

U.S. CONSUMER PRODUCT SAFETY COMMISSION



OFFICE OF THE INSPECTOR GENERAL

SEMIANNUAL REPORT TO CONGRESS

October 1, 2005 - March 31, 2006

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EXECUTIVE SUMMARY

This semiannual report summarizes the major activities performed by the Office of the Inspector General during the reporting period, October 1, 2005 through March 31, 2006. During the reporting period, this office completed 3 audits and closed 1 investigation. At the end of the reporting period, 1 audit was in progress. Management took action on all recommendations made during previous reporting periods.

The Office of the Inspector General received four (4) complaints during the reporting period; none of which resulted in the initiation of a formal investigation. One (1) investigation was closed during the reporting period. Several complaints were transferred to another agency or office or combined with existing investigations. Management officials acted on the recommendations made in the completed investigations from the previous reporting periods.

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. The CPSC has a budget of \$62.37 million and 440 authorized full-time equivalent positions for Fiscal Year 2006.

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 three full-time equivalent positions for Fiscal Year 2006: the Inspector General and two auditors. All of the positions are currently either filled or in the process of being filled.

AUDIT PROGRAM

During this period, the Office of the Inspector General completed work on three audits. 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, 2005 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, 2005. The 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.

FOLLOW-UP AUDIT OF TRAVEL CHARGE CARD PROGRAM

The Federal Travel Regulation (FTR), 41 CFR 300, implements statutory requirements and Executive branch policies for travel by Federal civilian employees and others authorized to travel at Government expense. The FTR contains policies and procedures that promulgate the issuance and use of the travel charge card. Misuse of the travel charge card has occurred in the past and can result in disciplinary action.

The objective of this follow-up audit was to determine whether timely and appropriate corrective actions had been implemented to address the findings and recommendations made in the Audit of the Travel Charge Card Program, dated November 27, 2001; and to determine whether the agency was in compliance with the changes in the Federal Travel Regulation regarding the Travel Charge Card Program made since that audit.

Improvements had been made in the CPSC's Travel Card Program since the initial audit was performed in 2001. However, further improvements were found to be possible and are currently being implemented. For example, the Division of Financial Services has nearly exclusive responsibility for monitoring CPSC employees travel card use. Increasing the role of supervisors and managers will greatly improve the CPSC's ability to monitor travel card use.

A flaw was found in the system used by the Bank of America, the contractor who issues the travel charge cards, to track delinquent payments. At the time of the audit, the CPSC relied nearly exclusively on the Bank of America's tracking system. The CPSC needs to continue to both work with the Bank of America to improve the current tracking system and to perform a more active and independent review of travel card payments made by CPSC employees.

The current CPSC regulations regarding the use of the travel card adequately set out the responsibilities of CPSC employees. However, a greater effort needs to be made to ensure that CPSC employees are aware of their responsibilities and of the potential consequences of failing to meet them.

FOLLOW-UP AUDIT OF EMPLOYEES' CLEARANCE PROCEDURES

The Employee Clearance Procedures for the CPSC are governed by CPSC Order 947.1. This order sets out the responsibilities and procedures for the clearance of employees who are terminating (either voluntarily or not) their period of service with the CPSC. It covers both the employees' personal obligations (settlement of debts owed to the government, etc.) and the rules regarding the accountability over government property issued to the employees. The objective of this follow-up audit was to determine whether corrective actions had been taken to implement the recommendations made in the March 29, 2000 report, Audit of Employees' Clearance Procedures and to determine what, if any, additional corrective action was necessary.

This audit found that great improvements had been made in the clearance program, some before and some during this audit. Corrective actions have either been taken or are in the process of being taken to address all areas of concern. 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. Given the increased reliance on contract employees procedures needed to be, and now have been, developed for the clearance of contractor employees. Contractor employees are now required to complete a variation of the clearance process followed by Government employees. 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.

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. None of these individuals filed formal complaints alleging waste, fraud, abuse, or mismanagement of CPSC resources. 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.

Investigations

	No. of Cases
- Beginning of period	1
- Opened, Investigations	0
- Closed, Investigations	1
- Transferred/Incorporated into existing investigations	0
- Ongoing, Investigations	0

REPORTABLE INVESTIGATIONS

Violations of various regulations relating to the Government Travel Card - This investigation was initiated as the result of findings made during an audit of the Travel Card Program. The investigation was administrative in nature. It involved a Government employee who made unauthorized charges on her travel card, failed to pay her lawful debts in a timely manner, failed to comply with Government regulations regarding the use of cash advances, and wrote "bad" (nonsufficient fund) checks to the contractor who issued her Government Travel Card.

The Agency has initiated corrective actions based on the findings made in this investigation.

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 during the reporting period:

- Privacy Act
- Occupant Emergency Plan
- Nepotism
- Equal Employment Opportunity Program
- Search and Seizure Issues Related to Government Property
- Federal Information Security Management Act
- Travel Card Program
- Purchase Card Program
- Report of Survey Process

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.....	11
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 Actions 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