



Office of the Inspector General  
*Semiannual Report to Congress*  
October 1, 2019 – March 31, 2020

U.S. Commodity Futures Trading Commission



**U.S. COMMODITY FUTURES TRADING COMMISSION**

**Office of Inspector General**

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April 30, 2020

**TO:** Heath P. Tarbert, Chairman  
Brian Quintenz, Commissioner  
Rostin Behnam, Commissioner  
Dawn Stump, Commissioner  
Dan Berkovitz, Commissioner

**FROM:** A. Roy Lavik *ARL/R*  
Inspector General

**SUBJECT:** Semiannual Report of the Office of the Inspector General

Attached is the Office of the Inspector General's Semiannual Report for the period from October 1, 2019, through March 31, 2020. This report is submitted to you in accordance with the requirements of Section 5 of the Inspector General Act of 1978, as amended, and summarizes issued reports and ongoing projects during the reporting period.

I appreciate your continuing support of this office.

SEMIANNUAL REPORT OF THE  
U.S. COMMODITY FUTURES TRADING COMMISSION  
OFFICE OF THE INSPECTOR GENERAL

TABLE OF CONTENTS

<b>EXECUTIVE SUMMARY .....</b>	<b>1</b>
<b>CFTC PROGRAMS and OPERATIONS .....</b>	<b>4</b>
<b>CFTC OIG RESPONSIBILITIES, RESOURCES, ORGANIZATION, and INDEPENDENCE.....</b>	<b>5</b>
CFTC OIG RESPONSIBILITIES .....	5
CFTC OIG RESOURCES .....	6
OIG INDEPENDENCE .....	7
REQUIRED STATEMENT REGARDING INFORMATION ACCESS AND ASSISTANCE .....	7
<i>Inspector General Pay</i> .....	7
<b>AUDIT OPERATIONS .....</b>	<b>8</b>
COMPLETED AUDITS, INSPECTIONS, EVALUATIONS, AUDIT REVIEWS, AND OTHER AUDIT PROJECTS .....	8
<i>Federal Information Security Management Act Review: FY 2019</i> .....	8
<i>Audit of the CFTC’s FY 2019 Annual Financial Report</i> .....	9
<i>Audit of the CFTC’s FY 2019 Customer Protection Fund</i> .....	9
<i>Performance Audit: CFTC’s Compliance with the Digital Accountability and Transparency Act (DATA Act) of 2014</i> .....	10
<i>Council of Inspectors General on Financial Oversight (CIGFO)</i> .....	10
ONGOING AUDITS, INSPECTIONS, EVALUATIONS, AUDIT REVIEWS, AND OTHER AUDIT PROJECTS .....	11
<i>Audit of the CFTC’s FY 2020 Annual Financial Report</i> .....	11
<i>Audit of the CFTC’s FY 2020 Customer Protection Fund</i> .....	11
<i>Federal Information Security Management Act Review: FY 2020</i> .....	11
<i>CFTC’s Policies and Procedures Regarding Oversight of Cybersecurity Safeguard by Registrants</i> .....	11
AUDIT REPORTS AND REVIEWS OVER SIX MONTHS OLD; REQUIRED STATEMENTS .....	12
<i>Required Statements Regarding Commission Response Exceeding 60 Days, and Regarding Management Decisions Not Made</i> .....	12
<i>Required Statements Regarding Revised Management Decisions, and Regarding Inspector General Disagreement</i> .....	12
<i>Required Statements Regarding Significant Recommendations that have not been Completed; and Audit Reports for which there are any Outstanding Unimplemented Recommendations, Including Aggregate Potential Cost Savings</i> .....	12
Table 1: Unimplemented Recommendations.....	12

Table 2: Detail of Unimplemented Recommendations.....	13
<b>INVESTIGATIVE OPERATIONS.....</b>	<b>13</b>
SUMMARY .....	13
CLOSED INVESTIGATIONS .....	14
17-I-A Investigation into Possible Unauthorized Outside Activity, Time and Attendance Fraud, Misuse of Title, and Misuse of CFTC Equipment by a CFTC Employee .....	14
18-I-08 Investigation into Allegations that a Contractor was Fired Solely for Acting as a Whistleblower .....	15
19-I-01 Investigation into Missing CFTC Information Technology Equipment.....	16
CLOSED PRELIMINARY INVESTIGATIONS .....	17
ONGOING INVESTIGATIVE MATTERS AND REQUIRED DISCLOSURES .....	19
Table 3: Investigative Statistics for Referrals and Whistleblower Retaliation .....	19
<b>INDEPENDENT STUDY.....</b>	<b>19</b>
Review of Policies and Procedures for Calculating Overhead .....	19
<b>LEGAL AND ECONOMIC REVIEW .....</b>	<b>20</b>
<b>LEGISLATIVE and REGULATORY PROJECTS .....</b>	<b>20</b>
<b>PEER REVIEWS .....</b>	<b>21</b>
Peer Review Report of CFTC OIG Audit Function .....	21
<b>SUMMARY of FINAL REPORTS NOT MADE PUBLIC .....</b>	<b>22</b>
<b>GAO LIAISON.....</b>	<b>22</b>
<b>STRATEGIC PLAN for the OFFICE of INSPECTOR GENERAL .....</b>	<b>22</b>
MISSION, VISION, AND VALUES .....	22
STRATEGIC GOALS FOR THE COMING YEAR.....	23
STRATEGIC GOAL 1: EVALUATE THE ECONOMIC IMPACT OF CFTC REGULATORY ACTIONS THROUGH LEGAL ANALYSIS, WHITE PAPERS, INSPECTIONS AND EVALUATIONS, MANAGEMENT REVIEWS, AND OTHER PRODUCTS .....	23
Office of Legal and Economic Review (OLER): Legislative, Economic, and Regulatory Review Agenda.....	23
STRATEGIC GOAL 2: ADDRESS HIGH IMPACT ISSUES IN CFTC ADMINISTRATIVE AND MISSION PERFORMANCE.....	24
Office of Audits: Audit and Review Agenda.....	24
STRATEGIC GOAL 3: ADDRESS EMPLOYEE AND CONTRACTOR MISCONDUCT PROMPTLY, THOROUGHLY, AND RELIABLY .....	26
Office of Investigations: Investigative Agenda .....	26

<b>CONTACTING the OFFICE of the INSPECTOR GENERAL.....</b>	<b>27</b>
<b>APPENDICES.....</b>	<b>28</b>
<b>Appendix 1 – Reports Issued with Questioned Costs .....</b>	<b>28</b>
<b>Appendix 2 – Reports Issued with Recommendations That Funds Be Put To Better Use ..</b>	<b>29</b>
<b>Appendix 3 - Index of IG Act Reporting Requirements .....</b>	<b>30</b>

## EXECUTIVE SUMMARY

This semiannual report (SAR) is issued by the Commodity Futures Trading Commission (CFTC) Office of the Inspector General (OIG) pursuant to the Inspector General Act of 1978, as amended.<sup>1</sup> It summarizes OIG's activities and accomplishments for the period October 1, 2019, through March 31, 2020. During this period, the OIG Office of Audits completed four audits and a collaborative effort by the Council of Inspectors General on Financial Oversight. With the exception of information security reports, all are posted to our [webpage](#). In addition, we began or continued work on four audits. On the investigations side, we began the reporting period with three investigations, eight preliminary investigations, and three allegations. We finished the reporting period with no open investigations or preliminary investigations pending, and with 14 allegations under development. Finally, we continued a contracted study of policies and procedures for calculating overhead expenses at the CFTC.

Highlights of all completed and ongoing audits, investigations, Office of Legal and Economic Review projects, and other projects follow below:

### AUDIT OPERATIONS

#### Completed

##### *Information Technology Management and Security*

- Federal Information Security Management Act (FISMA)<sup>2</sup> Review: FY 2019 – The objective of this review is to evaluate CFTC's information security program and practices as required by FISMA. This report is not made public. As part of this audit we performed:
  - Cyber Testing: Market Data Transmission – We contracted independent information security professionals to evaluate CFTC practices for transmitting sensitive market data. The scope of testing was limited to FTP servers, email servers, mobile devices, and the CFTC portal.

##### *Financial*

- Audit of the CFTC's FY 2019 Annual Financial Report (AFR) – The objective of this Congressionally mandated audit<sup>3</sup> was to render an opinion on the agency financial report (financial statements) in accordance with *Generally Accepted Government Auditing Standards* ([GAGAS](#)).

<sup>1</sup> P.L. 95-452, 92 Stat. 1101 (1978).

<sup>2</sup> P.L. 107-347, 116 Stat. 2946 (2002).

<sup>3</sup> The Accountability of Tax Dollars Act, P.L. 107-289, 116 Stat. 2049 (2002).

- Audit of the CFTC’s FY 2019 Customer Protection Fund (CPF) – The objective of this Congressionally mandated audit<sup>4</sup> was to render an opinion on the CFTC Customer Protection Fund FY 2019 financial statements in accordance with [GAGAS](#).
- Performance Audit: CFTC’s Compliance with the Digital Accountability and Transparency Act (DATA Act) of 2014 (FY 2019 Quarter 1) – The Digital Accountability and Transparency Act 2014 (DATA Act)<sup>5</sup> requires Federal agencies to report financial and award data in accordance with the established Government-wide financial data standards. Agency Inspectors General were required to assess the completeness, timeliness, quality, and accuracy of data reported and the agency’s compliance with Government-wide financial data standards.

*Other*

- Council of Inspectors General on Financial Oversight (CIGFO) – The Dodd-Frank Act created the Financial Stability Oversight Council (FSOC),<sup>6</sup> as well as the Council of Inspectors General on Financial Oversight (CIGFO).<sup>7</sup> CIGFO is charged with evaluating the effectiveness and internal operations of FSOC. For FY 2019 CIGFO [surveyed](#) FSOC’s compliance with the *Cybersecurity Information Sharing Act of 2015*.<sup>8</sup>

**Ongoing**

*Information Technology Management and Security*

- CFTC’s Policies and Procedures Regarding Oversight of Cybersecurity Safeguard by Registrants - We contracted an independent public account (IPA) to conduct a performance audit of CFTC policies and procedures to evaluate registrants’ cybersecurity safeguards.
- Federal Information Security Management Act Review: FY 2020 – The objective of this review is to evaluate CFTC’s information security program and practices as required by FISMA.<sup>9</sup> This report is not made public. The following topic engagements will be completed by contracted information security professionals in coordination with OIG:
  - Cyber Testing: New York Servers – We contracted independent information security professionals to evaluate controls of New York servers given loss of data and availability incidents.
  - Cyber Testing: Order Book Cloud Controls – We contracted independent information security professionals to evaluate database controls for order book market data stored by a cloud service provider.

<sup>4</sup> P.L. 111-203, § 748, 124 Stat. 1739 (2010).

<sup>5</sup> P.L. 113-101, 128 Stat. 1146 (2014).

<sup>6</sup> P.L. 111-203, § 111, 124 Stat. 1392 (2010).

<sup>7</sup> P.L. 111-203, § 989E, 124 Stat. 1946 (2010).

<sup>8</sup> P.L. 114-113, div. N (Cybersecurity Act of 2015), Title I (Cybersecurity Information Sharing Act of 2015), 129 Stat. 2242, 2936-56 (2015).

<sup>9</sup> See [fn. 2](#).

- Cyber Testing: Active Directory Controls – We contracted independent information security professionals to evaluate the strength of Microsoft Server Active Directory access controls.
- Cyber Testing: FY 2019 Information Security Continuous Monitoring (ISCM) follow-up. We contracted independent information security professionals to evaluate the management response and follow-up to FY 2019 ISCM findings.

### *Financial*

- Audit of the CFTC’s FY 2020 Annual Financial Report (AFR) – The objective of this Congressionally mandated audit<sup>10</sup> is to render an opinion on the agency financial report (financial statements) in accordance with *Generally Accepted Government Auditing Standards* ([GAGAS](#)).
- Audit of the CFTC’s FY 2020 Customer Protection Fund (CPF) – The objective of this Congressionally mandated audit<sup>11</sup> is to render an opinion on customer protection fund financial statements in accordance with [GAGAS](#).

## **INVESTIGATIVE OPERATIONS**

We began the reporting period with three investigations, eight preliminary investigations, and with three allegations pending development. We closed three investigations and seven preliminary investigations. We merged the eighth preliminary investigation with an allegation that was pending at the close of the prior reporting period (due to similarity of issues). We opened 44 new allegation files during the reporting period; 33 were dispensed with through referral or other action; 11 remained open pending development at the close of the reporting period. We opened no new investigations or preliminary investigations. We were unable to develop the three allegations pending at the close of the prior reporting period. We finished the reporting period with 14 allegations under development, which will be our investigative priority during this reporting period. Details begin on [page 17](#).

## **INDEPENDENT STUDY**

Review of Policies and Procedures for Calculating Overhead – We engaged an independent organization to conduct a study of CFTC’s overhead calculation policies, procedures, and practices, and to identify best practices and opportunities for maximizing mission resources.

## **LEGAL AND ECONOMIC REVIEW**

Due to a staff detail and turnover, there were no completed projects and no new projects begun by the OIG Office of Legal and Economic Review. During this reporting period we began a recruitment process for attorneys with a strong background in economic analysis necessary to evaluate the economy and efficiency of market regulation.

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<sup>10</sup> See [fn. 3](#).

<sup>11</sup> See [fn. 4](#).

## CFTC PROGRAMS and OPERATIONS

Congress established the CFTC as an independent agency in 1974, after its predecessor operated within the U.S. Department of Agriculture (USDA).<sup>12</sup> The mission of the Commodity Futures Trading Commission is: “To foster open, transparent, competitive, and financially sound markets; to avoid systemic risk; and to protect market users and their funds, consumers, and the public from fraud, manipulation, and abusive practices related to derivatives and other products that are subject to the Commodity Exchange Act.”<sup>13</sup> Its mandate was renewed and/or expanded in 1978, 1982, 1986, 1992, 1995, 2000, 2008, and 2010. The CFTC and its predecessor were established to protect market participants and the public from fraud, manipulation, and other abusive practices in the commodity futures and options markets. After the 2008 financial crises and the subsequent enactment of the Dodd-Frank Act, the CFTC’s mission expanded to include oversight of the swaps marketplace.<sup>14</sup>

The Commission consists of five Commissioners appointed by the President, with the advice and consent of the Senate, to serve staggered five-year terms. The President appoints one of the Commissioners to serve as Chairman. No more than three Commissioners may be from the same political party.<sup>15</sup> The CFTC maintains offices in Washington, D.C.; New York, NY; Chicago, IL; and Kansas City, MO. The CFTC organization consists of the following Divisions and Offices (not including OIG):<sup>16</sup>

- Division of Clearing and Risk
- Division of Swap Dealer and Intermediary Oversight
- Division of Enforcement (which includes the CFTC Whistleblower Office)
- Division of Market Oversight.
- Office of the Chairman and Commissioners (which includes LabCFTC, as well as the Offices of Minority and Women Inclusion, Legislative and Intergovernmental Affairs, and Public Affairs)
- Office of the Chief Economist
- Office of International Affairs
- Office of Data and Technology
- Office of General Counsel
- Office of the Executive Director

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<sup>12</sup> U.S. Commodity Futures Trading Commission, *Strategic Plan FY 2014-2018* (Oct. 16, 2014), page 5, available at: <https://www.cftc.gov/idc/groups/public/@aboutcftc/documents/file/2018strategicplan.pdf>.

<sup>13</sup> *Id.*, page 8.

<sup>14</sup> *Id.*, page 5.

<sup>15</sup> 7 U.S.C. § 2(a)(2).

<sup>16</sup> U.S. Commodity Futures Trading Commission, *FY 2021 President’s Budget* (Feb. 2020), available at: <https://www.cftc.gov/cj>.

# CFTC OIG RESPONSIBILITIES, RESOURCES, ORGANIZATION, and INDEPENDENCE

## CFTC OIG RESPONSIBILITIES

The CFTC OIG was created in 1989 in accordance with the 1988 amendments to the Inspector General Act of 1978.<sup>17</sup> OIG was established as an independent unit to:

- Promote economy, efficiency, and effectiveness in the administration of CFTC programs and operations, and detect and prevent fraud, waste, and abuse in such programs and operations;
- Conduct and supervise audits and, where necessary, investigations relating to the administration of CFTC programs and operations;
- Review existing and proposed legislation, regulations, and exchange rules and make recommendations concerning their impact on the economy and efficiency of CFTC programs and operations or the prevention and detection of fraud and abuse;
- Recommend policies for, and conduct, supervise, or coordinate other activities carried out or financed by such establishment for the purpose of promoting economy and efficiency in the administration of, or preventing and detecting fraud and abuse in, its programs and operations; and
- Keep the Commission and Congress fully informed about any problems or deficiencies in the administration of CFTC programs and operations and provide recommendations for correction of these problems or deficiencies.

The IG is appointed by the full Commission in accordance with the applicable laws and regulations governing appointments within the CFTC, and may be removed upon the written concurrence of a 2/3 majority of the full Commission.<sup>18</sup>

The IG is a member of the Counsels of Inspectors General on Financial Oversight ([CIGFO](#)), created under the Dodd-Frank Act to examine the work of the Financial Stability Oversight Council ([FSOC](#)).

The IG is also member of the Counsel of the Inspectors General on Integrity and Efficiency ([CIGIE](#)), an independent entity established within the executive branch to address integrity, economy and effectiveness issues that transcend individual Government agencies and to aid in the establishment of a professional, well-trained and highly skilled workforce in the Offices of Inspectors General.

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<sup>17</sup> P.L. 100-504, 102 Stat. 2515 (1988).

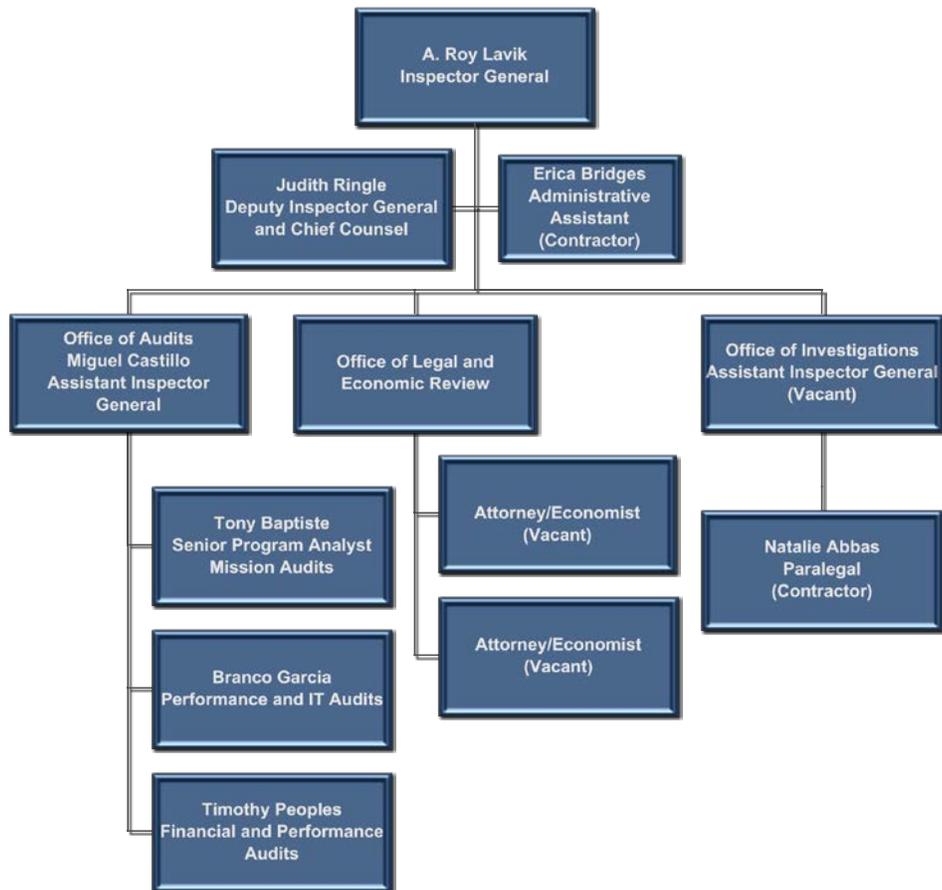
<sup>18</sup> 5 U.S.C. App. §§ 8G(c), 8G(e)(1).

CFTC OIG conducts audits engagement in accordance with the *Generally Accepted Government Auditing Standards* ([GAGAS](#)) issued by the Government Accountability Office (GAO). OIG conducts inspections, evaluations, and other covered products in accordance with the [Quality Standards for Inspection and Evaluation](#) issued by the CIGIE. OIG investigations are performed in accordance with the [Quality Standards for Investigations](#) issued by the CIGIE.

## CFTC OIG RESOURCES

CFTC OIG maintains an Office of Audits, Office of Investigations, and Office of Legal and Economic Review (OLER). At the end of the reporting period, the CFTC OIG consisted of nine FTEs (including three vacancies).

Our organizational chart follows with OIG staff as of March 31, 2020 (vacant positions are noted):



At the end of the reporting period we were in the process of backfilling the OLER Attorney/Economists, which will restore OLER to 2017 staffing levels.

Our webpage is located at <https://www.cftc.gov/About/OfficeoftheInspectorGeneral/index.htm>.

## OIG INDEPENDENCE

OIG operates independently of the Agency and has not experienced any interference from the CFTC Chairman or Commissioners in connection with the conduct of any investigation, inspection, evaluation, review, or audit. Our investigations have been pursued regardless of the rank or party affiliation of the target. OIG also has conducted audits, inspections, evaluations, and reviews without interference where it has perceived the opportunity to recommend improvement to futures regulation efforts, again without regard to the party affiliation of any Chairman or Commissioner.<sup>19</sup>

### REQUIRED STATEMENT REGARDING INFORMATION ACCESS AND ASSISTANCE

No reports were made to the Agency head under section 6(b)(2) concerning information or assistance unreasonably refused or not provided (mandated under section 5(a)(5) of the Act).

During the semimanual reporting period, there were no direct or intentional attempts by CFTC to interfere with Inspector General independence through:

Type	Number	Explanation
Budget constraints	0	N/A
Resistance to oversight	0	N/A
Delayed information access	0	N/A
Other	0	N/A

Two situations arose that have the potential to impact OIG independence in the future:

### Inspector General Pay

During the prior reporting period, staff in the CFTC Office of Human Resources (OHR) verbally notified us that, beginning in 2016, the IG's pay was not calculated in accord with an IG

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<sup>19</sup> The Inspector General Act of 1978, as amended, states: “[T]he head of the designated Federal entity shall not prevent or prohibit the Inspector General from initiating, carrying out, or completing any audit or investigation....” 5 U.S.C. App. 3 § 8G(d)(1).

pay policy established following passage of the IG Reform Act of 2008.<sup>20</sup> OHR staff stated that the correct pay would be calculated, and stated we would be informed of future developments. This issue was pending at the start of this reporting period. During the reporting period agency management and staff briefed the OIG on the matter with satisfactory result.

## AUDIT OPERATIONS

### COMPLETED AUDITS, INSPECTIONS, EVALUATIONS, AUDIT REVIEWS, AND OTHER AUDIT PROJECTS

#### *Information Technology Management and Security*

#### **Federal Information Security Management Act Review: FY 2019**

The objective of this review was to evaluate CFTC’s information security program and practices as required by FISMA. This report is not made public. As part of this audit we performed:

- Cyber Testing: Market Data Transmission – We contracted independent information security professionals to evaluate CFTC practices for transmitting sensitive market data. The scope of testing was limited to FTP servers, email servers, mobile devices, and the CFTC portal.

We rated CFTC’s IT security program as “Effective” for FY2019. Our rating is consistent with the contracted cyber security specialists’ conclusion that CFTC’s security controls protecting the confidentiality and integrity of sensitive market data during transmission is healthy. To optimize its information security program, we recommended that CFTC:

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<sup>20</sup> Section 4(b) of the IG Reform Act of 2008, PL 110-409 (Oct. 14, 2008), sets pay for IGs at the “designated federal entities,” including the Commodity Futures Trading Commission, as follows:

Notwithstanding any other provision of law, the Inspector General of each designated Federal entity (as those terms are defined under section 8G of the Inspector General Act of 1978 (5 U.S.C. App.)) shall, for pay and all other purposes, be classified at a grade, level, or rank designation, as the case may be, at or above those of a majority of the senior level executives of that designated Federal entity (such as a General Counsel, Chief Information Officer, Chief Financial Officer, Chief Human Capital Officer, or Chief Acquisition Officer). The pay of an Inspector General of a designated Federal entity (as those terms are defined under section 8G of the Inspector General Act of 1978 (5 U.S.C. App.)) shall be not less than the average total compensation (including bonuses) of the senior level executives of that designated Federal entity calculated on an annual basis.

Section 5 of the IG Reform Act removes all authority to award additional compensation to the Inspectors General for performance awards and bonuses.

- Develop periodic functional data restore tests and schedule taking into account business system criticality; and
- Remediate two penetration test vulnerabilities identified as “High” by contracted cyber security specialists; remediate four identified as “Medium” and consider “Low” vulnerabilities for action.

Management disagreed with the classification of “high” vulnerabilities but nevertheless agreed to enhance its security posture. This report is not made public.

### *Financial*

#### **Audit of the CFTC’s FY 2019 Annual Financial Report ([AFR](#))**

The objective of this Congressionally mandated audit<sup>21</sup> was to render an opinion on the agency financial report (financial statements) in accordance with *Generally Accepted Government Auditing Standards* ([GAGAS](#)). We contracted Allmond & Company, LLC (Allmond & Co.) to audit the financial statements of the CFTC as of September 30, 2019, and for the year then ended, to report on internal control over financial reporting and compliance with laws and regulations. In its audit, Allmond & Co. found:

- The financial statements were fairly presented, in all material respects, in conformity with U.S. Generally Accepted Accounting Principles;
- No deficiencies in internal control over financial reporting that are considered to be material or significant;
- One reportable instance of noncompliance (and potential Anti-Deficiency) from FY 2018 that remained open, pending completion of an internal management review; and
- One item pertaining to information security training.

#### **Audit of the CFTC’s FY 2019 Customer Protection Fund ([CPF](#))**

The objective of this Congressionally mandated audit<sup>22</sup> was to render an opinion on the CFTC Customer Protection Fund FY 2019 financial statements in accordance with [GAGAS](#). We contracted Allmond & Company, LLC (Allmond & Co.) to audit the financial statements of the Fund as of September 30, 2019, and for the year then ended, to provide negative assurance on internal control and compliance with laws and regulations for financial reporting. In its audit of the Fund, Allmond & Co. found:

- The financial statements were fairly presented, in all material respects, in conformity with U.S. Generally Accepted Accounting Principles.

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<sup>21</sup> See [fn. 3](#).

<sup>22</sup> P.L. 111-203, § 748, 124 Stat. 739 (2010).

## **Performance Audit: CFTC’s Compliance with the Digital Accountability and Transparency Act (DATA Act) of 2014 ([FY 2019 Quarter 1](#))**

The Digital Accountability and Transparency Act 2014 (DATA Act)<sup>23</sup> requires Federal agencies to report financial and award data in accordance with the established Government-wide financial data standards. Agency Inspectors General are required to assess the completeness, timeliness, quality, and accuracy of data reported and the agency’s compliance with Government-wide financial data standards.

We determined that the CFTC’s Financial Management Branch (FMB) prepared and submitted FY2019 Q1 data to Treasury DATA Act broker as required. This is true for CFTC generated files known as files A, B, C, and D1, which contained summary and detailed spending data. These files were also submitted and certified timely by CFTC’s Senior Accountable Official (SAO).

In addition, with regard to internal control analysis, our evaluation of files A and B, and detail sample testing of files C and D1, identified no concerns with the data’s overall quality. As such, we determined the CFTC’s submission of FY 2019 Q1 data was of “HIGHER” quality as measured by the Council of the Inspector Generals on Integrity and Efficiency (CIGIE) Federal Audit Executive Committee (FAEC) Inspectors General Guide to Compliance under the DATA Act evaluation guide (IG Guide). More specifically, sample results showed that error rates for completeness, timeliness, and accuracy are less than 3 percent with 95 percent confidence level.

We acknowledge FMB’s use of a third party service provider, Department of Transportation (DoT) Enterprise Services Center (ESC) and its rigorous internal controls and reconciliations contributed to the high quality of CFTC’s data submission. Thus, we made no recommendations. Management concurred with the report contents.

*Other*

### **Council of Inspectors General on Financial Oversight (CIGFO)**

The Dodd-Frank Act created the Financial Stability Oversight Council (FSOC),<sup>24</sup> as well as the Council of Inspectors General on Financial Oversight (CIGFO).<sup>25</sup> CIGFO is charged with evaluating the effectiveness and internal operations of FSOC. For FY 2019 CIGFO assessed FSOC’s compliance with the *Cybersecurity Information Sharing Act of 2015*. The [survey report](#) is dated January 15, 2020 and is posted on the U.S. Department of the Treasury CIGFO website.

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<sup>23</sup> P.L. 113-101, 128 Stat. 1146 (2014).

<sup>24</sup> See [fn. 6](#).

<sup>25</sup> See [fn. 7](#).

## ONGOING AUDITS, INSPECTIONS, EVALUATIONS, AUDIT REVIEWS, AND OTHER AUDIT PROJECTS

### *Financial*

#### **Audit of the CFTC’s FY 2020 Annual Financial Report**

The objective of this Congressionally mandated audit<sup>26</sup> is to render an opinion on the agency financial report (financial statements) in accordance with [Generally Accepted Government Auditing Standards](#) (GAGAS).

#### **Audit of the CFTC’s FY 2020 Customer Protection Fund**

The objective of this Congressionally mandated audit<sup>27</sup> is to render an opinion on customer protection fund financial statements in accordance with [GAGAS](#).

### *Information Technology Management and Security*

#### **Federal Information Security Management Act<sup>28</sup> Review: FY 2020**

The objective of this audit is to determine CFTC’s compliance with select information security controls prescribed by the National Institute of Standards and Technology (NIST) and as outlined by the Inspector General Federal Information Security Modernization Act of 2014 (FISMA) Reporting Metrics. This year’s scope will include a concentrated assessment of New York servers given loss of data and unavailability incidents, order book cloud controls given market data sensitivity, active directory management given varied computing environments, and follow-up to FY 2019 ICSM findings. We have contracted information security professionals to assist us with these three areas of focus.

#### **CFTC’s Policies and Procedures Regarding Oversight of Cybersecurity Safeguard by Registrants**

The CFTC Office of Inspector General (OIG) evaluated the Commission’s policies and procedures for reviewing registrants’ cybersecurity policies in 2016. At that time, the CFTC Rules on System Safeguards Testing Requirements were not final. While the rule became effective on September 19, 2016, the compliance dates were section specific with the last compliance date being September 19, 2017. We contracted an independent public accountant (IPA) to conduct a performance audit of CFTC policies and procedures to determine their level of cybersecurity safeguard oversight over the registrants in their market. This audit will be conducted in accordance with Government Auditing Standards (2018 revision), also known as the “Yellow Book.” The scope of this audit will cover the registrants’ practices since the issuance of CFTC Rule 39.18.

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<sup>26</sup> See [fn. 4](#).

<sup>27</sup> See [fn. 5](#).

<sup>28</sup> See [fn. 7](#).

AUDIT REPORTS AND REVIEWS OVER SIX MONTHS OLD; REQUIRED STATEMENTS

**Required Statements Regarding Commission Response Exceeding 60 Days, and Regarding Management Decisions Not Made**

There were no audit reports issued during the reporting period lacking Commission response within 60 days, and no instances of an audit report issued before the commencement of the reporting period for which a management decision had not been made by the end of the reporting period.

**Required Statements Regarding Revised Management Decisions, and Regarding Inspector General Disagreement**

No management decisions were revised during the reporting period, and the Inspector General did not disagree with any management decisions on OIG audit recommendations during the reporting period.

**Required Statements Regarding Significant Recommendations that have not been Completed; and Audit Reports for which there are any Outstanding Unimplemented Recommendations, Including Aggregate Potential Cost Savings**

There were no audit reports over six months old where the recommendation for corrective action had not been completed. They are relayed in the two tables that follow, with explanatory text. In addition, we note a new recommendation stemming from a recent GAO report.

*Table 1: Unimplemented Recommendations*

Fiscal Year	Number of Reports with Unimplemented Recommendations	Number of Unimplemented Recommendations	Dollar Value of Aggregate Potential Cost Savings	No Comment Returned w/in 60 days
2019	2	3	0	0
2018	0	0	0	0
Totals	2	3	0	0

*Table 2: Detail of Unimplemented Recommendations*

Fiscal Year	Audit Report	Unimplemented Recommendations
2019	<a href="#">Federal Information Security Management Act<sup>29</sup> Review: FY 2019</a>	<ul style="list-style-type: none"> <li>• Develop periodic functional data restore tests and schedules taking into account business system criticality;* and</li> <li>• Take action on FY 2019 penetration test vulnerabilities identified as “High” and “Medium”, and consider “Low” vulnerabilities. Target date is September 30, 2020.</li> </ul>
2019	<a href="#">CFTC Financial Statements Audit: Fiscal Year (FY) 2018</a>	<ul style="list-style-type: none"> <li>• Complete an investigation into a potential Anti-deficiency Act (ADA) violation noted and make any required reports.* Target is July 30, 2020.</li> </ul>

- \* Specifically, the FY2018 CFTC financial statement audit identified a pending CFTC management review that might disclose an ADA violation. In FY2014, CFTC did not freeze the pay of certain senior officials pursuant to an FY 2014 government wide appropriation provision that has remained in each subsequent appropriation including the FY 2018 appropriation. Management concurred with the recommendation, and has set a target date of July 31, 2020, to address the issue. If an ADA violation is found, CFTC must report it to the President and to Congress, while transmitting a copy of the report to the Comptroller General. 31 U.S.C. § 1351.
- \* As it pertains to the FISMA 2019 audit recommendations, management plans to further enhance its security posture by elevating its attention to backup and restore activities and plans to assess and implement appropriate corrective actions for the vulnerabilities identified.

## INVESTIGATIVE OPERATIONS

### SUMMARY

There were 14 open matters – three investigations, eight preliminary investigations, and three allegations – pending at the start of the reporting period. Some had been pending since FY 2017. Eliminating this backlog was our priority for this reporting period, and we were largely successful. Here is a summary of our investigative activity:

- Closed the three investigations pending at the close of the prior reporting period

<sup>29</sup> See [fn. 2](#).

- Closed seven of eight preliminary investigations pending at the close of the prior reporting period
- Merged one preliminary investigation pending at the close of the prior reporting period with an allegation pending at the close of the prior reporting period for further development (which was still pending at the close of this reporting period)
- Made no progress on two additional allegations pending at the close of the prior reporting period
- Received 44 new allegations through the OIG email hotline (36), OIG phone hotline (1), by mail (1), by other OIG phone (2), or in person (4), addressed as follows:
  - Referred 27 allegations to the CFTC Division of Enforcement
  - Referred two allegations to another entity for possible investigation
  - Referred three general inquiries or allegations of minor management issues to be answered or addressed by CFTC staff or management (with no further complaints received)
  - Answered one general question received through the allegations email hotline
  - Held 11 allegations open for consideration in FY2020, pending further development by OIG or receipt of additional information or similar allegations

At the close of this reporting period there remained no open investigations and 14 open allegations, which included three pending from the close of the prior reporting period.

## CLOSED INVESTIGATIONS

We closed three investigations and seven preliminary investigations. The closed investigations follow:

### **17-I-A Investigation into Possible Unauthorized Outside Activity, Time and Attendance Fraud, Misuse of Title, and Misuse of CFTC Equipment by a CFTC Employee**

In December 2019 we completed an investigation (begun in FY2017) into allegations that a CFTC employee performed volunteer work possibly without permission to engage in the outside activity, possibly in violation of rules prohibiting misuse of official time and equipment, and possibly in violation of the prohibition against misuse of position or title. Interviews with CFTC staff and management coupled with our review of financial disclosure forms and other forms completed by the target during the relevant period established that the outside activity was authorized. We were able to estimate that approximately 16% of the employees “digital footprint” at CFTC (including email, documents, and other matter stored electronically) pertained to the volunteer work; however, each supervisor with responsibility for the employee’s work product stated on the record that the employee was a high performer and put in his hours for CFTC, often working overtime. Reviewing over 500,000 items in the employee’s digital footprint demonstrated that, while the @cftc.gov email address was used, the employee’s position/title was used very rarely and only for purely biographical purposes in situations where others were giving biographies (i.e, certain public meetings associated with the volunteer work).

While the 16% figure was disturbing, no CFTC personnel with responsibility for systems could verify for us that this usage would meet the criteria for impermissible personal use at

CFTC. CFTC permits personal use of equipment so long as it “does not interfere with the mission or operations of the CFTC, and incurs negligible additional expense to the Government.” We therefore declined to find that the employee’s use of CFTC equipment was violative. We suggested that it would be beneficial for CFTC to publish a volunteer and pro bono policy that, among other things, sets out the limits of permissible use of CFTC equipment and systems for such work, and provides recognition to volunteers. In February 2020, CFTC announced a new pro bono legal services policy; however, other volunteer services were not covered. We provided our report of investigation to the Commission in December 2019.

### **18-I-08 Investigation into Allegations that a Contractor was Fired Solely for Acting as a Whistleblower**

In January 2020 we completed an investigation (begun in FY2018) into allegations that a contractor was fired solely for acting as a whistleblower. Presuming that the contractor was a whistleblower we nevertheless concluded, based on interviews with other contractors and with CFTC staff and management, that the relevant Contracting Officer Representative (COR)<sup>30</sup> brought misconduct by the contractor to the attention of the relevant Contracting Officer (CO),<sup>31</sup> who thereafter brought it to the attention of the contractor’s supervisor (i.e., the contract corporate entity). Removal of the contractor by the contract corporate entity followed. It appears the CO was not aware that the contractor was a whistleblower. Regardless, it is clear from numerous interviews that the contractor was reported to the corporate entity solely for misconduct and not due to whistleblowing activity. We do not know if the contractor was shifted to other work or if he was let go, nor do we know if any other issues pertaining to this contractor were involved at the level of the contract corporate entity. In this circumstance, we could not conclude that the contractor was terminated because he was a whistleblower.

We note that our policy of investigating and making appropriate recommendations regarding retaliation against contractors who blow the whistle goes beyond what the law may require. In an earlier report of investigation we recognized:

Actions of a retaliatory nature impair the integrity, economy, and efficiency of CFTC’s programs and operations. We therefore take a broad view of whistleblowing and retaliation, and we do not limit our analysis to the explicit statutory prohibitions contained in the Whistleblower Protection Act of 1989 and the National Defense Authorization Act of 2013. The fact that the Contractor’s whistleblowing may not fall under the protection of those statutes, despite deserving such protection, suggests the potential for further Congressional action to protect those who raise bona fide complaints of wrongdoing.<sup>32</sup>

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<sup>30</sup> The COR is appointed by the Contracting Officer (CO) and derives his/her authority solely from the Contracting Officer. The COR has primary responsibility for technical monitoring and administration of a contract and serves as the “eyes and ears” of the CO and the Commission.

<sup>31</sup> CFTC’s internal guidance states that CFTC COs are responsible for awarding contracts, selecting awardees, contracting effectively, complying with legal requirements, administering contracts, delegating COR authority, and ensuring fairness.

<sup>32</sup> CFTC OIG, *Investigation into a Potential Information Technology Security Incident* (June 27, 2016), page 10-11, available at [https://www.cftc.gov/sites/default/files/2018-05/oig\\_itsecurity\\_113016.pdf](https://www.cftc.gov/sites/default/files/2018-05/oig_itsecurity_113016.pdf) at page 10-12 (citations omitted).

Due to the minor nature of this investigation, we determined to forgo a formal report of investigation to the Commission in favor of notification through this semiannual report.

### **19-I-01 Investigation into Missing CFTC Information Technology Equipment**

In March 2020 we completed an investigation (begun in FY2019) into missing information technology (IT) equipment. Upon receiving the allegation in FY2019, we decided initially it would be beneficial to perform a review of CFTC controls for laptop accountability (safeguarding assets), and to conduct an investigation thereafter if the facts indicated theft.<sup>33</sup> We limited our review to recordkeeping controls as applied to 34 Dell E7450 laptops, all purchased in September 2015. Our report uncovered some potential problems with current processes for tracking IT equipment, and recommended improvements.<sup>34</sup>

Due to the lapse of time between the discovery of the missing assets and the dates of prior inventories (leaving significant periods during which equipment may have been stolen); outdated policies, procedures, and recordkeeping systems for IT equipment; and the unavailability of relevant storage room access records, we were unfortunately unable to develop leads or discover whether the equipment was stolen, lost, or assigned (or surplussed) without proper documentation.

During our fieldwork, CFTC undertook a 100% inventory of all IT assets (their efforts were ongoing at the close of this reporting period) and implemented a new tracking system for IT assets. While we have not formally evaluated CFTC's new processes for equipment tracking and therefore cannot make any pronouncement regarding its efficacy, we have a great deal of respect for CFTC's recent efforts. We issued this report of investigation to the Commission in March 2020.

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<sup>33</sup> Similar reviews have been performed by other IGs to address unaccounted IT, firearm, and other sensitive assets. See, Dept. of Homeland Security OIG, *DHS' Controls Over Firearms and Other Sensitive Assets*, Oct. 25, 2017 ("Between fiscal years 2014 and 2016, [DHS] personnel lost ... 228 firearms; 1,889 badges; and 25 secure immigration stamps"); Treasury Inspector General for Tax Administration, Report # 2018-20-041, *Management Controls Should Be Strengthened to Improve Hardware Asset Inventory Reliability*, July 13, 2018 (23,573 unverified and missing hardware assets documented in FY2017); National Credit Union Administration OIG, OIG-19-05, *Audit of the NCUA's Information Technology Equipment Inventory* (Mar. 28, 2019) ("25 percent of the NCUA's inventory records did not match to items on hand"). None of the reports opined that theft was suspected; however, the NCUA OIG report stated, "[W]e believe that the risk for fraud within the NCUA's inventory systems was high due to an ineffective internal control environment and therefore make no judgments as to its existence." All three reports recommended, among other things, improved controls.

<sup>34</sup> See CFTC OIG, *Briefing Report: Unaccounted Laptops* (May 13, 2019), available here: <https://www.cftc.gov/About/OfficeoftheInspectorGeneral/index.htm> under "Audit Reviews."

## CLOSED PRELIMINARY INVESTIGATIONS

We closed seven preliminary investigations without finding evidence sufficient to warrant further inquiry. Some had been pending since FY2017.

### FY2017

- 17-I-10a, 17-I-10b, and 17-I-12 involved single allegations of time and attendance misconduct by three CFTC employees (two in the same office, thus 17-I-10 was opened to include both). Since FY2017, one of the employees had separated from CFTC, another had been detailed outside of CFTC, and the supervisory structure had changed for the third employee. After consultation with the sources where available, and in the absence of any other complaints involving these three individuals during the intervening years, we determined to close these two files without further investigation.

### FY 2018

- 18-I-05 – This preliminary investigation was opened to address potential allegations that a contractor who was a potential subject in a federal investigation unrelated to CFTC activities might have used CFTC equipment in furtherance of the unrelated alleged criminal activity. Our review of the contractor's activities indicated no CFTC involvement and, in coordination with the Department of Justice, we closed our file. The contractor has separated from CFTC.
- 18-I-09 – During field work for our FY 2018 audit titled *[Review of CFTC's Data Governance Program: Integrated Surveillance System](#)* (18-AU-07), the audit team obtained usage statistics for the Integrated Surveillance System (ISS) by CFTC employees and contractors.<sup>35</sup> The usage statistics, generated around August 2018, indicated that one contractor was accessing ISS at odd hours and for long periods of time (in 2017 and 2018). We opened a preliminary investigation in FY2018 to ascertain whether the contractor's access was inappropriate or illegal. The contractor separated from CFTC while the preliminary investigation was pending. In light of the contractor's departure, and in light of the fact we received from CFTC staff and management no allegations of misuse of the ISS at any time (or of any other misconduct) with regard to this contractor, we closed this file.

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<sup>35</sup> *Review of CFTC's Data Governance Program: Integrated Surveillance System* (18-AU-07) is available here: [https://www.cftc.gov/media/2076/OIG\\_CFTCDataGovernanceISS/download](https://www.cftc.gov/media/2076/OIG_CFTCDataGovernanceISS/download).

FY 2019

- 19-I-04 – This preliminary investigation consisted of one allegation received from a contractor. The contractor claimed he had been discriminated against on the basis of his disability. An attempt to obtain detail from the complainant was fruitless and the contractor had since separated. We closed our file.
- 19-I-05 – This preliminary investigation consisted of one allegation received in April 2019 regarding the treatment of a futures investment in connection with an ongoing Enforcement proceeding. The individual also reached out to the Division of Enforcement, which we believed to be the appropriate office to address the matter. As a policy OIG will not engage in investigative activity that could directly impact ongoing federal litigation if the issue at hand may be addressed through the litigation, which was the case here. We closed our file.
- 19-I-06 – This preliminary investigation consisted of one complaint regarding the length of time an appeal from a determination under the CFTC Whistleblower program was taking.<sup>36</sup> While certainly addressing inappropriate time periods for CFTC to address matters arising under the Commodity Exchange Act would be appropriate for an OIG, as a policy OIG will not engage in investigative activity that could directly impact ongoing federal litigation. The overarching issue – whether the length of time to resolve appeals from CFTC Whistleblower Orders is excessive – will be retained for possible treatment as an inspection/evaluation or audit. At this time we have received only one complaint regarding appeal times.

We note that, for the seven closed preliminary investigations, we received no further allegations other than the single allegation that motivated each preliminary investigation by OIG. Please know that OIG retains all investigation, preliminary investigation, and allegation files for a period of 10 years; therefore, if additional information or allegations are received in the future, a closed matter can be reopened.

The eighth preliminary investigation pending at the close of the prior reporting period was merged with an allegation (also pending at the close of the prior reporting period); they are similar in nature and will be developed together. Both were received during FY2019.

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<sup>36</sup> The CFTC's Whistleblower Program provides monetary incentives to individuals who report possible violations of the Commodity Exchange Act that lead to a successful enforcement action, as well as privacy, confidentiality, and anti-retaliation protections for whistleblowers. More information may be found here: <https://www.whistleblower.gov/>.

## ONGOING INVESTIGATIVE MATTERS AND REQUIRED DISCLOSURES

All open investigations and preliminary investigations are confidential, as are the content of incoming allegations. It is the policy of CFTC OIG to not disclose details regarding open investigations absent good cause; if an ongoing investigation is disclosed to the public it will be listed here.

The Office of Investigations currently has no open investigations or preliminary investigations, and has 14 open allegations under development. Three of the 14 were pending at the close of the prior reporting period (one of which now includes a merged preliminary investigation pending at the close of the prior reporting period). The remaining ten allegations were received during this reporting period (some are duplicative, and may be from the same source). Our priority during the next reporting period will be to develop these allegations (barring intervening investigative matters requiring attention).

*Table 3: Investigative Statistics for Referrals and Whistleblower Retaliation*

October 1, 2019 – March 31, 2020		
A.	Completed investigations and preliminary investigations	11
B.	Referrals to prosecuting authorities for criminal prosecution	0
C.	Indictments from prior referrals	0
D.	Whistleblower retaliation findings	0

We compiled these statistics from a review of our digital files.

It is our practice to discuss potentially criminal investigations early with an Assistant United States Attorney (AUSA) to ensure matters of interest are coordinated from the outset. While we engaged with AUSAs during the reporting period as necessary to complete our work, no formal referrals for prosecution were made.

There were no findings of whistleblower retaliation during this reporting period. There were no reports of investigation involving a senior Government employee where allegations of misconduct were substantiated.

## INDEPENDENT STUDY

### Review of Policies and Procedures for Calculating Overhead

We engaged an independent organization to conduct a study of CFTC overhead with the following objectives:

- Evaluate CFTC overhead policies, procedures, and practices, and
- Identify best practices and opportunities for maximizing mission resources.

Included in the scope of the study will be the CFTC's overhead calculation methodologies for purposes of budget submissions (FY 2015 through FY 2019), a comparison of the calculation methodologies to similar federal or private entities (normalized based on budget object class), and best practices for managing overhead. As of the date of this semiannual report, management was provided an opportunity to comment on our draft report.

## LEGAL AND ECONOMIC REVIEW

There were no Office of Legal and Economic Review projects pending at the start of this reporting period. Due to a staff turnover, there were no completed projects and no new projects begun. We plan not only to replace an employee who separated during the prior reporting period, we also plan to add an additional attorney with a background in law and in economics, in order to restore OLER legal staff to 2017 levels. We began a recruitment process during this reporting period which was nearing completion at the close of this reporting period.

## LEGISLATIVE and REGULATORY PROJECTS

### 1. Introduction and Summary

As specified in Section 4(a)(2) of the Inspector General Act of 1978,<sup>37</sup> the Office of Legal and Economic Review within OIG reviews the impact of existing and proposed legislation and regulations on CFTC programs and operations and makes recommendations regarding more effective or efficient alternatives or protections against fraud and abuse. OIG also reviews exchange rule proposals circulated to senior staff at the CFTC.

OIG notifies the responsible Divisions as to any concerns with draft and final documents relating to legislation, rules or investigations. Formal comments were not submitted to the Commission during this reporting period.

### 2. Legislative Activities

OIG reviews legislation impacting programs and operations of the CFTC, and makes contact with Congressional staff concerning various Agency and IG issues as appropriate. This work is performed by the Office of Legal and Economic Review within OIG. The IG serves on the legislation committee for the Council of Inspectors General on Integrity and Efficiency, which comments on proposed amendments to the IG Act and other legislation affecting the IG community. No formal projects were undertaken during this reporting period.

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<sup>37</sup> 5 USC App. § 4(a)(2).

## PEER REVIEWS

An important function in each Agency OIG is the peer review process. [Government Auditing Standards](#) (GAS) require that audit organizations conducting audits of Federal agencies undergo peer reviews every three years. The IG community has implemented a process to meet this requirement and, in accordance with GAS and CIGIE peer review quality control and assurance standards, an OIG audit team assesses other OIGs' audit functions. The purpose of the peer review is to determine whether the reviewed audit organization's internal quality control systems are adequate and provide reasonable assurance that applicable auditing standards, policies and procedures are met. We are required to include in each OIG semiannual report:

- The results of any peer review conducted by another Office of Inspector General during the reporting period; or if no peer review was conducted within that reporting period, a statement identifying the date of the last peer review conducted by another Office of Inspector General;
- A list of any outstanding recommendations from any peer review conducted by another Office of Inspector General that have not been fully implemented, including a statement describing the status of the implementation and why implementation is not complete; and
- A list of any peer reviews conducted by the Inspector General of another Office of the Inspector General during the reporting period, including a list of any outstanding recommendations made from any previous peer review (including any peer review conducted before the reporting period) that remain outstanding or have not been fully implemented.

The required information follows:

### **Peer Review Report of CFTC OIG Audit Function**

The Federal Maritime Commission, Office of the Inspector General, reviewed the system of quality control for the CFTC OIG audit organization in effect for the year ending March 31, 2019. In their opinion, the system of quality control for the audit organization of CFTC has been suitably designed and complied with to provide CFTC with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. CFTC OIG received the highest external peer review rating of "pass."

Similarly, investigative peer reviews are conducted under CIGIE [standards](#) to ensure compliance with the requirements of the CIGIE [Quality Standards for Investigations](#) and to determine whether adequate internal safeguards and management procedures exist. Because it is a Designated Federal Entity Inspector General, the CFTC OIG is not required to undergo a peer review of its investigative function. CFTC OIG passed its last investigative peer review on [March 27, 2013](#).

## SUMMARY of FINAL REPORTS NOT MADE PUBLIC

During the reporting period, all audit reports and other audit products were issued in final and were made public (some with redaction). Reports of investigation were not made public, but are summarized in this report (beginning [page 18](#)).

## GAO LIAISON

OIG is charged with providing policy direction for, and conducting, supervising, and coordinating audits, investigations, and other projects relating to CFTC programs and operations. In addition, OIG is required to recommend policies for, and conduct, supervise, and coordinate with other federal agencies, state and local governmental agencies, and nongovernmental entities, audits, investigations, and evaluations regarding the economy, efficiency, and effectiveness of CFTC programs and operations.

GAO also conducts audits of CFTC activities, and OIG plans its audits, inspections, evaluations, reviews, and investigations so as not to duplicate GAO's efforts. Moreover, OIG in its audit activities identifies the goals of each audit and the methods of reaching the goals so as to minimize the requirements placed on CFTC resources.

## STRATEGIC PLAN for the OFFICE of INSPECTOR GENERAL

### MISSION, VISION, AND VALUES

#### **Mission**

Our mission is to promote integrity, efficiency, and effectiveness by promoting for continuous improvement in our agencies' management and program operations of the CFTC. To accomplish our mission we:

- Conduct independent and objective audits, reviews, and other types of engagements of the CFTC programs and operations;
- Conduct independent and objective investigations of potential criminal, civil, and administrative violations that could undermine the ability of the CFTC perform its mandated mission;
- Conduct independent and objective reviews of regulatory economic laws under the jurisdiction of the CFTC programs and operations;

- Identify maturity challenges in IT programs and make attainable recommendations to further mature them;
- Prevent and detect fraud, waste and abuse in CFTC programs and operations;
- Communicate timely and efficiently with CFTC programs and operations stakeholders by providing quick responses with value added results; and
- Keep agency chairperson, commissioners and Congress fully and currently informed of significant issues and developments.

### **Vision Statement**

The OIG is an independent, professional organization that contributes to the success of the CFTC through audits, investigations, economic analysis, and other activities, and thereby acts as a champion for positive change in the CFTC’s programs and operations.

### **Values Statement**

We most value integrity, accuracy, accountability, and efficient communication. These values are fundamental to the accomplishment of our mission and our daily operations.

## STRATEGIC GOALS FOR THE COMING YEAR

### STRATEGIC GOAL 1: EVALUATE THE ECONOMIC IMPACT OF CFTC REGULATORY ACTIONS THROUGH LEGAL ANALYSIS, WHITE PAPERS, INSPECTIONS AND EVALUATIONS, MANAGEMENT REVIEWS, AND OTHER PRODUCTS

#### **Office of Legal and Economic Review (OLER): Legislative, Economic, and Regulatory Review Agenda**

OLER plans to continue to identify and explore areas where OIG legal and/or economic review might aid the CFTC in improving the economy and efficiency of its programs. OLER products may include white papers, management reviews, legal opinion, and other products.<sup>38</sup> These efforts are particularly important since the CFTC is an economic regulatory agency. We plan to replace an attorney/economist who departed in August 2019, and to add an attorney; this will restore OLER legal staff to 2017 levels. We will continue to seek staff that possesses exceptional expertise in relevant law and economics.

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<sup>38</sup> As stated in the Inspector General Act, it is our duty and responsibility to continually review existing and proposed legislation and regulations relating to CFTC programs and operations, and to make recommendations concerning the impact of such legislation or regulations on the economy and efficiency in the administration of such programs. 5 U.S.C. App. § 4(a)(2) (made applicable to the designated federal entity IGs at 5 U.S.C. App. §8G(g)).

## STRATEGIC GOAL 2: ADDRESS HIGH IMPACT ISSUES IN CFTC ADMINISTRATIVE AND MISSION PERFORMANCE

### Office of Audits: Audit and Review Agenda

#### A. Introduction

The primary objectives of OIG's audit and review agenda are to promote long-term efficiency and effectiveness in the administration and operation of the Commission and to protect against fraud and abuse. The agenda and priorities for OIG are determined based on the following factors:

- Adequacy of internal control systems as indicated by vulnerability assessments and internal control reviews recommended by OMB Circular A-123;
- Changes in the program conditions or particular vulnerability of the organization, program, activity, or function to problems or deficiencies;
- Current and potential dollar magnitude and likely benefits of a review on the efficiency or effectiveness of CFTC programs and operations;
- Management priorities and improvements that may be possible;
- Results of audits of CFTC programs and operations by other federal agencies; and
- Availability of audit resources and the potential opportunity costs to the agency.

B. Annual Audits. The following required audits are performed on an annual basis.

#### Audit of CFTC Financial Statements

In FY 2002, Congress passed the Accountability of Tax Dollars Act.<sup>39</sup> The Act requires the CFTC, along with numerous other Federal entities, to have its financial statements audited annually. To this end, OIG has engaged a contractor to provide the audit effort required to enable the contractor to render an opinion on the Agency's financial statements for each fiscal year in accordance with generally accepted auditing standards, [Government Auditing Standards](#) and OMB Bulletin 19-01.

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<sup>39</sup> See [fn. 3](#).

## Audit of the CFTC Customer Protection Fund

Section 748 of the Dodd-Frank Act<sup>40</sup> requires the Agency to submit to Congress a yearly report on the Commission's whistleblower award program that includes a complete set of audited financial statements, including a balance sheet, income statement, and cash flow analysis. To this end, OIG has engaged a contractor to perform the audit.

C. Annual Reviews. OIG will perform the following reviews and evaluations annually.

### Inspector General's Assessment of the CFTC's Management Challenges

The Reports Consolidation Act of 2000<sup>41</sup> requires the Inspector General to summarize the most serious management and performance challenges facing the CFTC and to assess the Agency's progress in addressing those challenges.

### Review of Compliance with the Federal Managers' Financial Integrity Act, FMFIA<sup>42</sup>

In support of OMB Circular A-123, the Inspector General will evaluate, provide technical assistance and advise the Agency head as to whether the Agency's review and evaluation process was conducted in accordance with the circular's requirements.

### Evaluation of Compliance with Federal Information Security Management Act, FISMA

The Federal Information Security Management Act<sup>43</sup> requires the Inspector General or his designee to perform annual independent evaluations of the information security program and practices of the Agency. This compliance may also be performed through an audit.

D. Other Audits, Reviews, and Audit Projects; Data Analytics

OIG will focus the balance of its resources on the review of CFTC program and management operations (giving priority to activities relating to the most serious management challenges facing the CFTC), and compliance with Congressional mandates. Toward that end, OIG intends to increase the use of data analytics to enable audit operations. Data Analytics within the Office of Inspector General supports data services and analyses, and provides the competency to deliver short-turnaround projects that produce quick, valuable successes. Finally, OIG will stand ready to respond to issues and requests as they are received from Congress, the Agency, members of the public, or any other source.

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<sup>40</sup> See [fn. 4](#).

<sup>41</sup> P.L. 106-531, 114 Stat. 2537 (2000).

<sup>42</sup> P.L. 97-255, 96 Stat. 814 (1982).

<sup>43</sup> See [fn. 2](#).

### STRATEGIC GOAL 3: ADDRESS EMPLOYEE AND CONTRACTOR MISCONDUCT PROMPTLY, THOROUGHLY, AND RELIABLY

As a chain is only as strong as its weakest link, CFTC likewise depends on each and every employee and contractor to perform with competence, and to refrain from misconduct. CFTC OIG considers and investigates every credible allegation to ensure that CFTC employees and contractors uphold the public trust and perform their work with integrity and competence.

#### **Office of Investigations: Investigative Agenda**

The Inspector General Act of 1978, as amended, provides that the Inspector General may receive and investigate complaints or information from the Commission's employees concerning the possible existence of an activity constituting a violation of law, rules or regulations; or mismanagement, gross waste of funds, or abuse of authority; or a substantial and specific danger to the public health and safety.

CFTC is an independent regulator with a mission that does not involve grants, substantial contracts, or other benefits to administer, and is therefore less likely than some agencies to generate a substantial investigative workload. Historically, OIG has conducted only a reactive investigative program, chiefly relying on unsolicited complaints as the source of investigative leads. Allegations and complaints are received primarily from CFTC staff and management, CFTC ethics officials, the general public, and Congress. We also receive referrals from law enforcement officers at other agencies. Should further experience show areas at CFTC on which to focus proactively, we will consider establishing an investigative agenda.

To ensure that employee complaints easily reach OIG, we maintain a 24-hour hotline. The hotline phone number is (202) 418-5510. We also maintain an email address, [oig@cftc.gov](mailto:oig@cftc.gov).

#### RESOURCES REQUIRED

OIG estimates that approximately four staff years of effort will be devoted over each of the next five years to the annual audit, the annual review, and the annual evaluation described above. OIG estimates three staff years of effort will be devoted over each of the next five years to the investigative, and legal and economic (legislative and regulatory) review functions. OIG estimates two staff years for management, administrative, and outreach efforts. Because OIG resources can be diverted at any time to an investigation, audit, inspection, evaluation, review, or other project that responds to current concerns or allegations, and must be completed in a timely fashion in order to be of assistance to the Agency or Congress, it is not possible to forecast with complete accuracy how resources will be utilized from year to year.

## CONTACTING the OFFICE of the INSPECTOR GENERAL

OIG is located at 1155 21st Street, N.W., Washington, D.C. 20581. Regular business hours are between 8:30 AM and 5:00 PM, Monday through Friday, except federal holidays. Our general telephone number is (202)418-5110. Our facsimile number is (202)418-5522. The hotline email is [OIG@cftc.gov](mailto:OIG@cftc.gov). The hotline phone number is (202)418-5510. OIG's web page is located at <http://www.cftc.gov/About/OfficeoftheInspectorGeneral/index.htm>.

APPENDICES

**Appendix 1 – Reports Issued with Questioned Costs**

**October 1, 2019 – March 31, 2020**

	Number	Dollar Value <u>Thousands</u> Questioned	Unsupported
A. For which no management decision has been made by the commencement of the reporting period	0	0	0
B. Which were issued during the reporting period	0	0	0
<u>Subtotals (A + B)</u>	0	0	0
C. For which a management decision was made during the reporting period	0	0	0
(I) dollar value of disallowed costs	0	0	0
(ii) dollar value of costs not disallowed	0	0	0
D. For which no management decision has been made by the end of the reporting period	0	0	0

<b>Appendix 2 – Reports Issued with Recommendations That Funds Be Put To Better Use</b>
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**October 1, 2019 – March 31, 2020**

	<u>Number</u>	<u>Dollar Value Thousands</u>
A. For which no management decision has been made by the commencement of the reporting period	0	0
B. Which were issued during the reporting period	0	0
Subtotals (A + B)	0	0
C. For which a management decision was made during the reporting period	0	0
(i) dollar value of recommendations that were agreed to by management	0	0
(ii) dollar value of recommendations that were not agreed to by management	0	0
D. For which no management decision has been made by the end of the reporting period	0	0

## Appendix 3 - Index of IG Act Reporting Requirements

Section 4(a)(2)	Review of legislation and regulations.....	<a href="#">24</a>
Section 5(a)(1)	Significant problems, abuses and deficiencies.....	<a href="#">5-7</a>
Section 5(a)(2)	Recommendations with respect to significant problems.....	<a href="#">12-16</a>
Section 5(a)(3)	Significant recommendations that have not been completed.....	<a href="#">16</a>
Section 5(a)(4)	Matters referred to prosecutorial authorities.....	<a href="#">23</a>
Section 5(a)(5)	Summary of instances where information was refused .....	<a href="#">11</a>
Section 5(a)(6)	Completed audit reports.....	<a href="#">12</a>
Section 5(a)(7)	Significant audit reports.....	<a href="#">12</a>
Section 5(a)(8)	Statistical Table—Questioned Costs.....	<a href="#">32</a>
Section 5(a)(9)	Statistical Table—Funds Recommended for Better Use .....	<a href="#">33</a>
Section 5(a)(10)	Audit reports lacking management decision .....	<a href="#">16</a>
Section 5(a)(10)	Audit reports without Commission response after 60 days.....	<a href="#">16</a>
Section 5(a)(10)	Audit reports for which there are any outstanding unimplemented recommendations, including the aggregate potential cost savings .....	<a href="#">16</a>
Section 5(a)(11)	Significant revised management decisions .....	<a href="#">16</a>
Section 5(a)(12)	Significant management decisions where the IG disagrees.....	<a href="#">16</a>
Section 5(a)(13)	Information described under § 804(b) of the Federal Financial Management Improvement Act of 1996 .....	N/A
Section 5(a)(14)-(16)	Peer Review information .....	<a href="#">25</a>
Section 5(a)(17)	Statistical tables for investigations.....	<a href="#">23</a>
Section 5(a)(18)	Description of metrics used to develop the statistical tables for investigations.....	<a href="#">23</a>
Section 5(a)(19)	Report on each investigation involving a senior Government employee where allegations of misconduct were substantiated .....	<a href="#">23</a>
Section 5(a)(20)	Whistleblower retaliation findings .....	<a href="#">23</a>
Section 5(a)(21)	Attempts to interfere with OIG independence .....	<a href="#">11</a>
Section 5(a)(22)	Summary of final reports not made public.....	<a href="#">26</a>
Section 6(b)(2)	Summary of reports to Chairman where assistance was refused.....	<a href="#">11</a>



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