



U.S. Securities and Exchange Commission

Management Report to Accompany the Office of Inspector General Semiannual Report to Congress

for the period April 1, 2022 through September 30, 2022

November 2022

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Section 5(b) of the Inspector General Act of 1978, as amended, (Inspector General Act), requires the Commission to transmit to the appropriate committees or subcommittees of the U.S. Congress a Management Report, containing certain statistical tables and any comments deemed appropriate, to accompany the Office of Inspector General's (OIG's) Semiannual Report. This Management Report presents the required information for the reporting period of April 1, 2022 through September 30, 2022.

I. Overview of SEC Audit Follow-up Activities

The SEC is committed to timely completion of corrective actions on OIG audit recommendations. At the commencement of this semiannual reporting period, there were 43 open OIG recommendations. During the period, management succeeded in obtaining OIG concurrence to close 14 recommendations. Of the 14 closed recommendations, management submitted 11 (or 79 percent) requests for closure in less than one year. The SEC also received 3 new OIG reports during the reporting period containing a total of 2 recommendations for improvement to the agency's processes and programs. At period-end, final action was pending on 31 recommendations from 11 reports. Four of those recommendations were pending OIG concurrence for closure.

II. Reports with Monetary Savings

Sections 5(b)(2) and (3) of the Inspector General Act require the SEC Management Report to include statistical tables summarizing the progress that the agency has made in responding to audit, inspection, and evaluation reports containing "disallowed costs" and "recommendations that funds be put to better use."

Disallowed Costs. The term "disallowed costs" means a questioned or unsupported cost that management, in a management decision, has sustained or agreed should not be charged to the agency. For OIG reports that contain questioned or unsupported costs, SEC management will review the facts and determine whether any or all of such costs should be disallowed. If the SEC agrees that such costs should be disallowed, the agency will then evaluate whether to attempt to recover such costs.

During the reporting period, OIG did not issue a report that contained any questioned or unsupported costs. In addition, there are no outstanding management decisions on questioned or unsupported costs identified in OIG reports from prior reporting periods.

Table 1. Status of Final Action on Audit, Inspection and Evaluation Reports
with Disallowed Costs
(Reporting Period April 1, 2022 through September 30, 2022)

| Audit, Inspection and Evaluation Reports | Number of Reports | Dollar Value of Disallowed Costs |
|--|-------------------|----------------------------------|
| A. For which final action had not been taken by the beginning of the reporting period | 0 | \$0 |
| B. On which management decisions were made during the reporting period | 0 | \$0 |
| C. For which final action was taken during the reporting period | 0 | \$0 |
| (i) Dollar value of disallowed costs that were recovered through collection, offsets, property in lieu of cash, or otherwise | | \$0 |
| (ii) Dollar value of disallowed costs that were written off by management | | \$0 |
| D. For which no final action has been taken by the end of the period | 0 | \$0 |

Recommendation that Funds be Put to Better Use. The term “recommendation that funds be put to better use” means a recommendation that funds could be used more efficiently if management took actions to implement and complete the accompanying recommendation. For OIG reports that contain recommendations that funds be put to better use, SEC management will review the facts and determine whether to implement such recommendations.

During the reporting period, OIG did not issue a report that contained a recommendation that funds be put to better use as reflected in Table 2.

Table 2. Status of Final Action on Audit, Inspection and Evaluation Reports
with Funds Put to Better Use
(Reporting Period April 1, 2022 through September 30, 2022)

| Audit, Inspection and Evaluation Reports | Number of Reports | Dollar Value of Funds Put to Better Use |
|---|-------------------|---|
| A. For which final action had not been taken by the beginning of the reporting period | 0 | \$0 |
| B. On which management decisions were made during the reporting period | 0 | \$0 |
| C. For which final action was taken during the reporting period | 0 | \$0 |
| (i) Dollar value of recommendations that were actually completed | 0 | \$0 |
| (ii) Dollar value of recommendations that management has subsequently concluded should not or could not be implemented or completed | 0 | \$0 |
| D. For which no final action has been taken by the end of the reporting period | 0 | \$0 |

III. Reports on Instances of Whistleblower Retaliation

Section 5(b)(4) of the Inspector General Act requires the SEC Management Report to include a statement with respect to any settlement agreement entered into by the agency with an official found by the Inspector General to have engaged in retaliation against a whistleblower. The SEC has no such settlement agreements to report.

IV. Reports More than One Year Old with Pending Corrective Action

Section 5(b)(5) of the Inspector General Act requires the SEC Management Report to include a statement with respect to audit reports on which management decisions have been made but final action has not been taken, other than audit reports on which a management decision was made within the preceding year. Table 3 presents the required information.

Table 3. Audits and Other Reports More than One Year Old
(Reporting Period April 1, 2022 through September 30, 2022)

| Report No./Title | Report Date | Funds Put to Better Use | Disallowed Costs | Status of Final Action |
|--|-------------|-------------------------|------------------|---|
| Report 546: Audit of SEC's Compliance with the Federal Information Security Modernization Act for Fiscal Year 2017 | 3/30/2018 | \$0 | \$0 | Eighteen of the report's 20 recommendations have been closed with OIG's concurrence. Corrective actions on one of the remaining recommendation were completed in October 2022 and submitted for OIG review in a formal request for recommendation closure. Completion of corrective actions on the remaining recommendation are anticipated in Fall 2023. |
| Report 549: The SEC Made Progress But Work Remains To Address Human Capital Management Challenges and Align With the Human Capital Framework | 9/11/2018 | \$0 | \$0 | Eight of the report's nine recommendations have been closed with OIG's concurrence. The SEC's Office of Human Resources continues to work on the remaining recommendation, with anticipated completion by the end of calendar year 2022. |
| Report 552: Fiscal Year 2018 Independent Evaluation of SEC's Implementation of the Federal Information Security Modernization Act of 2014 | 12/17/2018 | \$0 | \$0 | Ten of the report's 11 recommendations have been closed with OIG's concurrence. Corrective actions on the remaining recommendation were completed in October 2022 and submitted for OIG review in a formal request for recommendation closure. |
| Report 559: The SEC's Office of Broker-Dealer Finances Provides Effective Oversight, But Opportunities To Improve Efficiency Exist | 2/26/2020 | \$0 | \$0 | Two of the three recommendations have been closed with OIG concurrence. The SEC's Division of Trading and Markets anticipates completion of corrective actions by the end of calendar year 2022. |
| Report 562: Opportunities Exist To Improve the SEC's Management of Mobile Devices and Services | 9/30/2020 | \$0 | \$0 | Three of the seven recommendations have been closed with OIG concurrence. Corrective actions addressing the remaining four recommendations are in progress, and anticipated completion in Spring 2023. |
| Report 563: Fiscal Year 2020 Independent Evaluation of SEC's Implementation of the Federal Information Security Modernization Act of 2014 | 12/21/2020 | \$0 | \$0 | Five of the seven recommendations have been closed with OIG concurrence. OIT anticipates completion of one remaining recommendation by the end of calendar year 2022 and completion of the other recommendation by the Spring of 2023. |
| Report 568: Additional Steps Are Needed For the SEC To Implement a Well-Defined Enterprise Architecture | 9/29/2021 | \$0 | \$0 | As of September 30, 2022, three of the report's seven recommendations were closed with OIG's concurrence. Three additional recommendations were closed in October 2022. Completion of corrective actions on the remaining recommendation is anticipated in the third quarter of fiscal year 2023. |