U.S. Commodity Futures Trading Commission
OFFICE OF INSPECTOR GENERAL

MEMORANDUM

TO: Caroline Pham, Acting Chairman
Kristin Johnson, Commissioner
Christy Goldsmith Romero, Commissioner
Summer Mersinger, Commissioner

FROM: Christopher Skinner, Inspector General

DATE: May 13, 2025

SUBJECT: Commodity Futures Trading Commission's Compliance with Improper Payments Reporting for Fiscal Year 2024

Purpose. This report transmits the results of the Commodity Futures Trading Commission (CFTC) Office of Inspector General (OIG) fiscal year (FY) 2024 annual review of the CFTC's compliance with the Payment Integrity Information Act of 2019 (PIIA). The Office of Management and Budget (OMB) Circular A-123 requires that each agency's OIG annually review and evaluate whether the agency has published the appropriate improper payments information with the annual Performance and Accountability Report (PAR) or Annual Financial Report (AFR) and accompanying materials for the most recent fiscal year. In addition, each OIG is to determine if the agency has complied with the PIIA and other applicable payment integrity guidance.

Criteria. We conducted a compliance review using the requirements in OMB Circular A-123, Appendix C (March 2021), OMB Circular A-136 (May 2023), OMB Annual Data Call Instructions, OMB Payment Integrity Question and Answer Platform, and the Council of Inspectors General on Integrity and Efficiency (CIGIE) Guide for PIIA (October 2024).

Results. For FY 2024, the OIG concludes the CFTC complied with the following applicable requirements outlined in the PIIA and OMB guidance:

Legal Requirements		Compliance
1a.	Published payment integrity information with the annual financial statement and in the accompanying materials to the annual financial statement of the agency for the most recent FY in accordance with OMB guidance.	Yes
1b.	Posted the annual financial statement and accompanying materials required under guidance of the OMB on the agency website.[1]	Yes
2a.	Conducted improper payment risk assessments for each program with annual outlays greater than $10,000,000 at least once in the last three years.	Yes
2b.	Adequately concluded whether the program is likely to make improper payments (IP) and unknown payments (UP) above or below the statutory threshold.	Yes
3.	Published IP and UP estimates for programs susceptible to significant IPs and UPs in the accompanying materials to the annual financial statement.	N/A
4.	Published corrective action plans for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement.	N/A
5a.	Published an IP and UP reduction targets for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement.	N/A
5b.	Demonstrated improvements to payment integrity or reached a tolerable improper payment and unknown payment rate.	N/A
5c.	Developed a plan to meet the IP and UP reduction target.	N/A
6.	Reported an IP and UP estimate of less than 10% for each program for which an estimate was published in the accompanying materials to the annual financial statement.	N/A

Background. The PIIA repealed the Improper Payments Information Act of 2002, the Improper Payments Elimination and Recovery Act of 2010, the Improper Payments Elimination and Recovery Improvement Act of 2012, and the Fraud Reduction and Data Analytics Act of 2015 and incorporated select provisions from those acts into a single payment integrity statutory framework.

The objective of the PIIA is to improve efforts to identify, reduce, and recover government-wide improper payments. An improper payment is any payment that should not have been made or that was made in an incorrect amount. Incorrect amounts are overpayments or underpayments

[1] Available at https://www.cftc.gov/media/11576/OIG_FinancialStatementAudit111424/download.

that are made to eligible recipients. An improper payment also includes any payment that was made to an ineligible recipient or for an ineligible good or service, or payments for goods or services not received (except for such payments authorized by law). In addition, when an agency's review is unable to discern whether a payment was proper because of insufficient or lack of documentation, this payment must also be considered an improper payment.

The PIIA requires agencies to identify and review all programs and activities they administer that may be susceptible to *significant improper payments*[2] based on guidance provided by OMB. OMB M-21-19 implements the requirements from PIIA and requires agencies to assess the likelihood of total annual improper payments (IP) plus annual unknown payments (UP) above the statutory threshold. Agencies are also required to report that they adequately concluded whether the program is likely to make IP and UP *above or below* the statutory threshold.

Additionally, the PIIA requires IGs to issue an annual report reviewing each agency's improper payment reporting.[3] The IGs must 1) determine whether the executive agency is in compliance with PIIA and 2) submit a report on the determination to the head of the executive agency; the Committee on Homeland Security and Governmental Affairs of the Senate; the Committee on Oversight and Reform of the House of Representatives; and the Comptroller General of the United States.[4]

<u>Work Performed by CFTC OIG</u>. The OIG reviewed the CFTC's FY 2024 Agency Financial Report (AFR) and audited financial statements and did not identify any findings or recommendations pertaining to PIIA compliance. The OIG also examined all relevant workpapers included in the CFTC's FY 2024 Financial Statement Audit.

In addition, in FY 2023 the OIG contracted with an independent public accounting firm to audit CFTC's compliance with the PIIA. The audit determined that CFTC complied, in all material respects, with the PIIA requirements and that the Commission is making proper threshold determinations for the year ended September 30, 2023. There were no instances where the OIG disagreed with the conclusions stated in the audit report. To enhance the accuracy of personnel records and future payments, the report identified a recommendation to enhance the control for secondary review of all newly hired or transferred employees. Management concurred and resolved the outstanding recommendation.

<u>Conclusion</u>. The OIG concluded that for FY 2024 the agency continued to correctly determine that CFTC has no programs susceptible to significant improper payments. Based on our review, the OIG has determined that the CFTC's efforts to detect, prevent, and/or reduce IP and UP either above or below the statutory thresholds are adequate considering that improper payment risk is low and the agency is not susceptible to significant improper payments.

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[2] Significant improper payments are gross annual improper payments (i.e., the total amount of overpayments and underpayments) in the program exceeding (1) both 1.5 percent of program outlays and $10 million of all program or activity payments made during the first year reported, or (2) $100 million (regardless of the improper payment percentage of total program outlays). 31 USC § 3353(a)(3). CFTC has never met the threshold.

[3] OMB A-123 Appendix C (as modified) implements the requirements from the PIIA.

[4] *See* 31 USC § 3353.

The OIG is required to report these results to the Senate Committee on Homeland Security and Governmental Affairs; the House Committee on Oversight and Reform; the House and Senate Committee on Appropriations; other applicable Authorizing Committees of Congress; the Comptroller General; and OMB.

If you have any further questions, please contact Judy Ringle, Senior Counsel.