

Findings and Recommendations

Finding 1: Inspection and Evaluation Policies and Procedures Did Not Address the Requirement to Collect and Analyze Evidence

Blue Book Standard 4: *Evidence Collection and Analysis* requires inspectors¹ to collect and analyze evidence consistent with inspection objectives and related to the operation, program, policy, or entity being inspected (requirement 4.1). This standard also requires inspectors to collect evidence that sufficiently and appropriately supports findings and provides a reasonable basis for conclusions (requirement 4.3).

The CFTC OIG's Inspection and Evaluation Policy Manual (Manual) does not discuss the requirement to collect and analyze evidence. Instead, the Manual refers to CFTC OIG's *Audit Data Access Procedures*, dated December 2021. This document provides procedures to facilitate OIG access to digital data and information but does not satisfy the requirements set forth in the Blue Book. While this document may be a good resource for OIG staff in accessing digital data and information, it does not specifically address the Blue Book requirement for inspectors to collect and analyze evidence.

Recommendation – We recommend that CFTC OIG improve its I&E policy or develop procedures for Evidence Collection and Analysis by considering the Blue Book's Standard 4 application guidance as it relates to the support of inspection findings and conclusions.

Views of Responsible Official – See enclosure for comments.

Finding 2: CFTC OIG Relies on CFTC Policies and Procedures to Protect Controlled Unclassified and Classified Information

Blue Book Requirement 4.4: *Protection of Information* states that inspection organizations must protect controlled unclassified information and classified information.

The CFTC OIG's Manual did not include procedures to protect controlled unclassified and classified information. CFTC OIG provided the agency's (CFTC's) policies on handling controlled unclassified information and classified information—*Classified Information* and *Safeguarding Personally Identifiable Information*. These policies were not referenced within the Manual and were outdated with their last updates in 2009 and 2011, respectively.²

¹ The Blue Book “does not delineate between inspections and evaluations” and “uses the terms ‘inspection,’ ‘inspector,’ and ‘inspection organization’ to encompass both inspections and evaluation oversight work.” As such, this report uses these words to encompass both inspections and evaluations work at the CFTC OIG.

² CFTC Policy: Classified Information, dated December 15, 2009 & CFTC Policy: Safeguarding Personally Identifiable Information, dated June 2011.

CFTC's policy requires that **classified** information be kept under the personal control and observation of an authorized person (who is designated by the agency) or to store the information in a locked, GSA-approved safe located in a specific room within CFTC. Additionally, the Chief of Security and Continuity Programs – an official outside the OIG – is the gatekeeper of the safe; being the only official who has the safe's combination. Further, CFTC's policy on **controlled unclassified** information defines in detail Personally Identifiable Information (PII), guides employees and contractors on safeguarding PII, and the consequences of non-compliance. Although CFTC OIG indicated that classified information is rarely collected or seldom published at CFTC OIG, CFTC OIG must protect both controlled unclassified and classified information.

Recommendation – We recommend that CFTC OIG develop its own protection of information policies and procedures for handling and maintaining controlled unclassified and classified information to follow the application of Requirement 4.4 of the Blue Book and consider implementing application guidance 4.4a and 4.4b.

Views of Responsible Official – See enclosure for comments.

Basis of Results

This modified peer review was conducted in accordance with CIGIE's *Guide for Conducting External Peer Reviews of Inspection and Evaluation Organizations of Federal Offices of Inspectors General* (July 2023) and the Memorandum of Understanding between the Offices of the Inspectors General of AmeriCorps and the CFTC, entered into on May 1, 2024.

During our review, we obtained an understanding of the nature of CFTC OIG's I&E function and assessed established I&E policies and procedures. No interviews were conducted since the I&E staff consisted of only three officials, all of whom were the main officials for the peer review.

In concluding the modified peer review, we met with CFTC OIG management to discuss the results of our review. We believe the limited procedures performed provide a reasonable basis for our decision. Enclosure 1 to this report identifies CFTC OIG's management comments.



August 16, 2024

Steven H. Ravas, Acting Inspector General
AmeriCorps Office of Inspector General
250 E. St., SW, Suite 4100
Washington, DC 20525

Dear Acting Inspector General Ravas,

This letter transmits the Commodity Futures Trading Commission (CFTC) Office of the Inspector General (OIG) response to the AmeriCorps OIG's formal draft of the Modified Inspection & Evaluation Peer Review Report of the CFTC OIG and comment letter dated August 12, 2024. The report found that our Inspection and Evaluation (I&E) policies were not current and consistent with the Council of the Inspectors General on Integrity and Efficiency's (CIGIE's) *Quality Standards for Inspection and Evaluation*, December 2020 (Blue Book), and recommended that the CFTC OIG update its current policy to address the Blue Book requirement for collecting and analyzing evidence (Standard 4). In addition, AmeriCorps OIG found that the CFTC OIG relies on agency policies and procedures to protect controlled unclassified and classified information, and recommended that CFTC OIG develop its own policies for these purposes consistent with Blue Book Requirement 4.4, *Protection of Information*. The comment letter included additional findings and recommendations that did not impact the main report.

We concur with all recommendations and plan to take corrective action. The CFTC OIG has undergone significant staff turnover since 2023, including the departure of the Inspector General. In my time as the CFTC Inspector General, I have prioritized reviewing and updating CFTC OIG policies to ensure compliance with mandated legal requirements and CIGIE standards. We are in the process of hiring CFTC OIG's first Assistant Inspector General for Evaluations (AIGE). Our organization and the AIGE will benefit from this report, and I thank the AmeriCorps OIG team for its thorough examination of our I&E policy.

If you have any questions regarding this letter, please contact me at cskinner@cftc.gov or at (202) 418-5156.

Sincerely,

Chris Skinner
Inspector General

CFTC OIG 24-08-02