



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

Office of Inspector General

April 9, 2021

**MEMORANDUM**

**FROM:** Andrew Katsaros  
Inspector General 

**TO:** Rebecca Kelly Slaughter, Acting Chair

**SUBJECT:** The Federal Trade Commission's Compliance with Improper Payments Requirements for Fiscal Year 2020

The Federal Trade Commission's (FTC or agency) Office of Inspector General (OIG) has concluded its fiscal year (FY) 2020 review of the FTC's compliance with the Payment Integrity Information Act of 2019 (PIIA) (Public Law 116-117).

The *Improper Payments Elimination and Recover Act of 2010* (IPERA) (Public Law 111-204) amended the *Improper Payments Information Act of 2002* and required agencies to identify and review all programs and activities they administer that may be susceptible to significant improper payments based on guidance provided by the Office of Management and Budget (OMB). In addition, section 3 of IPERA required Inspectors General to review each agency's improper payment reporting and issue an annual report. The *Payment Integrity Information Act of 2019* (PIIA) (Public Law 116-117) repealed IPERA (and other laws) but set forth similar improper payment reporting requirements, including an annual compliance report by Inspectors General.

Our review was conducted in accordance with implementing guidance set forth in 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 2020, the FTC assessed its programs and activities and met each of the requirements that were applicable to the agency.

**Table 1: Summary of FTC 2020 PIIA 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 FTC information

The FTC performed risk assessments of improper payments for FY 2015 and FY 2018.<sup>1</sup> These risk assessments did not identify any programs or activities susceptible to significant improper payments at or above threshold levels set by OMB.<sup>2</sup> The FTC also determined that improper payment recapture audits were not cost effective.

Based on our review of all relevant information, we have determined that the FTC is in compliance with PIIA for FY 2020.

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.

<sup>1</sup> According to Public Law 116-117, *Payment Integrity Information Act of 2019*, agencies must perform risk assessments at least once every 3 years for all programs and activities with outlays exceeding the statutory threshold dollar amount.

<sup>2</sup> “Significant improper payments” definition is “(i) \$10,000,000 of all reported program or activity payments of the executive agency made during that fiscal year and 1.5 percent of program outlays; or “(ii) \$100,000,000.