
MEMORANDUM

May 3, 1999

To: Jim McConnell, Executive Director
From: Walter Stachnik, Inspector General
Re: Survey of Sensitive Information (#277)

Attached is our audit survey report on management's controls for safeguarding sensitive information.

The courtesy and cooperation of you and your staff during this audit survey are appreciated.

Attachment

cc: Mike Burnett
Diane Campbell
Harvey Goldschmid
Darlene Pryor
Jennifer Scardino
Richard Walker

SENSITIVE INFORMATION

INTRODUCTION

The Office of Inspector General conducted an audit survey of management's controls for safeguarding sensitive information. Sensitive information includes market sensitive (e.g., knowledge of unannounced mergers), proprietary (e.g., trading models), business (e.g., customer lists), and information of interest to foreign governments.

SCOPE AND OBJECTIVES

The scope of our audit survey consisted primarily of interviewing Commission staff and reviewing supporting documentation, among other procedures.

The primary objective of the audit survey was to identify what sensitive information exists throughout the Commission and management controls to provide reasonable assurance that the sensitive information is safeguarded.

AUDIT RESULTS

We documented several management controls to protect sensitive information. However, we believe that additional controls could significantly enhance the effectiveness of the system of controls over this information. We provided senior management with an oral briefing of our findings and recommended that management strengthen management controls.

Recommendation A

The Office of the Executive Director, in conjunction with all Commission Divisions and Offices, should strengthen management controls to safeguard sensitive information.

Management concurred and has established a Task Force to implement corrective actions. We plan on conducting a follow-up audit in the year 2000.