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

Office of Inspector General

March 12, 2020

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: The Federal Trade Commission's Compliance with Improper Payments Requirements for Fiscal Year 2019

The Federal Trade Commission's (FTC or agency) Office of Inspector General has concluded its fiscal year (FY) 2019 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).

OMB Memorandum M-18-20 describes what each agency Inspector General should review to determine agency compliance with improper payments 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 2019, the FTC assessed its programs and activities and met each of the requirements that were applicable to the agency.

Table 1: Summary of FTC 2019 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
Contract	√	√	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 2019 AFR included a link to *paymentaccuracy.gov* to provide more information on improper payments.

Based on our review of all relevant information, we have determined that the FTC is in compliance with IPERA for FY 2019.

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.

[1] According to Public Law 111-204, *Improper Payments Elimination and Recovery Act of 2010*, 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).