U.S. Consumer Product Safety Commission
OFFICE OF INSPECTOR GENERAL

Audit of the CPSC's Internal Controls Over Space Utilization

May 16, 2025

25-A-02

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.

Work together to address government-wide issues.

May 16, 2025

TO: Peter A. Feldman, Acting Chairman
Douglas Dziak, Commissioner

FROM: Christopher W. Dentel, Inspector General CHRISTOPHER DENTEL

Digitally signed by CHRISTOPHER DENTEL
Date: 2025.05.16 13:59:18 -04'00'

SUBJECT: Audit of the CPSC's Internal Controls Over Space Utilization

This report contains the results of our assessment of the effectiveness of the Consumer Product Safety Commission's (CPSC) internal control over space utilization in its leased space and assessment of CPSC compliance with relevant laws and regulations regarding space utilization for the period May 2, 2022, to June 2, 2023. We conducted this audit in accordance with Government Auditing Standards. We determined that poor internal controls led to, amongst other things, former CPSC officials wasting $3.785M by actively rejecting the 2019 Government Service Administration (GSA) recommendations to reduce the agency's footprint.

Recently, there have been changes in both agency leadership and in government policies regarding telework. Current agency management generally concurred with our findings and recommendations. They report that they have already taken initial corrective actions, to include realizing financial savings by relinquishing "15,400 square feet" of space and are currently working to right-size the CPSC's physical footprint to better align with the agency's needs and recent guidance.

We commend agency management for their efforts to date. However, certain longstanding challenges regarding internal control discussed in this report remain valid. The weaknesses we found regarding the agency's internal controls over space utilization (deficient delegations of authority, failure to establish a data quality program, deficiencies in capital planning, etc.) and the underutilization of office, conference room, and fitness center space waste financial resources that would otherwise be available for the fulfillment of the CPSC's mission. Given the resource constraints facing the CPSC and the current administration's increased emphasis on utilizing resources efficiently, the importance of reducing the physical footprint of the agency and thereby freeing up additional funds to meet the agency's mission is now more important than ever.

Thank you for the courtesy and cooperation extended to my staff during the audit. Please feel free to contact me if you or your staff have any questions or concerns.

EXECUTIVE SUMMARY

Audit of the CPSC's Internal Controls Over Space Utilization

May 16, 2025

OBJECTIVE The objectives of this audit were to determine whether the United States Consumer Product Safety Commission (CPSC or Commission) has effective controls over space utilization in its leased space and assess CPSC compliance with relevant laws and regulations regarding space utilization.

BACKGROUND According to the CPSC's Strategic Plan 2023-2026, the U.S. consumer and the CPSC's mission are best served when the CPSC operates in an efficient, responsive, and transparent manner, as an effective steward of CPSC resources. One of the resources the CPSC is required to effectively manage in support of the mission is the agency's real property portfolio. The agency's portfolio consists of three leased facilities: the agency's headquarters, the National Product Testing and Evaluation Center, and the sample storage facility. This report contains the results of our assessment of the effectiveness of the CPSC's internal control over space utilization in its leased space and assessment of CPSC compliance with relevant laws and regulations regarding space utilization for the period May 2, 2022, to June 2, 2023.

RESULTS The Office of Inspector General (OIG) found that the agency wasted, and will continue to waste, significant financial resources on underutilized lease space due to the CPSC's poor internal controls over space utilization dating back over a decade. For example, the CPSC actively rejected the 2019 Government Service Administration (GSA) recommendations to reduce the agency's footprint resulting in the waste of \$3.785M in lease expenses for the headquarters over the life of its current occupancy agreement. Additionally, the CPSC's lack of adequate internal controls led to an unauthorized, now former, agency official being allowed to obligate the CPSC to expend millions of dollars of appropriated funds. These unauthorized obligations represent questioned costs, as the lack of delegated authority violates both the Code of Federal Regulation and internal agency policies. Although not waste or fraud, this unauthorized obligation is illustrative of the pervasive weaknesses found in agency internal controls in this area.

For example, the OIG found the CPSC failed to: perform a risk assessment for its real property needs, document policies and procedures for both its real property plan and occupancy agreement renewal process, establish and maintain a data quality program, communicate accurate data between program offices, utilize accurate data when making policy decisions, and enforce personnel policies the agency relied upon to determine its space utilization needs. As a result, the OIG found that the CPSC did not promote efficient utilization of its leased space. During the period, the CPSC had approximately 28,122 usable square feet of excess office space based on the number of employees assigned to headquarters. Moreover, the CPSC continues to waste agency resources on a fitness center when the landlord provides a comparable facility free of charge.

RECOMMENDATIONS This report makes 46 actionable recommendations. When implemented, these recommendations should significantly improve the CPSC's internal controls over leased space occupied by the CPSC, compliance with applicable laws and regulations, and lead to more funds available for mission priorities.

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ACRONYMS

ACRONYM	DEFINITION
CFO Act	The Chief Financial Officers Act
C.F.R.	Code of Federal Regulations
CPSC or Commission	U.S. Consumer Product Safety Commission
FTE	Full-time Equivalent
FY	Fiscal Year
GAO	U. S. Government Accountability Office
Green Book	Standards of Internal Control in the Federal Government
GSA	General Services Administration
HQ	Headquarters
M	Memorandum
NPTEC	National Product Testing and Evaluation Center
OA	Occupancy Agreement
OIG	Office of Inspector General
OMB	Office of Management and Budget
PBS	Public Buildings Service
PIV	Personal Identity Verification
SRPO	Senior Real Property Officer
SSF	Sample Storage Facility
TPP	Telework Pilot Program - Phase III
UR	Utilization Rate
USF	Useable Square Feet

INTRODUCTION

Objective

The objectives of this audit were to determine whether the United States Consumer Product Safety Commission (CPSC or Commission) has effective controls over space utilization in its leased space and assess CPSC compliance with relevant laws and regulations regarding space utilization.

Background

The CPSC is an independent federal regulatory agency with a public health and safety mission: protecting the public from hazardous consumer products. According to the CPSC's *Strategic Plan 2023-2026*, the U.S. consumer and the CPSC's mission are best served when the CPSC operates in an efficient, responsive, and transparent manner, as an effective steward of CPSC resources. One of the resources the CPSC is required to effectively manage in support of the mission is the agency's real property portfolio. This portfolio is comprised of the three facilities detailed below.

Table 1 - CPSC Facilities

Name	Headquarters (HQ)	National Product Testing and Evaluation Center (NPTEC)	Sample Storage Facility (SSF)
Location	Bethesda, MD	Rockville, MD	Gaithersburg, MD
Property Type	Offices	Offices, Laboratory	Warehouse
Assigned Full-time Equivalent(s) (FTE)[1]	316	122	1
Leased Usable Square Feet (USF)	111,254	61,448	24,678
Annual Price/USF[2]	$42.75	$52.45	$20.05
Lease Term[3]	August 2018 - August 2023	December 2020 - November 2035	July 2022 - July 2032

Source: Office of Inspector General (OIG) summary of CPSC information.

The three facilities can be measured in terms of usable square feet (USF), which is the area the CPSC utilizes, including building amenities but excluding building service areas. The CPSC occupies over 197,000 USF at

[1] During the audit period, there are more than 120 employees working remotely either at their place of residence or at port facilities throughout the U.S.

[2] Annual price per USF includes both the market rent and Public Buildings Service fee for FY 2023.

[3] During the audit period, the CPSC renewed its occupancy agreement of the CPSC HQ for the period August 2023- August 2028.

the three facilities. This space is characterized by the General Services Administration (GSA) as follows:

Table 2 – CPSC Space Types (in USF)			
Space Type	HQ	NPTEC	SSF
Office Space	88,891	24,498	945
Automatic Data Processing	1,770	1,120	-
Laboratory	-	31,800	-
Conference Rooms (including Hearing Room)	10,169	840	-
Fitness Facility	3,000	220	100
Storage	1,806	2,700	23,633
Other[4]	5,618	270	-
Total USF	**111,254**	**61,448**	**24,678**

Source: OIG summary of CPSC information and GSA definitions.

The CPSC acquired operational use of all three facilities via the GSA Public Buildings Service (PBS). The GSA PBS provides several services to federal entities including, but not limited to: leasing services, facilities management, and assistance with workplace and real estate strategies. GSA charges agencies a monthly fee that is a percentage of rental costs. The fee varies based on whether the space is cancellable (seven percent) or non-cancellable (five percent). These fees cover the cost of services GSA provides its federal customers.

To further assist with federal agencies' workplace strategies, the GSA PBS operates a workplace innovation lab in Washington, D.C. The GSA PBS also publishes information on all GSA PBS owned and leased facilities to include the quantity of space owned or leased, and vacant usable space including the cost and lease expiration date.

A two-step process is required for the CPSC to obtain use of the three facilities. First the GSA PBS, acting on behalf of the CPSC, enters into a lease for each CPSC facility with the relevant commercial landlord. Then, the GSA PBS enters into an occupancy agreement (OA) with the CPSC. An OA is a written agreement between GSA and the CPSC that describes the financial terms and conditions relating to the assignment of GSA controlled space occupied by the CPSC.

[4] Other spaces include mail rooms, security, and kitchen space.

Of the three leased facilities, only NPTEC contains non-cancellable space, which means the CPSC cannot relinquish the space to GSA during the life of the current OA. The CPSC can relinquish space at HQ and SSF back to the GSA upon providing GSA four months' notice after the first 12 months of the current OA. Additionally, to relinquish space back to GSA, GSA must consider the space marketable. Per GSA's *Pricing Desk Guide*, space is considered marketable if the space:

- can be assigned to another federal agency or private sector tenant
- is accessible from the building's common corridors
- is of minimum size, specific to the circumstances[5]

If the CPSC cancels any space, it is also obligated to compensate GSA for any unamortized balance of tenant improvements. Tenant improvements are changes to the facility that take the space from an unfinished condition to a usable space compliant with all applicable building codes and financed through GSA PBS. Any free rent or concessions given to the CPSC at the beginning of the OA are also allocated on a pro rata basis over the entire term of the OA, and the unearned balance must be repaid to GSA PBS[6] if the CPSC cancels any part of the space covered by the OA.

Prior to the end of each OA term, the agency must evaluate its future space needs. As federal agencies may consider both alternate facilities and the renewal of its current space, the GSA recommends agencies conduct space requirements well in advance of the OA termination date. When planning to continue occupancy at the current agency location, GSA provides the following guidance:

- At approximately 60 months from expiration, GSA notifies the tenant agency of the upcoming occupancy expiration and the need to begin requirements planning.
- At approximately 54 months from expiration, GSA assigns a project manager and the development of requirements for the renewal, succeeding, or superseding lease with prospective landlords begin.
- At approximately 36 months from expiration, the renewal, succeeding, or superseding lease requirements for prospective landlords are fully developed.

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[5] See *Pricing Desk Guide 5th Edition*, effective August 01, 2020.

[6] See Occupancy Agreement numbers AMD05595 and AMD05340.

- Between 36 and 30 months from expiration, the draft OA for the renewal, succeeding, or superseding lease with the prospective landlord is sent to the tenant agency for approval.[7]

Nevertheless, the CPSC's most recent OA renewal did not follow these suggested milestones. The CPSC's initial HQ OA was set to expire on August 25, 2023. As such, the GSA guideline for the CPSC's approval of the draft OA would be between August 25, 2020, and February 25, 2021. However, the CPSC agreed to renew its HQ facility via a draft OA with GSA on January 28, 2020.

The agency's HQ OA renewal retained the entire space the agency occupied in the prior OA. The agency's decision to renew the space without any reductions was likely significantly impacted by the agency's telework policy at the time of the draft OA. This telework policy required eligible agency personnel to report to the office a minimum of six times per pay period.[8]

To help agencies manage their real property portfolio effectively, the Office of Management and Budget (OMB) provides several memoranda for guidance. In November 2019, OMB issued a memorandum instructing all heads of executive departments and agencies to submit a capital plan outlining their real property management strategy on August 15th of each year starting in 2020.[9] Specifically, each agency is required to define both their immediate real property resource needs and their property needs for the future in conjunction with their annual budget formulation process. On August 6, 2021, OMB paused the annual capital plan reporting requirement due to the COVID-19 pandemic.

On July 20, 2022, OMB issued a memorandum requiring agencies to restart their annual capital plan reporting by December 16, 2022. Non-Chief Financial Officers Act (CFO Act) agencies,[10] such as the CPSC, were merely required to complete the capital plan by that date. However, the CPSC failed to complete a capital plan by December 16, 2022. The Office of Inspector General issued a Management Alert on March 23, 2023, notifying the CPSC of the need to comply with this requirement.[11] Management concurred, however, they decided they would not go back and perform a plan for the missed period, rather they completed their

[7] See GSA *Pricing Desk Guide 5th Edition*, effective August 01, 2020.
[8] See *CPSC Directive D713 Telework Program*, updated September 30, 2019.
[9] See OMB Memorandum (M)-20-03*, Implementation of Agency-wide Real Property Capital Planning.*
[10] The Chief Financial Officers Act agencies are defined in 31 U.S.C. § 901(b).
[11] See *Management Alert 23-O-04.*

annual real property capital plan on July 11, 2023, for the subsequent period, which met the August 15, 2023, deadline.

The purpose of an agency-wide real property capital plan is to allow management to identify the future real capital needs for their agency and identify any real property gaps in meeting the agency's mission. OMB provides examples of real property gaps in Memorandum (M)-20-03, *Implementation of Agency-wide Real Property Capital Planning,* stating that real property gaps can be facility conditions, space utilization, security, location, functional capability, recapitalization needs, or excess property holdings. OMB recommends agencies rely on evidence when making office space and capital planning decisions, including the collection and use of data and information regarding the effects of personnel policies and procedures on mission delivery, employee engagement, as well as workspace utilization.[12]

In addition to managing space, the CPSC also needed to manage its workforce post-pandemic. The personnel policy set in place to both manage its workforce and assist the CPSC in evaluating physical space needs for the future was the CPSC's Telework Pilot Program – Phase III (TPP), which was implemented May 2, 2022. In addition to affording management and employee flexibility, the TPP was designed to help management evaluate physical space needs of the CPSC for the future. The TPP encompassed all telework eligible employees and required agency personnel to report on site twice per pay period.

In creating its real property capital plan, the CPSC sampled Personal Identity Verification (PIV) card swipe data at HQ and NPTEC to analyze building attendance.[13] The agency sampled one week per month during the period May 2022 to April 2023 and noted:

Table 3 – Management's Analysis of Average Attendance

	Monday	Tuesday	Wednesday	Thursday	Friday	Weekly Total	Weekly Per Person Visits
HQ	41	66	113	101	61	382	1.2
NPTEC	36	60	63	57	29	245	2.0

Source: OIG summary of CPSC information.

[12] See OMB M-22-14, *FY 2024 Agency-wide Capital Planning to Support the Future of Work.*
[13] The SSF does not utilize a PIV card access control system. Thus, no swipe data is available for this facility.

Based in part on this attendance data, the CPSC determined in its July 11, 2023, real property capital plan that the agency had a current real property gap of excess leased holdings. As such, the agency proposed a three-phase reduction plan as follows:

- *Phase 1 (*[Fiscal Year] *FY 2023-FY 2024) The agency intends to relinquish approximately 10,200 square feet of office space or 8% of the total space to the GSA by the beginning of FY 2024.*
- *Phase 2 (FY 2024- FY 2025): A potential relinquishing of an additional 16,000 square feet of office space or 22% of the current level of space to GSA subject to the availability of funds. This relinquishment would require modifying existing workstations to provide smaller hoteling locations to increase the density of workstations, offsetting the loss of floor space. Estimated completion from start: one year.*
- *Phase 3: A potential relinquishing of 54% of the current level of space to GSA. This larger relinquishment would be paired with additional increases in desk density as well as sustained telework. This target is subject to change based on a number of factors, including OMB direction, evolving mission objectives, or the needs of our workforce. Based on these factors the estimated target would be the end of FY 2028.*[14]

This proposed phased reduction was contingent on maintaining continued levels of teleworking and sharing of workstations via hoteling. To that end, subsequent to the audit period, the agency made the TPP attendance requirement permanent via an updated Telework Directive.[15]

The CPSC attempted to follow through with the first phase of its plan, notifying GSA of its intention to relinquish 10,200 square feet[16] of office space on May 22, 2023. However, due to the CPSC's decision to renew the OA on January 28, 2020, and GSA's execution of a lease agreement with the landlord on February 15, 2021, the agency became financially responsible for the space through December 26, 2024, unless GSA and the CPSC could find another entity to sublease the space during the period.[17]

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[14] See *CPSC Real Property Capital Plan,* effective July 11, 2023.
[15] See *CPSC Directive 1080.2 Telework Program*, effective June 13, 2023.
[16] In its 2023 Real Property Capital Plan, the CPSC did not specify if the 10,200 square feet of office space was rentable square feet or usable square feet.
[17] See GSA *Pricing Desk Guide 5th Edition*, effective August 1, 2020.

The OIG analyzed the space utilization of the CPSC leased space via data readily available to management. We reviewed OMB memoranda, the Code of Federal Regulations (C.F.R.), and agency policies as well as requested agency data including PIV card access data and conference room calendar reservations to analyze the use of office and special spaces,[18] respectively.

Our analysis indicates that the CPSC is underutilizing HQ space both in terms of USF per person and the percent of time the space is occupied. Historically, the space utilization rate (average number of USF of office space per person) at the HQ (219 USF) has been substantially higher than the GSA benchmark space utilization rate of 150 USF per person (see Table 4).[19] This inefficient use is compounded by the increase in the number of days per pay period the average employee teleworks and the corresponding decrease in the number of days per pay period that same employee spends at HQ. Thus, the effective utilization rate is adversely affected by the reduced amount of time employees spend in the office.

The CPSC's HQ had approximately 316 assigned full-time equivalents during the audit period. We compared the agency's actual usage, expressed as utilization rate (UR) per person. UR is the average number of square feet occupied by each employee regardless of how many days per week they are in the office. We analyzed attendance during the entire period from May 2, 2022, through June 2, 2023, as shown below:

Table 4 – Average HQ Attendance & Office Space Utilization

	Monday	Tuesday	Wednesday	Thursday	Friday	Daily Average
Attendance	66	124	133	89	45	91
UR at 150 USF / person	14%	27%	29%	19%	10%	20%
UR of 219 USF / person	21%	39%	42%	28%	14%	29%

Source: OIG summary of CPSC information.

[18] GSA defines special spaces as spaces that have unique architectural or construction features, require installation of special equipment, or require varying sums to construct, maintain and or operate compared to office areas. Examples of special spaces include conference rooms and fitness centers.

[19] During the audit period, the GSA recommended a range of 150 to 180 USF per person. Subsequent to the audit period, GSA released guidance with a target utilization of 150 USF per person.

On the average week, the agency utilized only 20 percent of HQ's leased space capacity when using GSA's recommended benchmark of 150 USF of office space per person.[20] If we only include the highest attended day of the week (Wednesday), the CPSC still only utilized 29 percent of HQ's leased office space capacity. Even if all 316 assigned staff had reported to HQ every day, the CPSC would still only utilize 68 percent of their office space at the 150 USF rate.

Reduced attendance at HQ is not unique to the CPSC. The United States Government Accountability Office (GAO) published a study of headquarters building utilization for the 24 agencies subject to the CFO Act. Much like the CPSC, GAO's study found that 17 of the 24 agencies reviewed also had an average utilization rate below 25 percent of their headquarters buildings' capacity.[21] The GAO's study indicated that all 24 agencies studied identified one of the factors leading to underutilization of their respective office space was the increase of telework and remote work. Similarly, it appears the increase in telework authorized by the TPP has had a significant impact on the CPSC's need for leased space.

Source: GAO-23-106200

[20] While GSA presents USF as a range, we opted to use a single number for clarity in the discussion.
[21] See *Preliminary Results Show Federal Buildings Remain Underutilized Due to Longstanding Challenges and Increased Telework* July 13, 2023.

PART I: COMPLIANCE AND INTERNAL CONTROLS

Effective internal controls are critical to an organization's ability to efficiently and effectively manage its resources in support of its mission. In the CPSC's *Strategic Plan 2023-2026*, the agency recognized the importance of internal controls over program operations in its Strategy 4.2.2, "Promote transparent and effective use of resources." Overall, we found the agency's internal controls over space utilization were ineffective primarily due to inadequate planning, a lack of documented policies and procedures, the use of inadequate and inaccurate data in decision-making, and management's belief that the reduction of space would "negatively impact [the CPSC's] public image."[22]

We assessed the CPSC's compliance with laws and regulations for space utilization. We found instances of non-compliance by the CPSC with basic requirements such as the establishment of a real property data quality program, the failure to train employees on personnel programs, and the failure to monitor compliance with said personnel programs. Without process improvements in these foundational areas, the CPSC risks ineffective planning for the use of agency resources and the fostering of an unethical culture; both of which may lead to fraud, waste, and abuse of government resources.

The OIG calculated that $98.772 million of the rent expense associated with OAs with GSA were improperly executed. This was because the CPSC official executing the OAs lacked the authority to commit or obligate the CPSC to make the payments in question. These expenses consist of the rent associated with the OAs that were in place during the audit period, or that the agency committed to during the audit period (HQ OA renewal). These costs are henceforth referred to as questioned costs. Once the current HQ lease was signed on April 1, 2021, the agency was committed to pay for the space until December 26, 2024. Additionally, the OIG calculated $2.258 million in avoidable rent expense for the remainder of the HQ OA term associated with ineffective internal controls. As these expenses are avoidable if management takes action to implement and complete the recommendation, these avoidable expenses are henceforth referred to as funds put to better use.[23]

[22] Senior Management Official, "Letter to the Director of the Public Building Service, GSA" (unpublished manuscript in the author's possession, 2019).
[23] See 5 U.SC. § 405.

Inadequate Internal Controls Over Real Property

Internal control is a process used by management to help an entity achieve its objectives. The control environment is the foundation for an internal control system. It provides the discipline and structure, which affects the overall quality of internal control. It influences how objectives are defined and how control activities are structured. Having established an effective control environment, management assesses the risks facing the entity as it seeks to achieve its objectives. Control activities are the actions management establishes through policies and procedures to achieve objectives and respond to risks in the internal control system, which includes the entity's information system. Management should use quality information to support the internal control system.

This audit is not the first time the OIG has looked at the CPSC's controls over its use of capital assets. The OIG's Survey of CPSC's Capital Assets Program[24] found the CPSC lacked a formal process for determining its office space needs. Though more than a decade has passed since this report, the CPSC continues to have significant internal control deficiencies related to real property management. During this audit we found the agency failed to:

- perform a risk assessment related to space utilization and/or its real property needs
- document policies and procedures for the development of the agency's Real Property Capital Plan
- document the delegation of authority to commit or obligate the CPSC for leased real property
- document and follow policies and procedures for OA renewals
- follow the GSA recommended timeline for OA renewals
- establish and maintain a real property data quality program which resulted in inaccurate life cycle costs and space relinquishment decisions unsupported by data
- communicate accurate real property data between program offices
- enforce personnel polices the agency relied upon to determine its space utilization needs

In its July 2023 Real Property Capital Plan, the CPSC acknowledged that the agency had a real property gap of excess leased holdings of 54 percent. In other words, the CPSC had twice as much space as it needed. Yet, the agency only budgeted to relinquish 22 percent of space during

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[24] See *Survey of CPSC Capital Assets Program,* March 31, 2012.

the 5-year period they analyzed.[25] Additionally, the agency stated that the need to relinquish leased office space was derived from TPP data which had an in-office requirement of two days per pay period. In 2019, prior to the TPP, when staff were expected to be in the office 6 of 10 days per pay period, GSA PBS appears to have recommended a 22 percent decrease in agency space at HQ. And despite later identifying an excess property gap of 54 percent in 2023, CPSC only budgeted to return 22 percent of its HQ space.

The CPSC did not adequately identify real property objectives and risks, establish policies or procedures to achieve objectives and respond to risk, train its employees regarding real property objectives, or properly prioritize the agency mission. By failing to perform a risk assessment, establish policies and procedures, perform training on established policies and procedures, monitor policies and procedures in place, and follow GSA recommendations; the agency wasted, and will continue to waste, significant financial resources on underutilized leased space. Moreover, the CPSC's failure to achieve the relevant GAO *Standards for Internal Control in the Federal Government* (Green Book) principles and components impaired the fulfillment of essential operations or mission. This meets OMB's definition of a material weakness in internal control over operations.[26]

This occurred because the CPSC had an ineffective risk assessment process which did not adequately balance the risks to mission with a perceived need for office space at HQ. Therefore, the CPSC prioritized space over service delivery, and as a result is now obligated to expend more than $3.785 million in funds over the term of the lease which could have been put to better use had they followed the advice of the real estate professionals at GSA PBS.

The OIG identified 25,380 USF associated with GSA PBS' 2019 recommended space reduction at CPSC HQ.[27] In calculating questioned costs, the OIG analyzed the 25,380 USF associated with GSA PBS's recommendation for the entirety of the renewed HQ OA. The OIG utilized actual rent bills charged by GSA with annual cost escalation equal to the average yearly cost escalation detailed in the agency's HQ OA. In calculating funds put to better use, the OIG utilized the same

[25] In its 2023 Real Property Capital Plan, the CPSC did not specify the definition of space it was utilizing for the relinquishment of space.
[26] See OMB M-16-17, *OMB Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control.*
[27] In its Real Property Capital Plan, the CPSC identified that phases one and two of its three phased relinquishment plan equaled 22 percent of leased office space. However, according to the building lease, the spaces the CPSC identified for phases one and two round up to 23 percent of the leased space. The OIG utilized the building lease values for the purposes of this report.

methodology as questioned costs, except that as the agency could not realize any monetary savings for space relinquishment until 16 months after the OA commenced, the costs associated with the period August 26, 2023, to December 26, 2024, were not included. The table below shows the calculations, including deductions, for the estimated cost to return the space as well as an estimated cost to refurbish the retained office space to support higher density seating.

Table 5 - Office Space Relinquishment Net Costs (in millions)

	Questioned Costs	Funds Put to Better Use
Lease Costs	$5.805	$4.278
Refurbishment Costs	($1.842)	($1.842)
Removal Costs	($0.178)	($0.178)
Net Costs	$3.785	$2.258

Source: OIG summary of CPSC information.

We recommend CPSC management:

1. Develop, document, and use a risk-based methodology to analyze agency space needs.
2. Perform and document a risk assessment on the agency's space utilization and need for real property.
3. Design and implement policies and procedures to create an effective real property management program.
4. Develop and utilize an occupancy renewal schedule that aligns with General Services Administration guidance.
5. Train employees on the newly developed risk-based methodology.
6. Establish and operate monitoring activities of the policies and procedures to evaluate if the procedures are operating effectively. Remediate any deficiencies identified during monitoring activities as applicable.
7. Determine whether the $3.785 million of questioned costs related to the 25,380 useable square feet of space associated with General Services Administration Public Building Service's 2019 recommendation of space reduction at CPSC headquarters is reasonable and necessary in the circumstances.
8. Relinquish space equal in value to the $2.258 million of funds put to better use related to the 25,380 useable square feet of space associated with General Services Administration Public Building Service's 2019 recommendation of space reduction at CPSC

headquarters or demonstrate usage in line with General Services Administration's benchmarks.

Deficient Delegations of Authority

Green Book states that management should delegate authority to key roles throughout the entity. GAO also states that management should develop and document its internal control system including delegations of authority.

According to the C.F.R., OAs are written agreements between the GSA and a customer agency (such as the CPSC) that describes the financial terms and conditions relating to the assignment of GSA controlled space occupied by the customer agency. OAs obligate the customer agency to fund the current fiscal year rent obligation owed to the GSA.

The C.F.R. states that "authorized GSA and customer agency officials who can commit or obligate the funds of their respective agencies can execute an OA."[28] The GSA *Leasing Desk Guide* states that GSA should always work with an authorized ordering official, which GSA defines as "someone who has the appropriate authority to request space and obligate the agency financially."[29]

Furthermore, the C.F.R. states that the Commission has the authority to delegate most functions and powers to any officer or employee of the Commission. These delegations are to be documented in the Commission's directive system and available for public inspection in the public reading room at CPSC headquarters. Per the CPSC's Procurement System Directive, only an official with a proper delegation of authority can obligate the CPSC. Generally, contracting officers are the only officials authorized to obligate funds on behalf of the CPSC, with limited exceptions.[30] OAs are not listed as one of the limited exceptions. Finally, the CPSC *Directive on Directives and Delegations of Authority* calls for each directive and delegation to be reviewed for possible revision or cancellation at least once every five years.[31]

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[28] See 41 C.F.R. § 102-85

[29] See GSA PBS *Leasing Desk Guide, Chapter 1: Requirements Development*, updated June 7, 2019

[30] See CPSC Directive D1001 *Consumer Product Safety Commission (CPSC) Procurement System*, effective May 22, 2019.

[31] See CPSC Directive D100 *System of Internal Directives, Delegations of Authority, Implementing Procedures, and External Forms and Manuals,* effective November 20, 2018, superseded by CPSC Directive 100 *Directive on Directives and Delegations of Authority,* effective September 21, 2022.

During the audit we found that, for each of the three CPSC facilities, the Director of Facility Services executed the OA. We requested supporting documentation for the Director of Facility Services' delegated authority from within the agency to commit or obligate the CPSC. The agency provided a letter from GSA to the CPSC Executive Director documenting GSA's approval of the Director of Facility Services to represent GSA as a liaison between the CPSC and the landlord's representative and authorizing the Director of Facility Services to approve tenant alteration projects not to exceed $150,000 per individual tenant alteration project.

This delegation letter from GSA, however, is problematic on two fronts. First, this letter does not provide the Director of Facility Services with CPSC management's delegated authority to commit or obligate the CPSC for the execution of OAs. Second, the current CPSC directive system does not delegate authority to the Director of Facility Services for tenant alteration projects. The applicable CPSC directive, which the agency last reviewed in February 2006, states the authority to obligate funds for renovation, building alterations, and reimbursable services is delegated to the Assistant Executive Director, Office of Information and Technology Services, at an amount not to exceed $100,000 per order.[32]

No further documentation was provided by the CPSC to support the Director of Facility Services' delegated authority to commit or obligate the CPSC for leased real property or tenant alterations.

The CPSC's failure to adequately document a delegation of authority to the Director of Facility Services to commit or obligate the CPSC for leased real property was a consequence of both the agency's inability to follow its own policies and procedures as well as the lack of a formal mechanism for tracking delegations of authority. As a result, the agency improperly entered into multiple OAs with GSA which led to substantial questioned costs.

For questioned costs, the OIG only considered OAs that were effective during the audit period, or that the agency was already committed to during the audit period (HQ OA renewal).[33] While there is significant risk that prior OAs may also have questioned costs associated with the lack of delegated authority, the OIG did not consider these OAs within the scope of the audit.

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[32] See CPSC Directive 0365.3 *Authority to Obligate Funds for Renovation, Building Alterations, Reimbursable Services*, effective April 24, 2003.

[33] For the purposes of calculating questioned costs, the OIG did not evaluate associated building expenses (e.g. utility expenses) or tenant alterations during the audit period.

In calculating the questioned costs, the OIG used the following methodology:

A. prior to FY 2022, questioned costs are derived from the amount printed on the front of the applicable OA
B. FY 2022 through FY 2024, questioned costs reflect rent bills received from GSA
C. beyond FY 2024, questioned costs were derived from actual FY 2024 rent bills increased by the average annual cost increase for each OA, which amounts to less than one percent per year

Questioned costs include only amounts related to OAs in force during the audit period until the end of that OA's term.

The CPSC provided inadequate oversight of the lease process which led to questioned costs of $98.772 million which may have been unsupported and unallowable.

We recommend CPSC management:

9. Establish and document policies and procedures that ensure only officials with the authority to commit or obligate the CPSC execute occupancy agreements, including a process to keep all delegations of authority available for inspection.
10. Determine whether questioned costs for prior expenditures of $29.573 million and future expenditures of $69.199 million are supported and allowable.
11. Review the delegation of authority for tenant alteration projects and determine whether the delegation should be revised, canceled, or certified as current.

Failure to Establish a Data Quality Program

Federal regulations require agencies to use quality information to achieve their respective objectives and require the development and maintenance of a quality data program. Specifically, OMB's *Guidelines for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by Federal Agencies* states that agencies "shall develop a process for reviewing the quality (including the objectivity, utility, and integrity) of information before it is disseminated. This process shall enable the agency to substantiate the quality of the information it has disseminated through documentation or other means appropriate to the information."

Furthermore, in accordance with Appendix A to OMB Circular A-123, *Management of Reporting and Data Integrity Risk*, agencies that are subject to the Digital Accountability and Transparency Act, including the CPSC, must develop and maintain a Data Quality Plan that considers the incremental risks to data quality in federal spending data and any controls that would manage such risks in accordance with OMB Circular No. A-123. In an effort to accomplish this requirement, OMB M-18-21, *Designation and Responsibilities of Agency Senior Real Property Officers,* tasked Senior Real Property Officers (SRPOs) with establishing and maintaining a real property data quality program to ensure the accuracy, completeness, and continual improvement of real property data to help drive agency management decisions. This memo also required the SRPO to coordinate all real property program elements including real property planning, budget formulation, and execution in support of the Chief Financial Officer and management functions. Additionally, every three years, SRPOs are required to enlist an outside organization to assess performance and identify necessary improvements, with the SRPO being responsible for implementation of any applicable corrective action plan.

Due to a lack of agency support and dedicated resources, the CPSC's SRPO failed to develop a real property data plan to ensure accurate and complete data is available to drive agency management decisions regarding space use and budget priorities. The CPSC did not establish policies, procedures, and training to ensure management obtains and uses quality information in reaching the agency's objectives.

The lack of a real property data quality program caused multiple adverse effects for the CPSC. First, the lack of a data quality program led to the agency utilizing an inaccurate life cycle cost estimate which overestimated potential savings for its proposed space reduction by approximately $1.88 million.[34] Second, the lack of a data quality program led to the agency finance and budget offices not receiving the final OA renewal for the FY 2024 through FY 2028 period. This resulted in the agency underestimating its rent expense in the FY 2024 operating budget, as well as understating its estimated future lease payments in the agency's FY 2023 financial report by more than $3.5 million.[35]

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[34] For more information on the overestimated savings, see the ensuing finding.
[35] In accordance with OMB Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*, as of FY 2024 future lease payments of intragovernmental leases are no longer required to be disclosed in the agency's notes to the financial statements.

We recommend CPSC management:

12. Design and implement a real property data quality program that ensures accurate and complete data are available to drive agency management decisions.
13. Train employees on the newly developed data quality program.
14. Adopt policies and procedures that establish a process to have an organization outside of the office of the Senior Real Property Official provide independent triannual data validation and verification.

The CPSC Did Not Base Decisions on Accurate Data

In accordance with OMB Circular A-11, *Preparation, Submission, and Execution of the Budget*, "all agencies are required to conduct frequent data-driven organizational performance reviews and strategic reviews." One of these data-driven performance reviews, outlined in OMB M-23-15, *Measuring, Monitoring, and Improving Organizational Health and Organizational Performance in the Context of Evolving Agency Work Environments,* calls for agencies to "identify a set of indicators, which may be adjusted over time, that each agency-identified major operating unit will use for measuring, monitoring, and improving organizational health and organizational performance. These include indicators that support agency assessment of and decision-making related to current and future work environments."

Specifically, OMB M-22-14, *FY 2024 Agency-wide Capital Planning to Support the Future of Work,* states that agencies should rely on evidence, including the collection and use of data, when making their office space and capital decisions.

Finally, OMB's *Capital Programming Guide* stresses that capital assets should achieve performance goals with the lowest life-cycle costs and least risk. It also emphasizes that managers at all levels; including the CPSC, OMB, and Congress; cannot make the best decisions for the allocation of resources without accurate information of life-cycle costs and performance of current and proposed assets.

In developing the agency's real property capital plan, the agency took a sample of office attendance for one week per month from May 2022 through April 2023. This sample showed low overall attendance at the agency's headquarters. On July 11, 2023, the CPSC published its real property capital plan which stated that the agency had a current real property gap of excess leased holdings and planned to relinquish up to 54 percent of its current leased space in a 3-phase process. However, despite acknowledging the existence of the 54 percent surplus of space, the agency only budgeted for the relinquishment of 22 percent of its leased space during the 5-year period covered in the report.

When determining which spaces could realistically be vacated the agency followed GSA's guidance for determining what constitutes marketable spaces, and thus could be relinquished. However, according to CPSC management, the agency considered certain floors as off limits and thus excluded them from the determination process, for the following reasons:

- The 4th floor North was not considered because it includes the hearing room, security lobby, mailroom, and copy center.
- The 5th floor South was not considered since it houses the server room and provides numerous hoteling spaces.
- The 7th floor North was not considered as it houses the commissioner suites.

This relinquishment plan contains several data related issues. Specifically, as discussed in greater detail below, the agency:

- did not provide data to justify how it arrived at its relinquishment conclusions
- provided no indicator (e.g. metric), baseline to support the agency assessment of the appropriate amount of square feet to relinquish
- made space relinquishment decisions that are counterintuitive to the CPSC's stated indicator of spaces with few workstations for the consideration of space to be relinquished
- did not provide support for their stated prioritization process, nor did they provide the applicable weights for the prioritization criteria
- did not consider publicly available data for alternative locations
- made significant errors in calculating its estimated life cycle costs

In its real property plan, the CPSC stated it would consider spaces with a low number of offices and workstations per square foot of space for relinquishment. The table below details the number of workstations and the USF per workstation for floors considered for relinquishment at HQ.

Table 6 – USF per Workstation by Floor		
Floor	Number of Workstations	USF per Workstation
5th Floor North	65	237
6th Floor North	63	205
7th Floor South	49	202
8th Floor North	49	222
8th Floor South	69	200

Source: OIG summary of CPSC information.

Using the agency's prioritization indicator of square feet per workstation, the data supports the agency prioritizing the relinquishment of the 5th floor North followed by the 8th floor North. The 5th floor North was not identified as space to be relinquished in either of the first two phases by the CPSC.

Moreover, the CPSC stated the criteria for prioritizing proposed alternatives included savings estimates, timeline, and efficiency and efficacy. Yet, the agency did not provide support for the savings estimates, timeline, or efficiency and efficacy for the various floors being considered for relinquishment; nor did the agency provide any applicable weights for the prioritization criteria.

The agency should consider the opportunity costs of each area. For example, the 6th floor North is currently set up for a flexible workspace environment, thus it would require minimal reconfiguration costs. On the other hand, floors such as the 5th floor North would require considerable costs to reconfigure as they contain larger amounts of inflexible space. The 6th floor North was identified for relinquishment as part of phase two, while the 5th floor North was not identified for relinquishment for either of the first two relinquishment phases.

Even though M-20-03 requires agencies to consider all feasible alternatives to eliminate real property gaps, in its real property plan the agency identified only one "alternative." It compared the proposed three phased space reduction plan for the HQ facility to relinquishing space at NPTEC. As the agreement with GSA regarding NPTEC is non-cancellable, the agency concluded the "alternative" was not a viable option.

There is no record that the CPSC analyzed any feasible alternative available to it. For example, the GSA PBS publishes information on all

GSA PBS owned and leased facilities to include the quantity of space owned or leased, vacant usable space, and both the cost and lease expiration date. Nonetheless, the CPSC did not consider relocating HQ to other nearby GSA PBS facilities when performing its alternative analysis. Per OIG's analysis of nearby GSA PBS facilities, the GSA PBS has a nearby facility that contains enough space, including hearing room space, access to a gym, subsidized parking, and access to a Metro station that is closer than the nearest Metro station at HQ. This nearby location has a lower per square foot cost than HQ.

Finally, as required by M-20-03, the agency calculated an estimated life cycle cost related to the CPSC's real property gap of nearly $5.5 million for the period FY 2024 through FY 2028.

In calculating its estimated life cycle costs, the agency made the following six errors:

- The agency calculated the savings using the market rent rate for FY 2024 exclusively, when it had the market rent rate for FY 2025 through FY 2028 available.
- The agency did not consider that its decision to renew the OA on January 28, 2020, and GSA's execution of a lease agreement with the landlord on February 15, 2021, made the agency financially responsible for the entire leased space until December 26, 2024, and thus made its phase one relinquishment impossible to implement as well as reduced the time period for phase two relinquishment savings.
- The agency did not take into consideration that the OA concluded prior to the conclusion of FY 2028.
- The agency failed to include the GSA PBS fee in its calculation.
- The CPSC failed to reduce their calculated savings on the pro-rata basis of the unearned portion of free rent and other concessions into the life cycle cost, as stipulated in its OA with GSA.
- Finally, the agency made a simple, but large arithmetic error. The agency calculated the nearly $5.5 million savings by assuming five years of savings at $370,788 in phase one and four years of savings at $930,468 at phase four. However, the agency double counted the phase one savings in years 2-5.

The table below displays the agency and OIG calculations of savings.[36]

Table 7 - Agency Life Cycle Calculation						
	Agency Calculation			**OIG Calculation**		
	Years at Phase	Phase Rent Savings	Annual Rent Savings	Years at Phase	Phase Rent Savings	Annual Rent Savings
Phase One	5	$370,788	$1,853,940	-	-	-
PBS Fee Phase One	-	-	-	-	-	-
Phase Two	4	$930,468	$3,721,872	3.66	$952,746	$3,489,764
PBS Fee Phase Two	-	-	-	3.66	$66,700	$ 244,212
Agency estimated relinquishment costs			$(90,000)			$ (90,000)
Rent concessions not earned			-			$ (41,058)
Total			**$5,485,812**			**$3,602,918**

Source: OIG summary of CPSC information.

As detailed above, these errors in budgeting and planning resulted in the agency overstating its life cycle cost savings estimate by approximately $1.88 million, which is 52 percent of the OIG's estimated life cycle savings.

The CPSC did not prioritize the utilization of accurate data to make policy decisions, nor did it prioritize useful indicators for the agency to measure, monitor, and improve organizational performance. The agency failed to establish indicators to support the agency's assessment of, and decision-making related to, current and future work environments. This resulted in the agency making suboptimal policy decisions related to the relinquishment of space and resulted in the mismanagement of resources.

We recommend CPSC management:

15. Establish routines to assess and optimize resource utilization on an ongoing basis.
16. Identify useful indicators for measuring, monitoring, and improving organizational performance to support agency assessments of current and future work environments.

[36] In calculating the phased rent savings, the OIG utilized the average annual rates identified in the HQ OA for FY 2025-FY 2028.

Non-Compliant Real Property Capital Planning

OMB M-22-14 required agencies to prepare an annual capital plan by December 16, 2022, in accordance with the capital plan requirements established under OMB M-20-03. These requirements include:

- define mission requirements for real property
- conduct a prioritized needs assessment
- perform alternatives analysis
- describe the agency's prioritization scheme
- perform a portfolio cost estimate
- define performance goals and metrics
- define Chief Financial Officer and Senior Real Property Officer responsibilities for the real property capital plan
- describe how the capital plan integrates with the agency's budget process
- identify major business lines and related property needs
- description of the agency's comprehensive needs assessment
- list the agency's prioritized projects
- plan for the appropriate five-year period that aligns with the agency's budget cycle

The CPSC did not develop policies and procedures to establish an effective real property capital plan. Specifically, the agency failed to:

- explain how the agency's optimized real property portfolio links to and supports the agency's strategic plan
- adequately describe its process used to conduct its real property needs assessment
- demonstrate it evaluated and identified the best methods to perform an alternative analysis in its Real Property Capital Plan
- detail how the agency's priority scheme is aligned with the agency's strategic priorities
- describe how the capital plan will be integrated into the annual budget process
- assess whether asset types within a business line, and the business line as a whole, have sufficient capacity to meet mission requirements, as well as detail how asset types within each business line are assessed for utilization
- summarize the methodology used by the agency to calculate the life cycle costs
- plan for the appropriate five-year period that aligned with the agency's budget cycle

This occurred because the agency failed to prioritize comprehensive planning across impacted offices during the development of its capital plan.

The failure to establish policies and procedures that comply with laws and regulations resulted in the agency making errors beyond noncompliance. First, the agency planned for an inappropriate five-year period. As a result, the Office of Financial Management, Planning, and Evaluation did not receive notice of the agency's estimated lease expense savings until after the agency had submitted its proposed budget for FY 2024 to OMB. Second, the agency's failure to complete a valid alternative analysis did not provide the CPSC with an array of cost-effective alternatives for consideration, leading to the waste of financial resources that could have been put to better use to meet mission priorities.[37]

We recommend CPSC management:

17. Determine and detail how the agency's optimized real property portfolio links to and supports the agency's strategic plan.
18. Develop a comprehensive needs assessment in sufficient detail for the reader to understand how the agency assessed its real property needs.
19. Demonstrate how the agency evaluated the best methods in performing its alternative analysis in future Real Property Capital Plans.
20. Establish and detail the link between the agency's priority scheme and the agency's strategic priorities.
21. Determine and detail how the capital plan will be integrated into the annual budget, to include newly implemented processes for planning, formulation, and execution of the agency's budget.
22. Determine and detail how the agency assesses whether asset types within its business lines, and the agency as a whole, have sufficient capacity to meet mission requirements. Additionally, describe how asset types for each business line are assessed for utilization.
23. Include a summary in the Real Property Capital Plan for the methodology used by the agency to calculate the life cycle costs.
24. Establish standard operating procedures to ensure the real property capital plan is completed annually by August 15, covers the appropriate five year period, and meets all of the Office of Management and Budget's criteria.

[37] See finding "THE CPSC DID NOT BASE DECISIONS ON ACCURATE DATA."

Non-Compliance With Telework Pilot Program

In accordance with OMB M-22-14, agencies should rely on evidence when making office space and capital planning decisions, including the collection and usage of data and information regarding the effects of personnel policies and procedures on mission delivery, employee engagement, as well as workspace utilization.

The CPSC explicitly stated that it would utilize TPP data in planning for its future space needs. In addition to affording management and employee flexibility, the TPP was designed to allow management to evaluate future physical space needs of the CPSC. Under the TPP, employees approved to telework were to report onsite at least twice per pay period. This twice per pay period requirement is the minimum requirement to establish employees' regular worksite as their official worksite.[38]

Federal regulations also require every employee to be responsible for placing loyalty to the Constitution, laws, and ethical principles above private gain. Specifically, employees shall put forth honest effort in the performance of their duties.[39] Furthermore, every employee attests to the accuracy of their time and attendance data with the understanding that intentional submission of false time and attendance data may lead to disciplinary action up to and including removal from federal service.[40]

Finally, Green Book states that management should establish processes to evaluate performance against the entity's expected standards of conduct and address any deviations in a timely manner.

The OIG found no evidence that agency management had established a process to evaluate employee compliance with the TPP. The OIG took a statistically valid sample of employees during the audit period and compared the employees' sampled timesheet to their office attendance. After removing sampled employee timesheets for approved exclusion criteria (e.g. the employee was on leave for an entire week), the OIG found that one in five sampled employees stationed at the agency's headquarters during the audit period failed to meet the onsite requirements of the TPP. Moreover, the OIG found that approximately one percent of employees assigned to HQ failed to report to HQ a single time during the audit period. However, agency management took no corrective action during the period.

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[38] See 5 C.F.R. § 531.605.
[39] See 5 C.F.R. § 2635.101.
[40] See *Quicktime [sic] Time and Attendance for Employees.*

The CPSC's management failed to train its employees on the standards of conduct and requirements of the TPP, neglected to monitor compliance with the TPP, and eschewed enforcement of the attendance requirements of the TPP. This inaction by CPSC management allowed agency personnel to not comply with the onsite reporting requirements of the TPP.

The next table clearly shows a significant drop in attendance from the first month, where employees were first called into the office, compared to later months in the audit period. The comparison of May 2022 with May 2023 displays a nine percent decrease in attendance at HQ. Furthermore, this significant drop in attendance ran counter to OMB's expectation that agencies would substantially increase meaningful in-person work at federal offices, particularly agency headquarters.[41] As such the agency failed to promote the efficient utilization of space.[42]

Table 8 - Average Attendance at HQ

Year	Month	Monday	Tuesday	Wednesday	Thursday	Friday	Average per month
2022	May	78	139	151	100	51	105
2022	June	82	133	140	91	51	102
2022	July	72	122	142	90	43	92
2022	August	69	114	131	85	48	91
2022	September	63	118	124	92	46	88
2022	October	52	125	137	95	47	91
2022	November	59	118	119	82	35	89
2022	December	61	106	114	66	36	75
2023	January	61	124	136	96	46	96
2023	February	69	126	124	97	51	94
2023	March	71	132	140	92	46	96
2023	April	58	130	131	85	45	90
2023	May	63	128	139	90	41	96
Average Per Day of Week		**66**	**124**	**133**	**89**	**45**	

Source: OIG summary of CPSC information.

Additionally, there is an increased risk that the agency is paying the incorrect locality pay for agency employees who fail to meet the two time per pay period in-office requirement; as the official worksite for these employees should be the location of the employee's telework site.[43]

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[41] See OMB M-23-15, *Measuring, Monitoring, and Improving Organizational Health and Organizational Performance in the Context of Evolving Agency Work Environments.*

[42] See 41 C.F.R. § 102-79.50.

[43] See 5 C.F.R. § 531.605.

Management's repeated failure to hold employees accountable[44] risks fostering an unethical culture where mandatory rules are interpreted as optional by agency employees and directly contradicts the agency's Strategic Objective 4.3: Foster public trust in the Commission by holding employees and officials to high standard of ethics.

We recommend CPSC management:

25. Establish processes to evaluate performance against expected standards of conduct for compliance with agency policies in the area of time and attendance keeping.
26. Train employees on the standards of conduct related to time and attendance keeping.
27. Monitor compliance with agency policies and address deviations in a timely manner via random audits or other appropriate methods.
28. Hold entity personnel accountable for performing assigned internal control responsibilities regarding time and attendance keeping.

[44] See *Report of Investigation Regarding the 2019 Clearinghouse Data Breach,* September 25, 2020, and *Human Capital Program Assessment,* March 30, 2023.

PART II: CPSC UTILIZATION OF LEASED SPACE

The CPSC has two leased facilities that contain substantial commercial office space, NPTEC and HQ. Within these leased facilities, the agency has two main types of space: traditional office space and special spaces such as fitness centers, conference rooms, and storage. Different space types require separate analyses to evaluate the efficiency of use, thus we analyzed each space type and location individually. Overall, we found that the CPSC did not promote the efficient utilization of space at an economical cost to the government.

The OIG calculated that $4.959 million of rent expense associated with the renewed OA was unnecessary or unreasonable. These costs meet the definition of questioned costs.[45] Once the current HQ lease was signed on April 1, 2021, the agency was committed to pay for all the space until December 26, 2024. The OIG has calculated that $3.088 million of the above-mentioned $4.959 million is an avoidable rent expense for the remainder of the OA term. As these expenses are avoidable, if management takes action to implement and complete the recommendation, this $3.088 million in avoidable expense meets the definition of "funds put to better use."[46]

The costs listed above are all based on 111,254 assigned USF. The above numbers summarize the breakouts from each of the named sections which follow. We provided management with a copy of a draft of the report and management provided several important additional pieces of information regarding the cost of returning space. These costs are now factored into our calculations. Management provided two actual and one proposed cost for returning space. We elected to accept the highest number and rounded it up to the nearest whole dollar per square foot amount to be conservative in our calculations. We did not audit these costs and thus do not express an opinion on the accuracy of the amount.

Office Space at HQ is Underutilized

The standards for evaluating the economical use of federal facilities are outlined in 41 C.F.R. 102-79.20. Executive agencies must:

- promote optimum use of space for each assignment at an economical cost to the government
- promote efficient utilization of space

[45] See 5 U.SC. § 405.

[46] See *Id.*

- provide quality workspace that is delivered and occupied in a timely manner
- assign space based on mission requirements

The CPSC currently measures space utilization via the "Total Office" method. The GSA provides the following examples of space types that are considered Total Office space:

- *An office or open office space housing personnel and furniture*
- *Closets within the general office space*
- *Private corridors*
- *Meeting and training rooms that do not meet criteria for conference/training*
- *Storage in office space*
- *Reception space*
- *Health rooms without equipment*
- *File space without increased floor load*
- *Pedestrian processing space at land ports of entry*
- *Property Management Office*
- *Maintenance and contractor space used specifically to support or service the building.*[47]

The Total Office method is calculated by taking the total office space and multiplying that number by a factor of 0.78, to remove "office support space" such as interior corridors, break rooms, security guard areas, and other unassigned space. By this method, the agency has an office utilization rate of 219 USF per person at HQ,[48] substantially exceeding GSA's recommended benchmark of 150 USF per person.

According to senior GSA officials, the federal government may move away from measuring required office space by USF per person and towards an available workspace, or seat per person, measurement. Therefore, we also reviewed the seating capacity at HQ. We found that the agency had approximately 400 workstations during the audit period, when there were approximately 316 personnel assigned to the building. This configuration provided surge capacity for 84 additional employees above those assigned to HQ. In addition, the agency could also utilize some of the current inventory of 327 meeting and conference room seats on a temporary basis if more than 400 people were in HQ on a given day. This capacity is more than adequate to provide space for every CPSC

[47] See *National Business Space Assignment Policy*, September 2022 edition.
[48] The utilization rate of 219 was determined by multiplying the office space at HQ (88,891) by the Total Office factor (0.78) and dividing by the total HQ assigned FTEs (316).

employee for one day should the need arise without including seats in the hearing room. The number of available seats is far greater than the total number of CPSC employees.

Meeting space and conference rooms are two different kinds of spaces in GSA's definitions. Conference rooms must have several of the following amenities: special audiovisual equipment, chair rails, soundproofing, paneling, marker boards, and special lighting and ventilation.[49] The agency has seven rooms consisting of 2,223 USF at HQ that were previously identified as conference rooms that lack the required features to be considered a conference room and thus are more appropriately considered meeting rooms, a subset of office space per GSA guidelines. Of the seven meeting rooms, three of these rooms are reservable via the agency's calendar reservation system. The table below depicts the utilization of the 3 reservable meeting rooms during the 13-month audit period.[50]

Table 9 - Reservable Meeting Room Space

Meeting Rooms	Seating Capacity	Hours Reserved	Hours Vacant
504A	16	49.50	1,570.50
517A	6	1.50	1,618.50
523D	10	-	1,620.00
Total	32	51.00	4,809.00
Percent of Reservable Meeting Room Space Utilized During Audit Period			**1.05%**

Source: OIG summary of CPSC information.

Three of the four non-reservable meeting rooms, rooms 516, 518, and 837D, were set aside for the housing of contractors during the audit period. However, none of these conference rooms were actually utilized for this purpose during that time. These rooms were left largely untouched from March 2020, with one conference room still displaying February 2020 reports pinned to the walls during the audit period. The remaining meeting room is not reservable; thus, we have no data on its usage during the audit period. These rooms could provide additional seating for 76 employees on a temporary basis for surge capacity needs.

[49] See *National Business Space Assignment Policy*, September 2022 edition.

[50] We analyzed the utilization of these meeting rooms by comparing the duration of reservations for the reservable rooms to the total core hour time during the audit period. As CPSC employees are reasonably required to be available during the core hours of 9:30 AM and 3:30 PM, we defined core hour time as six hours per business day.

CPSC management asserted it was able to meet its mission despite reduced office attendance as supported by the agency's improved performance in 13 of 15 key performance measures from 2020-2023.[51] Thus, the CPSC is clearly able to satisfy its program purposes while only utilizing a small portion of the building's capacity. Consequently, CPSC's HQ office space is underutilized by the agency.[52]

In FY 2023, 4,117 USF of headquarters space = cost of one full time employee

The CPSC spent agency funds on underutilized office space that could have been put to better use. This underutilization was caused by several internal control issues (which are detailed in Part I of this report), low attendance by agency personnel, and management's belief that the reduction of space would "negatively impact [the CPSC's] public image."[53] The continued occupancy of the underutilized leased space wastes government funds and contravenes the requirement that agencies promote efficient utilization of space[54] at an economical cost to the government.[55]

The OIG identified up to 28,122 USF of excess HQ office space during the audit period. The 28,122 USF of excess HQ office space was determined by taking the difference between the total office space during the audit period at HQ and the amount of office space necessary to meet the GSA benchmark of 150 USF per person. Additionally, the agency should consider the need for further reductions to right-size the agency's leased office space to its planned optimized workforce. In calculating questioned costs, the OIG analyzed the costs associated with the 28,122 USF of underutilized office space for the entirety of the renewed HQ OA. The OIG utilized actual rent bills charged by GSA with annual cost escalation equal to the average yearly cost escalation detailed in the agency's HQ OA. In calculating funds put to better use, the OIG utilized the same methodology as questioned costs, except that as the agency could not realize any monetary savings for space relinquishment until 16 months after the OA commenced, the costs associated with the period August 26, 2023, to December 26, 2024, were not included. The table below shows the calculations including deductions for the estimated cost to return the space as well as an estimated cost to refurbish the retained office space to support higher density seating.

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[51] See *CPSC Directive 1080.2 Telework Program*, effective June 13, 2023.
[52] See 40 U.S.C. § 621; 41 C.F.R. 102-75.50(b).
[53] Senior Management Official, "Letter to the Director of the Public Building Service, GSA" (unpublished manuscript, in the author's possession, 2019).
[54] See 41 C.F.R. § 102-79.50.
[55] See 41 C.F.R. § 102-79.15.

Table 10 - Office Space Relinquishment Net Costs (in millions)	Questioned Costs	Funds Put to Better Use
Lease Costs	$6.432	$4.741
Refurbishment Costs	($1.762)	($1.762)
Removal Costs	($0.197)	($0.197)
Net Costs	$4.473	$2.782

Source: OIG summary of CPSC and publicly available information.

We recommend CPSC management:

29. Relinquish 28,122 useable square feet of underutilized headquarters office space, so that the corresponding funds, $2.782 million, can be put to better use; or provide documentation to the Office of Inspector General demonstrating usage in line with General Services Administration benchmarks.
30. Determine whether the expenditure of $4.473 million in questioned costs spent on 28,122 useable square feet of office space are reasonable and necessary in the circumstances.
31. Determine whether the expenditure of $4.473 million in questioned costs spent on 28,122 useable square feet of office space are supported and allowable.
32. Determine the appropriate utilization rate for the agency's leased office spaces.
33. Determine the appropriate minimum average annual occupancy rates for the agency's leased office spaces.
34. Take appropriate action to right-size the agency's leased office space in order to meet the agency's targeted utilization and occupancy rates and promote the efficient utilization of space at an economical cost to the government.

The CPSC Wastes Money on Underused HQ Fitness Center

Federal agencies may provide space for fitness programs. As part of their planning for staff fitness options, agency management must survey employees about their interest in fitness programs. Fitness programs should reflect employee interest and include a health-related orientation, such as screening procedures, identifying a skilled person to run the program, and having an approach that considers key health behaviors related to degenerative diseases.[56]

The CPSC was unable to provide any survey results of employee demand for fitness programs.

Additionally, federal agencies have three options to fund physical fitness programs: they can be fully funded by the agency, fully funded by employee contributions or fees, or a combination of the two. Employee contributions for physical fitness programs can be a significant source of funding as they may be used to reimburse the agency's appropriated fund established for the cost of space and services.[57] According to the United States Office of Personnel Management, employee contributions can help the agency maintain existing programs and facilities, ensure employees are committed to regular participation in the physical fitness program, and increase the public support for physical fitness programs.[58]

During the audit period, the CPSC fully funded the fitness program.

The CPSC leases approximately 3,000 USF at HQ for a fitness center. The fitness center consists of men's and women's locker rooms totaling 1,700 USF, as well as approximately 1,300 USF of exercise space equipped with treadmills, exercise bikes, ellipticals, stair steppers, and both free weights and weightlifting machines. The fitness center has direct access to the building's elevator and could reasonably meet GSA's definition of a marketable space.[59] The fitness facilities at NPTEC and SSF do not have swipe-controlled access, so we do not have any utilization data for them.

From May 2, 2022 – June 2, 2023, there were 3,392 swipes by 187 individuals, 162 employees and 25 contractors, into the CPSC's HQ fitness facility. Based on this data, the cost per entry was $40.49. One single contractor who no longer works at the CPSC made ten percent of the total swipes for the audit period. Removing contractors from the analysis, the cost per entry into the fitness center for employees only during the audit period was $55.16 per swipe. Of the 162 employees who swiped into the gym, 118 swiped in less than once a month on average. As the entrance to the fitness center is through the men's or women's locker room, it is not discernable if an individual swiping into the fitness center utilizes the facility for fitness purposes. For example, the fitness center

[56] See 41 C.F.R. § 102-79.35.
[57] See 40 U.S.C. § 490(k).
[58] See United States Office of Personnel Management, *Employee Health Service Handbook Chapter 2: Providing Physical Fitness Programs.*
[59] See *Pricing Desk Guide 5th Edition*, effective August 01, 2020.

locker rooms would represent the nearest restroom for several employees.

We compared the cost of maintaining the CPSC fitness center to the agency's cost for providing membership at the gym located across the street from HQ. This gym provides more copies of the same equipment plus other equipment, services, and amenities not found at the CPSC.

In determining how many employee memberships to compare against the cost of the leased space, we settled on including the 25 employees who swiped into the fitness facility at least 24 times during the audit period. The table below depicts the potential savings available during the audit period had the agency paid the full cost for CPSC employee memberships to the local gym during the audit period. The local gym offers both individual and group rates, both of which are reflected below.

Table 11 - Cost Comparison CPSC v Commercial Gym

	Individual Rate	Group Rate
FTEs with 24+ Swipes/Audit Period	25	25
Monthly Rate	$80	$70
Months in Audit Period	13	13
One Time Cost	$1,250	$-
Recurring Cost	$26,000	$22,750
Commercial Gym Cost	$27,250	$22,750
In-house Gym Cost	$137,344	$137,344
Savings	**$110,094**	**$114,594**

Source: OIG summary of CPSC data and local commercial gym cost information.

Alternatively, CPSC staff could utilize a new fitness facility on the ground floor of HQ which opened in December 2022. This gym is free for building tenants. This fitness center is equipped with additional items and updated versions of the equipment found in the CPSC gym in approximately 1,400 USF of exercise space. Furthermore, the fitness center also includes private men's and women's bathrooms, each equipped with a shower and towel service. With this option, the CPSC could save the full cost of the in-house gym which was $137,344 during the audit period.

The agency failed to determine its need to provide fitness space for its employees. As a result, the agency may be wasting resources that could be put to better use in meeting the agency's mission.

The OIG identified 3,000 USF of space associated with the CPSC fitness center. In calculating questioned costs, the OIG analyzed the cost of the 3,000 USF of space associated with the CPSC fitness center for the entirety of the renewed HQ OA. The OIG utilized actual rent bills charged by GSA with annual cost escalation equal to the average yearly cost escalation detailed in the agency's HQ OA. In calculating funds put to better use, the OIG utilized the same methodology as questioned costs, except that as the agency cannot realize any monetary savings for space relinquishment until 16 months after the OA commenced, the costs associated with that period of time were not included. Because of the nature of the required changes needed to return this space, CPSC management estimated that costs to return the fitness center would be significantly higher than office space. The table below shows the calculations:

Table 12 - Fitness Center Relinquishment Net Costs (in millions)

	Questioned Costs	Funds Put to Better Use
Lease Costs	$0.686	$0.506
Removal Costs	($0.200)	($0.200)
Net Costs	$0.486	$0.306

Source: OIG summary of CPSC and publicly available information.

We recommend management:

35. Relinquish 3,000 useable square feet of fitness center space, corresponding to underutilized fitness space, so that the corresponding funds, $306,000, can be put to better use.
36. Determine whether the expenditure of $486,000 of questioned costs spent on 3,000 useable square feet on the fitness center are reasonable and necessary in the circumstances.
37. Determine whether the expenditure of $486,000 of questioned costs spent on 3,000 useable square feet on the fitness center are supported and allowable.
38. Conduct a survey of the fitness needs of CPSC employees.
39. Use the results of the survey to develop an appropriate fitness program that meets the agency's mission requirements at an economical cost to the government.

40. Evaluate alternative usage, including relinquishment, of the fitness center space.
41. Evaluate the appropriate funding source(s) to promote employee commitment to regular participation in a physical fitness program.
42. Based on results of the evaluations performed in conjunction with recommendation numbers 40 and 41, take action to adopt strategies that promote the efficient delivery of a fitness program for agency employees at an economical cost to the government.

Conference Rooms Sit Empty

The CPSC has designated 13 rooms as special conference room spaces. Of the 13 conference rooms, 12 are reservable via the agency's calendar reservation system, while 1 room is not.

Conference rooms may be utilized without reservations, however the only practical method available to evaluate usage is through the reservation system as many conference rooms do not require badge access. Real estate professionals say organizations should aim for a conference room utilization rate of 40 – 60 percent. The table below depicts the utilization of the 12 reservable conference rooms: [60]

[60] We analyzed the utilization of these conference rooms by comparing the duration reservations of the reservable rooms to the total core hour time during the audit period. As CPSC employees are reasonably required to be available during the core hours of 9:30 AM and 3:30 PM, we defined core hour time as six hours per business day.

Table 13 - Reservable Meeting Room Space			
Conference Rooms	Seating Capacity	Hours Reserved	Hours Vacant
410A	22	24.5	1,595.5
420	60	268.5	1,351.5
520G	12	4.5	1,615.5
610C	12	99	1,521.0
610L	18	158.7	1,461.3
709	6	2.5	1,617.5
711	11	44	1,576.0
714	24	153.1	1,466.9
800	12	147.3	1,472.8
837A	17	83.8	1,536.3
837B	17	209	1,411.0
837C	38	95.5	1,524.5
Total	249	1,290.4	18,149.8
Percent of Reservable Conference Room Space Utilized During Audit Period			**6.64%**

Source: OIG summary of CPSC information.

Conference rooms 420A, 420B, and 420C each have a capacity of 20 seats. However, these conference rooms are subsections of the agency's hearing room and thus are not always available to reserve. The OIG reviewed the agency's public calendar and found the hearing room, Room 420 in its entirety, was reserved for 63 meetings across 44 days during the audit period. The hearing room's use included hearings (264 hours) as well as the reservations of the subsections. We have no data on the use of the remaining conference room, 836D.

In addition to the conference rooms housed within the leased office space, the CPSC is able to reserve two conference rooms provided by the landlord to all the building tenants for no additional charge. These conference rooms have capacities of 25 and 45 people, respectively, provide Wi-Fi and teleconferencing equipment.

CPSC management acknowledged it was able to meet its mission despite reduced conference room utilization as supported by the agency's improved performance in 13 of 15 key performance measures from 2020-2023.[61] Thus, the CPSC is clearly able to satisfy its program purposes while only utilizing a small portion of the conference room capacity. Consequently, the CPSC's conference room space at HQ is underutilized by the agency.[62]

The CPSC spent agency funds on underutilized conference room space that could have been put to better use. This underutilization was caused by several internal control issues (which are detailed in Part I of this report), low attendance by agency personnel, the lack of agency analysis on available data, and management's belief that the reduction of space would "negatively impact [the CPSC's] public image."[63] The continued occupancy of the underutilized leased space wastes government funds and contravenes the requirement that agencies promote efficient utilization of space[64] at an economical cost to the government.[65]

We recommend management:

43. Evaluate the agency's conference rooms for each space's respective best and highest use.
44. Based on the results of the evaluation performed for recommendation number 43, take action to utilize each space in their respective best and highest use in a cost-effective manner.

NPTEC Utilization Is Unknown

NPTEC primarily operates as a laboratory for the testing of consumer products, with 31,800 USF of laboratory space and 2,700 USF of sample storage space. NPTEC also contains 24,498 USF of office space, with workstations to accommodate the 122 people assigned to this facility. NPTEC has 157 USF of office space per person, which is in line with GSA's recommended benchmark of 150 USF of office space per person.

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[61] See *CPSC Directive 1080.2 Telework Program*, effective June 13, 2023.
[62] See 40 U.S.C. § 621; 41 C.F.R. 102-75.50(b).
[63] Senior Management Official, "Letter to the Director of the Public Building Service, GSA" (unpublished manuscript, in the author's possession, 2019).
[64] See 41 C.F.R. § 102-79.50.
[65] See 41 C.F.R. § 102-79.15.

Table 14 - NPTEC Average Attendance & Office Space Utilization						
	Monday	Tuesday	Wednesday	Thursday	Friday	Daily Average
Attendance	43	67	74	68	36	58
UR at 150 square feet / person	34%	52%	58%	53%	29%	45%
UR of 157 square feet / person	37%	57%	64%	58%	31%	49%

Source: OIG summary of CPSC information and GSA benchmarks.

Lab scientists spend a portion of their workday in the facility's 31,800 USF of laboratory space. Thus, the office space utilization depicted in Table 14 may be overstated as the personnel at NPTEC may not spend their entire working day in the office space. Some of the office space is used by staff assigned to HQ who report to NPTEC rather than HQ.

The CPSC was unable to provide supporting documentation to estimate the amount of time agency personnel assigned to NPTEC spent in office space compared to the time spent in the laboratory.

The CPSC did not dedicate enough resources to ensure the agency had the data necessary to promote efficient utilization of space in its current configuration based on mission requirements at the NPTEC location. By collecting data on space usage the CPSC could learn, for instance, that it needs more lab space or a different combination of lab spaces to support the mission. Similarly, there may be efficiencies to be gained by having staff currently working at the HQ move to NPTEC offices. Absent better data and further analysis, it is not possible to obtain an accurate utilization rate of the office space at NPTEC.

This lack of data increases the risk the agency is underutilizing its leased space and misallocating limited resources. We recognize that this space is non-cancellable for the entirety of the lease term, therefore it is important the CPSC works to maximize its efficient use to support the mission and lower costs.

We recommend management:

45. Collect data showing where National Product Testing and Evaluation Center staff spend their time, lab versus office space, and analyze how space is actually used to determine if the current space allocation best meets CPSC needs.
46. Based on reported results in recommendation number 45, adopt strategies to promote the efficient utilization of space at National Product Testing and Evaluation Center at an economical cost to the government.

APPENDIX A – Scope and Methodology

Scope

The scope of this audit was the CPSC's space utilization during the period May 2, 2022, to June 2, 2023, including the CPSC's Real Property Capital Plan that was in progress but not finalized until July 11, 2023.

Methodology

To accomplish the objectives of this audit, we reviewed and gained an understanding of the following criteria:

- Administrative Personnel, 5 C.F.R. § 531.
- Administrative Personnel, 5 C.F.R. § 2635.
- Commercial Practices, 16 C.F.R. § 1000.
- CPSC Directive 100, *Directive on Directives and Delegations of Authority,* effective September 21, 2022.
- CPSC Directive 0365.3*, Authority to Obligate Funds for Renovation, Building Alterations, Reimbursable Services*; effective April 24, 2003.
- CPSC Directive 1080.2, *Telework Program*, effective June 13, 2023.
- CPSC Directive D1001, *Consumer Product Safety Commission (CPSC) Procurement System*, effective May 22, 2019.
- CPSC Directive D713, *Telework Program,* updated September 30, 2019.
- CPSC Telework Pilot Program, March 28, 2022.
- GAO, *Preliminary Results Show Federal Buildings Remain Underutilized Due to Longstanding Challenges and Increased Telework,* July 13, 2023.
- GAO, *Standards of Internal Control in the Federal Government,* September 2014.
- GSA, *National Business Space Assignment Policy,* September 2022 edition.
- GSA, *PBS Leasing Desk Guide, Chapter 1: Requirements Development*, updated June 7, 2019.
- GSA, *Pricing Desk Guide 5th Edition,* effective August 1, 2020.
- Government Organization and Employees, 5 U.S.C. § 405.
- OMB M-16-17, *OMB Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control,* July 15, 2016.
- OMB M-18-16, *Appendix A to OMB Circular No. A-123, Management of Reporting and Data Integrity Risk,* June 6, 2018.
- OMB M-18-21, *Designation and Responsibilities of Agency Senior Real Property Officers,* July 12, 2018.

- OMB M-20-03, *Implementation of Agency-wide Real Property Capital Planning,* November 6, 2019.
- OMB M-22-14, *FY 2024 Agency-wide Capital Planning to Support the Future of Work,* July 20, 2022.
- OMB M-23-15, *Measuring, Monitoring, and Improving Organizational Health and Organizational Performance in the Context of Evolving Agency Work Environments,* April 13, 2023.
- OMB, *Guidelines for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by Federal Agencies,* September 28, 2001.
- OMB Circular A-11, *Preparation, Submission, and Execution of the Budget,* August 2022.
- OMB, *Capital Programming Guide,* August 2022.
- Public Buildings, Property, and Works, 40 U.S.C. § 621.
- Public Contracts and Property Management, 41 C.F.R. § 102.
- U.S. Department of the Interior, Interior Business Center, *Quicktime [sic] Time and Attendance for Employees*, July 2022.
- U.S. Office of Personnel Management, *Employee Health Service Handbook Chapter 2: Providing Physical Fitness Programs.*

We interviewed agency personnel to gain their understanding of the history and current operation of the agency's space utilization practices. We reviewed the CPSC's Real Property Capital Plan for compliance with applicable rules and regulations and re-performed the agency's analysis of space utilization data. We reviewed a statistically valid random sample of 203 timesheets to evaluate compliance with the agency's Telework Pilot Program. We obtained space utilization data available to the agency and performed our own analysis.

We conducted this performance audit in accordance with Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

APPENDIX B – Internal Controls Table

The Government Accountability Office, *Standards of Internal Control in the Federal Government*, is the primary criteria used for internal control testing purposes. These criteria are the standard that federal agencies must follow to maintain effective internal controls for both financial and non-financial programs. Internal control is a process used by management to help a program achieve its goals. There are 5 internal control components and 17 principles.

We assessed internal controls to satisfy the audit objectives. Our assessment included internal control components and principles of the *Standards for Internal Control in the Federal Government*. As part of the OIG audit, all internal control principles and components determined to be significant to the audit objectives are noted in the table below along with a determination of whether or not those internal controls are designed, implemented, and operating effectively.

Principle	Internal Control Components and Principles	Pass	Fail	Not Applicable or Not Significant to the Audit Objectives
Control Environment				
1	The oversight body and management should demonstrate a commitment to integrity and ethical values.			X
2	The oversight body should oversee the entity's internal control system.			X
3	Management should establish an organizational structure, assign responsibilities, and delegate authority to achieve the entity's objectives.		X	
4	Management should demonstrate a commitment to recruit, develop and retain competent individuals.	X		
5	Management should evaluate performance and hold individuals accountable for their internal control responsibilities.		X	
Risk Assessment				
6	Management should define objectives clearly to enable the identification of risks and define risk tolerances.		X	
7	Management should identify, analyze and respond to risks related to achieving the defined objectives.		X	
8	Management should consider the potential for fraud when identifying, analyzing and responding to risks.		X	
9	Management should identify, analyze and respond to significant changes that could impact the internal control system.		X	
Control Activities				
10	Management should design control activities to achieve objectives and respond to risks.		X	
11	Management should design the entity's information system and related control activities to achieve objectives and respond to risks.			X
12	Management should implement control activities through policies.		X	
Information and Communication				
13	Management should use quality information to achieve the entity's objectives.		X	
14	Management should internally communicate the necessary quality information to achieve the entity's objectives.		X	
15	Management should externally communicate the necessary quality information to achieve the entity's objectives.	X		
Monitoring				
16	Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.			X
17	Management should remediate identified internal control deficiencies on a timely basis.			X
Totals		**2**	**10**	**5**

APPENDIX C – Consolidated List of Recommendations

We recommend CPSC management:

1. Develop, document, and use a risk-based methodology to analyze agency space needs.
2. Perform and document a risk assessment on the agency's space utilization and need for real property.
3. Design and implement policies and procedures to create an effective real property management program.
4. Develop and utilize an occupancy renewal schedule that aligns with General Services Administration guidance.
5. Train employees on the newly developed risk-based methodology.
6. Establish and operate monitoring activities of the policies and procedures to evaluate if the procedures are operating effectively. Remediate any deficiencies identified during monitoring activities as applicable.
7. Determine whether the $3.785 million of questioned costs related to the 25,380 useable square feet of space associated with General Services Administration Public Building Service's 2019 recommendation of space reduction at CPSC headquarters is reasonable and necessary in the circumstances.
8. Relinquish space equal in value to the $2.258 million of funds put to better use related to the 25,380 useable square feet of space associated with General Services Administration Public Building Service's 2019 recommendation of space reduction at CPSC headquarters or demonstrate usage in line with General Services Administration's benchmarks.
9. Establish and document policies and procedures that ensure only officials with the authority to commit or obligate the CPSC execute occupancy agreements, including a process to keep all delegations of authority available for inspection.
10. Determine whether questioned costs for prior expenditures of $29.573 million and future expenditures of $69.199 million are supported and allowable.
11. Review the delegation of authority for tenant alteration projects and determine whether the delegation should be revised, canceled, or certified as current.
12. Design and implement a real property data quality program that ensures accurate and complete data are available to drive agency management decisions.
13. Train employees on the newly developed data quality program.
14. Adopt policies and procedures that establish a process to have an organization outside of the office of the Senior Real Property

Official provide independent triannual data validation and verification.

15. Establish routines to assess and optimize resource utilization on an ongoing basis.
16. Identify useful indicators for measuring, monitoring, and improving organizational performance to support agency assessments of current and future work environments.
17. Determine and detail how the agency's optimized real property portfolio links to and supports the agency's strategic plan.
18. Develop a comprehensive needs assessment in sufficient detail for the reader to understand how the agency assessed its real property needs.
19. Demonstrate how the agency evaluated the best methods in performing its alternative analysis in future Real Property Capital Plans.
20. Establish and detail the link between the agency's priority scheme and the agency's strategic priorities.
21. Determine and detail how the capital plan will be integrated into the annual budget, to include newly implemented processes for planning, formulation, and execution of the agency's budget.
22. Determine and detail how the agency assesses whether asset types within its business lines, and the agency as a whole, have sufficient capacity to meet mission requirements. Additionally, describe how asset types for each business line are assessed for utilization.
23. Include a summary in the Real Property Capital Plan for the methodology used by the agency to calculate the life cycle costs.
24. Establish standard operating procedures to ensure the real property capital plan is completed annually by August 15, covers the appropriate five year period, and meets all of the Office of Management and Budget's criteria.
25. Establish processes to evaluate performance against expected standards of conduct for compliance with agency policies in the area of time and attendance keeping.
26. Train employees on the standards of conduct related to time and attendance keeping.
27. Monitor compliance with agency policies and address deviations in a timely manner via random audits or other appropriate methods.
28. Hold entity personnel accountable for performing assigned internal control responsibilities regarding time and attendance keeping.
29. Relinquish 28,122 useable square feet of underutilized headquarters office space, so that the corresponding funds, $2.782

million, can be put to better use; or provide documentation to the Office of Inspector General demonstrating usage in line with General Services Administration benchmarks.

30. Determine whether the expenditure of $4.473 million in questioned costs spent on 28,122 useable square feet of office space are reasonable and necessary in the circumstances.
31. Determine whether the expenditure of $4.473 million in questioned costs spent on 28,122 useable square feet of office space are supported and allowable.
32. Determine the appropriate utilization rate for the agency's leased office spaces.
33. Determine the appropriate minimum average annual occupancy rates for the agency's leased office spaces.
34. Take appropriate action to right-size the agency's leased office space in order to meet the agency's targeted utilization and occupancy rates and promote the efficient utilization of space at an economical cost to the government.
35. Relinquish 3,000 useable square feet of fitness center space, corresponding to underutilized fitness space, so that the corresponding funds, $306,000, can be put to better use.
36. Determine whether the expenditure of $486,000 of questioned costs spent on 3,000 useable square feet on the fitness center are reasonable and necessary in the circumstances.
37. Determine whether the expenditure of $486,000 of questioned costs spent on 3,000 useable square feet on the fitness center are supported and allowable.
38. Conduct a survey of the fitness needs of CPSC employees.
39. Use the results of the survey to develop an appropriate fitness program that meets the agency's mission requirements at an economical cost to the government.
40. Evaluate alternative usage, including relinquishment, of the fitness center space.
41. Evaluate the appropriate funding source(s) to promote employee commitment to regular participation in a physical fitness program.
42. Based on results of the evaluations performed in conjunction with recommendation numbers 40 and 41, take action to adopt strategies that promote the efficient delivery of a fitness program for agency employees at an economical cost to the government.
43. Evaluate the agency's conference rooms for each space's respective best and highest use.
44. Based on the results of the evaluation performed for recommendation number 43, take action to utilize each space in their respective best and highest use in a cost-effective manner.

45. Collect data showing where National Product Testing and Evaluation Center staff spend their time, lab versus office space, and analyze how space is actually used to determine if the current space allocation best meets CPSC needs.
46. Based on reported results in recommendation number 45, adopt strategies to promote the efficient utilization of space at National Product Testing and Evaluation Center at an economical cost to the government.

APPENDIX D – Management Response

United States
Consumer Product Safety Commission

Memorandum

TO:	Christopher Dentel Inspector General Office of the Inspector General	**DATE:** April 25, 2025
FROM:	Annette Evans MARGARET EVANS Deputy Executive Director for Operations Support Office of the Executive Director	
SUBJECT:	Management Response to the Draft *Resource Utilization Audit*	

We appreciate the efforts of the Office of Inspector General (OIG) in conducting the Resource Utilization Audit and providing a comprehensive report. The insights and recommendations presented offer valuable opportunities to strengthen our internal controls and enhance the management of our resources.

CPSC management recognizes that there was significant underutilization of office space in response to the COVID-19 pandemic as demonstrated by the data for the period covered by the report (May 2022 to June 2023).

However, it is important to note that the findings related to space utilization are no longer current given our agency's compliance with Presidential Memorandum 2025-01907, *Return to In Person Work* (January 20, 2025) and the Office of Personnel Management *Guidance On Presidential Memorandum Return to In Person Work* (January 22, 2025). As a result, our current office space utilization and use of telework bears little resemblance to what it was during the period under study.

Furthermore, we are working with OMB to address the requirements outlined in the Office of Management and Budget Memorandum *Implementation of the Utilizing Space Efficiently and Improving Technologies Act* (April 21, 2025) and are in active discussions with GSA to revise our square footage in line with new guidance.

The report could make clear that the results in the period of study are very different from what would be measured today. Further, the agency has since realized financial space savings. Since the conclusion of the audit in 2023, the agency relinquished 15,400 square feet, resulting in annual savings of nearly $700,000. The agency has also been credited $300,000 for space relinquished in July 2024.

U.S. Consumer Product Safety Commission
4330 East-West Highway
Bethesda, MD 20814
cpsc.gov

National Product Testing & Evaluation Center
5 Research Place
Rockville, MD 20850

It is important to note that all decisions related to resources allocated for facilities and space planning are made through formal, Commission-approved processes. Annual expenditures for space are outlined in the CPSC annual Operating Plans as part of the agency's broader strategic and fiscal governance.

While we embrace the opportunity to continuously improve our internal controls and resource management practices, we believe that the findings on space utilization need to be clarified in the context of the evolving federal workforce landscape. We are committed to ensuring that our facilities are used efficiently and effectively to support our mission and serve the public.

I appreciate the work of the OIG and look forward to continuing to work together to advance the agency's mission of protecting all consumers from unreasonable risks of injury or death associated with consumer products.

For more information on this report please contact us at CPSC-OIG@cpsc.gov

To report fraud, waste, or abuse, mismanagement, or wrongdoing at the CPSC go to OIG.CPSC.GOV or call (301) 504-7906

Office of Inspector General, CPSC, 4330 East-West Hwy., Suite 702, Bethesda, MD 20814