

COMMODITY FUTURES TRADING COMMISSION

**SEMIANNUAL REPORT
OF THE**

**OFFICE OF THE
INSPECTOR GENERAL**



FOR THE PERIOD ENDING MARCH 31, 2009



U.S. COMMODITY FUTURES TRADING COMMISSION

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

Office of the
Inspector General

April 30, 2009

TO: Michael V. Dunn
Acting Chairman

FROM: A. Roy Lavik
Inspector General

arl

SUBJECT: Semiannual Report of the Office of the Inspector General

Attached is the Semiannual Report of the Office of the Inspector General for the period from October 1, 2008 through March 31, 2009. This report is submitted to you in accordance with the requirements of Section 5 of the Inspector General Act of 1978, as amended.

I appreciate your continuing support of this office.

Attachment

OFFICE OF THE INSPECTOR GENERAL
COMMODITY FUTURES TRADING COMMISSION

SEMIANNUAL REPORT
FOR THE PERIOD FROM
October 1, 2008 THROUGH March 31, 2009

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EXECUTIVE SUMMARY

This semiannual report is issued by the Commodity Futures Trading Commission's (CFTC's) Office of Inspector General (OIG) pursuant to the Inspector General Act of 1978, as amended. It summarizes OIG's activities and accomplishments for the period October 1, 2008, through March 31, 2009. During this period, OIG completed one audit, updated one review, issued required management challenges, and began one review. OIG also responded to Congressional inquiries, commented to Congressional staff on pending legislation and other issues, and testified before Congress. OIG reviewed proposed enforcement actions, as well as rules proposed by CFTC and by regulated entities, participated in training, monitored peer review activities, visited CFTC field offices, and participated in Government-wide OIG professional and cooperative meetings and activities. OIG continued its participation in a procurement to secure an external auditor to perform the CFTC financial statement audit. No investigations were pending, opened or completed during this reporting period. No significant problems, abuses or deficiencies regarding CFTC programs and operations were identified during the reporting period.

Highlights of OIG's completed and ongoing audit, evaluation, investigative and other projects include:

- OIG oversaw the completion of the fiscal year (FY) 2008 audit of the CFTC financial statements. For fiscal year 2008, the financial statement audit resulted in an unqualified audit opinion.
- OIG issued its Assessment of the Most Serious Management Challenges Facing the CFTC: Modernization of Electronic Surveillance and Efficient Acquisition and Integration of Skilled Human Capital.
- OIG updated its review of the need to reopen the Los Angeles field office. The prior recommendation remains unchanged.
- In response to concerns raised by Agency staff and others, the OIG began a review of the Govtrip electronic travel system.
- OIG again responded to discrete allegations pertaining to the CFTC transit subsidy program. Again, the evidence did not warrant referrals to the Agency or law enforcement for further action; however, we received conclusive evidence of compliance.
- OIG met with Congressional staff to discuss issues arising from recent efforts to procure an external auditor to perform the CFTC financial statement audit. Allegations concerning possible misconduct relating to the procurement were referred to the Integrity Committee.
- OIG testified before the House Committee on Oversight and Government Reform, Subcommittee on Government Management, Organization and Procurement on: "The Roles and Responsibilities of Inspectors General within Financial Regulatory Agencies."

INTRODUCTION

1. CFTC Programs and Operations.

Congress created the Commodity Futures Trading Commission in 1974 as an independent agency with the mandate to regulate commodity futures and options markets in the United States. The Commission's mandate was renewed and/or expanded in 1978, 1982, 1986, 1992 and 1995. In December 2000, the Commission was reauthorized by Congress and the President through Fiscal Year 2005 with the passage of the Commodity Futures Modernization Act of 2000 (CFMA). In May of 2008, Congress reauthorized the CFTC through Fiscal Year 2013.

The CFTC is responsible for fostering the economic utility of futures markets by encouraging their competitiveness and efficiency, ensuring their integrity and protecting market participants against manipulation, abusive trade practices and fraud. Through effective oversight regulation, the CFTC enables the commodity futures markets better to serve their vital function in the nation's economy—providing a mechanism for price discovery and a means of offsetting price risks.

The CFTC operating divisions are: Office of the Chairman, Office of the Executive Director, Office of General Counsel, Division of Clearing and Intermediary Oversight, Division of Enforcement, Division of Market Oversight and Office of the Chief Economist. In addition to its headquarters office in Washington, DC, the CFTC maintains offices in Chicago, Illinois; Kansas City, Missouri; and New York, New York.

2. OIG Responsibilities.

The CFTC OIG was created in 1989 in accordance with the 1988 amendments to the Inspector General Act of 1978 (P.L. 95-452). 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; and
- Keep the Chairman 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.

OIG is required to conduct, supervise and coordinate audits of CFTC programs and operations in accordance with generally accepted government auditing standards. OIG is also required to recommend changes to existing and proposed CFTC programs and operations to promote economy, efficiency and effectiveness and to prevent and detect fraud and abuse.

The purpose of OIG audits generally is to ensure that:

- Funds have been expended in a manner consistent with related laws, regulations and policies;
- Resources have been managed effectively and efficiently;
- Stipulated program objectives have been achieved;
- Agency operations have not been subject to improper influence or corruption; and
- Resources have been safeguarded.

OIG operates independently of the Agency and has not experienced any interference from the CFTC Chairman in connection with the conduct of any investigation or audit, and our investigations have been pursued regardless of the rank or party affiliation of the target. OIG has also conducted audits without interference where it has perceived the opportunity to recommend improvement to futures regulation efforts, again without regard to the party affiliation of any Chairman.¹ No Chairman has interfered with OIG decisions regarding personnel actions, training, travel or other expenditures; however, a recent procurement process initiated to secure the services of an external auditor to conduct the required CFTC financial statement audit has developed issues pertaining to IG independence, as well as allegations requiring referral to the Integrity Committee.

3. OIG Resources.

OIG consists of the Inspector General, the Assistant Inspector General for Audits, an Attorney-Advisor and a secretary. The present Inspector General assumed his position on October 7, 1990. The Assistant Inspector General joined the office in 1999, and the Attorney-Advisor joined in 2007.

¹ The Inspector General Act of 1978, as amended, states: “Neither the head of the establishment nor the officer next in rank below such head shall prevent or prohibit the Inspector General from initiating, carrying out, or completing any audit or investigation....” 5 U.S.C. App. 3 sec. 3(a).

COMPLETED AUDITS and REVIEWS

1. Audit of CFTC Financial Statements for Fiscal Year 2008

Objective.

In FY 2002, Congress passed the Accountability of Tax Dollars Act. The Act requires the CFTC, along with numerous other Federal entities, to have its financial statements audited annually. To this end, in 2004 the OIG selected KPMG, an independent auditor, to provide the audit effort required to enable the contractor to render an opinion on the Agency's financial statements for Fiscal Year 2008.

The specific objectives of this audit included determinations whether:

(1) The financial statements present fairly the financial position of the Commodity Futures Trading Commission in accordance with generally accepted accounting principles (GAAP) as promulgated by the Federal Accounting Standards Advisory Board (FASAB). The five financial statements, along with all corresponding notes to be audited include: (a) Balance Sheet; (b) Statement of Net Cost; (c) Statement of Changes in Net Position; (d) Statement of Budgetary Resources; and (e) Statement of Custodial Activity.

(2) Management's assertions about the effectiveness of its internal controls for achieving internal control objectives described in AU Section 319 and the Federal Managers Financial Integrity Act (FMFIA) are fairly stated in all material respects. The contractor makes this determination in part by obtaining an understanding of the internal control policies and procedures and assessing the level of control risk relevant to all significant cycles, classes of transactions, and account balances. For those significant control policies and procedures that have been properly designed and placed in operation, the contractor performs sufficient tests to provide reasonable assurance as to whether the controls are effective and working as designed.

The independent public accountant (IPA) limits its internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin 07-04. Further, the IPA is not required to test all internal controls relevant to operating objectives as broadly defined by the FMFIA, such as those controls relevant to achieving efficient operations.

With respect to internal controls related to performance measures reported in the accountability report, the IPA obtains an understanding of the design of significant internal controls relating to the existence and completeness assertions, as required by OMB Bulletin 07-04. The procedures are not required to provide assurance on internal controls over reported performance measures.

(3) The agency has complied with selected provisions of laws and regulations identified by OMB Bulletin 07-04 or the Inspector General, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. The IPA limits its tests of compliance to these provisions and need not test compliance with all laws and regulations applicable to the CFTC.

KPMG rendered an opinion on the agency's financial statements for Fiscal Year 2008 in accordance with generally accepted auditing standards, Government Auditing Standards and OMB Bulletin 07-04.

Status.

For the fourth consecutive year, the public accounting firm KPMG LLP reported that the CFTC financial statements were presented fairly in all material respects, and in conformity with the U.S. generally accepted accounting principles for Federal agencies. For the second consecutive year the Commission had no material weaknesses, and was compliant with laws and regulations. This includes substantial compliance with the Federal Information Security Management Act. Furthermore, the CFTC financial management system is in substantial compliance with the Federal Financial Management Improvement Act of 1996 (although CFTC is not required to comply with FFMIA, it has elected to do so.) KPMG issued its report on November 12, 2008.

2. Report of IG Assessment of CFTC's Management Challenges

Objective.

In addition to authorizing the agencies to provide financial and performance information in a more meaningful and useful format for Congress, the Reports Consolidation Act of 2000 also required 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 for inclusion in the annual Performance and Accountability Report (PAR).

Status.

The OIG prepared the required summary of the Agency's most serious management and performance challenges in accordance with the Reports Consolidation Act of 2000 for inclusion in the FY 2008 PAR, and also reported on status of the most serious management and performance challenges identified by the Inspector General in FY 2007. In FY 2007, the OIG identified two potential management challenges: The Modernization of Electronic Market Surveillance and Expansion of CFTC Oversight into New Markets. The OIG noted that during the past year, the Agency expended approximately \$11 million to update its electronic surveillance systems. In addition, Congress, with the passage of the CFTC Reauthorization Act of 2008,² codified and expanded the Agency's responsibilities over Exempt Commercial Markets with Significant Price Discovery Contracts (ECM-SPDC). Agency activity in this area

² Incorporated as Title XIII of the Food, Conservation and Energy Act of 2008, Public Law 110-246, 122 Stat. 1624 (June 18, 2008).

is continuing, we note that the Agency on March 23, 2009, issued final rules to implement the ECM-SPDC provisions of the CFTC Reauthorization Act of 2008.³

For FY 2009, the OIG identified two “most serious” management challenges: Modernization of Electronic Market Surveillance and Efficient Acquisition and Integration of Skilled Human Capital. During the past years the futures markets have transformed substantially from an open outcry system to an electronic system. This structural change demands that the Agency redefine and modernize its market surveillance techniques. As anticipated funding increases permit the Agency to grow its workforce, the efficient and effective acquisition of qualified employees will be a major goal for the Agency. In November 2008 the OIG submitted the report to the Agency for inclusion in the PAR, and the Agency transmitted the PAR to OMB and Congress.

3. Update of the Review of the Need for a Los Angeles Office

Objective.

Our report titled “Review of the Need for a Los Angeles Office” was completed in 2006. Because of budgetary constraints, the Chairman was not in a position to act on the recommendations in the report. In part due to Congressional interest in open recommendations, the OIG revisited the issue and issued an updated report on March 12, 2008. In January 2009, then Acting Chairman Lukken issued a statement voicing his opposition to the recommendation based on cost considerations. On March 11, 2009, Congress approved a significant funding increase for the CFTC for FY 2009.

Status.

During the reporting period, the Inspector General consulted with both California State securities enforcement officials and the Department of Justice in Los Angeles, and all contacts stressed the need for expertise on the West Coast to assist prosecution of complex frauds occurring under the Commodity Exchange Act. While our most recent statistical analysis of Enforcement productivity on the West Coast indicates that cases are being brought in adequate numbers, the Inspector General strongly believes that expansion of the Agency to the West Coast will facilitate nationwide enforcement of the laws governing futures trading. In view of his recent consultations with West Coast regulators, the IG reiterates the previous recommendation particularly in light of increased funding for the CFTC for FY 2009.

³ 74 FR 12178 (Mar. 23, 2009).

CURRENT AUDITS and REVIEWS

1. GovTrip and Travel Card Review.

Recently the Office of the Inspector General (OIG) has received complaints regarding difficulties encountered in connection with the use of GovTrip, and in connection with use of the new travel credit cards. Govtrip is part of a government-wide electronic travel initiative designed to facilitate the entire travel process, generate cost savings, and improve employee productivity. Specific Govtrip issues include time delays receiving reimbursement, as well as difficulties scheduling non-direct routes for trips and for scheduling flights.

Federal travel regulations mandate the use of a government contractor issued credit card. In November 2008, a new issuing bank assumed the contract for supplying travel credit cards and distributed new cards to agency personnel. Bank travel credit card issues include inoperative PINs (Personal Identification Numbers) as well as difficulties obtaining cash advances on the government contractor issued credit cards.

Scope and Objective

This review of GovTrip will be limited to a two fiscal year period. Fiscal Years 2008 and 2009 will be reviewed. The objectives of this review are: to elicit employee experiences with GovTrip, catalog benefits and difficulties regarding the use of GovTrip, find out what works and what doesn't, determine which issues appear with greatest frequency, and evaluate what organizational change could alleviate these issues.

The review of travel credit cards will be limited to fiscal year 2009, with emphasis placed on experiences with the new travel credit cards. Experience with the prior travel credit cards used by CFTC will also be examined for means of comparison. However, improper usage of travel credit cards will not be examined during this review.

AUDIT REPORTS and REVIEWS OVER SIX MONTHS OLD

1. Corrective Action not Completed.

There were no instances of audit reports over six months old where corrective action had not been completed.

2. Corrective Action Completed.

There were no instances of reports issued before the commencement of the reporting period for which corrective action had been completed by the end of the reporting period.

3. **Management Decision not Made.**

There are no instances of a 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. In 2006, the CFTC OIG issued a report titled "Review of the Need for a Western Regional Office in Los Angeles." That report recommended, among other things, that the Commission review the feasibility of reestablishing the former Los Angeles field office. That recommendation was not carried out largely due to budget constraints. In January 2008, partially in response to a Congressional inquiry, CFTC OIG updated its analysis and on March 12, 2008, issued a follow-up report which reiterated the earlier recommendation. In January 2009, the Acting Chairman issued a decision declining to implement the recommendation generally due to cost considerations. In light of increased funding for FY09, as well as further consultation with regulators, we renew the recommendation.

INVESTIGATIONS

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 and other sources concerning the possible existence of an activity constituting a violation of law, rules or regulations, or mismanagement, abuse of authority, or gross waste of funds, or a substantial and specific danger to the public health and safety.

No investigations were pending as of the beginning of the reporting period. No investigations were opened during this period. One preliminary inquiry, regarding alleged misuse of the transit subsidy, was closed without formal investigation upon submission of proof of compliance.

SUMMARY OF MATTERS REFERRED TO PROSECUTORIAL AUTHORITIES

No matters were referred to prosecutorial authorities during the reporting period. In accordance with section 11(d)(4) of the Inspector General Act of 1978, as amended, an allegation relating to suspected misconduct within the OIG was referred to the Integrity Committee of the Council of the Inspectors General on Integrity and Efficiency.

CONGRESSIONAL INQUIRIES

OIG fielded multiple requests for assistance from members of Congress and staff during the reporting period. Issues addressed included recent OIG activities. In March, the Inspector

General testified before the Subcommittee on Government Management, Organization, and Procurement, Committee on Oversight and Government Reform on the "The Roles and Responsibilities of Inspectors General within Financial Regulatory Agencies." The IG also consulted Congressional staff regarding issues relating to the procurement of an external auditor to perform the CFTC financial statement audit.

LEGISLATIVE, REGULATORY AND RULE REVIEWS

1. Introduction and Summary.

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

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

2. Rule Reviews Initiated in Previous Reporting Periods.

There were no rule reviews initiated in previous reporting periods which were continued into this reporting period.

3. Rule Reviews Initiated this Reporting Period.

No rule reviews were initiated during this reporting period.

4. Legislative Activities.

OIG tracked legislation impacting programs and operations of the CFTC, and made contact with Congressional staff concerning various agency and IG issues as appropriate. The IG serves on the legislation committee for the Executive Council on Integrity and Efficiency, which comments on proposed amendments to the IG Act and other legislation affecting the IG community. In March, the Inspector General testified before the Subcommittee on Government Management, Organization, and Procurement, Committee on Oversight and Government Reform on the "The Roles and Responsibilities of Inspectors General within Financial Regulatory Agencies," and specifically addressed the provisions of HR 885 at that time. HR 885 would convert the Inspector General for five financial regulatory agencies, including the CFTC Inspector General, to a Presidential Appointment. The IG has no specific objection to HR 885, but did discuss issues of concern.

OTHER REVIEWS

1. Peer Reviews.

An important function in each Agency OIG is the peer review process. The Inspector General community's annual report, *A Progress Report to the President, Fiscal Year 2007*,⁴ described the processes for audits and investigative peer reviews as follows:

Government Auditing Standards require that audit organizations conducting audits of Federal agencies undergo peer reviews every 3 years. The IG community has implemented a process to meet this requirement. 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.

Similarly, investigative peer reviews are conducted to ensure compliance with the requirements of the *Quality Standards for Investigations* and determine whether adequate internal safeguards and management procedures exist to ensure that law enforcement powers are properly exercised.⁵

During this reporting period, OIG continued to monitor the government-wide OIG peer review schedules as communicated by the Council of the Inspectors General on Integrity and Efficiency. OIG discussed scheduling issues with our partner OIG offices as appropriate. No peer reviews were begun or completed during this reporting period.

2. Other Reviews.

No other review activity took place during this reporting period.

SUMMARY OF EACH REPORT MADE TO THE AGENCY HEAD

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

REVISED MANAGEMENT DECISIONS

No management decisions were revised during the reporting period.

⁴ <http://www.ignet.gov/randp/fy07apr.pdf>.

⁵ *Id.* at p.19.

INSPECTOR GENERAL DISAGREEMENT

The Inspector General did not disagree with any management decisions on OIG recommendations during the reporting period.

GAO LIAISON

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

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

STRATEGIC PLAN FOR THE OFFICE OF THE INSPECTOR GENERAL

1. 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, abuse of authority or a substantial and specific danger to the public health and safety.

OIG has to date conducted only a reactive investigative program chiefly relying on unsolicited employee complaints as the source of investigative leads. However, allegations and complaints are also received from the general public and Congress. This reactive program has resulted in only a handful of investigations per year. This strategy was followed because OIG believed that an independent regulatory agency such as the CFTC, without grant money or substantial contracts to award, was not likely to generate a substantial investigative workload.

To insure that employee complaints could easily reach OIG, a 24-hour hotline was established in February 1993 to receive complaints. The hotline phone number is (202)418-5510.

Because of the necessarily reactive nature of OIG's investigative program, no investigative agenda has been established.

2. Legislative and Regulatory Review Agenda.

Because of the importance of this activity in a financial and economic regulatory agency, OIG reviews proposed and final CFTC regulations, legislation and selected exchange rules using six basic criteria: Whether the agency: (1) has identified specifically the problem(s) to be addressed by the proposal; (2) has defined through case study or data analysis a clear link between the proposed solution and the identified problem(s); (3) has specified clearly the means to effectively and efficiently enforce the proposal; (4) has assessed the likely efficiency and effectiveness of alternative solutions; (5) can reasonably document that the proposal will yield positive net benefits over the long term; and (6) has met the requirements of the Regulatory Flexibility Act and the Paperwork Reduction Act.

The Regulatory Flexibility Act requires the agency to evaluate the impact of its regulations on small entities. The Paperwork Reduction Act requires the agency to manage effectively and efficiently its information collections so that they are the least burdensome necessary to achieve the stipulated objectives.

Because OIG does not initiate legislation or, generally, regulations, OIG legislative and regulatory review program is reactive to the legislative and regulatory proposals developed by others. Accordingly, no independent legislative and regulatory review agenda has been established.

3. Audit Agenda.

a. Introduction

The primary objectives of the OIG audit agenda is to promote long-term efficiency and effectiveness in the administration and operation of the Commission and to protect against fraud and abuse. The audit 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. The Act requires the CFTC, along with numerous other Federal entities, to have its financial statements audited annually. To this end, OIG has engaged a contractor to provide the audit effort required to

enable the contractor to render an opinion on the agency's financial statements for each fiscal year in accordance with generally accepted auditing standards, Government Auditing Standards and OMB Bulletin 07-04.

Audit of Compliance with the Federal Managers' Financial Integrity Act, FMFIA.

In support of OMB Circular A-123 (Revised), 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 the CFTC Information Security Management Act, FISMA.

The Federal Information Security Management Act requires the Inspector General or his designee to perform annual independent evaluations of the information security program and practices of the agency.

c. Other Audits.

OIG intends to focus the balance of its audit resources on the review of the management and operation of the agency and compliance with Congressional mandates. Specifically, OIG intends to continue to monitor the agency's use of contractors from time to time, with an emphasis on contracts for IT services. In addition, OIG intends to focus its efforts with a view to auditing or reviewing activities relating to the most serious management challenges facing the CFTC.

OIG issues an assessment of the most serious management challenges each year for publication in the CFTC Performance and Accountability Report. In the past three years, OIG has identified as management challenges the following areas of concern:

- Efficient Acquisition and Integration of Skilled Human Capital
- Modernization of Electronic Market Surveillance
- Expansion of CFTC Oversight into New Markets
- Industry Consolidations
- Exchange Trading Revolutions (*Growth of Derivative Trading*)

OIG will seek to identify issues and to conduct audits and reviews relating to these management challenges. Finally, OIG will stand ready to respond to issues and audit requests as they are received from Congress, the Agency and members of the public or any other source.

d. Resources Required.

OIG estimates that approximately one staff year of effort will be devoted over each of the next five years further reviews of the agency's use of contractors. One-half staff year of effort will be devoted over each of the next five years to the "Annual Audits" described above. All other Audits will consume up to one and a half staff years. Because OIG resources can be diverted at any time to an investigation or audit that responds to current concerns or allegations, and must be completed in a timely fashion in order to be of assistance to the Agency or Congress, it is impossible to forecast with complete accuracy how resources will be utilized from year to year.

<p style="text-align: center;">CONTACTING THE OFFICE OF THE INSPECTOR GENERAL</p>
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OIG is located at 1155 21st Street, N.W., Washington, D.C. 20581. The telephone number is (202)418-5110. The facsimile number is (202)418-5522. The hotline number is (202)418-5510. The OIG web page is located at <http://www.cftc.gov/aboutthecftc/oig.html> Regular business hours are between 8:30 AM and 5:00 PM, Monday through Friday, except Federal holidays.

Table 1

**Reports Issued with Questioned Costs
(April 1, 2008 – September 30, 2008)**

	Number	Dollar Value Thousands	
		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

Table 2

**Reports Issued with Recommendations
That Funds be Put to Better Use
(April 1, 2008 – September 30, 2008)**

	Number	<u>Dollar Value</u> Thousands
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



**THE INSPECTOR GENERAL
NEEDS YOUR HELP TO
ASSURE THE INTEGRITY OF
CFTC'S PROGRAMS**

Report **FRAUD, WASTE**
Or **ABUSE** to the
INSPECTOR GENERAL
ANONYMOUSLY

HOTLINE
(202) 418-5510

**Office of the Inspector General
Commodity Futures Trading Commission
1155 21ST Street, N.W.
Washington, D.C. 20581**