



**U.S. COMMODITY FUTURES TRADING COMMISSION
OFFICE OF INSPECTOR GENERAL**

Three Lafayette Centre
1155 21st Street, NW, Washington, DC 20581
Telephone: (202) 418-5110

TO: J. Christopher Giancarlo, Acting Chairman
Sharon Y. Bowen, Commissioner

FROM: Miguel A. Castillo, CPA, CRMA
Assistant Inspector General for Auditing

DATE: April 28, 2017

SUBJECT: Commodity Futures Trading Commission Compliance with the Improper Payments Elimination and Recovery Improvement Act of 2012

Introduction

The Office of Management and Budget guidance provided in Circular A-136, *Financial Reporting Requirements*, and Appendix C of Circular A-123, *Management's Responsibility for Internal Control*, require agencies to report detailed information on their efforts to eliminate improper payments. The Improper Payments Elimination & Recovery Improvement Act (IPERIA) of 2012 require agencies to include all identified improper payments in the reported estimate, regardless of whether the improper payment has been or is being recovered among other requirements. An improper payment is any payment that should not have been made or that was made in an incorrect amount such as:

- Incorrect amounts paid to eligible recipients,
- Payments made to ineligible recipients,
- Payments for goods or services not received,
- Duplicate payments, and
- Payments with insufficient or no supporting documentation.

Management is responsible for the agency's compliance with these requirements. OIG's responsibility is to evaluate the agency's compliance with these requirements.

CFTC Improper Payments Assertions

In its [FY 2016 Agency Financial Report](#)¹ (AFR), the CFTC asserted that it does not administer grant, benefit or loan programs. CFTC's most significant expenses are payroll and benefits for its employees, which are administered by the U.S. Department of Agriculture's National Finance Center and the Office of Personnel Management. CFTC's most significant non-payroll expenses are its payments to vendors for goods and services used during the course of normal operations. Based on the results of transaction testing applied to a sample of FY 2016 vendor payments, consideration of

¹ See page 105.

risk factors, and reliance on the internal controls in place over the payment and disbursement processes, the CFTC has determined that none of its programs and activities are susceptible to significant improper payments at or above the threshold levels set by OMB.

The Commission performs post-payment reviews to adjudicate conclusive matches identified by the Treasury's Do Not Pay business center. During FY 2016, the Commission, in coordination with its shared services provider, completed the post-payment review and found all were proper payments.

OIG Evaluation

OMB Guidance A-123 Appendix C established an agency's improper payment reporting threshold as annual erroneous payments exceeding both 2.5 percent of program payments and \$10 million. CFTC's assertion that none of its programs [payroll and vendor payments] are susceptible to significant improper payments at or above the threshold levels set by OMB is fairly stated. Based on independent tests conducted by the agency's public accountants and Treasury's Do Not Pay (DNP) Business Center,² the CFTC complied, in all material respects, with the aforementioned improper payment reporting requirements for the fiscal year ended September 30, 2016.

² https://www.fiscal.treasury.gov/fsprograms/fs_donotpaybc.htm

Cc:

The Honorable Ron Johnson, Chairman,
Senate Committee on Homeland
Security and Governmental Affairs;

The Honorable Thomas R. Carper, Ranking Member
Senate Committee on Homeland Security
and Governmental Affairs;

The Honorable Jason Chaffetz, Chairman
House Committee on Oversight and
Government Reform;

The Honorable Elijah Cummings, Ranking Member
House Committee on Oversight and
Government Reform;

Mr. Gene L. Dodaro
Comptroller General of the United States,
United States Government Accountability Office

Mr. David Mader
Controller of the Office of Federal Financial Management,
Office of Management and Budget.

Anthony Thompson, Executive Director,
Commodity Futures Trading Commission

Mary Jean Buhler
Chief Financial Officer
Commodity Futures Trading Commission

A. Roy Lavik, Inspector General

Judith Ringle, Deputy Inspector General and Chief Counsel,
Commodity Futures Trading Commission