



OFFICE OF  
INSPECTOR GENERAL

FEDERAL TRADE COMMISSION  
WASHINGTON, D.C. 20580

July 27, 2011

**MEMORANDUM**

TO: Steven A. Fisher  
Chief Financial Officer

FROM: John M. Seeba *John M Seeba*  
Inspector General

SUBJECT: OIG Survey of Systems and Processes Used to Record Hart-Scott-Rodino Fees

The Office of Inspector General (OIG) recently completed a survey of procedures used by the Federal Trade Commission (FTC) to record and reconcile the Hart-Scott-Rodino (HSR) fees. This memorandum transmits the results of our survey.

The purpose of this survey was twofold: (i) to better understand the controls that the FTC has in place to properly record and reconcile HSR fees; then based on the survey findings, (ii) to decide whether any area or areas would benefit from a detailed audit. Our consideration of internal control was limited to the purpose described and would not necessarily identify all weaknesses or deficiencies in internal control. However, the results of our survey do not indicate that further work is warranted by the OIG.

**BACKGROUND**

The Hart-Scott-Rodino Act established the federal premerger notification program, which provides the FTC and the Department of Justice (DOJ) with information about large mergers and acquisitions before they occur. Premerger notification involves completing an HSR Form, also called a "Notification and Report Form for Certain Mergers and Acquisitions," with information about each company's business and submitting a fee based on the size of the merger. The FTC administers the premerger notification program, collects the fees, and divides the filing fees evenly between the FTC and the DOJ. In fiscal years (FY) 2010 and 2009, the FTC collected \$145.7 million and \$84.3 million respectively in HSR premerger filing fees. The amounts designated for the DOJ were \$72.9 million for FY 2010 and \$42.2 million for FY 2009.

**SCOPE AND METHODOLOGY**

A survey, as used in the auditing vernacular, refers to a process of gathering information about an organization, program, activity or function without detailed verification. Unlike

audits, surveys are generally conducted within limited time frames. Survey outcomes often dictate whether, and to what extent, detailed audits will be performed. To complete this objective, the OIG (i) reviewed procedures used by the Financial Management Office to record and reconcile HSR fees, and (ii) tested the procedures on selected months' reconciliations. FMO written procedures include reconciling HSR receipts to the cash received detail listing, to the trial balance, and to the database of premerger fees maintained by the Premerger Notification Office (PNO). FMO and PMO perform monthly reconciliations and maintain detailed schedules of the reconciliations. We reviewed a non-representative selection of reconciliations from the months October 2010 through May 2011, and also included the most recent fiscal year-end month, September 2010. We conducted this work from June through July 2011. Because we conducted this work as a survey, we did not follow generally accepted governmental auditing standards that would have required us to perform detailed auditing procedures and conduct specific tests. As a result, our testing can only provide limited assurance regarding the reliability and accuracy of the program reviewed. However, we believe our work was sufficient for meeting the survey objective and determining whether to continue or limit our work.

## RESULTS

Our survey found that FMO had:

- documented its procedures for reconciling HSR fees;
- adequately designed its procedures to monitor accurate and timely recording of HSR transactions;
- consistently followed its procedures;
- adequate segregation of duties between FMO and the Premerger Notification Office; and
- maintained appropriate documentation of its control procedures and activities.

The results of the survey indicate that no further work is warranted by the OIG. Consequently, we make no recommendations to FMO as a result of our survey. We appreciate the courtesies extended to us by the FMO and PNO staff. If you have any questions, or would like a briefing on the report, please contact me or Mary Harmison at (202) 326-2622.

cc: Eileen Harrington, Executive Director  
Marian R. Bruno, Deputy Director, Bureau of Competition  
James Baker, Deputy Chief Financial Officer  
Jon Schroeder, Assistant CFO for Financial Systems and Reporting