



United States  
CONSUMER PRODUCT SAFETY COMMISSION  
Washington, DC 20814

OFFICE OF THE INSPECTOR GENERAL

Follow-up Audit Report

The Consumer Product Safety Commission's Clearance Program

Date Completed: March 31, 2006

## TABLE OF CONTENTS

<b>EXECUTIVE SUMMARY</b>	i
<b>INTRODUCTION</b>	1
Purpose:	1
Background:	1
Objectives	1
Scope and Methodology.	2
<b>STATUS OF RECOMMENDATIONS</b>	2
<b>PRIOR FINDINGS, RECOMMENDATIONS, MANAGEMENT COMMENTS AND CORRECTIVE ACTIONS</b>	2
<b>CURRENT FINDINGS, RECOMMENDATIONS, MANAGEMENT COMMENTS AND CORRECTIVE ACTIONS</b>	5
<b>APPENDIX A - Management's Response</b>	9
<b>APPENDIX B - Report Distribution</b>	33

## Executive summary

**Purpose:** To provide an overview of the results obtained during the follow-up audit of the Consumer Product Safety Commission's (CPSC) clearance program.

**Background:** Clearance procedures are those procedures followed to ensure that when an employ "separates" from the CPSC, either voluntarily (quits, retires, transfers to another agency, etc.) or involuntarily said employee completes all necessary paperwork, settles any outstanding debts owed to the CPSC, and returns any CPSC property in his possession (keys, key fob, government identification, laptop computer, etc.) The procedures to be used when an employee separates from the CPSC, and the responsibilities of administrative officials, supervisors, and the separating employees during the clearance process are set out in Commission Order 947.1, "*Accountability and Clearance Procedure for Separating Employees*" (Order 947.1). The responsibility for ensuring that employees meet their responsibilities and that the clearance procedures are followed lies with the separating employees, their supervisors, and various administrative officers and clearing officials.

**Objectives:** To determine if the recommendations made in the previous audit of the clearance program have been implemented, to determine whether any additional changes need to be made to the program to improve its efficiency, and to ensure that the CPSC is in compliance with both agency and government-wide regulations.

**Findings and Recommendations:** Great improvements were made in the clearance program during this audit. Corrective actions have either been taken or are in the process of being taken to address all areas of concern, these areas of concern and the corresponding improvements include:

1. Administrators and supervisors needed to be more actively involved in the monitoring and operation of the clearance program: The directive governing the clearance process, CPSC Order 947.1, has been updated to clearly set out the responsibilities of supervisors and various other administrators. Senior management has demonstrated its support for improvement in this area.
2. Given the increased reliance on contract employees, procedures needed to be developed for the clearance of contract employees: Procedures have been developed and implemented to require that contract employees complete a variation of the clearance process followed by Government employees. These procedures include a requirement that contractor employees sign a Confidentiality Agreement prior to their departure
3. Accountability over Government property needed to be improved: Interim improvements have been made in the interface between the Property Management System and the clearance program. Steps have been taken to improve control over key fobs and identification cards. A new Property Management System is being implemented that will provide the CPSC with an improved ability to track property formerly assigned to separated employees.

# FOLLOW-UP AUDIT OF THE CPSC'S EMPLOYEE CLEARANCE PROCEDURES

## INTRODUCTION

**Purpose:** To provide an overview of the results obtained during the follow-up audit of the Consumer Product Safety Commission's (CPSC) Employee Clearance Procedures.

**Background:** Clearance Procedures are those procedures followed to ensure that when an employ "separates" from the CPSC, either voluntarily (quits, retires, transfers to another agency, etc.) or involuntarily said employee completes all necessary paperwork, settles any outstanding debts owed to the CPSC and returns any CPSC property in his possession (keys, key fob, government identification, laptop computer, etc.) The procedures to be used when an employee separates from the CPSC, and the responsibilities of administrative officials, supervisors, and the separating employees during the clearance process are set out in Commission Order 947.1, "Accountability and Clearance Procedure for Separating Employees" (Order 947.1). The responsibility for ensuring that employees meet their responsibilities and that the clearance procedures are followed lies with the separating employees, their supervisors, and various administrative officers and clearing officials.

To be properly "cleared" employees must:

- notify their supervisors as early as possible of their intention to separate.
- arrange, through the appropriate administrative channels, for the settlement of outstanding debts and obligations.
- account for all government property in their possession or custody, as well as their outstanding leave advances, and unexpired obligations relating to outstanding employment and training agreements.
- sign confidentiality/record agreements establishing that they are subject to post employment restrictions.

The employee's progress through the clearance process is both recorded on and guided by CPSC Form 226, "*Employee Accountability and Clearance Record.*" Prior to the employee separating, they must obtain the signatures of designated contact points listed on the Form 226. Each of these signatures should signify that the employee has completed one of the necessary steps in the clearance process. The form should be properly executed before the final notification of personnel action is processed by EXRM. Order 947.1 requires employees to begin the clearance process at least five (5) workdays before their final day of work and complete the process at least two (2) workdays prior to their final day of work.

**Objectives:** The objective of this follow-up review was to determine whether corrective actions had been taken to address the findings and implement the recommendations made in the March 29, 2000 report, "*Audit of Employees' Clearance Procedures.*" This review concentrated on issues related to: (1) management accountability (2) property accountability and certifications and (3) employee indebtedness.

**Scope and Methodology:** The audit was conducted in accordance with Government Auditing, chapter 7, Field Work Standards for Performance Audits, OMB A-123, "Management Accountability and Control," Commission Order 690.2, "Management Accountability and

Control, Commission Order 820.1, “ Personal Property Management, 880.1, ‘Physical Security”, Order 820.1a, CPSC Property Management System Handbook, 820.1a ”Official Credentials and Badges for CPSC Employees”, and Order 947.1, “Accountability and Clearance Procedure for Separating Employees”.

Policies and procedures governing the clearance process were reviewed to determine whether controls were in place to ensure that separating employees were properly cleared. Officials from the following offices were interviewed regarding their office's role in the clearance of employees: Office of Human Resources Management (EXRM), Office of Information and Technical Services (EXIS); and the Directorates of Procurement Services (ADPS), Administrative Services (ADAS), and Field Operations (EXFO).

The review covered the period from June of 2003 to May of 2005. The records for all of the 125 employees who separated during the period reviewed were obtained and analyzed. The Form 226s relating to the separated employees were reviewed to determine whether employees were properly cleared in accordance with Order 947.1. Additionally, the following other forms were reviewed: Confidential/Records Agreements, Notification of Rights to Appeal, Records Removal Forms, and Exit Interview Questionnaires.

The Office of Inspector General performed independent verification on the “exit process” to ensure that internal controls were in place and that prior year audit recommendations were implemented in accordance with updated policies and procedures.

## STATUS OF RECOMMENDATIONS

The follow-up review found that prior to the current audit corrective actions had been taken on four of the eleven recommendations in the original audit report. Recommendations number 1d, 2, 6, and 7 had been fully implemented prior to the commencement of this audit and should be considered closed. Recommendations 1b and 1e are ongoing recommendations and not subject to being closed; however, procedures are now in place to ensure that they are monitored. During the course of this audit, with the exception of the two “ongoing” recommendations, management took steps to close out all the remaining recommendations and bring the CPSC into compliance with federal and agency regulations.

## PRIOR FINDINGS, FINDINGS, RECOMMENDATIONS, MANAGEMENT COMMENTS AND CORRECTIVE ACTIONS

**Prior Finding A - Management Controls:** Internal controls (policies and procedures) governing the clearance process were not adequate to ensure that separating employees were properly cleared before leaving CPSC. Policies and procedures applicable to the clearance process should be revised to ensure that supervisors and other clearing officials are properly clearing employees before their departure.

**Management’s Response:** Management concurred with Finding A and with recommendations 1a, 1b, 1d, 1e and recommendations 2-7; and agreed to take corrective actions to implement these recommendations. However, management did not concur with recommendation 1c (see below).

**Prior Recommendation 1a:** CPSC Order 947.1 should be updated to include procedures for the clearance of employees who are removed from service and telecommuters. This recommendation has been **“Fully Implemented”**

**Actions taken by management to implement Recommendation 1a:** On June 23, 2005, Order 947.1 was updated to include instructions for processing the separation of telecommuters and employees and who are removed from service. Specifically, section 7(3), *“Responsibilities,”* and section 8, *“Procedures”*, item (d). **Recommendation Closed.**

**Prior Recommendation 1b:** Supervisors should be required to ensure that their subordinates complete the clearance process in a timely manner. **Ongoing**

**Actions taken by management to implement Recommendation 1b:** Order 947.1 has been updated to assign responsibilities for the clearance process to supervisors, administrative officers, clearing officials and employees to ensure that, *“Employees . . . begin the clearance process at least five (5) workdays before their final day of work and complete the process at least two (2) workdays prior to their final day of work.”* Despite this change to Order 9947.1, some supervisors continue to fail to ensure that their subordinates fill out the clearance forms in a timely manner. (83% of employees did not start the clearance process at least five days prior to their departure date, 10% of employee did not complete the clearance process at least two days prior to their departure date, and 64% of employees failed to properly complete the clearance process.) **Recommendation Open**

**Prior Recommendation 1c:** Supervisors should be instructed to prepare a SF Form 52, Request for Personnel Action, for their departing employee as soon as they become aware that their subordinate intends to separate from the Commission.

**Actions taken by Management to Implement this Recommendation:** Management did not concur with this recommendation. However, they agreed to call GSA payroll to ensure payment of any outstanding debt if an employee does not complete Form 226 before leaving the agency. **Recommendation Closed**

**Prior Recommendation 1d:** Improved guidance should be provided to administrative officers regarding their role in the clearance process. **Fully Implemented**

**Actions taken by Management to Implement the Recommendation:** Order 947.1, has been amended, it now defines the responsibilities for administrative officers in the clearance process. Section 7 entitled, *“Supervisors and Administrative Officers”*, provides a list of the five responsibilities of administrative officers in the clearance process. **Recommendation Closed**

**Prior Recommendation 1e:** The titles of various organizations have changed since the governing order was written. Corrections to the titles of organizations should be made as needed. **ONGOING**

**Actions taken by Management to Implement the Recommendation:** Form 226 is constantly being updated to incorporate changes in the titles and organizations of the clearing offices. **Recommendation Open**

**Prior Recommendation 2:** Form 226 should be revised to include accurate and current information; references to items no longer applicable should be deleted. **Fully Implemented**

**Actions taken by Management to Implement the Recommendation:** Form 226 has been revised to include current and accurate information. The most recent update was made on July 28, 2005. It added a requirement that employees complete a Confidentiality/Record Agreement. **Recommendation Closed**

**Prior Recommendation 3:** A memorandum or e-mail from the Executive Director should be sent to all supervisors instructing them to ensure that employees start and complete the clearance process in a timely manner. The memorandum should emphasize that employees must not wait until their final workday to start the process: **Fully Implemented**

**Action Taken by Management to Implement Recommendation:** An e-mail was sent out by the Executive Directors Office to remind all employees to start and complete the clearance process in a timely manner. **Recommendation Closed**

**Prior Recommendation 4:** Procedures should be developed and responsibility assigned for the clearance of contract employees. The procedures should include the requirement that separating contractor employees sign a Confidentiality/Record Agreement prior to their departure. **Fully Implemented**

**Actions Taken By Management to Implement Recommendation:** ADAS and ADPS drafted procedures for the clearance of contract employees. The procedures require contractor personnel who work at the CPSC headquarters building “must comply with all in- and out-processing requirements at the agency”. Form 111, “*Contractor Employee Accountability and Clearance Record*”, was developed to assign responsibility for the clearance of contract employees. The Confidentiality/Records Agreement is attached to Form 111; it outlines the procedures for record removal. On August 23, 2005 Form 111 and the instruction page were posted on CPSCNET. **Recommendation Closed**

**Prior Finding B - Property Accountability and Certifications:** Separating employees frequently failed to complete the clearance process/obtain the signatures of all clearing official as required. As a result, some employees failed to sign Confidentiality/Records Agreements, and nondisclosure statements. These agreements prohibit the removal of official records, the disclosure of information, and place restrictions on post employment activities.

**Management Response:** Management concurred with Finding B and with recommendations 5, 6, and 7 and agreed to take corrective actions to implement the recommendations.

**Prior Recommendation 5:** A memorandum should be prepared for the Executive Director’s signature reminding all employees to report all lost identification cards, security cards, and keys to the proper officials, as soon as they are discovered missing. **Fully Implemented**

**Actions Taken by Management to Implement Recommendation:** On May 31, 2005, an e-mail was sent out by OEX to remind all employees of their responsibilities regarding government property. **Recommendation Closed**

**Prior Recommendation 6:** Management should reconcile the records of credentials and badges that have been issued to separating employees with the records of credentials and badges that have been “turned in” by separating employees to ensure that credentials and badges are accounted for prior to employees leaving the agency. **Fully Implemented**

**Actions Taken By Management to Implement Recommendation:** EXFO now has procedures in place for tracking and accounting for credentials and badges. **Recommendation Closed**

**Prior Recommendation 7:** Procedures for handling credentials and badges once they are surrendered by separating employees should be reviewed to determine the most efficient way to account for and control these items. **Fully Implemented**

**Actions Taken By Management to Implement Recommendation:** Procedures for handling credentials and badges once an employee separates are now defined in Order 0870.1, section 12 sections A-D. The order states that the credentials and badges of separating employees will be collected from the employee, cut in half, and disposed of. **Recommendation Closed**

**Prior Finding C - Employee Indebtedness:** CPSC Order 947.1, states that all of an employee's debts to the government not collected or resolved prior to the employees' departure are subject to being withheld from the employee's final paycheck.

**Prior Recommendation 8:** Guidance should be added to Order 947.1 to require that employee's provide advance notification to the Payroll Office of the employees' plans to separate from the CPSC. The organization responsible for contacting the Payroll Office should be included under the responsibilities section.

**Management Response:** Management did not concur with this recommendation. However, management did agree to notify GSA payroll if an employee failed to complete the Form 226 before leaving the agency. **Recommendation Closed**

#### **STATUS OF FINDINGS, RECOMMENDATIONS, MANAGEMENT COMMENTS FIRST MADE IN THE FOLLOW-UP AUDIT OF THE EMPLOYEES CLEARANCE PROCEDURES**

**Finding A - Improved Communication between ADAS and EXRM:** It was impossible to determine from the records maintained by the CPSC if contractor employees were receiving the “suitability determinations” that management is required to provide to all contractor employees who have been in service for over ninety days. Similarly, there was no way to tell from the records maintained by the agency whether or not key fobs and identification badges issued to contractor employees were secured/accounted for. The Office of Inspector General recommended that ADAS, EXRM and ADPS coordinate with each other in the in and out-processing of contractor employees.



This process would ensure that the responsibilities of each office are properly carried out. This would include the issuance of identification badges and key fobs as well as the making of “suitability determinations”.

**Recommendation 1A:** Order 880.01, “Physical Security” should be updated to state that ADAS is responsible for “issuing and recovering” keys and fobs. It is also recommended that ADAS both implement a reconciliation process to ensure that all separating employees are turning-in property in a timely manner and implement a tracking system to monitor responsibility for lost property. **Fully Implemented**

**Management Response (ADAS):** Management agreed with Recommendation 1A and is in the process of updating Order 880.1 to close out the recommendations. **Recommendation Closed**

**Recommendation 1B:** All identification cards issued by the CPSC should contain a unique identification number to aid in their tracking. EXRM should periodically compile and reconcile a list of identification cards. **Fully Implemented**

**Management Response (EXRM):** Management agreed with Recommendation 2A and plans to implement corrective actions to close out the recommendation. However, management did not agree that they should perform reconciliation of identification cards as described in Recommendation 2B, but they agreed that all identification cards would henceforth have a unique identification number. **Recommendation Closed**

**Recommendation 1C:** EXRM and ADPS should coordinate with each other and document the date(s) that contractors begin service at CPSC. EXRM should maintain a database of contractors coming in and out of CPSC. This database should include the name of the contractor, the start/end date (of all appointments) and the date the “suitability determination”, if applicable, was granted. ADAS, ADPS and the contract administrators should also have access to the database. EXRM should also provide a copy of the “suitability determination” form to ADAS for their records. **Fully Implemented**

**Management Response (EXRM, ADAS, and ADPS):** Management agreed in principle, but determined that it would be more efficient to use Form 111, “*Contractor Clearance Record*,” instead of creating a new database to track contractor employees who are on board at CPSC. **Recommendation Closed**

**Finding B - Additional Oversight and Guidance for the Clearance of Employees is Needed:** Procedures are not in place to ensure that supervisors, administrative officers, or the appropriate clearing officials are participating in the clearance process and signing off on Form 226. Every form reviewed contained either errors or insufficient information to determine if the employee in question had properly completed the clearance process.

**Recommendation 2:** CPSC Order 947.1 should be updated to include the title and the name of each clearing official and each office should assign at least two clearing officials. This would help ensure that employees are cleared by the appropriate clearing officials.

**Management Response:** Management concurred with the recommendations and has begun implementing corrective actions. Form 226 has been updated to include the name and title of the clearing officials.

**Finding C – Need for Improved Monitoring of Government Property:** The Property Management System in use at the CPSC at the time of the audit deletes all records concerning a separated employee. After and employee separates, there is no way to tell what government property had been assigned to the employee.

**Recommendation 3:** Form 226 should be updated to include the barcode of property transferred to the property custodian. This would allow management to track the property issued to the departed employee.

**Management Response:** Management concurred with Finding 3 and plans to update Form 226 to include the barcode of the property transferred from the separating employee to the property custodian at the time the employee separates. Additionally, management reports that when implemented the new Property Management System will correct the problem cited above.

**Finding D - Greater Emphasis Should be Place on the Exit Interview Process:** The completion of an exit interview questionnaire by separating employees is optional. However, for the employees who do complete a questionnaire, EXRM is responsible for reviewing these forms and providing their findings to management, quarterly. Currently, EXRM provides this information to management only upon request. During the period reviewed, only 29% of separating employees filled out the exit interview survey. In the last two years, only one report summarizing the results of the exit interviews was given to management. That report was requested and given to the Office of Equal Opportunity Employment on July 14, 2005.

**Recommendation:** Order 947.1 should be updated to require that each employee, upon departure, contact EXRM to schedule an “exit interview”. In this interview each employee should be asked to discuss their overall experience at CPSC. EXRM should maintain quarterly reports, on file, of employees’ responses, whether or not this information is requested by management.

**Management Response:** Management concurred with the recommendation and agreed to implement corrective actions to close the recommendation. Management will update Order 947.1 to include the recommended changes and will conduct exit interviews and file quarterly reports.

**Finding E - Confidentiality/Record Agreements:** Employees, upon departure, did not sign the Confidentiality/Record Agreement. Pursuant to 18 U.S.C 2071, it is unlawful for any person to remove, destroy, or conceal official records. The agreement, which is certified by the employee, specifies that protected information must either be disclosed or used. Fifty percent of separating employees did not sign the Confidentiality/Record Agreement.

**Recommendation:** Form 226 should be updated to include the Confidentiality/Record Agreement Form.

**Management Response:** Management concurred with Finding E and agreed to take corrective actions to implement this recommendation. EXRM has updated the Form 226 and sent it to EXIS so that it can be placed on the CPSCNet.

APPENDIX A

Management's Response

U.S. Consumer Product Safety Commission  
Office of Inspector General  
Notice of Finding and Recommendation

**Location/Office:** Office of Human Resource Management (EXRM)  
Office of Administrative Services (ADAS)

**Finding Number:** CLR-FW-05-01

**Area:** Property Accountability

**W/P Reference:** \_\_\_\_\_

**Date Provided to Management:** June 9, 200~~4~~<sup>5</sup>

**Date Response Due:** June 14, 200~~4~~<sup>5</sup>

**Title:** Improved communication between EXRM and ADAS.

**BACKGROUND**

Commission Order 0820.1, "Personal Property Management", establishes policy and general procedures and assigns responsibility for the accountability, control, use, repair, replacement and disposal of personal property within CPSC. ✓

It is the Commission's policy that each separating employee be cleared by the appropriate CPSC property custodian in each division. Each division has administrative responsibility to ensure that each separating employee has accounted for all personal property. According to this Order, "Each employee is responsible and accountable for the assigned equipment until relieved of that accountability." ✓

The purpose of Order 0947.1, "Accountability and Clearance Procedures for Separating Employees", is to ensure that employees, prior to departure, have accounted for property entrusted to them. According to this order, EXRM is responsible for clearing separating employees of identification badges and according to Commission Order 0880.1, "Physical Security", EXAD is responsible for the issuance and recovery of keys. During our review we discovered that EXRM was not aware of their assigned responsibilities, as it relates to the clearance of personal property. ✓

In addition to this, once a contract employee joins CPSC, they are required to fill out a security form. EXRM issues the security form and provides the contractor with an identification card. There are no additional procedures to follow-up on the status of the security forms after a contractor completes it.

**CRITERIA:**

CPSC Directive 0880.1 indicates that the Director, Division of Administrative Services (ADAS) is responsible for administering and controlling the headquarters key/lock security system including the issuance and recovery of all keys.

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Office of Inspector General  
Notice of Finding and Recommendation

According to Order 0947.1, Form 226, item number #11. EXRM is responsible for clearing CPSC employees of identification cards.

**CONDITION:**

We have identified that proper procedures were not in place to ensure that the administrative responsibilities of each division are carried out. In addition to this, during our test work we discovered that EXRM has no record of contractors' security clearances on file.

Yes. EXRM does have record.

**CAUSE:**

Although each office has a role to play, in the clearing of employees, there is a lack of coordination between the two offices as it relates to the assigned duties of each office.

**EFFECT:**

EXRM did not maintain a file of missing identification cards and keys because responsibilities of these functions were placed under EXAD. Furthermore, contract employees are joining the CPSC team without background clearances.

NO ONLY KEYS AS STATED IN BACKGROUND PARAGRAPH 3, ORDER 0880.1  
Yes - we do have record, provided to IG.

**RECOMMENDATION:**

We recommend that Order 0880.01 be updated to include procedures for duties for personal property management for ADAS. This should include that ADAS is responsible for the "issuance and recovery of keys and fobs" as previously stated in this order, ADAS is responsible for the issuance and recovery of all keys. It is also recommended that ADAS implements a reconciliation process to ensure all separating employees are turning in property in a timely manner and that they implement a tracking system of lost property.

OK  
ADD FOBS  
FOR ADAS

In addition, Order 0947.1 should be updated to include that EXRM is responsible for the clearance of identification cards. It should also indicate that EXRM is also responsible for periodically reconciling and compiling a list of identification cards. In addition, we recommend that that all identification badges require an identification number. ✓

Furthermore, we recommend that EXAD and EXRM coordinate with each other, not only when an employee is completing the clearance process, but also when an employee (contractor) comes on board. Order 0880.01 should also include that EXRM provide EXAD a copy of the security forms filled out by the contractors and that EXAD follow up, in a timely manner, to ensure that contractors' background clearances. The coordination between the two offices would allow the offices to be more efficient and effective. ✓

W/HR EXRM

**Management Response:**

Please indicate your response by checking the appropriate box below and providing the appropriate supporting documentation to the OIG within five business days from the date of this notification. Your written response will be considered when preparing the draft audit report.

Management concurs with the Notification of Finding and Recommendation and has provided a corrective action plan, with milestone dates, developed to address the condition in the space provided below or as an attachment to this document. (Note:

U.S. Consumer Product Safety Commission  
Office of Inspector General  
Notice of Finding and Recommendation

Responses should not be delayed until plans are finalized. If plans are not complete, specify a completion date when forwarding your responses.)

*Handwritten initials and a circled mark.*

Management does not concur with the Notification of Finding and Recommendation and provided further detail supporting our position in the space provided below or as an attachment to this document. *see below*

*6/13/05*

Corrective action will be taken and completed in current fiscal year (check box if "yes").

**General Comments**

*Responsibilities of missing identification cards were not transferred to ADAS.*

**Corrective Action Planned**

*0880.1 will be updated to include "Fobs" as well as keys*

*0880.1 will be updated to include that EXRM provide ADAS with a copy of the security forms CD ADAS follow-up with EXRM to ensure that EXRM has obtained the necessary background clearances.*

OIG Response, if Necessary

[Empty rectangular box for response]

1. *Christopher W Dente*  
Signature of Inspector General

*9 Jun 05*  
Date provided to Management

2. *Jan Park* *6/13/05*  
Signature of ADAS Management Official

*Director, ADAS*  
Title of ADAS Management Official

**Management Response: (EXRM)**

Please indicate your response by checking the appropriate box below and providing the appropriate supporting documentation to the OIG within five business days from the date of this notification. Your written response will be considered when preparing the draft audit report.

- Management concurs with the Notification of Finding and Recommendation and has provided a corrective action plan, with milestone dates, developed to address the condition in the space provided below or as an attachment to this document. (Note: Responses should not be delayed until plans are finalized. If plans are not complete, specify a completion date when forwarding your responses.)
- Management does not concur with the Notification of Finding and Recommendation and provided further detail supporting our position in the space provided below or as an attachment to this document.
- Corrective action will be taken and completed in current fiscal year (check box if "yes").

**General Comments**

(See Attached)

**Corrective Action Planned**

**OIG Response, if Necessary**



**Comments from EXRM:**

**CONDITION:** “In addition to this, during our test work we discovered that EXRM has no record of contractors’ security clearances on file.”

**EXRM Response:** Files documenting contractor background investigations were not requested or reviewed during this audit (just for clarification: CPSC does not have any positions that require security clearances, we initiate background investigations only). EXRM does maintain background investigation files for all employees and contractors at CPSC.

**EFFECT:** “EXRM did not maintain a file of missing identification cards and keys because responsibilities of these functions were placed under EXAD.”

**EXRM Response:** EXRM does maintain a file of requests for new identification cards that are issued due to missing or misplaced IDs. This file was provided to the IG for review. EXRM is not responsible for missing keys.

**RECOMMENDATIONS:**

(1) “In addition, Order 0947.1 should be updated to include that EXRM is responsible for the clearance of identification cards. It should also indicate that EXRM is also responsible for periodically reconciling and compiling a list of identification cards. In addition, we recommend that that all identification badges require an identification number.”

**EXRM Response:** The clearance form clearly indicates that EXRM is responsible for clearance of the “CPSC ID Card” as listed on Block 11 of CPSC Form 226. The Identocard system is a database containing all of the ID card mandatory data fields. I am unclear as to what we would be reconciling or compiling. Each employee or contractor that is badged is maintained in the Identocard system. A number is assigned to each ID card in sequential order. We acknowledge that for a brief period of time, one of our employees was unaware of that process and did not follow the numbering procedure.

(2) “Furthermore, we recommend that EXAD and EXRM coordinate with each other, not only when an employee is completing the clearance process, but also when an employee or contractor comes on board. Order 0881.01 should also include that EXRM provide EXAD a copy of the security forms filled out by the contractors and that EXAD follow up in a timely manner to ensure that contractors background clearances.”

**EXRM Response:** EXRM is notified of a contractor’s arrival by the “Employee Update” form on CPSCNet. EXRM will not badge a contractor without an “Employee Update” form being completed by the COTR. Once we receive the update from the COTR, EXRM contacts the contractor regarding a background investigation and issuance of an ID card. EXRM is responsible for fingerprinting, obtaining the paperwork, initiating the background investigation and making a suitability determination. EXAD is

not involved in this process unless a suitability issue arises. If that occurs, EXRM notifies the COTR and the Contracting Officer to discuss the suitability issue. Information on the process for suitability determinations was not requested from EXRM during this review. If you would like additional information, please let me know. I am not clear as to the role of EXAD that was suggested in the recommendation.

**NOTE:** As requested, EXRM updated the instructions for CPSC Form 226. It was posted on the CPSCNet on June 16, 2005. OEX has been provided with a draft e-mail (on June 17, 2005) for distribution to all employees to remind employees of the departure process.

U.S. Consumer Product Safety Commission  
Office of Inspector General  
Notice of Finding and Recommendation

6/13/05

Date Response Received from Management

3. Donna Simpson

Signature of EXRM Management Official

Director EXRM

Title of EXRM Management Official

6/17/05

Date Response Received from Management

**Follow- Up Review of Employees' Clearance  
Procedures Audit**

NFR CLR-FW-05-02

**PURPOSE:** To document the Notice of Finding and Recommendation (NFR) CLR-FW-05-02 in accordance with Government Auditing Standards, section 8.15 & 8.16

**SOURCE:** Government Auditing Standards (Yellow Book), Reporting Standards, sections 8.15 & 8.16 "Findings."

**SCOPE:** Audit Findings

**CONCLUSION:** We issued CLR-FW-05-02 in accordance with the Yellow Book sections 8.15 & 8.16.

**RESULTS:**

Government Auditing Standards, Sections 8.15 and 8.16 requires:

**8.15** To the extent possible, in presenting findings, auditors should develop the elements of criteria, condition, cause, and effect to assist officials of the audited entity or oversight officials of the audited entity in understanding the need for taking corrective action. In addition, if auditors are able to sufficiently develop the findings, auditors should provide recommendations for corrective action.

**8.16** "Audit findings often have been regarded as containing the elements of criteria, condition, and effect, plus cause when problems are found."

On July 5, 2005 we issued NFR CLR-FW-05-02 to EXRM. We received the signed NFR on July 18, 2005. EXRM agreed with our recommendations and plans to implement corrective action plans to close the recommendation.

**ATTACHMENTS:**

Attachment A- CLR-FW-05-02

<b>Auditor:</b> Arlene Williams	<b>Date:</b> 8/11/2005	<b>Reviewer:</b>	<b>Date:</b>	<b>Page 1 of 1</b>	<b>File:</b>	<b>W/P:</b> JE-2
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U.S. Consumer Product Safety Commission  
Office of Inspector General  
Notice of Finding and Recommendation

**Location/Office:** Office of Human Resource Management (EXRM)

**Finding Number:** CLR-FW-05-02

**Area:** Management Controls

**W/P Reference:** \_\_\_\_\_

**Date Provided to Management:** July 5, 2005

**Date Response Due:** July 12, 2005

**Title:** CPSC Management Should Provide Additional Oversight and Guidance for the Clearance of Employees.

**BACKGROUND**

Form 226, "Employee Clearance and Accountability" was created, per Order 0947.1, to assist employees in the clearance process. Employees usually carry this form to the appropriate clearing offices once supervisors are notified of their intent to separate. EXRM is responsible for managing and coordinating the accountability and clearance procedures for separating employees, which includes assuring that the form is completed properly.

**CRITERIA:**

Office of Management and Budget Circular (OMB) No. A-123, *Management Accountability and Control* and Commission Order 0690.2, "Management Accountability and Control", provides that managers should ensure that appropriate authority, responsibility and accountability are defined and delegated to accomplish the mission of the organization, and that an appropriate organizational structure is established to effectively carry out program responsibilities. To the extent possible, controls and related decision-making authority should be the responsibility of line managers and staff.

Order 0947.1 states:

- EXRM shall assure that CPSC Form 226 has been properly completed before it finalizes the processing of any separation action.
- Supervisors and administrative officers designate clearance officials for signing Form 226.

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Office of Inspector General  
Notice of Finding and Recommendation

**CONDITION:**

We have identified that procedures are not in place at CPSC:

- a) To ensure that the same individual wasn't signing off for all the clearing offices.
- b) To ensure supervisors or administrative officers were clearing employees.
- c) To identify the appropriate clearing official(s) for the assigned offices.

**CAUSE:**

Although Order 0947.1 indicates that supervisors and administrative officers designate clearance officials for signing CPSC Form 226, procedures are not in place, by management, to assign clearing officials for each division.

**EFFECT:**

There is no assurance that Form 226 has been properly completed and that separating employees are in compliance with Order 0947.1

**RECOMMENDATION:**

We recommend that Form 226 be updated not only to include signature, but the title and the name of the clearing official (written legibly) for each clearing office. In addition, Order 0947.1 should also be updated to include that each office assign at least two clearing officials and a backup. This would ensure that employees are cleared in a timely manner and that employees are cleared **only** by the appropriate clearing official(s), this would reduce the risk of employees waiting until the final day of separation and designating one person to sign off for all the clearance offices.

**Management Response:**

Please indicate your response by checking the appropriate box below within five business days from the date of this notification and return it to the OIG. Your written response will be considered when preparing the draft audit report.



- Management concurs with the Notification of Finding and Recommendation and has provided a corrective action plan, with milestone dates, developed to address the condition in the space provided below or as an attachment to this document. (Note: Responses should not be delayed until plans are finalized. If plans are not complete, specify a completion date when forwarding your responses.)
- Management does not concur with the Notification of Finding and Recommendation and provided further detail supporting our position in the space provided below or as an attachment to this document.
- Corrective action will be taken and completed in current fiscal year (check box if "yes").

*General Comments*

U.S. Consumer Product Safety Commission  
Office of Inspector General  
Notice of Finding and Recommendation

**Corrective Action Planned**

Update Form - by Aug 15, 2005  
Update Directive - by 9/30/05

**OIG Response, if Necessary**

1. Christopher W. Dental  
Signature of Inspector General

2. Donna Simpson  
Signature of EXRM Management Official

7-5-05  
Date provided to Management

7/18/05  
Title of EXRM Management Official

**Follow- Up Review of Employees' Clearance  
Procedures Audit**

NFR CLR-FW-05-03

**PURPOSE:** To document the Notice of Finding and Recommendation (NFR) CLR-FW-05-03 in accordance with Government Auditing Standards, section 8.15 & 8.16

**SOURCE:** Government Auditing Standards (Yellow Book), Reporting Standards, sections 8.15 & 8.16 "Findings."

**SCOPE:** Audit Findings

**CONCLUSION:** We issued CLR-FW-05-05 in accordance with the Yellow Book sections 8.15 & 8.16.

**RESULTS:**

Government Auditing Standards, Sections 8.15 and 8.16 requires:

**8.15** To the extent possible, in presenting findings, auditors should develop the elements of criteria, condition, cause, and effect to assist officials of the audited entity or oversight officials of the audited entity in understanding the need for taking corrective action. In addition, if auditors are able to sufficiently develop the findings, auditors should provide recommendations for corrective action.

**8.16** "Audit findings often have been regarded as containing the elements of criteria, condition, and effect, plus cause when problems are found."

On June 21, 2005 we issued NFR CLR-FW-05-03, "*Personal Property Management*", to EXRM. We received the signed NFR on June 22, 2005. EXRM agreed with our recommendation and plans to implement corrective actions to close the recommendation.

**ATTACHMENTS:**

Attachment A- CLR-FW-05-03

<b>Auditor:</b> Arlene Williams	<b>Date:</b> 8/11/2005	<b>Reviewer:</b>	<b>Date:</b>	<b>Page 1 of 1</b>	<b>File:</b>	<b>W/P:</b> JES
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U.S. Consumer Product Safety Commission  
Office of Inspector General  
Notice of Finding and Recommendation

**Location/Office:** Office of Human Resource Management (EXRM)

**Finding Number:** CLR-FW-05-03

**Area:** Property Accountability

**W/P Reference:** \_\_\_\_\_

**Date Provided to Management:** June 21, 2005

**Date Response Due:** June 27, 2005

**Title:** Monitoring for Property Custodians

**BACKGROUND**

Commission Order 0820.1, "Personal Property Management", assigns duties for Property Custodians (PC's) within their assigned custodial area.

Once an employee separates from CPSC, the PC's enters the Property Management System (PMS) to transfer ownership of personal property from the separating employee. This property includes computers, laptops and printers. The PC's enters PMS by logging in with a username and pass code. Once access is granted the user:

- (1) selects the **USER** module
- (2) **transfer Inventory**
- (3) selects the barcode of the item to be transferred
- (4) in the **Transfer To** field enter the name of the person the inventory is to be transferred.

These instructions were developed to ensure that ownership of personal property is transferred to the PC's and that personal property is accounted for, once an employee departs CPSC. Although these instructions include entering a barcode, procedures are not in place for monitoring all users of personal property.

**CRITERIA:**

According to Order 0820.1 section 8g, "Property Custodians". PC's shall perform duties within the assigned custodial area as follows:

- assume custody of all nonexpendable personal property.
- maintain equipment control records to ensure that the Property Management System's automated master file is accurate.
- sign receiving reports/receipts for nonexpendable personal property to maintain control over what is received for property accounting purposes.

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Office of Inspector General  
Notice of Finding and Recommendation

**CONDITION:**

Although the PC's are actively involved in the clearance process, once they assume custody of the property and sign the receiving receipt (Form 226); there is no indication, on Form 226, that there is control over what is received for property accounting purposes.

**CAUSE:**

Procedures were not established to track the history of users assigned to the property once the property is transferred over to the PC's. Once an employee separates CPSC, their information is cleared out of the system (PMS) and there is no record of that employee owning personal property.

**EFFECT:**

We were unable to obtain a record of property owned by separating employees for the past two years.

**RECOMMENDATION:**

We recommend that CPSC Form 226 be updated to include the barcode of the property transferred to the property custodian. This would ensure that the personal property of separating employees was tracked and accounted for.

**Management Response:**

Please indicate your response by checking the appropriate box below and providing the appropriate supporting documentation to the OIG within five business days from the date of this notification. Your written response will be considered when preparing the draft audit report.

- Management concurs with the Notification of Finding and Recommendation and has provided a corrective action plan, with milestone dates, developed to address the condition in the space provided below or as an attachment to this document. (Note: Responses should not be delayed until plans are finalized. If plans are not complete, specify a completion date when forwarding your responses.)
- Management does not concur with the Notification of Finding and Recommendation and provided further detail supporting our position in the space provided below or as an attachment to this document.
- Corrective action will be taken and completed in current fiscal year (check box if "yes").

***General Comments***

U.S. Consumer Product Safety Commission  
Office of Inspector General  
Notice of Finding and Recommendation

*Corrective Action Planned*

**OIG Response, if Necessary**

1. Christopher W. Dentel  
Signature of Inspector General

2. Donna Simps  
Signature of EXRM Management Official

27 Jun 05  
Date provided to Management

Director, EXRM  
Title of EXRM Management Official

**Follow- Up Review of Employees' Clearance  
Procedures Audit**

NFR CLR-FW-05-04

**PURPOSE:** To document the Notice of Finding and Recommendation (NFR) CLR-FW-05-04 in accordance with Government Auditing Standards, section 8.15 & 8.16

**SOURCE:** Government Auditing Standards (Yellow Book), Reporting Standards, sections 8.15 & 8.16 "Findings."

**SCOPE:** Audit Findings

**CONCLUSION:** We issued CLR-FW-05-04 in accordance with the Yellow Book sections 8.15 & 8.16.

**RESULTS:**

Government Auditing Standards, Sections 8.15 and 8.16 requires:

**8.15** To the extent possible, in presenting findings, auditors should develop the elements of criteria, condition, cause, and effect to assist officials of the audited entity or oversight officials of the audited entity in understanding the need for taking corrective action. In addition, if auditors are able to sufficiently develop the findings, auditors should provide recommendations for corrective action.

**8.16** "Audit findings often have been regarded as containing the elements of criteria, condition, and effect, plus cause when problems are found."

On July 21, 2005 we issued NFR CLR-FW-05-04, "*Management Control & Accountability.*" We received the signed NFR on July 26, 2005. EXRM agreed with our recommendations and plans to implement corrective actions to close the recommendation.

**ATTACHMENTS:**

Attachment A- CLR-FW-05-04

<b>Auditor:</b> Arlene Williams	<b>Date:</b> 8/11/2005	<b>Reviewer:</b>	<b>Date:</b>	<b>Page 1 of 1</b>	<b>File:</b>	<b>W/P:</b> AE.4
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U.S. Consumer Product Safety Commission  
Office of Inspector General  
Notice of Finding and Recommendation

**Location/Office:** Office of Human Resource Management (EXRM)

**Finding Number:** CLR-FW-05-04

**Area:** Management Controls & Accountability

**W/P Reference:** \_\_\_\_\_

**Date Provided to Management:** July 21, 2005

**Date Response Due:** July 26, 2005

**Title:** Management Should Place Greater Emphasis In The Exit Interview Process

**BACKGROUND**

As an optional part of the clearance process, employees are asked to fill out an Exit Interview Questionnaire. Once the questionnaire is completed, it is separated from Form 226 and is locked up to keep responses confidential. EXRM is responsible for evaluating these forms and providing statistical data to management. EXRM performs this function upon request from management.

**CRITERIA:**

The Exit Interview questionnaire asks employees a series of questions about what contributed to their reason for leaving CPSC. It is comprised of three questions. The first two questions ask employees their reasons for departure. Among the possible reasons given for an employees' departure are:

- (1) job related
- (2) personal
- (3) nature of work
- (4) supervision
- (5) office/directorates
- (6) benefits.

The third question asks for voluntary information use in demographic analysis.

**CONDITION:**

Although statistical information is given to management upon request from EXRM, information from the questionnaires is not quantified and given to management on a regular basis.

**CAUSE:**

Employees are completing the Exit Interview questionnaire on a voluntary basis and EXRM does not have sufficient feedback to warrant a report.

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Office of Inspector General  
Notice of Finding and Recommendation

**EFFECT:**

There is a potential risk that employee comments regarding why they left CPSC are not reaching management.

**RECOMMENDATION:**

We recommend that Order 0947.1 be updated to include that each employee, upon departure, contact EXRM to schedule an "exit interview". In this interview each employee is asked to discuss their overall experience at CPSC. In addition, EXRM should maintain a quarterly report, whether or not this information is requested by management. This process would potentially provide feedback to management to help resolve issues regarding retention and morale.

**Management Response**

Please indicate your response by checking the appropriate box below and providing the appropriate supporting documentation to the OIG within five business days from the date of this notification. Your written response will be considered when preparing the draft audit report.

X

Management concurs with the Notification of Finding and Recommendation and has provided a corrective action plan, with milestone dates, developed to address the condition in the space provided below or as an attachment to this document. (Note: Responses should not be delayed until plans are finalized. If plans are not complete, specify a completion date when forwarding your responses.)

- Management does not concur with the Notification of Finding and Recommendation and provided further detail supporting our position in the space provided below or as an attachment to this document.
- Corrective action will be taken and completed in current fiscal year (check box if "yes").

**General Comments**

**Corrective Action Planned**

- Directive Update by 12/31/05.
- Will continue conducting exit interviews + quarterly report.

U.S. Consumer Product Safety Commission  
Office of Inspector General  
Notice of Finding and Recommendation

OIG Response, if Necessary

1. Christopher W. Dantel  
Signature of Inspector General

\_\_\_\_\_  
Date provided to Management

2. Donna Simps  
Signature of EXRM Management Official

Director, EXRM  
Title of EXRM Management Official

**Follow- Up Review of Employees' Clearance  
Procedures Audit**

NFR CLR-FW-05-05

**PURPOSE:** To document the Notice of Finding and Recommendation (NFR) CLR-FW-05-05 in accordance with Government Auditing Standards, section 8.15 & 8.16

**SOURCE:** Government Auditing Standards (Yellow Book), Reporting Standards, sections 8.15 & 8.16 "Findings."

**SCOPE:** Audit Findings

**CONCLUSION:** We issued CLR-FW-05-05 in accordance with the Yellow Book sections 8.15 & 8.16.

**RESULTS:**

Government Auditing Standards, Sections 8.15 and 8.16 requires:

**8.15** To the extent possible, in presenting findings, auditors should develop the elements of criteria, condition, cause, and effect to assist officials of the audited entity or oversight officials of the audited entity in understanding the need for taking corrective action. In addition, if auditors are able to sufficiently develop the findings, auditors should provide recommendations for corrective action.

**8.16** "Audit findings often have been regarded as containing the elements of criteria, condition, and effect, plus cause when problems are found."

On July 25, 2005 we issued NFR CLR-FW-05-02, "*Confidentiality/Record Agreement*", to EXRM. We received the signed NFR on July 26, 2005. EXRM agreed with our recommendation and plans to implement corrective actions to close the recommendation.

**ATTACHMENTS:**

Attachment A- CLR-FW-05-05

<b>Auditor:</b> Arlene Williams	<b>Date:</b> 8/11/2005	<b>Reviewer:</b>	<b>Date:</b>	<b>Page 1 of 1</b>	<b>File:</b>	<b>W/P:</b> AES
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U.S. Consumer Product Safety Commission  
Office of Inspector General  
Notice of Finding and Recommendation

**Location/Office:** Office of Human Resource Management (EXRM)

**Finding Number:** CLR-FW-05-05

**Area:** Management Accountability

**W/P Reference:** \_\_\_\_\_

**Date Provided to Management:** July 25 2005

**Date Response Due:** July 30 2005

**Title:** Confidentiality/Record Agreement

**BACKGROUND**

Upon an employee's departure, they can remove personal files unrelated to the agency at their discretion without permission. With the approval of a supervisor and the Freedom of Information Officer (FOI), employees may take extra copies of selected Federal records, such as materials drafted, reviewed, or otherwise acted upon, provided that:

- Removal will not diminish the official records of the agency
- Removal would not exceed normal administrative economies
- The materials do not contain national security classified information (Privacy Act or where disclosure is otherwise prohibited by law)

**CRITERIA:**

Pursuant to 18 U.S.C 2071, it is unlawful for any person to remove, destroy, or conceal official records. Employees are required to sign "Confidentiality/ Records Agreements" prior to their departure. The agreement, which is certified by the employee, specifies that protected information must either be disclosed or used and official records must not be removed from Federal custody.

**CONDITION:**

26% of the Record Removal forms were not signed off by both a supervisor and FOI officer and 29% of the forms were not attached to Form 226. In addition, over 50% of employees did not sign the Confidentiality/Record Agreement.

**CAUSE:**

Confidentiality/Record Agreements were not attached to Form 226.

**EFFECT:**

Employees are not certifying that they are subject to penalties pursuant to 18 U.S.C. 2071.

**RECOMMENDATION**

We recommend that the Confidentiality/Record Agreement be included in Form 226.

U.S. Consumer Product Safety Commission  
Office of Inspector General  
Notice of Finding and Recommendation

**Management Response:**

Please indicate your response by checking the appropriate box below and providing the appropriate supporting documentation to the OIG within five business days from the date of this notification. Your written response will be considered when preparing the draft audit report.

- Management concurs with the Notification of Finding and Recommendation and has provided a corrective action plan, with milestone dates, developed to address the condition in the space provided below or as an attachment to this document. (Note: Responses should not be delayed until plans are finalized. If plans are not complete, specify a completion date when forwarding your responses.)
- Management does not concur with the Notification of Finding and Recommendation and provided further detail supporting our position in the space provided below or as an attachment to this document.
- Corrective action will be taken and completed in current fiscal year (check box if "yes").

**General Comments**

*Corrective Action Planned*

We will put the form back in. It was removed & substituted after the last audit. Will send to EXIS to put on CPSCnet. (Done - 7/23/05)

OIG Response, if Necessary

U.S. Consumer Product Safety Commission  
Office of Inspector General  
Notice of Finding and Recommendation

1. Christopher W. Dental  
Signature of Inspector General

2. Donna Simpson  
Signature of EXRM Management Official

7-25-05  
Date provided to Management

Director, EXRM  
Title of EXRM Management Official

APPENDIX B

Report Distribution

Chairman

Commissioners

Executive Director

Director for Office of Human Resources