



## ***OFFICE OF INSPECTOR GENERAL***

### **MEMORANDUM**

**DATE:** December 7, 1999

**TO:** Chairman

**FROM:** Inspector General

**SUBJECT:** Special Review of Online Trading

The Office of Inspector General (OIG) has completed a Special Review<sup>1</sup> to determine if Commission employees are using the Commission's Internet connection to engage in online stock trading. The OIG initiated this Special Review following a series of media reports about the growth of online trading. A July 7, 1999, article in *Computerworld* reported that the "amount of time that at-work visitors spent on the top 10 financial Web sites increased nearly 60% on average from December 1998 to March 1999." The article further reported that a survey of over one hundred network administrators found that 55% noticed employees trading stocks or visiting investment sites during work hours.

To perform this Special Review, OIG staff conducted research to identify the most widely used online trading sites and forwarded that information to Information Technology Center (ITC) network management staff for use in accumulating information on access to those sites. OIG staff then conducted a comprehensive analysis of the Internet activity reports for access to the selected sites during the period from September 28 through December 1, 1999. Our analysis concluded that several Commission employees are routinely accessing Internet sites on the world wide web (WWW) used for trading stocks. It should be noted that the scope of our review did not include identification of individuals accessing these online trading sites. In addition, we did not contact those online trading sites at which activity was being analyzed to verify that observed activity was, in fact, trading activity versus market monitoring activity.

Although we concluded from our analysis that online trading sites were being accessed, the level of activity (i.e., time spent per online session and cumulative time spent online) was so small that we do not believe that it is appropriate to consider disciplinary action

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<sup>1</sup> A Special Review is meant to be a quick study of an area and, as such, was not conducted in accordance with all professional auditing standards. A Special Review was conducted because we believe that, in this case, management would benefit from expeditious reporting on this matter.

against individual employees. Instead, we recommend that Commission personnel be reminded of the appropriate uses for Internet access. In addition to this reminder, the Managing Director and I will create a working group to revisit the Commission's established computer use policy in light of the "Recommended Executive Branch Model Policy/Guidance on "Limited Personal Use" of Government Office Equipment including Information Technology" recently handed down from the Executive Branch's Chief Information Officer (CIO) Council (see Attached). This model policy was developed by the CIO Council and approved on May 19, 1999 after being coordinated with the ethics, legal, procurement and human resources communities in Government as well as representatives from the Legislative Branch. The model policy establishes new privileges and additional responsibilities for employees in the Executive Branch. The model policy recognizes that "Executive Branch employees should be provided with a professional supportive work environment" and that allowing limited personal use of these tools "helps enhance the quality of the workplace and helps the Government to retain highly qualified and skilled workers."

If you would like to discuss this review, please contact me at 418-0470.

Attachment

cc: Chief of Staff  
Managing Director  
Chief Information Officer  
Computer Security Officer