



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



**Evaluation of the CPSC's Compliance with the
Payment Integrity Information Act for Fiscal Year 2024**

May 13, 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 13, 2025

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

FROM: Christopher W. Dentel, Inspector General

SUBJECT: Evaluation of the CPSC's Compliance with the PIIA for FY 2024

The objective of this evaluation was to determine whether the U.S. Consumer Product Safety Commission (CPSC) was in compliance with the Payment Integrity Information Act of 2019 (PIIA) for the fiscal year (FY) ended September 30, 2024. The Office of Inspector General retained the services of KPMG, an independent public accounting firm, to evaluate the CPSC's FY 2024 PIIA compliance. This evaluation was performed in accordance with the Council of Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.

Overall, KPMG found that for FY 2024, the CPSC complied with the PIIA. In accordance with the Office of Management and Budget, all elements must be complied with to result in overall compliance. The CPSC complied with all applicable elements of the PIIA. Management concurred with KPMG's findings.

In connection with our contract, we reviewed KPMG's report and related documentation and inquired of its representatives. Our review was not intended to enable us to express, and we do not express, an opinion on the matters contained in the report. KPMG is responsible for the attached report. However, our review disclosed no instances where KPMG did not comply, in all material respects, with the Council of Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.

Should you have any questions, please contact me.

TABLE OF CONTENTS

EVALUATION REPORT	2
<i>BACKGROUND</i>	5
<i>OBJECTIVES, SCOPE, AND METHODOLOGY</i>	6
<i>Objectives</i>	6
<i>Scope and Methodology</i>	6
<i>RESULTS AND CONCLUSIONS</i>	7
<i>FINDINGS AND RECOMMENDATIONS</i>	8
<i>PRIOR YEAR RECOMMENDATIONS</i>	8
APPENDIX A: AGENCY'S RESPONSE TO THE REPORT	10
APPENDIX B: ACRONYMS.....	11



KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

EVALUATION REPORT

Inspector General
U.S. Consumer Product Safety Commission

This report presents the results of our work conducted to address the evaluation objective related to the United States Consumer Product Safety Commission's (CPSC) compliance with the requirements contained in the Payment Integrity Information Act of 2019 (PIIA). Our work was primarily performed during the period of January 17, 2025, through May 1, 2025, and our scope period was for the fiscal year (FY) ended September 30, 2024.

We conducted this evaluation in accordance with Council of the Inspectors General on Integrity and Efficiency's 2020 *Quality Standards for Inspection and Evaluation*. These standards require that we base report findings, conclusions, and recommendations on the evidence collected and the analysis conducted during the inspection. Reports must include enough information to allow a reasonable person to sustain findings, conclusions, and recommendations. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our evaluation objective.

The objective of our evaluation was to assess the CPSC's compliance with the requirements of the PIIA as defined in Chapter 33 of Title 31 of the United States Code, section 3351.2. This included determining whether the CPSC:

- (1) Published improper payments information with the annual financial statement of the CPSC for the most recent fiscal year, and posted on the website of the CPSC that statement and any accompanying materials required under guidance of the Office of Management and Budget (OMB);
- (2) Conducted a program-specific risk assessment for each program or activity that conforms with the requirements of section 3352(a) (if required);
- (3) Published improper payment estimates for all programs and activities identified under section 3352(a) in the accompanying materials to the annual financial statement (if required);
- (4) Published programmatic corrective action plans prepared under section 3352(d) that the CPSC may have in the accompanying materials to the annual financial statement;



- (5) Published improper payments reduction targets established under section 3352(d) that the CPSC may have in the accompanying materials to the financial statement for each program or activity assessed to be at risk, and has demonstrated improvements and developed a plan to meet the reduction targets; and
- (6) Reported an improper payment rate of less than 10 percent for each program and activity for which an estimate was published under section 3352(c).

Based on the evaluation procedures conducted and the results obtained, we have met our objective. Specifically, we evaluated the CPSC's compliance with the PIIA and determined the following:

Table 1: PIIA Criteria

	Office of Management and Budget Compliance Criteria	Criteria Met?	
		Payroll Program	Non-Payroll Program
1	Published payment integrity information with the annual financial statement	YES	YES
	Posted the annual financial statement and accompanying materials required under guidance of OMB on the agency website	YES	YES
2	Conducted improper payment risk assessments for each program with annual outlays greater than \$10,000,000 at least once in the last three years	YES	YES
	Adequately concluded whether the program is likely to make improper payments (IPs) and unknown payments (UPs) above or below the statutory threshold	YES	YES
3	Published IP and UP estimates for programs susceptible to significant IPs and UPs in the accompanying materials to the annual financial statement	N/A	N/A
4	Published corrective action plans for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement	N/A	N/A
5	Published an IP and UP reduction target for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement	N/A	N/A
	Demonstrated improvements to payment integrity or reached a tolerable IP and UP rate	N/A	N/A
	Developed a plan to meet the IP and UP reduction target	N/A	N/A
6	Reported an IP and UP estimate of less than 10 percent for each program for which an estimate was published in the accompanying materials to the annual financial statement	N/A	N/A

We noted the CPSC met requirements one and two. We further noted that requirements three through six were not applicable to the CPSC for FY 2024 as the CPSC did not identify programs that were susceptible to significant improper payments as defined by OMB guidance.



This evaluation did not constitute an audit of financial statements, an attestation level report, or a performance audit, as defined under *Government Auditing Standards* or American Institute of Certified Public Accountants professional standards. KPMG cautions that projecting the results of our evaluation to future periods is subject to the risks that controls may become inadequate because of changes in conditions or because compliance with controls may deteriorate. This report is intended solely for the use of CPSC management, CPSC Inspector General, Comptroller General of the United States, OMB, and relevant congressional committees; and is not intended to be and should not be relied upon by anyone other than these specified parties.

KPMG LLP

May 12, 2025

BACKGROUND

The Payment Integrity Information Act of 2019 (Public Law 116-117) aims to improve efforts to identify and reduce government-wide improper payments. Agencies are required to identify and review all programs and activities they administer that may be susceptible to significant improper payments based on guidance provided by the Office of Management and Budget (OMB). Payment integrity information is published with the agency's annual financial statement in accordance with payment integrity guidance in OMB Circular A-136. The agency must also publish any applicable payment integrity information required in the accompanying materials to the annual financial statement in accordance with applicable guidance. The most common accompanying materials to the annual financial statement are the payment integrity information published on PaymentAccuracy.gov. OMB Circular A-123, Appendix C, *Requirements for Payment Integrity Improvement*, (OMB Appendix C) states "At a minimum, all agencies will provide OMB with data related to the status of their improper payment risk assessments, their identification and recovery of overpayments, and other agency-wide reporting requirements applicable to agencies with programs... ." Agency's Inspectors General are to review payment integrity reporting for compliance and issue an annual report.

The United States Consumer Product Safety Commission (CPSC) has an established agency-wide risk assessment process to assess its programs with outlays over \$10 million for susceptibility to significant improper payments. Although OMB requires a program risk assessment at least once every three years, the CPSC assesses its programs annually to ensure compliance. The CPSC's policies define significant improper payments as gross annual payments exceeding: (1) both 1.5 percent and \$10 million of all program payments; or (2) \$100 million regardless of percentage of program payments, which is consistent with the relevant OMB guidance.

The CPSC identified two programs for its fiscal year (FY) 2024 improper payment reporting: Payroll and Non-payroll. The Payroll program encompasses all activities that are related to payments of employee compensation, including benefits. These payments are processed by the CPSC's payroll shared service provider, the Interior Business Center, which operates the Federal Personnel and Payroll System. The payroll is calculated based on applicable payroll information and personnel timesheets submitted by the CPSC's employees. The Non-payroll program encompasses all other payments that are approved by CPSC personnel using the Bureau of the Fiscal Service Invoice Processing Platform system. These payments are based on invoices submitted by the CPSC's vendors and contractors for goods and services provided to the CPSC. The Payroll and Non-payroll program outlays for FY 2024 were \$105.3 million and \$54.3 million, respectively. Based on the CPSC's FY 2024 risk assessment process, both programs were assessed as not susceptible to significant improper payments.

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

The objective of our evaluation was to evaluate the CPSC's compliance with the requirements of the PIIA as defined in Chapter 33 of Title 31, United States Code, section 3351.2. This included determining whether the CPSC:

1. Published improper payments information with the annual financial statement of the CPSC for the most recent fiscal year, and posted on the website of the CPSC that statement and any accompanying materials required under guidance of OMB;
2. Conducted a program-specific risk assessment for each program or activity that conforms with the requirements of section 3352(a) (if required);
3. Published improper payment estimates for all programs and activities identified under section 3352(a) in the accompanying materials to the annual financial statement (if required);
4. Published programmatic corrective action plans prepared under section 3352(d) that the CPSC may have in the accompanying materials to the annual financial statement;
5. Published improper payments reduction targets established under section 3352(d) that the CPSC may have in the accompanying materials to the financial statement for each program or activity assessed to be at risk, and has demonstrated improvements and developed a plan to meet the reduction targets; and
6. Reported an improper payment rate of less than 10 percent for each program and activity for which an estimate was published under section 3352(c).

Scope and Methodology

The scope of our evaluation was the CPSC's FY 2024 improper payment reporting data required under guidance of OMB.

During our planning and testing phase, we conducted interviews and collected and inspected management-provided documentation and evidence. A summary of the procedures we performed is as follows:

- Obtained an understanding of the CPSC's improper payments reporting process and associated controls through inquiries with management;
- Reviewed the CPSC's policies and procedures over the PIIA reporting process;

- Reviewed management's risk assessment for all identified programs;
- Reviewed the payment integrity section of the CPSC's FY 2024 financial statement;
- Reviewed the information on PaymentAccuracy.gov; and
- Reviewed any OMB waivers, exemptions, or communications for improper payments reporting, if applicable.

In carrying out this methodology, we obtained sufficient, appropriate evidence to provide a reasonable basis for our conclusions related to our evaluation objective.

RESULTS AND CONCLUSIONS

Based on our evaluation procedures performed, we determined that the CPSC met both of the applicable compliance requirements of the PIIA. The remaining compliance requirements were not applicable as no programs were deemed susceptible by the CPSC to improper payments in FY 2024. See below for additional details of our results.

- Requirement 1 – Determine if the CPSC published improper payments information with the annual financial statement of the CPSC for the most recent fiscal year, and posted on the website of the CPSC that statement and any accompanying materials required under guidance of OMB.

The CPSC published its Agency Financial Report (AFR) for FY 2024 on November 15, 2024, and posted the AFR on its public-facing website.¹ The AFR included a Payment Integrity section with a link to PaymentAccuracy.gov for the accompanying materials required under guidance of OMB Appendix C. The CPSC submitted the accompanying materials, as required under guidance of OMB Appendix C.

- Requirement 2 – Determine if the CPSC conducted a program-specific risk assessment for each program or activity that conforms with the requirements of section 3352(a).

The CPSC conducted a risk assessment in FY 2024 based on the requirements in the applicable guidance issued by OMB. The CPSC identified the Payroll and Non-payroll programs as not susceptible to improper payments in FY 2024.

- Requirement 3 – Determine if the CPSC published improper payment estimates for all programs and activities identified under section 3352(a) in the accompanying materials to the annual financial statement.

The CPSC did not publish an improper payment rate as it did not assess its

¹ Agency Financial Reports are available at: <https://www.cpsc.gov/About-CPSC/Agency-Reports>

programs as susceptible to improper payments for FY 2024. Therefore, this criterion was not applicable to the CPSC in FY 2024.

- Requirement 4 – Determine if the CPSC published programmatic corrective action plans prepared under section 3352(d) that the CPSC may have in the accompanying materials to the annual financial statement.

The CPSC did not report corrective actions plans for either of its programs as they were not deemed susceptible to improper payments in FY 2024. Therefore, this criterion was not applicable to the CPSC in FY 2024.

- Requirement 5 – Determine if the CPSC published improper payments reduction targets established under section 3352(d) that the CPSC may have in the accompanying materials to the financial statement for each program or activity assessed to be at risk and has demonstrated improvements and developed a plan to meet the reduction targets.

The CPSC did not publish FY 2024 improper and unknown payment reduction targets as neither of its programs were deemed susceptible to improper payments in FY 2024. Therefore, this criterion was not applicable to the CPSC in FY 2024.

- Requirement 6 – Determine if the CPSC reported an improper payment rate of less than 10 percent for each program and activity for which an estimate was published under section 3352(c).

The CPSC did not report an improper payment rate for its programs as neither were deemed susceptible to improper payments for FY 2024. Therefore, this criterion was not applicable to the CPSC in FY 2024.

FINDINGS AND RECOMMENDATIONS

Our FY 2024 evaluation did not identify any findings.

PRIOR YEAR RECOMMENDATIONS

The following recommendations were issued in the report titled *Evaluation of the CPSC's Compliance with the Payment Integrity Information Act for Fiscal Year 2023*, which was issued by the OIG on May 9, 2024. We followed up with management on the status of the recommendations.

1. Assess the resource requirements necessary to ensure the timely submission of the required OMB information by the established deadline.

Status: This recommendation was closed by OIG on June 17, 2024.

2. Develop policies, procedures, and checklists for the review and timely submission of the payment integrity information to OMB.

Status: This recommendation was closed based on the procedures performed during the FY 2024 evaluation.

APPENDIX A: AGENCY'S RESPONSE TO THE REPORT



United States
Consumer Product Safety Commission

Memorandum

DATE: April 17, 2025

TO: Christopher W. Dentel
Office of Inspector General (OIG)

FROM: Casey Waithe
Acting Chief Financial Officer

SUBJECT: Management Response to Independent Auditor's Draft Report
on CPSC's Compliance with the Payment Integrity Information
Act (PIIA) for FY 2024

CASEY
WAITHE

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WAITHE
Date: 2025.04.17 06:11:01
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I appreciate the opportunity to respond to the subject draft report and thank the OIG and KPMG audit team for their partnership during the audit.

We made significant improvements to our processes to ensure compliance with all PIIA requirements and guidance. We appreciate that the auditors reviewed the corrective actions completed from the prior year and determined closure based on the audit procedures performed. It is with great pleasure to accept the audit conclusion that CPSC is in compliance with PIIA.

U.S. Consumer Product
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& Evaluation Center
5 Research Place
Rockville, MD 20850

This memorandum was prepared by the CPSC staff. It has not been reviewed or approved by, and may not necessarily reflect the views of, the Commission.

APPENDIX B: ACRONYMS

Acronym	Definition
AFR	Agency Financial Report
CPSC	United States Consumer Product Safety Commission
FY	Fiscal Year
IP	Improper Payment
OMB	Office of Management and Budget
PIIA	Payment Integrity Information Act of 2019
UP	Unknown Payment



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

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