MEMORANDUM

TO: Chairman Maureen K. Ohlhausen
    Commissioner Terrell McSweeny

FROM: Roslyn A. Mazer
    Inspector General


This memorandum communicates the results of my determination of the Federal Trade Commission's (FTC) compliance with applicable provisions of the Improper Payments Elimination and Recovery Act of 2010 (hereafter referred to as IPERA), in accordance with Section 3(b) of Public Law 111-204, Improper Payments Elimination and Recovery Act of 2010.

This letter covers the FTC's Fiscal Year (FY) 2016 activities.

In short, I have determined that the FTC is compliant with the IPERA and applicable guidance, as further described below. Section 3(a)(3) of the IPERA defines "compliance" as follows: "The agency –

1. has published an annual financial statement for the most recent fiscal year and posted that report and any accompanying materials required under guidance of the Office of Management and Budget on the agency website;

2. if required, has conducted a program specific risk assessment for each program or activity that conforms with section 2(a) the Improper Payments Information Act of 2002 (31 U.S.C. 3321 note);

3. if required, publishes improper payments estimates for all programs and activities identified under section 2(b) of the Improper Payments Information Act of 2002 (31 U.S.C. 3321 note) in the accompanying materials to the annual financial statement; and
4. publishes programmatic corrective action plans prepared under section 2(c) of the Improper Payments Information Act of 2002 (31 U.S.C. 3321 note) that the agency may have in the accompanying materials to the annual financial statement."

In addition, guidance issued by the Office of Management and Budget (OMB) recommends what each agency Inspector General should review in order to determine if an agency is compliant with the IPERA. Specifically, OMB guidance states that compliance means that the agency has:

a) Published an Annual Financial Report (AFR) or Performance and Accountability Report (PAR) for the most recent FY and posted that report and any accompanying materials required by OMB on the agency website.

b) Conducted a program specific risk assessment for each program or activity that conforms with Section 3321 of Title 31 U.S.C. (if required).

c) Published improper payment estimates for all programs and activities identified as susceptible to significant improper payments under its risk assessment (if required).

d) Published programmatic corrective action plans in the AFR or PAR (if required).

e) Published, and is meeting annual reduction targets for each program assessed to be at risk and measured for improper payments (if required and applicable), and

f) Reported a gross improper payment rate of less than 10 percent for each program and activity for which an improper payment estimate was obtained and published in the PAR or AFR.

Based on the definition of compliance as described above, I have determined that the FTC is compliant. Specifically, the agency has published an annual financial statement for the most recent FY and posted that report and any accompanying materials required under guidance of the OMB on the agency website. The agency reviewed all of its programs and determined that none is susceptible to significant improper payment under its risk assessment. The agency is not required to publish improper payment estimates, corrective action plans, or reduction targets. Further, during my review of relevant prior year data, nothing came to my attention that would indicate that the agency is susceptible to significant improper payments.

If you have questions or comments, please contact me on (202) 326-3527.

---

1 See OMB Memorandum M-15-02, Appendix C to OMB Circular A-123, Requirements for Effective Estimation and Remediation of Improper Payments.
cc: Svetlana Gans, Chief of Staff
    David Robbins, Executive Director
    Patricia Bak, Deputy Executive Director
    Monique Fortenberry, Deputy Executive Director
    Katherine Race Brin, Chief Privacy Officer
    David Shonka, Acting General Counsel
    David Rebich, Chief Financial Officer and Performance Improvement Officer
    Joseph O'Leska, Deputy Chief Financial Officer
    Valerie Green, Deputy Chief Financial Officer
    Tonia Hill, Internal Controls Team Lead
cc: Mark Reger, Deputy Controller Office of Management & Budget (OMB)
MReger@omb.eop.gov
Heather C Pajak, Office of Management & Budget
hpajak@omb.eop.gov

Senate Committee on Homeland Security and Government Affairs Committee (HSGAC)
Majority staff (Senator Ron Johnson)
Dirksen Senate Office Building, SD-340, Washington, DC 20510
Patrick Bailey
patrick_bailey@hsgac.senate.gov

Senate Committee on Homeland Security and Government Affairs Committee (HSGAC)
Minority staff (Senator Claire C. McCaskill)
Hart Senate Office Building, SH442 Washington, DC 20510
Amanda Trosen
Amanda_Trosen@hsgac.senate.gov

House Committee on Oversight and Government Reform
Majority (Representative Jason Chaffetz)
Rayburn House Office Building, 2157, Washington, DC 20515
Drew Baney
Drew.Baney@mail.house.gov

House Committee on Oversight and Government Reform
Minority (Representative Elijah Cummings)
Rayburn House Office Building, 2471, Washington, DC 20515
Oversight.Democrats@mail.house.gov

Comptroller General
Beryl H. (Berri) Davis; Director, Financial Management and Assurance
US Government Accountability Office, 441 G Street, NW,
Room 5490, Washington, DC 20548
DavisBH@gao.gov
McIntyreP@gao.gov