

U.S. CONSUMER PRODUCT SAFETY COMMISSION



OFFICE OF THE INSPECTOR GENERAL

SEMIANNUAL REPORT TO CONGRESS

April 1, 2008 - September 30, 2008

---

U. S. CONSUMER PRODUCT SAFETY COMMISSION  
OFFICE OF THE INSPECTOR GENERAL  
SEMIANNUAL REPORT TO THE CONGRESS  
April 1, 2008 - September 30, 2008

TABLE OF CONTENTS

EXECUTIVE SUMMARY.....1

INTRODUCTION.....2

    U. S. CONSUMER PRODUCT SAFETY COMMISSION.....2

    OFFICE OF THE INSPECTOR GENERAL.....2

AUDIT PROGRAM.....4

INVESTIGATIVE PROGRAM.....7

OTHER  
ACTIVITIES.....8

APPENIX A - REPORTING REQUIREMENTS..... 9

## EXECUTIVE SUMMARY

This semiannual report summarizes the major activities performed by the Office of the Inspector General during the reporting period, April 1, 2008 through September 30, 2008. During the reporting period, this office completed 1 audit or review and closed 2 investigations. At the end of the reporting period, 2 audits or reviews and 2 investigations were in progress.

The Office of the Inspector General received two (2) complaints during the reporting period; one (1) of which resulted in the initiation of a formal investigation. One (1) investigation was closed during the reporting period.

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

## INTRODUCTION

### U. S. CONSUMER PRODUCT SAFETY COMMISSION

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

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

### OFFICE OF THE INSPECTOR GENERAL

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

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

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

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

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

The Office of the Inspector General was authorized three full-time equivalent positions for Fiscal Year 2008: the Inspector General and two auditors. One of the two auditor positions was not filled in FY 08.

## AUDIT PROGRAM

During this period, the Office of the Inspector General completed work on one review; work continues on an audit and a review. A summary of each follows:

### AUDIT OF FINANCIAL STATEMENTS (ongoing)

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, perform 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 2008.

### 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 annual follow-ups to it, 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 2008 evaluation.

The Fiscal Year 2006 (FY 06) FISMA IG independent evaluation found that substantial improvements had been made and all material weaknesses in the CPSC's Information Technology (IT) system had 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 now also been addressed. As a result of the work done in Fiscal Year 2004, the interim label was removed from the CPSC's system certification and accreditation. The CPSC maintained certification and accreditation in FY 05 and FY 06. Unfortunately, certification and accreditation was not maintained in FY 07.

This years FISMA evaluation found that although much work remains to be done, the work was progressing in a satisfactory manner and the CPSC's IT system had regained its certification and accreditation.

The CPSC's efforts to meet the non-IT information security standards tested by FISMA and set out in a variety of OMB and related requirements, including those relating to privacy and the protection of personally identifiable information, have been less successful. Although much work has been done in drafting privacy and information security policies, not enough has been done to implement and test compliance with these policies.

## REVIEW OF CPSC GIFT TRAVEL PROGRAM (ongoing)

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

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

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

---

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



## INVESTIGATIVE PROGRAM AND RELATED ACTIVITIES

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 lodged complaints alleging waste, fraud, abuse, or mismanagement of CPSC resources. One of these complaints resulted in an investigation being initiated. Several complaints were closed after initial investigation determined that no action was required.

### Investigations

	No. of Cases
- Beginning of period	2
- Opened, Investigations	1
- Closed, Investigations	1
- Transferred/Incorporated into existing investigations	0
- Ongoing, Investigations	2

### REPORTABLE INVESTIGATIONS

**Alleged Misuse of Government Time and Resources** - A complaint was received alleging that a former employee at the CPSC had inappropriately used the Government's time and Government resources available to him because of his position in the Federal Government. This investigation is ongoing.

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

## **OTHER ACTIVITIES**

### **LEGISLATION AND REGULATIONS**

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

- Chief Financial Officers Act
- Premium Class Travel
- Training of Managers and Supervisors
- Protection of Personally Identifiable Information
- Consumer Product Safety Improvement Act
- Inspector General Reform Act
- Federal Information Security Management Act
- Morale of Employees
- Property Management

### **EXECUTIVE COUNCIL ON INTEGRITY AND EFFICIENCY**

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

### **COUNCIL OF COUNSELS TO THE INSPECTORS GENERAL**

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

## **REPORTING REQUIREMENTS SUMMARY**

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

<u>Citation</u>	<u>Reporting Requirements</u>	<u>Page</u>
Section 4(a)(2)	Review of Legislation and Regulations.....	8
Section 5(a)(1)	Significant Problems, Abuses, Deficiencies.....	4-7
Section 5(a)(2)	Recommendations With Respect to Significant Problems, Abuses, and Deficiencies.....	4-7
Section 5(a)(3)	Recommendations Included in Previous Reports on Which Corrective Action Has Not Been Taken.....	NA
Section 5(a)(4)	Matters Referred to Prosecutive Authorities.....	NA
Section 5(a)(5)	Summary of Instances Where Information Was Refused.....	NA
Section 5(a)(6)	Reports Issued.....	4-7
Section 5(a)(7)	Summary of Significant Reports.....	4-7
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