

U.S. CONSUMER PRODUCT SAFETY COMMISSION



OFFICE OF THE INSPECTOR GENERAL

SEMIANNUAL REPORT TO CONGRESS

October 1, 2007 - March 31, 2008

EXECUTIVE SUMMARY

This semiannual report summarizes the major activities performed by the Office of the Inspector General during the reporting period, October 1, 2007 through March 31, 2008. During the reporting period, this office completed 2 audits or reviews and 1 investigation. At the end of the reporting period, 1 audit or review and 2 investigations were in progress.

The Office of the Inspector General received two (2) complaints during the reporting period; one (1) of which resulted in the initiation of a formal investigation. One (1) investigation was closed during the reporting period. Management officials acted on the recommendations made in the completed investigations from the previous reporting period.

The Office of the Inspector General continues to be involved with the Executive Council on Integrity and Efficiency, and the Council of Counsels to the Inspectors General.

INTRODUCTION

U. S. CONSUMER PRODUCT SAFETY COMMISSION

The U.S. Consumer Product Safety Commission (CPSC) is an independent regulatory agency created in 1973, under the provisions of the Consumer Product Safety Act (P.L. 92-573), to protect the public against unreasonable risks of injuries associated with consumer products. Under the Consumer Product Safety Act, Congress granted the CPSC broad authority to issue and enforce standards prescribing performance requirements, warnings, or instructions regarding the use of consumer products. The CPSC also regulates products covered by four other acts: the Flammable Fabrics Act, the Federal Hazardous Substances Act, the Poison Prevention Packaging Act, and the Refrigerator Safety Act.

The CPSC is headed by three Commissioners appointed by the President with the advice and consent of the Senate. The Chairman of the CPSC is designated by the President. The CPSC's Headquarters is located in Bethesda, Maryland. It has field personnel stationed throughout the country. The CPSC has a budget of \$80 million and 444 authorized full-time equivalent positions for Fiscal Year 2008.

OFFICE OF THE INSPECTOR GENERAL

The Office of the Inspector General is an independent office established under the provisions of the Inspector General Act of 1978, as amended by the Inspector General Act Amendments of 1988 (P.L. 100-504). The Inspector General Act gives the Inspector General the authority and responsibility to:

- Conduct and supervise audits and investigations of CPSC programs and operations;
- Provide leadership, coordination, and recommend policies for activities designed to: (i) promote economy, efficiency, and effectiveness in the administration of CPSC's programs and operations and (ii) prevent and detect fraud, waste, and abuse of CPSC programs and operations; and

- Keep the Chairman and Congress fully and currently informed about problems and deficiencies relating to the administration of CPSC programs and operations, and the need for progress or corrective action.

The Office of the Inspector General investigates complaints and information received concerning possible violations of laws, rules, and regulations, mismanagement, abuse of authority, and waste of funds. These investigations are in response to allegations, complaints, and information received from CPSC employees, other government agencies, contractors, and other concerned individuals. The objective of this program is to ensure the integrity of the CPSC and ensure individuals fair, impartial, and independent investigations.

The Office of the Inspector General also reviews existing and proposed legislation and regulations relating to the programs and operations of the CPSC concerning their impact on the economy and efficiency in the administration of such programs and operations.

The Office of the Inspector General was authorized two full-time equivalent positions for Fiscal Year 2008: the Inspector General and one auditor. A third full-time equivalent position has recently been authorized, but has not yet been filled.

AUDIT PROGRAM

During this period, the Office of the Inspector General worked on 3 audits and reviews. A summary of each follows:

AUDIT OF FINANCIAL STATEMENTS

The Accountability of Tax Dollars Act of 2002 requires that the CPSC and other smaller agencies, which had not been required in the past to perform annual financial audits, begin performing annual audits of their financial statements. This audit was performed to meet this statutory requirement.

The objectives of this audit were to ensure that the CPSC was meeting its responsibilities for: (1) preparing the financial statements in conformity with generally accepted accounting principles; (2) establishing, maintaining, and assessing internal control to provide reasonable assurance that the broad control objectives of the Federal Managers' Financial Integrity Act are met; (3) ensuring that the CPSC's financial management systems substantially comply with statutory requirements; and (4) complying with other generally applicable laws and regulations.

This audit found that the financial statements, including the accompanying notes, presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles, the CPSC's assets, liabilities, and net position as of September 30, 2007 and for the year then ended.

The Consumer Product Safety Commission maintained, in all material respects, effective internal control over financial reporting (including safeguarding assets) as of September 30, 2007. CPSC's internal controls provided reasonable assurance that misstatements, losses, or noncompliant material in relation to the Balance Sheet would be prevented or detected on a timely basis.

The CPSC was found to be in compliance with all relevant laws and regulations. Financial transactions were properly recorded, processed, and summarized so as to permit the preparation of financial statements in conformity with generally accepted accounting principles, and assets were safeguarded against loss from unauthorized acquisition, use, or disposition. Transactions

were executed in accordance with laws governing the use of budget authority and with other laws and regulations that could have a direct and material effect on the financial statements and any other laws, regulations, and government-wide policies identified by OMB audit guidance.

PEER REVIEW ON THE NEH OIG

In accordance with Government Accountability Office procedures, the CPSC OIG was called upon to review the system of quality control of the audit function of the Office of Inspector General of the National Endowment for the Humanities (NEH). A system of quality control encompasses the OIG's organizational structure, and the policies adopted and procedures established to provide it with reasonable assurance of conformance with generally accepted government auditing standards (GAGAS). The elements of quality control are described in GAGAS, promulgated by the Comptroller General of the United States. CPSC OIG's responsibility was to express an opinion on the design of the system and the NEH OIG's compliance with the system.

It was determined that the system of quality control for the audit function of the NEH OIG was designed to meet the requirements of the quality control standards established by the Comptroller General of the United States for a Federal Government audit organization. The system of quality control was complied with during the time period in question and provided reasonable assurance that audits performed by the NEH OIG would conform with applicable auditing standards, policies, and procedures.

REVIEW OF CPSC GIFT TRAVEL PROGRAM (ongoing)

The CPSC OIG is currently reviewing the acceptance of travel benefits through the agency's former Gift-Travel Program. The program in place at the time in question allowed the agency to accept gifts of travel expenses from non-Federal sources for the purpose of allowing agency personnel to attend meetings or similar functions relating to their official duties which take place away from their duty station (Gift Travel).¹

¹ With the enactment of the 2008 Omnibus Appropriations Act, all Federal agencies subject to the act were prohibited from accepting gift travel from regulated, for profit entities.

The operations of the Gift-Travel Program were governed by both statutory (31 USC 1353) and regulatory guidelines (41 CFR 304). These guidelines covered both the value and form that the gifts in question could take and when it was or was not appropriate to accept such gifts.

The program did not authorize the acceptance of travel benefits directly by agency personnel. (This is prohibited by statute.) All proposed gifts of travel benefits were required to be made to the agency and all proposed gifts were subjected to an agency review process prior to their acceptance. There have been no allegations that agency personnel directly solicited or received gift travel benefits. However, there have been allegations that the agency failed to follow both its own and general Federal regulatory guidelines in the operation of its Gift-Travel Program and its acceptance of travel benefits.

RESPONSE TO REQUEST FOR INFORMATION FROM THE COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM OF THE HOUSE OF REPRESENTATIVES

As part of their oversight function, the House Committee on Oversight and Government Reform contacted all Federal Offices of Inspector General including the CPSC OIG. The Committee requested that the CPSC OIG provide them, "A list of recommendations made by the Consumer Product Safety Commission's Office of Inspector General (OIG) from January 1, 2001, to the present that have not been implemented by agency officials or by Congress."

After a thorough review of all relevant audits and reviews it was determined that all of the recommendations made by this office since January 1, 2001 had either been implemented by agency officials or were in the process of being implemented.

RESPONSE TO REQUEST FOR INFORMATION FROM THE SENATE SUBCOMMITTEE ON FINANCIAL SERVICES AND GENERAL GOVERNMENT

The Senate Subcommittee on Financial Services and General Government posed a number of questions and requested information and various documents related to the CPSC's Gift Travel Program. The resulting initial review determined that a number of trips that were funded through the Gift Travel program were not

reported to the Office of Government Ethics as required by 31 USC 1353(d). Based on the random nature of the trips that were not reported (different travelers, different entities that paid for the trips, etc) it appears that the failures to report were the result of negligence rather than malfeasance. The committee's request for information led directly to the ongoing review of the Gift Travel Program detailed above.

INVESTIGATIVE PROGRAM

A number of individuals contacted the Office of the Inspector General during the reporting period to discuss their concerns about matters involving CPSC programs and activities. One (1) of the individuals filed a formal complaint alleging waste, fraud, abuse, or mismanagement of CPSC resources. This complaint resulted in an investigation being initiated. Several cases were transferred to CPSC officials (management or EEOC) or other government agencies for final disposition after initial investigation indicated that these cases would be more appropriately dealt with outside of IG channels. Several investigations were closed after initial investigation determined that no action was required.

Investigations

	No. of Cases
Beginning of period	2
Opened	1
Closed	1
Transferred/Incorporated into existing investigation	0
End of the period	2

REPORTABLE INVESTIGATIONS

Alleged Waste of Government Resources - A complaint was received alleging that a current employee at the CPSC had inappropriately expended training funds on an employee who was in the process of being separated from government service. This investigation is ongoing.

Alleged False Official Statements by Government Employee - An anonymous complainant alleged that a CPSC employee had made a series of false official statements related to his official duties in violation of 18 USC 1001. This investigation is ongoing.

ONGOING INVESTIGATIONS

Two investigations are ongoing at the end of the period. These case involves allegations of violations of various Agency or Federal regulations and/or statutes relating the civilian personnel system; the ongoing investigations are not criminal in nature.

OTHER ACTIVITIES

LEGISLATION AND REGULATIONS

The Office of the Inspector General reviews internal and external legislation and regulations that affects the Office of the Inspector General in specific or CPSC's programs and activities in general. Procedures applicable to the following subjects were reviewed and commented on during the reporting period:

- Premium Class Travel
- Training of Managers and Supervisors
- Release of Information
- Political Activities of Employees
- Conflict of Interest
- Agency Chain of Command Issues
- Nepotism
- Time and Attendance
- Equal Employment Opportunity Program
- Federal Information Security Management Act
- Morale of Employees
- Property Management

EXECUTIVE COUNCIL ON INTEGRITY AND EFFICIENCY

The Inspector General, as a member of the Executive Council on Integrity and Efficiency (ECIE), maintains active membership with the Council and its associated activities. The Council identifies, reviews, and discusses issues that are of interest to the entire IG community. The Inspector General attended regular meetings held by the ECIE and joint meetings of the President's Council on Integrity and Efficiency and ECIE. The Office of the Inspector General's staff attended seminars and training sessions sponsored by the PCIE/ECIE and its associated activities.

COUNCIL OF COUNSELS TO THE INSPECTORS GENERAL

The Counsel to the Inspector General is a member of the Council of Counsels to the Inspectors General. The Council considers legal issues of interest to the Offices of Inspectors General. During the review period, the Council reviewed existing and pending laws affecting the CPSC in general and the Office of the Inspector General in specific and provided other support as needed to the Inspector General.

REPORTING REQUIREMENTS SUMMARY

Reporting requirements specified by the Inspector General Act of 1978, as amended, are listed below:

<u>Citation</u>	<u>Reporting Requirements</u>	<u>Page</u>
Section 4(a)(2)	Review of Legislation and Regulations.....	8
Section 5(a)(1)	Significant Problems, Abuses, Deficiencies.....	4-8
Section 5(a)(2)	Recommendations With Respect to Significant Problems, Abuses, and Deficiencies.....	4-8
Section 5(a)(3)	Recommendations Included in Previous Reports on Which Corrective Action Has Not Been Taken.....	NA
Section 5(a)(4)	Matters Referred to Prosecutive Authorities.....	NA
Section 5(a)(5)	Summary of Instances Where Information Was Refused.....	NA
Section 5(a)(6)	Reports Issued.....	4-8
Section 5(a)(7)	Summary of Significant Reports.....	4-8
Section 5(a)(8)	Questioned Costs.....	NA
Section 5(a)(9)	Recommendations That Funds Be Put to Better Use.....	NA
Section 5(a)(10)	Summary of Audit Report Issued Before the Start of the Reporting Period for Which No Management Decision Has Been Made.....	NA
Section 5(a)(11)	Significant Revised Management Decisions.....	NA
Section 5(a)(12)	Management Decisions with Which the Inspector General is in Disagreement.....	NA
Section 845 of The NDAA of 2008	Significant Contract Audit Reports.....	NA