



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

For Immediate Release
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The CPSC Received a Qualified Opinion Regarding its Financial Statements

BETHESDA – On February 1, 2024, the U.S. Consumer Product Safety Commission (CPSC) Office of Inspector General (OIG) issued a report on the results of the audit of the CPSC’s Fiscal Year (FY) 2023 Financial Statements. The audit was performed by KPMG, LLP (KPMG). The CPSC’s preparation of its financial statements was complicated by internal control weaknesses related to financial management. These internal control weaknesses primarily related to the loss of key personnel in the Office of Financial Management, Planning, and Evaluation and a related lack of adequate succession planning. The CPSC requested and received permission from the Office of Management and Budget to issue its financial statements on January 26, 2024, rather than November 15, 2023, and to use a “single year” presentation rather than the ordinarily required comparative (two year) presentation. Later, the CPSC requested and received a second extension until February 2, 2024.

The CPSC issued audited financial statements on February 1, 2024. However, it received a “qualified” opinion. This was due to the agency inappropriately calculating the accumulated depreciation and depreciation expense related to its Property, Plant, and Equipment (the total value of all buildings, land, furniture, and other physical assets) and being unable to recalculate said accumulated depreciation and depreciation expense in a timely manner. This represented a material weakness in internal control. Other than this matter, the financial statements present fairly, in all material respects, the financial position of the United States Consumer Product Safety Commission as of September 30, 2023, and its net costs, changes in net position, budgetary resources, and custodial activity for the year then ended in accordance with U.S. generally accepted accounting principles.

KPMG identified two additional material weaknesses. The first, overarching, material weakness related to the CPSC’s lack of competent personnel in key positions, training, communication across offices, risk assessments, and monitoring processes over the CPSC’s system of internal control. The second material weakness resulted from an inappropriate methodology for estimating accrued expenses, which required material adjustments to both beginning net position and FY 2023 gross costs. KPMG also identified an additional significant deficiency in internal control for failing to report prepaid expenses, resulting in an understatement of assets and an overstatement of net costs for FY 2023. These matters are detailed in the audit report.

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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