FEDERAL TRADE COMMISSION

Office of Inspector General

SEMIANNUAL REPORT TO CONGRESS

April 1, 2013—September 30, 2013

Report No. 50

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UNITED STATES OF AMERICA

FEDERAL TRADE COMMISSION

WASHINGTON, D.C. 20580

OFFICE OF INSPECTOR GENERAL

October 31, 2013

A MESSAGE FROM THE INSPECTOR GENERAL

On behalf of the Federal Trade Commission (FTC) Office of Inspector General (OIG), I am pleased to present our Semiannual Report to Congress for the period ended September 30, 2013.

During this semiannual period, the OIG processed 81 consumer inquiries and allegations of possible wrongdoing. We initiated 3 preliminary inquiries and referred 62 complaints to FTC program offices or other federal or local law enforcement agencies. We also responded to a Congressional request to investigate disclosures of non-public information during the FTC's investigation of Google.

The OIG completed its annual assessment of the FTC's information security program, and responded to a Congressional request to evaluate whether the FTC is doing all that it can to address the growing threat of climate change. In addition, we provided FTC officials our perspective on the most significant management and performance challenges facing the organization for inclusion in the FTC's FY 2013 Performance and Accountability Report.

Due to an increasing number of Congressional mandates and *ad hoc* requests, the OIG did not have the resources to conduct discretionary reviews aimed at identifying and recommending opportunities to further improve the efficiency and effectiveness of the FTC's key programs to protect consumers and maintain competition in the marketplace.

As in the past, FTC management has been cooperative in working with the OIG. I appreciate management's support and look forward to working with management in our ongoing efforts to promote economy and efficiency in agency programs.

Scott E. Wilson
Inspector General

INTRODUCTION AND DEFINITIONS

THE MISSION OF THE OFFICE OF INSPECTOR GENERAL IS TO PROMOTE ECONOMY, EFFICIENCY, AND EFFECTIVENESS BY DETECTING AND PREVENTING WASTE, FRAUD, AND ABUSE.

In compliance with the Inspector General Act Amendments of 1988 (5 U.S.C. app.), the Office of Inspector General (OIG) was established in 1989 as an independent and objective organization within the FTC.

Under the Inspector General Act, the OIG is responsible for conducting audits and investigations relating to the programs and operations of the FTC. Audits are conducted for the purpose of finding and preventing fraud, waste and abuse and to promote economy, efficiency and effectiveness within the agency. OIG investigations seek out facts related to allegations of wrongdoing on the part of FTC employees and individuals or entities having contracts with or obtaining benefits from the agency.

Individuals who wish to file a complaint about the business practices of a particular company or entity, or allegations of identity theft, deceptive advertising practices or consumer fraud should file a complaint with the FTC Bureau of Consumer Protection's Consumer Response Center (CRC) at 1-877-382-4357.

Complaints to the OIG from the public or from an FTC employee can be made anonymously. The identity of an FTC employee who reports waste or wrongdoing to the OIG will be protected from disclosure consistent with provisions of the Inspector General Act. In addition, the Inspector General Act and the Whistleblower Protection Act prohibit reprisals against employees for filing complaints or cooperating with the OIG.

The OIG is required by law to prepare a semiannual report summarizing the activities of the Office during the immediately preceding six-month period. The report is sent to the FTC Chairman, the President of the Senate, the Speaker of the House and the FTC's appropriating and authorizing committees. The OIG had a budget of $1,082,000 for fiscal year 2013.

About the Office of Inspector General

OIG Mission

To promote economy, efficiency and effectiveness, and to detect and deter fraud, waste and abuse in FTC programs and operations.

OIG Vision

Optimize our value to stakeholders through high quality, independent, objective, and timely audits, investigations and reviews.

OIG Strategic Goals

1. Maximize the Value the OIG Adds to FTC Programs and Operations

2. Enhance the Integrity of the FTC

3. Continuously Improve OIG Operations & Services

WE PERFORM THE FOLLOWING SERVICES:

PERFORMANCE AUDITS address the efficiency, effectiveness, and economy of the FTC's programs, activities, and functions; provide information to responsible parties to improve public accountability; facilitate oversight and decision making; and initiate corrective actions as needed.

FINANCIAL AUDITS provide an independent assessment of whether financial statements are presented fairly in accordance with generally accepted accounting principles. Reporting on financial audits in accordance with Government Auditing Standards also includes reports on internal control and compliance with provisions of laws, regulations, and contracts as they relate to financial transactions, systems and processes.

INPECTIONS AND EVALUATIONS are systematic and independent assessments of the design, implementation, and/or results of the FTC's operations, programs, or policies. They provide information that is timely, credible, and useful for agency managers, policy makers, and others. Inspections or evaluations can be used to determine efficiency, effectiveness, impact, and/or sustainability of agency operations, programs, or policies.

INVESTIGATIONS are conducted based on alleged or suspected fraud, waste, abuse or gross mismanagement, employee and contractor misconduct, and criminal and civil violations of law that have an impact on the FTC's programs and operations. The OIG refers matters to the U.S. Department of Justice whenever the OIG has reasonable grounds to believe there has been a violation of federal criminal law. The OIG also identifies fraud indicators and recommends measures to management to improve the agency's ability to protect itself against fraud and other wrongdoing.

MANAGEMENT ADVISORIES are utilized by the OIG to expeditiously report findings of systemic weakenesses or vulnerabilities, and recommendations to correct them, identified during the course of an investigation or other IG activity.

AUDITS AND RELATED ACTIVITIES

Completed Audits and Reports

Independent Assessment of the FTC's Information Security Program and Practices for FY 2012

The Federal Information Security Management Act of 2002 (FISMA) requires federal agencies, including the FTC, to develop, document, and implement an agency wide information security program. FISMA also requires each Inspector General to conduct an independent evaluation of its agency's information security program and practices.

The OIG contracted with Allied Technology Group Inc. (Allied Technology) to perform the IG independent FISMA evaluation. The objective was to provide an evaluation of the effectivesness of the FTC's information assurance and privacy programs and compliance with Office of Management and Budget (OMB) and National Institute of Standards and Technology (NIST) guidance.

This evaluation is provided to senior management and to others to enable them to determine the effectiveness of overall security programs, to ensure the confidentiality and integrity of data entrusted to the FTC, and to develop strategies and best practices for cost effectively improving information security. The evaluation showed that the FTC has established an information security program that is in substantial compliance with applicable security and privacy requirements. The status of the FTC information assurance and privacy programs was summarized in the FISMA reporting metrics submitted through CyberScope, the platform for the FISMA reporting process.

As stated in the CyberScope metric report, the IG independent evaluation of the FTC information assurance and privacy programs resulted in a determination that the programs provide reasonable assurance that FTC information assets are adequately protected, but there are opportunities for improvement as the FTC information assurance and privacy programs continue to evolve. The areas of non-compliance are focused in security planning (e.g., capital planning, enterprise analysis of security needs, and communicating security and privacy requirements to senior management).

Congressional Request - Climate Change

At the request of the Bicameral Task Force on Climate Change, the OIG assessed whether the FTC is doing everything it can to confront the growing threat of climate change. The OIG interviewed FTC officials, reviewed the supporting documents they provided, and conducted research on the topic to answer the questions included in the Task Force's request.

The OIG determined that the FTC is meeting requirements in legislation, regulation, executive order and other directives. Even though it is a small agency with a limited footprint, the FTC is on track to meet the Greenhouse Gas emission reduction targets established for 2020. It is also on track to achieve the 30 percent reduction target for its fleet vehicle petroleum use. In 2014, the FTC is consolidating its two satellite offices in Washington, DC into the Constitution Center building, which is Leadership in Energy and Environmental Design (LEED) certified.

While the FTC does not directly set standards or regulate the "green" industry, it has an indirect impact through the issuance of "Green Guides" that are designed to help marketers ensure that the claims they make about the environmental attributes of their products are truthful and not deceptive. The FTC can also have an indirect impact by investigating false advertising in the "green" industry and by continuing enforcement efforts around the "Green Guides." The FTC has brought several actions in recent years related to deceptive marketing claims.

The OIG recommended that the FTC continue efforts already underway or initiate actions to develop a schedule and milestones for achieving environmental requirements, continue efforts to improve tracking of sustainability requirements in contracts, and tighten controls over procurement actions made with a purchase card to reduce circumvention of sustainability requirements.

Audit Resolution and Corrective Actions

During this semiannual reporting period, the FTC offices and bureaus continued to make progress in implementing open recommendations. Management reported that it has completed actions on and recommended closing 16 recommendations. The OIG will validate these corrective actions during the FY 2013 Financial Statement audit and FISMA evaluation.

Table 1 (page 12) shows all recommendations open 180 days or more on which corrective actions are still in progress.

Section 5(a)(11) of the Inspector General Act requires that any decision by management to change its response to a significant resolved audit finding must also be disclosed in the semiannual report. For this reporting period, management did not revise any earlier decisions on OIG audit recommendations.

Audit Activities Planned or In-Progress

The OIG is required to complete two major reviews during the next reporting period that will assess the FTC's financial oversight and information security.

Audit of the FTC Financial Statements for FY 2013 — A financial statement audit is required annually under the Accountability of Tax Dollars Act of 2002. We contract with an independent public accountant to perform this work. The OIG serves as the Contracting Officer's Representative and provides oversight on the contract. The purpose of the audit is to express an opinion on the financial statements of the FTC for the fiscal year ending September 30, 2013. The audit will also test the internal controls over financial reporting and assess compliance with selected laws and regulations. The audited financial statements are included in the financial section of the agency's Performance and Accountability Report for 2013.

Review of FTC's FISMA Implementation for FY 2013

FISMA requires an annual evaluation of each agency's information security program and practices to determine their effectiveness. The evaluation is performed by the Inspector General or by an independent external reviewer.

To assist us in conducting this review, we hire an independent consultant to perform this work. The OIG acts as the COR and performs oversight during the execution of this contract. The review includes evaluating the adequacy of the FTC's information security program and practices for its major systems. This year, the review will assess the impact of the planning and governance changes, evaluate FTC oversight of contractor systems including reviewing procedures used to plan and monitor the transition of the IT infrastructure to the Constitution Center, and examine the status of the agency level risk management program.

Additional Mandates

The OIG is also required by law to conduct the following reviews during the semiannual reporting period ending March 31, 2014.

- Assessment of FTC's compliance with the Improper Payments Elimination and Recovery Act (IPERA).
- Risk Assessment of the FTC's purchase card and travel card programs in accordance with OMB guidance for implementation of the Government Charge Card Abuse Prevention Act of 2012.

Other Potential Reviews

During FY 2014, the OIG also plans to conduct research in the following program areas to determine the need for further audit work:

- The FTC's move to Constitution Center .
- Acquisition processes and contract management.
- Case selection and management in the consumer protection arena.

INVESTIGATIVE ACTIVITIES

The Inspector General is authorized by the IG Act to receive and investigate allegations of employee misconduct as well as fraud, waste and abuse occurring within FTC programs and operations. Matters of possible wrongdoing are referred to the OIG in the form of allegations or complaints from a variety of sources, including FTC employees, other government agencies and the general public. Reported incidents of possible fraud, waste and abuse can give rise to administrative, civil or criminal investigations.

Investigative Summary

During this reporting period, the OIG received 81 consumer complaints and other inquiries and reports of possible wrongdoing. This represents a 33% increase in complaints received during the last reporting period. Of the 81 complaints, 51 involved issues that fall under the jurisdiction of FTC program components and not the OIG (identity theft, consumer scams, etc.). These matters were referred to the appropriate FTC component for disposition.

The OIG initiated 3 preliminary inquiries, 2 of which have been closed. Of the remaining complaints, 11 were referred to other federal or local law enforcement agencies, 10 were outside the OIG's jurisdiction, and 6 resulted in the OIG providing guidance or written response to the complainant.

This reporting period, the OIG has observed a substantial increase in complaints regarding scams, frauds, and impersonations of FTC employees. These complaints are referred to the FTC's Consumer Response Center or the FTC's representative on the multi-agency lottery and sweepstakes scams taskforce. The OIG has also posted a scam alert on the OIG website at http://www.ftc.gov/oig.

The following is a summary of the OIG's investigative activities for the six-month period ending September 30, 2013:

Cases pending as of 3/31/13	9
PLUS (New cases)	0
LESS (Cases closed)	9
Cases pending as of 9/30/13	0

Investigations Closed

During this reporting period, the OIG closed nine investigations. Two of them are highlighted below:

Nonpublic Disclosures to the Media

Chairman Darryl Issa, House Committee on Oversight and Government Reform, requested the OIG investigate whether FTC employees inappropriately disclosed information to the public or the media about the FTC's investigation of Google. Due to the scope of the investigation and the OIG's limited personnel resources, the IG requested the U.S. Postal Service OIG's assistance in conducting the investigation.

The investigation did not identify the individual(s) who disclosed nonpublic information to the media. The disclosures could have originated with FTC employees or with any third party who had an interest in the outcome of the FTC's investigation of Google. During the course of the investigation, however, the OIG identified risks in FTC policies and practices that increased the FTC's susceptibility to disclosure of nonpublic information. These policies and practices also limited the

OIG's ability to identify internal sources potentially responsible for the nonpublic disclosures.

FTC leadership has committed to: 1) revisit internal policies and practices to reduce the risk of improper disclosures, and 2) ensure that FTC staff are keenly aware of their responsibilities to protect the nonpublic nature of agency investigations.

Procurement Improprieties

The OIG investigated allegations that a senior FTC official committed procurement improprieties in connection with the award of a consulting contract. The investigation found that the official interfered with the procurement process to steer the award of the contract to a preferred bidder, used the bidder to perform FTC work prior to award of the contract, and requested work outside the scope of the contract for the official's personal benefit. These activities violated the Procurement Integrity Act, Federal Acquisition Regulation, and agency policy. The official resigned from the FTC.

OTHER ACTIVITIES

Management Advisories

The OIG conducted a preliminary inquiry into allegations that an FTC attorney engaged in unethical behavior. The OIG found no basis for opening an investigation into the allegations. However, the OIG provided a Management Advisory to the FTC recommending that training be delivered to heighten awareness of certain ethical standards among staff.

Liaison with Other Agencies

In conducting investigations, the OIG has sought assistance from, and worked jointly with other federal and law enforcement agencies including the Department of Defense, Department of Justice, Department of Homeland Security, Federal Protective Service, United States Postal Service, Federal Bureau of Investigation, U.S. Postal Inspection Service, U.S. Secret Service, U.S. Marshals Service, Internal Revenue Service, U.S. Capitol Police, as well as state and local law enforcement agencies.

Activities within the Inspector General Community

The FTC IG is an active participant in the Council of the Inspectors General on Integrity and Efficiency (CIGIE), a council of Inspectors General that promotes collaboration on integrity, economy, and efficiency issues that transcend individual agencies. The FTC IG is a member of the CIGIE Audit Committee and also participates in periodic meetings designed to address issues common to smaller OIGs.

The IG's Counsel participates regularly in the Council of Counsels to Inspectors General (CCIG), as well as contributes to the legal discourse within that Council on matters that are germane to the entire IG community.

The IG's Audit Manager participates regularly in the monthly meeting of the Financial Statements Audit Network (FSAN), a CIGIE subcommittee. She also teaches the financial statement section of the CIGIE Peer Review training offered to the greater OIG community. She participated in the CIGIE workgroup revising OMB Bulletin No. 07-04, Audit Requirements for Federal Financial Statements.

Significant Management Decisions

Section 5(a)(12) of the IG Act requires that if the IG disagrees with any significant management decision, such disagreement must be reported in the semiannual report to Congress. For this reporting period, there were no significant management decisions made with which the OIG disagreed.

Access to Information

The IG is to be provided with ready access to all agency records, information, or assistance when conducting an investigation or audit. Section 6(b)(2) of the IG Act requires the IG to report to the agency head, without delay, if the IG believes that access to required information, records or assistance has been unreasonably refused, or otherwise has not been provided. A summary of each report submitted to the agency head in compliance with Section 6(b)(2) must be provided in the semiannual report in accordance with Section 5(a)(5) of the Act. During this reporting period, the OIG did not encounter a problem in obtaining assistance or access to agency records.

Review of Legislation

Section 4(a)(2) of the IG Act authorizes the IG to review and comment on proposed legislation or regulations relating to the agency or, upon request, affecting the operations of the OIG. During this reporting period, the OIG reviewed no legislation.

Appendix: Peer Review Activity

Section 989C of the Dodd-Frank Act contains additional semiannual reporting requirements pertaining to peer review reports. Federal Inspectors General are required to engage in peer review processes related to both their audit and investigative operations. In keeping with Section 989C, the FTC OIG is reporting the following information related to its peer review activities. These activities cover our role as both the reviewed and the reviewing OIG and relate to both audit and investigative peer reviews.

Audit Peer Reviews

On a 3-year cycle, peer reviews are conducted of an OIG audit organization's system of quality control in accordance with the CIGIE Guide for Conducting External Peer Reviews of the Audit Organizations of Federal Offices of Inspector General. These guidelines are based on requirements in the *Government Auditing Standards*. Federal audit organizations can receive a rating of pass, pass with deficiencies, or fail.

While no peer review was conducted during this reporting period, the FTC OIG audit operation was the subject of a peer review conducted by the U.S. Election Assistance Commission (EAC) OIG in 2012. Their report, issue in September 2012, opined that our system of quality control had been suitably designed and complied with to provide our office with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. We received a peer review rating of pass.

The peer review report is available on the FTC OIG's website at http://www.ftc.gov/oig.

Investigative Peer Reviews

OIGs with statutory law enforcement authority pursuant to Section 6(e) of the Inspector General Act are subject to a peer review no less than once every 3 years. Because the FTC OIG does not have statutory law enforcement authority, it is not required to have a peer review of its investigative organization. However, the FTC OIG voluntarily participates in the peer review process.

While no peer review was conducted during this reporting period, the FTC OIG investigative operation was the subject of a peer review conducted by the Federal Election Commission (FEC) OIG in 2012. The peer review found that the FTC OIG's system of internal safeguards and management procedures was in compliance with the quality standards for investigations.

No external peer reviews of another Federal organization were conducted by the FTC OIG during this semiannual reporting period.

TABLE 1: REPORTS WITH RECOMMENDATIONS ON WHICH CORRECTIVE ACTION HAS NOT BEEN COMPLETED

Section 5(a)(3) of the Inspector General Act requires an identification of each significant recommendation described in previous semiannual reports for which corrective action has not been completed. Table 1 below shows the corrective actions management has agreed to implement but has not completed for recommendations that are open 180 days or more.

The information in this table is based on (1) information supplied by the FTC's Financial Management Office (FMO), which administers management's audit resolution activities and (2) the OIG's determination of closed recommendations. Recommendations are closed when the OIG confirms that corrective actions have been completed and are responsive.

Report No./Title/ Date	Rec. No.	Recommendation	Status of actions planned and taken by FTC in response to the recommendation
AR 09-001A Financial Statement Management Letter FY 2008 (repeated in FY 2012) February 2009	6	Reporting Function for Accounts Payable Subsidiary Ledger Needs Improvement i. Research solutions with the Interior Business Center to establish a subsidiary accounts payable ledger; and ii. Review the source of manual entries in the general ledger and make necessary corrections to ensure that the subsidiary reconciles to the general ledger.	i. FMO worked with IBC in FY13 to produce a detailed listing of the Accounts Payable Sub ledger that is reconciled to the general ledger. ii. FMO made all necessary corrections of manual entries in the general ledger. Management considers this recommendation closed.
AR 10-001A Financial Statement Management Letter FY 2009 (repeated in FY 2012) May 2010	8	Close Out Procedures on Contracts Need Improvement Review established procedures to ensure that all procedures are in place and if necessary add additional procedures needed to close out contracts on a timely basis.	FMO plans to review its contract closeout procedures and update them as necessary. Expected completion is FY 2014.

TABLE 1: (CONTINUED) REPORTS WITH RECOMMENDATIONS ON WHICH CORRECTIVE ACTION HAS NOT BEEN COMPLETED

Report No./Title/ Date	Rec. No.	Recommendation	Status of actions planned and taken by FTC in response to the recommendation
AR 11-001A Financial Statement Management Letter FY 2010 (repeated in FY 2012) February 2009	9	Contract Files Lack Documentation Review procedures established in Standard Operating Procedure to ensure that these procedures are fully implemented in FY 2013.	The acquisition branch is reviewing and, if necessary, updating its standard operating procedures for file documentation and plans to provide training to all acquisition staff to ensure adherence. Expected-completion is January 2014.
	10	Fraud Risk Assessment Can Enhance FMFIA Incorporate the high risk fraud areas identified in its assessments as a supplement to the annual statement of assurance process.	FMO completed its review of risk areas and will incorporate those results into the annual statement of assurance. Additionally, FMO has incorporated high-risk areas into its internal control review work plan, has updated its standard operating procedures to ensure that a fraud risk assessment is performed and that the results are considered during the overall review planning process. Management considers this recommendation closed.
AR 11-004 Audit of the FTC Warehouse April 2011	4	Evaluate and install inventory software to track all warehouse items such as furniture, supplies, equipment and publications.	In order to retire the current warehouse system, and achieve full implementation of a network based application (Remedy), the team must ensure business processes are properly aligned, policies and procedures are up to date and asset data is fully reconciled and accurately reflected in the new system. Management expects to complete the above tasks and fully implement Remedy for asset tracking by the end of FY 2014.

TABLE 1: (CONTINUED) REPORTS WITH RECOMMENDATIONS ON WHICH CORRECTIVE ACTION HAS NOT BEEN COMPLETED

Report No./Title/ Date	Rec. No.	Recommendation	Status of actions planned and taken by FTC in response to the recommendation
AR 12-002 Independent Assessment of the FTC Implementation of FISMA for FY 2011 December 2011		To improve FTC security and privacy programs and bring them current with OMB and NIST guidance, 12 recommendations were made in the areas of risk management, capital planning and the information security continuous monitoring program.	Management considers six of the nine recommendations to be closed.
AR 13-001A Financial Statement Management Letter FY 2012 March 2013	1	Capitalization Procedures Need Improvement Review and strengthen capitalization policies and procedures to ensure that i) capitalization determinations are being made by individuals designated to do so, ii) they are versed in the capitalization standards, and iii) they document their determinations.	FMO is reviewing its procedures for capitalizing assets with the overall goal of strengthening controls over the process and is currently documenting roles and responsibilities of the parties involved. Upon completion of such documentation, FMO will initiate training sessions to employees involved in the process. FMO is targeting a completion date of March 2014.
	2	Documentation for IBC System Complementary Client Controls Needs Improvement Formally document policies and procedures that address "Client Control Considerations". Provide the required formal documentation to the OCIO's Information Assurance Branch.	HCMO has revised and updated standard operating procedures which have been provided to OCIO for review and comment. HCMO will incorporate OCIO suggested revisions into the Standard Operating Procedures and finalize by December 31, 2013. FMO is currently working to update the documentation of our client controls to satisfy the latest guidance from IBC. Management expects to complete this effort by December 2013.

TABLE 1: (CONTINUED) REPORTS WITH RECOMMENDATIONS ON WHICH CORRECTIVE ACTION HAS NOT BEEN COMPLETED

Report No./ Title/Date	Rec. No.	Recommendation	Status of actions planned and taken by FTC in response to the recommendation
AR 13-001A Financial Statement Management Letter FY 2012 March 2013	3	Recording of Obligations Needs Improvement Establish a crosswalk between OFF and the contracts written so that the IBC has specific instructions on how to establish an obligation in Oracle.	FMO has implemented a revised Contract Line Item Numbering (CLIN) structure based on a government-wide standard. FMO will prepare a crosswalk to review with IBC so that acquisitions data entered in FTC's financial system is consistent with the standard CLIN structure. The final crosswalk will be made available to CORs to help them review their contract line items in the financial system. Expected completion of the final crosswalk is January 2014.
	4	Accounts Payable Understated Review year-end accrual procedures and consider researching financial systems that automate the accrual process.	i. FMO has updated procedures for accruing accounts payable at year-end. Updates include additional guidance to CORs, which was disseminated to agency CORs in a memo from the Chief Financial Officer on September 3, 2013 and more comprehensive procedures for accounting staff. The updated process is being executed during the FY13 close and FMO considers this recommendation fully implemented and it should be closed. ii. The current financial system has the capability to automate accrued accounting entries. FMO will work with IBC to ensure system capabilities are utilized to the maximum extent practical. Management considers this closed.

TABLE 1: (CONTINUED) REPORTS WITH RECOMMENDATIONS ON WHICH CORRECTIVE ACTION HAS NOT BEEN COMPLETED

Report No./Title/ Date	Rec. No.	Recommendation	Status of actions planned and taken by FTC in response to the recommendation
AR 13-001A Financial Statement Management Letter FY 2012 March 2013	5	Closing Procedures Should be Improved i. Review the monthly and year-end closing planning process and identify procedures and improvements needed to make the year-end close more of a streamlined process. ii. For undelivered orders, review the source of the manual entries and make corrections to ensure that the balance in these general ledger accounts reconcile to the subsidiary ledger.	i. FMO has developed a comprehensive tracking sheet to address closing procedures, and has held weekly meetings with relevant offices and IBC to coordinate end-of-year closing activities. These procedures are being implemented as part of the FY13 close. ii. FMO is in the process of identifying the source of manual entries from years that need corrections and is posting corrections on an ongoing basis. The estimated completion date is January 2014.
AR 13-002 Independent Assessment of the FTC Implementation of FISMA for FY 2012 April 2013		To improve FTC security and privacy programs and bring them current with OMB and NIST guidance, 8 recommendations were made in the areas of risk management, capital planning and the information security continuous monitoring program.	Management considers five of the eight recommendations to be closed.

TABLE 2: INSPECTOR GENERAL ISSUED REPORTS WITH QUESTIONED COSTS

			Dollar Value	
		Number	Questioned Costs	Unsupported Costs
A.	For which no management decision has been made by the commencement of the reporting period	0	0	0
B.	Which were issued during the reporting period	0	0	0
	Subtotals (A+B)	0	0	0
C.	For which a management decision was made during the reporting period	0	0	0
	(i) dollar value of the disallowed costs	0	0	0
	(ii) dollar value of the cost not disallowed	0	0	0
D.	For which no management decision was made by the end of the reporting period	0	0	0
E.	Reports for which no management decision was made within six months of issuance	0	0	0

TABLE 3: INSPECTOR GENERAL ISSUED REPORTS WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE

		Number	Dollar Value
A.	For which no management decision has been made by the commencement of the reporting period	0	0
B	Which were issued during this reporting period	0	0
C.	For which a management decision was made during the reporting period	0	0
	(i) dollar value of recommendations that were agreed to by management	0	0
	- based on proposed management actions	0	0
	- based on proposed legislative action	0	0
	(ii) dollar value of recommendations that were not agreed to by management	0	0
D.	For which no management decision has been made by the end of the reporting period	0	0
E.	Reports for which no management decision was made within six months of issuance	0	0

TABLE 4: SUMMARY OF INSPECTOR GENERAL REPORTING REQUIREMENTS

IG ACT Reference	Reporting Requirement	Page(s)
Section 4(a)(2)	Review of legislation and regulations	10
Section 5(a)(1)	Significant problems, abuses and deficiencies	5-9
Section 5(a)(2)	Recommendations with respect to significant problems, abuses and deficiencies	5-9
Section 5(a)(3)	Prior significant recommendations on which corrective actions have not been made	12-16
Section 5(a)(4)	Matters referred to prosecutive authorities	none
Section 5(a)(5)	Summary of instances where information was refused	none
Section 5(a)(6)	List of audit reports by subject matter, showing dollar value of questioned costs and funds put to better use	none
Section 5(a)(7)	Summary of each particularly significant report	5
Section 5(a)(8)	Statistical tables showing number of reports and dollar value of questioned costs	17
Section 5(a)(9)	Statistical tables showing number of reports and dollar value of recommendations that funds be put to better use	18
Section 5(a)(10)	Summary of each audit issued before this reporting period for which no management decision was made by the end of the reporting period	none
Section 5(a)(11)	Significant revised management decisions	none
Section 5(a)(12)	Significant management decisions with which the inspector general disagrees	none

CONTACTING THE OFFICE OF INSPECTOR GENERAL

HELP PROMOTE INTEGRITY, ECONOMY AND EFFICIENCY

REPORT SUSPECTED FRAUD, WASTE, ABUSE OR MISMANAGEMENT

COMPLAINT MAY BE MADE ANONYMOUSLY

OFFICE OF INSPECTOR GENERAL
600 PENNSYLVANIA AVENUE, NW NJ-1110
WASHINGTON, D.C. 20580

HOTLINE: (202) 326-2800
FAX: (202) 326-2034
EMAIL: OIG@FTC.GOV

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