U.S. CONSUMER PRODUCT SAFETY COMMISSION

OFFICE OF THE INSPECTOR GENERAL

SEMIANNUAL REPORT TO CONGRESS

April 1, 2005 - September 30, 2005

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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, April 1, 2005 through September 30, 2005. During the reporting period, this office completed 1 audit and closed 6 investigations. At the end of the reporting period, 3 audits and 1 investigation were in progress. Management took action on all recommendations made during previous reporting periods.

The Office of the Inspector General received seven (7) complaints during the reporting period; three (3) of which resulted in the initiation of formal investigations. Three (3) investigations were closed during the reporting period. Four (4) investigations 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 million and 471 authorized full-time equivalent positions for Fiscal Year 2005.

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 2005: the Inspector General and two auditors. All of the positions are currently filled.

AUDIT PROGRAM

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

FEDERAL INFORMATION SECURITY MANAGEMENT ACT REPORTING REQUIREMENTS

To meet the requirements of the Government Information Security Reform Act (GISRA), and its successor, the Federal Information Security Management Act (FISMA), the Consumer Product Safety Commission's (CPSC) Office of the Inspector General (IG) contracted with Grant Thornton, LLP to perform an independent audit of CPSC's automated information security control procedures and practices in Fiscal Year 2001. The audit included tests of entity-wide controls and six of CPSC's 49 application systems and their underlying elements. Grant Thornton used the National Institute of Standards and Technology Special Publication (SP) 800-XX, Draft Self-Assessment Guide for Information Technology Systems, March 9, 2001 to test security controls. The results of the Audit of Automated Information System Security, August 16, 2001, and the follow-ups to it done in 2002, 2003 and 2004 in conjunction with the independent reviews required by FISMA and audits with information technology aspects (CFO Act Audit, etc.) served as the basis for the IG's Fiscal Year 2005 evaluation.

The Fiscal Year 2005 FISMA IG independent evaluation found that substantial improvements have been made and all material weaknesses have been corrected. After those deficiencies that were found to be "material weaknesses" were addressed, the CPSC began the process of implementing the recommendation set out in previous evaluations to deal with less serious security deficiencies ("high" priority security vulnerabilities). All eleven of these "high" priority security vulnerabilities have also now been addressed. As a result of the work done in Fiscal Year 2004, the interim label has been removed from the CPSC's system certification and accreditation. Efforts are also still being made to bring the CPSC into full compliance with all other FISMA and OMB requirements and to address the remaining lower priority security requirements.

AUDIT OF FINANICAL 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 are to ensure that the CPSC is 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 is scheduled for completion in November of 2005.

FOLLOW-UP AUDIT OF TRAVEL CHARGE CARD PROGRAM (In progress)

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 is to determine whether timely and appropriate corrective actions have 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 is in compliance with the changes in the Federal Travel Regulation regarding the Travel Charge Card Program made since that audit.

Field work for this audit is complete. The audit report should be released in November of 2005.

AUDIT OF TIME AND ATTENDANCE POLICIES AND PROCEDURES

In order to provide greater flexibility and economy for itself and its employees, the Federal Government has begun offering its employees a wide range of "nontraditional" work schedules. At the same time, the systems used to track and record time and attendance data have become increasingly automated. In this environment it is important that agencies implement and maintain well-defined internal control activities that provide management with the confidence that both its reporting systems and its employees are working as intended.

The primary objectives of this audit were to determine whether the CPSC was in compliance with Government wide and CPSC specific policies & procedures relating to Time & Attendance; determine the impact of recent training conducted by management on employee behavior relating to Time & Attendance; and determine CPSC employees' knowledge of policies and procedures relating to Time & Attendance.

Work on this audit has been suspended indefinitely. Work was initially suspended due to the loss of the assigned auditor (left government service to enter private practice). Due to recent changes in the CPSC's time and attendance program and ongoing training efforts by the agency this audit has been suspended indefinitely.

FOLLOW-UP AUDIT OF EMPLOYEES' CLEARANCE PROCEDURES

The Employee Clearance Procedures for the CPSC are governed by CPSC Order 0947.1. 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 review 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. This review concentrated on issues related to: (1) management accountability (2) property accountability and certifications and (3) employee indebtedness.

Field work for this audit is complete. The audit report should be released in December of 2005.

FOLLOW-UP AUDIT OF OCCUPANT EMERGENCY PROGRAM

The objective of this follow-up review 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. The Federal Management Regulations (FMR) specifically require the GSA to assist Federal agencies in establishing and maintaining an Occupant Emergency Program (OEP). An OEP Program is defined as ". . . a short-term emergency response program [that] establishes procedures for safeguarding lives and property during emergencies in particular facilities." Although the GSA is ultimately responsible for the implementation of Occupant Emergency Programs across the Federal Government, agencies that occupy leased facilities are responsible for implementing their own Occupant Emergency Programs. The headquarters of the CPSC is located in a leased facility.

Field-work on this audit has been suspended. The CPSC is in the process of revising the existing OEP and work on this audit will resume once the revisions have been finalized.

AUDIT OF EQUAL EMPLOYMENT OPPORTUNITY PROGRAM

Executive Order 11478, Equal Employment Opportunity in the Federal Government, (August 8, 1969) established that it is the policy of the Government of the United States to provide equal opportunity in Federal employment for all persons, to prohibit discrimination in employment because of race, color, religion, sex, national origin, handicap, or age, and to promote the full realization of equal employment opportunity through a continuing affirmative program in each executive department and agency.

The primary objective of this audit is to determine whether the principles embodied in Executive Order 11478 Equal Employment Opportunity in the Federal Government (August 8, 1969) and related Federal laws, regulations, and procedures are being followed at the CPSC. This audit will also assess whether complaints of discrimination are being processed in accordance with appropriate laws and regulations.

In light of the impact of the CPSC's ongoing reorganization on the initial results of this audit, the audit has been suspended until such time as additional field work can be done to take into account the changes to staffing brought about by the reorganization.

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. Two (2) of the individuals filed formal complaints alleging waste, fraud, abuse, or mismanagement of CPSC resources. All of these complaints resulted in investigations 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	1
Opened, Investigations	2
Closed, Investigations	2
Transferred/Incorporated into existing investigation	4
Ongoing, Investigations	1

REPORTABLE INVESTIGATIONS

Misuse of Position - This office received several complaints from government employees who felt that an Intern was misusing the access to information provided by his position at the CPSC. The complainants alleged that the intern was gathering nonpublicly available information for unauthorized purposes.

After reviewing the duties assigned the intern, interviewing the intern's supervisors, reviewing the specific instructions given to the intern, and reviewing the files accessed by the intern it was determined that the intern accessed only those files he had been instructed to access. Based on the findings of the preliminary investigation, no offense occurred and the case was closed.

Misconduct by a Management Official - A complaint was made by a government employee alleging that a management official was failing to follow agency time and attendance regulations. After initial review it was determined that there were grounds to believe that the misconduct alleged had occurred. The matter was transferred to agency management for corrective action.

ONGOING INVESTIGATIONS

One investigation is ongoing at the end of the period. This case involves allegations of violations of various Agency or Federal regulations relating to the Government Travel Card; the ongoing investigation is not criminal in nature. It involves a Government employee who both used the Travel Card for unauthorized purposes and failed to make payments in a timely fashion.

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:

Release of Information
Occupant Emergency Plan
Conflict of Interest
Agency Chain of Command Issues
Nepotism
Time and Attendance
Equal Employment Opportunity Program
Eligibility for Medical Benefits
Federal Information Security Management Act

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:

Citation	Reporting Requirements	Page
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	4-9
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	4-10
Section 5(a)(7)	Summary of Significant Reports	4-10
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