

A night photograph of the Washington Monument and the U.S. Capitol building reflected in the water, with cherry blossoms in the foreground. The sky is a deep blue with some clouds, and the water is calm, reflecting the lights and the monument. The Washington Monument is the central focus, standing tall and illuminated. The U.S. Capitol building is visible to the right, also illuminated. The foreground shows the branches of cherry blossoms, some in bloom and some bare.

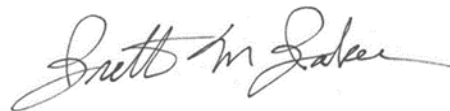
Semiannual Report to Congress
October 1, 2022 – March 31, 2023

MESSAGE FROM THE ACTING INSPECTOR GENERAL

On behalf of the Commodity Futures Trading Commission (CFTC) Office of Inspector General (OIG), I am pleased to present this Semiannual Report to the Congress covering the six-month period ending March 31, 2023. Our work reflects the legislative mandate of the Inspector General Act, which is to prevent and detect fraud, waste, and abuse through the conduct of audits, evaluations, and investigations relating to CFTC programs and operations. My appointment as Acting Inspector General began May 17, 2023. I am honored for the opportunity to lead the audit, investigative, legal and support staff who do this important oversight work, as well as the contractors who provide important assistance. I want to summarize the highlights of this report.

During the reporting period our Office completed three audits, and began or continued work on five audits, including one audit in collaboration with the Council of Inspectors General on Financial Oversight. There was one open recommendation at the close of the reporting period; this recommendation has been pending for more than six months due to the complexity of the recommendation. We continue to work closely with the agency to close out recommendations as corrective actions are implemented. We began the reporting period with six investigations pending, opened one additional investigation, and closed three investigations, ending the reporting period with four open investigations. We received 31 allegations during the reporting period, and four were under development at the close of the reporting period. The remaining 27 allegations were referred to the CFTC Division of Enforcement (22), closed due to inadequate evidence (4), and opened as the new investigation (1). Four inspections and evaluations (I&E) and two white papers were pending throughout the reporting period, due to staff departures. More information may be found in the audits, investigations, inspection and evaluations, and legal & economic review sections of our Semiannual Report.

CFTC OIG remains committed to helping the agency to maximize the integrity, efficiency, and effectiveness of CFTC programs and operations; our audits, investigations, and other activities demonstrate our ongoing commitment. Further, our success will not be possible without the collaborative efforts between the OIG, CFTC, and the Congress to promote effective stewardship of agency programs and operations. I look forward to establishing effective working relationships with the Commission and with Congress based on mutual trust and rooted in our commitment to our respective missions. I thank all parties for their dedication, and I look forward to leading the CFTC OIG as it embarks on a new chapter.



*Dr. Brett M. Baker
Acting Inspector General*

SEMIANNUAL REPORT
 OF THE U.S. COMMODITY FUTURES TRADING COMMISSION
 OFFICE OF THE INSPECTOR GENERAL
 October 1, 2022 – March 31, 2023

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EXECUTIVE SUMMARY

This semiannual report 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.¹ It summarizes OIG's activities and accomplishments for the period October 1, 2022, through March 31, 2023. During this period:

- The Office of Audits completed three audits in compliance with financial and information security requirements, with no significant issues noted. We continued work on two financial audits, one cybersecurity audit, one payment compliance follow-up review, and one audit in collaboration with CIGFO.
- We began the reporting period with six investigations pending, opened one additional investigation, and closed three investigations. We ended the reporting period with four open investigations.
- We began the reporting period with four pending Inspections and Evaluations (I&E). In the prior reporting period we issued one of the four in management draft form to the Commission, and management comments were pending with OIG at the close of the prior reporting period. During this reporting period we clarified the management draft, reissued it to management, and received a second round of comments, which were pending at the close of this reporting period. Staff departures in 2022 have impeded progress on I&Es, and we finished the reporting period with four pending I&E's.
- The Office of Legal and Economic Research suspended work due to the departure of two attorneys in 2022. We continued recruitment efforts during this reporting period. In order to better assure our independence, we have entered into an agreement with the Office of Personnel Management HR Solutions to assist our recruitment. During this reporting period, we brought in a consultant: Professor Craig Pirrong of the C.T. Bauer college of Business, University of Houston. Professor Pirrong brings a wealth of information and experience on the economics of commodity markets, the relation between market fundamentals and commodity price dynamics, and the implications of this relation for the pricing of commodity derivatives.

¹ P.L. 95-452, 92 Stat. 1101 (1978).

CFTC PROGRAMS and OPERATIONS

Established by statute as an independent agency in 1974, the CFTC assumed responsibilities previously belonging to the U.S. Department of Agriculture since the 1920s.² The mission of the CFTC is: “To promote the integrity, resilience, and vibrancy of the U.S. derivatives markets through sound regulation.”³ 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 crisis and the subsequent enactment of the Dodd-Frank Act, the CFTC’s mission expanded to include oversight of the swaps marketplace.⁴

The Commission consists of five Commissioners appointed by the President, with the advice and consent of the Senate, who 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.⁵ 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):⁶

- Division of Clearing and Risk (DCR)
- Division of Enforcement, including the Whistleblower Office (DOE)
- Division of Market Oversight (DMO)
- Market Participants Division (MPD)
- Division of Data (DOD)
- Office of the General Counsel (OGC)
- Division of Administration (DA)
- Office of the Chief Economist (OCE)
- Office of International Affairs (OIA)
- Office of Public Affairs (OPA)
- Office of Technology Innovation (OTI)
- Office of Legislative and Intergovernmental Affairs (OLIA)
- Office of Minority and Women Inclusion (OMWI)

² U.S. Commodity Futures Trading Commission, *Strategic Plan FY 2020-2024* (May 2020), page 4. All links in this paper were last tested on April 24, 2023.

³ Id., page 3.

⁴ Id., page 4.

⁵ 7 U.S.C. § 2(a)(2).

⁶ <https://www.cftc.gov/About/CFTCOrganization/index.htm>.

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 1978.⁷ 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.

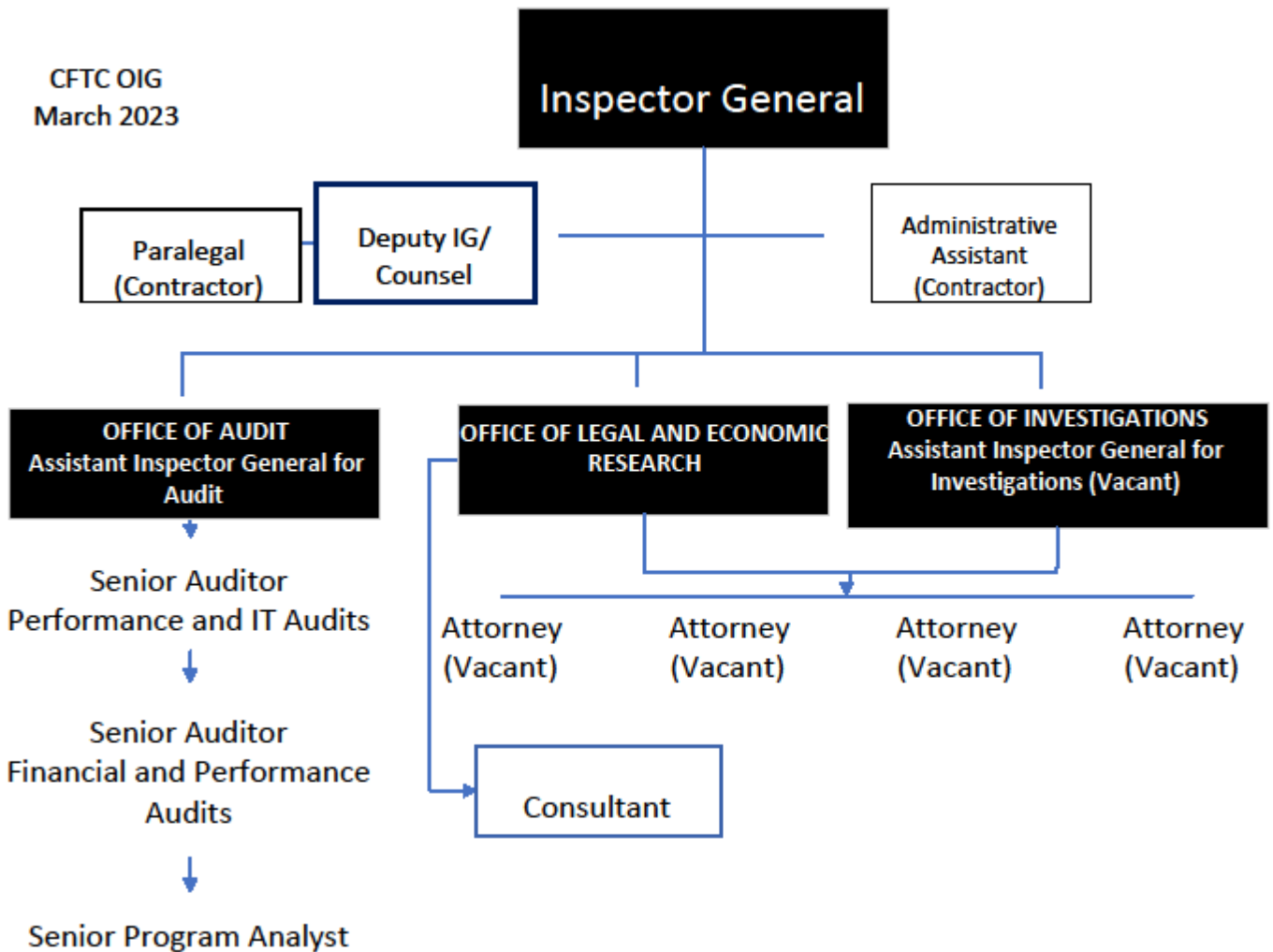
The IG is appointed by the Commission in accordance with the applicable laws and regulations governing appointments within the CFTC, and may be removed upon the written concurrence of a 2/3 majority of the Commission.⁸ CFTC OIG conducts audits engagement in accordance with the *Generally Accepted Government 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. The Office of Legal and Economic Research may conduct inspections, evaluations, and other covered products in accordance with the CIGIE standards cited above, and may produce white papers and other studies in accordance with internal standards. Our webpage is located at <https://www.cftc.gov/About/InspectorGeneral>.

⁷ The Inspector General Act Amendments of 1988, P.L. 100-504, 102 Stat. 2515 (1988).

⁸ 5 U.S.C. §§ 415(c) and 415(e).

CFTC OIG RESOURCES AND ORGANIZATION

CFTC OIG maintains an Office of Audits, Office of Investigations, and Office of Legal and Economic Research. At the end of the reporting period, the CFTC OIG consisted of eleven FTEs. However, in 2022 two attorneys departed, severely hampering our ability to complete investigations, inspections & evaluations, and white papers, some already in progress. We are in the process of backfilling these positions. During this reporting period, we brought in a consultant to assist with economic analysis. Our organizational chart follows:



OIG INDEPENDENCE

OIG operates independently of the Agency. Our investigations have been pursued regardless of the rank or party affiliation of the target. OIG has conducted audits, inspections, evaluations, and reviews without intentional, substantive interference whenever it has perceived the opportunity to recommend improvement to agency administration and to futures regulation efforts, again without regard to the party affiliation of any Chairman or Commissioner.⁹

REQUIRED STATEMENT REGARDING INFORMATION ACCESS AND ASSISTANCE

During the reporting period, no reports were made to the Agency head concerning information or assistance unreasonably refused or not provided;¹⁰ however, we took steps to increase our independence through the establishment of an interagency agreement with Office of Personnel Management HR Solutions in order to independently develop positions as we backfill two attorneys who departed during the past year and establish two additional attorney positions. In addition, we are continuing to assert the authority to designate an amount of the OIG earmark as two-year funds, to expire on September 30, 2024, in accordance with the CFTC’s current appropriation, which specifies “of which not less than \$20,000,000 shall remain available until September 30, 2024.”

Type of Interference	Number	Explanation
Budget constraints	0	N/A
Resistance to oversight	0	N/A
Delayed information access	0	N/A
Other (Intimidation)	0	N/A

⁹ 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).

¹⁰ 5 U.S.C. §406(c)(2), §405(a)(15)(B).

AUDIT OPERATIONS

COMPLETED AUDITS, AUDIT REVIEWS, AND OTHER AUDIT PROJECTS

Financial

Audit of the CFTC's FY 2022 Annual Financial Report – The objective of this Congressionally mandated audit¹¹ is to render an opinion on the agency financial report (financial statements) in accordance with [GAGAS](#).

Audit of the CFTC's FY 2022 Customer Protection Fund (CPF) – The objective of this Congressionally mandated audit¹² 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 (FISMA) Review: FY 2022 – The objective of this review is to evaluate CFTC's information security program and practices as required by FISMA.¹³ These years audit focused on 20 core controls and the results are not published.

ONGOING AUDITS, AUDIT REVIEWS, AND OTHER AUDIT PROJECTS

Financial

Audit of the CFTC's FY 2023 Annual Financial Report – The objective of this Congressionally mandated audit¹⁴ is to render an opinion on the agency financial report (financial statements) in accordance with [GAGAS](#).

Audit of the CFTC's FY 2023 Customer Protection Fund (CPF) – The objective of this Congressionally mandated audit¹⁵ is to render an opinion on customer protection fund financial statements in accordance with [GAGAS](#).

¹¹ The Accountability of Tax Dollars Act, P.L. 107-289, 116 Stat. 2049 (2002).

¹² P.L. 111-203, § 748, 124 Stat. 1739 (2010).

¹³ Federal Information Security Management Act of 2002 (FISMA), P.L. 107-347 (Title III), 116 Stat. 2946 (2002).

¹⁴ See [fn.12](#).

¹⁵ See [fn.13](#).

Information Technology Management and Security

Federal Information Security Management Act (FISMA) Review: FY 2023 – The objective of this review is to evaluate CFTC’s information security program and practices as required by FISMA.¹⁶ This year’s audit focused on 40 core controls and was performed with support from cybersecurity subject matter experts.

Other

Council of Inspectors General on Financial Oversight: Response to the Executive Order on Climate-Related Financial Risk - The review objective is to determine what actions FSOC members have taken, or planned, in response to Executive Order (EO) 14030,¹⁷ and whether those actions are consistent with the policy, objectives, and directives set forth in the EO.

Follow-up Review: FY 2022 Compliance with the PIIA Act of 2019 – This management letter evaluation follows up on our previous review’s 2 recommendations and independently assesses payment risk.

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 with a management action date over six months old where the recommendation for corrective action had not been completed. Outstanding recommendations are relayed in the two tables that follow, with explanatory text.

¹⁶ See [fn.15](#).

¹⁷ Executive Order (EO) 14030, *Climate-Related Financial Risk*, [86 F.R. 27967](#) (May 20, 2021).

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
2021	1	1	0	0
Totals	1	1	0	0

Table 2: Detail of Unimplemented Recommendations

Fiscal Year	Audit Report	Unimplemented Recommendations
2021	Federal Information Security Management Act Review: FY 2020*	One recommendation to enhance CFTC’s privacy program.

* In FY20, the privacy program determined the Commission’s existing privacy policies and procedures were out-of-date. In FY21, the program commenced a comprehensive review of federal privacy laws and policies. In FY22, the privacy program began to work with stakeholders across the Commission to draft an enterprise privacy policy that aligns with the requirements in federal privacy laws and policies. In FY23, the privacy program planned to finalize the draft enterprise privacy program policy and work with the CFTC Policy Governance Board (PGB) to facilitate the intra-agency review of the proposed policy. The development of procedures is ongoing. The Acting Chief Privacy Officer continues to work with the Senior Agency Official for Privacy to review the privacy program’s staffing and resourcing and to develop a plan to address the current resource constraints.

INSPECTIONS & EVALUATIONS

We began the reporting period with four I&E in process. In 2022, two attorneys assigned to assist I&E departed for the private sector, which severely impacted our timeline for completion of projects. During this reporting period we evaluated comments received in response to a management draft for one I&E, reissued the I&E with an amended management draft, and received managements comments on the second draft. There was no change of status to the other three I&Es. All four I&E were ongoing at the close of the reporting period.

ONGOING INSPECTIONS & EVALUATIONS

- CFTC Whistleblower Office’s Confidentiality Protections (2021-IE-2) – to assess the policies and procedures concerning whistleblower confidentiality protections, including policies and procedures concerning inadvertent disclosures;
- CFTC Policies and Procedures Concerning Capturing, Retaining and Accessing Cell Phone Data, Including Text Messages, Location, and Other Information / Data (2021-IE-3) – to assess the collection and retention policies of the CFTC with respect to CFTC issued mobile devices. OIG assessed CFTC’s practices for capturing, retaining, and accessing data created on smartphones issued to CFTC employees and contractors, including text messages, recorded messages and other recordings, lists, documents, location data, and other data. On March 31, 2022, OIG issued its draft report and draft recommendations to agency management. Preliminarily, OIG determined that current practices risk violations of the Federal Records Act, and are not best practices. OIG recommended the Agency adjust current practices and current controls, in accordance with the Federal Records Act, to better enable the Agency to regulate the markets under its jurisdiction. Because CFTC requires significantly greater retention of electronic communications data of CFTC registrants, OIG believes the Agency should be able to undertake comparable practices both technologically and practically. The March 31, 2022, Management Draft contained six proposed recommendations, and during the prior reporting period we received the management response. During this reporting period we clarified the management draft and recommendations, and reissued it to management on December 22, 2022. We received a second management response on February 23, 2023, and this second response was pending with our office at the close of this reporting period.
- OIG Inspection and Evaluation of the CFTC’s Current and Post-Covid Lease Operations and Space Planning (2022-IE-1) – to assess the CFTC’s space needs post-pandemic and its plans to meet those needs in an efficient and compliant manner without undue taxpayer expense. This assessment will be made against the backdrop of the unique opportunity of the federal government in right-sizing its real estate needs in light of the adoption of telework and remote work policies and in light of the CFTC’s efforts in promoting Diversity, Equity, and Inclusion (“DEI”) and the CFTC’s opportunity to support that DEI vision through nationwide recruiting and employment efforts utilizing remote work policies. OIG intends to analyze whether CFTC is spending efficiently on current leases and current space build out, as well as the lessons learned and applied for each project. The scope of this inspection and evaluation will be FY2019 through FY2022.
- OIG Inspection and Evaluation of the CFTC’s Disaster Preparedness (2022-IE-2) – to assess the CFTC’s operations for crises preparedness. In particular, OIG will assess senior leadership’s knowledge and preparedness of succession authorities, continuity of operations planning and operations, use of GETS cards, and remote, offsite awareness

and capabilities. This I&E is a component of a broader effort by CIGFO¹⁸ to identify risks to the financial stability of the United States; promote market discipline; and respond to emerging threats to the stability of the U.S. financial system.

We finished this reporting period with four pending I&Es and no pending recommendations.

INVESTIGATIVE OPERATIONS

INVESTIGATIONS

We began the reporting period with six investigations pending, opened one additional investigation, and closed three investigations. 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. We ended the reporting period with four open investigations.

ALLEGATIONS

We began the reporting period with no allegations pending and received 31 allegations during the reporting period through the OIG email hotline (26), the OIG online complaint form (3), and the OIG phone hotline (2). We closed 27 allegations as follows:

- Referred 22 allegations to Division of Enforcement, including the Whistleblower Office within the Division of Enforcement (or advised the complainant to reach out to the Division of Enforcement or Whistleblower Office)
- Closed 4 allegations due to inadequate evidence¹⁹
- Closed 1 allegation with a new investigation opened

Four allegations were pending at the close of the reporting period.

ONGOING INVESTIGATIVE MATTERS AND REQUIRED DISCLOSURES

At the close of this reporting period we had four ongoing investigations and four open allegations under consideration. All open investigations are confidential, as are the content of incoming allegations. As a policy, CFTC OIG does not disclose non-public details regarding open investigations absent good cause; if an ongoing investigation is disclosed to the public it will be listed here.

¹⁸ *Council of Inspectors General on Financial Oversight [Guidance](#) in Preparing for and Managing Crises*, June 2022, CIGFO-2022-1.

¹⁹ Please know that OIG retains all investigation and allegation files for a period of 10 years; if additional information or allegations are received in the future, a closed matter may be reopened.

Table 3: Investigative Statistics for Referrals and Whistleblower Retaliation

October 1, 2022 – March 31, 2023²⁰

A.	Completed investigations	3
B.	Referrals to prosecuting authorities for criminal prosecution	0
C.	Indictments from prior referrals	0
D.	Whistleblower retaliation findings	0

These statistics were generated through an examination of digital files.

It is our practice to discuss potential criminal investigations early with an Assistant United States Attorney (AUSA) in order 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.

LEGAL & ECONOMIC RESEARCH

ONGOING LEGAL & ECONOMIC RESEARCH PROJECTS

In 2022, the two attorneys with responsibility for ongoing our Office of Legal and Economic Research projects departed CFTC OIG for the private sector. The two projects pending at the close of the last reporting period, *White Paper Evaluating CFTC Experience with the Administrative Procedures Act*, and *White Paper Evaluating CFTC Experience with Digital Assets*, have been suspended.

LEGISLATIVE & REGULATORY PROJECTS

1. Introduction and Summary

As specified in Section 4(a)(2) of the Inspector General Act of 1978,²¹ the Office of Legal and Economic Research (OLER) 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. The 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.

²⁰ We compiled these statistics from a review of our digital files.

²¹ Codified at 5 USC § 404(a)(2) (made applicable to CFTC OIG at 5 USC § 415(g)).

2. Legislative Activities

OIG reviews legislation impacting programs and operations of the CFTC, and initiates contact with Congressional staff concerning various Agency and IG issues as appropriate. This work is performed by OLER. In addition, 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. CFTC OIG participated in legislation committee efforts. No formal projects were undertaken during this reporting period.

PEER REVIEWS

An important function in each agency OIG is the peer review process. [GAGAS](#) 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 [GAGAS](#) 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:

Most Recent Peer [Review](#) of the 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."

Most Recent [Peer Review](#) of the CFTC OIG Investigative Function

Investigative peer reviews are conducted under CIGIE peer review [standards](#) to evaluate compliance with the requirements of the CIGIE [Quality Standards for Investigations](#) and the adequacy of internal safeguards and management procedures. Because it is a Designated Federal Entity Inspector General, the CFTC OIG investigative function is not required to undergo peer review. CFTC OIG last voluntarily submitted to a peer review of its investigative function in 2013; the Federal Trade Commission, Office of Inspector General, reviewed the system of quality control for the CFTC OIG investigative function and concluded that the system of internal safeguards and management procedures for the CFTC OIG investigative function complied with the quality standards adopted by CIGIE, and provided a reasonable assurance of conforming with professional standards in the conduct of investigations.

Peer Reviews completed by CFTC OIG during the reporting period

CFTC OIG completed no peer reviews of other OIGs during this reporting period. There are no open recommendations from prior peer reviews conducted by CFTC OIG.

SUMMARY of FINAL REPORTS NOT MADE PUBLIC

All reports issued during this reporting period were published as required by law. The OIG report titled *Federal Information Security Management Act (FISMA) Review: FY 2022* was not published due to information technology sensitivities. In addition, reports of investigation generally are not published unless the information has become public, or the matter has received widespread attention.

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, effective communication, and efficient operations. These values are fundamental to the accomplishment of our mission and our daily operations.

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 Research (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.²² These efforts are particularly important since the CFTC is an economic regulatory agency. We will continue to seek staff that possesses exceptional expertise in relevant law and economics.

²² 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. § 404(a)(2) (made applicable to the designated federal entity IGs at 5 U.S.C. § 415(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.²³ 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 [GAGAS](#) and OMB Bulletin [19-01](#).

Audit of the CFTC Customer Protection Fund

Section 748 of the Dodd-Frank Act²⁴ 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.

²³ See [fn. 13](#).

²⁴ See [fn. 14](#).

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

Inspector General’s Assessment of the CFTC’s Most Serious Management and Performance Challenges

The Reports Consolidation Act of 2000²⁵ 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, FMFIA²⁶

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 Act²⁷ 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.

**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.

²⁵ P.L. 106-531, 114 Stat. 2537 (2000).

²⁶ P.L. 97-255, 96 Stat. 814 (1982).

²⁷ See [fn. 15](#).

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 other law enforcement 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 for complaints, OIGComplaint@cftc.gov. You may choose to remain anonymous.

STRATEGIC GOAL 4: ADDRESS MINOR OPERATIONAL AND MANAGEMENT ISSUES PROMPTLY THROUGH THE USE OF INSPECTIONS & EVALUATIONS (I&E)

I&E provides the Inspector General with an alternative method to conduct independent, credible, and thorough reviews of CFTC's programs and operations to prevent waste, fraud and abuse. Through and I&E, OIG can quickly analyze CFTC concerns or issues that need immediate attention by using a variety of review methods and evaluation techniques. The I&E reports provide CFTC management with findings and practical recommendations that will assist in enhancing program operations, efficiency, effectiveness, and compliance with applicable policies and procedures. As stated [previously](#), OIG conducts inspections, evaluations, and other covered products in accordance with the [Quality Standards for Inspection and Evaluation](#) issued by the CIGIE.

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 an additional 12 staff years of effort will be necessary over each of the next five years to complete the audit, investigative, I&E, and legal and economic review functions. OIG estimates an additional four staff years for management, administrative, and outreach efforts. Our estimated resource needs necessitate the growth of this office to 20 FTE roughly over the next four years.

Because OIG resources can be diverted at any time in order to address current issues or allegations, completed timely 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. Our email address for general questions and discussion is OIG@cftc.gov.

Our email for complaints is OIGComplaint@cftc.gov. The hotline phone number is (202)418-5510. OIG's web page, with a link to the OIG online complaint [form](#), is located at <http://www.cftc.gov/About/OfficeoftheInspectorGeneral/index.htm>. You may choose to remain anonymous.

APPENDICES

Appendix 1 – Reports Issued with Questioned Costs

October 1, 2022 – March 31, 2023

	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
Subtotals (A + B)	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

Appendix 2 – Reports Issued with Recommendations That Funds Be Put to Better Use

October 1, 2022 – March 31, 2023

	<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

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