



U.S. Consumer Product Safety Commission
Office of Inspector General
Bethesda, MD

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The CPSC Complies with Tax Withholding Oversight Requirements

BETHESDA – Today, the U.S. Consumer Product Safety Commission (CPSC) Office of Inspector General (OIG) issued an evaluation report on the CPSC’s compliance with tax withholding requirements and enforcement of tax delinquency notices. The OIG retained the services of GBB & Co, LLP (GBB), an independent public accounting firm, to evaluate the CPSC’s compliance with Internal Revenue Service (IRS) regulations. The OIG last evaluated this issue in 2014. That evaluation identified opportunities for improvement. In calendar year 2021, the IRS determined that the CPSC had a tax delinquency rate of 4.28 percent, below the government-wide average of 4.93 percent.

GBB based their evaluation on 5 Code of Federal Regulation 2635.101(b)(12), *Standards of Ethical Conduct for Employees of the Executive Branch*, which mandates federal employees shall satisfy, in good faith, their financial obligations such as federal, state, or local taxes which are imposed by law. The primary objective of the evaluation was to determine whether CPSC employees are compliant with IRS and related state income tax withholding regulations and if the CPSC promptly enforces IRS tax delinquency notices, known as lock-in letters, used to collect tax obligations owed. The evaluation included a 100 percent sample of the federal and state income tax withholdings of all 546 individuals who received wages from the CPSC during CY 2021. Employee withholdings were analyzed for reasonableness. GBB also evaluated the CPSC’s handling of lock-letters for conformance with IRS rules.

GBB found that overall, the CPSC complied with applicable laws and their own internal policies and procedures regarding the withholding of federal and state income tax and the implementation of lock-in letters. As noted above, the CPSC’s employee tax delinquency rate is below the government-wide average. Employee delinquencies appear to be an individual employee issue rather than a result of programmatic shortcomings. As a result of the evaluation, no recommendations were made.

The OIG is an independent office within the CPSC that performs audits and investigations of the CPSC, and prevents and detects fraud, waste, and abuse. For more information, visit [OIG.CPSC.GOV](https://www.oig.cpsc.gov).

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