Fiscal Year 2014

Agency Financial Report

UNITED STATES OF AMERICA
CONSUMER PRODUCT
SAFETY COMMISSION

About the CPSC

The U.S. Consumer Product Safety Commission (CPSC) is an independent federal regulatory agency, created in 1972 by the Consumer Product Safety Act (CPSA). In addition to the CPSA, as amended by the Consumer Product Safety Improvement Act of 2008 (CPSIA) and Public Law No. 112-28, the CPSC also administers other laws, such as the Federal Hazardous Substances Act, the Flammable Fabrics Act, the Poison Prevention Packaging Act, the Refrigerator Safety Act, the Virginia Graeme Baker Pool and Spa Safety Act, and the Children's Gasoline Burn Prevention Act.

The CPSC has jurisdiction over thousands of types of consumer products used in and around the home, in recreation, and in schools, from children's toys to portable gas generators and toasters. Although the CPSC's regulatory purview is quite broad, a number of product categories fall outside the CPSC's jurisdiction. [*]

The CPSC is a bipartisan commission consisting of five presidentially appointed Commissioners. The Commission convenes regularly at meetings that are open to the public.

From left to right: Commissioner Robert Adler, Commissioner Anne Marie Buerkle,
Chairman Elliot Kaye, Commissioner Marietta Robinson, and Commissioner Joseph Mohorovic

[*] Product categories such as automobiles and boats; alcohol, tobacco, and firearms; foods, drugs, cosmetics, and medical devices; and pesticides are regulated by other federal agencies.

About This Report

The purpose of the U.S. Consumer Product Safety Commission's FY 2014 *Agency Financial Report* (AFR) is to assist Congress, the President, and the American people to assess the agency's stewardship over resources with which it is entrusted. This annual report is required by legislation and complies with the requirements of the Office of Management and Budget's Circulars A-11, *Preparation, Submission, and Execution of the Budget*, and A-136, *Financial Reporting Requirements*.

The AFR is organized into four major sections:

Management's Discussion and Analysis—This section provides information about the agency's mission and organizational structure, our high-level performance results, financial highlights, and management assurances regarding internal controls.

Financial Section—This section provides a message from the Chief Financial Officer, the independent auditor's report, the financial statements and notes to financial statements, and required supplementary information.

Other Accompanying Information—This section provides the Office of the Inspector General's (OIG) Management and Performance Challenges and the agency's response, the schedule of spending, a summary of the financial statement audit and management assurance results, and improper payments reporting details.

Appendices—This section provides a listing of federal statutes applicable to CPSC, glossary of acronyms and abbreviations.

This report satisfies the reporting requirements contained in the following legislation:

- *Federal Managers' Financial Integrity Act of 1982*
- *Accountability of Tax Dollars Act of 2002*
- *Government Management Reform Act of 1994*
- *Federal Financial Management Improvement Act of 1996*
- *Reports Consolidation Act of 2000*
- *Improper Payments Elimination and Recovery Act of 2010*
- *Government Performance and Results Modernization Act of 2010*

For the second year in a row, the CPSC is producing an AFR, with a primary focus on financial results, and an Annual Performance Report (APR),[*] which focuses on strategic goals and performance results, in lieu of a combined Performance and Accountability report. This AFR and the prior year AFRs are electronically available at http://www.cpsc.gov/en/About-CPSC/Agency-Reports/Performance-and-Budget/.

[*] The APR is produced in conjunction with the FY 2016 President's Budget Request and provides more detailed performance information and analysis of performance results.

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Message from the Chairman

It is my pleasure to present the U.S. Consumer Product Safety Commission's (CPSC's) Agency Financial Report (AFR) for fiscal year (FY) 2014. A health and safety agency whose work is relevant to all consumers, the CPSC is committed to achieving its mission of protecting the public against unreasonable risks of injury from consumer products. While I am Chairman, the CPSC will continue to work collaboratively with willing stakeholders while also employing our tools as necessary and appropriate to address safety challenges, some of which are highlighted below.

Youth Sports Brain Safety

Playing sports offers children so many health benefits and life lessons. We cannot ignore, however, that contact resulting in trauma to the brain can (and for many athletes does) raise serious concerns of life-long health consequences. No matter what sport a child plays, he or she needs a healthy brain to succeed in life long after playing competitively. Sports helmets play an important role in injury prevention. We will continue to be leaders in accelerating the culture of brain safety in youth sports.

Window Coverings

Even though hazards associated with corded window coverings were first identified more than 30 years ago, it is beyond tragic that roughly one child a month continues to die from window cord strangulation. The time has come to comprehensively address this persistently deadly hazard. While I continue to believe America's window coverings industry has the creativity and the talent to solve this problem, all options – including a regulatory solution – should remain on the table until this hazard is addressed and parents and business can know for certain these products are safe.

Coin Cell/Button Batteries

Chemical burning of internal tissue as the result of unintentional swallowing of button/coin cell batteries has killed more than a dozen children since 2000 alone and injured thousands of others. We continue to work with certain battery manufacturers, researchers, and international partners on comprehensive ways to protect children from the hazard and to find a design change that prevents the hazard from occurring. As is the case with window coverings, I believe this problem can—and must—be solved.

Import User Fee

Consumers are far safer when the CPSC can stop hazardous products at the border, thus preventing them from entering our stream of commerce, our stores and our homes. Since 2008, approximately 80 percent of product recalls in the United States has involved an imported consumer product. In 2011, the agency initiated a pilot-scale Risk Assessment Methodology (RAM) to try to better target hazardous imports. The agency has requested a funding mechanism from Congress for a full-scale national targeting program. A full-scale RAM would allow CPSC to participate in a robust fashion with the government-wide "single window" approach at the border, benefitting both consumers and industry by facilitating the flow of compliant trade while also improving government targeting of high-risk shipments.

I would like to express my gratitude to our stakeholders, the Commissioners and especially the CPSC staff, for having made FY 2014 yet another very productive one in furtherance of serving consumers. I look forward to continuing to work with agency stakeholders, the CPSC's talented staff, and my fellow Commissioners to build upon the agency's consumer product safety-related achievements.

In addition to our efforts to serve consumers, the CPSC places a strong emphasis on being an effective steward of its financial resources. I am pleased to provide an assurance that the CPSC's financial statements are reliable and complete. The CPSC's financial statement auditor issued an unmodified opinion on our FY 2014 financial statements. The auditors noted no material weaknesses in internal controls over financial reporting.

Elliot F. Kaye
Chairman
November 14, 2014

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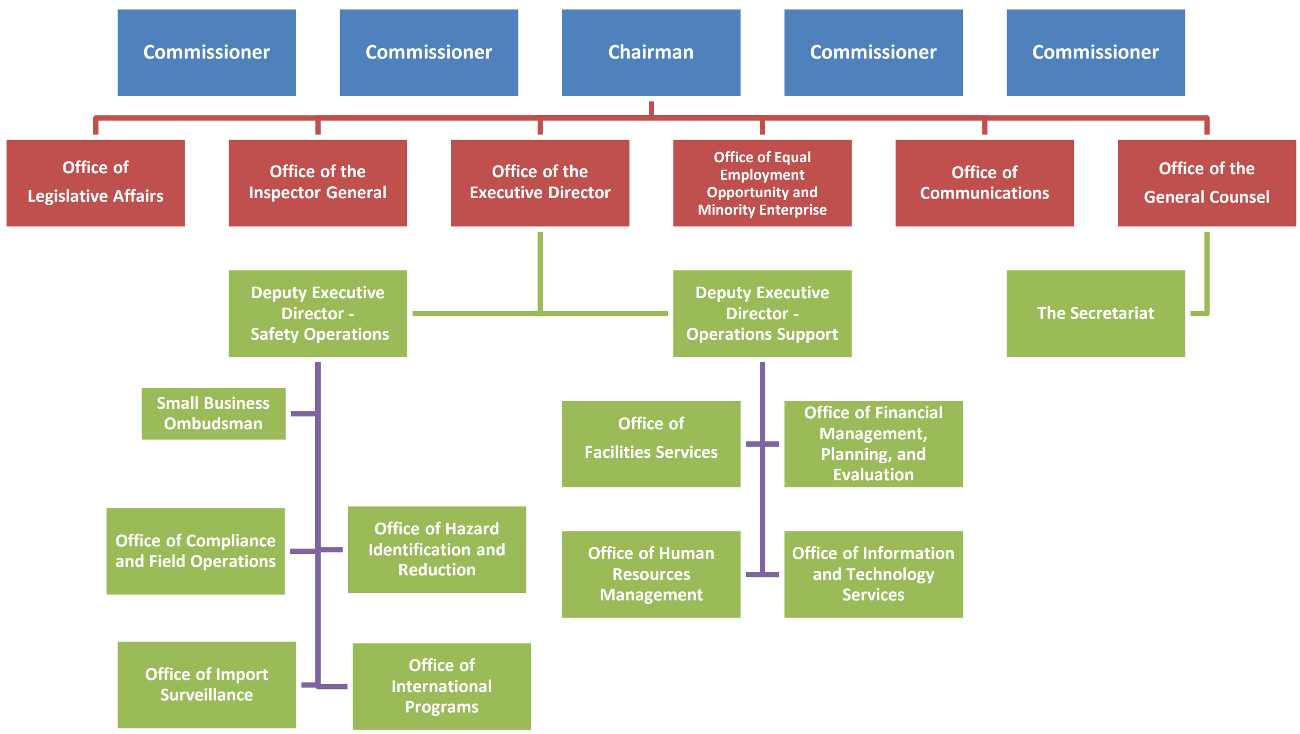
Management's Discussion and Analysis

CPSC Management's Discussion and Analysis (MD&A) serves as an overview and analytical summary for the AFR. The MD&A provides a concise description of the agency's performance measures, financial analysis, systems and controls, and compliance with laws and regulations.

ORGANIZATIONAL STRUCTURE

The Commission consists of five members appointed by the President with the advice and consent of the Senate. The Chairman is the principal executive officer of the Commission. The following chart depicts the organizational structure of the CPSC in FY 2014:



FY 2011–FY 2016 Strategic Plan Summary

Vision: The CPSC is the recognized global leader in consumer product safety.

The CPSC's Mission Statement

Protecting the public against unreasonable risks of injury from consumer products through education, safety standards activities, regulation, and enforcement.

Strategic Goal 1: Leadership in Safety

Take a leadership role in identifying and addressing the most pressing consumer product safety priorities and mobilizing action by our partners.

Strategic Objectives

1.1 Determine the most critical consumer product hazards and issues to define the Commission's annual priorities consistent with the agency's regulatory requirements.

1.2 Create and strengthen partnerships with stakeholders aimed at improving product safety throughout the supply chain.

1.3 Collaborate with partners ranging from state and federal authorities, colleges and universities, and other stakeholders to expand the CPSC's effectiveness and reach.

1.4 Work towards harmonizing global consumer product standards or developing similar mechanisms to enhance product safety.

1.5 Promote and recognize innovation and advancements in consumer product safety.

1.6 Attract, retain, and collaborate with leading experts to address consumer product hazards.

Strategic Goal 2: Commitment to Prevention

Engage public and private sector stakeholders to build safety into consumer products.

Strategic Objectives

2.1 Minimize hazardous defects early in the manufacturing process through increased participation in voluntary standards activities.

2.2 Improve the safety of consumer products by issuing mandatory standards, where necessary and consistent with statutory authority, in response to identified product hazards.

2.3 Facilitate the development of safer products by training industry stakeholders on the CPSC's regulatory requirements and hazard identification best practices.

2.4 Develop programs that provide incentives for manufacturers and importers to implement preventive actions that enable the safety of their products.

2.5 Engage foreign product safety regulators and foreign manufacturers to reduce the production of unsafe consumer products that may enter the U.S. market.

Strategic Goal 3: Rigorous Hazard Identification

Ensure timely and accurate detection of consumer product safety risks to inform agency priorities.

Strategic Objectives

3.1 Improve the quality and comprehensiveness of crucial product hazard data.

3.2 Reduce the time it takes to identify hazard trends by improving the collection and assessment of hazard data.

3.3 Establish a transparent, risk-based methodology to consistently identify and prioritize hazards to be addressed.

3.4 Expand import surveillance efforts to reduce entry of unsafe products at U.S. ports.

3.5 Scan the marketplace regularly to determine whether previously identified significant hazards exist in similar products.

3.6 Increase surveillance of used and resale consumer products to identify and remove recalled products and substantial product hazards.

Strategic Goal 4: Decisive Response

Use the CPSC's full range of authorities to quickly remove hazards from the marketplace.

Strategic Objectives

4.1 Expand the CPSC's ability to conduct a full range of inspections to monitor for noncompliant and defective products.

4.2 Use a risk-based methodology to prioritize the CPSC's targeted response to addressable product hazards.

4.3 Increase the effectiveness and speed of recalls of noncompliant and defective products.

4.4 Reduce the time it takes to inform consumers and other stakeholders of newly identified hazards and the appropriate actions to take.

4.5 Hold violators accountable for hazardous consumer products on the market by utilizing enforcement authorities.

Strategic Goal 5: Raising Awareness

Promote a public understanding of product risks and CPSC capabilities.

Strategic Objectives

5.1 Increase awareness of the CPSC to ensure the public knows where to turn for information on consumer product safety, where to report hazardous incidents, and knows about the enforcement capabilities used to address product dangers.

5.2 Provide stakeholders with easily accessible, timely, and useful safety information on consumer product hazards.

5.3 Deploy targeted outreach campaigns for priority hazards and vulnerable communities.

5.4 Increase access to consumer product safety information for industry and small businesses.

Key Performance Measures

ID	Program	Performance Measure Statement	FY 2012 Actual	FY 2013 Actual	FY 2014 Target	FY 2014 Actual
Strategic Goal 1: Leadership in Safety						
1.2.1	International	Number of training or outreach seminars for foreign manufacturers conducted by CPSC staff	8	12	3	34
1.2.2	International	Number of staff exchanges with foreign counterparts undertaken as part of the Extended Training Exchange Program	2	2	3	2
1.2.3	Executive	Number of new collaborations undertaken with domestic nongovernment organizations (NGOs) such as trade associations, universities, or federations	--	2	3	4
1.4.1	International	Number of products on which CPSC had consultations with foreign counterparts	3	3	4	3
1.6.1	Personnel	Employee retention rate	85%	84.7%	85%	81%
1.6.2	Personnel	Average hiring time (recruitment time using U.S. Office of Personnel Management 's (OPM) End-to-End hiring process) (days)	75	73	80	78
1.6.3	Personnel	Training participation rate	73.6%	83%	85%	93%
Strategic Goal 2: Commitment to Prevention						
2.1.1	Hazard	Number of voluntary standards activities supported or monitored by CPSC staff	70	74	83	83
2.1.2	Hazard	Number of collaborations established or maintained with other organizations to work on nanotechnology research or issues affecting consumer products	8	4	5	6
2.1.3	Hazard	Number of reports produced on the results of collaboration on nanotechnology issues affecting consumer products	9	11	5	11
2.2.1	Hazard	Number of candidates for rulemaking prepared for Commission consideration	28	14	19	9
2.3.1	Executive	Number of domestic training activities made available to industry stakeholders	--	14	7	23
Strategic Goal 3: Rigorous Hazard Identification						
3.1.1	Hazard	Percentage of National Electronic Injury Surveillance System (NEISS) member hospitals evaluated at least once a year	98%	99%	98%	100%
3.1.2	Hazard	Percentage of consumer product-related injury cases correctly captured at NEISS hospitals	92%	92%	90%	91%
3.2.1	Hazard	Time from incident received to integrated team adjudication of incident report (business days)	--	6.5	10	3.4
3.2.2	Hazard	Percentage of priority import regulated samples (excluding fireworks) tested within 30 days of collection	85%	92%	85%	98.8%
3.2.3	Hazard	Percentage of priority import fireworks samples tested within 60 days of collection	99.7%	100%	90%	100%
3.4.1	Import	Number of import examinations	18,131	26,523	22,000	28,007
3.4.2	Import	Sample yield per 100 import entries examined as identified through the RAM pilot system	26	28.8	26	34.2
3.4.3	Import	Percentage of import shipments processed through the RAM pilot system that are cleared within one business day	--	99.5%	99%	99.7%
3.4.4	Import	Percentage of CPSC import entry hold requests acted on by U.S. Customs and Border Protection (CBP)	--	86%	86%	87.2%
3.4.5	Import	Establish an International Trade Data System (ITDS)/ RAM rule set to target intellectual property violations where a health and safety hazard is suspected in consumer product imports	--	--	Rule set established	Rule set completed

ID	Program	Performance Measure Statement	FY 2012 Actual	FY 2013 Actual	FY 2014 Target	FY 2014 Actual
3.5.1	Compliance	Total number of products screened by CPSC field staff	--	240,847	225,000	250,767
3.5.2	Compliance	Number of consumer products screened by CPSC field staff through Internet surveillance activities	--	24,920	23,000	21,284
3.5.3	Hazard	Number of annual reports completed on consumer product-related fatalities, injuries, and/or losses for specific hazards	11	11	10	10
3.6.1	Compliance	Number of used/resale consumer products screened by CPSC field staff	--	180,808	170,000	209,662
Strategic Goal 4: Decisive Response						
4.1.1	Compliance	Number of establishment inspections conducted by CPSC field staff	1,184	3,680	3,000	3,672
4.1.2	Compliance	Percentage of products screened by CPSC field staff resulting in violations	--	6.9%	6%	6%
4.1.3	Hazard	Total number of items/component parts from samples tested at National Product Testing and Evaluation Center (NPTEC) for specific standards and regulations	40,066	37,063	36,000	37,028
4.3.1	Compliance	Percentage of all cases for which the preliminary determination is made within 85 business days of the case opening	--	84%	70%	60.6%
4.3.2	Compliance	Percentage of cases for which the corrective action is accepted within 60 business days of the preliminary determination	98%	88%	80%	80.9%
4.3.3	Compliance	Percentage of cases in which the firm is notified of a violation in a timely manner	--	94%	90%	97.1%
4.3.4	Compliance	Percentage of Fast-Track cases with corrective actions initiated within 20 business days	99%	98%	90%	100%
4.4.1	Communications	Average number of days from an established first draft of recall press release to the date the recall press release is issued (business days)	--	27.5	22	25.3[++]
4.5.1	Compliance	Percentage of compliance defect investigation cases referred within 10 business days to Office of the General Counsel (OGC) for review of firms' timely reporting pursuant to Section 15(b)	--	57%	75%	63.3%
Strategic Goal 5: Raising Awareness						
5.1.1	Communications	Percentage of the U.S. population that reports awareness of the CPSC	--	N/A*	Preliminary baseline	N/A[*]
5.1.2	Communications	Percentage of the U.S. consumers who report acting on a CPSC safety message	--	N/A*	Preliminary baseline	N/A[*]
5.2.1	Communications	Number of public information campaigns conducted by CPSC on targeted consumer product safety hazards	23	24	24	24
5.2.2	Communications	Number of impressions of CPSC safety messages received by consumers on targeted consumer product safety hazards (in millions)	4,209	4,628	3,215	9,361
5.3.1	Communications	Number of impressions of CPSC safety messages received by consumers on priority hazards in vulnerable communities (in millions)	437	1,395	425	2,408

[*] Preliminary baseline data could not be collected during FY 2013 and FY 2014 because the proposed survey was being reviewed by the Office of Management and Budget.

[++] The average number of business days between establishment of first draft and issuance of recall press release for the most timely 90% of all recall press releases is 20. Starting in FY 2015, we will begin to use this modified performance measure statement.

SELECTED PERFORMANCE RESULTS

Goal 1: Leadership in Safety

Expansion of international trade, increasingly global supply chains, and technological advances have increased the spectrum of consumer products available to U.S. consumers; this has made the challenge for the CPSC of overseeing and regulating thousands of product types more complex. The value of U.S. imports under the CPSC's jurisdiction has skyrocketed in recent years. As part of a strategy for addressing the growing complexity and risk associated with additional global sources of production, the CPSC works to reduce the number of recalls through outreach and education for foreign manufacturers and regulators. The CPSC's international programs include education and capacity building to help ensure that manufactured products meet U.S. safety requirements. This reduces the need for remedial action or recalls later, benefiting both the U.S. consumer and the manufacturer. Selected achievements include:

- In FY 2014, provided regulatory capacity-building training to product safety officials from 17 foreign jurisdictions.
- In June 2014, participated with the European Union and China in the Fourth Trilateral Summit of the three jurisdictions, as well as a bilateral meeting with CPSC's Chinese counterpart agency.
- In FY 2014, coordinated an extended training exchange with the consumer product regulatory authority of Vietnam.
- In August 2014, initiated with the European Commission a product safety buyer-training program for sourcing professionals based in China, who purchase consumer goods for export to the United States and Europe.
- In June 2014, participated as a founding party in the OECD's global consumer outreach project, beginning with an international campaign to alert consumers about the dangers of coin cell battery ingestion by children.

Goal 2: Commitment to Prevention

The CPSC participates in the development of voluntary safety standards, issues mandatory safety rules, trains industry stakeholders on regulatory requirements and hazard identification best practices, and engages foreign product safety regulators and foreign manufacturers to reduce production of unsafe consumer products that could enter the U.S. market. Since passage of the CPSIA in 2008, the CPSC has made significant progress toward creating stronger mandatory standards and has implemented significant portions of the CPSIA. Selected achievements include:

- Completed 172 CPSIA-related rulemaking activities since 2008, of which 43 were final rules. In FY 2014, the CPSC completed six final rules.
- Participated in the U.S. government's National Nanotechnology Initiative (www.nano.gov), to sponsor research and data collection to identify release of nanoparticles from selected consumer products to determine the potential health effects from exposure.
- Participated in 83 voluntary standard activities in FY 2014, collaborating with industry leaders, consumer advocates, and other stakeholders to improve consensus voluntary standards across a wide range of consumer products.

Goal 3: Rigorous Hazard Identification

The CPSC must determine quickly and accurately which addressable product hazards represent the greatest risks to consumer safety to focus the agency's resources. This involves analyzing vast quantities of data on injuries, deaths, and other incidents related to consumer products. Data come from a wide range of sources, including consumers and consumer groups, hospitals and clinics, industry, the media, and the Internet. The CPSC works to improve the quality of crucial product hazard data, investigates specific injury cases to gain additional information, and monitors used and resale consumer products to prevent previously identified hazardous product from re-entering the marketplace. Selected achievements include:

- In FY 2014, more than 28,000 different imported consumer products were screened at U.S. ports of entry.

- In FY 2014, the CPSC's Internet Surveillance unit contacted approximately 8,935 firms and individuals who were attempting to sell banned or previously recalled consumer products via Internet websites, causing sales to be halted and keeping dangerous products out of the marketplace.
- The CPSC Consumer Hotline (800) 638-2772 received nearly 100,000 calls in FY 2014.

Goal 4: Decisive Response

Once hazardous products have been identified, the CPSC takes action to protect consumers, remove the products from the marketplace, and hold violators accountable. CPSC Field Investigators conduct investigations of incidents and injuries, as well as inspections of manufacturers, retailers, and importers. Multidisciplinary CPSC teams review investigation reports and product samples to determine when possible violations and defects warrant corrective action. The CPSC also holds violators accountable for hazardous consumer products, using its enforcement authority to seek civil, and in some cases, criminal penalties, as appropriate, when companies fail to report potentially hazardous products as required. Selected achievements include:

- Completed nearly 3,680 establishment inspections of firms for compliance with the CPSC's laws and regulations.
- Sent nearly 2,060 Notices of Non-Compliance and negotiated more than 350 corrective action plans (CAPs) to address safety in consumer products.
- Conducted nearly 390 recalls, involving approximately 119 million units.
- Negotiated more than $4 million in civil penalties through out-of-court settlements.

Goal 5: Raising Awareness

The CPSC uses a wide array of communication channels and strategies to provide the public with timely and targeted information about consumer product safety issues. The CPSC disseminates safety messages through press releases, newspaper stories, radio stories, TV appearances, and video broadcasts. The CPSC uses the Internet and a variety of social media platforms to disseminate information, including an OnSafety blog, Twitter, YouTube, Flickr, Widgets, Google+, and smart phone apps. Selected accomplishments include:

- More than 11 billion impressions of CPSC safety messages were received by consumers in FY 2014, including about 536 million impressions for the CPSC's crib safety education program (Safe To Sleep®); approximately 146 million impressions for minority outreach efforts; and an estimated 1.7 billion impressions for the pool drowning and drain entrapment prevention program.
- Increased the number of members of the Neighborhood Safety Network (NSN) from approximately 3,000 in 2009, to 9,300 in September 2014. The NSN is a grassroots outreach program that provides timely information to member organizations and individuals, who in turn, share CPSC safety messages with underserved consumers who might otherwise never hear of or receive information from the CPSC.
- An estimated 34,000 followers of CPSC safety messages on Twitter in FY 2014. In addition, there were more than 146 million impressions reported from Hispanic media and media interviews in Spanish for all major media events.

Additional details on the key performance measures and results will be presented in the CPSC's 2014 Annual Performance Report. More information is also available in the *Supplemental Information on FY 2014 Key Performance Measures*, which can be found at http://www.cpsc.gov/en/About-CPSC/Agency-Reports/Performance-and-Budget/.

ANALYSIS OF FINANCIAL STATEMENTS AND STEWARDSHIP INFORMATION

Financial Performance Overview

As of September 30, 2014, the financial condition of the CPSC was sound, with adequate funds to meet program needs and satisfactory controls in place to provide reasonable assurance that CPSC obligations did not exceed budget authority. The CPSC prepared its financial statements in accordance with the accounting standards codified in the Statements of Federal Financial Accounting Standards and with Office of Management and Budget (OMB) Circular No. A-136, Financial Reporting Requirements.

Sources of Funds: The CPSC's FY 2014 annual appropriation from Congress was $118.0 million, of which $1.0 million will remain available until expended to implement the Virginia Graeme Baker Pool and Spa Safety Act (VGB Act) grant program. Additional funds available in FY 2014 were $0.5 million from prior-year unobligated appropriations to implement the VGB Act grant program and $2.8 million from offsetting collections for CPSC data collection work that is done on a reimbursable basis with partner government agencies. The sum of all operating funds available for obligation in FY 2014 was $121.3 million, a $9.4 million increase relative to FY 2013. The difference from the prior year is almost entirely attributable to the absence of a Budget Control Act-prompted sequestration, which applied to the agency in FY 2013.

Schedule of Spending (Costs by Function): The CPSC incurred costs of $119.6 million in FY 2014, an increase of $8.4 million, or 8 percent, from FY 2013. Approximately 59 percent of FY 2014 costs were for salaries and benefits. The remaining 41 percent represented expenses to obtain technical assistance for the CPSC's regulatory programs; to cover operating expenses; and to fund staff travel. Salaries and benefits increased by $1.1 million, or 2 percent, as compared to FY 2013, due to higher overall staffing levels, mandatory pay increases, including promotions, and inflationary increases to benefits such as health insurance and public transit subsidies. The CPSC maintained a full-time equivalent (FTE) personnel-planning ceiling of 548 in FY 2014, a 20 FTE increase from FY 2013 levels. All other cost categories increased by approximately $7.3 million from the prior fiscal year. These increases were executed largely through Contractual Services to conduct mission or related support activities. Contractual Services increased $4.2 million or 15 percent from the prior year. Structures and equipment costs increased $4.5 million or 237 percent from FY 2013 levels. The structure and equipment cost increases were attributable to equipment upgrades at the National Product Testing and Evaluation Center, and furniture and fixtures for the offices at the Bethesda, MD, headquarters as part of the FY 2013 renewed lease agreement and associated upgrades. The CPSC expenditure levels for travel, training, supplies, and rent were in line with prior year levels.

Costs by Function (millions)	FY 2014	FY 2013	Increase (Decrease)	Percentage (%)
Salaries and Benefits	$ 70.8	$ 69.7	$ 1.1	2%
Contractual Services	32.2	28.0	4.2	15%
Rent/Comm/Utilities	7.8	9.3	(1.5)	-16%
Structures and Equipment	6.4	1.9	4.5	237%
Travel/Transportation	1.3	1.3	0.0	0%
Printing/Supplies/Other	1.1	1.0	0.1	10%
Total Costs	$ 119.6	$ 111.2	$ 8.4	8%

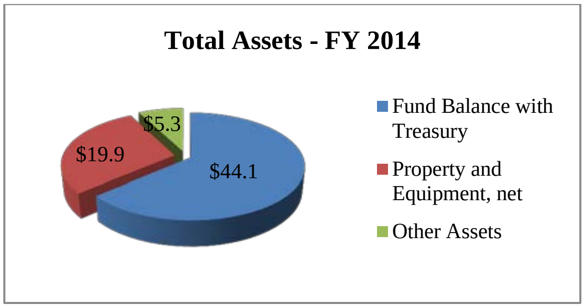
Audit Results. The CPSC received an unmodified audit opinion on its FY 2014 financial statements.

Financial Statement Highlights: The CPSC's financial statements summarize the financial position and financial activities of the agency. The financial statements and the notes to the financial statements appear in the Financial Section of this report, beginning on page 19.

Analysis of the Balance Sheet

The CPSC's assets totaled approximately $69.3 million as of September 30, 2014, representing an increase of $7.4 million from the prior year. The assets reported in the CPSC's Balance Sheet are summarized in the Asset Summary table below:

Assets (millions)	FY 2014	FY 2013	Increase (Decrease)	Percentage (%)
Fund Balance with Treasury	$ 44.1	$ 36.0	$ 8.1	23%
Property and Equipment, net	19.9	22.1	(2.2)	-10%
Other Assets	5.3	3.8	1.5	39%
Total Assets	$ 69.3	$ 61.9	$ 7.4	12%



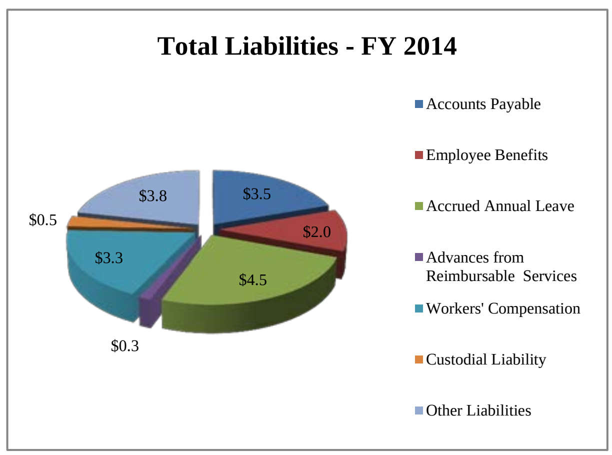
Fund Balance with the U.S. Treasury represented the CPSC's largest asset of $44.1 million as of September 30, 2014, an increase of $8.1 million from the prior year balance. The increase was primarily due to an increase in appropriations and the subsequent absence of a Budget Control Act-prompted sequestration. This balance represents appropriated funds and other funds maintained at the U.S. Treasury until final disposition is made.

Property and Equipment, net, had a balance of $19.9 million as of September 30, 2014, a decrease of $2.2 million from the prior year, due to depreciation. The balance was comprised of the net value of the CPSC's leasehold improvements, equipment, furniture and fixtures, and computer hardware and software.

Other Assets had a balance of $5.3 million as of September 30, 2014. This balance represents advances to other federal agencies for interagency services, such as participation in the National Nanotechnology Initiative (www.nano.gov) and other operating services, such as payroll processing and financial systems, which the CPSC acquires from other federal agencies through established interagency agreements. Included in *Other Assets* are accounts receivables, which comprised of uncollected amounts from civil fines and penalties levied by the CPSC to regulated entities, as well as unpaid Freedom of Information Act (FOIA) request fees. *Other Assets* also includes the unused tenant improvement allowance from the CPSC's rental lease agreement with the General Services Administration (GSA).

The CPSC's liabilities were $17.9 million as of September 30, 2014, a $0.3 million increase in total liabilities from FY 2013. The increase is primarily due to an increase in workers compensation actuarial factors used to estimate the CPSC's future liability and increases in employee benefits, such as health insurance and transit subsidy. These increases are offset by the decrease in advances from reimbursable services. Beginning in FY 2014, the CPSC's reimbursable agreements with other agencies no longer require advance payments, and this, in turn, resulted in a $0.9 million decrease in advances from reimbursable activities. Interagency billing and collection are now made when the work is provided.

Liabilities (millions)	FY 2014	FY 2013	Increase (Decrease)	Percentage (%)
Accounts Payable	$ 3.5	$ 3.2	$ 0.3	10%
Employee Benefits	2.0	1.6	0.4	25%
Accrued Annual Leave	4.5	4.5	0.0	0%
Advances from Reimbursable Services	0.3	1.1	(0.8)	-73%
Workers' Compensation	3.3	2.7	0.6	22%
Custodial Liability	0.5	0.2	0.3	150%
Other Liabilities	3.8	4.3	(0.5)	-12%
Total Liabilities	$ 17.9	$ 17.6	$ 0.3	2%



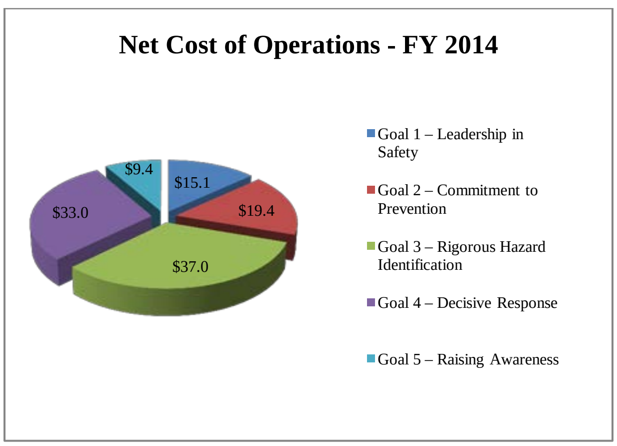
The difference between total assets and total liabilities is net position. The CPSC's net position was approximately $51.3 million as of September 30, 2014, as compared to $44.4 million as of September 30, 2013. The 16 percent increase in net position from FY 2013 to FY 2014 was due to the increase in financing sources, namely an increase in the FY 2014 appropriation, exceeding the decrease in net cost of operations.

Net Position Summary (millions)	FY 2014	FY 2013	Increase (Decrease)	Percentage (%)
Unexpended Appropriations	$ 41.3	$ 31.6	$ 9.7	31%
Cumulative Results of Operations	10.0	12.8	(2.8)	-22%
Total Net Position	$ 51.3	$ 44.4	$ 6.9	16%

Analysis of the Statement of Net Cost

The Statement of Net Cost presents a breakdown of the CPSC's net cost by strategic goal. The table below shows net costs for each of the five strategic goals in the CPSC's FY 2011−FY 2016 Strategic Plan.

Net Cost of Operations (millions)	FY 2014	FY 2013	Increase (Decrease)	Percentage (%)
Goal 1 – Leadership in Safety	$ 15.1	$ 15.1	$ (0.0)	0%
Goal 2 – Commitment to Prevention	19.4	22.2	(2.8)	-13%
Goal 3 – Rigorous Hazard Identification	37.0	34.7	2.3	7%
Goal 4 – Decisive Response	33.0	29.9	3.1	10%
Goal 5 – Raising Awareness	9.4	12.7	(3.3)	-26%
Net Cost of Operations	$ 113.9	$ 114.6	$ (0.7)	-1%



The CPSC's net cost of operations was $113.9 million for the fiscal year ended September 30, 2014, a decrease of $0.7 million from the prior year. The small decrease was attributable with higher contract award levels that were obligated in the fourth fiscal quarter but not expensed as of September 30. The Statement of Net Cost includes costs that will be funded in the future and are required to be recognized as part of the cost of operations. However, these costs are not part of the costs presented by the Schedule of Spending. The reconciliation of the Statement of Net Cost and the Schedule of Spending is in Note 15 of the Notes to Financial Statement, in the Financial Section of this report.

Analysis of Statement of Changes in Net Position

The Statement of Changes in Net Position reports the change in net position during the reporting period. Net position is affected by changes in its two components: Cumulative Results of Operations and Unexpended Appropriations. The increase in net position from FY 2013 to FY 2014 resulted from the $9.4 million increase in financing sources and $0.3 million unexpended appropriation, which exceeded the decrease of $2.8 million in the cumulative results of operations. The financing sources increase was described in the previous section.

Analysis of the Statement of Budgetary Resources

The Statement of Budgetary Resources shows the sources of budgetary resources available and their status at the end of the fiscal year. This statement represents the relationship between budget authority and budget outlays and reconciles obligations to total outlays. This statement also includes unobligated balances from prior years. For the fiscal year ended September 30, 2014, the CPSC had available budgetary resources of $132.4 million, principally derived from new spending authority and prior-year unobligated balances, representing a net increase of $10.9 million from the FY 2013 available budgetary resources of $121.5 million. The unobligated budget authority available on September 30, 2014, was $12.7 million, an increase of $2.4 million from the prior year.

Total net outlays for FY 2014 were $108.4 million, which represents a decrease of $1.0 million from FY 2013 net outlays of $109.4 million. The decrease resulted from approximately

$3.0 million in lower gross outlays in FY 2014 from the prior year, offset by the decrease in actual offsetting collections of $2.0 million.

Analysis of the Statement of Custodial Activity

The Statement of Custodial Activity presents the total custodial revenue and the disposition of collections related to that revenue activity, namely, civil penalties paid by regulated entities. This statement precludes reported revenue billed and collected by the CPSC on behalf of the U.S. government from being duplicated as reported revenue on the consolidated government's Statement of Net Cost. The CPSC reported $4.1 million in custodial revenue for the fiscal year ended September 30, 2014, compared to $7.1 million for the fiscal year ended September 30, 2013.

CONTROLS, SYSTEMS, AND LEGAL COMPLIANCE

This section of the report provides information on the CPSC's compliance with the:

- Federal Managers' Financial Integrity Act of 1982 (FMFIA)
- OMB Circular No. A-123, Management's Responsibility for Internal Control
- Federal Financial Management Improvement Act of 1996 (FFMIA)
- Prompt Payment Act
- Debt Collection Improvement Act of 1996

Federal Managers' Financial Integrity Act of 1982 (FMFIA)

The FMFIA requires agencies to provide assurances in each of the following coverage areas:

- FMFIA Section 2 (Overall) – Management provides assurances of the overall adequacy and effectiveness of internal control within the agency and compliance with laws and regulations;
- FMFIA Section 2 (Financial Reporting) – OMB Circular No. A-123 Appendix A – Management provides a separate assurance over the effectiveness of internal control for financial reporting. OMB Circular No. A-123 and its appendices, as well as OMB Circular No. A-127, provide guidance on the assessment of controls and FMFIA reporting; and
- FMFIA Section 4 (System Compliance) – Management provides and evaluates conformance of financial management systems to related requirements.

The FMFIA requires federal agencies to establish controls to reasonably assure that: (i) obligations and costs comply with applicable law; (ii) assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and (iii) revenues and expenditures are properly recorded and accounted for. The FMFIA incorporates program, operational, and administrative areas, as well as accounting and financial management. The Chairman is required to provide an assurance statement on the adequacy of management controls and conformance of financial systems with government-wide standards. The CPSC believes that maintaining integrity and accountability is essential for responsible stewardship over assets and resources and significantly enhances the effectiveness of CPSC leadership, in addition to maximizing favorable program outcomes.

CPSC management is responsible for evaluating internal controls. Each manager assesses internal controls within their applicable area of responsibility. In FY 2014, additional support for the individual offices' assurance statements, in the form of an internal controls diagnostic checklist, was developed and implemented. The diagnostic checklists were completed by CPSC managers who lead major mission or support functions within the agency. The diagnostic checklists were designed to assist CPSC managers in inventorying internal controls in their areas of responsibility and to aid in identifying and addressing internal control deficiencies, weaknesses, or other issues. The diagnostic checklist evaluations, in combination with the Managers' Statements of Assurance (SoA), were aggregated and assessed to inform the overall FMFIA Section 2 management assurance for the agency that provides reasonable assurance that management internal controls achieved their intended objectives. All major offices within the CPSC provided written reasonable assurance that internal controls achieved intended results, that resources used were consistent with the CPSC's mission, that laws and regulations were followed, and that reliable and timely information was obtained, maintained, reported, and used for decision-making. Major activities used to monitor internal controls were also evaluated and taken into consideration for the SoAs. The SoAs were based on several sources of information, including:

- Management knowledge gained from the daily operation of the agency's programs;
- Management reviews;
- Annual performance plans;
- Inspector General reports; and

- The internal controls diagnostic checklist results.

The CPSC received a clean, unmodified audit opinion on its FY 2014 financial statements. The independent auditor of CPSC's financial statements indicated that the financial statements present fairly, in all material respects, the financial position of the CPSC, and its net costs, changes in net position, budgetary resources and custodial activity for FY 2014 in accordance with accounting principles generally accepted in the U.S.

OMB Circular No. A-123, Management's Responsibility for Internal Control

The CPSC evaluated its internal controls and undertook a separate assessment of internal control for financial reporting under OMB Circular No. A-123 Appendix A for FY 2014. The agency had implemented the Circular No. A-123 Appendix A Internal Control Program during FY 2012. For the past 2 years, CPSC has conducted a comprehensive assessment of internal control over financial reporting to equip the CPSC better with a documented and structured internal control program, and thereby, enhance the integrity and reliability of financial information. Management's internal controls activity in financial reporting includes periodic, risk-informed testing and evaluation of key internal controls; and developing and implementing corrective action plans, as appropriate, to address nonconformance. During FY 2014, two additional financial cycles, Payroll and IT general controls, were added to the CPSC internal controls activities. Results of the internal controls testing for the financial cycles were disclosed to the independent auditor, and management found no evidence of material weaknesses within the agency's financial cycles. Based on the overall results of management's financial reporting internal controls evaluation, the CPSC provided reasonable assurance that the internal controls for financial reporting were operating effectively and that no material weaknesses were found in the design or operation of those internal controls as of September 30, 2014.

Federal Financial Management Improvement Act of 1996 (FFMIA)

The FFMIA requires federal agencies to implement and maintain systems that substantially comply with: (i) federal financial management system requirements, (ii) applicable federal accounting standards, and (iii) the U.S. government standard general ledger at the transaction level. The FFMIA requires the Chairman to determine the agency's financial management system compliance with the FFMIA and to develop corrective action plans for noncompliant financial systems.

FY 2014 FFMIA Results

As of September 30, 2014, the CPSC evaluated its core financial management systems to determine if they were compliant with applicable federal requirements and accounting standards required by the FFMIA. The CPSC uses financial systems through a shared service provider (SSP), operated by the U.S. Department of Transportation's Enterprise Services Center (ESC). CPSC managers reviewed the Independent Audit Report SSAE-16 conducted on behalf of the ESC. The independent auditors assessed controls for this financial management system and found that it was in substantial compliance with the federal financial management system requirements, applicable federal accounting standards, and the U.S standard general ledger at the transaction level. The system met federal requirements and accounting standards required by the FFMIA. CPSC managers' review of the CPSC's financial management systems in FY 2014 demonstrated that the agency complies with the FFMIA.

Prompt Payment Act

The Prompt Payment Act requires federal agencies to make timely payments to vendors for supplies and services, to pay interest penalties when payments are made after the due date, and to take cash discounts when they are economically justified. As of September 30, 2014, 97 percent of the CPSC's payments that were subject to the Prompt Payment Act were made on time. In FY 2014, the CPSC incurred $2,095 in interest penalties and made 89 percent of its vendor payments electronically.

Debt Collection Improvement Act of 1996

The Debt Collection Improvement Act of 1996 was enacted to enhance the ability of the federal government to service and collect debts. As of September 30, 2014, delinquent debt was approximately $8,900, which was approximately 1.68 percent of the agency's FY 2014 billings. The CPSC pursues the collection of delinquent debt and refers all eligible delinquent debt more than 180 days delinquent to the U.S. Treasury for collection.

LOOKING AHEAD

In FY 2014 and beyond, the agency will continue with its efforts to identify noncompliant products through the CPSC's Import Surveillance program, enforcement of CPSC regulations, and marketplace surveillance. Additionally, the agency will continue adopting regulations for durable nursery products and other consumer products that are likely to pose unreasonable risks of injury. Furthermore, the CPSC will continue to strive for injury prevention through its efforts in educating consumers, manufacturers, and other stakeholders at both the domestic and international levels.

The CPSC has received appropriations for the Virginia Graeme Baker Pool and Spa Safety Act (VGB Act) Grant program, which is intended to increase pool safety awareness and prevent injuries and deaths, associated with pool and spa drownings. Established by the VGB Act, Pub. L. No.110-140, Title XIV, the VGB Act Grant program was funded by Congress in FY 2014 with a $1 million appropriation that is available until expended. The CPSC has initiated work to award the VGB grants. The authorizing language was amended in FY 2014 to clarify certain eligibility requirements for potential state, local, and municipal applicants.

In the FY 2015 President's Budget Request, the CPSC proposed expanding the Import Surveillance pilot program to a full-scale national program over 5 years, beginning in FY 2015. The envisioned Import Surveillance program requires an initial start-up appropriation of an additional $5 million in FY 2015 to initiate implementation of the full-scale program from the existing pilot-scale program. The existing pilot-scale program analyzes a fraction of entry lines under CPSC's jurisdiction, while a full-scale program would have the capability to analyze 100 percent of entry lines under CPSC's jurisdiction. To fund the initiative in FY 2016 and beyond, the CPSC also requested that Congress authorize an import surveillance user fee to be charged on products of jurisdiction at ports of entry as part of the FY 2015 appropriations process. The proposed import surveillance user fee ultimately is intended to offset the full program cost of CPSC's import surveillance activities, estimated at $36 million annually. This proposal has not been enacted as of the issuance of this report.

MANAGEMENT ASSURANCE STATEMENT

CPSC management is responsible for establishing and maintaining effective internal controls and financial management systems that meet the objectives of Federal Managers Financial Integrity Act of 1982 (FMFIA).

In accordance with the requirements of OMB Circular No. A-123, "Management's Responsibility for Internal Control," the CPSC conducted its FY 2014 assessment of the effectiveness of internal controls. Based on the results of this assessment, the CPSC is providing reasonable assurance that the internal controls in effect as of September 30, 2014, met their intended objectives and no material weaknesses were found in the design or operation of the agency's internal controls for the fiscal year ended September 30, 2014.

In addition, the CPSC assessed the effectiveness of internals control over financial reporting, in accordance with OMB Circular A-123. Based on the results of this evaluation, and consistent with the independent auditor's report, the CPSC is providing unqualified assurance that the agency's internal controls over financial reporting as of September 30, 2014, were operating effectively.

Furthermore, the CPSC conducts reviews of its financial systems in accordance with OMB Circular No. A-123 Appendix D, Compliance with the Federal Financial Management Improvement Act of 1996 (FFMIA). Based on the results of these reviews, the CPSC can provide reasonable assurance that the CPSC's financial management systems substantially comply with FFMIA requirements as of September 30, 2014.

Elliot F. Kaye
Chairman
November 14, 2014

LIMITATIONS OF THE FINANCIAL STATEMENTS

The financial statements have been prepared to report the financial position and results of operations of the CPSC for FY 2014 and FY 2013, pursuant to the requirements of Title 31 of the U.S. Code, section 3515 (b).

Although the statements have been prepared from the books and records of the CPSC, in accordance with accounting principles generally accepted in the United States of America for federal entities and the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records.

The statements should be read with the realization that they are for a component of the U.S. government, a sovereign entity.

Financial Section

This section of the AFR contains the Chief Financial Officer's message, the Independent Auditor's Report, the CPSC's financial statements and notes to financial statements, and required supplementary information.

The CPSC prepares these statements in conformity with the U.S. Generally Accepted Accounting Principles (GAAP) for the federal government and OMB Circular A-136, *Financial Reporting Requirements*.

The financial statements provide a comparison of FY 2014 and FY 2013 results. The CPSC prepares the following required financial statements:

- Balance Sheet – presents, as of September 30, resources owned or managed by the CPSC that provide probable economic benefits (assets), amounts owed by the entity (liabilities), and amounts that comprise the difference (net position).
- Statement of Net Cost – presents the gross cost incurred by the CPSC, less earned revenue from its activities. The CPSC presents net cost of operations by strategic goal.
- Statement of Changes in Net Position – reports the change in net position during the reporting period. This statement presents changes to cumulative results of operations.
- Statement of Budgetary Resources – provides information about available budgetary resources and the status of the resources as of September 30.
- Statement of Custodial Activity – reports the collection of revenue deposited in the Treasury General Fund. The CPSC accounts for sources and disposition of the revenue collections as custodial activities on this statement.

The accompanying notes to the financial statements provide a description of significant accounting policies, as well as detailed information on the financial statement contents.

MESSAGE FROM THE CHIEF FINANCIAL OFFICER

The U.S. Consumer Product Safety Commission (CPSC) takes seriously its responsibility for stewardship of the resources for which it is entrusted and for reporting on the CPSC's budget and performance outcomes. This report is the culmination of our efforts to present the CPSC's financial status and provide transparency and accountability to the American public. This report provides a comprehensive view of the financial activities undertaken to advance the CPSC's safety mission to protect the public against unreasonable risks of injury from consumer products through education, safety standards activities, regulation, and enforcement.

This past fiscal year, the CPSC continued to make sustained progress toward its goal of financial management excellence. The CPSC's financial management accomplishments in FY 2014 included the following:

- The CPSC expanded its OMB A-123 Appendix-A internal controls program by adding the information technology and payroll financial cycles into the program and conducting a comprehensive risk assessment on all eleven financial cycles.
- The CPSC implemented updated policies and procedures to strengthen the agency's administrative control of appropriated funds.
- The CPSC updated internal controls and developed management plans for the charge card programs and updated travel program policies and procedures.
- The CPSC increased employee awareness of the purchase card program's policies and procedures by providing comprehensive training sessions on applicable laws, regulations and policies.
- The CPSC improved its improper payments analysis and reporting, and the results of that work are published in this report.

The CPSC was satisfied to have received an unmodified opinion on its FY 2014 financial statements. This year the CPSC resolved the material weakness in internal controls for financial reporting related to capitalization of leasehold improvements identified in the FY 2013 auditor's report. The reporting errors were corrected in the prior year's financial report and the necessary internal controls were developed and implemented in FY 2014 to remedy the internal controls findings on a going forward basis.

I am pleased with our progress and achievements in financial management. The accomplishments in FY 2014 are the result of the efforts of dedicated, hard-working professionals across the CPSC. I appreciate the continued support of the entire Commission, with special thanks to the Office of Inspector General, as we continue to work together to achieve financial management excellence.

Sincerely,

Jay Hoffman
November 14, 2014

INDEPENDENT AUDITOR'S REPORT

U.S. CONSUMER PRODUCT SAFETY COMMISSION
BETHESDA, MD 20814

Christopher W. Dentel
Inspector General

Tel: 301 504-7644
Fax: 301 504-7004
Email: cdentel@cpsc.gov

Date: November 14, 2014

TO : Elliot F. Kaye, Chairman
Robert S. Adler, Commissioner
Marietta S. Robinson, Commissioner
Ann Marie Buerkle, Commissioner
Joseph P. Mohorovic, Commissioner

FROM : Christopher W. Dentel, Inspector General

SUBJECT : Audit of the Consumer Product Safety Commission's Fiscal Year 2014 Financial Statements

Pursuant to the Chief Financial Officers Act of 1990, commonly referred to as the "CFO Act," as amended, this letter transmits the Independent Auditor's Report issued by CliftonLarsonAllen (CLA), for the fiscal year ending September 30, 2014. The audit was performed under a contract with, and monitored by, the Office of Inspector General (OIG), in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable provisions of Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended.

Opinion on the Financial Statements

CLA audited the financial statements of the U.S. Consumer Product Safety Commission (Commission), which comprise the balance sheet as of September 30, 2014 and 2013, and the related statements of net cost, changes in net position, budgetary resources, and custodial activity for the year then ended, and the related notes to the financial statements (financial statements). The objective of the audit was to express an opinion on the fair presentation of those financial statements. In connection with the audit, CLA also considered the CPSC's internal control over financial reporting and tested the CPSC's compliance with certain provisions of applicable laws and regulations that could have a direct and material effect on its financial statements.

CPSC Hotline: 1-800-638-CPSC(2772) □ CPSC's Web Site: http://www.cpsc.gov

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In CLA's opinion, the financial statements present fairly, in all material respects, the financial position, net cost, changes in net position, budgetary resources, and custodial activity of the CPSC as of, and for the years ending September 30, 2014 and 2013, in conformity with accounting principles generally accepted in the United States of America.

Report on Internal Control

In planning and performing the audit of the financial statements of the CPSC, CLA considered the CPSC's internal control over financial reporting (internal control) as a basis for designing auditing procedures for the purpose of expressing their opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CPSC's internal control. Accordingly, CLA did not express an opinion on the effectiveness of the CPSC's internal control.

Because of inherent limitations in internal controls, including the possibility of management override of controls; misstatements, losses, or noncompliance may nevertheless occur and not be detected. According to the American Institute of Certified Public Accountants:

- A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

- A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is a more than remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

- A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

CLA's consideration of internal control was for the limited purpose described in the first paragraph in this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. CLA did not identify deficiencies in internal control that CLA would consider to be a material weakness, as defined above. However, material weaknesses may exist that have not been identified.

Report on Compliance with Laws and Regulations

CPSC management is responsible for complying with laws and regulations applicable to the agency. To obtain reasonable assurance about whether CPSC's financial statements are free of material misstatements, CLA performed tests of compliance with certain provisions of laws and regulations, noncompliance which could have a direct and material effect on the determination of

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financial statement amounts, and certain other laws and regulations specified in OMB Bulletin No. 07-04, as amended. CLA did not test compliance with all laws and regulations applicable to the CPSC.

CLA's tests of compliance with laws and regulations described in the audit report disclosed instances of noncompliance with laws and regulations that are required to be reported under U.S. generally accepted government auditing standards or OMB guidance.

In fiscal year 2013, this office disclosed in an investigative report that between on or about January 1, 1996, and September 25, 2013, employees working under telework status received reimbursement for telecommunication services without the proper certification of adequate safeguards against private misuse and without proper safeguards against private misuse. The expenditures did not meet the requirements of the applicable appropriations statute, § 620 of the Treasury, Postal Service, and General Government Appropriations Act, 1996 (P.L. 104-52) -- which carved out a specific exception and conditions for an otherwise prohibited use of appropriated funds -- and thereby exceeded CPSC's appropriation. CPSC also violated a separate statute, 31 U.S.C. § 1348, which deals with the use of appropriated funds to pay for telephones in private residences. Due to its failure to comply with § 620 of P.L 104-52, the CPSC lacked legal authority to use the funds in question in the manner in which they were expended. The agency no longer had adequate records to allow for a determination of the full extent and size of the ADA violation. For a variety of reasons, including maintenance of only seven years of historical financial records and a change in financial management systems, relevant records were not available regarding transactions that occurred before fiscal year 2007. However, based on the records that were available, since October 1, 2006 over $1,208,424 dollars in appropriated funds were expended without legal authority. The Commission submitted the required Anti-Deficiency Act (ADA) letter to the Speaker of the House of Representatives, the Comptroller General of the United States, the President of United States Senate and the President of the United States on October 24, 2014.

In fiscal year 2014, this office disclosed in an investigative report that an employee of the Commission worked, by performing an interview, during the Government shutdown after being placed on furlough status. We found that the CPSC had adequate policies and procedures in place to prevent an inadvertent violation of the Antideficiency Act related to the Government Shutdown from occurring. However, internal controls cannot prevent willful misconduct and the violation occurred due to the willful misconduct of the employee. The Commission submitted the required Antideficiency Act (ADA) letter to the Speaker of the House of Representatives, the Comptroller General of the United States, the President of United States Senate and the President of the United States on June 5, 2014.

Audit Follow-up

The independent auditor's report contains no new recommendations as no significant deficiencies were found by the auditors. Management was provided a draft copy of the audit report for comment and generally concurred with the findings. In accordance with OMB

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Circular No. A-50, Audit Follow-up, revised, the CPSC was to prepare a corrective action plan that set forth the specific action planned to implement the agreed upon recommendations from the prior fiscal year's audit report and the schedule for implementation. The CPSC has designated the *Chief Financial Officer* to be the audit follow-up official for the financial statement audit. CLA reviewed the status of the recommendations related to findings from the prior year audit and determined that as of fiscal year 2014, the material weakness related to the Capitalization of Leasehold Improvements had been resolved, but that the compliance finding related to violations of the Antideficiency Act had been repeated and thus could not be considered resolved in fiscal year 2014.

OIG Evaluation of CliftonLarsonAllen's Audit Performance

We reviewed CLA's report and related documentation and made necessary inquiries of its representatives. Our review, as differentiated from an audit in accordance with generally accepted government auditing standards, was not intended to enable the OIG to express, and we do not express an opinion on the CPSC's financial statements; nor do we provide conclusions about the effectiveness of internal control or conclusions on CPSC's compliance with laws and regulations. CLA is responsible for the attached auditor's report. However, the OIG review disclosed no instances where CLA did not comply, in all material respects, with *Government Auditing Standards*.

We appreciate the courtesies and cooperation extended to CLA and the OIG staff during the audit. If you should have any questions concerning this report, please contact my office on (301) 504-7501.

Christopher W. Dentel
Inspector General

Attached: Audit Report

CliftonLarsonAllen

CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

INDEPENDENT AUDITORS' REPORT

Inspector General
Consumer Product Safety Commission

Chairman
Consumer Product Safety Commission

Report on the Financial Statements

We have audited the accompanying financial statements of the U.S. Consumer Product Safety Commission (Commission), which comprise the balance sheets as of September 30, 2014 and 2013, and the related statements of net cost, changes in net position, budgetary resources, and custodial activity for the years then ended, and the related notes to the financial statements (financial statements).

Management's Responsibility for the Financial Statements

Commission management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America (U.S.) and the design, implementation and maintenance of internal control over financial reporting relevant to the preparation, and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the U.S.; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 14-02*, Audit Requirements for Federal Financial Statements* (OMB Bulletin 14-02). Those standards and OMB Bulletin 14-02 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

INDEPENDENT AUDITORS' REPORT (Continued)

significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We are also responsible for applying certain limited procedures with respect to the Required Supplementary Information and all other information included with the financial statements.

Opinion on the Financial Statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the U.S. Consumer Product Safety Commission as of September 30, 2014 and 2013, and its net costs, changes in net position, budgetary resources, and custodial activity for the years then ended, in accordance with accounting principles generally accepted in the U.S.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the U.S. require that the Commission's Management Discussion and Analysis (MD&A) be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Federal Accounting Standards Advisory Board (FASAB), which considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the MD&A in accordance with auditing standards generally accepted in the U.S., which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the MD&A because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
The Message from the Chairman on page i, and other accompanying information on pages 49 to 61, contain a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or RSI. The Message from the Chairman and other accompanying information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion

INDEPENDENT AUDITORS' REPORT (Continued)

on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control or on management's assertion on internal control included in the MD&A. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control or on management's assertion on internal control included in the MD&A.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contract agreements consistent with our professional responsibilities discussed below.

The results of our tests disclosed instances of noncompliance described below and in Exhibit A that are required to be reported in accordance with *Government Auditing Standards*.

Non-Compliance with Anti-Deficiency Act

In FY 2013 the Commission's Office of Inspector General disclosed in an investigative report that between on or about January 1, 1996, and September 25, 2013, employees working under telework status received reimbursement for telecommunication services without the proper certification of adequate safeguards against private misuse and without proper safeguards against private misuse. The expenditures did not meet the requirements of the applicable appropriations statute, § 620 of the Treasury, Postal Service, and General Government Appropriations Act, 1996 (P.L. 104-52) -- which carved out a specific exception and conditions for an otherwise prohibited use of appropriated funds -- and thereby exceeded CPSC's appropriation. CPSC also violated a separate statute, 31 U.S.C. § 1348, which deals with the use of appropriated funds to pay for telephones in private residences. Due to its failure to comply with § 620 of P.L 104-52, the CPSC lacked legal authority to use the funds in question in the manner in which they were expended. The agency no longer had adequate records to allow for a determination of the full extent and size of the ADA violation. For a variety of reasons, including maintenance of only seven years of historical financial records and a change in financial management

INDEPENDENT AUDITORS' REPORT (Continued)

systems, relevant records were not available regarding transactions that occurred before fiscal year 2007. However, based on the records that were available, since October 1, 2006, over $1,208,424 dollars in appropriated funds were expended without legal authority. The Commission submitted the required Anti-Deficiency Act (ADA) letter to the Speaker of the House of Representatives, the Comptroller General of the United States, the President of United States Senate and the President of the United States on October 24, 2014.

In FY 2014, the Commission's Office of Inspector General disclosed in an investigative report that an employee of the Commission worked, by performing an interview, during the Government shutdown after being placed on furlough status. The Commission submitted the required Anti-Deficiency Act (ADA) letter to the Speaker of the House of Representatives, the Comptroller General of the United States, the President of United States Senate and the President of the United States on June 5, 2014.

Management's Responsibilities for Internal Control and Compliance

Management is responsible for (1) evaluating the effectiveness of internal control over financial reporting based on criteria established under the Federal Managers' Financial Integrity Act (FMFIA), (2) providing a statement of assurance on the overall effectiveness on internal control over financial reporting, and (3) complying with other applicable laws, regulations, and contract agreements.

Auditors' Responsibilities

We are responsible for: (1) obtaining a sufficient understanding of internal control over financial reporting to plan the audit, and (2) testing compliance with certain provisions of laws, regulations, and contract agreements that have a direct and material effect on the determination of financial statement amounts and applicable laws and regulations for which OMB Bulletin 14-02 requires testing.

We did not evaluate all internal controls relevant to operating objectives as broadly established by the FMFIA, such as those controls relevant to preparing statistical reports and ensuring efficient operations. We limited our internal control testing to testing controls over financial reporting. Because of inherent limitations in internal control, misstatements due to error or fraud, losses, or noncompliance may nevertheless occur and not be detected. We also caution that projecting our audit results to future periods is subject to risk that controls may become inadequate because of changes in conditions or that the degree of compliance with controls may deteriorate. In addition, we caution that our internal control testing may not be sufficient for other purposes.

We did not test compliance with all laws, regulations and contract agreements applicable to the Commission. We limited our tests of compliance to certain provisions of laws, regulations and contract agreements that have a direct and material effect on the determination of financial statement amounts and applicable laws and regulations for which OMB Bulletin 14-02 requires testing. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. We caution that noncompliance may occur and not be detected by these tests and that such testing may not be sufficient for other purposes.

INDEPENDENT AUDITORS' REPORT (Continued)

Management's Response to Findings

Management's response to the findings identified in our report is presented in Exhibit C. We did not audit the Commission's response and, accordingly, we express no opinion on it.

Status of Prior Year's Control Deficiencies and Noncompliance Issues

We have reviewed the status of the Commission's corrective actions with respect to the findings included in the prior year's Independent Auditors' Report, dated December 13, 2013. The status of prior year findings is presented in Exhibit B.

Purpose of the Report on Internal Control over Financial Reporting and the Report on Compliance and Other Matters

The purpose of the Report on Internal Control over Financial Reporting and the Report on Compliance and Other Matters sections of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. These reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, these reports are not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Calverton, Maryland
November 14, 2014

EXHIBIT A
Compliance Findings

Non-compliance with Anti-Deficiency Act

The Anti-Deficiency Act (ADA) prohibits making or authorizing an expenditure from, or creating or authorizing an obligation under any appropriation or fund in excess of the amount available in the appropriation or fund unless authorized by law.

In FY 2014, the Commission's Office of Inspector General disclosed in an investigative report that an employee of the Commission worked by performing an interview during the Government shutdown after being placed on furlough status in violation of section 1342 of Title 31 of the United States code. The employee worked on October 2, 2013, by conducting an interview in support of a product safety investigation after being provided a furlough notice instructing the employee not to work on official business even as an unpaid volunteer which was signed by the employee. The investigative report further found that the Commission had adequate policies in place to prevent a violation of the Anti-Deficiency Act related the Government shutdown from occurring, however internal controls cannot prevent willful misconduct. The violation of the Anti-Deficiency Act occurred due to the willful misconduct of the employee. The Commission submitted the required Anti-Deficiency Act (ADA) letter to the Speaker of the House of Representatives, the Comptroller General of the United States, the President of United States Senate and the President of the United States on June 5, 2014.

In FY 2013 the Commission's Office of Inspector General disclosed in an investigative report that between on or about January 1, 1996, and September 25, 2013, employees working under telework status received reimbursement for telecommunication services without the proper certification of adequate safeguards against private misuse and without proper safeguards against private misuse. The expenditures were made under the CPSC's telework program and were designed to allow "Full-Time Telework" employees to work from home offices spread across the country and thus to allow the agency to have a geographic presence without the costs of providing regional or field offices. The expenditures did not meet the requirements of the applicable appropriations statute, § 620 of the Treasury, Postal Service, and General Government Appropriations Act, 1996 (P.L. 104-52) -- which carved out a specific exception and conditions for an otherwise prohibited use of appropriated funds -- and thereby exceeded CPSC's appropriation. CPSC also violated a separate statute, 31 U.S.C. § 1348, which deals with the use of appropriated funds to pay for telephones in private residences. Due to its failure to comply with § 620 of P.L 104-52, the CPSC lacked legal authority to use the funds in question in the manner in which they were expended. The agency no longer had adequate records to allow for a determination of the full extent and size of the ADA violation. For a variety of reasons, including maintenance of only seven years of historical financial records and a change in financial management systems, relevant records were not available regarding transactions that occurred before fiscal year 2007. However, based on the records that were available, since October 1, 2006, over $1,208,424 dollars in appropriated funds were expended without legal authority. The Commission submitted the required Anti-Deficiency Act (ADA) letter to the Speaker of the House of Representatives, the Comptroller General of the United States, the President of United States Senate and the President of the United States on October 24, 2014.

EXHIBIT B
Status of Prior Year Findings

Our assessment of the current status of the recommendations related to findings identified in the prior year audit is presented below:

FY 2013 Finding	***Type***	***FY 2014 Status***
Capitalization of Leasehold Improvements	Material Weakness	Resolved in 2014
Anti-Deficiency Act Violation	Compliance Finding	Repeat as a Compliance Finding and included in Exhibit B

EXHIBIT C
Management's Response to Findings

UNITED STATES
CONSUMER PRODUCT SAFETY COMMISSION
4330 EAST WEST HIGHWAY
BETHESDA, MD 20814

Date: November 14, 2014

To: Christopher Dentel
Inspector General

From: Jay Hoffman
Chief Financial Offi

Jay Hoffman

I am pleased to accept your audit report on the financial statements of the Consumer Product Safety Commission for fiscal year 2014. The agency's efforts and achievements toward improved financial management are clearly reflected in the audit report. The agency is satisfied to have received an unmodified audit opinion on the fiscal year 2014 financial statements. The agency is also pleased to accept your assessment that the prior year internal control material weakness affecting capitalization of leasehold improvements has been resolved.

I acknowledge your report's repeat disclosure on non-compliance with laws and regulations. Management has already taken corrective action to remedy the instances of non-compliance that were noted by improving the associated internal controls and issued the statutorily required reports to external stakeholders.

I appreciate the efforts and leadership of the Office of the Inspector General (OIG) and of the auditors under contract to the OIG to audit CPSC's financial statements. Please convey my appreciation to your team for the professionalism and cooperation exhibited during this audit.

FINANCIAL STATEMENTS

U.S. Consumer Product Safety Commission
Balance Sheets
As of September 30, 2014 and 2013
(in dollars)

	2014	2013
Assets		
Intragovernmental		
Fund Balance with the U.S. Treasury (Note 2)	$ 44,138,261	$ 35,949,114
Accounts Receivable (Note 3)	353,865	-
Advances to Other Federal Agency (Note 5)	2,530,557	1,542,918
Tenant Improvement Allowance (Note 6)	1,847,741	2,172,150
Total Intragovernmental	48,870,424	39,664,182
Accounts Receivable (Note 3)	529,943	179,669
Property and Equipment, Net (Note 4)	19,879,303	22,097,583
Other	1,017	16,936
Total Assets	$ 69,280,687	$ 61,958,370
Liabilities		
Intragovernmental		
Accounts Payable	$ 668,808	$ 490,163
Employee Benefits (Note 7)	385,223	309,877
Advances from Reimbursable Services	250,133	1,093,719
Workers' Compensation (Note 8)	551,653	449,731
Tenant Improvement Allowance (Note 10)	3,873,772	4,286,029
Total Intragovernmental	5,729,589	6,629,519
Accounts Payable and Others	2,848,903	2,734,901
Salaries and Benefits	1,595,568	1,291,004
Accrued Annual Leave (Note 8)	4,501,241	4,525,353
Custodial Liability (Note 9)	528,666	178,050
Workers' Compensation Actuarial (Note 8)	2,748,706	2,240,689
Other Liabilities	3,953	3,953
Total Liabilities	17,956,626	17,603,469
Net Position		
Unexpended Appropriations	41,256,114	31,570,352
Cumulative Results of Operations (Note 12)	10,067,947	12,784,549
Total Net Position	51,324,061	44,354,901
Total Liabilities and Net Position	$ 69,280,687	$ 61,958,370

The accompanying notes are an integral part of these statements.

U.S. Consumer Product Safety Commission
Statement of Net Costs
For the Years ended September 30, 2014 and 2013
(in dollars)

		2014	2013
Net Cost By Goal (Note 13)			
Goal 1-	**Leadership in Safety**		
	Gross Cost	$ 15,082,970	$ 15,095,899
	Less: Earned Revenue	-	-
	Net Cost Goal 1	15,082,970	15,095,899
Goal 2-	**Commitment to Prevention**		
	Gross Cost	19,356,393	22,213,231
	Less: Earned Revenue	-	-
	Net Cost Goal 2	19,356,393	22,213,231
Goal 3-	**Rigorous Hazard Identification**		
	Gross Cost	39,054,692	37,494,149
	Less: Earned Revenue	(2,080,036)	(2,801,588)
	Net Cost Goal 3	36,974,656	34,692,561
Goal 4-	**Decisive Response**		
	Gross Cost	32,979,196	29,923,114
	Less: Earned Revenue	-	-
	Net Cost Goal 4	32,979,196	29,923,114
Goal 5-	**Raising Awareness**		
	Gross Cost	9,530,940	12,753,408
	Less: Earned Revenue	-	-
	Net Cost Goal 5	9,530,940	12,753,408
Total Net Cost of Operations (Note 15)		$ 113,924,155	$ 114,678,213

The accompanying notes are an integral part of these statements.

U.S. Consumer Product Safety Commission
Statement of Changes in Net Position
For the Years ended September 30, 2014 and 2013
(in dollars)

	2014	2013
Cumulative Results of Operations		
Beginning Balances	$ 12,784,549	$ 15,300,747
Budgetary Financing sources		
Appropriations Used	106,956,226	107,606,302
Donations and forfeitures of cash and cash equivalents	-	24,204
Other	-	314,962
Other Financing Sources (Non-Exchange)		
Imputed Financing (Note 7)	4,251,327	4,216,547
Total Financing Sources	111,207,553	112,162,015
Net Cost of Operations	(113,924,155)	(114,678,213)
Net Change	(2,716,602)	(2,516,198)
Cumulative Results of Operations	10,067,947	12,784,549
Unexpended Appropriations		
Beginning Balance	31,570,352	31,216,231
Budgetary Financing Sources		
Appropriations Received	118,000,000	114,500,000
Other Adjustments	(1,358,012)	(6,539,577)
Appropriations Used	(106,956,226)	(107,606,302)
Total Budgetary Financing Sources	9,685,762	354,121
Total Unexpended Appropriations	41,256,114	31,570,352
Net Position	$ 51,324,061	$ 44,354,901

The accompanying notes are an integral part of these statements.

U.S. Consumer Product Safety Commission
Statement of Budgetary Resources
For the Years ended September 30, 2014 and 2013
(in dollars)

	2014	2013
Budgetary Resources		
Unobligated balance brought forward, October 1	$ 10,347,558	$ 8,303,053
Recoveries of prior year unpaid obligations	2,533,727	2,304,861
Unobligated balance from prior year budget authority, net	12,881,285	10,607,914
Appropriations	118,000,000	108,510,963
Permanently not available	(1,358,012)	(550,540)
Spending authority from offsetting collections	2,854,058	2,979,464
Total Budgetary Resources (Note 14)	132,377,331	121,547,801
Status of Budgetary Resources		
Obligations incurred (Note 14)	119,665,409	111,200,243
Unobligated balance, end of year:		
Apportioned	352,411	258,728
Unapportioned	12,359,511	10,088,830
Total unobligated balance, end of year	12,711,922	10,347,558
Total Status of Budgetary Resources	132,377,331	121,547,801
Change in Obligated Balance		
Unpaid Obligations:		
Unpaid obligations, brought forward, October 1 (gross)	25,825,556	29,209,078
Obligations incurred	119,665,409	111,200,243
Outlays (gross)	(109,340,293)	(112,278,904)
Recoveries of prior year unpaid obligations	(2,533,727)	(2,304,861)
Unpaid obligations, end of year	33,616,945	25,825,556
Uncollected payments:		
Uncollected pymts, Fed sources, brought forward, October 1	(224,000)	5,795
Change in uncollected pymts, Fed sources	(1,966,606)	(229,795)
Uncollected pymts, Fed sources, end of year	(2,190,606)	(224,000)
Memorandum (non-add) entries:		
Obligated balance, start of year	25,601,556	29,214,873
Obligated balance, end of year (net)	31,426,339	25,601,556
Budget Authority and Outlays, Net		
Budget authority, gross	120,854,058	111,490,427
Actual offsetting collections	(887,452)	(2,749,669)
Change in uncollected customer payments – Federal sources	(1,966,606)	(229,795)
Budget authority, net	118,000,000	108,510,963
Outlays, gross	109,340,293	112,278,904
Actual offsetting collections	(887,452)	(2,749,669)
Net Outlays	108,452,841	109,529,235
Distributed offsetting receipts	(9,737)	(82,806)
Net Outlays	$ 108,443,104	$ 109,446,429

The accompanying notes are an integral part of these statements.

U.S. Consumer Product Safety Commission
Statement of Custodial Activity
For the Years ended September 30, 2014 and 2013
(in dollars)

	2014	2013
Revenue Activity:		
Sources of Cash Collections:		
Miscellaneous:		
Civil Penalties & Fines	$ 3,749,100	$ 9,067,837
FOIA and Miscellaneous	9,744	82,806
Total Cash Collections	3,758,844	9,150,643
Accrual Adjustments	350,616	(1,982,289)
Total Custodial Revenue	4,109,460	7,168,354
Disposition of Collections:		
Transferred to Others:		
Treasury General Fund	3,758,844	11,132,932
(Increase)/Decrease in Amount Yet to be Transferred	350,616	-
Retained by Reporting Entity	-	(3,964,578)
Total Disposition of Collections	4,109,450	7,168,354
Net Custodial Activity	$ -	$ -

The accompanying notes are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The accompanying financial statements present the financial position, net cost of operation, changes in net position, budgetary resources and custodial activities of the U.S. Consumer Product Safety Commission (CPSC), an independent federal regulatory agency whose mission is to save lives and keep families safe by reducing the risk of injuries and deaths associated with consumer products. The CPSC was created in 1972 by Congress under the Consumer Product Safety Act and began operating in 1973. The agency is headed by five commissioners nominated by the President and confirmed by the Senate for staggered seven-year terms. The President designates one of the commissioners as Chairman. The Consumer Product Safety Act (as amended) authorizes the CPSC to:

- Develop voluntary standards
- Issue and enforce mandatory standards
- Obtain recall of products or arrange for their repair
- Conduct research on potential product hazards
- Inform and educate consumers
- Respond to industry and consumer inquiries

Fund Accounting Structure

The CPSC's financial activities are accounted for by federal account symbol. They include the accounts for appropriated funds and other fund groups described below for which the CPSC maintains financial records.

General Funds: These funds consist of salaries and expense appropriation accounts used to fund agency operations and capital expenditures.

Miscellaneous Receipt Accounts: The CPSC collects civil penalties, Freedom of Information Act fees and other miscellaneous receipts, which by law are not retained by the CPSC. The U.S. Department of Treasury automatically transfers all cash balances in these receipt accounts to the general fund of the Treasury at the end of each fiscal year.

Gifts and Donations Receipt Account: U.S.C. Title 15, Chapter 47, section 2076, paragraph (b) (6), authorizes the CPSC "to accept gifts and voluntary and uncompensated services." The CPSC occasionally receives donations from non-government sources in support of the agency's mission.

Budget Authority

Congress annually passes appropriations that provide the CPSC with authority to obligate funds for necessary expenses to carry out mandated program activities. The funds appropriated are subject to OMB apportionment of funds in addition to Congressional restrictions on the expenditure of funds. In addition, the CPSC places internal restrictions to ensure the efficient and proper use of all funds.

Basis of Accounting and Presentation

The financial statements have been prepared on the accrual basis and the budgetary basis of accounting in conformity with the generally accepted accounting principles for the federal government. Accordingly, revenues are recognized when earned and expenses are recognized when incurred, without regard to the receipt or payment of cash. These principles differ from budgetary reporting principles. The differences relate primarily to the capitalization and depreciation of property and equipment, as well as the recognition of other long-term assets and liabilities. The statements were also prepared in conformity with OMB Circular A-136, *Financial Reporting Requirements*, as amended.

Assets

Intra-governmental assets are those assets that arise from transactions with other federal entities. Funds with the U.S. Treasury comprise the majority of intra-governmental assets on the CPSC's balance sheet.

Fund Balances with the U.S. Treasury

Fund Balances with Treasury consist of appropriated funds and general fund receipt accounts. Appropriated funds are available to pay current liabilities and authorized purchase commitments. General fund receipt accounts are used to record collections made by the CPSC on behalf of the Department of Treasury's General Fund. The CPSC's Fund Balance with Treasury is carried forward until such time as goods or services are received and payment is made, or until the funds are returned to the U.S. Treasury.

The CPSC's cash receipts and disbursements are processed by the U.S. Treasury. Funds with the U.S. Treasury represent obligated and unobligated balances available to finance allowable expenditures and restricted balances, including amounts related to expired authority and amounts not available for use by the CPSC.

Accounts Receivable and Allowance for Uncollectible Accounts

The CPSC's accounts receivable are classified into two types of accounts. Entity accounts receivables include amounts due from customers for reimbursable agreement, overpayment to vendors and current and former employees. Non-entity accounts receivable are for civil monetary penalties imposed as a result of the CPSC's enforcement activities, and for fees imposed for information requested from the public for Freedom of Information Act requests. CPSC holds these non-entity receivables in a custodial capacity. The CPSC calculates the allowance for uncollectible accounts using an analysis of historical collection data. No allowance for uncollectible amounts or related provisions for estimated losses has been established, as these amounts are fully collectible based on historical experience.

Property and Equipment

Property and equipment consists of equipment, software, furniture, fixture, other equipment, and leasehold improvements.

Equipment and software with an acquisition value greater than $5,000 and $15,000 beginning August 2014 with a useful life of two or more years are capitalized. Furniture, fixture, other equipment and leasehold improvements with an aggregate acquisition cost of $100,000 and a useful life of two or more years are capitalized. The CPSC reports property and equipment purchases and additions at historical costs. The Agency expenses property and equipment acquisitions that do not meet the capitalization criteria.

The CPSC depreciates property and equipment using the straight-line method of depreciation. Leasehold improvement is amortized over the lesser of the leasehold improvement's useful life or the lease term. The agency removes property and equipment from its asset account in the period of disposal, retirement or removal from service. The CPSC recognizes the difference between the book value and any proceeds as gain or loss in the period that the asset is removed.

Liabilities

Liabilities represent amounts that are likely to be paid by the CPSC as a result of transactions that have already occurred.

Accounts Payable

Accounts Payable consists of amounts owed to federal agencies and commercial vendors for goods and services received.

Federal Employees Benefits

Liabilities Covered by Budgetary Resources represents liabilities funded by available budgetary resources, which include appropriated funds and reimbursable authority. These liabilities consist of the salaries and wages of CPSC employees and the corresponding agency share for the pension, health and life insurance of the participating employees.

Liabilities Not Covered by Budgetary Resources exists when funding has not yet been made available through Congressional appropriations or reimbursable authority. The CPSC recognizes such liabilities for employee annual leave earned but not taken, amounts billed by the Department of Labor for Federal Employee's Compensation Act (disability) payments and actuarial liability for worker's compensation.

Accrued Annual Leave

A liability for annual leave is accrued as leave is earned and paid when leave is taken. At year-end, the balance in the accrued annual leave account is adjusted to reflect the liability at current pay rates and leave balances. Sick leave and other leave are expensed as taken.

Employee Health Benefits and Life Insurance

CPSC employees are eligible to participate in the contributory Federal Employees Health Benefit Program (FEHBP) and the Federal Employees Group Life Insurance Program (FEGLIP). The CPSC matches the employee contributions to each program to pay for current benefits.

Federal Employees' Compensation Act (FECA)

The CPSC records an estimated liability for future worker' compensation claims based on data provided from the Department of Labor (DOL). The CPSC uses the DOL's model for estimating a FECA actuarial liability to calculate the amount recorded at year-end.

Contingencies

The CPSC has certain claims and lawsuits pending against it. The CPSC's policy is to include provision in the financial statements for any losses considered probable and estimable. Management believes that losses from certain other claims and lawsuits are reasonably possible but are not material to the fair presentation of the CPSC's financial statements, and provisions for these losses is not included in the financial statements.

Estimates and Assumptions

The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates**.**

Note 2 – Fund Balance with Treasury

CPSC's funds with the U.S. Treasury consist of only appropriated funds. The status of these funds as of September 30, 2014 and September 30, 2013 is as follows:

	2014	2013
Unobligated Balance		
Available	$ 352,411	$ 258,727
Unavailable	12,359,511	10,088,830
Obligated Balance, Not Yet Disbursed	31,426,339	25,601,557
Total Funds with U.S. Treasury	$ 44,138,261	$ 35,949,114

The obligated balance includes accounts payable and undelivered orders, which have reduced unexpended appropriations but have not yet decreased the cash balance on hand.

Note 3 – Accounts Receivable

The CPSC's accounts receivable composed of entity and non-entity accounts. The entity receivables include amounts due from other agencies for goods and services provided and amounts due from current and former employees. The non-entity receivables include Civil Fines and Penalties and Freedom of Information Act activity. No allowance for uncollectible amounts or related provision for estimated losses has been established for the CPSC's accounts receivables, as these amounts are fully collectible based on historical experience. The composition of accounts receivable as of September 30, 2014 and September 30, 2013 is as follows:

Accounts Receivable	2014	2013
Entity		
Intra-governmental		
Accounts Receivable - Reimbursable	$ 353,865	$ -
Public		
Other Receivable	1,277	1,619
Total Entity Accounts Receivable	355,142	1,619
Non-Entity		
Public		
Civil Fines and Penalties	525,233	174,333
Other Receivable	3,433	3,717
Total Non-Entity Accounts Receivable	528,666	178,050
Total Accounts Receivable	$ 883,808	$ 179,669

Note 4 – Property, Plant and Equipment, Net

The composition of property, plant and equipment (PPE) as of September 30, 2014, is as follows:

Classes of PPE	Acquisition Cost	Accumulated Depreciation	Net Book Value	Service Life in Years
Leasehold Improvement	$ 21,756,373	$ 8,467,780	$ 13,288,593	6-14
Equipment	13,323,841	7,590,820	5,733,021	5-12
Furniture, Fixture & Other Equipment	2,055,587	1,335,142	720,445	3-5
ADP Software	1,246,428	1,109,184	137,244	5
Total	$ 38,382,229	$ 18,502,926	$ 19,879,303	

The composition of PPE as of September 30, 2013, is as follows:

Classes of PPE	Acquisition Cost	Accumulated Depreciation	Net Book Value	Service Life in Years
Leasehold Improvement	$ 21,431,964	$ 5,826,949	$ 15,605,015	6-14
Equipment	11,498,498	6,010,635	5,487,863	5-12
Furniture, Fixture & Other Equipment	1,887,734	918,629	969,105	3-5
ADP Software	1,076,817	1,041,217	35,600	5
Total	$ 35,895,013	$ 13,797,430	$ 22,097,583	

Note 5 – Advances to Other Federal Agency

The balance of advances to other federal agencies as of September 30, 2014 and September 30, 2013 is $2,530,557 and $1,542,918 respectively. The majority of advances to other federal agencies are for the service contract with National Institute of Standards and Technology (NIST) in support of the CPSC's participation in the National Nanotechnology Initiative (NNI). Other advances are for the CPSC's shared service contract with federal agencies for the accounting operations, payroll and transit benefit.

Note 6 – Tenant Improvement Allowance (TIA)

The TIA is the amount available for the CPSC to spend on customization of the leased properties. The TIA is for the lease contracts with the General Services Administration for the CPSC's headquarter (HQ) offices located in Bethesda, Maryland and the sample storage facility (SSF) located in Gaithersburg, Maryland. The TIA is reduced upon completion of the work order on the leased property and the amount is capitalized as a leasehold improvement. The composition of the TIA as of September 30, 2014 and September 30, 2013 is as follows:

	2014	2013
Intra-governmental		
Tenant Improvement Allowance - HQ	$ 1,817,226	$ 2,141,635
Tenant Improvement Allowance - SSF	30,515	30,515
Total TIA	$ 1,847,741	$ 2,172,150

Note 7 – Federal Employee Benefits

Federal Employee benefits consist of the actuarial portions of future benefits earned by Federal employees, but not yet due and payable. These costs include pensions, other retirement benefits, and other post-employment benefits. These benefits are administered by the Office of Personnel Management (OPM) not the CPSC. Since the CPSC does not administer the benefit plans, the CPSC does not recognize any liability on the Balance Sheet for pensions, and other retirement benefits. The CPSC does, however, recognize the imputed financing sources/costs related to these benefits on the Balance Sheet, the Net Cost of Operations, and the Statement of Changes in Net Position.

The federal employee retirement benefit costs paid by OPM and imputed to CPSC for the period ended September 30, 2014 and September 30, 2013 is as follows:

	2014	2013
Estimated future pension costs (CSRS/FERS)	$ 2,089,473	$ 1,985,239
Estimated future postretirement health insurance (FEHB)	2,151,718	2,221,140
Estimated future postretirement life insurance (FEGLI)	10,136	10,168
Total Imputed Costs	$ 4,251,327	$ 4,216,547

CPSC employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS). Employees hired after December 31, 1983, are covered by FERS and Social Security, while employees hired prior to January 1, 1984, elected to either join FERS or remain in the CSRS. Under CSRS, the CPSC makes matching contributions equal to 7 percent of the employee's gross earnings to the CSRS Retirement and Disability Fund. Employees participating in FERS are covered under the Federal Insurance Contributions Act (FICA) for which the CPSC contributes a matching amount to the Social Security Administration. CPSC contributions are recognized as current operating expenses.

The Thrift Savings Plan (TSP) is a defined contribution retirement savings and investment plan for employees covered by either CSRS or FERS. CSRS participating employees may contribute up to $17,500 for 2014 but do not receive a matching contribution from the CPSC. FERS participating employees may contribute up to $17,500 for 2014. For FERS employees, the CPSC's automatic contribution is 1 percent of the employee's gross pay with additional matching up to a total of 5 percent of the employee's gross salary. CPSC contributions are recognized as current operating expenses.

Amounts owed to OPM and Treasury as of September 30, 2014 and September 30, 2013, were $385,223 and $309,877, respectively, for CSRS, FERS, FICA, FEHB, and FEGLI contributions and are shown on the balance sheets as an employee benefits liability.

Note 8 – Liabilities Not Covered by Budgetary Resources

The liabilities on the CPSC's balance sheet as of September 30, 2014 and September 30, 2013 include liabilities not covered by budgetary resources, which are liabilities for which Congressional action is needed before budgetary resources can be provided. Although future appropriations to fund these liabilities are likely and anticipated, it is not certain that appropriations will be enacted to fund these liabilities. The composition of the liabilities not covered by budgetary resources as of September 30, 2014 and September 30, 2013 is as follows:

Liabilities Not Covered by Budgetary Resources	2014	2013
Intra-governmental		
Worker's Compensation	$ 551,653	$ 449,731
Tenant Improvement Allowance	3,873,772	4,286,029
Total Intra-governmental	4,425,425	4,735,760
Accrued Annual Leave	4,501,241	4,525,353
Worker's Compensation Actuarial	2,748,706	2,240,689
Other Liabilities	3,953	3,953
Total Liabilities Not Covered by Budgetary Resources	$ 11,679,325	$ 11,505,755

Note 9 – Custodial Liability

The CPSC has authority to levy fines and penalties against manufacturers, retailers or distributors who violate the Consumer Product Safety Act, Federal Hazardous Substance Act, and the Flammable Fabrics Act. Civil penalty collections are deposited in the U.S. Treasury and are not available for the CPSC to use. The CPSC charges a fee for the processing of Freedom of Information Act (FOIA) requests. FOIA fees are also deposited in the U.S. Treasury and are not available for the CPSC to use. The fund balance with Treasury and uncollected civil penalties and FOIA fees balances in the Treasury miscellaneous receipt funds are recognized as Custodial Liability in the CPSC's Balance Sheet. As of September 30, 2014 and September 30, 2013, the total Custodial Liabilities are $528,666 and $178,050 respectively. The revenue and collection activities are presented in the Statement of Custodial Activities.

Note 10 – Tenant Improvement Allowance (TIA)

The composition of TIA as of September 30, 2014 and September 30, 2013 is as follows:

Other Liabilities	2014	2013
Intra-governmental		
Tenant Improvement Allowance - HQ	$ 1,972,559	$ 2,141,635
Tenant Improvement Allowance – 5RP	1,745,349	1,960,847
Tenant Improvement Allowance – SSF	155,864	183,547
Total TIA Liabilities	$ 3,873,772	$ 4,286,029

The unfunded intra-governmental tenant improvement allowance (TIA) is payable to General Services Administration (GSA) over the life of the lease. The CPSC's lease agreements with the GSA for the three facilities in Maryland used to house the headquarter (HQ) offices located in Bethesda, research facility (5RP) in Rockville, and the sample storage facility (SSF) located in Gaithersburg provided an allowance for customization of the leased properties. The TIA is amortized over the life of the lease. The TIA is reduced when amortized amount is billed by GSA and paid by the CPSC.

Note 11 – Operating Leases

The CPSC leases three facilities from the General Services Administration to house the headquarter offices, its research facility and warehouse. These operating lease agreements expire between fiscal year 2019 and fiscal year 2023. Lease costs for the period ended September 30, 2014 and September 30, 2013 amounted to approximately $6,112,087 and $7,616,862, respectively. Estimated future minimum lease payments for the three facilities under the term of the leases are as follows:

Fiscal Year	Estimated Future Lease Payments
2015	$ 7,616,382
2016	7,679,581
2017	7,744,675
2018	7,811,722
2019	7,880,780
2020 and thereafter	23,134,090
Total Estimated Future Lease Payments	$ 61,867,230

Note 12 – Cumulative Results of Operations

The cumulative results of operations represent the excess of financing sources over expenses since inception. Details of the components of the CPSC's cumulative results of operations for the fiscal period ending September 30, 2014 and 2013 are as follows:

	2014	2013
Investment in leasehold improvements, net	$ 13,288,593	$ 15,254,791
Investment in property and equipment, net	6,590,709	6,842,792
Tenant improvement allowance	1,847,741	2,172,150
Gift fund and other assets	20,229	20,571
Liabilities not covered by budgetary resources	(11,679,325)	(11,505,755)
Cumulative results of operations	$ 10,067,947	$ 12,784,549

The CPSC does not hold title to the leased property where the leasehold improvements were done. Upon termination of the lease agreement, the total amount of leasehold improvements and tenant improvement allowance will be charged to operation and will significantly reduce the balance of cumulative results of operations. See Note 8 for the composition of liabilities not covered by budgetary resources.

Note 13 – Intra-governmental and Public Costs and Exchange

Intra-governmental costs arise from exchange transactions made between two reporting entities within the federal government in contrast with public costs, which arise from exchange transactions made with a nonfederal entity. Intra-governmental and public costs and exchange revenue for the periods ended September 30, 2014 and September 30, 2013 are as follows:

	Intra-governmental	With the Public	2014 Total
Gross Costs	$ 29,628,965	$ 86,375,226	$ 116,004,191
Less: Earned Revenue	2,080,036	-	2,080,036
Net Program Costs	$ 27,548,929	$ 86,375,226	$ 113,924,155

	Intra-governmental		With the Public		2013 Total	
Gross Costs	$	29,207,102	$	88,272,699	$	117,479,801
Less: Earned Revenue		2,801,588		-		2,801,588
Net Program Costs	$	26,405,514	$	88,272,699	$	114,678,213

Note 14 – Budgetary Resources

Budgetary resources available to CPSC during fiscal year 2014 include current year appropriations in the amount of $118,000,000 in budgetary resources was available to CPSC, of which $1,000,000 shall remain available until expended to implement the Virginia Graeme Baker Pool and Spa Safety Act grant program as provided by section 1405 of Public Law 110–140 (15 U.S.C. 8004), prior year's unobligated balances, reimbursements earned by CPSC from providing services to other federal entities for a price (reimbursable services), and cost-sharing arrangements with other federal entities.

Reimbursable revenue is the amount of money earned for goods and services provided to other agencies and the public. CPSC recognizes reimbursable work agreement revenue when earned, i.e. goods have been delivered or services rendered. CPSC has reimbursable agreements, which generated collections from work partners totaling $2,854,058 and $2,979,464 in September 30, 2014 and 2013 respectively. The more prominent of these relationships is the Centers for Disease Control and Prevention, National Institute for Occupational Safety and Health, and National Highway Traffic Safety Administration. The majority of these agreements fund CPSC's injury data collection program.

Comparison of the CPSC's fiscal year 2013 statement of budgetary resources with the corresponding information presented in the 2015 President's Budget is as follows:

	Budgetary Resources		Obligations Incurred	
Fiscal Year 2013 Statement of Budgetary Resources	$	121,547,801	$	111,200,243
Unobligated balances, beginning of year - (fund activity on expired accounts)		(7,804,052)		
Recovery of prior year unpaid obligation		(2,304,861)		
Obligations incurred - expired years				(405,447)
Permanently not available - (fund activity on expired accounts)		550,540		
Other - rounding in President's Budget		1,010,572		205,204
2014 Presidents Budget - fiscal year 2013, actual	$	113,000,000	$	111,000,000

As the fiscal year 2016 President's Budget will not be published until February 2015, a comparison between the fiscal year 2014 data reflected on the statement of budgetary resources and fiscal year 2014 data in the President's Budget cannot be performed. CPSC's apportionments fall under Category A, quarterly apportionment for salaries and expenses and Category B, restricted and activity apportionment for reimbursable activities. Beginning fiscal year 2014 the IT Modernization projects falls under Category A and reported as part of Direct Salaries and Expenses. Apportionment categories of obligations incurred for fiscal period ending September 30, 2014 and 2013 are as follows:

	2014	2013
Direct Salaries and Expenses- Category A	$ 117,029,614	$ 103,542,324
Direct IT Modernization Project - Category B	-	4,693,611
Reimbursable Activities - Category B	2,635,795	2,964,308
Total Obligations incurred	$ 119,665,409	$ 111,200,243

Note 15 – Reconciliation of Net Cost of Operations to Budget

Details of the relationship between budgetary resources obligated and the net cost of operations for the fiscal period ending September 30, 2014 and September 30, 2013 is as follows:

	2014	**2013**
RESOURCES USED TO FINANCE ACTIVITIES		
Budgetary Resources Obligated:		
Obligations Incurred	$ 19,665,409	$ 11,200,243
Less: Spending Authority from Offsetting Collections and Recoveries	5,387,786	5,284,325
Obligations Net of Offsetting Collections and Recoveries	114,277,623	105,915,918
Offsetting Receipts	-	166
Net Obligations	114,277,623	105,916,084
Imputed Financing from Cost Absorbed by Others	4,251,327	4,216,547
Total Resources Used to Finance Activities	**118,528,950**	**110,132,631**
RESOURCES USED TO FINANCE ITEMS NOT PART OF THE NET COST OF OPERATIONS		
Change in Budgetary Resources Obligated for Goods, Services and Benefits Ordered but not yet Provided	(8,090,551)	1,576,354
Budgetary Offsetting Collections that do not Affect Net Cost of Operations	769,156	167,322
Resources that Finance the Acquisition of Assets Capitalized	(2,284,668)	(1,933,899)
Net Decrease in Other Liability – Tenant Improvement Allowance	(412,257)	(279,352)
Net Decrease in Receivables not Generating Resources until Collected	341	(1,302)
Total Resources Used to Finance Items not Part of the Net Cost of Operations	**(10,017,979)**	**(470,877)**
COMPONENTS OF NET COST OF OPERATIONS THAT WILL NOT REQUIRE OR GENERATE RESOURCES IN THE CURRENT PERIOD		
Components Requiring or Generating Resources in Future Periods:		
Costs that will be Funded by Resources in Future Periods	(24,112)	9,233
Change in Unfunded FECA Liability	609,939	493,941
Total Components of Net Cost of Operations That Will Require or Generate Resources in Future Periods	585,827	503,174

Components not Requiring or Generating Resources in the Current Period		
Depreciation and Amortization	4,832,750	4,489,361
Revaluation of Assets or Liabilities	(5,393)	21,657
Other Costs that will not Require Resources	-	2,267
Total Components of Net Cost of Operations That Will Not Require or Generate Resources	4,827,357	4,513,285
Total Components of Net Cost of Operations That Will Not Require or Generate Resources in the Current Period	**5,413,184**	**5,016,459**
Net Cost (Income) from Operations	**$ 113,924,155**	**$ 114,678,213**

REQUIRED SUPPLEMENTARY INFORMATION

Statement of Budgetary Resources

The statement is prepared on a total Commission basis.

Statement of Custodial Activity

The Commission collects civil penalties and fines, Freedom of Information Act and miscellaneous collections, and U.S. Department of Justice fees.

Other Accompanying Information

This section provides additional information regarding the CPSC's financial and program management.

It includes "The Management Challenges Report" prepared by the agency's Office of the Inspector General and management's views on the report.

The Schedule of Spending provides an overview of how the CPSC spent its resources based on amounts available to the CPSC.

The Summary of Financial Statement Audit and Management Assurances lists each material weakness and non-conformance found and/or resolved in FY 2014.

Lastly, this section reports the agency's compliance with the Improper Payments Information Act of 2002, as amended.

INSPECTOR GENERAL'S MANAGEMENT CHALLENGES REPORT

The Reports Consolidation Act requires that the Office of the Inspector General (OIG) identify the most serious management and performance challenges facing the agency and the agency's progress toward meeting these challenges. These challenges may be grouped into the following categories:

- Budget Uncertainty
- Information Technology Security
- Adequacy of Operational Internal Controls

Budget Uncertainty

It would not have been reasonable to assume that the Consumer Product Safety Commission (CPSC) could take on the new challenges required of it by the Consumer Product Safety Improvement Act (CPSIA) with the same level of resources that it has had to work with historically. Nor did Congress expect the agency to do so. In order to provide the resources necessary to meet these new responsibilities and to enforce the newly created statutory requirements, the CPSIA authorized, but did not appropriate, increased funding levels for the CPSC annually, culminating in an authorization level of $136 million in FY 2014. However, there has been no indication that CPSC will be appropriated the authorized amount. This puts the agency in the position of having incurred new responsibilities that are in large measure fixed[1] but being called upon to meet those responsibilities with fewer resources than contemplated by the drafters of the CPSIA.

This challenge is further complicated by the budget uncertainty facing the Federal government as a whole and the CPSC in particular. Since no FY 2015 appropriation has been passed at the time of this report, it is unclear what resources the agency will have available to meet its statutory responsibilities. Although at the time of this writing, the agency is operating under a continuing resolution, this is only true until December 11, 2014. After that date, it is unclear at what level the agency will be funded.

This uncertainty regarding budgetary resources creates a challenge to senior management in planning how best to deploy their resources to meet agency goals.

Information Technology Security

The CPSC will not be able to meet its current workload and the additional tasks projected for the future without expanding its use of IT resources to leverage its limited manpower. One of the key management challenges facing the CPSC remains how to best use this technology to meet the agency's increasing workload while still maintaining adequate IT security.

The most recently completed FISMA evaluation found that management continues to make progress in implementing the FISMA requirements, although much work remains.[2] The CPSC's General Support System (GSS LAN) had completed the security accreditation process and retained an active security accreditation. In addition, the Consumer Product Safety Risk Management System (CPSRMS), the International Trade Data System/Risk Automation Methodology System (ITDS/RAM) application, and cpsc.gov completed independent security assessments.

The agency's system monitoring and reporting capabilities have improved substantially. The system reporting and monitoring now possible are far greater than system reporting and monitoring in FY 2010; and management has shown a commitment to continuing to improve these capabilities.

Management has also substantially improved the incident response process. The agency's improved

[1] Some, but not all, of the new requirements are predicated on Congress appropriating adequate funding.

[2] This is based on the FY 2013 FISMA Review; the FY 2014 FISMA Review had not been completed at the time this document was drafted.

system reporting and monitoring capabilities, combined with the agency's improved incident handling process, has positioned management to be able to take proactive steps to address known and potential vulnerabilities.

Although much has been accomplished, a good deal of work remains. Our review noted that management had not updated and approved the major applications' security documentation; nor had management accepted the risk associated with operating these applications in FY 2013.[3] Additionally, management had not fully implemented the NIST SP 800-37 Risk Management Framework. Management had not accredited or explicitly authorized the operation of 88 of the 91 inventoried CPSC applications in accordance with OMB M 10-15.

The FISMA review included 64 findings (8 high-risk findings). The IT challenges currently facing the agency are particularly relevant as the agency continues to deal with the implementation of the CPSIA, in general, and with the CPSIA's impacts on the agency's IT operations, in specific.

The general theme of the review's findings was a lack of CPSC resources dedicated to the implementation of security requirements.

Management continues to develop remediation strategies to address the known vulnerabilities, with a priority placed on the highest risk issues. However, the full mitigation of these risks will require a significant amount of additional effort. For example, management has not fully implemented Continuous Monitoring. Although management began providing monthly reports to senior management in FY 2012, outlining some of the known risks to agency IT resources, management did not update the agency's major applications' security documentation in FY 2013. Nor did management consistently provide senior management with the status of the agency's Plan of Actions and Milestones (POAMs) in FY 2013. Additionally, the monthly reports do not include a summary of the results of the improved system reporting and monitoring processes. The Continuous Monitoring process will only continue to improve if, as management optimizes its current tool set and improves system reporting, this information is shared with senior management.

In addition, management has not implemented Contingency Planning. Management has not developed a current Business Impact Analysis (BIA). Without a BIA, management cannot develop Business Contingency Plans, Disaster Recovery Plans, Information System Security Plans (ISCPs), or an agency Continuity of Operation Plan (COOP). Management has also not developed a workable Enterprise Architecture, which is critical in contingency planning and risk management.

Adequacy of Operational Internal Controls

Internal controls are processes designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) Effectiveness and efficiency of operations; (b) Reliability of financial reporting; and (c) Compliance with laws and regulations. This management challenge has been cited in the past and has led to significant deficiencies, including Antideficiency Act violations, found in recent audits or reviews of various agency programs. This office acknowledges management's work to conduct comprehensive assessments of internal controls over financial management, develop cycle memoranda and control matrices, test and evaluate key controls, and develop and implement corrective actions to address some identified control gaps. As a result, the CPSC has made progress in resolving internal control findings from this office and has resolved a number of significant deficiencies from earlier audits.

[3] This risk was formally accepted by management in FY 2014.

However, when risk assessments were performed over the Purchase, Travel, and Fleet Card Programs in 2014, in response to the Government Charge Card Abuse Prevention Act of 2012 (Pub. L. No. 112-194), our assessments found that the CPSC has not established proper policies and procedures and/or internal controls to address the requirements of the Government Charge Card Act. During our assessment, we were unable to estimate, reasonably, the effectiveness of the purchase card's internal controls that prevent illegal, improper, and/or erroneous transactions. Specifically, we identified many inconsistencies between the CPSC's process documents (cycle memorandums) and procedural documents (internal Standard Operating Procedures). With the travel charge card, we found the existing internal control documents to be adequate; however, we identified instances where key internal controls were not fully developed and/or did not exist. Lastly, we found the fleet services charge card lacked significant internal controls and documentation to support the overall operating effectiveness of the program.

During our evaluation of how the agency dealt with issues related to employee debts and failures to pay taxes, we determined that the CPSC had not established proper oversight procedures over wage garnishments processed by their service provider, the Interior Business Center (IBC) of the U.S. Department of the Interior (DOI). As a result, they are unable to implement timely corrective/adverse actions on employees whose failure to meet their financial obligations relating to Federal taxes had resulted in involuntary court orders and salary offsets. The CPSC's current process to identify involuntary garnishment or unpaid financial obligations by employees does not rely on any sort of "active monitoring" but instead, relies on infrequent background/suitability investigations that are conducted internally once every 5 years.

We found that the CPSC relies exclusively on DOI's IBC to both perform and ensure the completeness and accuracy of the processing of CPSC's garnishments. Although IBC provides services over specific aspects of payroll processing, to include debt management for active federal employees, the CPSC still has the legal responsibility to ensure the accuracy and timeliness of these processes. As previously stated, EXRM had not established proper oversight procedures over wage garnishments processed by IBC. Thus, the CPSC was unable to ensure garnishments are processed accurately and timely. Management has informed us that they are working to address this issue.

Our assessment of the CPSC's Federal Transit Benefit Program (FTBP) found that the CPSC had a functioning FTBP, but the program had several internal control weaknesses. In addition, we discovered that the program did not comply with certain government-wide policies and procedures mandated by the U.S. Department of Transportation (DOT), the entity responsible for the general administration of the FTBP throughout the Federal government. Our findings indicated that improvements are needed regarding how the CPSC verifies the amount of benefits participants receive, the termination of benefits when a recipient ceases to work for the CPSC, and how excess benefits are recouped from program participants.

AGENCY'S RESPONSE TO MANAGEMENT CHALLENGES REPORT

The OIG identified three management and performance challenges faced by the CPSC:

- Budget uncertainty
- Information technology security
- Adequacy of operational internal controls

The product safety environment continues to develop since passage of the CPSIA. The impact on the CPSC and the resulting challenges to the agency have accelerated, due to the increase of imported products and the heightened awareness of safety hazards by American consumers. The CPSC concurs with the identification of these management challenges.

Budget Uncertainty

CPSC management is mindful that budget uncertainty exists and that the agency must continue to adapt to the changing budget environment to meet its statutory responsibilities. Budget uncertainty permeates the federal government and is not unique to the CPSC. CPSC management is working to minimize the risks created by budget uncertainty through improved planning, prioritization, and analysis.

Information Technology, Cyber Security

The Office of Information and Technology Services (EXIT) has reviewed the OIG's Management Challenges Report and agrees with the findings, as well as the OIG's opinion that findings were generally related to a lack of CPSC resources dedicated to the implementation of security requirements. EXIT lost staff resources in FY 2013, and currently EXIT is in the process of adding information technology security staff. Once new staff is in place, EXIT will address the findings in the report regarding accreditation of major CPSC applications, application assessments, and updating security documentation.
EXIT acknowledges the finding that senior management consistently was not provided with the status of the agency's Plan of Actions and Milestones (POAMs) in FY 2014. EXIT's process for managing POAMs relied upon disjointed and inefficient manual procedures that overly complicated the reporting process. To remedy this situation, EXIT will implement a governance, risk, and compliance tool that will transition the current POAMs management process to a more structured, efficient, and comprehensive process.

In addition to adding information technology security staff, CPSC is working to address the report's findings to implement the NIST SP 800-37, Risk Management Framework and for development and implementation of a Disaster Recovery/Continuity Plan.

Adequacy of Operational Internal Controls

CPSC management takes seriously the responsibility for stewardship of the resources entrusted to the agency and continues to enhance and improve agency internal controls. CPSC continues to augment the internal control framework developed during FY 2012, and the agency conducted a risk-based assessment of internal controls over financial reporting. The approach includes reviewing and updating cycle memoranda, developing and reviewing internal control matrices, testing and evaluating key internal controls, conducting a financial cycles risk assessment, and developing and implementing corrective action plans across the CPSC's financial cycles, as needed. Additionally, a review of complementary controls was completed to help ensure the integrity of the accounting processes between the CPSC and its accounting service provider, DOT. Management appreciates the OIG's acknowledgement of the internal control improvements already implemented.
Significant improvements have been made to the CPSCs' Travel and Purchase Card programs since FY 2012. The CPSC has established improved policies, procedures, and internal controls to address the requirements of the Government Charge Card Act and OIG-issued audit findings. The CPSC has developed different types of

documentation for each of the requirements for the purchase and travel card programs, including: (1) cycle memoranda, which document CPSC's A-123 Appendix A requirements; (2) policies and procedures, including directives, handbooks, and desk procedures (also referred to as standard operating procedures or SOPs) that govern the administration of the programs; and (3) the OMB required Management Plan that further documents formal policies and procedures for providing a sufficient system of internal controls to mitigate the potential for fraud, misuse, and delinquency.

CPSC management is committed to delivering compliant and efficient purchase and travel card programs, as demonstrated by the significant investment the agency has made in these programs over the past 2 years. The OIG has informed management that new audit work will be conducted on both programs in FY 2015, and management welcomes the OIG's audits. A new audit baseline will provide timely insights on the efficacy of the current internal controls and provide a roadmap of recommendations to address any potential gaps identified in the new audits for the agency's overall compliance with the Government Charge Card Abuse Prevention Act of 2012.

Management concurs that the Fleet program needs improvement. In FY 2014, an internal management review was conducted on the Fleet program, completed by a private sector accounting firm. That review identified a number of deficiencies in the Fleet program and outlined a roadmap of corrective actions. Management has initiated implementation of a corrective action plan, and that work will be conducted throughout FY 2015. In addition, the OIG has informed management that new audit work will be conducted on the Fleet program in FY 2015. Management welcomes the OIG's audit review of the Fleet program to assess the effectiveness of the corrective actions the agency is implementing. Recently, the OIG issued a report on employee debts and failures to pay taxes, consistent with the narrative challenges listed in this report. Management's written response is included with the OIG's audit report.

The OIG had issued a report in March 2014, on the CPSC's Federal Transit Benefit Program (FTBP), consistent with the narrative challenges listed in this report. Management's written response is included with the OIG's audit report.

U.S. Consumer Product Safety Commission

Schedule of Spending

For the Years Ended September 30, 2014 and 2013
(in dollars)

		2014		2013
What Money Is Available to Spend?				
Total Resources	$	132,377,331	$	121,547,800
Less Amount Available but not Agreed to be Spent		352,411		258,727
Less Amount not Available to Be Spent		12,359,511		10,088,830
Total Amounts Agreed to Be Spent	$	119,665,409	$	111,200,243
How Was the Money Spent?				
Leadership in Safety				
Salaries & Benefits	$	9,005,277	$	9,007,514
Contracts		2,569,535		2,249,680
Rent		1,480,649		1,759,029
Land, Structures & Equipment		875,193		252,813
Travel & Transportation		244,346		272,060
Supplies & Materials		84,790		106,639
Printing		41,001		49,162
Other		45		13,877
		14,300,836		13,710,774
Commitment to Prevention				
Salaries & Benefits		15,169,666		14,857,934
Contracts		8,434,814		4,522,773
Land, Structures & Equipment		1,982,161		837,028
Rent		1,493,206		1,777,052
Supplies & Materials		676,191		356,341
Travel & Transportation		226,859		166,696
Printing		40,646		47,342
Other		45		13,877
		28,023,588		22,579,043
Rigorous Hazard Identification				
Salaries & Benefits		18,843,965		7,356,388
Contracts		13,635,618		15,426,546
Land, Structures & Equipment		1,678,397		335,278
Rent		1,495,244		1,782,192
Travel & Transportation		290,251		225,298
Supplies & Materials		86,982		74,496
Printing		40,646		46,892
Other		45		13,877
		36,071,148		5,260,967

Decisive Response		
Salaries & Benefits	22,299,642	23,020,855
Contracts	2,674,475	2,134,747
Rent	1,578,693	1,905,582
Land, Structures & Equipment	1,053,103	265,002
Travel & Transportation	471,064	597,817
Supplies & Materials	199,243	226,777
Printing	41,590	46,892
Other	45	13,877
	28,317,855	28,211,549
Raising Awareness		
Salaries & Benefits	5,463,289	5,448,214
Contracts	4,875,017	3,709,457
Rent	1,493,642	1,758,779
Land, Structures & Equipment	859,660	252,358
Printing	165,413	159,253
Supplies & Materials	61,548	66,888
Travel & Transportation	33,368	29,084
Other	45	13,877
	12,951,982	11,437,910
Total Amounts Agreed to Be Spent	$ 119,665,409	$ 111,200,243

SUMMARY OF FINANCIAL STATEMENT AUDIT AND MANAGEMENT ASSURANCES

Summary of Financial Statement Audit					
Audit Opinion	Unmodified				
Restatement	No				
	Beginning Balance	**New**	**Resolved**	**Consolidated**	**Ending Balance**
Total Material Weaknesses	0	0	0	0	0

Summary of Management Assurances						
Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)						
Statement of Assurance	Unqualified					
	Beginning Balance	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
Leasehold Improvements	1	0	1	0	0	0
Total Material Weaknesses	1	0	1	0	0	0
Effectiveness of Internal Control over Operations (FMFIA § 2)						
Statement of Assurance	Unqualified					
	Beginning Balance	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
Total Material Weaknesses	0	0	0	0	0	0
Conformance with Financial Management System Requirements (FMFIA § 4)						
Statement of Assurance	Systems conform to financial management system requirements					
	Beginning Balance	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
Total Non-Conformance	0	0	0	0	0	0

Summary of Material Weakness in Internal Control Over Financial Reporting
The FY 2013 Financial Statement Audit identified one material weakness in internal control for financial reporting pertaining to capitalization of leasehold improvements. This material weakness resulted from prior years' (FY 2012 and earlier) recording errors that were corrected by restating the FY 2012 financial statements and implementing improved internal controls within the applicable financial cycles. The material weakness was not evidenced in FY 2014 and has been remediated.

IMPROPER PAYMENTS ELIMINATION AND RECOVERY ACT REPORTING DETAILS

Improper payments are payments that should not have been made or were made in the incorrect amount, which can include duplicate payments, payments to ineligible recipients, or payments made without sufficient supporting documentation. To improve the integrity and accuracy of the federal government's payments, Congress enacted the Improper Payments Information Act (IPIA) of 2002 (Pub. L. No. 107-300). IPIA requires federal agencies to:

- Review their programs and activities annually;
- Identify programs that may be susceptible to significant improper payments;
- Estimate amounts improperly paid; and
- Report improper payment amounts and the actions taken to reduce them.

During July 2010, Congress passed the Improper Payments Elimination and Recovery Act (IPERA), which amended IPIA and Section 831 of the Defense Authorization Act of 2002, also known as the Recovery Auditing Act. IPERA strengthened IPIA by increasing management accountability and requiring additional efforts to recover improper payments. IPERA directed the OMB to issue implementing guidance to agencies. Memorandum M-11-16, dated April 14, 2011, issues government-wide guidance on the implementation of IPERA. This guidance is contained in Parts I and II of Appendix C of OMB Circular A-123, *Management's Responsibility for Internal Controls.* This guidance requires all executive branch agencies to determine whether the risk of improper payments is significant (exceeds both 2.5 percent, decreased to 1.5 percent for FY 2013, of program annual payments and $10 million, or exceeds $100 million) and to provide valid annual estimates of improper payments. Other significant components of OMB's guidance include:

- Describing alternative improper payment measurements;
- Expanding payment recapture audits to all types of payments and activities with more than $1 million in annual outlays if cost-effective;
- Improving corrective action plans and incorporating lessons learned from the Recovery Act Implementation;
- Distributing funds recovered through payment recapture audits for authorized purposes; and
- Establishing compliance reviews and requirements for agencies deemed non-compliant.

In January 2013, Congress passed the Improper Payments Elimination and Recovery Improvement Act (IPERIA) of 2012 to intensify efforts to identify, prevent, and recover payment error, waste, and fraud. It reinforces and accelerates the "Do Not Pay" initiative, increases emphasis on high-priority programs and the establishment of performance targets, and clarifies guidance for estimating improper payments.

The CPSC is dedicated to continuing to strengthen its improper payments program to ensure payments are legitimate, processed correctly and efficiently. The program utilizes an experienced and trained staff, a financial management system that is designed with control functions to mitigate risk, and an internal analysis of processes and transactions. All executives and staff are required to comply with the CPSC's procurement and accounting policies and procedures, Federal laws and regulations.

The CPSC conducts the following steps to comply with the IPIA and OMB Circular A-123:

1. Reviews all programs and activities and identifies those that are susceptible to significant improper payments;
2. Obtains a statistically valid estimate of the annual amount of improper payments for programs that are identified as susceptible to significant improper payments;
3. Implements a plan to reduce improper payments (if necessary); and
4. Reports estimates of the annual amount of improper payments in programs and activities and progress in reducing them (if necessary).

The CPSC's Chief Financial Officer is responsible for reviewing and reporting annually the CPSC's improper payments. The annual four-step process outlined above was initiated in FY 2012.

Risk Assessment

The CPSC's IPERA risk assessment methodology consists of ranking each of its programs from high to low risk, based on operational risk, complexity, volume of payments, human capital risk, historical risk, information technology risk, compliance risk, and total dollar value. Based on the results of the CPSC's risk assessment, there were no programs that met OMB's criteria for being susceptible to significant improper payments (*i.e.*, exceeding both 1.5 percent of program payments and $10 million).

Statistical Sampling

Beginning in FY 2014, and in furtherance of good governance, the CPSC began sampling all payment activities, except for the intra-governmental transactions or payments to other federal agencies. During FY 2014, the CPSC selected disbursement activities that include payments to employees (*i.e.*, payroll, travel, and small reimbursements), contract activities with commercial entities (*i.e.*, contracts, Blanket Purchase Agreement (BPA) calls, and other miscellaneous obligating documents), and credit card purchases (*i.e.*, purchase card, travel centrally billed accounts, and fleet card). The CPSC extracted the population of disbursement activities from the CPSC's financial system for the period October 1, 2012 through September 30, 2013.

Per OMB Memorandum M-11-16, issued April 14, 2011, Appendix C, Part 1.A.5, *Requirements for Effective Measurement and Remediation of Improper Payments*, agencies were not obligated to review intra-governmental transactions and payments to employees. The new IPERIA law, passed in January 2013, removed the exemption for payments to employees. The CPSC updated its procedures accordingly.

In accordance with OMB Circular A-123, Appendix C guidance, a statistical sample was selected and used to estimate the population proportionally. The sample size collected is commensurate with a 95 percent confidence interval. The CPSC sampled the full-payment population for payments to employees (66,136 payments) for contract activities with commercial entities greater than $2,500 (3,994 payments) and less than $2,500 (1,207 payments) and credit card payments (5,438 payments). The CPSC developed a sampling plan that yield a 95 percent confidence interval with an assumed mispayment rate of 10 percent. The result of simulations produced a sample size of 1,126 payment transactions for IPERA compliance testing to produce a statistically valid improper payments estimate.

Improper Payment Reporting

CPSC's estimates of improper payments based on the statistically derived testing conducted for FY 2013 data are shown in Table 1. The results of the testing are zero improper payments.

Table 1 Improper Payment Reduction Outlook

Activity Name	2013 Outlays (million)	2013 IPA $	2013 IPA %	2013 Over payment	2013 Under payment	*2014 Outlays (million)	2014 IPA $	2014 IPA %	2015 Estimated Outlays (million)	2015 IPA $	2015 IPA %	2016 Estimated Outlays (million)	2016 IPA $	2016 IPA %
Payment to Employee (payroll, travel and reimbursement)	$ 70	0	0	0	0	$ 72	0	0	$ 74	0	0	0	0	0
Contract activities (contracts, BPA calls, other miscellaneous obligating documents)	$ 27	0	0	0	0	$ 29	0	0	$ 30	0	0	0	0	0
Credit card purchases (purchase card, travel centrally billed accounts (CBA), fleet card)	$ 1	0	0	0	0	$ 1	0	0	$ 1	0	0	0	0	0
Total	$ 98	0	0	0	0	$ 102	0	0	$ 104	0	0	0	0	0

* The 2014 Outlays will be reviewed in 2015.

Recapture of Improper Payment Reporting

IPERA requires agencies to conduct payment recapture audits for each program and activity that expends $1 million or more annually, if conducting such audits would be cost-effective. A payment recapture audit is a detective and corrective control activity designed specifically to identify and recapture overpayments. The CPSC has done a preliminary analysis and determined that it would not be cost effective for the government to pursue a recapture program. The CPSC will continue to collect and/or resolve improper payments through existing financial procedures, including debt collection, as necessary.

Information Systems and Other Infrastructure

For awarding of contracts, the CPSC follows the Federal Acquisition Regulation (FAR) and adheres to pre-award procedures when researching potential contract awardees. Furthermore, the CPSC's shared service provider, the Enterprise Service Center (ESC), required checks to be made against two systems before vendor setup in the core accounting system, the System for Award Management (SAM) and the Internal Revenue Service Taxpayer Identification Number (TIN) match program.

For pre-payments reviews, the CPSC contracting officer representative (COR) reviews all invoices received by the ESC before payment. The COR certifies receipt of supplies/services, compares expenditures with funds obligated on the contract or other obligating documents, and approves payment.

Do Not Pay Initiative

In April 2012, the CPSC's shared service provider, the ESC, enrolled in the U.S. Department of the Treasury's Do Not Pay portal, which includes access to the Single Online Search. In June 2013, the ESC initiated participation in the Do Not Pay analytics that provide additional analytic insight to avoid problem payments. Through this initiative, Treasury conducts pre-payment assessments against databases using payment files that agencies provide. Once a month, the Treasury compares disbursed payments to two databases to identify errant payments:

- The public version of the U.S. Social Security Administration's Death Master File (DMF)

- The System for Award Management (SAM, which includes the former Excluded Parties List)

Table 2 below shows all payments screened by the Do Not Pay Initiative and other databases and the results of those reviews. No errant payments were identified.

Table 2 Implementation of the Do Not Pay Initiative to Prevent Improper Payment

	Number of payments reviewed for improper payments	Amount of Payments reviewed for improper payments	Number of payments stopped	Amounts of payments stopped	Number of improper payments reviewed and not stopped	Amount of improper payments reviewed and not stopped
Reviews with the DMF only	4,287	$ 16,182,426	0	$ -	0	0
Reviews with all other databases	4,288	$ 16,183,810	0	$ -	0	0

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Appendices

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APPENDIX A: STATUTORY AUTHORITY

Provides a listing of federal statutes administered by the CPSC.

APPENDIX B: ACRONYM LISTING

Defines acronyms cited in the report. Lists acronyms in alphabetical order.

APPENDIX A: STATUTORY AUTHORITY

Provided below is a listing of federal statutes administered by the CPSC. Links to these statutes are available on the CPSC's website at: www.cpsc.gov under *Regulations, Laws & Standards.*

CPSIA	Pub. L. No. 112-28 Amends the CPSIA Consumer Product Safety Improvement Act
CGBPA	Children's Gasoline Burn Prevention Act
CPSA	Consumer Product Safety Act
CSPA	Child Safety Protection Act
FFA	Flammable Fabrics Act
FHSA	Federal Hazardous Substances Act
LHAMA	Labeling of Hazardous Art Materials Act: Amends the FHSA
PPPA	Poison Prevention Packaging Act
RSA	Refrigerator Safety Act
VGB Act	Virginia Graeme Baker Pool and Spa Safety Act

APPENDIX B: ACRONYM LISTING

AFR	Agency Financial Report
APR	Annual Performance Report
BIA	Business Impact Analysis
BPA	Blanket Purchase Agreement
CBP	U.S. Customs and Border Protection
COOP	Continuity of Operations Plan
CPSA	Consumer Product Safety Act
CPSC	U.S. Consumer Product Safety Commission
CPSIA	Consumer Product Safety Improvement Act of 2008
CPSRMS	Consumer Product Safety Risk Management System
DOT	U.S. Department of Transportation
ESC	Enterprise Services Center
EXIT	Office of Information and Technology Services
FFMIA	Federal Financial Management Improvement Act of 1996
FMFIA	Federal Managers' Financial Integrity Act of 1982
FOIA	Freedom of Information Act
FTE	Full-Time Equivalent
FY	Fiscal Year
GAO	U.S. Government Accountability Office
GSA	U.S. General Services Administration
IPERA	Improper Payments Elimination and Recovery Act
ISCP	Information System Contingency Plan
ITDS	International Trade Data System
NEISS	National Electronic Injury Surveillance System
NGO	Nongovernmental Organization
NNI	National Nanotechnology Initiative
NPTEC	National Product Testing and Evaluation Center
NSN	Neighborhood Safety Network
OGC	Office of the General Counsel
OIG	Office of the Inspector General
OPM	U.S. Office of Personnel Management
OMB	Office of Management and Budget
POAM	Plan of Action and Milestones
RAM	Risk Assessment Methodology
SSP	Shared Service Provider
VGB Act	Virginia Graeme Baker Pool and Spa Safety Act