



Office of Inspector General

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

May 1, 2017

**MEMORANDUM**

TO: Chairman Maureen K. Ohlhausen  
Commissioner Terrell McSweeney

FROM: Roslyn A. Mazer  
Inspector General

SUBJECT: Federal Trade Commission's Fiscal Year 2016 Compliance with the Improper Payments Elimination and Recovery Act of 2010 in the Fiscal Year 2016 Annual Financial Report. No. AR-17-01

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.<sup>1</sup> 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.

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<sup>1</sup> See OMB Memorandum M-15-02, Appendix C to OMB Circular A-123, *Requirements for Effective Estimation and Remediation of Improper Payments*.

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