



**U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION**  
**Washington, D.C. 20507**

Office of Inspector General

**System Review Report**

May 31, 2024

Christopher Skinner, Inspector General  
U.S. Commodity Futures Trading Commission  
1155 21<sup>st</sup> Street, NW  
Washington, DC 20581

Dear Inspector General Skinner:

We have reviewed the system of quality control for the audit organization of U.S. Commodity Futures Trading Commission (CFTC) Office of Inspector General (OIG) in effect for the year ended March 31, 2022. A system of quality control encompasses CFTC OIG's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming in all material respects with Government Auditing Standards and applicable legal and regulatory requirements. The elements of quality control are described in *Government Auditing Standards (GAS)*.

CFTC OIG is responsible for establishing and maintaining a system of quality control designed to provide CFTC OIG with reasonable assurance that the organization and its personnel comply in all material respects with professional standards and applicable legal and regulatory requirements. Our responsibility is to express an opinion on the design of the system of quality control and CFTC OIG's compliance based on our review.

Our review was conducted in accordance with *Government Auditing Standards* and the *CIGIE Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General*. During our review, we interviewed CFTC OIG personnel and obtained an understanding of the nature of the CFTC OIG audit organization, and the design of CFTC OIG's system of quality control sufficient to assess the risks implicit in CFTC OIG's audit function. In addition, we tested compliance with CFTC OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of CFTC OIG's policies and procedures on selected generally accepted government auditing standards (GAGAS) engagements. Our review was based on selected tests; therefore, it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it.

We selected GAGAS engagements and administrative files to test for conformity with professional standards and compliance with CFTC OIG's system of quality control. The two GAGAS engagements selected represented a reasonable cross section of the CFTC OIG's audit organization.

We believe that the procedures we performed provide a reasonable basis for our opinion.

A significant deficiency is one or more deficiencies that the review team has concluded results from a condition in the system of quality control or compliance with it, such that the OIG audit organization's system of quality control taken as a whole does not provide the OIG with reasonable assurance of performing and/or reporting in conformity with applicable professional standards in all material respects. For the External Peer Review, these deficiencies are communicated in a report with a rating of fail.

We noted the following significant deficiencies related to the design and compliance of the system of quality control:

CFTC OIG's design and compliance with its system of quality of control did not provide reasonable assurance that the two audits reviewed were performed in compliance with GAGAS and CFTC OIG policies and procedures. We could not conclude whether in performing and reporting on this audit, the OIG complied with GAGAS. This is attributed to insufficient quality control and assurance procedures, and lack of compliance with documentation and quality control policies and procedures.

We reviewed Report No. 21-AU-03, *CFTC's Compliance with the Digital Accountability and Transparency Act (DATA Act) of 2014 (FY 2021 Quarter II)*, dated September 28, 2021 and Report No. 21-AU-04, *Audit of CFTC's Compliance with Federal Information Security Modernization Act of 2014 for Fiscal Year 2021*, dated December 16, 2021, and identified the same significant deficiencies for both engagements. Both reports were issued by the same division.

Enclosure 1 provides a detailed discussion of the issues related to the significant deficiencies we identified and our recommendations. Enclosure 2 identifies the scope and methodology. Enclosure 3 is CFTC OIG's final response. Enclosure 4 is EEOC OIG's final response.

In our opinion, the system of quality control for the audit organization of CFTC OIG in effect for the year ended March 31, 2022, was not suitably designed and complied with to provide CFTC OIG with reasonable assurance of performing and reporting in conformity in all material respects with applicable professional standards and applicable legal and regulatory requirements.

Audit organizations can receive a rating of *pass*, *pass with deficiencies*, or *fail*. CFTC OIG has received an External Peer Review rating of *fail*.

#### **Monitoring of GAGAS Engagements Performed by Independent Public Accountants**

In addition to reviewing its system of quality control to ensure adherence with *Government Auditing Standards*, we applied certain limited procedures in accordance with guidance established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE) related to CFTC OIG's monitoring of GAGAS engagements performed by Independent Public Accountants (IPAs) under contract where the IPA served as the auditor. It should be noted that monitoring of GAGAS engagements performed by IPAs is not an audit; therefore, is not subject to the requirements of *Government Auditing Standards*. The purpose of our limited procedures was to determine whether CFTC OIG had controls to ensure that IPAs performed contracted work in accordance with professional standards. However, our objective was not to express an opinion; accordingly, we do not express an opinion on CFTC OIG's monitoring of work performed by IPAs.



Joyce Willoughby, Inspector General

Enclosures

**1. Significant Deficiency: CFTC OIG's System of Control Was Not Suitably Designed to Provide Reasonable Assurance of Performing and Reporting in Conformity with Applicable Professional Standards in All Material Respects.**

From the peer review report ending March 31, 2019, it was determined CFTC OIG's system of quality control was suitably designed and complied with to provide a reasonable assurance in all material respects. Specifically, the System of Quality Control audit policies and procedures were in place, but need improvement. The finding provided in the Letter of Comment stated "CFTC OIG developed and then approved their Audit Policy and Procedures Manual, Revision 1, on March 28, 2016. The manual is intended to demonstrate the CFTC OIG's commitment to a system of quality controls for the office's Audit Operations. However, there are audit subjects that lack clarity, or are silent in the manual. For example, the manual's policies and procedures on quality control needs clarity to ensure the annual self-evaluation of all OIG functions is performed. In addition, the audit manual is silent on several audit subjects, such as policies and procedures on the performance of attestation engagements conducted in accordance with generally accepted government auditing standards."

During our review, CFTC OIG provided an Audit Policy and Procedures Manual, dated March 28, 2016. We reviewed that manual and explained to CFTC OIG that the manual was outdated. CFTC OIG then provided an updated Audit Policy and Procedures Manual, Revision 1.1 dated March 1, 2020. However, it did not fully implement the recommendations from the prior peer review ending March 2019. There are still audit subjects that lack clarity or are silent in the Audit Policy and Procedures Manual, Revision 1.1, dated March 1, 2020. For example, CFTC Audit Policy and Procedures Manual Revision 1.1, dated March 1, 2020 states, "The OIG will perform quality control assessments and summarize the results at least annually, with identification of any systemic issues needing improvement, along with recommendations for corrective actions. Engagement leads will complete quality control checklist after each engagement. Checklists can be accessed from <https://ignet.gov/content/audit>." Based on the link, it is unclear what checklist CFTC OIG is referring to. Also, the Audit Policy and Procedures Manual Revision 1.1 is silent on parts of GAS 5.43 and 5.44.

CFTC OIG did not conduct annual monitoring procedures during the peer review period ending March 31, 2022, to monitor quality. Management stated they are a small office with limited resources, and they use a Quality Control Checklist to conduct a review of each engagement prior to the issue date. CFTC OIG Quality Control checklists are not monitoring procedures because it is designed to be conducted before the issue date.

We found CFTC OIG partially followed procedures from the Audit Policy and Procedures Manual, dated March 28, 2016 and used the quality control checklists in the 2016 manual. Although CFTC said they use a Quality Control Checklist to conduct a review of each engagement prior to the issue date for the two engagements that were reviewed as part of this peer review, CFTC conducted the quality control checklist after the issue dates and provided inaccurate responses to the questions. For example, for question No. 23, Did the PM (GS-14 or PD (GS-15) reviewed all project documentation? CFTC OIG responded "Yes" even though they didn't have any evidence to show that the PM (GS-14 or PD (GS-15) reviewed all project documentation files prior to the final report. In fact, the TeamMate files for both engagements show the procedures, reviews and approval were completed 3-5 months after the report insurance dates. In addition, the quality checklists were in accordance with the 2011 GAS and not the 2018 GAS.

Quality Control and Assurance GAGAS Requirements

An audit organization conducting engagements in accordance with GAGAS must establish and maintain a system of quality control that is designed to provide the audit organization with reasonable assurance that the organization and its personnel comply with professional standards and applicable legal and regulatory Requirements. [GAS 5.02]

#### Monitoring of Quality GAGAS Requirements

The audit organization should analyze and summarize the results of its monitoring process at least annually, with identification of any systemic or repetitive issues needing improvement, along with recommendations for corrective action. The audit organization should communicate to the relevant engagement partner or director, and other appropriate personnel, any deficiencies noted during the monitoring process and recommend appropriate remedial action. This communication should be sufficient to enable the audit organization and appropriate personnel to take prompt corrective action related to deficiencies, when necessary, in accordance with their defined roles and responsibilities. Information communicated should include the following:

- a. a description of the monitoring procedures performed;
- b. the conclusions reached from the monitoring procedures; and
- c. when relevant, a description of systemic, repetitive, or other deficiencies and of the actions taken to resolve those deficiencies. [GAS 5.44]

The audit organization should evaluate the effects of deficiencies noted during monitoring of the audit organization's system of quality control to determine and implement appropriate actions to address the deficiencies. This evaluation should include assessments to determine if the deficiencies noted indicate that the audit organization's system of quality control is insufficient to provide it with reasonable assurance that it complies with professional standards and applicable legal and regulatory requirements, and that accordingly the reports that the audit organization issues are not appropriate in the circumstances. [GAS 5.45]

For both reports, we reviewed the Work Paper Schedule Status Report from TeamMate and the quality control checklists. For both reports, we found all the work papers were completed after the report was published and contained inaccurate quality control checklists. For example, Report No. 21-AU-03, the report was issued on September 28, 2021 and the quality control checklist was prepared on March 3, 2022 and completed on March 4, 2022 in TeamMate. CFTC OIG uses a quality control checklist to review the work by engagement team members prior to the date of the report. GAS 5.53 states, "reviews of the work by engagement team members prior to the date of the report are not monitoring procedures."

Additionally, we found the quality control checklist consisted of 24 items and each item referenced a section in 2011 *Government Auditing Standards*. For example, question No. 23 of the Quality Control Checklist for TeamMate Project 21-AU-04 asks "Is there evidence that the PM (GS-14) or PD (GS-15) reviewed all project documentation files prior to the final report being issued?" and GAGAS reference is 6.53-6.55, and 6.83c. Using the 2018 Government Auditing Standard that reference is to "Reporting Findings Directly to Parties outside in the Audit Entity" and 6.83c does not exist. CFTC OIG completed a checklist for both reports with the 2011 GAS references; however, they didn't identify any issues with their report. For example, for question No. 23 CFTC OIG noted "Yes" when they didn't provide evidence to support the PM or PD reviewed all project documentation files prior to the final report being issued. If the 2018 edition of the Government Auditing Standards was for the report, the CFTC OIG checklist should have referenced the 2018 standards rather than the 2011 standards.

#### Audit Documentation

Auditors should document the following:

- a. the objectives, scope, and methodology of the audit;
- b. the work performed and evidence obtained to support significant judgments and conclusions, as well as expectations in analytical procedures, including descriptions of transactions and records examined (for example, by listing file numbers, case numbers, or other means of identifying specific documents examined, though copies of documents examined or detailed listings of information from those documents are not required); and
- c. supervisory review, before the audit report is issued, of the evidence that supports the findings, conclusions, and recommendations contained in the audit report. [GAS 8.135]

We found the Audit Policy and Procedures Manual Revision 1.1 is vague on documenting supervisory review, before the report release date, of the evidence that supports the findings and conclusions contained in the engagement report. The Audit Policy and Procedures Manual Revision 1.1 states “Supervisory review of electronic audit documentation in TeamMate is evidenced by the comments, history, and electronic preliminary and final approvals”. The TeamMate files for both engagements show the procedures, reviews and approval were completed 3-5 months after the reports were issued.

The Audit Policy and Procedure Manual Revision 1.1 stated “Referencing should occur only after supervisory review of the working papers and the cross-indexed final version of the draft report has been completed”.

We believe had CFTC OIG implemented the recommendation from the peer review report ending March 31, 2019, and completed an annual self-evaluation, they would have reduced the number of deficiencies.

The manual’s policies and procedures on quality control still need clarity to ensure at least annually CFTC OIG analyzes and summarizes the results of its monitoring process. There is nothing in the Audit Policy and Procedures Manual Revision 1.1 to ensure staff should communicate to the relevant engagement partner or director, and other appropriate personnel, any deficiencies noted during the monitoring process and recommend appropriate remedial action (GAS 5.44). This is a repeat finding from the previous peer review. Additionally, the link in the manual does not link to a checklist so there is no description of the monitoring procedures to perform.

**Recommendations:** CFTC OIG should enhance the office’s Audit Policy and Procedures Manual to provide clarity and content for relevant audit subjects and in accordance with GAGAS. Specifically:

- a. CFTC OIG should communicate a description of the monitoring procedures performed and update the link and specify the checklists that will be used to conduct internal annual quality control reviews; communicate to the relevant engagement partner or director, and other appropriate personnel, any deficiencies noted during the monitoring process and recommend appropriate remedial action. CFTC OIG should analyze and summarize the results of its monitoring process at least annually, with identification of any systemic or repetitive issues needing improvement. CFTC OIG should establish policies and procedures that require retention of engagement documentation for a period of time sufficient to permit those performing monitoring procedures and peer reviews of the organization to evaluate its compliance with its system of quality control or for a longer period if required by law or regulation. [GAS 5.43-5.46]
- b. CFTC OIG should document supervisory review, before the audit report is issued, of the evidence that supports the findings, conclusions, and recommendations contained in the audit report. [GAS 8.135c]

**Views of Responsible Official:**

See Enclosure 3.

**2. Significant Deficiency: Although CFTC OIG System of Quality Control was not suitably designed, had they implemented their Audit Policy and Procedures Manual, Revision 1.1 dated March 2020 they could have avoided additional deficiencies for Government Auditing Standards for the two reports reviewed.**

We reviewed Report No. 21-AU-03, *CFTC's Compliance with the Digital Accountability and Transparency Act (DATA Act) of 2014 (FY 2021 Quarter II)*, dated September 28, 2021, and Report No. 21-AU-04, *Audit of CFTC's Compliance with Federal Information Security Modernization Act of 2014 for Fiscal Year 2021*, dated December 16, 2021, and identified the same significant deficiencies for both engagements.

According to CFTC OIG's Audit Policy and Procedures Manual, dated March 2020, "TeamMate is the official system of record for the Office of Audits." Additionally, "All electronic audit documentation should be maintained on the OIG server in the audit electronic management system (TeamMate). Audit files located within the audit management system are backed up by CFTC in accordance with backup procedures. Audit documentation stored in TeamMate is considered the official record."

CFTC OIG did not use TeamMate as stated in their Audit Policy and Procedures Manual, Revision 1.1. We found all the TeamMate procedures for both reports were created after the reports were issued and all supervisory reviews within TeamMate were documented after the reports were issued. For Report No. 21-AU-03, the report was issued on September 28, 2021, and the procedures were prepared in TeamMate from February 8, 2022, through February 23, 2022, and all were reviewed on February 24, 2022, with the exception of one procedure reviewed on September 9, 2022. For Report No. 21-AU-04, the report was issued December 16, 2021, and the procedures were prepared from March 23, 2022, through March 29, 2022, and all were reviewed on March 29, 2022.

According to CFTC OIG's Audit Policy and Procedures Manual Revision 1.1, "Independent referencing is a documented review of an audit report by an auditor not previously assigned to or associated with the audit. Referencing ensures that the audit report is complete and accurate and is supported by adequate evidence in the work papers. All draft audit reports will be referenced, and all questions raised by the referencer should be disposed of before the report is issued. Referencing is solely a verification process; it is not an editorial process or a substitute for supervisory review." Additionally, "Referencing should occur only after supervisory review of the working papers and the cross-indexed final version of the draft report has been completed. If significant revisions are made to the draft report, those changes should be referenced before the final report is issued."

We found in TeamMate, for both engagements, CFTC OIG did not reference any of the evidence within the procedures and the evidence that support the findings, conclusions, and recommendations for all the procedures before they issued the report. The independent reviews were conducted after the report was issued.

We found the quality control checklists for both engagements were completed after the report issue date (see Section #1) and reference the 2011 GAS. Also, the following questions were documented as "Yes":

#21) Contained evidence of timely supervisor reviews throughout the project? Has the PM (GS-14) or PD (GS-15) reviewed all project documentation files prior to issuance of the draft report? Were the reviews of audit work documented?

#22) The reference copy of the report used by the IRR and all review notes in the project documentation files? Is there clear evidence of the actions taken to correct any factual errors identified by the IRR?

#23) Is there evidence that the PM (GS-14) or PD (GS-15) reviewed all project documentation files prior to the final report being issued?

#24) Is (Are) the referenced copy(s) of the report used by the IRR and all reference review notes included, and is there clear evidence in the working papers of the actions taken to correct any factual errors identified by the IRR?

Documentation GAGAS Requirements

Auditors must prepare audit documentation related to planning, conducting, and reporting for each audit. Auditors should prepare audit documentation in sufficient detail to enable an experienced auditor, having no previous connection to the audit, to understand from the audit documentation the nature, timing, extent, and results of audit procedures performed; the evidence obtained; and its source and the conclusions reached, including evidence that supports the auditors' significant judgments and conclusions. [GAS 8.132]

Auditors should prepare audit documentation that contains evidence that supports the findings, conclusions, and recommendations before they issue their report. [GAS 8.133]

Auditors should document the following:

- a. the objectives, scope, and methodology of the audit;
- b. the work performed and evidence obtained to support significant judgments and conclusions, as well as expectations in analytical procedures, including descriptions of transactions and records examined (for example, by listing file numbers, case numbers, or other means of identifying specific documents examined, though copies of documents examined or detailed listings of information from those documents are not required); and
- c. supervisory review, before the audit report is issued, of the evidence that supports the findings, conclusions, and recommendations contained in the audit report. [GAS 8.135]

Quality Control and Assurance GAGAS Requirements

An audit organization should document its quality control policies and procedures and communicate those policies and procedures to its personnel. The audit organization should document compliance with its quality control policies and procedures and maintain such documentation for a period of time sufficient to enable those performing monitoring procedures and peer reviews to evaluate the extent to which the audit organization complies with its quality control policies and procedures. [GAS 5.04]

The audit organization should establish policies and procedures for engagement performance, documentation, and reporting that are designed to provide the audit organization with reasonable assurance that engagements are conducted, and reports are issued in accordance with professional standards and applicable legal and regulatory requirements. [GAS 5.22]

CFTC OIG's Audit Policy and Procedures Manual Revision 1.1 dated March 1, 2020 is vague on supervisory review, before the audit report is issued, of the evidence that supports the findings, conclusions, and recommendations contained in the audit report. [GAS 8.135c]

Management stated the procedures and documents were put into TeamMate after the reports were issued. As a result, management provided the TeamMate engagement files twice. At the beginning of the peer review, CFTC OIG provided the working papers that were linked to the final report. There was no evidence of referencing and indexing before the final report was issued. The working papers were not linked to evidence obtained and its source and the conclusions reached, including evidence that supports the auditors' significant judgments and conclusions. We visited CFTC OIG office to review the TeamMate files and learned, CFTC OIG had not linked the working papers to evidence obtained and its sources. On September 12, 2022, we explained to CFTC OIG this was insufficient.

CFTC OIG provided a second audit file outside of TeamMate. This file contained final reports linked to working papers and source documents and evidence that referenced tracking numbers that were not in the first engagement file received at the start of the peer review.

The system of quality control as implemented did not provide reasonable assurance that applicable auditing standards, policies, and procedures were met. In addition, our review of individual engagements conducted in accordance with GAGAS disclosed deficiencies in two of the two audit engagements reviewed. We could not conclude whether in performing and reporting on the two audits, the CFTC OIG complied with GAGAS.

**Recommendations:**

- a. CFTC OIG should document compliance with its quality control policies and procedures and maintain such documentation for a period of time sufficient to enable those performing monitoring procedures and peer reviews to evaluate the extent to which the audit organization complies with its quality control policies and procedures. [GAS 5.04]
- b. CFTC OIG should establish policies and procedures for engagement performance, documentation, and reporting that are designed to provide the audit organization with reasonable assurance that engagements are conducted, and reports are issued in accordance with professional standards and applicable legal and regulatory requirements. [GAS 5.22]
- c. CFTC OIG should prepare audit documentation in sufficient detail to enable an experienced auditor, having no previous connection to the audit, to understand from the audit documentation the nature, timing, extent, and results of audit procedures performed; the evidence obtained; and its source and the conclusions reached, including evidence that supports the auditors' significant judgments and conclusions. [GAS 8.132]

**Views of Responsible Official:**

See Enclosure 3.



**Scope and Methodology**

We tested compliance with CFTC OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of 2 of 2 engagements reports conducted in accordance with generally accepted government auditing standards (GAGAS engagement) issued from April 1, 2019, through March 31, 2022.

We also reviewed the internal quality control reviews performed by CFTC OIG.

In addition, we reviewed CFTC OIG's monitoring of GAGAS engagements performed by IPAs where the IPA served as the auditor from April 1, 2019, through March 31, 2022. During the period, CFTC OIG contracted for the audit of its agency's fiscal year 2021 financial statements.

CFTC OIG also contracted for other GAGAS engagements that were performed in accordance with *Government Auditing Standards*.

We visited CFTC OIG offices located in Washington, DC.

**Reviewed GAGAS Engagements Performed by CFTC OIG:**

Report No.	Report Date	Report Title
21-AU-03	9/28/2021	CFTC's Compliance with the Digital Accountability and Transparency Act (DATA Act) of 2014 (FY 2021 Quarter II).
21-AU-04	12/16/2021	Audit of CFTC's Compliance with Federal Information Security Modernization Act of 2014 for Fiscal Year 2021.

**Reviewed Monitoring Files of CFTC OIG for Contracted GAGAS Engagements:**

Report No.	Report Date	Report Title
N/A	11/12/2021	CFTC Financial Statements Audit: Fiscal Year (FY) 2021



COMMODITY FUTURES TRADING COMMISSION  
OFFICE OF INSPECTOR GENERAL

June 12, 2024

**VIA ELECTRONIC TRANSMISSION**

Joyce Willoughby  
Inspector General  
Equal Employment Opportunity Commission (EEOC)

Dear Inspector General Willoughby,

This letter serves as the CFTC Office of the Inspector General's response to the EEOC OIG audit peer review report dated May 31, 2024 for the three-year period ending March 31, 2022, for inclusion in the final report.

**Executive Summary**

As further detailed herein, while I respectfully disagree with some of the conclusions of the audit peer review report, I accept the results with reservations. As you are aware, the prior peer reviewer (2019) passed the CFTC OIG audit function and issued a letter of comment which specified that CFTC OIG audit policy be updated to conform to current standards and office procedures. Accordingly, CFTC OIG audit leadership swiftly implemented and distributed updated policy in March 2020, shortly before COVID-19 shutdowns. However, the EEOC OIG peer reviewer could not substantiate whether the functional design of quality controls provided reasonable assurance that the two audits from 2022 selected for review were performed in compliance with Generally Accepted Government Auditing Standards (GAGAS) and current internal OIG policies and procedures.

The CFTC OIG provided evidence that audit documentation (including documentation of supervision) was prepared in other internal host systems (SharePoint, Microsoft Office Products, analysis servers) prior to the reviewed audit reports' release (and uploaded to the audit tracking system later), thus meeting GAGAS requirements.<sup>1</sup> However, the EEOC OIG peer reviewer disagreed. We attribute this disagreement to the peer reviewer's unfamiliarity with our digital audit tracking system (which erroneously indicates that the date of upload is the date of document preparation), and with the reviewer's focus on the prior 2016 CFTC OIG internal audit policy rather than GAGAS compliance requirements.

In addition, the peer review report highlighted an issue with CFTC OIG annual monitoring procedures or lack thereof, which was also documented as a recommendation for improvement in the 2019 prior peer review letter of comment. In this case we agree with the peer review report discussion that the CFTC OIG annual monitoring procedures were not performed. The OIG audit team was unable to conduct annual monitoring procedures due to competing priorities

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<sup>1</sup> The 2020 CIGIE Audit Peer Review [Guide](#) states (page 9): "In addition, policies and procedures may vary among OIGs, and procedures that are more stringent than GAGAS should not be applied in concluding whether the organization complies with applicable professional standards."

and resource constraints. However, there appears to be a lack of clear guidance associated with the annual monitoring requirement (*See* GAGAS 5.03).<sup>2</sup> Accordingly, due to office size and workload, the CFTC OIG maintains the position that it has flexibilities in continuing to mature its quality control program.

The CIGIE Audit Peer Review Guide, while strong on quality controls and processes, also requires indication of a failure of substance in evaluating the significance of disclosed findings.<sup>3</sup> The peer review report, however, did not identify any substantive flaws in the reviewed audits. In addition, the CFTC OIG independent referencing actions revealed no errors in the subject reports and as such, there is no need to question the published audit reports nor remove them from the CFTC OIG website for the period under review.

Upon my appointment as CFTC IG on April 7, 2024, I immediately reviewed the peer review results and, while I disagree with some of its conclusions, at this stage I believe it is in the CFTC OIG's best interest to move forward and focus resources on improving its audit function, rather than continuing to dispute the results of the peer review. In my short time as the CFTC Inspector General, I have prioritized reviewing and updating CFTC OIG policies and procedures to ensure compliance with all mandated legal requirements including GAGAS and will continue to do so.

### **Actions Taken to Date**

Since these issues were first presented, the CFTC OIG audit team updated internal audit policy to require strict usage of one audit tracking system for compliance and record retention purposes throughout the entirety of the audit project lifecycle. Specifically, the team's updated policy currently provides that draft audit reports will not be issued prior to audit staff completing all quality control procedures. Accordingly, the CFTC OIG currently uses one "host" system to manage and track the lifecycle of the audit project including but not limited to audit evidence/documentation, supervisory review, and recommendation tracking. This practice will be followed for all CFTC OIG audit projects.

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<sup>2</sup> GAGAS 5.03 states that an audit organization's system of quality control encompasses the organization's leadership, emphasis on performing high-quality work, and policies and procedures designed to provide reasonable assurance of complying with professional standards and applicable legal and regulatory requirements. **The nature, extent, and formality of an audit organization's quality control system will vary based on the audit organization's circumstances, such as size, number of offices and geographic dispersion, knowledge and experience of its personnel, nature and complexity of its engagement work, and cost-benefit considerations.**

<sup>3</sup> The CIGIE Audit Peer Review [Guide](#) (page 21-22) states in pertinent part: The significance of disclosed findings in the selected engagements reviewed should be determined by the extent to which the reports could not be relied upon due to the failure of the reports and underlying work, including documentation, to adhere to GAGAS. Reliability of the reviewed OIG audit organization's engagement reports may be impacted if one of the following conditions or combination of conditions exists:

- The evidence presented is untrue, and findings are not correctly portrayed.
- The findings and conclusions are not supported by sufficient, appropriate evidence.
- The evidence included in the engagement reports does not demonstrate the correctness and reasonableness of the matters reported.
- The report does not accurately describe the engagement scope and methodology and findings, and the conclusions are not presented in a manner consistent with the scope of work.
- The report contains significant errors in logic and reasoning.

Further, in efforts to support and improve its audit system of quality controls including annual monitoring procedures, the CFTC OIG awarded a contract in April 2024 to obtain an in-depth review of its audit function. In addition, all audit staff are enrolled in program related refresher training courses to ensure skillsets are enhanced.

Looking forward, the CFTC OIG is utilizing third party contractors to complete all congressionally mandated requirements in FY 2024; this process will continue until the team has completed all recommended improvements and has passed the next peer review for the three-year period ending March 2025 to demonstrate that all corrective actions were implemented.<sup>4</sup>



Respectfully,

Christopher Skinner  
Inspector General

cc: The Honorable Hannibal “Mike” Ware, Inspector General, Small Business Administration, Audit Committee Chair  
Dr. Brett Baker, Inspector General, National Archives and Records Administration, Audit Committee Vice-Chair  
Jon Hatfield, Inspector General, Federal Maritime Commission, Audit Peer Review Subcommittee Chair  
James R. Dalkin, U.S. Government Accountability Office, Director, Financial Management and Assurance

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<sup>4</sup> See *2020 Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General*, page 4. This peer review took two years to complete and it may not be possible to complete an off-cycle peer review prior to the next scheduled review in 2025.

## Attachment

**Peer Review Deficiency #1:** EEOC concluded that the CFTC OIG’s system of control was not suitably designed to provide reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects.

### **Management Response: Partially Agree to Finding**

The 2018 revision of *Government Auditing Standards* 5.02 states, “An audit organization conducting engagements in accordance with GAGAS must establish and maintain a system of quality control that is designed to provide the audit organization with reasonable assurance that the organization and its personnel comply with professional standards and applicable legal and regulatory requirements.”

The peer review evidence shows that CFTC OIG designed an audit policy in 2014 and updated that policy in 2016 and then again in 2020 to respond to the prior peer review report—the 2020 revision was subject for this peer review. However, our staff did not demonstrate their understanding of the updated policy in effect and thus your organization could not substantiate whether our compliance with our system of quality of control provided reasonable assurance that two audits reviewed were performed in compliance with GAGAS and CFTC OIG policies and procedures. We note that the prior peer reviewer did not take exception with our 2016 policy in effect but offered improvements which our 2020 policy reflects.

We communicated that annual monitoring was an open issue from the prior peer review and that per GAGAS 5.48 monitoring is most effective when performed by persons who do not have responsibility for the specific activity being monitored.

**Peer Review Recommendation:** CFTC OIG should enhance the office’s Audit Policy and Procedures Manual to provide clarity and content for relevant audit subjects and in accordance with GAGAS.

**Management Corrective Action Taken:** We updated our 2022 audit policy in February 2024. This policy requires strict usage of one host system throughout the audit project lifecycle. Audit reports will not be issued until prior audit documentation is finalized and implemented into the host system of record. All audit workpaper/evidence will identify specific documentation and supervision dates.

Accordingly, there will be one “host” system that tracks audit documentation and supervision dates for peer review purposes. While we provided evidence that audit documentation was prepared in other host systems (SharePoint, MS Office Products, analysis servers) and applied supervision occurred prior to the reports’ release meeting GAGAS requirements, our investment in one host system will eliminate future peer reviewer consternations.

Further, in efforts to support and improve the CFTC OIG audit system of quality controls including annual monitoring procedures, the CFTC OIG awarded a contract in April 2024 to an independent public accountant (IPA) to perform an in-depth review of the audit function.

**Peer Review Deficiency #2:** EEOC concluded that although CFTC OIG system of quality control

was not suitably designed, had they implemented their Audit Policy and Procedures Manual, Revision 1.1 dated March 2020 they could have avoided additional deficiencies for Government Auditing Standards for the two reports reviewed.

**Management Response: Agree Though Moot**

We agree that, had we fully implemented the March 2020 policy, we would have instituted annual quality assurance; however, due to resource constraints and competing priorities, we would have reached the same result. Regardless of which policy was followed, we respectfully maintain that both audits reviewed were conducted in compliance with GAGAS, and emphasize that the peer review revealed no inaccuracies or substantive issues with the reports. As stated above, the CFTC OIG awarded a contract in April 2024 to obtain an in-depth review of its audit function

**Peer Review Recommendations:** (1) Document compliance with its quality control policies and procedures... (2) establish policies and procedures for engagement performance, documentation, ... (3) prepare audit documentation in sufficient detail to enable an experienced auditor, having no previous connection to the audit, to understand from the audit documentation the nature, timing, extent, and results of audit procedures performed; the evidence obtained; and its source and the conclusions reached, including evidence that supports the auditors' significant judgments and conclusions.

**Management Corrective Action Taken:** The management actions taken discussed in the prior finding satisfies the concerns presented.

Enclosure 4

**U.S. Equal Employment Opportunity Commission Office of Inspector General  
Final Response**



**U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION  
Washington, D.C. 20507**

Office of Inspector General

June 28, 2024

Christopher Skinner, Inspector General  
U.S. Commodity Futures Trading Commission  
1155 21st Street, NW  
Washington, DC 20581

Subject: External Peer Review Final Report on the U.S. Commodity Futures Trading Commission Office of Inspector General Audit Organization (Project No. 2022-003-SOIG)

Dear Inspector General Skinner:

The Commodity Futures Trading Commission Office of Inspector General (OIG) requested an appeal of the peer review conducted by the Equal Employment Opportunity Commission (EEOC) Office of Inspector General (OIG) for the period ending March 31, 2022. The Council of Inspectors General for Integrity and Efficiency (CIGIE) Audit Peer Review Subcommittee's Assistant Inspector General for Audits Panel (AIGA Panel) reviewed the appeal, filed by the Commodity Futures Trading Commission (CFTC) Office of Inspector General (OIG). The AIGA Panel had 45 calendar days from its formation, on March 22, 2024, to consider the appeal and make a recommendation for resolution. The AIGA Panel conducted the review of the appeal in accordance with the steps outline in the CIGIE Audit Committee's procedures, *Audit Peer Review Process*, dated April 25, 2022. On May 3, 2024, the AIGA Panel provided a written response and recommended the Commodity Futures Trading Commission (CFTC) Office of Inspector General (OIG) accept the Equal Employment Opportunity Commission (EEOC) Office of Inspector General (OIG)'s results. The Commodity Futures Trading Commission (CFTC) Office of Inspector General (OIG) accepted the AIGA Panel's recommendation. Therefore, we are accepting the Commodity Futures Trading Commission (CFTC) Office of Inspector General (OIG) final comments as a concurrence with the peer review report.

If you have any questions, please contact Nina Murphy, Assistant Inspector General for Audit, (202) 320-7201, email: [Nina.Murphy@eoc.gov](mailto:Nina.Murphy@eoc.gov).

A handwritten signature in black ink that reads "JT Willoughby". The initials "JT" are written in a larger, bolder script than the name "Willoughby".

Joyce Willoughby, Esq.  
Inspector General  
U.S. Equal Employment Opportunity Commission