



April 1, 2026

TO: Peter A. Feldman, Acting Chairman

FROM: Christopher W. Dentel, Inspector General

THE CPSC LACKS PROPER DOCUMENTATION OF DELEGATIONS OF AUTHORITY REGARDING INTERAGENCY AGREEMENT OBLIGATIONS

This Management Alert notifies you of an urgent issue that requires immediate attention and action. A Management Alert is an Office of Inspector General (OIG) independent assessment that provides timely and useful information to the U.S. Consumer Product Safety Commission (CPSC) stakeholders. In the course of doing other audit work, OIG discovered that in Fiscal Year (FY) 2025, CPSC staff obligated an estimated \$10 million, through various interagency agreements, without having properly delegated authority to do so. This is a long-standing problem at the CPSC going back more than 11 years. Although we found no indicia of fraud, waste, abuse, or other criminal activity, the unauthorized obligations constitute improper payments. Non-monetary loss improper payments include payments made to the right recipient for the right amount, but where the payment process fails to follow all applicable statutes and regulations. The Office of Management and Budget's A-123 requires all federal agencies to follow the Government Accountability Office's *Standards for Internal Control in the Federal Government* internal control processes, which include transactions being authorized and executed only by persons acting within the scope of their authority and retain records related to the delegations of authority. We urge the CPSC to immediately rectify this issue.

Background

The U.S. Constitution gives Congress the authority to raise revenue, borrow funds, and appropriate the proceeds for federal agencies.¹ In implementing these express constitutional powers, Congress limits strictly the obligation² and expenditure of public funds by the Executive Branch. The Chairman at the CPSC has the authority to obligate congressionally appropriated funds but delegates this authority to the Executive Director via CPSC Directive 0340.2, *Delegation of Procurement Authority* (Directive 0340.2).

Federal law defines the responsibility of executive branch agencies to establish and maintain appropriate accounting and internal controls.³ Federal law states that the

¹ See U.S. Constitution, Art. I, §§ 8 and 9.

² An obligation is a legally binding financial commitment by one entity to another.

³ Government Accountability Office's (GAO) *Principles of Federal Appropriations Law*

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internal accounting and administrative controls of federal agencies should provide reasonable assurances that obligations and costs are in compliance with the law, funds are safeguarded against misappropriation, and expenditures are properly recorded to maintain accountability over assets.⁴ Federal standards require that management should formally delegate authority to key roles throughout the entity and document the delegations as part of its internal control system.⁵ All obligations that an agency incurs must be supported by documentary evidence and must be properly recorded.⁶ Finally, federal standards require the CPSC retain documentation of these delegations so that the components of internal control can be designed, implemented, and operating effectively.

Unauthorized Individuals are Obligating the CPSC to Expend Money

There are two components to the process required to obligate the government. First, a written delegation of authority must be established to assign an individual or a defined role the authority to obligate money on behalf of the government. Second is the obligation of the money by the authorized person or a person in a formally authorized role. When procuring goods or services, this typically occurs in the form of a contract between the CPSC and a third party, or an interagency agreement (IAA)⁷ when money is transferred to a different federal agency. For this Management Alert, the OIG focused on IAAs and related delegations of obligation authority.

In order for a delegation of authority to be valid, there must be a documented chain of delegation linking the agency head to the employee who obligates the government. For the CPSC, this chain starts with the Chairman (or Acting Chairman) who has statutory authority to obligate the funds appropriated to the CPSC by Congress. The authority to obligate may be passed down through multiple levels via sub delegations until it reaches the person who ultimately obligates the government. For example, Directive 0340.2 passes a delegation of authority from the Chairman to the executive director by appointing the executive director as the CPSC's senior procurement executive. Directive 0340.2 then gives the senior procurement executive the authority to appoint contracting officers (COs), who are the only officials authorized to obligate funds on behalf of the CPSC, with limited exceptions.⁸ For COs, this delegation is recorded on a Standard Form 1402, which delegates authority from the senior procurement executive to the CO. Therefore, contracts and IAAs signed by

⁴ Federal Managers Financial Integrity Act of 1982

⁵ GAO's *Standards for Internal Control in the Federal Government*

⁶ GAO's *Principles of Federal Appropriations Law* and 31 U.S.C § 1501

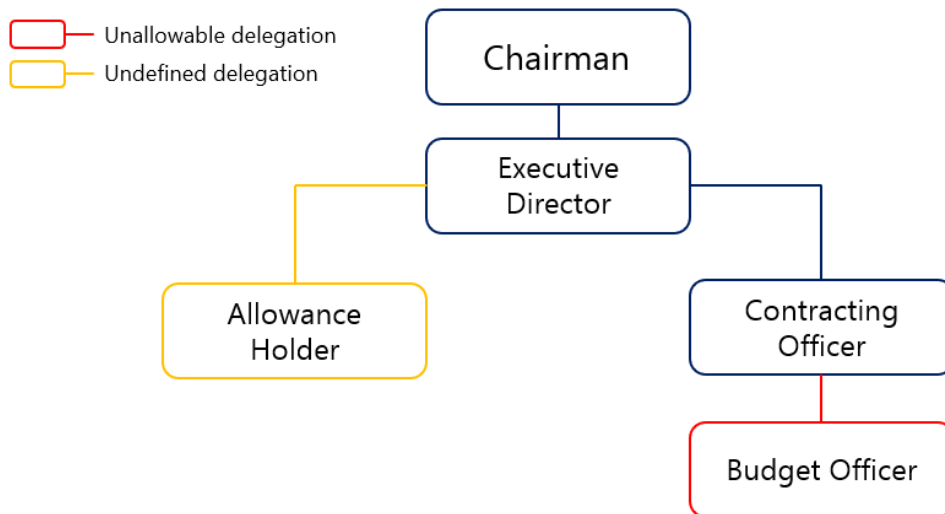
⁷ From the *Department of the Treasury Interagency Agreement Process*, "A written financial agreement entered into between two Federal agencies, or major organizational units within an agency, which specifies the goods or services to be provided from the servicing trading partner to the requesting trading partner," (pg. 6).

⁸ CPSC Directive D1001, *Consumer Product Safety Commission (CPSC) Procurement System* (2019)

COs are considered proper since there is a clear chain from the agency head to the individual CO.

However, not all IAAs at the CPSC are signed by a CO. Management identified Allowance Holders (AHs) as a class of individuals holding the authority to both obligate the agency and delegate the authority to obligate the agency to others through Directive 1230.1. However, Directive 1230.1 does not identify who is an AH by name or position, nor give any person or position at the CPSC the power to designate someone as an AH. CPSC management maintains that Office Directors, by virtue of their position, are AHs with the authority to obligate funds. This designation of office directors as AHs is not defined in the CPSC’s directive system and CPSC management was not able to provide any written internal guidance for this. Furthermore, AHs were not identified as an exception in CPSC Directive D1001, *Consumer Product Safety Commission (CPSC) Procurement System*, which is the principle directive that applies to “all CPSC employees involved in the procurement of goods and/or services.” Therefore, this is an undefined delegation.

Current Agency Chain of Obligation Delegation for IAAs



Source: OIG conclusion based on CPSC management’s representation.

In a further effort to determine who the agency considered to be valid obligating official for IAAs that are not signed by COs, the OIG inquired of management regarding which CPSC role is responsible for proposed obligations and liable for the amount of illegal or improper payments resulting from their certification. In response, agency management was not able to identify what role had liability but reiterated that AHs are authorized to obligate funds within their allowance.

CPSC management also introduced a second role, the "Funds Approving Official," who they claim can obligate the government by means of Form FS 5409. This form, signed by a CO, gives the Funds Approving Official role to the lead budget officer. We determined that, in reality, this form seems to try to authorize one of two things: either giving the power to obligate funds to the Funds Approving Official or giving this individual the power to approve the payment of previously obligated funds. Unfortunately, CPSC Directive D1001, *Consumer Product Safety Commission (CPSC) Procurement System*, does not allow COs to redelegate obligating authority for IAAs to any other position at the CPSC. Therefore, neither of these options would constitute a valid delegation of authority for the Funds Approving Official to obligate the agency.

The problem is twofold. AHs are not identified by name or position and therefore undefined, making their delegation of authority not proper. Further, of the two "Funds Approving Official" roles identified by the agency, at least one is unable to obligate the government, as a CO may not redelegate such authority for IAAs. For those reasons, IAAs obligated by AHs or this particular "Funds Approving Official" are missing a link between the person who obligated funds and the Chairman. The OIG finds that these individuals lacked authority to obligate the government and estimates that improper obligations associated with improper IAAs exceeded \$10 million in FY 2025.⁹

Conclusion

Due to its failure to properly document delegations of authority, the CPSC is currently allowing unauthorized individuals act outside the scope of their authority, in violation of federal requirements. This in turn has created significant accountability gaps. We urge the CPSC to strengthen its internal controls over financial obligations and delegations of authority.

⁹ The OIG's review did not cover all intragovernmental obligations made by the agency.

APPENDIX A. Objective, Scope, and Methodology

A.1 Objective & Scope

The objective of this Management Alert is to immediately notify the CPSC of an area of non-compliance that requires urgent attention. We based this Management Alert on obligation information from FY 2025.

A.2 Methodology

We performed the work on this matter from November 2025 to January 2026 and conducted this management alert in accordance with the CPSC OIG *Standard Operating Procedure - 012: Management Alerts* and not generally accepted audit standards. This standard requires that we obtain sufficient evidence to provide a reasonable basis for our conclusions. We reviewed applicable governmentwide criteria documents, CPSC policy documents, and pulled a sample of obligating documents from FY 2025 which we compared against the requirements of the criteria. We also interviewed several CPSC management officials and had follow-ups to clarify some outstanding questions.

We are issuing this management alert under the authority conferred by the Inspector General Act of 1978, as amended, Section (b)(2), "to promote economy, efficiency, and effectiveness in the administration of. . . and to prevent and detect fraud and abuse in [CPSC] programs and operations."¹⁰

¹⁰ See 5 U.S.C. § 402(b)(2).

APPENDIX B. OIG Reply to Management Response

We appreciate management's commitment, conveyed in the following management response, to update the relevant delegations and policies identified in our Management Alert in order to ensure that the agency has strong internal controls over the obligation of funds.

After thoroughly reviewing management's response to an earlier draft of this report, we made certain edits to address issues raised by management, however, we stand by the findings and conclusions made in both that draft and our final report.

Based on the above, we will not respond to each of the issues raised by agency management in detail. However, we note that as management acknowledged in their response, the current version of the agency's Administrative Control of Funds order does not specify to which particular positions or individuals the relevant authority to obligate funds has been delegated.

APPENDIX C. Management Response



United States
Consumer Product Safety Commission

Memorandum

DATE: March 10, 2026

TO: Christopher W. Dentel
Inspector General

THROUGH: Brien Lorenze, Executive Director BRIEN LORENZE Digitally signed by BRIEN LORENZE Date: 2026.03.10 15:36:32 -0400

FROM: Matthew Campbell, General Counsel MATTHEW CAMPBELL Digitally signed by MATTHEW CAMPBELL Date: 2026.03.10 15:03:15 -0400
Casey Waithe, Acting Chief Financial Officer CASEY WAITHE Digitally signed by CASEY WAITHE Date: 2026.03.10 14:59:40 -0400

SUBJECT: Management Response to OIG Management Alert on Delegations of Authority for Interagency Agreements (IAAs)

Thank you for bringing forward this Management Alert, which raises concerns regarding the possible unauthorized obligation of funds in connection with interagency agreements (IAAs) that the Consumer Product Safety Commission (CPSC) has executed with other federal agencies. While no specific IAAs are identified, we understand that the Office of the Inspector General (OIG) is focused primarily on agreements with the General Services Administration (GSA) for leasing office space and government-owned fleet vehicles and another with Federal Protective Services (FPS) for building security.

We have carefully reviewed the OIG's conclusions. We must respectfully disagree that any unauthorized individuals have obligated CPSC funds or that there is an accountability gap at the agency. As discussed below, all individuals who have obligated federal funds for the IAAs at issue have done so with appropriate authorizations. While we acknowledge that the agency's directives system for documenting delegations still requires refinement, we do not believe that any shortcomings equate to violations of financial accounting or appropriations laws. To the contrary, we believe that our internal controls properly ensure that funds are obligated consistent with applicable financial accounting and appropriations laws.

That said, because ensuring strong internal controls is a management priority, we are committed to updating the relevant delegations and policies to ensure that they clearly reflect organizational practices while continuing to comply with applicable financial accounting and appropriations laws. We have identified below the modifications we intend to make to the agency's delegations of authority to address the concerns the OIG has raised.

A. All individuals who obligated federal funds for the relevant IAAs did so with appropriate authorizations.

The Management Alert focuses on whether the individuals who obligated funding for IAAs with GSA for leasing office space and fleet vehicles and with FPS for building security had sufficient authority to do so. As discussed below, we believe that they did under longstanding Commission Order No. 1230.1, *Administrative Control of Funds* (Sept. 12, 2014). We believe the conclusion drawn in the Management Alert largely arises from an understandable misapplication of the agency’s procurement-related directives, which do not apply to the IAAs at issue here. Although the 2014 revision of Order 1230.1 introduced drafting ambiguity regarding the identification of allowance holders, that ambiguity does not affect the legality of the directive and did not alter the longstanding operational practice that program office heads serve as allowance holders with authority to obligate funds within their assigned allowances. As noted below, we intend to revise those procurement-related directives to provide better clarity as to their scope.

1. The Commission may broadly delegate authority and does so through a variety of means, including regulations and directives.

“When a statute delegates authority to a federal officer or agency, subdelegation to a subordinate federal officer or agency is presumptively permissible absent affirmative evidence of a contrary congressional intent.” *U.S. Telecom Ass’n v. FCC*, 359 F.3d 554, 565 (D.C. Cir. 2004), *cert. denied*, 543 U.S. 925 (2004). In the Consumer Product Safety Act (CPSA), Congress gave the Commission broad authority to delegate “any of its functions or powers . . . to any officer or employee of the Commission,” with the sole exception of the power to issue subpoenas to non-governmental entities. 15 U.S.C. § 2076(b)(10). The CPSA, however, is silent on the way in which the Commission may delegate. Thus, Congress appears to have left it to the Commission’s discretion to determine how delegations are effectuated.¹

Over the years, the Commission has memorialized delegations of authority in various ways. In September 1975, for example, Chairman Simpson issued an order stating that “[i]t is the policy of the Consumer Product Safety Commission to decentralize action-taking and decision-making authority as far as may be necessary to secure the most timely, economically, and effective administration of Commission

¹ The Management Alert suggests that the Comptroller General’s *Standards for Internal Control in the Federal Government* (the “Green Book”) imposes specific requirements on CPSC for documenting delegations. We respectfully disagree. The Green Book provides that “[m]anagement should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity’s objectives.” 2025 Green Book at 34, Principal 3. It also states that “[m]anagement determines what level of authority each key role needs to fulfill a responsibility” and “delegates authority only to the extent required to achieve the entity’s objectives.” *Id.* at 35, para. 3.08. The Green Book provides, however, that “[t]he extent of documentation needed to support the design, implementation, and operating effectiveness of the five components of internal control **is a matter of judgment for management.**” *Id.* at 36, para. 3.12 (emphasis added). We are not aware of any external requirements in the Green Book or elsewhere governing how federal agencies are to effectuate delegations of authority.

programs.” Directive 301.1, *Policy and Procedures Governing Delegations of Authority* at para. 5a (Sept. 2, 1975). This directive identified certain Commission functions requiring a formal delegation, including “[e]ntering into contracts involving the obligation of Federal Funds” and the “[p]rourement of supplies and services.” *Id.*, para. 4b. It also provided that delegations must be signed by the delegating official and specify the authority being delegated, any limitations on that authority, the official position title to which the delegation is being made, whether redelegation is permitted and under what conditions, and the title of the official making the delegation. *Id.*, para. 9.

In September 2019, Acting Chairman Buerkle issued Directive D102, which stated that delegations “shall be in writing and signed by the official authorized to delegate the authority,” “are made to employees by position, not by name, and shall specify whether the delegation may be re-delegated.” Directive D102, *Executive and Administrative Functions of the Commission*, para. 6 (Sept. 30, 2019). Then, in September 2022, Chairman Hoehn-Saric issued Directive 0100 canceling and superseding Directives 301.1 and D102, in relevant part. See Directive 0100, *Directive on Directives and Delegations of Authority* (Sept. 21, 2022).² The new “directive-on-directives” provides that delegations “may only be signed by the individual or individuals who hold(s) the authority being delegated” and “shall identify whether the authority may be re-delegated.” *Id.*, paras. 4b and 5f. Unlike the prior directives, however, the new directive does not say when a formal delegation is required or whether the party to which a power is delegated must be identified by title or name. The new directive also notes that while most delegations are memorialized in the Commission’s directives system, some are published in the Code of Federal Regulations. *Id.*, para. 4b.

Accordingly, under the Commission’s current “directive-on-directives,” when a formal delegation is required, the delegation should be memorialized either in a regulation or a directive that is signed by the individual who holds the authority being delegated and that identifies whether the authority may be redelegated.

2. The Chairman has delegated to the Executive Director administrative authority over the use and expenditure of funds.

Under Section 4(f) of the CPSA, the Chairman is the principal executive officer of the Commission and exercises all the executive and administrative functions of the Commission, including the appointment and supervision of officers and employees of the Commission (other than associate Commissioners and the employees in their immediate offices), the distribution of business among them, and the use and expenditure of funds. See 15 U.S.C. § 2053(f)(1); see also 16 C.F.R. § 1000.10(a). In carrying out any of these functions, the Chairman is governed by general policies of the Commission and by such regulatory decisions, findings and determinations as the Commission may by law be authorized to make. See 15 U.S.C. § 2053(f)(2).

² Directive 0100 also cancelled and superseded two other directives establishing procedures for the review, clearance and maintenance of the Commission’s directives system. See, e.g., Directive 661.1 (July 15, 2002); Directive D100 (Nov. 20, 2018).

Since the early days of the Commission, the Chairman has broadly delegated to the Executive Director all general administrative and organizational management authority. The first such delegation appears to have occurred in May 1975. Then, in July 1994, Chairman Brown issued Directive 301.1, which delegated to the Executive Director, subject to the general policies of the Chairman and the Commission, “[a]gency-wide authority to exercise general administrative functions” and “[o]perational management authority for those organizational units reporting to the Office of the Executive Director.” Order No. 0305.1, para. 4, *Delegation of Administrative and Operational Management Authority to the Executive Director* (July 29, 1994). Directive 301.1 expressly provided that the Executive Director could redelegate these broad authorities to subordinate officers or employees. *Id.*, para. 5.

In September 2019, Chairman Buerkle cancelled and superseded Directive 301.1 with the current directive, D201.1, which continues the same broad delegation of authority to the Executive Director. See Directive No. D201.1, *Delegation of Authority – Delegation of Administrative and Operational Management Authority to the Executive Director* (Sept. 17, 2019). Specifically, the Chairman again delegated to the Executive Director “[a]gency-wide authority to exercise general administrative functions” and “[o]perational management authority for the organizational units reporting to” the Office of the Executive Director, which the Executive Director may redelegate. *Id.*, para. 4.

In addition, the Commission has promulgated regulations delegating responsibility for specific operational and administrative functions to various subordinate officers and offices. The Executive Director, for example, acts as the chief operating manager of the agency under the broad direction of the Chairman and in accordance with Commission policy. See 16 C.F.R. § 1000.18. The Executive Director supervises various directorates and offices, including the Office of Financial Management, Planning, and Evaluation (EXFM). *Id.* EXFM, in turn, is delegated responsibility for, among other things, developing the Commission’s funds control system; ensuring that Commission resources are procured and expended as planned and according to purchasing regulations; the review, control, and payment of Commission financial obligations; and reporting on the use and performance of Commission resources. See 16 C.F.R. § 1000.19. This organizational structure has existed in essentially the same form since the 1970s. See, e.g., 42 Fed. Reg. 6355-01.

3. The Executive Director has sub-delegated to the head of each program office authority to obligate funds within the allowance provided by the Budget Officer.

Since at least 1983, the Commission has had a documented system for the administrative control of funds, designated in the agency’s directive system as Order No. 1230.1. The first version of 1230.1 we could locate was issued by Chairman Graham in June 1989. See Order No. 1230.1, *Administrative Control of Funds* (June 12, 1989). This directive set forth the process for distributing appropriations, including the periodic allotment of those funds to the different program offices. *Id.*, para. 5b. At the lowest subdivision was the “allowance” defined as “[a]n administrative subdelegation of authority to obligate funds or make expenditures at fixed limits within a specified

allotment or suballotment.” *Id.*, para. 5b(3)(C)(i). The directive delegated to the Budget Officer responsibility for “issu[ing] and maintain[ing] a system of allowances” and identified to whom the Budget Officer could issue those allowances—specifically, “to the Chairman, Executive Director, Associate Executive Directors, Office Directors or others, as required.” *Id.*, paras. 6d, 9a and 9b. The directive also provided that “Associate Executive Directors, Office Directors, and other allowance holders” were authorized to “[o]bligate funds within amounts in the allowance, utilizing funds for the purposes intended and in accordance with any fund limitation.” *Id.*, para. 6f.

In September 2014, the Executive Director signed an updated version of 1230.1. See Order No. 1230.1, *Administrative Control of Funds* (Sept. 12, 2014).³ This new version maintains the essential features of the prior version. For example, it authorizes the Budget Officer to “issue and maintain a system of allowances” that may be issued to allowance holders who, in turn, have “authority to obligate funds within the applicable allowance.” *Id.*, para. 6d. Unlike the 1989 version, the 2014 version provides that allowance holders are also “responsible for utilizing the funds for the purpose intended and for limiting commitments, obligations, and expenditures to the amounts provided in the allowance, and in accordance with any funds limitations.” *Id.* Moreover, where the 1989 version had listed specific positions such as the Associate Executive Directors and Office Directors as the allowance holders, the 2014 version uses the general category of “Allowance Holders.” *Compare* Para. 6f and 9b of June 1989 version *with* Para. 6d2 and 8e of Sept. 2014 version.

The 2014 version remains the operative directive setting forth procedures for the administrative control of funds within the agency and has not been cancelled or superseded.⁴ Under those procedures, the head of each program office is the allowance holder for that office. For example, each Commissioner is the allowance holder for his or her office, and the Executive Director and General Counsel are the allowance holders for the Offices of the Executive Director and of the General Counsel, respectively. The Budget Officer, who sits within EXFM, is authorized to issue allowances to each program office but does not determine who the allowance holder is for that office. The allowance holder role is reserved for whomever holds the position of head of a given program office—whether that be a Commissioner, a statutory officer, or a director. EXFM maintains a detailed Allowance Structure Holder list that identifies each allowance holder by name and position, the assigned Funds Control Officer (who is the allowance holder’s delegee), and the applicable Budget Analyst supporting that office on behalf of EXFM. These lists are updated as needed (e.g., when the individual who holds a position as program office head changes), maintained in the budget file archives and can be provided to the OIG upon request.

³ This directive cancelled and superseded the June 1989 version of 1230.1. See *id.*, para. 4.

⁴ We understand that OIG requested information concerning whether the Office for Management and Budget (OMB) ever approved any version of 1230.1. Our records indicate that CPSC submitted a draft of the directive to OMB for review and received minor comments in May 2014, which were duly incorporated in the final version. OMB does not appear to have provided any further comment on the directive.

4. Each individual who obligated funds for the IAAs at issue was an allowance holder authorized by delegation to do so.

As noted above, we understand that the IAAs at issue are agreements with GSA for leasing office space and government-owned fleet vehicles and another with FPS for building security. The Director of Facilities Services at the time⁵ approved the obligation of funds for each of these IAAs as the allowance holder for the Office of Facilities Services. The Acting Associate Executive Director for Compliance and Field Operations and the Director of the Office of Import Surveillance also approved separate funding obligations with GSA for additional fleet vehicles as the allowance holders for their respective program offices. Each of these obligations were within the allowance issued by the Budget Officer for those offices.

Through the combination of D201.1 and 1230.1, there is a clear chain of delegated authority running from the Chairman to each of these program office heads. In D201.1, the Chairman delegated his statutory authority over the use and expenditure of agency funds to the Executive Director. In turn, through 1230.1, the Executive Director⁶ sub-delegated that authority to each program office head, including the three officers who obligated funds in the relevant IAAs in the amount of the allowance provided by the Budget Office. In other words, the Executive Director sub-delegated to the Budget Officer the authority to determine the amount of funds available to each of these three program offices and sub-delegated to the head of those offices the authority to determine where and how to spend those available funds. As discussed below, this type of segregation of duties is consistent with federal requirements for effective internal control systems.

The Management Alert contends that 1230.1 does not properly delegate authority to these individuals to obligate funds for the IAAs because the directive does not identify who is an allowance holder by name or position and does not give anyone power to designate someone as an allowance holder. We respectfully disagree. Allowance holders are fixed by position. Whoever holds the position that is the head of a given program office—whether a Commissioner, statutory officer or office director—is automatically the allowance holder for that office. As noted above, the 1989 version of 1230.1 made this clear. While the 2014 version removed specific references to the heads of the program offices, this appears to have been done merely for drafting convenience. There is no indication that the Executive Director intended to modify who the allowance holders had traditionally been under the 1989 version.

We acknowledge, however, that the editorial change in the 2014 version appears to have inadvertently introduced some ambiguity regarding who allowance holders are under 1230.1. As a result, the 2014 version no longer clearly specifies to whom the

⁵ The Management Alert covers fiscal year 2025. During that time, the position of Director of Facilities Services changed hands.

⁶ The delegations in 1230.1 arguably come directly from the Chairman. The 1989 version was signed by the Chairman at the time, and the 2014 version signed by the Executive Director merely provided updates that did not materially affect the delegation from the Chairman in the 1989 version.

Budget Officer may issue allowances and now states—somewhat axiomatically—that “[a]llowances may be issued to the Allowance Holder. . . .” *Compare* Para. 9b of June 1989 version *with* Para. 6b2 of 2014 version. To eliminate this ambiguity, we intend to revise 1230.1 to reflect more clearly the longstanding practice of designating the head of each program office as the allowance holder for that office and to list program office heads by title or position, as was done in the 1989 version of 1230.1.

5. The procurement directives on which the Management Alert relies do not apply to the IAAs at issue here.

The Management Alert places great weight on two procurement directives, D1001 (Consumer Product Safety Commission (CPSC) Procurement System) and 340.2 (Delegation of Procurement Authority). It appears to suggest that these delegations modified or superseded the delegations in 1230.1 and that, as a result, “contracting officers are the only officials authorized to obligate funds on behalf of the CPSC, with limited exceptions,” that allowance holders “were not identified as an exception,” and that COs are not allowed “to redelegate obligating authority for IAAs to any other position at the CPSC.” We respectfully disagree.

The procurement directives did not cancel, supersede or modify in any way the delegations of authority provided in 1230.1. The procurement directives make no mention of 1230.1 when identifying prior directives for cancellation. See 340.2, *Delegation of Procurement Authority*, para. 7 (Jan. 23, 2023); see also Directive D207.1, *Delegation of Procurement Authority*, para. 7 (May 15, 2019). Nor did the procurement directives purport to modify any of the longstanding procedures for the administrative control of funds set forth in 1230.1 or the delegations of authority contained therein. Rather, the procurement directives appear to have been intended to apply only to the special case where the agency seeks to purchase goods and services from the private sector because federal law imposes special requirements on such purchases.

At the CPSC and in common usage, when a government entity engages in “procurement,” it typically refers to the purchase of goods and services directly or indirectly *from the private sector*. The primary source of regulations and guidance on federal procurement is Title 41 of the United States Code and the Federal Acquisition Regulation (FAR), 48 C.F.R. § 1.000, *et seq.* Directives D1001 and 340.2 are expressly intended to establish policies and procedures implementing the requirements of Title 41 and the FAR.⁷ Both directives cite these provisions in their authority sections, describe functions such as “Senior Procurement Executive” and “Warranted Contracting Officers” that are specific to the FAR,⁸ and reference throughout agency officials’ obligations to conduct procurement activities consistent with the FAR.

⁷ See FAR § 1.301(a)(2) (“an agency head may issue or authorize the issuance of internal agency guidance at any organizational level (e.g., designations and delegations of authority, assignments of responsibilities, work-flow procedures, and internal reporting requirements”).

⁸ See, e.g., FAR § 2.101 (definitions of “Senior Procurement Executive” and “Contracting Officer”).

The FAR, however, does not typically “apply when one executive agency acquires goods or services directly from another executive agency.” *Savantage Fin. Servs., Inc. v. United States*, 123 Fed. Cl. 7, 32 (2015). This is because IAAs are not considered contracts for procurement purposes. Interagency agreements are typically governed by separate statutory authorities such as the Economy Act, 31 U.S.C. § 1535, or program-specific authorities rather than the FAR. IAAs generally fall within the FAR only when “[a]n agency needing supplies or services obtains them using another agency’s contract” with a private party or when “[a]n agency uses another agency to provide acquisition assistance” for contracting with private parties. 48 C.F.R. § 17.500.⁹

Here, the IAAs with GSA for leasing office space and fleet vehicles and with FPS for building security are not covered by the FAR. For example, GSA leases office space and fleet vehicles to other federal agencies pursuant to separate and independent statutory authorities and regulations. See 40 U.S.C. § 586(b), 601-611; 41 C.F.R. Part 101-39 (Federal Property Management Regulation). Similarly, the primary authority for FPS to enter into IAAs with other agencies to provide security services is 40 U.S.C. § 1315, which authorizes the Secretary of Homeland Security to protect federal property, buildings, and occupants, and permits the detailing of officers to other federal agencies upon request. Accordingly, we do not believe that the agency’s procurement directives apply to the IAAs at issue in the Management Alert.¹⁰

We acknowledge, however, that the procurement directives are not as clear as they could be regarding their scope. For that reason, we intend to update those directives to make more explicit that they apply only to contracts and interagency agreements governed by the FAR.

B. CPSC maintains a robust system of internal controls that are fully compliant with federal requirements.

The Comptroller General’s *Standards for Internal Control in the Federal Government* (known as the “Green Book”) establishes the standards that federal agencies must follow to design, implement, and operate an effective internal control system. The agency has successfully implemented these standards into its internal

⁹ We acknowledge that CPSC’s procurement directives contain occasional references to IAAs. See, e.g., Directive 340.2, para. 6.b (noting that contracting officers “have authority to enter into, administer, or terminate contracts, simplified acquisitions and delivery orders, grants, cooperative agreement and interagency agreement”). This is because, as discussed above, some interagency agreements do fall within the scope of the FAR. On the rare occasion when the agency enters into an interagency agreement covered by the FAR, it observes the requirements of the procurement directives, including having a contracting officer obligate funds.

¹⁰ We also note that even if they did, we would respectfully disagree with the assertion that contracting officers are barred from re-delegating obligating authority for IAAs to another CPSC employees. The FAR provides that “[e]ach authority is delegable unless specifically stated otherwise.” 48 C.F.R. § 1.108(b). The procurement directives do not expressly preclude contracting officers from delegating their authority. To the contrary, Directive 340.2 explicitly contemplates re-delegation by including within the definition of contracting officer “certain authorized representatives of the contracting officer acting within the limits of their authority as delegated by the contracting officer.” *Id.*, para. 3b (emphasis added).

controls to ensure that CPSC's obligations and costs comply with the law, funds are safeguarded against misappropriation, and expenditures are properly recorded to maintain accountability over assets.

For example, the Green Book instructs agency management to consider segregation of duties in designing control activities so that incompatible duties are segregated. See 2025 Green Book at 73, paras. 10-21 – 10.23. Segregation of duties helps prevent fraud, waste, and abuse in the internal control system. *Id.* at para. 10.22. The Green Book advises that management should consider the need to separate control activities related to authority, custody, and accounting of operations to achieve adequate segregation of duties within the entity's business processes. *Id.* CPSC has implemented these segregation practices at every step of the IAA obligation and payment process. Specifically, the Budget Officer is the only one that can determine the amount of funds available to an office and certify the availability of such funds, while the allowance holder (or their designee) is the only one that can determine where and how to spend those funds and approve invoices. Both approvals are required for any funds to be obligated.

Likewise, the Green Book encourages agency management to design appropriate types of control activities for the entity's internal control system, including the entity's information technology, by considering all aspects of its internal control components, relevant business processes, and operating environment. 2025 Green Book at 62, para. 10.03. The agency's internal controls meet this principle, specifically with the use of controls in its various electronic payment systems. CPSC utilizes the Administrative Resource Center (ARC), a federal shared services provider in the U.S. Department of Treasury's Bureau of the Fiscal Service, for financial services. Certification of the availability of funds occurs only within the OneARC portal by the Budget Officer. In contrast, review and approval of an invoice or IPAC occurs via email because that is the IPAC approval process established by ARC. These controls in the agency's electronic payment systems ensure that no single individual or office controls all aspects of a financial transaction, reducing the risk of error or fraud and maintaining strong internal controls and accountability.

While the Green Book establishes broad internal control principles, it does not prescribe specific documentation formats for delegations of authority. As the Green Book itself recognizes, the extent of documentation supporting internal control design is a matter of management judgment. 2025 Green Book at 11, para. OV2.10. Accordingly, we would respectfully disagree with any suggestion that the agency lacks the necessary internal controls to ensure that obligations and costs comply with the law, funds are safeguarded against misuse, expenditures are properly recorded, and that the agency does not spend or obligate federal funds in advance or excess of appropriations.

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We appreciate the Office of Inspector General's attention to these issues and share the goal of maintaining strong internal controls and transparent financial

management. We look forward to working collaboratively to clarify agency directives where appropriate while reaffirming the soundness of the Commission's longstanding financial management and internal control framework.