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



Management and Performance Challenges for Fiscal Year 2027

October 21, 2026

27-O-01



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.

October 21, 2026

TO: Peter A. Feldman, Acting Chairman
Brien A. Lorenze, Commissioner
Karen D. Sessions, Commissioner

FROM: Christopher W. Dentel, Inspector General CHRISTOPHER DENTEL Digitally signed by CHRISTOPHER DENTEL Date: 2026.10.21 14:56:32 -04'00'

SUBJECT: Management and Performance Challenges for Fiscal Year 2027

In accordance with the Reports Consolidation Act of 2000, I am providing you information on what I consider to be the most serious management and performance challenges facing the U.S. Consumer Product Safety Commission (CPSC) in fiscal year (FY) 2027. Congress left the determination and threshold of what constitutes a most serious management and performance challenge to the discretion of the Inspector General. These challenges are defined as mission critical areas or programs that have the potential to be a significant weakness or vulnerability that would greatly impact agency operations or strategic goals if not addressed by management.

Through the development of a new strategic plan, performance dashboards, and other means, senior leadership at the CPSC has both made progress towards and demonstrated a commitment to building a more transparent, efficient, effective, and accountable agency. Current senior leadership has demonstrated a willingness to embrace change and act decisively. However, as detailed below, a number of the challenges they have inherited will take time to address. In FY 2027, the most serious management and performance challenges facing the CPSC continue to fall into the same general categories as in FY 2026:

1. Enterprise Risk Management
2. Resource Management
3. Information Technology Security

In order to meet their strategic goals and to address the above challenges, senior management will need to deal with the agency culture they have inherited. They will need to overcome agency management's historic reluctance to embrace change and hold staff accountable for results.

Please feel free to contact me if you or your staff have any questions or concerns.

INTRODUCTION

Historically, a recurring issue at the CPSC, and one which has compounded the difficulty in adequately addressing the CPSC's other challenges, has been the "tone at the top" of the agency. I am happy to report that current senior leadership has taken steps to reverse this trend. They have acted decisively to deal not only with a number of recent integrity type offenses, but also reviewed and, where necessary, taken additional corrective actions to address the agency's responses to prior incidents. Further, they have demonstrated a commitment to implementing the administration's priority of combatting fraud, waste, and abuse.

The FY 2027 management and performance challenges directly relate to the current administration's priorities of leveraging artificial intelligence, improving government efficiency, restoring government accountability, and eliminating waste. They also relate to the CPSC's statutory mission of "Protecting the public from hazardous consumer products" and address the CPSC's Strategic Goals of Readiness, Intelligence, and Operations.

In the past year, agency senior leadership has accomplished a number of their goals. They created an Analytic Center of Excellence to leverage advanced data analytics to improve the agency's ability to identify unsafe products and target illegal shipments; developed a new strategic plan which includes an emphasis on shifting from output-based to outcome-based metrics to more accurately track the agency's progress at meeting its mission of keeping consumers safe; instituted performance metrics and dashboards to both incentivize and track the performance of programs and employees; and taken other steps to more accurately measure and more efficiently manage the performance of both agency programs and staff. Through these and other means, agency management has both made progress towards and demonstrated a commitment to building a more transparent, efficient, effective, and accountable agency. They continue to work towards a number of ambitious goals including the development and deployment of its National Electronic Injury Surveillance System Remodel (NEISS-R) to improve data collection and decision making within the agency and moving the agency headquarters from Bethesda, MD to Washington, DC. A move which will place the CPSC in closer proximity to Congress, the White House, key federal partners, and other outside stakeholders while simultaneously reducing the agency's physical footprint by approximately 30 percent.

In assessing the agency's progress, it is important to note both the challenges agency leadership inherited and the new challenges created by the need to make fundamental management changes to meet government wide requirements directed by Executive Orders and associated implementing direction. These include the need to address shortcomings in the way the agency has dealt with human capital and financial management that have gone uncorrected for years and will not be susceptible to quick fixes. However, I am happy to report that, as noted below, the agency is now showing a greater willingness to address these issues, and progress has been reported by the agency in a number of areas.

The FY 2027 management and performance challenges are:

1. Enterprise Risk Management
2. Resource Management
3. Information Technology Security

Neither these challenges nor the issues underlying these challenges are new. Challenges do not always equate to problems; rather, they should be considered areas most deserving of ongoing focus by CPSC management and staff. The challenges we identify speak to both the foundation of agency operations - internal controls - as well as the ability of the CPSC to manage risk and respond to changes in the external operating environment and within the agency.

Below is a brief discussion of each management and performance challenge along with examples of management's efforts to address each and references to relevant Office of Inspector General (OIG) work.

I. ENTERPRISE RISK MANAGEMENT

Enterprise Risk Management (ERM) is an integrated approach to understanding, analyzing and managing risk across an agency in order to help the agency achieve its objectives. It includes and integrates internal controls as a fundamental part of its framework. While ERM is broader than just internal control, an effective internal control system is considered an essential component for managing and mitigating risks to achieve an organization's objectives.

Risk is the effect of uncertainty on agency operations. Traditionally, organizations managed risks by placing responsibilities on unit leaders to manage the risks within their areas of responsibility. For example, the chief information officer was responsible for managing risks related to the organization's information technology operations, the chief financial officer was responsible for managing risks related to finance and budget, the general counsel for legal risks, and so on. This traditional approach to risk management is often referred to as silo risk management whereby each silo leader is responsible for managing risks in isolation.

This traditional approach to risk management has limitations, which could result in significant risks going undetected or not being fully understood by management. Some risks "fall between the silos." Also, some risks affect multiple silos in different ways. So, while a silo leader might recognize a potential risk, he or she may not realize the significance of that risk to other aspects of the agency. For example, the director of facilities may adjust leases in a way designed to promote operational efficiencies at the agency without communicating said change to the chief financial officer because he does not realize the potential financial reporting consequences of these changes.

OMB Memorandum A-123, *Management's Responsibility for Internal Control,* (A-123) is the federal government's standard for federal agencies that defines management's responsibilities for internal control and ERM.

We note that the CPSC has substantial experience using a risk-based methodology for certain of its operations, for example, its research and inspection operations. However, it is only relatively recently that the Office of Financial Management, Planning, and Evaluation began developing a risk assessment process for the agency as a whole. The agency reported that by the end of FY 2024, for the first time, risk assessments had been performed by all assessable units[1] and internal controls had been identified to deal with the risks found by that process.[2] For FYs 2025 and 2026, the agency reports that all relevant organizational offices submitted internal control assessments. In FY 2025, the CPSC updated its Risk Management guidance to better align with FMFIA, the most recent OMB A-123 guidance, Digital Accountability and Transparency Act of 2014, and Agency Financial Report reporting requirements. The revised approach was reviewed and approved through the Risk Management Council, which oversees program alignment as part of its governance duties. This is done to ensure that program identification is checked consistently during the annual internal controls cycle. In FY 2026, the agency revised the Risk Management Council Charter and published Directive 0690.2 which formally requires offices to identify and document their programs according to mission-aligned criteria. The agency reports that the Risk Register is updated in real-time and reviewed weekly by agency senior leaders.

It should be noted that resource constraints due to budgetary pressure and recruiting difficulties have undercut the agency's ability to fully incorporate ERM into its operations. For example, the agency has been without an internal controls auditor for over two years and was unable to contract for A-123 audit support services for a portion of FY 2026.

The objective of ERM is to develop a holistic portfolio-view of the most significant risks to the agency's most important objectives. ERM seeks to create a top-down, enterprise view of all the significant risks that might impact the strategic objectives of the agency. An effective ERM process should be an important strategic tool for agency leaders. Insights about risks emerging from the ERM process should be an important input to the agency's strategic plan. As management and the commissioners become more knowledgeable about ERM and potential risks, they can use that intelligence to design strategies to nimbly navigate future risks as they emerge. Proactively thinking about risks should provide greater efficiencies by reducing the likelihood that unforeseen risks will emerge that might derail important strategic initiatives for the agency. Proactive thinking about risks should also increase the odds that the agency is better prepared to minimize the impact of a risk event should it occur.

The agency's efforts in this area were hampered in FY 2025 and FY 2026 by the lack of an internal control auditor and the interruption in contractor support previously used to perform risk assessments.[3] Progress is being made in this area and we look forward to having the opportunity to formally review the program as it matures. On a foundational level, the CPSC's incorporating of ERM into its operations is still relatively new and we have not had the opportunity to audit the effectiveness of the agency's efforts in this area, but we have been impressed by the progress that we have observed to date.

[1] Certain offices in the CPSC are not included in the agency's risk assessment process. Under the current version of A-123, the term assessable units is no longer used.

[2] The Audit of the CPSC's Implementation of the Federal Managers' Financial Integrity Act of 1982 (FMFIA) for 2018 and 2019 found that misalignment existed between how the CPSC identified programmatic or operational activities, how it measured the performance of these activities, and how it reported these activities. Our audit recommended that the CPSC focus on programs that help achieve the agency's mission, e.g. FastTrack, rather than offices, e.g. the Office of Compliance, which are organizational units.

[3] Agency management reports that contract auditor support in this area was restored in the latter portion of FY 2026.

Once risks and opportunities are identified through the risk assessment process, they should be addressed through internal controls. Internal control systems are the tools used by management to help an entity achieve its objectives. Internal controls can range from providing written delegations of authority, that outline who has authority and responsibility over sensitive tasks; to monitoring and analyzing employee use of computers, to detect and prevent misuse as well as to track employee's use of official time; and include the creation of written policies and procedures, to guide entity operations.

Historically, the CPSC has lacked an effective system of internal control. Within the federal government, an agency's internal control system is the tool used by management to both ensure compliance with laws and regulations and to help the organization achieve its objectives, navigate change, and manage risk. A strong internal control system provides stakeholders with reasonable assurance that the agency's operations are effective and efficient, use reliable information for decision-making, and are compliant with applicable laws and regulations.

Another area where improvement has been made but much work remains to be done involves the agency's system of directives. A fundamental weakness in the CPSC's internal control system historically has been the failure to develop and maintain an up-to-date set of written policies and procedures. For example, some key human capital and financial management directives are clearly out of date and in some cases over four decades old. Other areas of agency operations suffer from having no formal directives governing their operations.

On a positive note, this has clearly been an area of emphasis for agency leadership. An example of this is that for the first time in two decades, the names of the individuals selected to serve on the FY 2025 Senior Executive Service Performance Review Board were published in the Federal Register as required by federal regulation. Prior to this, the last time the CPSC met this requirement was FY 2006. Additionally, a tranche of 11 new directives, many related to the financial operations of the agency, were published this September.

The CPSC has made progress in resolving some of its historic ERM and internal control findings and recommendations from this office. The OIG acknowledges management's:

- Ongoing efforts at reviewing and revising its directive system. This is particularly impressive given the number of revisions that have been required due to government-wide policy changes.
- Creation of a Risk Management Counsel to address ERM at the agency level and provide governance and risk mitigation.
- Development of an agency Risk Register.
- Ongoing efforts to revise the management assurance and internal controls program governance, including its internal communication and its processes for consolidating its entity-level checklist responses for the Statement of Assurance (SOA).
- Reported success in meeting its goal to have all assessable units develop formal internal control programs.

Recently completed OIG work in this area includes: Audit of the Consumer Product Safety Commission's Fiscal Year 2025 Financial Statements, Audit of the CPSC's FISMA Implementation for FY 2025, Audit of the CPSC's Internal Controls Over Space Utilization, Audit of the CPSC's Leased Fleet Vehicle Planning, Management, and Analysis, and three Management Alerts. Ongoing OIG work in this area includes the Audit of the Consumer Product Safety Commission's Fiscal Year 2026 Financial Statements and Audit of the CPSC's FISMA Implementation for FY 2026. Upcoming OIG work in this area includes planned evaluations of the CPSC's Budget Process and Senior Executive Service (SES) Performance Management System.

II. RESOURCE MANAGEMENT

This challenge relates to management's stewardship of its resources including human capital, agency funds, and agency assets. This challenge has been exacerbated for years by uncertainty over agency funding levels and deficiencies in the agency's internal budgeting and performance management processes. For example, there are issues related to the calculations used by the agency to determine personnel costs and verify operating costs and performance measures. This makes it difficult to ensure program effectiveness, establish appropriate staff levels, and make determinations regarding the optimal mix of "in house" and contracted work. This complicates the duties of both oversight officials (commissioners, congress, etc.) and agency management.

The CPSC has announced that it will safeguard taxpayer resources by streamlining operations, eliminating duplication, and ensuring every action is lawful, cost-effective, and justified. They have already taken steps to refocus the agency on achieving its mission of protecting the public from hazardous consumer products and reshaping the agency to more efficiently accomplish this mission.[4] To optimize its efforts in this area, the CPSC must reform its financial reporting and budgetary processes so that these become useful management tools instead of simply paperwork exercises. Such a reform would provide senior management with timely and accurate information and allow decision makers to better understand how financial resources are allocated across agency programs.

On a positive note, the FY 2026 Financial Statement Audit is ongoing as of the time this document is being written, and preliminary results appear to indicate that there has been some improvement in the agency's financial operations. These improvements appear to be largely driven by the work of contractors and come at a financial cost to the agency as they currently pay staff and contractors to accomplish work formerly accomplished by staff alone. It seems likely that agency management will, again in FY 2026, be forced to make hard decisions involving what work should be done in-house and what work should be outsourced to contractors.

The CPSC needs to implement policies and procedures to better secure and safeguard vulnerable assets as well as accurately track and efficiently employ its property. Vulnerable assets include physical property and data the agency collects and uses to analyze potential harm to consumers. The CPSC should have adequate policies and procedures in place to safeguard data from unauthorized release

[4] One example of this reshaping would be the creation of an Office of the Chief Data Officer to lead the agency's data modernization and data governance efforts as well as enhance the agency's analytics capabilities.

and both track the value of physical assets and protect them from misappropriation. Additionally, physical assets, such as agency vehicles, should be employed in the most efficient manner possible.

Our recent audit of the agency's management of its fleet of leased vehicles found: inadequate planning, which resulted in a failure to properly analyze the cost of vehicle acquisitions and operations resulting in both inefficiencies in fleet composition and wasted funds; inadequate record keeping, which compounded problems with program management; and inaccurate reporting of program costs and assets. Additionally, we found a breakdown in internal controls demonstrated through the program's inconsistent and outdated policies, violations of the provisions in the Code of Federal Regulations governing the program; the failure to automate data acquisition and use the resulting data to manage the program.

The agency entered FY 2026 after experiencing unprecedented turnover in FY 2025. This created both a challenge in conducting daily operations and an opportunity to reshape the agency. In FY 2026, the agency filled a number of critical vacancies (Human Resource Director, CFO, etc.) but a number remain vacant and staffing remains at a low level with a number of key positions still unfilled.

Additionally, corrective action taken by management on resolved findings and recommendations is essential to improving the effectiveness and efficiency of government operations. Historically, insufficient resources were allocated to implementing OIG recommendations with which the agency had already concurred. This led to the continuation of problems that had already been identified and that management had already agreed to address. Implementing existing recommendations designed to improve human capital, financial management, and the use and protection of assets will allow the CPSC to be more efficient and avoid future costs. Effective resource management will allow the CPSC to be agile while responding to change and support overall agency success.

On a positive note, the agency's utilization of a Strategic Hiring Committee and implementation of a strategic hiring plan have allowed the agency to leverage the capabilities of senior management officials to review and approve the creation or filling of every agency vacancy to ensure hiring aligns with national interests, mission criticality, cost-effectiveness, and administration priorities. To accomplish this, the agency needs to continually assess whether it currently has the right personnel to support the mission and is providing the right training, tools, structure, and incentives to achieve operational success. Management must also continually assess the agency's needs regarding knowledge, skills, and abilities so that the agency can be effective now and prepare for the challenges of the future. These challenges are complicated by the ERM issues discussed previously and budgetary and hiring constraints within which the agency must operate.

Recently completed OIG work in this area includes: Audit of the CPSC's Internal Controls Over Space Utilization, Fleet Program Audit, and Audit of the CPSC's FISMA Implementation for FY 2025. Ongoing OIG work in this area includes the Audit of the Consumer Product Safety Commission's Fiscal Year 2026 Financial Statements, and Audit of the CPSC's FISMA Implementation for FY 2026. Upcoming OIG work in this area includes scheduled evaluations of the CPSC's Budget Process and SES Performance Management System.

III. INFORMATION TECHNOLOGY SECURITY

In the field of information technology (IT), one constant is the competition over limited IT resources between competing mission requirements. Hard decisions need to be made regarding the division of resources between the maintenance of current systems and the need to develop new tools and systems. Similarly, a tension exists over the allocation of resources between supporting mission initiatives and addressing the ever-evolving IT security environment. As this office has expressed before, and the agency also noted, the CPSC will not be able to meet current and future demands with its current IT resources. The agency will need to reassess the risks and benefits of allocating resources to new systems versus securing and maintaining legacy systems. This challenge is not unique to the CPSC. Current agency leadership appears to be more willing to develop new systems and ways of doing things than many of their predecessors. For example, as previously discussed, the agency has created an Analytic Center of Excellence to harness advanced data analytics, consistent with President Trump's Executive Order 14179.

Senior leadership is making a concerted effort to upgrade the CPSC's use of technology. They are working to gain operational efficiencies by leveraging AI resources in general and to replace outdated data collection systems with AI-powered data mining efforts. In particular, they are working to replace the over fifty-year old National Electronic Injury Surveillance System (NEISS), which relies on a manual data-collection approach involving approximately 70 hospitals across 36 states, with an automated system, NEISS-R, with a target of 100 hospitals across all 50 states and that will increase annual record volume from roughly 400,000 to approximately 2 million.

By integrating this data, CPSC staff will have real-time insights into emerging hazards enabling them to act more quickly. These efforts have the potential to make the CPSC a much more effective organization supporting the mission of keeping American families from unreasonable risks of injury associated with consumer products.

During the FY 2026 FISMA audit, the CPSC's compliance with FISMA reporting metrics set forth by the Department of Homeland Security and the OMB was assessed. It was found that improvements have occurred in some areas. Specifically, since the FY 2025 FISMA audit, the CPSC had:

- Finalized an Information Security Risk Management Strategy.
- Established formal requirements for creating, maintaining, and governing current and target cybersecurity profiles.
- Finalized and implemented policies and procedures associated with supply chain cybersecurity controls.
- Completed an assessment of risks related to identified deficiencies.
- Finalized and implemented a strategy to address information security risk management requirements.
- Fully implemented a data loss prevention solution.
- Updated organization-wide Continuity of Operation Plan and related continuity plans.
- Developed and implemented policies and procedures for maintaining a Continuity of Operations Plan and conducting Business Impact Analyses.

- Integrate contingency plans with Continuity of Operations Plan and Business Impact Analyses.
- Performed an analysis of introducing automation to support contingency plan testing.

However, despite these improvements, it was determined that the CPSC still had not implemented an effective information security program in accordance with FISMA requirements. The CPSC has not implemented an effective program because the CPSC has still not taken a formal approach to information security risk management and has not prioritized addressing the most critical FISMA requirements and OIG recommendations. The National Institute of Standards and Technology provides guidance to federal agencies on establishing effective information security programs. This guidance postulates that establishing effective governance and a formalized approach to information security risk management is the critical first step to achieving an effective information security program. To date, the CPSC has not taken this critical first step.

The IT challenges currently facing the CPSC include: evolving threats, increasingly sophisticated attacks including state-sponsored attacks, and new compliance requirements. These challenges are further complicated by the rapid changes in the agency's IT environment as CPSC management overhauls its data collection and analysis tools.

Recently completed OIG work in this area includes: Audit of the CPSC's Adoption of Zero Trust Architecture, Audit of the CPSC's FISMA Implementation for FY 2025, Evaluation of the CPSC's Management of Cloud Computing, Shared Services, & Third-Party Systems; and Evaluation of the CPSC's NIST Cybersecurity Framework Implementation. Ongoing OIG work in this area includes the Audit of the CPSC's FISMA Implementation for FY 2026 and Audit of the U.S. Consumer Product Safety Commission's Adoption of Emerging Technologies. Upcoming OIG work in this area includes the scheduled Audit of the CPSC's FISMA Implementation for FY 2027.



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, 441 G Street NW, Washington, D.C. 20548