



UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

Office of Inspector General

April 5, 2019

MEMORANDUM

FROM: Andrew Katsaros
Inspector General

TO: Chairman Joseph J. Simons
Commissioner Noah Joshua Phillips
Commissioner Rohit Chopra
Commissioner Rebecca Kelly Slaughter
Commissioner Christine S. Wilson

SUBJECT: Federal Trade Commission Compliance with Fiscal Year 2018 Improper Payment Requirements

The Federal Trade Commission's (FTC or agency) Office of Inspector General has concluded its fiscal year (FY) 2018 review of the FTC's compliance with the Improper Payments Information Act of 2002 (IPIA; Pub. L. 107-300), as amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA; Pub. L. 111-204), the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA; Pub. L. 112-248), and the Federal Improper Payments Coordination Act of 2015 (Pub. L. 114-109). Our review was conducted in accordance with implementing guidance set forth in Office of Management and Budget (OMB) Memorandum M-18-20, *Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement*, June 26, 2018.

OMB Memorandum M-18-20 describes what each agency Inspector General should review to determine agency compliance with improper payment requirements. The requirements include, but are not limited to, the agency publishing an Agency Financial Report (AFR) or Performance and Accountability Report (PAR) for the most recent fiscal year and conducting a program specific risk assessment, if required. As shown in the table below, for FY 2018, the FTC assessed its programs and activities and met each of the requirements that were applicable to the agency.

Table 1: Summary of FTC 2018 IPERA Compliance

Program Name	Published an AFR or PAR	Conducted a Risk Assessment	Published an Improper Payment Estimate	Published Corrective Action Plans	Published and is Meeting Reduction Targets	Reported an Improper Payment Rate of Less than 10 Percent
Payroll	√	√	N/A	N/A	N/A	N/A
Contracts	√	√	N/A	N/A	N/A	N/A
Redress Disbursement	√	√	N/A	N/A	N/A	N/A
Credit Card	√	√	N/A	N/A	N/A	N/A
Premerger – Return Filing	√	√	N/A	N/A	N/A	N/A
Miscellaneous	√	√	N/A	N/A	N/A	N/A
Training	√	√	N/A	N/A	N/A	N/A
Travel	√	√	N/A	N/A	N/A	N/A
C-Doc	√	√	N/A	N/A	N/A	N/A

Source: OIG-created based on OMB Memorandum M-18-20 guidance

The FTC performed risk assessments of improper payments for FY 2015 and FY 2018.¹ These risk assessments did not identify any programs or activities susceptible to significant improper payments at or above threshold levels set by OMB.²

The FTC also determined that improper payment recapture audits were not cost effective. Additionally, in compliance with OMB Circular A-136, *Financial Reporting Requirements*, the FTC FY 2018 AFR included a link to paymentaccuracy.gov to provide more information on improper payments.

Based on our review of all relevant information, we determined that the FTC is in compliance with IPERA for FY 2018.

As required by IPERA, we are also issuing this report to the U.S. Senate Committee on Homeland Security and Governmental Affairs, U.S. House Committee on Oversight and

¹ According to OMB Memorandum M-18-20, agencies must perform risk assessments at least once every 3 years for programs that are deemed to be not susceptible to significant improper payments.

² “Significant improper payments” are defined as gross annual improper payments (i.e., the total amount of overpayments and underpayments) in the program exceeding (1) both 1.5 percent of program outlays and \$10 million of all program or activity payments made during the fiscal year reported, or (2) \$100 million (regardless of the improper payment percentage of total program outlays).

Government Reform, and Comptroller General, as well as OMB.

The OIG appreciates the cooperation and courtesies extended to us by the Financial Management Office during the course of this review. If you have any questions or concerns regarding this report, please contact me at (202) 326-3527, or by email at akatsaros@ftc.gov.