



U.S. COMMODITY FUTURES TRADING COMMISSION

Three Lafayette Centre
1155 21st Street, NW, Washington, DC 20581
Telephone: (202) 418-5110
Facsimile: (202) 418-5522

April 14, 2014

Office of the
Inspector General

Mark Wetjen
Acting Chairman
Commodity Futures Trading Commission
Washington, D.C. 20581

Dear Chairman Wetjen:

On July 22, 2010, President Obama signed into law the Improper Payments Elimination and Recovery Act of 2010 (IPERA; Public Law 111-204). IPERA directs each agency's Inspector General, beginning with Fiscal Year (FY) 2011, to review agency improper payments and submit a report to the head of the agency, select congressional committees, and the Comptroller General. An improper payment is any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements.¹ It is the responsibility of the agency to review during the year after IPERA's enactment² and thereafter annually all programs and activities and identify those that are susceptible to significant improper payments. In accordance with OMB Memorandum M-11-16, the agency's Inspector General is expected to review the agency's Annual Financial Report (AFR) and assess the agency's compliance with Improper Payments Information Act of 2002³.

Accordingly, the Office of the Inspector General conducted a limited review of the Commodity Futures Trading Commission's (CFTC) compliance with IPERA for FY 2013. Our limited review was carried out in a reasonable and prudent manner and in accordance with Office of Management and Budget Circular No. A-123, Management Accountability and Control revised parts I and II to Appendix C⁴.

Our scope included a review of the CFTC Accounting Officer's attestation to the absence of any improper payments at CFTC during FY 2013 and a review of the agency's Annual Financial Report-including the independent auditors report of the agency's financial statements and the financial statements for the CFTC Customer Protection Fund. We also reviewed the CFTC database of payments during FY 2013 which contained 7,739 payments to vendors, individuals,

¹ See Improper Payments Elimination and Recovery Act of 2010, Section 2 (e) (codified at 31 U.S.C. 3321 note).

² See Improper Payments Elimination and Recovery Act of 2010, Section 2(a) (codified at 31 U.S.C. 3321 note).

³ IPERA amended the Improper Payments Information Act of 2002 Public Law 107-300.

⁴ See OMB M-11-16 *Memorandum for the Heads of Executive Departments and Agencies* from Jacob J. Lew, Director Subject: Issuance of Revised Parts I and II to Appendix C of OMB Circular A-123, dated April 14, 2011.

and external entities. In order to identify potential improper payments we established several database queries which the Office of Financial Management (OFM) used to generate reports indicating no improper payments were made during Fiscal Year 2013. OFM informed us and we reviewed documentation indicating that payments were checked to the government-wide “Do Not Pay”⁵ list and no exceptions were found. We also reviewed the Agency Financial Report for FY2013 and found that the agency determined “that none of its programs and activities are susceptible to significant improper payments at or above the threshold levels set by OMB,”⁶ and we agree.

Therefore, during the OIG’s limited review, nothing came to our attention that would indicate that the CFTC did not comply with IPERA requirements.

Sincerely,

A handwritten signature in blue ink that reads "A. Roy Lavik". The signature is fluid and cursive, with the first name "A." and last name "Lavik" clearly legible.

A. Roy Lavik
Inspector General

cc:

- The Honorable Thomas R. Carper, Chairman, Senate Committee on Homeland Security and Governmental Affairs;
- The Honorable Tom Coburn, Ranking Member, Senate Committee on Homeland Security and Governmental Affairs;
- The Honorable Darrell E. Issa, Chairman, House Committee on Oversight and Government Reform;
- The Honorable Elijah Cummings, Ranking Member, House Committee on Oversight and Government Reform;
- Mr. Gene L. Dodaro, Comptroller General of the United States, United States Government Accountability Office;
- Mr. Mark Reger, Interim Controller, Office of Federal Financial Management.

⁵ See OMB M-12-11 *Memorandum for the Heads of Executive Departments and Agencies* from Jeffery D. Zients, Acting Director Subject: Reducing Improper Payments through the “Do Not Pay List” dated April 12, 2012.

⁶ See Commodity Futures Trading Commission Agency Financial Report Fiscal Year 2013 page 73, available at <http://www.cftc.gov/ucm/groups/public/@aboutcftc/documents/file/2013afirreduced.pdf>