



OFFICE OF
INSPECTOR GENERAL

FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

March 15, 2013

MEMORANDUM

TO: Chairman Edith Ramirez
Commissioner Julie Brill
Commissioner Maureen K. Ohlhausen
Commissioner Joshua D. Wright

FROM: Scott E. Wilson
Inspector General

SUBJECT: Federal Trade Commission's Compliance with the Improper Payments
Elimination and Recovery Act of 2010

Dear Chairman Ramirez and Commissioners:

In accordance with Section 3 (b) of Public Law 111-204, *Improper Payments Elimination and Recovery Act of 2010* (hereafter referred to as IPERA), this letter communicates the results of my determination of the Federal Trade Commission's (FTC) compliance with applicable provisions of the IPERA. This letter covers the FTC's Fiscal Year (FY) 2012 activities.

Section 3(a) (3) of the IPERA defines "compliance" as follows:

The agency —

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

OMB issued guidance¹ for Inspectors General to aid in their review of agencies' compliance with IPERA. Specifically, the guidance defines compliance to mean that the agency has:

- Published a Performance Accountability Report (PAR) for the most recent Fiscal Year and posted that report and any accompanying materials required by OMB on the agency website;
- Conducted a program specific risk assessment for each program or activity that conforms with Section 3321 of Title 31 U.S.C (if required);
- Published improper payment estimates for all programs and activities identified as susceptible to significant improper payments under its risk assessment (if required);
- Published programmatic corrective action plans in the PAR (if required);
- Published, and has met, annual reduction targets for each program assessed to be at risk and measured for improper payments;
- 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; and
- Reported information on its efforts to recapture improper payments.

Based on OMB's definition of compliance, as described above, I have determined that the FTC is compliant. The agency has published an annual financial statement for the most recent FY and posted that report and any accompanying materials as required by OMB on the agency website <http://www.ftc.gov/>. FTC concluded and reported in its PAR that it has not identified any program that constitutes a high risk for improper payments and considers all of its payments to be low risk. 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 (expenditures and accounts receivable due from the public), nothing came to my attention that indicates the agency is susceptible to significant improper payments.

If you have questions or comments, please contact me on (202) 326-3787.

cc: Pat Bak, Acting Executive Director
Steven A. Fisher, Acting Deputy Executive Director
James Baker, Acting Chief Financial Officer
Jon Schroeder, Assistant CFO for Financial Policy, Reporting, and Controls

¹ See OMB Memorandum M-11-16, dated April 14, 2011, Issuance of Revised Parts I and II to Appendix C of OMB Circular A-123.

CC: The Honorable Thomas R. Carper
Chairman
Senate Committee on Homeland Security & Governmental Affairs
340 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Tom Coburn
Ranking Member
Senate Committee on Homeland Security & Governmental Affairs
340 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Darrell E. Issa
Chairman
Committee on Oversight and Government Reform
2157 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Elijah E. Cummings
Ranking Member
Committee on Oversight and Government Reform
2157 Rayburn House Office Building
Washington, D.C. 20515

Gene Dodaro
Comptroller General of the United States
Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548

Jeffrey Zients, Acting Director
Office of Management & Budget
1650 Pennsylvania Avenue
Room 216
Washington, D.C. 20503

Daniel I. Werfel
Controller, Office of Federal Financial Management
Office of Management and Budget
725 17th Street, N.W.
Washington, D.C. 20503