



Office of Inspector General

U.S. Consumer Product Safety Commission

Review of the CPSC's Compliance with IPERA for FY 2019

May 7, 2020

20-A-05

Vision Statement

We are agents of positive change striving for continuous improvements in our agency's management and program operations, as well as within the Office of Inspector General.

Statement of Principles

We will:

Work with the Commission and the Congress to improve program management;

Maximize the positive impact and ensure the independence and objectivity of our audits, investigations, and other reviews;

Use our investigations and other reviews to increase government integrity and recommend improved systems to prevent fraud, waste, and abuse;

Be innovative, question existing procedures, and suggest improvements;

Build relationships with program managers based on a shared commitment to improving program operations and effectiveness;

Strive to continually improve the quality and usefulness of our products; and

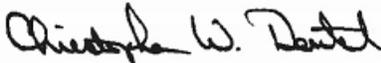
Work together to address government-wide issues.



Office of Inspector General
U. S. Consumer Product Safety Commission

May 7, 2020

TO: Robert S. Adler, Acting Chairman
Elliot F. Kaye, Commissioner
Dana Baiocco, Commissioner
Peter A. Feldman, Commissioner

FROM: Christopher W. Dentel, Inspector General 

SUBJECT: Review of the CPSC's Compliance with IPERA for FY 2019

The Improper Payments Elimination and Recovery Act (IPERA), as amended, and implemented by Office of Management and Budget Memorandum (OMB) M-15-02, requires that I annually review the Consumer Product Safety Commission's (CPSC) improper payment reporting in the CPSC's Agency Financial Report (AFR).

I have determined that the CPSC was compliant with IPERA in fiscal year (FY) 2019.

To assess agency compliance with IPERA for FY 2019, the CPSC Office of Inspector General (OIG) retained the services of Kearney & Company (Kearney), an independent public accounting firm. Under a contract monitored by the OIG, Kearney issued a review report regarding the CPSC's compliance with IPERA. The contract required that the review be performed in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation* (CIGIE QSIE).

In connection with the contract, we reviewed Kearney's report and related documentation and inquired of its representatives. Our review was not intended to enable us to express, and we do not express, an opinion on the matters contained in the report. Kearney is responsible for the attached report. However, our review disclosed no instances where Kearney did not comply, in all material respects, with CIGIE's QSIE.

Should you have any questions, please contact me.



THE U.S. CONSUMER PRODUCT SAFETY COMMISSION

Review of the CPSC's Compliance with IPERA for FY 2019

Report Date: April 6, 2020

**KEARNEY &
COMPANY**

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Kearney & Company, P.C.'s TIN is 54-1603527, DUNS is 18-657-6310, Cage Code is 1SJ14.

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OBJECTIVE

The objective of the review is to determine whether the U.S. Consumer Product Safety Commission (CPSC) is in compliance with the Improper Payments Elimination and Recovery Act (IPERA) for the Fiscal Year (FY) ended 2019. As requested by the CPSC Office of Inspector General (OIG), Kearney & Company, P.C. (defined as “Kearney,” “we,” and “our” in this report) evaluated CPSC’s FY 2019 IPERA Program.

CONCLUSION

Based on the review results, Kearney concludes that CPSC’s FY 2019 IPERA review is in compliance with IPERA and with the Office of Management and Budget (OMB) Memorandum (M)-18-20, as illustrated in *Table 1* below:

Table 1: Summary of IPERA Compliance for FY 2019

Summary of IPERA Compliance by Criteria and Program		
Criteria	Payroll	Non-Payroll
Publish Agency Financial Report (AFR)	Yes	Yes
Complete Risk Assessment	Yes	Yes
Estimate Improper Payments	N/A*	N/A*
Develop Corrective Action Plan (CAP)	N/A*	N/A*
Publish and Meet Reduction Goals	N/A*	N/A*
Have < 10% Improper Payments	Yes	Yes

*CPSC did not have programs that were susceptible to significant improper payments based on statutory thresholds listed in OMB Circular A-123, Appendix C, Part 1.

BACKGROUND

In July 2010, the IPERA, which amended the Improper Payments Information Act of 2002¹ (IPIA), was enacted to further reduce improper payments. IPERA clarified the programs to be reviewed and expanded improper payments recapture activities. IPERA also required Inspectors General (IG) to determine whether an agency complies with IPERA and established additional requirements for agencies that were deemed non-compliant.

¹ 31 United States Code 3321 note

In April 2011, OMB issued guidance for agencies implementing IPERA requirements in Appendix C, Revised Parts I and II, of OMB Circular A-123, *Management's Responsibility for Internal Control*.² The guidance defines the programs and payments that agencies must assess for the risk of improper payments and provides requirements for determining whether the risk of improper payments is significant, developing an estimate of improper payments, performing recapture review activities, and reporting improper payment activities.

In January 2013, Improper Payment Elimination and Recovery Improvement Act³ (IPERIA) was enacted and further amended IPIA by requiring, among other things, that OMB identify high-priority Federal programs for greater levels of oversight and review, provide guidance to agencies for improving estimates of improper payments, and establish a working system for pre-payment and pre-award review.

PRIOR-YEAR RESULTS

In FY 2018, Kearney was engaged by the CPSC OIG to issue a review report regarding the CPSC's compliance with IPERA. Kearney found that the CPSC was not compliant with IPERA. In accordance with OMB guidance, non-compliance with any one element results in overall non-compliance. For its non-payroll payments for FY 2018, the CPSC took a number of corrective actions to include implementing procedures to annually review the vendor payment service provider's Statements on Standards for Attestation Engagements (SSAE)-18 report, identifying complementary user entity controls, and implementing those controls. However, Kearney determined that the CPSC had already incurred a significant number of improper payments before the corrective actions were identified and implemented.

CRITERIA

IPERIA and OMB M-18-20 require Federal agencies to fulfill the following six criteria in order to achieve full compliance. Non-compliance with any one element results in overall non-compliance. The criteria are:

- 1) Publish and post an AFR or Performance Accountability Report (PAR) for the most recent FY and any accompanying materials required by OMB on the agency website
- 2) Conduct a program-specific risk assessment for each program or activity that conforms with Section 3321 note of Title 31 of the United States Code (U.S.C.)

² OMB Memorandum M-18-20 (OMB M-18-20), "Transmittal of Appendix C to OMB Circular A-123, *Requirements for Payment Integrity Improvement*"

³ Public Law No. 112-248, 126 Statute 2390

- 3) Publish improper payment estimates for all programs and activities identified as susceptible to significant improper payments under its risk assessment
- 4) Publish programmatic CAPs in the AFR or PAR, if required
- 5) Publish and meet annual reduction targets for each program assessed to be at risk and estimated for improper payments, if required and applicable
- 6) Report a gross improper payment rate of less than 10% for each program and activity for which an improper payment estimate was obtained and published in the AFR or PAR.

CURRENT-YEAR RESULTS

Overall, Kearney found that for FY 2019, the CPSC complied with IPERA. In accordance with OMB, all elements must be complied with in order to result in overall compliance.

During FY 2019, the CPSC took a number of corrective actions to include implementing procedures to annually review the vendor payment service provider's SSAE-18 report, identifying complementary user entity controls, and implementing those controls. These corrective actions remediated previous improper payment findings for FY 2019.

APPENDIX A – SCOPE AND METHODOLOGY OF THE REVIEW

Scope

This report contains the results of our evaluation of the Consumer Product Safety Commission’s (CPSC) compliance with the requirements of Improper Payments Elimination and Recovery Act (IPERA) and Office of Management and Budget (OMB) M-18-20 for FY 2019. The scope of this review included transactions identified by CPSC as meeting the OMB Memorandum (M)-18-20 definition of a payment made during Fiscal Year (FY) 2019. The CPSC, in its internal review, identified approximately \$106.7 million in payments that met the definition of a payment, as found in OMB M-18-20. Kearney conducted its evaluation from January through April 2020 at CPSC’s Headquarters (HQ) in Bethesda, Maryland.

Methodology

Kearney conducted this review in accordance with the Council of the Inspectors General on Integrity and Efficiency’s (CIGIE) *Quality Standards for Inspection and Evaluation*, which require that we obtain sufficient data to provide a reasonable basis for reaching conclusions. These standards also require that Kearney ensure that the evidence supporting findings, conclusions, and recommendations is sufficient, competent, and relevant, such that a reasonable person would be able to sustain the findings, conclusions, and recommendations. Sufficiency of data needed and tests of evidence varied based on the review objectives, findings, and conclusions. Kearney designed the evaluation to obtain insight into CPSC’s current processes and procedures, as well as to assess compliance with IPERA requirements. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our review objectives.

APPENDIX B – MANAGEMENT’S VIEWS ON CONCLUSIONS AND FINDINGS

Management has no comments and concurs with the conclusions of the report.

APPENDIX C – ACRONYMS

Acronym	Definition
AFR	Agency Financial Report
CPSC	Consumer Product Safety Commission
CAP	Corrective Action Plan
CIGIE	Council of the Inspectors General on Integrity and Efficiency
FY	Fiscal Year
HQ	Headquarters
IPERIA	Improper Payment Elimination and Recovery Improvement Act
IPERA	Improper Payments Elimination and Recovery Act
IPIA	Improper Payments Information Act of 2002
IG	Inspector General
Kearney	Kearney & Company, P.C.
OIG	Office of Inspector General
OMB	Office of Management and Budget
PAR	Performance Accountability Report
SSAE	Statements on Standards for Attestation Engagements
U.S.C.	United States Code

CONTACT US

If you want to confidentially report or discuss any instance of fraud, waste, abuse, misconduct, or mismanagement involving CPSC's programs and operations, please contact the CPSC Office of Inspector General.



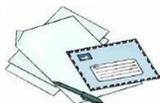
Call:

301-504-7906
1-866-230-6229



On-line complaint form:

Click [here](#) for complaint form.
Click [here](#) for CPSC OIG Website.



Write:

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