under audit.

Effect:

As a result of not developing a plan for promoting efficient spending, as required, management is not able to ensure and demonstrate that the Council’s operations were carried out in an effective and efficient manner.

Recommendation:

We recommend that management develop a plan to achieve a 20 percent cost reduction over 2010 levels, in travel, employee information technology devices, printing, executive fleet efficiencies, and extraneous items, as required by Executive Order 13589.

Management’s Response:
The Council has been extremely conservative about travel regardless of the need for its Members located across the country to do so in order to fulfill the agency mission of advising the President, his Administration and Congress. The Council’s travel cost in FY 2013 is comparable to or is lower than its travel costs in recent fiscal years, over $45,000 less than FY2012. The Council has reached out to OMB regarding the 2010 travel levels, and OMB has noted that the Council currently has additional travel costs due to members and staff that require the use of Personal Assistants to fulfill their obligations for Council travel. Additionally, the Council has agreed to host one teleconference per year to cut travel funds.
# Appendix A – Listing of Abbreviations and Acronyms

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>ADA</td>
<td>Americans with Disabilities Act of 1990, as amended</td>
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<tr>
<td>AICPA</td>
<td>American Institute of Certified Public Accountants</td>
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<tr>
<td>ATDA</td>
<td>Accountability of Tax Dollars Act of 2002</td>
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<tr>
<td>CFO</td>
<td>Chief Financial Officer</td>
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<tr>
<td>CFR</td>
<td>Code of Federal Regulations</td>
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<tr>
<td>CSRS</td>
<td>Civil Service Retirement System</td>
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<td>DOL</td>
<td>Department of Labor</td>
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<td>ED</td>
<td>Executive Director</td>
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<td>ESEA</td>
<td>Elementary and Secondary Education Act</td>
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<tr>
<td>FASAB</td>
<td>Federal Accounting Standards Advisory Board</td>
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<td>FBWT</td>
<td>Fund Balance with Treasury</td>
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<tr>
<td>FECA</td>
<td>Federal Employees Compensation Act</td>
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<tr>
<td>FERS</td>
<td>Federal Employees’ Retirement System</td>
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<tr>
<td>FFMIA</td>
<td>Federal Financial Management Improvement Act</td>
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<tr>
<td>FICA</td>
<td>Federal Insurance Contribution Act</td>
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<tr>
<td>FISMA</td>
<td>Federal Information Security Management Act</td>
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<tr>
<td>FMFIA</td>
<td>Federal Managers’ Financial Integrity Act</td>
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<td>FOIA</td>
<td>Freedom of Information Act</td>
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<tr>
<td>FTE</td>
<td>Full-time Equivalent</td>
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<td>FY</td>
<td>Fiscal Year</td>
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<td>GAAP</td>
<td>Generally Accepted Accounting Principles</td>
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<tr>
<td>GAO</td>
<td>Government Accountability Office</td>
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<tr>
<td>GPRA</td>
<td>Government Performance and Results Act</td>
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<td>GSA</td>
<td>General Services Administration</td>
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<td>IPIA</td>
<td>Improper Payments Information Act</td>
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<tr>
<td>IT</td>
<td>Information Technology</td>
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<tr>
<td>MD&amp;A</td>
<td>Management’s Discussion and Analysis</td>
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<tr>
<td>NCD</td>
<td>National Council on Disability</td>
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<tr>
<td>NCLBA</td>
<td>No Child Left Behind Act reauthorization</td>
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<tr>
<td>OMB</td>
<td>Office of Management and Budget</td>
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<tr>
<td>OPM</td>
<td>Office of Personnel Management</td>
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<tr>
<td>PP&amp;E</td>
<td>Property, Plant and Equipment</td>
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<tr>
<td>PAR</td>
<td>Performance and Accountability Report</td>
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<tr>
<td>SAS</td>
<td>Statement on Auditing Standards</td>
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<tr>
<td>SBR</td>
<td>Statement of Budgetary Resources</td>
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<tr>
<td>SFFAS</td>
<td>Statement of Federal Financial Accounting Standards</td>
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<tr>
<td>SNC</td>
<td>Statement of Net Cost</td>
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<tr>
<td>TSP</td>
<td>Thrift Savings Plan</td>
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<tr>
<td>UDO</td>
<td>Undelivered Orders</td>
</tr>
<tr>
<td>USC</td>
<td>United States Code</td>
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Appendix A

