



U.S. Securities and Exchange Commission

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

For the period April 1, 2023 through September 30, 2023

November 2023

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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.¹ This Management Report presents the required information for the reporting period of April 1, 2023 through September 30, 2023.

I. Overview of SEC Audit Follow-up Activities

The SEC is committed to timely completion of corrective actions on OIG audit, inspection, and evaluation recommendations. At the commencement of this semiannual reporting period, there were 45 open OIG recommendations. During the period, management succeeded in obtaining OIG concurrence to close 35 recommendations. Of the 35 closed recommendations, management submitted 22 (or 63 percent) requests for closure in less than one year. The SEC also received 4 new OIG reports during the reporting period containing a total of 2 recommendations for improving the agency's processes and programs. At period-end, final action was pending on 12 recommendations from 6 reports. One of those recommendations was pending OIG concurrence for closure.

II. Reports on Instances of Whistleblower Retaliation

Section 5(b)(3) 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.

III. Reports with Monetary Savings

Section 5(b)(2) of the Inspector General Act requires the SEC Management Report to include statistical information regarding any management decision or final action taken on each audit, inspection, or evaluation report on which final action had not been taken before the reporting period. The information required to be reported includes the dollar value of any "disallowed cost" or "recommendation that funds be put to better use."

The Inspector General Act defines a "disallowed cost" as a cost questioned by the OIG that agency management has decided should not be charged to the agency. The Inspector General Act defines "recommendation that funds be put to better use" to mean an OIG recommendation that funds could be used more efficiently if management took actions to implement and complete the accompanying recommendation. During the reporting period, OIG did not issue a report that contained any questioned costs or any recommendations that funds be put to better use. In

¹ The SEC's Management Response is based on the requirements of Section 5 of the Inspector General Act as amended by the James M. Inhofe National Defense Authorization Act for Fiscal Year 2023, Pub. L. No. 117-263, § 5273, Dec. 23, 2022, 136 Stat. 2395, 3241.

addition, there are no outstanding management decisions on questioned costs or recommendations that funds be put to better use identified in OIG reports from prior reporting periods.

Additional information regarding management decisions and final actions taken during the reporting period for reports on which final action had not been taken before the reporting period began is included below in the next section and Table 1.

IV. Reports with Pending Corrective Action

Section 5(b)(4) of the Inspector General Act requires the SEC Management Report to include a statement with respect to each audit, inspection, and evaluation report on which a management decision has been made but final action has not been taken. Table 1 presents the required information.

Table 1. Reports Pending Final Action at Start of Reporting Period
(Reporting Period April 1, 2023 through September 30, 2023)

Report No./Title for the 10 Reports with Pending Final Action at Start of Period	Report Date	Status of Final Action <i>Final Action Completed: 5 Reports/ Pending at End of Period: 5 Reports</i>
Report 546: Audit of SEC's Compliance with the Federal Information Security Modernization Act for Fiscal Year 2017	3/30/2018	Nineteen of the report's 20 recommendations have been closed with OIG's concurrence. Completion of corrective actions on the remaining recommendation is anticipated in fall 2023.
Report 559: The SEC's Office of Broker-Dealer Finances Provides Effective Oversight, But Opportunities To Improve Efficiency Exist	2/26/2020	Final action taken during reporting period.
Report 562: Opportunities Exist To Improve the SEC's Management of Mobile Devices and Services	9/30/2020	Six of the seven recommendations have been closed with OIG concurrence. Corrective actions addressing the remaining recommendation are in progress, with anticipated completion by the end of calendar year 2023.
Report 563: Fiscal Year 2020 Independent Evaluation of SEC's Implementation of the Federal Information Security Modernization Act of 2014	12/21/2020	Final action taken during reporting period.
Report 570: Fiscal Year 2021 Independent Evaluation of SEC's Implementation of the Federal Information Security Modernization Act of 2014	9/29/2021	Final action taken during reporting period.
Report 572: The SEC Can Improve in Several Areas Related to Hiring	2/28/2022	Final action taken during reporting period.
Report 574: Fiscal Year 2022 Independent Evaluation of the SEC's Implementation of the Federal Information Security Modernization Act of 2014	11/15/2022	Eight of the 13 recommendations have been closed with OIG concurrence. Corrective actions addressing the remaining recommendations are in progress, with anticipated completion dates for four recommendations by the end of calendar year 2023 and one recommendation by fall 2025.
Report 575: SEC's Whistleblower Program: Additional Actions Are Needed To Better Prepare for Future Program Growth, Increase Efficiencies, and Enhance Program Management	12/19/2022	Final action taken during reporting period.

Report No./Title for the 10 Reports with Pending Final Action at Start of Period	Report Date	Status of Final Action <i>Final Action Completed: 5 Reports/ Pending at End of Period: 5 Reports</i>
Report 576: Enforcement Investigations: Measures of Timeliness Showed Some Improvement But Enforcement Can Better Communicate Capabilities for Expediting Investigations and Improve Internal Processes	2/15/2023	Completion of corrective actions on the three recommendations are anticipated by spring 2024.
Report 577: The SEC Supported Federal Small Business Contracting Objectives, Yet Could Make Better Use of Data and Take Other Actions To Further Promote Small Business Contracting	2/28/2023	Seven of the report's eight recommendations have been closed with OIG's concurrence. Completion of corrective actions on the remaining recommendation is anticipated in fall 2023.

All management decisions for the listed reports were made during prior reporting periods. For the 5 reports listed in Table 1 for which final action was taken during the reporting period, none of the reports involved any questioned costs or recommendations that funds be put to better use.

Section 5(b)(4)(A) of the Inspector General Act states that a report may be excluded from the list of reports pending final action if (i) a management decision was made on that report within the preceding year or (ii) the report is under formal administrative or judicial appeal or management has decided to pursue a legislative solution. In this report, the SEC did not exclude any such reports from this list.