



Federal Trade Commission
SEMIANNUAL REPORT TO CONGRESS
Office of Inspector General

April 1, 2011 – September 30, 2011

Report No. 46



IN 1938, MICHAEL LANTZ WON THE COMPETITION TO DESIGN TWO SCULPTURES FOR THE APEX BUILDING, HOME OF THE FEDERAL TRADE COMMISSION IN WASHINGTON, D.C. THE WIDELY PUBLICIZED "APEX COMPETITION" WAS THE LARGEST AMERICAN SCULPTURE COMPETITION EVER HELD, RECEIVING ALMOST FIVE HUNDRED MODELS FROM MORE THAN TWO HUNDRED ARTISTS.

LANTZ SUBMITTED SMALL MODELS OF HIS DESIGNS, EACH SHOWING A HEROIC FIGURE STRAINING TO CONTROL A POWERFUL HORSE. THE FINAL, SEVENTEEN FOOT-LONG STATUES WERE COMPLETED IN 1942 AND INSTALLED OUTSIDE THE EASTERN ENTRANCE OF THE FEDERAL TRADE COMMISSION BUILDING, WHERE THEY CAN BE SEEN TODAY

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.

THIS ISSUE OF OUR SEMIANNUAL REPORT TO CONGRESS FEATURES DECORATIVE ELEMENTS FROM THE FEDERAL TRADE COMMISSION BUILDING 600 PENNSYLVANIA AVE. N.W. WASHINGTON D.C.

COVER: "AMERICAN EAGLES" ONE OF TWO LIMESTONE RELIEFS CREATED BY ARTIST SIDNEY WAUGH IN 1938, LOCATED ON THE SIDE OF THE FTC BUILDING.



PHOTO ABOVE: THE FEDERAL TRADE COMMISSION BUILDING 600 PENNSYLVANIA AVE. NW, WASHINGTON DC.



UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION

WASHINGTON, D.C. 20580

OFFICE OF INSPECTOR GENERAL

October 31, 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 September 30, 2011.

During the semiannual period, we issued the management letter for the FY 2010 financial statements, an audit on the FTC warehouse, a management advisory on Federal Express account controls, and a survey on the recording procedures for the Hart-Scott-Rodino fees. In addition, we issued the Management Challenges for inclusion in the FTC FY 2011 Performance and Accountability Report. Our reports can be found at www.ftc.gov/oig.

The OIG processed 73 consumer inquiries and allegations of possible wrongdoing. We opened one new investigation and closed two criminal investigations. We closed 14 complaints during the current reporting period with no action and another nine complaints were closed following a preliminary inquiry. We referred 47 complaints to appropriate FTC program offices and one to another federal agency. We provided assistance to another OIG in an ongoing investigation.

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



ABOVE: THIS RELIEF ENTITLED "AGRICULTURE" WAS CREATED BY ARTIST CONCETTA SCARAVAGLIONE IN 1938.

IT IS ONE OF FOUR LIMESTONE RELIEFS ABOVE THE ENTRANCE DOORS OF THE FEDERAL TRADE COMMISSION BUILDING 600 PENNSYLVANIA AVE. NW, WASHINGTON DC.

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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. The OIG has a budget of \$1,030,100 for fiscal year 2011.

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 AND REPORTS

During this period, we issued four reports: the management letter for the FY 2010 financial statements, an audit on the FTC warehouse, a management advisory on controls over the Federal Express account, and a survey of procedures to process Hart-Scott-Rodino Fees.

AR 11-001A - Management Letter for Audited Financial Statements for FY 2010

In November 2010, the OIG issued the Management Letter for Audited Financial Statements for FY 2010. This report provides an evaluation on FTC's internal controls and compliance with selected laws and regulations for the period ended September 30, 2010.

The issues presented in the management letter are not considered material weaknesses or significant deficiencies in relation to FTC's financial statements. Nonetheless, these issues concerned necessary controls, and we believe that they warrant management's attention and action.

These prior years recommendations concerned necessary controls to ensure:

- a more timely and efficient reporting function from the financial system service provider
- complete documentation in procurement files for service disabled veteran-owned small businesses

- increased review procedures over uncollectable redress fund judgments
- improved review of open obligations and controls over accrued accounts payable
- improved procedures over contract close out and undelivered orders

These current year recommendations concerned necessary controls to ensure:

- improved documentation in procurement files for contracts issued from the Federal Supply Schedules
- preparation of a fraud risk assessment to supplement the FTC's risk assessment performed for the Federal Managers' Financial Integrity Act (FMFIA)
- development of a reconciliation process between commitments and obligations processed by FTC, and those recorded by the financial system service provider

We made eight recommendations for strengthening FTC's internal controls and accounting procedures. In its response, FTC concurred with all recommendations and described actions it had taken to address each issue.

AR 11-004 – Audit of the FTC Warehouse

To support the administrative needs of the three Washington D.C. office locations, the FTC leases a 22,000 square foot warehouse in Landover, MD that is used to store an inventory of office supplies, furniture, equipment, publications and building materials. The objective of our audit was to determine the cost effectiveness of maintaining the current size warehouse.

Because there was a lack of information concerning the cost and age of items contained in the warehouse, we were unable to determine the cost effectiveness of maintaining the warehouse. However, while we found that there was sufficient justification for having a warehouse, we noted several opportunities for improving operations, reducing costs and the potential for reducing the square footage needed to support current FTC operations.

We believe there are opportunities for improvement in the following areas:

- Discard old and obsolete furniture, equipment, publications and supplies
- Reduce handling of paper and office supplies through alternate means of acquisition and distribution
- Improve tracking of all items stored in warehouse including computers and other IT equipment

- Improve accountability by independent verification of inventory located at the warehouse
- Improve utilization of warehouse shelving and space
- Consider leasing a smaller size warehouse based on reduced storage needs from the above actions

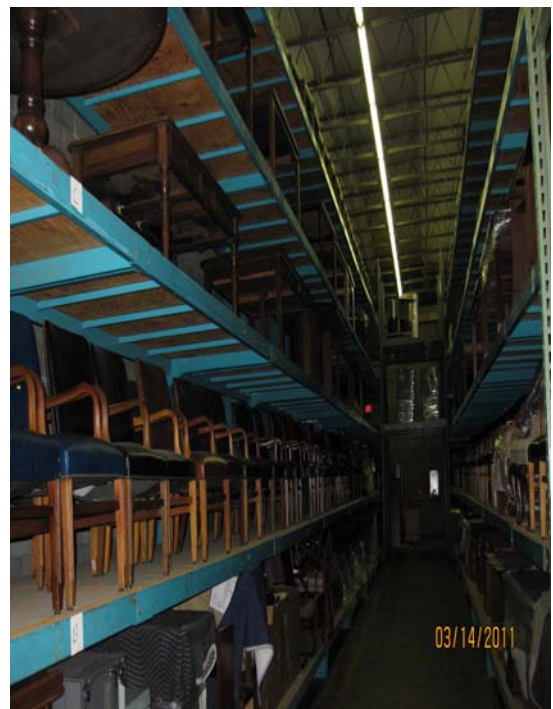


IMAGE ABOVE: FTC LANDOVER WAREHOUSE. AISLE VIEW OF LEATHER CHAIRS AND OTHER FURNITURE.

Management agreed in principle with our findings and has planned, or initiated corrective actions on all recommendations. Management has also established a timetable for completion of the recommendations within the next six months. Their plans include disposing of or recycling excess, aged or expired items in the warehouse. In addition, actions were taken to bar code accountable IT inventory, assess additional inventory software for tracking all supplies and inventory items stored at the warehouse, and conduct a physical inventory of all items in the warehouse. Finally, management directed the warehouse contractor to consolidate items in the warehouse for more efficient utilization of space.

Management has indicated that they have assessed and concluded that the need for the current sized warehouse is justified. While the OIG understands management's position, we continue to believe that the future need of the warehouse will be significantly reduced or possibly eliminated when the FTC moves to other office space, especially if additional storage space can be acquired at that location. Management should continue to assess its storage needs semi-annually to determine if it is cost effective to eliminate or move to a smaller warehouse.

MA 11-16 – Lack of Controls over Federal Express Shipping Account

As a result of a recent investigation on purchase card abuse, we found several employees and contractor personnel using the FTC's Federal Express (FedEx) shipping account for personal and

illegal activities. Some of the illegal activities were related to the abuse of the purchase card (i.e., theft of Government property), while others were abusing the FedEx shipping account for personal purposes.

As noted in our 2005 investigative alert issued to management (see "Weak Internal Controls Over Use of Federal Express Mail Services"), the FTC had not established sufficient controls to prevent abuse of the FedEx Shipping Account.



Since that report was issued, the OIG found that the FTC had not implemented any additional controls to prevent or minimize abuse of the FedEx Shipping Account. While the cost of individual shipments using FedEx is generally low, the FTC has spent \$335,000 for over 31,000 shipments during the past two calendar years (2009-2010).

Because FedEx is a low cost service (per transaction) and the cost to implement controls was thought to be significant, the FTC has essentially relied on the honesty and integrity of contractors and employees to refrain from misuse of the FedEx shipping account. Since nearly anyone in the agency can send a letter or package by FedEx at their discretion, a system of controls needs to be implemented to deter and prevent further abuse of the service.

We recommended that the agency establish effective, yet efficient program controls to provide assurances that the program is used only for its intended purposes.

These vulnerabilities are commonplace in various organizations and FedEx has created a means for its clientele to prevent theft of its shipping services. The company has expressed interest in assisting the FTC in eliminating these abuses by FTC staff and would provide this service at no cost to the agency.

We made three recommendations to management. Management concurred in principle with all the findings and recommendations in the report. Where management did not specifically agree to implement our recommendations, they offered alternatives that satisfy the intent of the recommendation and result in improved controls over the FedEx program. We appreciate management's working with the OIG to establish an effective internal control process.



OIG Survey of Systems and Processes Used to Record Hart-Scott-Rodino Filing Fees

The Hart-Scott-Rodino Act established the federal premerger notification program, which provides the FTC and the Department of Justice (DOJ) with information about large mergers and acquisitions before they occur. The FTC administers the premerger notification program, collects the fees, and divides the filing fees evenly between the FTC and DOJ. In fiscal years (FY) 2010 and 2009, the FTC collected \$145.7 million and \$84.3 million respectively in HSR premerger filing fees. The amounts designated for DOJ were \$72.9 million for FY 2010 and \$42.2 million for FY 2009.

The OIG recently completed a survey of procedures used by the FTC to record and reconcile the Hart-Scott-Rodino (HSR) fees. Our survey found that the FTC's Financial Management Office (FMO) had:

- documented its procedures for reconciling HSR fees
- adequately designed its procedures to monitor accurate and timely recording of HSR transactions
- consistently followed its procedures
- adequate segregation of duties between FMO and the Premerger Notification Office and
- maintained appropriate documentation of its control procedures and activities

The results of the survey indicate that no further work is warranted by the OIG. Consequently, we made no recommendations to FMO as a result of our survey.

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 on 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 on which corrective actions are still in progress.

AUDIT ACTIVITIES PLANNED OR IN-PROGRESS

The OIG continues its work on the following audit related activities:

- Audit of the FTC Financial Statements for FY 2011-A financial statement audit is required annually under the Accountability of Tax Dollars Act of 2002. We contract out the 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 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 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 to be issued in November 2011.

- 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 hire 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.
- Peer Review of the Postal Regulatory Commission Office of Inspector General - The OIG is scheduled to perform an external peer review of the audit activities of the Postal Regulatory Commission (PRC) OIG for the period ending September 30, 2011. The objective of this mandatory external peer review is to determine whether, for the period under review, the PRC OIG audit organization's system of quality control was suitably designed to provide a reasonable assurance of conforming to Generally Accepted Government Auditing Standards (GAGAS) and to determine whether the audit organization complied with its quality control system.

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:

- Inventory controls over accountable property
- Review of case management
- BCP process of retrieving assets

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 73 consumer complaints and other inquiries and reports of possible wrongdoing. Of the 73 complaints, 47 involved issues that fall under the jurisdiction of FTC program components (identity theft, credit repair, etc.) and not the OIG. These matters were referred to the appropriate FTC component for disposition.

Of the remaining complaints, the OIG opened one new investigation and closed 14 complaints with no further OIG action. Nine of the remaining complaints were closed after completion of a preliminary inquiry to determine whether we should open a full investigation. The remaining referral resulted in our assisting another OIG with an ongoing criminal investigation. One complaint is still the subject of ongoing OIG activity.

In addition to the complaints described above, the OIG received 144 complaints from individuals who reported fraudulent misuse of the name of the FTC and/or impersonations of FTC staff as part of a widespread lottery/sweepstakes scam. These consumer complaints are tracked by our office in our ongoing work with a multi-agency task force responsible for investigating these matters. However, the volume of these complaints is not included in the statistical information above.

Following is a summary of the OIG's investigative activities for the six-month period ending September 30, 2011:

Cases pending as of 3/31/11	6
PLUS: New Cases	1
Less: Cases Closed	(2)
Cases Pending as of 09/30/11	5

INVESTIGATIONS CLOSED

During this reporting period, the OIG closed two investigations. The first investigation, opened during an earlier reporting period, focused on allegations regarding a senior executive's misuse of position and misappropriation of FTC information technology (IT) property for personal use.

Our investigation confirmed the allegations that the subject retained FTC laptops and a loaner "demo" laptop from a manufacturer and an FTC smartphone for personal and family use.

The subject also misused their executive authority to purchase a high-end computer for personal use. During the pendency of our investigation, the subject left the agency. Because the OIG successfully recovered the property and the employee left the FTC, we made no referral to management (as there was no administrative action to be taken against the employee). We closed the investigation.

The second investigation was opened and closed during this reporting period. We opened an investigation based on allegations that an employee was misusing agency information technology resources in connection with a for-profit book writing business. Our investigation confirmed that the employee was using agency IT resources in violation of agency policy.

The employee acknowledged the use of the use of FTC equipment to complete manuscript edits and print portions of manuscripts. We referred the administrative investigative findings to management for further disciplinary action.

MATTERS REFERRED FOR PROSECUTION

During the preceding reporting period, the OIG referred two matters to the Department of Justice (DOJ) for consideration of potential criminal action. The United States Attorney for the District of Columbia prosecuted both individuals. The former FTC employee pled

guilty to theft of Government property. During this reporting period the FTC employee was sentenced to 18 months in prison, three years of probation and ordered to pay restitution in the amount of \$218,000. In the second prosecution, the former employee of an FTC contractor pled guilty to theft of Government property during this reporting period. That individual will be sentenced in the next 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.

OTHER ACTIVITIES

LIAISON WITH OTHER AGENCIES

In conducting criminal investigations, the OIG has sought assistance from, and worked jointly 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 the vice-chair of the Audit Committee of the CIGIE and is a member of the Legislative and Information Technology Committees.

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 local, state, and Federal law enforcement professionals, who work together to identify victims and suspects in an collaborative effort to address and investigate various crimes.

In addition, our Lead Investigator is actively participating on a DOJ-led multi-agency task force addressing crimes related to lottery and sweepstakes scams targeting the elderly. The task force was able to compile enough evidence to support the prosecution of five individuals, including the owner of a Costa Rican call center ("boilerroom"), two telemarketers working out of the offshore call center and two "runners" operating in the United States. These individuals are responsible for defrauding consumers out of millions of dollars.

This task force continues to receive 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.

We are participating in this task force because the fraudsters often identify themselves as employees of the agency. The OIG has posted a scam alert on the OIG website at <http://www.ftc.gov/oig>.

Our Lead Investigator was a presenter at a May 2-4, 2011, Lottery, Prize and Sweepstakes Fraud conference in Chicago, IL, hosted by the FTC Chicago Regional Office. She spoke on lottery and sweepstakes fraud and fielded questions as part of a panel.

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.

RESULTS OF PEER REVIEW

The most recent peer review of the FTC Office of Inspector General audit operations was conducted by the Smithsonian Institution (SI) Office of Inspector General. The report, issued December 2009, contained no recommendations and the FTC OIG received a pass rating, the highest available rating.

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

Report No.	Report Date	Report Title	Summary of Recommendations
AR 08-002	September 2008	Administration of Leave	HRMO to assess the need for offering training for new timekeepers and to revise the FTC Administrative Manual to reflect updated OPM regulations on military leave
AR 08-004	September 2008	FY 2008 Review of FTC Implementation of FISMA	OCIO should accelerate its efforts to revise and update its security policies, procedures, and guidelines; accelerate its contingency plan efforts; and improve its POA&M monitoring process
AR 09-001A	February 2009	Financial Statement Management Letter FY 2008	FMO should work with its vendor to ensure all necessary reports can be generated in a timely manner and not require extensive reconciliations by the FMO. None of these recommendations rise to the level of significant financial control weaknesses
AR 09-002	September 2009	COTR Oversight of Sole Source Contracts	ACFO should develop a training program specifically for FTC staff assigned COTR duties managing contracts with expert witness and consultants, and should work with the HRMO to define FTC COTR duties and include those duties in COTR staff performance plans

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

Report No.	Report	Report Title	Summary of Recommendations
AR 10-001A	May 2010	Financial Statement Management Letter FY 2009	FMO should improve its documentation of contract awards to service disabled veteran-owned small businesses; improve its procedures for review of uncollectable redress judgments; strengthen procedures to ensure proper recording of accruals; and improve closing procedures of deobligations on completed contracts. None of these recommendations rise to the level of significant financial control weaknesses
AR 10-002	December 2009	FY 2009 Review of FTC Implementation of FISMA	OCIO should develop criteria for evaluating contractor C&A documentation; and improve oversight of its security scanning contractor to ensure compliance with NIST SP 800-53A
AR 10-003	August 2010	Audit of the FTC Travel Program	FMO should implement procedures to review the Central Billing Account for unauthorized charges; track reimbursements of non-Federal sponsored travel; reconcile cardholders to the HRMO active employee list; and establish a system to track and document the required travel training
AR 11-002	November 2010	FY 2010 Review of FTC Implementation of FISMA	OCIO should implement policies and procedures to address deficiencies identified during the implementation of its IT infrastructure modernization; continue efforts to collect metrics regarding system and security performance; improve continuous monitoring assessments; provide more definitive security requirements in contracts; and develop contingency plans for the IT infrastructure and supported applications
AR-11-003	January 2011	Follow-Up Review of the FTC Purchase Card Program	The FTC should establish a system to track required training; minimize the use of convenience checks whenever possible; and better define and control certain overseas travel services.

TABLE 2: INSPECTOR GENERAL ISSUED REPORTS WITH QUESTIONED COSTS

			Dollar Value	
			Number	Questioned 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	12
Section 5(a)(1)	Significant problems, abuses and deficiencies	3-6
Section 5(a)(2)	Recommendations with respect to significant problems, abuses and deficiencies	3-6
Section 5(a)(3)	Prior significant recommendations on which corrective actions have not been made	7
Section 5(a)(4)	Matters referred to prosecutive authorities	10
Section 5(a)(5)	Summary of instances where information was refused	12
Section 5(a)(6)	List of audit reports by subject matter, showing dollar value of questioned costs and funds put to better use	15-16
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	15
Section 5(a)(9)	Statistical tables showing number of reports and dollar value of recommendations that funds be put to better use	16
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
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ANY INFORMATION YOU PROVIDE WILL BE HELD IN CONFIDENCE.
HOWEVER, PROVIDING YOUR NAME AND MEANS OF COMMUNICATING
WITH YOU MAY ENHANCE YOUR ABILITY TO INVESTIGATE.

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