U.S. COMMODITY FUTURES TRADING COMMISSION
Office of the Inspector General
Office of Audits

ATTESTATION REPORT

Compliance with DATA Act of 2014- Reporting Accuracy (FY 2017 Quarter II)

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U.S. COMMODITY FUTURES TRADING COMMISSION
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TO:	J. Christopher Giancarlo, Chairman
Brian D. Quintenz, Commissioner
Rostin Behnam, Commissioner
FROM:	Miguel A. Castillo, *CPA, CRMA*
DATE:	October 17, 2017
SUBJECT:	Compliance with DATA Act of 2014 - Reporting Accuracy (FY 2017 Quarter II)

Introduction

We performed the agreed-upon procedures in accordance with attestation standards established by the American Institute of Certified Public Accountants and *Generally Accepted Government Auditing Standards*. The purpose of this report is to fulfill our obligation as required by the Digital Accountability and Transparency Act of 2014[1] (DATA Act) and guidelines issued by the Federal Audit Executive Council (FAEC)[2]. For FY 2017 Quarter II, the DATA Act requires the Office of the Inspector General (OIG) to review a statistically valid sampling of the U.S. Commodity Futures Trading Commission (CFTC) spending data. In addition, the Act requires the OIG to submit to Congress and make publically available a report assessing the completeness, timeliness, quality, and accuracy of sampled data and the use of data standards by the CFTC.

Management is responsible for data submitted in accordance with the DATA Act and is required to provide a corrective action plan that addresses any exceptions noted. Management is also responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management and the OIG, solely to evaluate the completeness, quality, timeliness, and accuracy of FY 2017 Quarter II data submitted by management.

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[1]P.L. 113-101, 128 Stat. 1146 (2014).
[2] Inspectors General Guide to Compliance Under the DATA Act.

The sufficiency of these procedures is solely the responsibility of the users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Background

Under an interagency agreement, the Department of Transportation's Enterprise Service Center (ESC) provides system support for CFTC to fulfill its reporting obligation under the DATA Act. ESC followed the eight-step implementation plan from the *DATA Act Implementation Playbook*[3] for system development and published procedures[4] for its use which includes data validations. Those tasks that the CFTC cannot perform are delegated to ESC, monitored, and discussed monthly with the Chief Financial Officer/Senior Accountable Officer.

Scope and Methodology

To evaluate completeness, quality, timeliness and accuracy of the FY 2017 Quarter II, we assessed internal controls over the CFTC procurement cycle to determine the appropriate level of risk. In addition, we inspected CFTC's Quarter II submission to evaluate data elements and summary transactions. We selected a statistically valid sample of underlying transaction data representing payments. Management reconciled underlying payment data to summary transactions submitted in order for us to test accordingly. Table 1. shows the small volume of CFTC payments;[5] 1,308 in all averaging $25,175, with none more than $706,911.

Table 1

Analysis Variable : Payment Amount (Contracts)					
Mean	Std. Dev	Maximum	Sum	N	N Miss
25,175.59	80,417.57	706,911.89	32,929,671.49	1,308	0

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[3] Treasury released versions 1.0 and 2.0 of the DATA Act Implementation Playbook in June 2015 and June 2016, respectively. The Playbook is not public, but Treasury has published one-page summary, released versions 1.0 and 2.0 of the DATA Act Implementation Playbook in June 2015 and June 2016, respectively.
[4] AMKWI-333-334-335-00032 *DATA Act Bulk File Submission.*
[5] Does not include travel payments and purchase card transactions less than $3,500.

As such we determined our sample size, 297, based FAEC's formula[6] for a smaller population. See Figure 1.

Figure 1

We measured completeness in two ways, assessing whether (1) transactions that should have been recorded were recorded in the tested reporting period and (2) all applicable data elements required by the DATA Act were included. Timeliness was measured as the percentage of transactions reported appropriately within the period and submitted within 30 days of quarter end. We measured quality by considering utility, objectivity, and integrity of information displayed for CFTC on www.USAspending.gov and reviewed system support information.[7] Accuracy was measured as the percentage of transactions that were complete and in agreement with the record systems and supporting documentation.

Our findings are as follows:

Procurement – Internal Controls

A control deficiency in internal control exists when the design or operation of a control does not allow management or employees to prevent or detect and correct errors on a timely basis. A significant deficiency is a control deficiency or a combination of control deficiencies that adversely affects CFTC's ability to initiate, authorize, record, process, or report financial data reliably. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material error will not be prevented or detected.

We assessed CFTC's payment (spending) reporting risk "low" because FY 2015 and FY 2016 internal control tests performed by independent

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[6] Where the recommended sample size of 385 represents 5 percent or more of the population, we reduced the sample size by applying the finite correction factor 385/[1+(385/N)], where "N" represents the population size. Figure 2 presents the inputs associated with our simple random sample.

[7] Utility refers to the usefulness of the information to the intended users. Objectivity refers to whether the disseminated information was being presented in an accurate, clear, complete, and unbiased manner. Integrity refers to the protection of information from unauthorized access or revision.

public accountants[8] (IPA) contracted by OIG did not identify material control deficiencies for payments. A review of the IPA's FY 2017 internal control work papers and test results also did not reveal control deficiencies for this matter. Further, our review of internal controls[9] did not identify material control deficiencies for payment reporting.

Sample Test Results

We found transactions tested were:

1. Complete for contracts - All contract transactions (file total $32,668,617.12) that should have been recorded, were recorded, and contained all applicable data elements[10] required by the DATA Act. A review of error controls used by CFTC's service provider revealed that initial errors were addressed prior to submission. Error reports did not reveal any contract payments posted in incorrect periods. Figure 2 shows CFTC's Quarter II submission was certified as meeting DATA Act requirements by ESC and CFTC's Chief Accountant.
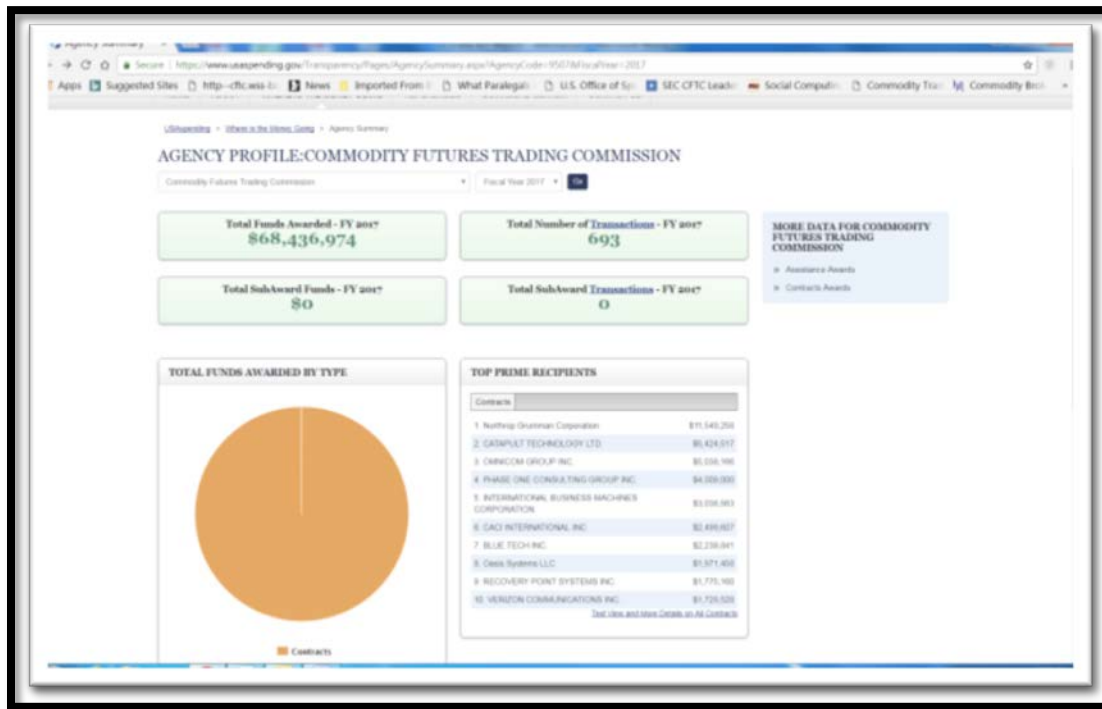

Figure 2

2. Incomplete for purchase cards - As it relates to purchase card transactions greater than $3,500, the FY 2017 Quarter II file submitted by CFTC did not include any of these transactions totaling $339,347.68 and representing about 1% of the file submission.

3. Clear, complete, unbiased and useful for the intended purpose of making CFTC's spending data transparent on

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[8] CFTC OIG, 2016 Financial Statement Audit Opinion (Nov. 14, 2016); CFTC OIG, 2015 Financial Statement Audit Opinion (Jan. 15, 2016).
[9] CFTC OIG, Review of Management Assurances Over Internal Controls (June 7, 2016).
[10] https://max.gov/maxportal/assets/public/offm/DataStandardsFinal.htm

www.USAspending.gov. These attributes are defined as aspects of quality. See Figure 3.

Figure 3

4. Timely – Transaction dates were within the tested reporting period and CFTC submitted its data file within 30 days of the quarter's end; in this case no later than April 30,2017. (See Figure 2 for actual submission date).

5. Accurate for contract transactions[11] – With few exceptions, transactions were in agreement with the record systems and supporting documentation. We found 6 errors from our sample of 297 transactions. These errors were associated with immaterial transaction amounts. As such, we are 95% confident the number of errors in the population could be as low as 12 or .9% but would be no more than 53 or 4%. See Figure 4.

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[11] We considered the Government Accountability Office publication *Assessing Data Reliability*   (p.19) to assess accuracy for the purpose. We determined that contract data were sufficiently reliable and thus accurate for the purposes of this report.

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                          Windows RAT-STATS
                          Statistical Software
Date: 10/15/2017       Single Stage Attribute Appraisal          Time: 9:25
              AUDIT/REVIEW: U.S. CFTC Data Act Results FY 2017 Q2


      UNIVERSE SIZE                                             1,308
      SAMPLE SIZE                                               297
      CHARACTERISTIC(S) OF INTEREST
         QUANTITY IDENTIFIED IN SAMPLE                          6
         PROJECTED QUANTITY IN UNIVERSE                         26
         PERCENT                                                2.020%
      STANDARD ERROR
         PROJECTED QUANTITY                                     9
         PERCENT                                                .719%

                              CONFIDENCE LIMITS

                           80% CONFIDENCE LEVEL
      LOWER LIMIT - QUANTITY                       15
                    PERCENT                        1.147%
      UPPER LIMIT - QUANTITY                       43
                    PERCENT                        3.287%

                           90% CONFIDENCE LEVEL
      LOWER LIMIT - QUANTITY                       13
                    PERCENT                        .994%
      UPPER LIMIT - QUANTITY                       48
                    PERCENT                        3.670%

                           95% CONFIDENCE LEVEL
      LOWER LIMIT - QUANTITY                       12
                    PERCENT                        .917%
      UPPER LIMIT - QUANTITY                       53
                    PERCENT                        4.052%
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Figure 4

Corrective Action

1. Review purchase card transaction omissions noted; coordinate corrective action with ESC and reconcile prior to each submission.

Conclusion

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's FY 2017 Quarter II DATA Act submission. Accordingly, we do not express such an opinion. We did however note that CFTC's Data Act submission met the objectives of quality and timeliness. While the submission was also accurate for contract transactions, CFTC will need to ensure purchase transactions greater than $3,500 are included for future submissions to be complete.

This report is intended solely for the use of management of the CFTC and Congress and should not be used by those who have not agreed to the

procedures and taken responsibility for the sufficiency of the procedures for their purposes.

Managements Comments

We provided the Chief Financial Officer/Senior Accountable Officer and Chief Accountant a draft copy of the report. To improve DATA Act reporting, they agreed to work with ESC and the purchase card vendor to address government-wide accounting issues that would allow purchase card transactions to be more transparent. Management actions are responsive to the recommendation.

We will publish this report on the Office of the Inspector General's web page and the report will be summarized in our March 2018 *Semiannual Report to Congress*. If you have any questions, please contact me at (202) 418-5084 or Branco Garcia, lead auditor, at (202) 418-5013.

Cc:

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