

FEDERAL TRADE COMMISSION

OIG

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SEMIANNUAL REPORT TO CONGRESS



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## 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. This report summarizes the activities and accomplishments of our team from April 1, 2019 through September 30, 2019.

With respect to our core oversight mission, our talented team continued to move forward in every area. Our audit and related highlights include work in process on six products, including multiple legislatively mandated products and progressing audits on the FTC's management of its expert witness services and redress fund process controls, as well as a management advisory on accountable personal property. Our investigative work has covered nine separate matters, including two closed investigations, three new investigative matters, two closed inquiries, and two continuing investigations. We further issued a management advisory covering potential security risks to the FTC identified via three unrelated involuntary employee and contractor departures.

As a part of the larger community of federal OIGs, we are fortunate to be able to access the expertise and resources needed to address both routine and complex challenges. This report identifies some of those offices that we coordinated with during the period as well as others that we assisted. The Council of the Inspectors General on Integrity and Efficiency has also been an important contributor to the success of our office, providing us with access to direct and community-wide mission support, resources, and best practices.

We thank Chairman Simons and all of the Commissioners, agency leadership and their staff, and Congress for their continued support of the OIG's mission.

Andrew Katsaros

# Introduction

The FTC OIG was established in 1989 as an independent and objective organization within the Commission pursuant to the Inspector General Act Amendments of 1988 (H.R. 4054). Our mission is to promote economy, efficiency, and effectiveness, and to detect and prevent waste, fraud, abuse, and misconduct in the agency's operations and programs. Since our inception, we have been part of a community that has grown to include 73 statutory Inspectors General who collectively oversee the operations of nearly every aspect of the federal government. The FTC OIG has an operating budget of \$1,640.1 for FY 2019.

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 Consumer Response Center (CRC) at <https://www.ftccomplaintassistant.gov> or by calling 1-877-382-4357. Individuals who wish to file a complaint with the FTC OIG about wrongdoing within or against the Commission can file a complaint on the OIG website via a specialized link to the [FTC Consumer Response Center](#) or by calling 202-326-2800. 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, fraud, or other wrongdoing to the OIG will be protected from disclosure consistent with provisions of the Inspector General Act and privacy laws. In addition, the Inspector General Act and the Whistleblower Protection Act prohibit retaliation against employees for filing complaints or cooperating with the OIG.

Every 6 months we provide Congress with a report detailing our independent oversight of the FTC during the reporting period. The report is sent to the FTC Chair, the President of the Senate, the Speaker of the House, and the FTC's appropriating and authorizing committees. This report is our 62nd semiannual report. In the years to come, we look forward to continuing our efforts to provide independent and effective oversight of the FTC and working with the Council of Inspectors General on Integrity and Efficiency on important issues that cut across our government.

## We perform the following services:

**AUDITS AND EVALUATIONS.** To assess the efficiency and effectiveness of FTC programs and operations; quality of information security and privacy efforts; and adherence to federal requirements for annual financial statements

**INVESTIGATIONS.** To detect and deter fraud, waste, abuse and misconduct involving FTC employees and programs or entities having contracts with or obtaining benefits from the agency

**MANAGEMENT ADVISORIES.** To guide management and staff on process improvements and ways to avoid recurring patterns of fraud or misconduct identified in our audits and investigations

**INFORM STAKEHOLDERS.** To keep FTC leadership, Congress, and the public informed of OIG oversight activities

# Audits, Evaluations, and Related Oversight Activities

## Completed Products

During this period, our office issued three products on audit, evaluation, and related oversight activities: a fiscal year 2019 report on the FTC's Top Management Challenges, a report on FTC compliance with the Improper Payments Elimination and Recovery Act, and a management advisory on potential security risks to the agency we identified that were associated with the involuntary departures of an employee and two contractors.

### Fiscal Year 2019 Report on Top Management Challenges

The Reports Consolidation Act of 2000 requires that each agency's Inspector General provide an annual summary perspective on the most serious management and performance challenges facing the agency, and a brief assessment of the agency's progress in addressing those challenges. The challenges summarized in our Fiscal Year 2019 Report on the FTC's Top Management Challenges are based on work conducted by our office along with observations and discussions with FTC senior leaders. The OIG identified the following issues as the most serious challenges facing the FTC.

1. Securing Information Systems and Networks from Destruction, Data Loss, or Compromise
2. Escalating Costs of Expert Witnesses

The OIG also included a "watch list" of the following issue areas that do not rise to the level of serious management and performance challenges, but nonetheless require management's continued attention.

1. Acquisition Planning and Contract Management
2. Impersonations of the FTC and its Employees

### Federal Trade Commission Compliance with Fiscal Year 2018 Improper Payment Requirements

Under the requirements of the Improper Payments Elimination and Recovery Act of 2010 (IPERA), OIGs must annually review agency improper payment reporting and determine whether agencies have complied with IPERA requirements. The OIG determined that the FTC is compliant with the IPERA and applicable guidance. The agency published audited financial statements for FY 2018 and posted that report and accompanying materials required under Office of Management and Budget guidance on its website. The agency also reviewed its programs and determined that none are 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. Nothing came to the OIG's attention that would indicate that the agency is susceptible to significant improper payments.

### Management Advisory on Involuntary Departures

The purpose of this advisory was to alert management of potential security risks identified during informal reviews of three unrelated incidents involving the involuntary departures of one full-time employee and two contractors. The advisory highlighted risks presented to the agency when all appropriate parties are not given

advance notification of an impending separation or are excluded from the off-boarding process completely. While the three incidents collectively did not represent a systemic failure in the procedures for managing involuntary departures, each revealed how security and/or legal expertise should be systemically utilized for similar future incidents. The OIG made two recommendations for FTC management on handling future similar incidents and the FTC updated its physical security practices as a result.

## Ongoing Audit, Evaluation, and Related Work

Our office is continuing work on six oversight products to be issued in the next semiannual reporting period.

### Audit of Expert Witness Services

We are continuing an audit of the FTC's expert witness services. The FTC's Bureau of Competition (BC) along with the Department of Justice's Antitrust Division share the responsibility for enforcing the nation's antitrust which form the foundation of our free market economy. Anticompetitive business practices and antitrust matters constitute a significant portion of BC's investigative and litigation activity. These matters can arise from mergers, agreements among competitors, restrictive agreements between manufacturers and product dealers, or attempts to thwart new competitors. The FTC requires expert witness services to support cases that are either approaching or in litigation in federal or administrative proceedings. Our objective is to assess the adequacy of cost controls in expert witness contracts. Our audit is focused on expert witness services used to support BC's investigations and litigation for competition cases. Specifically, we will assess the adequacy of controls over the contracting process, the role of expert witnesses, and efforts to address escalating contract costs.

### Management Advisory on Accountable Personal Property

The purpose of this advisory was to alert management of potential control risks the OIG identified during a review of missing laptops reported to our office. This advisory highlights the risks presented to the agency when effective property controls are not in place and revealed how critical it is for the FTC to enact effective processes for securing sensitive property. The FTC has taken several actions in response to these incidents. We made two recommendations to assist management in further strengthening controls over personal property.

### Audit of the FTC's Fiscal Year 2019 Financial Statements

Under a contract with the OIG, the FTC's Fiscal Year 2019 financial statements are being audited by an independent public accounting firm in accordance with generally accepted government auditing standards. The OIG is providing contractor oversight and monitoring over the entire process. The FY 2019 financial statement audit report will be included in the FTC's FY 2019 Agency Financial Report, to be issued in November 2019.

### Fiscal Year 2019 DATA Act Reporting

The Digital Accountability and Transparency Act of 2014 (DATA Act), P.L. 113-101, expands the reporting requirements pursuant to the Federal Funding Accountability and Transparency Act of 2006 (31 U.S.C. § 6101 note) to improve the quality of data submitted to USASpending.gov.

The DATA Act requires OIGs to review a statistically valid sample of the spending data submitted by the FTC and to submit to Congress a publicly available report assessing the completeness, timeliness, quality, and accuracy of the data sampled and the implementation and use of the Government-wide financial data standards by the Federal agency. An independent contractor is performing this work under contract with the OIG. The OIG is providing contractor oversight and monitoring the entire process.

## **Audit of Federal Information Security Modernization Act Compliance**

The Federal Information Security Modernization Act of 2014 requires an annual assessment of each agency's information security and privacy program and practices. For the FY 2019 assessment, an independent contractor is performing an audit under contract with the OIG. The OIG is providing contractor oversight and monitoring over the entire process.

## **Audit of Consumer Redress Program Controls**

The Bureau of Consumer Protection (BCP) enforces several statutes enacted by Congress used to protect consumers against unfair, deceptive, or fraudulent business practices. Among these, the Federal Trade Commission Act authorizes the FTC to obtain consumer redress in connection with the settlement or successful litigation of both administrative and federal court cases. To pursue and accomplish favorable outcomes in consumer protection matters, BCP collects complaints, conducts investigations, and sues companies and people that violate the law. Successful outcomes in these matters often result in the establishment of processes to provide redress to consumers harmed by dishonest or fraudulent business activity. The disbursement of redress funds is made pursuant to distribution plans that are approved either by courts, administrative law judges, or at the FTC's discretion pursuant to applicable laws. During the period, we initiated a performance audit of the effectiveness of the FTC's controls over the consumer redress program.

## **Corrective Actions on OIG Recommendations**

During this reporting period, the FTC continued to make progress in implementing OIG recommendations. Appendix II identifies significant recommendations described in previous semiannual reports for which corrective action has not been completed. During this reporting period, the OIG closed six recommendations. Section 5(a)(11) of the Inspector General Act of 1978, as amended, requires a description and explanation of the reasons for any significant revised management decision made during the reporting period. For this reporting period, management did not change its response to any earlier decisions on OIG recommendations.

# Investigative Activities

The Inspector General Act of 1978, as amended, authorizes the Inspector General to receive and investigate allegations of employee misconduct, as well as fraud, waste, abuse, and misconduct involving 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 and contractors, other government agencies, Congress, and the public. Reported incidents of possible fraud, waste, abuse, or misconduct can give rise to criminal, civil, or administrative investigations.

The OIG maintains a toll-free Hotline number and a dedicated email address to enable individuals to bring matters to the attention of the OIG on a confidential basis. The toll-free Hotline number, facsimile, email address, and ground mail services all serve as means for individuals and entities to communicate allegations of fraud, waste, abuse, and misconduct concerning FTC programs and operations to the OIG.

## Investigations Closed or Initiated

The OIG closed two investigations initiated in a prior period and one initiated in the current period, and initiated three additional investigations during this period. The OIG also continued working on three investigations opened during prior periods.

### Violation of the Post-Employment Restrictions by a Former Senior FTC Official

The OIG received a referral that a former senior FTC official may have violated the post-employment criminal conflicts of interest restrictions set forth in 18 U.S.C. § 207(a). The statute permanently prohibits certain former government officers and employees from knowingly communicating with or appearing before agency officials, on behalf of any other person, with the intent to influence, on matters in which the former employee participated personally and substantially as an employee.

The investigation determined that the former official violated section 207(a)'s permanent ban after establishing that the former official, on at least four occasions between March and October 2017, knowingly discussed the potential settlement of an FTC enforcement action with current FTC officials on behalf of a company the former official represented in a private capacity. The evidence also established that the former official participated on a Commission matter involving the same company while employed at the FTC.

The OIG completed its investigation and referred the matter to the Department of Justice's Public Integrity Section, which declined prosecution. The OIG subsequently provided a report of investigation to management, and the matter is now closed.

### Violation of Financial Conflicts Statute

The OIG received a referral from the Office of the General Counsel (OGC) regarding a possible violation of 18 U.S.C. § 208(a), *Acts Affecting a Personal Financial Interest*, by an FTC employee. In its referral, OGC determined that all of the elements of a section 208(a) violation were established, and that, while no exemption or waiver was applicable under the statute, several mitigating factors were present. The OIG conducted an independent investigation and came to the same conclusion as OGC, which was that the employee violated section 208(a). The OIG consulted with the Department of Justice's Public Integrity Section on this matter, which informed the OIG that it would not be opening a criminal investigation.

Following the consultation, the OIG provided a report of investigation to management, and this matter is now closed.

## **Misuse of Position and FTC Resources**

The OIG received a complaint from a consumer who alleged that an FTC employee threatened to misuse FTC authorities and/or resources and take retaliatory action against the consumer for conducting official work duties on behalf of a private company that involved real estate owned by the employee. We determined that the FTC employee used FTC resources during official work hours regarding a dispute the employee had with the private company about actions the company was taking with respect to the property. We also determined that the employee inappropriately invoked their status as an FTC employee and the legal authority of the FTC in an allegedly threatening manner during calls with the consumer, in violation of 5 C.F.R. §§ 2635.702(a), *Inducement or Coercion of Benefits* and 2635.702(b), *Appearance of Governmental Sanction*; 5 C.F.R. § 2635.704, *Use of Government Property*; and 5 C.F.R. § 2635.705, *Use of Official Time*. We also determined that the FTC's limited personal use of government equipment exception was not available to shield the FTC employee from liability for these violations. The OIG provided a report of investigation to management for their information and any action deemed appropriate.

## **Preliminary Inquiries**

During the reporting period, the OIG closed one preliminary inquiry open from the prior period and initiated two others. Preliminary inquiries can involve OIG requests for records or other information prior to opening a formal investigation. Investigators conducting preliminary inquiries will use many of the lawful methods allowed in full investigations, with the exception of activities like electronic surveillance, physical searches, or the acquisition of foreign intelligence.

## **Management Referrals**

During this reporting period, the OIG issued one management referral stemming from investigative activity. The referral alerted management of complaints identified in the FTC's Consumer Sentinel Network, which were provided by a certain company, that contained what appeared to be the personal text messages of consumers that used the company's services. Management agreed to review the complaints identified by the OIG to determine whether they in fact contained private messages or were instead valid commercial text message (spam) complaints or subject to active litigation holds.

The OIG did not issue any management advisories during this period stemming from investigative activity.

## **OIG Hotline Complaints**

From April 1, 2019 to September 30, 2019, the OIG received 182 consumer complaints, inquiries, and reports of possible wrongdoing. This represents a 21% increase from the previous reporting period. Of these complaints, the OIG addressed 11, as compared to 8 in the prior reporting period and 12 during the same period in FY 2018. The OIG redirected or referred the remaining 171 complaints to either the FTC's Consumer Response Center (CRC) or other FTC offices. One complaint was forwarded to the FTC's Freedom of Information Act office during this reporting period.

## **Other OIG Activities**

### **Collaboration with Other Agencies**

During this reporting period, in conducting audits, investigations, and other activities, the OIG either assisted or engaged with various federal agencies and OIGs, including the Federal Bureau of Investigation; Department of Justice's Public Integrity Section; Department of Commerce OIG; Export-Import Bank OIG; Consumer Financial Protection Bureau OIG; U.S. AbilityOne Commission OIG; U.S. Secret Service; Equal Employment Opportunity Commission OIG; Department of Homeland Security; Federal Communications Commission OIG; U.S. Capitol Police; and Office of Special Counsel.

### **Engagement with the Inspector General Community**

The OIG continued to actively participate in community-wide activities, particularly those involving the Council of the Inspectors General on Integrity and Efficiency (CIGIE), an independent entity within the Executive Branch comprised of federal Inspectors General. CIGIE's mission is to address integrity, economy, and effectiveness issues that transcend individual government agencies, and to increase the professionalism and effectiveness of personnel by developing policies, standards, and approaches to aid in the establishment of a well-trained and highly skilled workforce in the Offices of the Inspectors General.

The Inspector General participates on both the CIGIE Audit Committee and the CIGIE Small/Unique OIGs Working Group. The Counsel to the Inspector General serves on the CIGIE Council of Counsels to the Inspectors General working group, Small OIG Counsels working group, Assistant Inspectors General for Investigations Committee, and the Investigations Committee, and contributes to the legal and investigative discourse on matters germane to the entire OIG community. During the period, a member of the OIG's Audit team participated as part of a community-wide team developing an interactive training module for Inspections and Evaluations.

### **Significant Management Decisions**

Section 5(a)(12) of the Inspector General Act of 1978, as amended, requires that if the Inspector General 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 Inspector General disagreed.

### **Review of Legislation**

Section 4(a)(2) of the Inspector General Act of 1978, as amended, authorizes the OIG to review and comment on existing and proposed legislation or regulations relating to the agency or, upon request, affecting the operations of the OIG. During this period, the OIG reviewed legislation and/or regulations both individually and in coordination with CIGIE's Legislation Committee.

### **Access to Information**

Inspectors General must have ready access to all agency records, information, or assistance when conducting

an investigation or audit. Section 6(c)(2) of the Inspector General Act of 1978, as amended, requires the Inspector General to report to the agency head, without delay, if the Inspector General 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(c)(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 problems or delays in obtaining assistance or access to agency records.

## Other Initiatives

### Whistleblower Protection

In furtherance of our efforts to educate the FTC workforce on the whistleblower protection laws, the OIG collaborated with management on the implementation of the Office of Special Counsel's (OSC) Section 2302(c) certification program. This program assists agencies in meeting their statutory requirements to inform employees of their rights and remedies under 5 U.S.C. § 2302. Management continues to take the necessary steps towards becoming "OSC certified," including educating employees on their whistleblower protections and providing FTC supervisors with interactive whistleblower training. During this reporting period, the OIG participated in the FTC's supervisory development program for new and existing supervisors to educate them on their whistleblower protection responsibilities.

### Cross-Community OIG Consumer Fraud Initiative

The Consumer Sentinel Network (CSN) is a unique investigative cyber tool that provides law enforcement members with access to millions of consumer complaints. Based on the premise that sharing complaint information can make law enforcement even more effective, CSN allows members to access consumer complaints submitted directly to the FTC, as well as complaints shared by many data contributors, including the Consumer Financial Protection Bureau, 20 State Attorneys General, and all North American Better Business Bureaus. Over 2,600 federal, state, local, and international law enforcement users have access to CSN, and hundreds of individual members access the system each week.

During this reporting period, the OIG continued its collaboration with the FTC Bureau of Consumer Protection and various OIGs to identify opportunities to increase and enhance consumer fraud investigations. CSN has observed a 60 percent increase in usage by individuals within the OIG community since the initiative began in December 2016. The largest increase in users was from the Treasury Inspector General for Tax Administration (TIGTA). There are currently 25 OIGs actively using CSN, which have contributed over 4,000 CSN complaints to date.

During the period, the OIG also arranged for BCP staff to provide a CSN presentation to various law enforcement and intelligence personnel in the FBI's Cyber Task Force. The Task Force synchronizes joint efforts that focus on identifying and pursuing terrorists, spies, and criminals. BCP is also working with the FBI financial crimes manager to obtain more Sentinel users and relevant fraud complaints.

## Oversight.gov

[Oversight.gov](#) contains a database of the completed work of all Inspectors General that publicly post reports. Users can sort, search, and filter the database of products from CIGIE's member OIGs, including by geographic location using its map feature. Contact information for each OIG's whistleblower hotline is also available. Users can further receive notifications when new reports are added to the site by following CIGIE's Twitter account [@OversightGov](#).

## Appendix I—Peer Reviews

Peer Review Activity	Results
Peer Reviews conducted by another OIG	There were no peer reviews conducted by another OIG during this reporting period. The last peer review of our audit operations was dated July 2, 2018.
Outstanding recommendations from peer reviews of the FTC OIG	There are no outstanding recommendations from peer reviews of the FTC OIG.
Peer Reviews conducted by the FTC OIG	The FTC OIG did not conduct any peer reviews during this reporting period.
Outstanding recommendations from peer reviews conducted by FTC OIG	There are no outstanding recommendations from peer reviews conducted by the FTC OIG.

## **Appendix II – Significant Recommendations in Previous Semiannual Reports on which Corrective Action has not Been Completed**

### **Independent Evaluation of the Federal Trade Commission’s Information Security Program and Practices for Fiscal Year 2018 (Issued 02/28/2019)**

Recommendations	Total	5
	Management concurrences	5
Status of Recommendations	Management non-concurrences	--
	Closed	3
	Open	2

#### **Open Recommendations**

We recommend that the FTC

- Implement policies and procedures for conducting system-level risk assessments and maintain appropriate security artifacts, including authorizations to operate or use (Recommendation 2).
- Complete the defined security configuration baselines for all information systems and components (Recommendation 4).

### **Audit of Federal Trade Commission Acquisition Planning Activities (Issued 9/28/2018)**

Recommendations	Total	2
	Management concurrences	2
Status of Recommendations	Management non-concurrences	--
	Closed	0
	Open	2

#### **Open Recommendations**

We recommend that the FTC Executive Director

1. Develop a policy that clearly identifies the documents required to be in contract files to constitute a complete history of the transaction, including records normally contained in the contract file as identified in FAR § 4.803; and
2. Develop requirements for a systematic legal review process for acquisitions that meet identified conditions.

## Management Letter for the Fiscal Year 2017 Financial Statement Audit (Issued 12/21/2017)

	<b>Total</b>	<b>1</b>
<b>Recommendations</b>	<b>Management concurrences</b>	<b>1</b>
	<b>Management non-concurrences</b>	<b>--</b>
<b>Status of Recommendations</b>	<b>Closed</b>	<b>0</b>
	<b>Open</b>	<b>1</b>

### **Open Recommendation**

#### **Recommendation FY 2017 – 01, Employee Debt Receivables Over 120 Days for Which FTC Financial Management Operations Had Taken No Recent Follow-Up Action:**

We recommend that the Chief Financial Officer:

- Ensure the FTC finalizes Agency policies and procedures regarding employee debt receivables
- Evaluate the outstanding employee debt receivables and make a decision to collect or refer to Treasury for collections.
- Generate demand letters for Agency identified collection initiatives.
- Make a decision on how to compute and record additional charges.

## **Independent Evaluation of the Federal Trade Commission's Compliance with Provisions of the Digital Accountability and Transparency Act of 2014 (Issued 11/08/2017)**

	<b>Total</b>	<b>1</b>
<b>Recommendations</b>	<b>Management concurrences</b>	<b>1</b>
	<b>Management non-concurrences</b>	<b>--</b>
<b>Status of Recommendations</b>	<b>Closed</b>	<b>0</b>
	<b>Open</b>	<b>1</b>

### **Open Recommendation**

We recommend that the Chief Financial Officer implement procedures to ensure that the Federal Trade Commission Financial Management Office evaluates “Period of Performance Start Date,” “Period of Performance Current End Date,” “Period of Performance Potential End Date,” and “Action Date” data elements for accuracy on a consistent basis (Recommendation 1).

## Appendix III – OIG Reports with Questioned Costs

	Number	Questioned Costs (dollar value)	Unsupported Costs(dollar value)
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 costs 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

## Appendix 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 the 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	--	--
• based on proposed legislative actions	--	--
ii. dollar value of recommendations that were not agreed to by management	0	0
D. For which no management decision was made by the end of the reporting period	0	0
Reports for which no management decision was made within six months of issuance	0	0

## Appendix V – Summary of each Audit, Inspection, and Evaluation Report Issued before Commencement of the Reporting Period<sup>1</sup>

Fiscal Year	Number of Reports with Unimplemented Recommendations	Number of Unimplemented Recommendations	Dollar Value of Aggregate Potential Cost Savings
FY 2019	1	2	0
FY 2018	3	4	0
<b>TOTAL for All Fiscal Years</b>	<b>4</b>	<b>6</b>	<b>0</b>

<sup>1</sup> In accordance with section 5(a)(10) of the Inspector General Act of 1978, as amended, there are no reports for which a management decision had not been made, no reports for which establishment comment was not returned within 60 days of providing the report to the establishment, and no reports containing significant revised management decisions or with which the OIG is in disagreement. Additionally, there were no identified cost savings associated with the recommendations in this table.

## Appendix VI – OIG Investigative Activity During this Reporting Period

	Number
A. Number of investigative reports issued	3
B. Number of persons referred to DOJ for criminal prosecution	2 <sup>2</sup>
C. Number of persons referred to State and Local authorities for criminal prosecution	0
D. Number of criminal indictments and criminal informations resulting from any prior referrals to prosecutive authorities	0

<sup>2</sup> The referenced referrals involve consultations the OIG had with DOJ's Public Integrity Section (PIN). Per PIN's internal policy, the office does not accept formal referrals or offer formal criminal declinations. However, PIN provides guidance on the potential criminality of matters presented and coordinates with various U.S. Attorney's Offices on these matters as appropriate.

## Appendix VII – Completed OIG Investigations Involving a Senior Government Employee Where Allegations of Misconduct Were Substantiated<sup>3</sup>

Number of Investigations Involving a Senior Government Employee where Allegations of Misconduct were Substantiated

There was one investigation involving a GS-15 career employee where allegations of misconduct were substantiated.

	Detailed Description
A. Facts and Circumstances of the investigation	A GS-15 career employee violated 18 U.S.C. § 208(a), <i>Acts Affecting a Personal Financial Interest</i> . A summary is provided in the Investigative Activities section above.
B. Status and disposition of the matter, including, if referred to DOJ, the date of referral; and, if declined by DOJ, the date of declination	Referred to DOJ Public Integrity Section on July 2, 2018, which informally declined prosecution on July 3, 2018. The OIG subsequently referred the matter to management, which closed it with an informal consultation with the employee.

<sup>3</sup> The Inspector General Empowerment Act of 2016 defines “senior government employee” as – “(A) an officer or employee in the executive branch (including a special Government employee as defined in section 202 of title 18, United States Code) who occupies a position classified at or above GS–15 of the General Schedule or, in the case of positions not under the General Schedule, for which the rate of basic pay is equal to or greater than 120 percent of the minimum rate of basic pay payable for GS–15 of the General Schedule; and (B) any commissioned officer in the Armed Forces in pay grades O–6 and above.”

## Appendix VIII – Substantiated Instances of Whistleblower Retaliation

Number of Substantiated Instances of Whistleblower Retaliation	
	Detailed Description
There were no substantiated instances of whistleblower retaliation.	
A. Information about the official found to have engaged in retaliation	N/A
B. Any consequences the agency imposed to hold the official accountable	N/A

## Appendix IX – Attempts by the Agency to Interfere with the Independence of the OIG

Number of Attempts by the Agency to Interfere with the Independence of the OIG	
The FTC OIG encountered no attempts to interfere with OIG independence.	
	Detailed Description
A. Attempts to interfere with budget constraints designed to limit OIG capabilities	N/A
B. Incidents where the agency has resisted or objected to OIG oversight or restricted or significantly delayed OIG access to information, including the justification of the agency for such action	N/A

## Appendix X – Closed OIG Matters Not Disclosed to the Public

	Detailed Description
A. Inspections, evaluations, and audits conducted by the OIG that are closed and were not publicly disclosed	N/A
B. Investigations conducted by the OIG involving a senior government employee that are closed and were not publicly disclosed	N/A

## Appendix XI – Inspector General Act Reporting Requirements Index

IG Act Reference	Reporting Requirements	Pages(s)
Section 4(a)(2)	Review of legislation and regulations	8
Section 5(a)(1)	Significant problems, abuses and deficiencies	None
Section 5(a)(2)	Recommendations with respect to significant problems, abuses and deficiencies	None
Section 5(a)(3)	Prior significant recommendations on which corrective actions have not been completed	11-12
Section 5(a)(4)	Matters referred to prosecutive authorities	17
Section 5(a)(5)	Summary of instances where information or assistance was unreasonably refused or not provided	None
Section 5(a)(6)	List of 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	3-5
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	14
Section 5(a)(10)	Summary of each audit, inspection, and evaluation report issued before the commencement of the reporting period (A) for which no management decision has been made by the end of the reporting period; (B) for which no establishment comment was returned within 60 days of providing the report to the establishment; and (C ) for which there are any outstanding unimplemented recommendations, including the aggregate potential cost savings of those recommendations	15
Section 5(a)(11)	Significant revised management decisions	None

Section 5(a)(12)	Significant revised management decisions with which the Inspector General disagrees	None
Section 5(a)(14)	Peer reviews conducted by another OIG	None
Section 5(a)(15)	Outstanding recommendations from peer reviews of the OIG	None
Section 5(a)(16)	Outstanding recommendations from peer reviews conducted by the OIG	None
Section 5(a)(17) and (18)	OIG Investigative Activity during this Reporting Period	16
Section 5(a)(19)	OIG Investigations involving Senior Government Employees Where Allegations of Misconduct Were Substantiated	17
Section 5(a)(20)	Substantiated Instances of Whistleblower Retaliation	None
Section 5(a)(21)	Attempts by the Agency to Interfere with OIG Independence	None
Section 5(a)(22)	Closed OIG Matters Not Disclosed to the Public	None

# Contact the OIG

Promote integrity, economy & efficiency.  
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**Complaints may be made anonymously.**

Any information you provide will be held in confidence. However, providing your name and means of communicating with you may enhance our ability to investigate.