Federal Trade Commission

OFFICE OF INSPECTOR GENERAL

September 16, 2025

AUDIT REPORT

Audit of the FTC's Controls Over the Offboarding Process

IN SUMMARY

Why We Performed This Audit

The offboarding process is a critical function within the FTC, significantly impacting various security aspects. Ensuring that this process is efficient and secure is essential to protect the agency from potential vulnerabilities, such as unauthorized access to systems and facilities, and loss of assets. We conducted a performance audit to assess the effectiveness of the Federal Trade Commission's (FTC) controls over the offboarding process and their compliance with federal regulations.

What We Found

We found that the FTC's offboarding process lacks a single point of coordination, leading to inefficiencies and potential security risks. This lack of a singular point of coordination to ensure all offboarding tasks are complete across different groups resulted in a fragmented process with no coordinator overseeing the process of closing cases and inconsistent and incomplete task documentation.

What We Recommend

We recommend that the FTC Executive Director, in coordination with relevant offices (a) designate a single point of coordination to ensure all offboarding tasks are completed accurately, and in a consistent and timely manner, and (b) establish overarching policies and procedures to clearly identify roles and inform officials of their responsibilities in the offboarding process.

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AUDIT RESULTS SUMMARY

We conducted a performance audit to assess the effectiveness of the Federal Trade Commission's (FTC) controls over the offboarding process and their compliance with federal regulations. Our audit focused on examining the roles and responsibilities of FTC officials and the use of ServiceNow[1] to manage offboarding tasks. To gain insight into the process, we conducted interviews with key FTC officials, reviewed applicable federal regulations, selected a sample of 20 full-time employees that departed the FTC in Fiscal Year 2024, and analyzed relevant data.

Our audit included a comprehensive review of the FTC's offboarding process, focusing on key areas such as the status and closure of offboarding tasks and cases, the return of ███████ keys and Personal Identity Verification (PIV) cards, asset management, and termination of transit subsidies and subscriptions. The testing aimed to evaluate the effectiveness and timeliness of these processes, as well as the accuracy of record-keeping.

Our audit revealed that the FTC relies on ServiceNow to record key events and to track progress of employee offboarding. Although offboarding tasks within ServiceNow are assigned across multiple groups in the FTC, there is no organization identified to coordinate the offboarding process and ensure all offboarding tasks are complete and cases are closed. This lack of a singular point of coordination resulted in all reviewed offboarding cases remaining open with incomplete tasks. In addition, while the offboarding case is the official record, much of the underlying work is done in different modules of ServiceNow that are not integrated. As a result, offboarding records are routinely incomplete, lack sufficient detail, or are not updated in a timely manner. This disjointed approach makes it difficult to track the full offboarding life cycle of an employee and raises the risk that critical steps, such as recovering IT assets and removing physical access, could be delayed or missed. Although our audit did not identify any security incidents resulting from these weaknesses, the potential for such issues remains.

In addition to addressing these ongoing vulnerabilities, strengthening internal controls over the offboarding process—particularly management of assets such as laptops and smartphones—would also guard against the risk of insider threats and unauthorized disclosure of nonpublic information. Overall, the offboarding process would benefit from a more centralized, systematic approach, coordinated by a designated official or office responsible for overseeing and validating the completion of all offboarding tasks. Additionally, better integration or data exchange among modules within ServiceNow could improve record accuracy, reduce redundancy, and support timely decision-making. Strengthening this

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[1] Pursuant to the James M. Inhofe National Defense Authorization Act for Fiscal Year 2023, Pub. L. No. 117-263 §5274, any Business Entity or Nongovernmental Organization identified in this report may submit a written response to the report within 30 days of issuance, clarifying or providing additional context for each instance within the report in which the organization is specifically identified. Any response provided for that purpose will be appended to the final, published report. If you have any questions about this process, please contact the OIG at oig@ftc.gov.

process could also improve operational and security capabilities and mitigate future risk.

BACKGROUND

The offboarding process is a critical function within the FTC, significantly impacting various security aspects. Ensuring that this process is efficient and secure is essential to protect the agency from potential vulnerabilities, such as unauthorized access to systems and facilities, and loss of assets. During FY 2024, the FTC employed 1,292 full-time employees and saw 134 full-time employees depart the agency. During calendar year 2025, roughly 230 full-time employees will have departed the agency through regular attrition, the Deferred Resignation Program (DRP)[2], Voluntary Early Retirement Authority (VERA)[3], and Voluntary Separation Incentive Payments (VSIP)[4], further highlighting the need for a robust and well-coordinated offboarding process. By examining the current procedures, we aimed to identify gaps and recommend improvements to enhance the overall effectiveness and security of the offboarding process.

The current system of record for the offboarding process is ServiceNow, which replaced the legacy system, Cadapult, for onboarding, offboarding, and space management in November 2022. The FTC also uses ServiceNow for information technology ticketing and asset management, replacing Cadapult for these functions in May 2019. ServiceNow is a cloud-based platform used by federal agencies to streamline and automate information technology service management, human resources, asset tracking, and various operational workflows. It acts as a centralized hub for handling requests, incidents, tasks, and approval across different departments. The FTC currently has a service contract to support and configure the modules of ServiceNow used to support the offboarding process.

When employees depart the FTC, their respective administrative officer initiates an offboarding case in ServiceNow. From there, individual tasks and work orders are created, based on need, and routed to the responsible offices or the departing employee for completion. The responsible office or departing employee completes the required action, adds notes to the offboarding task or work order, and updates the completion status. Cases remain open until all tasks and work orders are complete, then the offboarding case automatically closes.

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[2] DRP was a voluntary resignation program in which eligible federal employees could submit their resignations effective September 30, 2025, but were generally not required to work between a date shortly after submitting their resignations and September 30, 2025. Employees that submitted their resignations through DRP are receiving full salary and benefits through September 30, 2025.

[3] VERA allows agencies that are undergoing substantial restructuring, reshaping, downsizing, transfer of function, or reorganization to temporarily lower the age and service requirements to increase the number of employees who are eligible for retirement. Based on the employee's age and retirement system, the employee could have a reduced annuity if they choose to retire under VERA.

[4] VSIP, also known as buyout authority, allows agencies that are downsizing or restructuring to offer employees lump-sum payments up to $25,000 as an incentive to voluntarily separate.

FINDINGS AND RECOMMENDATIONS

I. *Centralized Oversight Needed to Address Gaps in the FTC's Offboarding Process*

To assess the effectiveness of the FTC's internal controls over the offboarding process, we reviewed offboarding cases in ServiceNow for a sample of 20 full-time employees that departed the FTC during Fiscal Year 2024 to determine whether the FTC ensured that offboarding activities—such as the termination of physical and systems access and return of government property—were carried out in a timely and consistent manner that aligns with federal guidance and agency policy.

We found that the FTC's offboarding process lacks a single point of coordination, leading to inefficiencies and potential security risks. This lack of a singular point of coordination to ensure all offboarding tasks are complete across different groups resulted in a fragmented process with no coordinator overseeing the process of closing cases and inconsistent and incomplete task documentation.

Interviews with key personnel revealed that there is no single point of coordination to ensure offboarding tasks are completed. All 20 offboarding cases that we reviewed in ServiceNow remained open as "work in progress" because each case had at least one incomplete task. The incomplete tasks included:

- 20 "draft" for COR and Financial Management System Confirmation,
- 9 "ready" for ███████ Asset Return, and
- 6 "draft" for Consumer Sentinel Offboard.

In addition, some offices consistently did not document completion of their assigned task in ServiceNow, further highlighting the fragmented process and lack of a singular point of coordination to ensure all tasks are complete.

Our review of physical security-related tasks identified issues with consistent and timely documentation of ███████ key[5] and PIV card[6] returns. We found that OCASO personnel closed the key return task in ServiceNow before departing staff returned the keys for 10 of 12 cases where keys were issued. Additionally, 3 of 12 keys were not returned timely, with recovery ranging from 5 to 28 business days after the employee's departure. Similarly, we found that OCASO personnel closed the PIV card return task before PIV cards were returned for 9 of 20 cases. Although underlying documentation for key and PIV card returns

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[5] ███████ is a manufacturer of high-security locks and keys, which are designed to provide enhanced protection against unauthorized access. The FTC uses these keys for its office doors.

[6] The PIV card is a component of the federal government's identity authentication system. It is designed to provide a common platform for identity verification across various federal departments and agencies, ensuring secure access to both physical and logical environments.

showed that no security incidents occurred as a result of late or unfinished returns, the practice of closing tasks before completion could lead to potential security risks.[7] Key personnel explained to the OIG that tasks were being closed before completion because OCASO's Space and Facilities group was using ServiceNow to obtain headcounts of current employees and open tasks in offboarding cases were making headcounts inaccurate. To compensate for closing tasks early, personnel were keeping external logs of keys and PIV cards in progress and updating the already closed tasks in ServiceNow after completion. This practice has since been discontinued and, going forward, personnel will only close tasks once they are completed.

Our review of tasks related to asset management identified inconsistent and incomplete documentation. For all 20 cases, the task within ServiceNow for laptop/desktop return lacked sufficient information to determine what assets were initially issued, then returned. Although asset inventory is maintained in a different module of ServiceNow, the underlying inventory records were not always complete. The legacy system for asset management, Cadapult, was decommissioned in 2022, and although ServiceNow is currently the system of record, not all onboarding records were migrated. The inconsistencies in inventory records and communication between different ServiceNow modules further complicate the offboarding process by making it difficult to determine what assets were issued and expected to be returned.

Our review of terminations of transit subsidies and subscriptions identified the need for more timely action. For transit subsidies, 3 of 9 employees experienced delayed termination of TranServe[8] subsidies, ranging from 5 to 19 days after departure. For subscriptions, 5 of 13 Westlaw[9] accounts and 1 of 3 PACER[10] accounts were not terminated timely, with delays ranging from 8 to 59 days after the employee's departure. (See Appendix C: Summary of Testing for details)

These issues resulted in coordination challenges, incomplete tasks, and potential security risks due to delays in terminating access and returning assets. The incomplete tasks and open cases indicate inefficiencies and need for greater accountability in the offboarding process. Delays in the offboarding

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[7] ServiceNow and USAccess Program records showed one regional office employee did not return their PIV card. However, the FTC has a layered approach to building security, to include guards, cameras, locked doors, etc., which mitigates the risk of unreturned PIV cards.

[8] Federal employees using mass transportation for their commute are eligible to receive the federal transit benefit. TRANServe supports access to transit authority information, electronic applications, how-to instructions, and other resources. While benefits are based on actual commuting costs, the FY 2024 statutory limit was $315 per month.

[9] Westlaw is an online legal research service and proprietary database for lawyers and legal professionals. Annual subscriptions to Westlaw cost the FTC approximately $1,204 per employee.

[10] PACER (Public Access to Court Electronic Records) is an electronic public access service for United States federal court documents that allows users to obtain case and docket information from the United States district courts, United States courts of appeals, and United States bankruptcy courts. While PACER is a free application, the FTC pays approximately $50 per employee in annual printing expenses.

process and inconsistent documentation and tracking complicate the offboarding process, leading to potential loss of assets, increased operational inefficiencies, and security risks.

The inconsistent and incomplete record-keeping indicates that more proactive management is needed to prevent process gaps that could lead to potential vulnerabilities such as unauthorized access or loss of assets. According to the *Standards for Internal Control in the Federal Government (GAO Green Book)*, agency management is responsible for developing and designing control activities to achieve objectives. Management should design control activities to ensure that all offboarding tasks and cases are completely, accurately, and timely recorded to maintain their relevance and value to management in controlling operations. By addressing these control gaps, the FTC can enhance the security, efficiency, and effectiveness of its offboarding process.

Recommendation

1. We recommend that the FTC Executive Director, in coordination with relevant offices:
    a. Designate a single point of coordination to ensure all offboarding tasks are completed accurately, and in a consistent and timely manner, and
    b. Establish overarching policies and procedures to clearly identify roles and inform officials of their responsibilities in the offboarding process.

SUMMARY OF AGENCY RESPONSE AND OIG COMMENTS

The FTC acknowledges the OIG's audit findings and appreciates the opportunity to review and respond to the draft report. The agency emphasizes its existing layered security measures, including physical safeguards such as guards, surveillance cameras, locked doors, and electronic access controls. These compensating controls are presented as part of the FTC's ongoing efforts to mitigate security risks.

In response to the audit's recommendations, the FTC agrees to implement corrective actions aimed at strengthening the offboarding process. Specifically, the agency will designate a single point of coordination to ensure offboarding tasks are completed accurately and consistently. Additionally, it will establish comprehensive policies and procedures to clearly define roles and responsibilities for all officials involved in the offboarding process.

APPENDIX A: OBJECTIVE, SCOPE, AND METHODOLOGY

We conducted a performance audit to assess the effectiveness of the FTC's internal controls over the offboarding process of departing full-time employees. Specifically, we sought to determine whether the FTC ensured that offboarding activities—such as the return of government property and the termination of physical access—were carried out in a timely and consistent manner that aligns with federal guidance and agency policy.

To accomplish our audit objective, we reviewed relevant federal laws and regulations, as well as agency guidance, policies, and procedures. These included Circular A-123, the GAO Green Book, and internal FTC policy memoranda. In addition to relevant criteria, we reviewed prior audit reports issued by the OIG and GAO on the offboarding process.

In planning our audit, we identified the internal controls relevant to our audit objective. Our audit focused on examining the roles and responsibilities of FTC officials, specifically those within the Office of the Chief Information Officer (OCIO), the Office of the Chief Administrative Services Officer (OCASO), and the Human Capital Management Office (HCMO). To gain insight into the offboarding process, we conducted interviews with key personnel involved in the offboarding process. Additionally, our methodology involved analyzing relevant documentation and system records associated with the offboarding process.

The scope of our audit included the FTC's internal controls over the staff offboarding process, with a specific focus on employees who separated from the agency during FY 2024. We judgmentally selected a sample of 20 full-time employees who separated from the agency in FY 2024 and tested whether required offboarding procedures—such as collecting keys, PIV cards, and IT assets, and terminating benefits and subscriptions—were completed in accordance with agency policy.

We used the following criteria in performing our audit:

- FTC Policy Memoranda

- GAO *Standards for Internal Control in the Federal Government*

- OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*

We performed the audit work from February 2025 through June 2025. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

APPENDIX B: ACRONYMS AND ABBREVIATIONS

DRP	Deferred Resignation Program
FTC	Federal Trade Commission
Green Book	GAO Standards for Internal Control in the Federal Government
HCMO	Human Capital Management Office
OCIO	Office of the Chief Information Officer
OCASO	Office of the Chief Administrative Services Officer
OMB	Office of Management and Budget
PACER	Public Access to Court Electronic Records
PIV	Personal Identity Verification
VERA	Voluntary Early Retirement Authority
VSIP	Voluntary Separation Incentive Payments

APPENDIX C: SUMMARY OF TESTING

Category	Metric	Result
HR Cases and Tasks	HR Cases Open as "Work in Progress"	All 20 offboarding cases remained open as "work in progress" due to incomplete tasks.
	HR Tasks Reflect "Draft" or "Ready" Status	• 20 "draft" for COR and Financial Management System Confirmation, • 9 "ready" for ▮▮▮▮ Asset Return, and • 6 "draft" for Consumer Sentinel Offboard.
Keys	Keys Issued	12 out of 20 employees had keys issued.
	Key Task Record Closed Before Key Returned	10 out of 12 tasks for key return records were "closed" before keys were returned.
	Business Days Key Returned After Departure	3 out of 12 keys were not returned timely, ranging from 5 to 28 days after departure.
PIV Cards	PIV Cards Issued	20 out of 20 employees had PIV cards issued.
	PIV Cards Task Record Closed Before PIV Card Returned	9 of 20 tasks for PIV card return were "closed" before PIV cards were returned.
Assets	Laptop/Desktop Return	20 out of 20 records lacked sufficient information.
Transit Subsidy	TranServe Withdrawal	3 out of 9 employees had delayed withdrawal processing.
Subscriptions	Westlaw Terminated	5 out of 13 accounts were not terminated timely.
	Pacer Terminated	1 out of 3 accounts were not terminated timely.

APPENDIX D: FTC MANAGEMENT RESPONSE

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

Office of the Chief
Financial Officer

TO: Marissa Gould
Acting Inspector General

FROM: David Rebich
Chief Financial Officer

DAVID REBICH

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Date: 2025.09.18 15:37:15
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SUBJECT: Management Response to OIG's audit report titled, *FTC's Controls over the Off-boarding Process*

Thank you for working with my staff and providing an opportunity to review and comment on this draft report.

As we discussed, the FTC utilizes a layered approach in securing our facilities, to include: posted guards, cameras, locked doors, electronic access, and other safety measures, as mentioned in footnote 7 of your draft report. In addition, PIV badges are deactivated concurrently with an employee's departure. This ensures they cannot gain access to FTC facilities and equipment. These compensating controls help us mitigate security risks on an ongoing basis. The FTC agrees to implement corrective actions to address the OIG's two recommendations below:

1) Designate a single point of coordination to ensure all offboarding tasks are completed accurately, and in a consistent and timely manner, and

2) Establish overarching policies and procedures to clearly identify roles and inform officials of their responsibilities in the offboarding process

If you have any questions, please do not hesitate to reach out to me.