

SEMIANNUAL REPORT TO CONGRESS

October 1, 2010 - March 31, 2011

**Federal Trade Commission
Office of Inspector General**

Report No. 45



The Federal Trade Commission (FTC) is an independent agency of the United States government. Established in 1914 by the Federal Trade Commission Act (15 U.S.C. §41-58, as amended). The FTC has two critical goals: protecting consumers and maintaining competition. The FTC's mission is to prevent business practices that are anticompetitive or deceptive or unfair to consumers; to enhance informed consumer choices and public understanding of the competitive process; and to accomplish these missions without unduly burdening legitimate business activity.

The FTC's mission is carried out by three bureaus: the Bureau of Consumer Protection, the Bureau of Competition, and the Bureau of Economics. Work is aided by offices including the Office of the General Counsel, the Office of Inspector General, the Office of International Affairs, the Office of the Executive Director, and seven regional offices. The FTC is headed by a commission composed of five commissioners, nominated by the President and confirmed by the Senate, each serving a seven-year term.

The FTC seeks to ensure that the nation's markets are competitive, efficient and free from undue restrictions. The FTC also seeks to improve the operations of the marketplace by ending unfair and deceptive practices with emphasis on those practices that might unreasonably restrict or inhibit the free exercise of informed choice by consumers. The FTC relies on economic analysis to support its law enforcement efforts and to contribute to the economic policy deliberations of Congress, the Executive Branch and the public.

Many of the FTC's resources can be accessed through its Web site www.ftc.gov.

COVER: HISTORICAL VIEW OF THE US CAPITOL BUILDING FROM THE FTC APEX BUILDING 600 PENNSYLVANIA AVENUE N.W. WASHINGTON DC

ABOVE: SIDE VIEW OF THE FEDERAL TRADE COMMISSION BUILDING 600 PENNSYLVANIA AVENUE



UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION

WASHINGTON, D.C. 20580

OFFICE OF INSPECTOR GENERAL

April 29, 2011

A MESSAGE FROM THE INSPECTOR GENERAL

On behalf of the Federal Trade Commission Office of Inspector General (OIG), I am pleased to present our Semiannual Report to Congress for the period ended March 31, 2011.

During this semiannual period, we issued the annual financial statement audit report, the annual FISMA report, and a follow-up review of the FTC purchase card program. Our reports can be found at www.ftc.gov/oig.

The OIG processed 51 consumer inquires and allegations of possible wrongdoing. We opened one new investigation and closed one criminal investigation. We closed 17 complaints during the current reporting period and referred 32 complaints to appropriate FTC program offices and one to another federal agency.

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

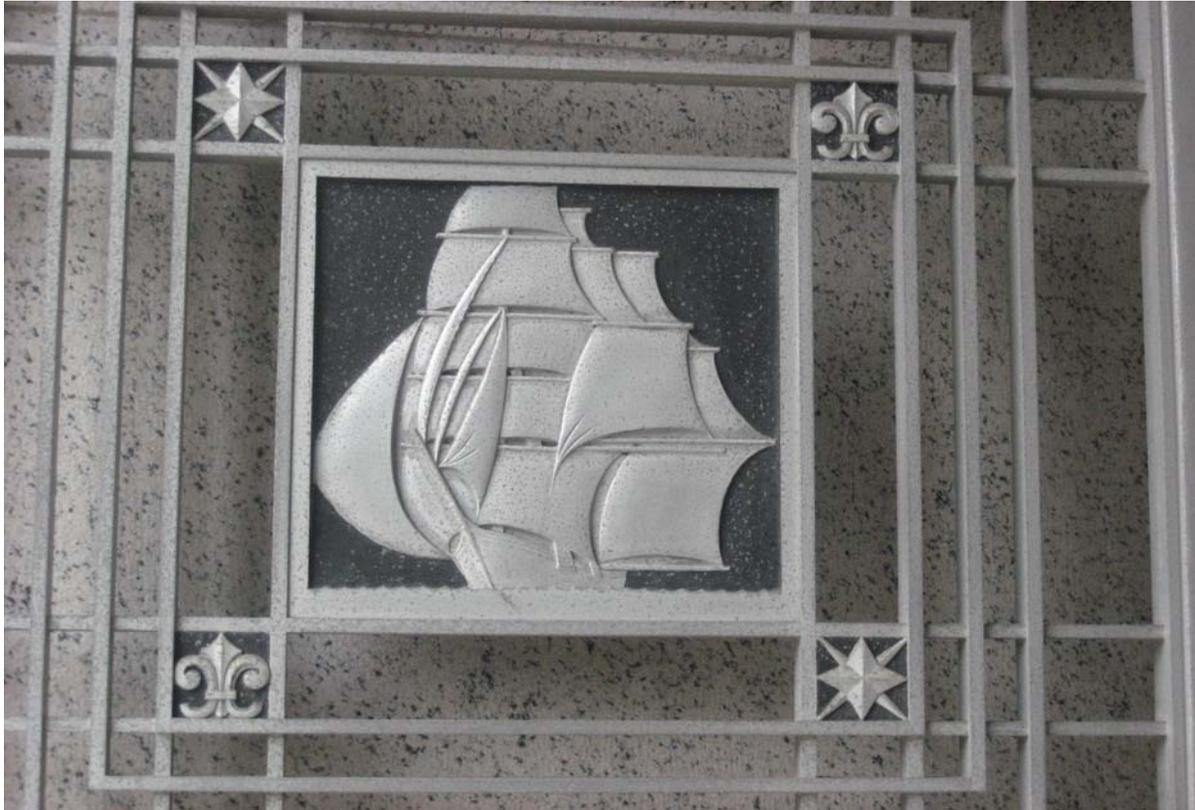
John M. Seeba
Inspector General



PHOTO ABOVE: THE "MAN CONTROLLING TRADE" STATUES LOCATED ON EITHER SIDE OF THE FEDERAL TRADE COMMISSION BUILDING 600 PENNSYLVANIA AVE. NW, WASHINGTON DC. SYMBOLIZE THE RELATIONSHIP BETWEEN TRADE AND THE GOVERNMENT. THESE SCULPTURE WERE CREATED BY ARTIST MICHAEL LANTZ, AND COMPLETED IN 1942

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ABOVE: THE FEDERAL TRADE COMMISSION, 600 PENNSYLVANIA AVENUE BUILDING FEATURES LARGE DECORATIVE GATES THAT REPRESENT VARIOUS MEANS OF TRADE INCLUDING COLUMBUS'S SHIPS, AN 18TH CENTURY MERCHANT SHIP, AND A 19TH CENTURY CLIPPER SHIP IN FULL SAIL (SHOWN ABOVE).

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.

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 complaining to 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 FTC's appropriating and authorizing committees. This dual reporting requirement facilitates and ensures the independence of the Office.

WE PERFORM THE FOLLOWING SERVICES:

ATTESTATIONS involve examining, reviewing, or applying agreed-upon procedures on a subject matter, or an assertion about a subject matter. Attestations can have a broad range of financial or nonfinancial objectives as the FTC's compliance with specific laws and regulations, validation of performance against performance measures; or reasonableness of cost.

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.

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 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.

AUDITS AND RELATED ACTIVITIES

COMPLETED AUDITS

During this period, we issued three reports; the annual financial statement audit report, the annual FISMA report, and a follow-up review of the FTC purchase card program.

AR 11-001 – AUDIT OF THE FTC FINANCIAL STATEMENTS – FY 2010

Federal law requires that the FTC obtain an annual independent audit of its financial statements, which the OIG oversees. We contracted with the independent public accounting firm of Dembo, Jones, Healy, Pennington & Marshall, P.C. (DJHPM) under a multiyear contract for which the OIG serves as the Contracting Officer's Technical Representative (COTR). The oversight of the contractor ensured that the audit complied with generally accepted government auditing standards and met contract requirements.

The audit was performed in accordance with U.S. generally accepted government auditing standards and OMB audit guidance. For the fourteenth consecutive year, the FTC received an unqualified opinion, the highest opinion given by independent auditors. As a result of the audit of FTC's financial statement for the year ended September 30, 2010, DJHPM found:

- the financial statements were presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles,
- no material weaknesses in internal control over financial reporting (including safeguarding assets) and compliance with laws and regulations, and
- no reportable noncompliance with laws and regulations tested.

AR 11-002 – REVIEW OF FTC FISMA IMPLEMENTATION – FY 2010

The Federal Information Security Management Act of 2002 (FISMA) requires an annual review of federal agency information security programs and practices to determine their effectiveness. The objectives of this review were to evaluate the adequacy of the FTC's information security program and procedures for identifying and protecting Personally Identifiable Information (PII) and other Privacy Act concerns. This information is provided to senior management and 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/best practices for cost effectively improving information security. The review includes evaluating the adequacy of the FTC's computer security program and practices for its major systems.

A critical component of the FISMA information assurance program monitoring requirements is an independent assessment of program effectiveness by the Inspector General (IG) of the respective federal agency. This assessment is intended to identify weaknesses in agency programs, provide recommendations for corrective actions, and monitor agency success in maintaining the security of agency information assets (hardware, software, data, and system availability).

This year's OIG review found that through the end of FY 2009, the FTC IT security environment was characterized as strong and robust, with some deficiencies

that were being resolved. In September of 2009, the FTC initiated a long-planned effort to modernize its basic information technology (IT) infrastructure (General Support System (GSS)) with the award of a competitive, performance-based contract for its design, development, and implementation (ITA-1). The ITA-1 effort, however, did not proceed as intended. The problems associated with the ITA-1 implementation were brought to the attention of FTC senior management.



PHOTO ABOVE: FTC INFORMATION TECHNOLOGY STAFF GIVING A TOUR OF THE NEW FTC DATA CENTER.



PHOTO ABOVE: "AMERICAN EAGLES" ONE OF TWO LIMESTONE RELIEFS LOCATED ON THE SIDE OF THE FEDERAL TRADE COMMISSION BUILDING. CREATED IN 1938 BY ARTIST SIDNEY WAUGH (1904-1963)

FTC senior management initiated immediate corrective actions intended to resolve security and system management concerns. The FY 2011 FISMA report will evaluate the effectiveness of those corrective actions.

The FTC Privacy Program continues to be strong and robust. FTC has adopted an active approach to reduce the volume of Personally identifiable Information (PII) and Sensitive Health Information (SHI) it maintains. FTC PII and SHI practices include maintenance of System of Records Notices (SORN), Privacy Impact Assessments (PIA) and privacy notices on public websites. The SORNs and PIAs were reviewed and are complete and are published in accordance with OMB guidance.

AR 11-003 – FOLLOW-UP REVIEW OF THE FTC PURCHASE CARD PROGRAM

The audit objective was to follow-up on recommendations in a previously issued report on purchase cards and determine if the FTC has implemented appropriate controls in compliance with OMB and FTC guidance.

We found that the Federal Trade Commission had implemented all open recommendations from the March 2007 report. The FTC has generally implemented effective internal controls to deter fraud, waste and abuse in the program. The prior report AR 07-002, "Review of the FTC Purchase Charge Card Program," March 2007 identified five recommendations for management consideration. Management implemented the following recommendations:

1. The Financial Management Office (FMO) updated, documented, and implemented risk management controls on the FTC purchase card program.
2. FMO reviewed all Merchant Category Codes (MCCs) currently in use and restricted the use of those that are not appropriate.

3. FMO included policies and guidelines within the purchase card program that are consistent with the Travel and Transportation Reform Act of 1998 (P.L. 105-264, §2(a)).

4. FMO developed and instituted an internal audit system to conduct a monthly audit of all purchase charge card transactions in order to detect and prevent the misuse of the purchase charge card.

5. FMO revised and implemented a training program that is consistent with the requirements in OMB Circular A-123 Appendix B and Treasury Financial Manual Volume 1, Part 4, Chapter 4500.



PHOTO ABOVE: SUPPLIES LIKE THE TONER CARTRIDGES SHOWN ABOVE ARE PURCHASED USING THE GOVERNMENT PURCHASE CARD.

We appreciate that management took immediate corrective actions on the above recommendations.

We also provided additional recommendations to further strengthen or improve administrative controls in the program. Specifically, we recommended improvements in the areas of: tracking required training for card holders and approving officials; reinforcing the need for card holders to limit the use of convenience checks for payments; and establishing criteria for purchasing certain overseas travel services. The FTC has not established a formal system to track the training of approving officials or purchase card holders. The FTC issued a memo on February 16, 2007, that requires all purchase card holders and approving officials to complete the GSA's SmartPay Purchase Card training on an annual basis. This requirement is more stringent than the three year requirement specified in OMB Circular A-123, Appendix B.

We recommended that:

1. The agency coordinator establish a system to track required training and the one year refresher training for card holders or approving officials in accordance with established FTC policy; the agency coordinator maintain copies of all training certificates; and the Administrative Manual be updated with the training policy issued in February 2007.

2. The agency should minimize the use of convenience checks whenever possible.
3. The purchase of certain overseas travel services should be better defined and controlled.

statements of the Federal Trade Commission for the fiscal year ending September 30, 2011. The audit will also test the internal controls over financial reporting and test compliance with selected laws and regulations. The audited financial statements are included in the financial section of the agency's Performance and Accountability Report to be issued in November 2011.

AUDIT RESOLUTION AND CORRECTIVE ACTIONS

AUDIT RESOLUTION

As of the end of this reporting period, all OIG audit recommendations for reports issued in prior periods have been resolved. That is, management and the OIG have reached agreement in what actions need to be taken.



CORRECTIVE ACTIONS IN PROGRESS

As of the end of this reporting period, FTC management had not completed action on measures taken to implement all of the OIG findings and recommendations. Table 1 shows all recommendations open 180 days or more on which corrective actions are still in progress. These recommendations are intended to improve management's oversight and controls and minimize the risk of misappropriations of assets and misstatements of assets and misstatement in FTC's accounts and financial statements. We do not consider these issues to be significant deficiencies or material weaknesses. Nonetheless, we believe they warrant management's attention and action.

AUDIT ACTIVITIES PLANNED OR IN-PROGRESS

The OIG plans the following audit related activities during the second half of FY 2011:

- Audit of the FTC Financial Statements for FY 2011

The annual financial statement audit is required under the Accountability of Tax Dollars Act of 2002. We contract out this audit to an independent public accountant to perform this work. The OIG serves as the Contracting Officer's Technical Representative (COTR) and provides oversight on the contract. The purpose of the audit is to express an opinion on the financial

- Review of FTC FISMA Implementation for FY 2011

The Federal Information Security Management Act of 2002 (FISMA) requires an annual evaluation of each agency's information security program and practices to determine their effectiveness. The evaluation shall be performed by the Inspector General or by an independent external auditor, as determined by the Inspector General.

To assist us in conducting this review, we hired an independent consultant to perform this work. The OIG acts as the COTR and performs oversight during the execution of this contract. The review includes evaluating the adequacy of the FTC's computer security program and practices for its major systems. This year, the review will focus on the FTC's general support system infrastructure.

The OIG continues its work on:

- Review of Warehouse Operations

The Office of Inspector General is performing a limited scope audit on the economy and efficiency of the FTC warehouse located in Landover, MD. The objective of the audit will focus on the cost effectiveness of maintaining the current warehouse operation. The audit will review the current cost of maintaining the facility and compare that with alternative supply approaches such as just-in-time inventory delivery, use of economic order quantities, and the potential for utilizing other federal agency facilities.

- Review of ITA-1 Contract

The Office of Inspector General initiated this evaluation of the service contract for the ITA-1 data center because it was an area identified as problematic in the FY 2010 FISMA report and because of the significance of this contract for IT Services at FTC. Our overall objective is to determine whether the contractor satisfactorily

performed contract requirements. As part of this assessment, a sub-objective is to evaluate whether FTC planned and managed this service contract to ensure that the contractor performed in accordance with contract requirements.

- Other Potential Reviews

During the upcoming year we will also conduct research on the following program functions to determine the need for further audit work:

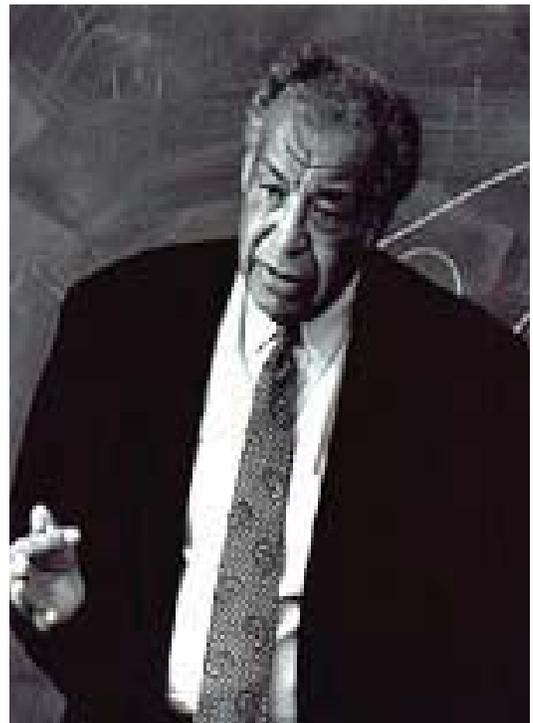
- Review of inventory controls over accountable property
- Review of case management

Aloyisus Leon Higginbotham, Jr.
(February 25, 1928 - December 14, 1998)

Who was the first African American Commissioner?

In 1962, President John F. Kennedy named Aloyisus Leon Higginbotham to head the Federal Trade Commission. He was FTC's first African American Commissioner and its youngest as well. In 1964, he was appointed by President Lyndon Johnson to serve on the U.S. District Court for the Eastern District of Pennsylvania, the youngest African American to serve as a federal judge. In 1977, President Jimmy Carter appointed Higginbotham to serve on the U.S. Third-Circuit Court of Appeals, where he would become chief judge of the court in 1989.

After serving as a federal judge for 29 years, Higginbotham retired in 1993 and soon became an outspoken critic of conservative social policies and the U.S. Supreme Court justices that supported them. He devoted himself to working on four social issues: racial and gender equality, religious tolerance, the eradication of poverty, and the protection of children. In 1995, Higginbotham was awarded the Presidential Medal of Freedom, the highest civilian honor in the U.S. He died on December 14, 1998.



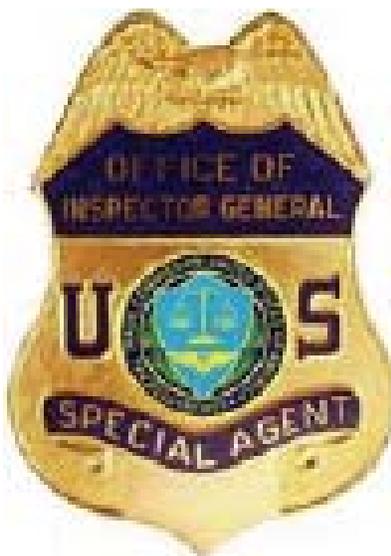
INVESTIGATIVE ACTIVITIES

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 51 consumer and other inquiries and reports of possible wrongdoing. Of the 51 complaints, 32 involved issues that fall under the jurisdiction of FTC program components (e.g., identity theft, credit repair, etc.). These matters were referred to the appropriate FTC component for disposition.

Of the remaining complaints, the OIG opened one new investigation and 17 complaints were closed with no further OIG action. One complaint to the OIG was referred to another federal or state agency with appropriate jurisdiction.



In addition to the complaints described above, the OIG received more than 280 complaints from individuals who reported fraudulent misuse of the name of the FTC and/or impersonations of the FTC staff as part of a widespread scam. These consumer complaints were tracked by our office in our ongoing work with other federal law enforcement organizations. However the volume of these complaints is not included in the statistical information above.

INVESTIGATIONS CLOSED

During this reporting period, the OIG both opened and ultimately closed an investigation involving 11 individuals employed by either the FTC or contractors performing under an FTC contract. The case involved management's initial allegations that the FTC's supply clerk responsible for ordering all office supplies for the agency, was making unauthorized purchases and misusing the agency's Federal Express account number for personal use. We immediately investigated the allegations, obtained incriminating evidence and one week following the referral to us, we interviewed the subject

with assistance from Department of Homeland Security, Federal Protective Service. Later that day, we informed management of the available evidence and management immediately placed the employee on administrative leave, pending further OIG investigation.

FOLLOWING IS A SUMMARY OF THE OIG'S INVESTIGATIVE ACTIVITIES FOR THE SIX-MONTH PERIOD ENDING MARCH 31, 2011:

Cases pending as of 9/30/10 6
PLUS: New Cases 1
Less: Cases Closed (1)
Cases Pending as of 03/31/11 6

Further investigation revealed the employee's theft of Government property totaled in excess of \$218,000 in unauthorized purchases. The theft started approximately two months after he started as the supply clerk and was undetected from April 2009 until December 2010, when the employee was placed on administrative leave. Evidence showed that the employee bought unauthorized laptops, televisions, DVD players, Apple iPods, cell phones and other electronic devices. He retained for personal use a small number of these electronics and sold most of them for cash at a price below the retail price. The OIG referred the case to the District of Columbia United States Attorney for prosecution. Two weeks after the close of this reporting period, the employee entered a guilty plea and he is currently awaiting sentencing. Following entry of the guilty plea, agency management initiated administrative disciplinary action to terminate the defendant's employment.

Amid our investigation into the activities of the supply clerk, we also obtained evidence that other FTC employees and contractor employees who work at the FTC purchased the unauthorized merchandise from the supply clerk. We also uncovered evidence that FTC employees and contractor employees had misused the agency's Federal Express account number (for personal shipments). To date, one

FTC employee (supply clerk) and eight individuals employed by three FTC contractors have been removed. During this reporting period, we referred evidence of misconduct (i.e., receipt of unauthorized items or Federal Express account misuse) to agency management relating to an additional two FTC employees. We are working with management as it proceeds on administrative action respecting the two additional FTC employees. Although the investigation with respect to these 11 individuals is closed, related investigations remain ongoing.

MATTERS REFERRED FOR PROSECUTION

During this reporting period the OIG referred one matter, described in the preceding section, to the Department of Justice (DOJ) for consideration of potential criminal action. The United States Attorney for the District of Columbia prosecuted the FTC employee during this reporting period. In the period following the close of the current reporting period but prior to transmittal of this report to Congress, the FTC employee pled guilty. Sentencing is scheduled for the following reporting period.

A matter referred to DOJ during a previous reporting period remains pending at DOJ (Office of Public Integrity), with no final action to date.

Janet Dempsey Steiger

(June 10, 1939- April 3, 2004)

Who was the first female chairman of the Federal Trade Commission?

Janet Steiger graduated in 1963 from Lawrence University in Wisconsin and her postgraduate study at the University of Reading in England and at the University of Wisconsin-Madison. She was a Fulbright scholar, a Woodrow Wilson scholar, and a member of the Lawrence board of trustees (1986-89). She was a member of the Republican party and served as Chairman of the Postal Rate Commission from 1981 to 1989.

Former President George H.W Bush appointed Steiger to head the FTC where she was FTC's first female chairman from 1989 to 1995. In 1992, under Steiger's leadership, the FTC and the Justice Department issued guidelines for analysis of horizontal mergers and statements on antitrust policy in healthcare and licensing intellectual property. She also led the FTC's battle against tobacco companies' use of cartoon characters like Joe Camel to appeal to young people, took on credit repair clinics and began efforts that evolved into the "do not call" list.



OTHER ACTIVITIES

LIAISON WITH OTHER AGENCIES

In conducting criminal investigations, the OIG has worked with other law enforcement agencies including 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 agencies 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 IG is also the vice-chair of the Audit Committee of the CIGIE.

The FTC Inspector General is also the chair of the audit committee overseeing the audit of the Department of Defense Inspector General's financial statements. In this capacity, the IG along with two other senior government officials provide oversight on the DOD IG's financial statement audit.

The OIG Audit Manager participates regularly in the monthly meeting of the Financial Statement Audit Network, and meetings of the Federal Audit Executive Committee Information Technology committee.

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

Our Lead Investigator is actively participating in two OIG-community working groups that are re-designing training programs for investigators engaged in undercover operations and for advanced interviewing techniques. The training programs are available through the Inspector General Criminal Investigator Academy in conjunction with the Federal Law Enforcement Training Center.

Our Lead Investigator also participates in the Metro Area Fraud Task Force (MAFTF) headed by the Secret Service. This task force is made up of law enforcement professionals in the Washington, DC metro area who work together to identify suspects and solve various crimes.

In addition, our Lead Investigator is actively participating on a Department of Justice (DOJ) led multi-agency task force addressing crimes related to lottery and sweepstakes scams targeting the elderly. The task force is actively investigating these crimes and moving toward prosecution of those found responsible. This task force receives consumer complaints from many sources, including Lloyds of London, the Department of the Treasury, the FTC Consumer Response Center, the general public and other sources.

SIGNIFICANT MANAGEMENT DECISIONS

Section 5(a)(12) of the Inspector General Act requires that if the IG disagrees with any significant management decision, such disagreement must be reported in the semiannual report to Congress. Further, Section 5(a)(11) of the 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 there were no significant final management decisions made with which the OIG disagreed, and management did not revise any earlier decisions on OIG audit recommendations.

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 any problems in obtaining assistance or access to agency records. Consequently, no report was issued by the IG to the agency head pursuant to Section 6(b)(2) of the IG Act.

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.

TABLE I: AUDIT REPORTS WITH RECOMMENDATIONS ON CORRECTIVE ACTION THAT HAVE NOT BEEN COMPLETED

SUBJECT	OIG RECOMMENDED THE FOLLOWING:
AR 08-002 Administration of Leave September 2008	<ul style="list-style-type: none"> o HRMO to assess need for offering training for new timekeepers o HRMO to revise FTC Administrative Manual to reflect updated OPM regulations on military leave
AR 09-002 COTR Oversight of Sole Source Contracts September 2009	<ul style="list-style-type: none"> o FMO to develop training program specifically for FTC staff assigned COTR duties managing contracts with expert witness and consultants o FMO work with the HRMO to define FTC COTR duties and include those duties in COTR staff performance plans (Note that the FMO and BCP partially agreed with this recommendation)
AR 10-001A Management Letter FY 2009 May 2010	<p>THE FOLLOWING RECOMMENDATIONS ARE ISSUES IDENTIFIED IN THE MANAGEMENT LETTER THAT WERE CONSIDERED MINOR IN NATURE AND DID NOT RISE TO THE LEVEL OF SIGNIFICANT CONTROL WEAKNESSES</p> <ul style="list-style-type: none"> o FMO to improve Oracle reporting function o FMO to improve documentation of procurement with Service Disabled Veteran-Owned Small Business (SDVOSB) o FMO to improve review process for uncollectable redress judgments o FMO to improvement procedures for review of controls over accounts payable to determine unrecorded liabilities o FMO to improve procedures to close out contracts

TABLE II: 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	N/A
Section 5(a)(2)	Recommendations with respect to significant problems, abuses and deficiencies	N/A
Section 5(a)(3)	Prior significant recommendations on which corrective actions have not been made	N/A
Section 5(a)(4)	Matters referred to prosecutive authorities	9
Section 5(a)(5)	Summary of instances where information was refused	N/A
Section 5(a)(6)	List of audit reports by subject matter, showing dollar value of questioned costs and funds put to better use	13
Section 5(a)(7)	Summary of each particularly significant report	3-6
Section 5(a)(8)	Statistical tables showing number of reports and dollar value of questioned costs	13
Section 5(a)(9)	Statistical tables showing number of reports and dollar value of recommendations that funds be put to better use	13
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	N/A
Section 5(a)(11)	Significant revised management decisions	10
Section 5(a)(12)	Significant management decisions with which the inspector general disagrees	10

TABLE III: INSPECTOR GENERAL ISSUED REPORTS WITH QUESTIONED COSTS

		NUMBER	DOLLAR VALUE	
			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 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 IV: 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

CONTACTING THE OFFICE OF INSPECTOR GENERAL

HELP PROMOTE INTEGRITY, ECONOMY, AND EFFICIENCY

REPORT SUSPECTED FRAUD, WASTE, ABUSE, OR MISMANAGEMENT

COMPLAINTS MAY BE MADE ANONYMOUSLY

OFFICE OF INSPECTOR GENERAL

FEDERAL TRADE COMMISSION

600 PENNSYLVANIA AVE. NW

WASHINGTON, DC 20580

HOTLINE TELEPHONE NUMBER: (202) 326-2800

FAX NUMBER: (202) 326-2034

HOTLINE EMAIL: oig@ftc.gov

**ANY INFORMATION YOU PROVIDE WILL BE HELD IN CONFIDENCE.
HOWEVER, PROVIDING YOUR NAME AND A MEANS OF COMMUNICATING
WITH YOU MAY ENHANCE OUR ABILITY TO INVESTIGATE.**

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The FTC's
**Office of the
Inspector General**

We want to hear from you.



OIG. Working to keep the FTC
efficient, responsible & trustworthy.

Report fraud, waste, abuse and mismanagement to the OIG.

Call the OIG Hotline (202) 326-2800

Email OIG@ftc.gov

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