



Office of the Chairman

UNITED STATES OF AMERICA  
FEDERAL TRADE COMMISSION  
WASHINGTON, D.C. 20530

January 6, 2003

The President  
The White House  
Washington D.C. 20500

Dear Mr. President:

I am pleased to report that the Federal Trade Commission's (FTC) management control and financial systems provided reasonable assurance that the objectives of the Federal Managers Integrity Act (FMFIA), sections 2 and 4, are being achieved.

This FMFIA report is based on a variety of information provided from various sources. These include FTC managers, Office of Inspector General (OIG) reports, Chief Information Officer (CIO) reports, consistent unqualified audit opinions on the FTC's financial statements, and related U. S. Department of the Interior's Federal Financial System (FFS) audits. The U.S. Department of the Interior hosts the FTC's financial accounting, payroll, and personnel systems. Further, FTC program officials have attested that their management controls comply with the accountability and control guidance found in Office of Management and Budget (OMB) Circular A-123, and related guidance found in the General Accounting Office's (GAO) November 1999 release of "Standards for Internal Control in the Federal Government".

The FTC's OIG has completed five consecutive audits of the Commission's financial statements, structure, policies, systems, and operations, under the requirements of the Chief Financial Officers Act. Each independent audit resulted in an unqualified opinion—the highest audit opinion available. Audit reports are available at <http://www.ftc.gov/oig/oigaudit.htm>

### Internal Control Reviews

The audit results, management reviews, and statements provided by agency officials and external financial service providers furnish reasonable assurance under section 2 of the FMFIA that the FTC's internal accounting and administrative controls generally conform to the principles and standards developed by the Comptroller General of the United States (CG), OMB, JFMIP, and the Department of the Treasury.

The prior 2001 FMFIA report identified two material weaknesses under the Government Information Security Act (GISRA). Both GISRA weaknesses have been resolved with one of the conditions corrected in 2002 and the remaining condition expected to be corrected in early 2003. At this time, we do not believe these weaknesses are material with regards to this FMFIA review.

## Accounting System Review

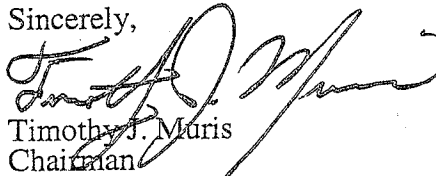
The audit results, management reviews, and statements provided by agency officials and external financial service providers, provide reasonable assurance under section 4 of the FMFIA that the FTC's financial systems generally conform to the principles and standards developed by the Comptroller General of the United States (CG), OMB, JFMIP, and the Department of the Treasury. Pursuant to Section 4 of the FMFIA, OIG audits have included selected Commission accounting and financial systems in use over the past fiscal year. Separately, each FTC financial management systems' manager and service provider has attested to the systems under their control.

## Concluding remarks

The FTC is effectively managing its programs, policies, organizations structure, and administrative procedures with the goal of better serving its customers at less cost. The FTC internal control review program, OIG audits, and other independent reviews, play a significant role in ensuring effective and responsive agency operations. Our strategic and performance planning efforts further enable us to identify steps to obtain efficiencies.

In summary, the Commission has no material weaknesses or non-conformance to report.

Sincerely,

A handwritten signature in black ink, appearing to read "Timothy J. Muris", is written over the typed name and title.

Timothy J. Muris  
Chairman

Enclosures

## FEDERAL TRADE COMMISSION FMFIA STATISTICS

Section Two: Integrity Act Statistics						
Agency	Adequate and Effective Management Controls		Pending as of 12/31/01	Newly Reported in 2002	Corrected in 2002 (GISRA)	Pending as of 12/31/2002 (GISRA)
	YES	NO				
FTC	X		2	NONE	1	1

Section four: Integrity Act Statistics						
Agency	Compliance of Financial Management Systems with Government-wide Requirements		Number of Material Non-Conformances			
			Pending as of 12/31/02	Newly Reported in 2002	Corrected in 2002	Pending as of 12/31/02
	YES	NO				
FTC	X		NONE	NONE	NONE	NONE

## Statistical Summary of Performance by Fiscal Year

Section 2. Internal Control

## Material Weakness Statistics

	Number reported for the first time	For that year, number that have been corrected	For that year, number still pending
Prior Years	None	N/A	N/A
2001 Report	2	1	1
2002 Report	None	N/A	N/A
Total	2	1	1

Of the total number corrected how many were corrected in 2002: 1

Section 4. Financial Management Systems

## Material Non-Conformance Issues Statistics

	Number reported for the first time	For that year, number that have been corrected	For that year, number still pending
Prior Years	NONE	N/A	N/A
2002 Report	NONE	N/A	N/A
Total	NONE	N/A	N/A

Of the total number corrected, how many were corrected in 2002: N/A