



U.S. Securities and Exchange Commission

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

for the period October 1, 2020 through March 31, 2021

May 2021

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Section 5(b) of the Inspector General Act of 1978, as amended, 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 October 1, 2020 through March 31, 2021.

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 48 open OIG recommendations. During the period, management succeeded in obtaining OIG concurrence to close 14 recommendations. Of the 14 closed recommendations, management submitted 4 (or 29 percent) completed corrective actions to OIG for review and concurrence to close in less than one year. The SEC also received four new OIG reports during the reporting period containing a total of 23 recommendations for improvement to the agency's processes and programs. At period-end, final action was pending on 55 recommendations from 15 reports and one management letter. Two 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 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 such costs should be sustained or not, and the extent to which those 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. Management determined that the unsupported costs identified in OIG Report 562: *Opportunities Exist To Improve the SEC's Management of Mobile Devices and Services* should not be disallowed. Final action on the corrective actions that address the recommendation that identified these costs are pending. Management also concluded its review of the questioned and unsupported costs identified in OIG report 554: *The SEC Can Better Manage Administrative Aspects of the ISS Contract* and determined that these costs should not be disallowed. Final action on the corrective actions that address the recommendations that identified these costs were completed in March 2020.

Table 1. Status of Final Action on Audit, Inspection and Evaluation Reports
with Disallowed Costs
(Reporting Period October 1, 2020 through March 31, 2021)

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 October 1, 2020 through March 31, 2021)

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, as amended, 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, as amended, 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 October 1, 2020 through March 31, 2021)

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	13 of the report's 20 recommendations have been closed with OIG's concurrence. Corrective actions addressing two additional recommendations are completed and the closure memos are being prepared. Since the last reporting period, the SEC's Office of Information Technology (OIT) reports it has made substantial progress in addressing the remaining recommendations, and is currently working to finalize revisions to policies and procedures to address the remaining elements. OIT anticipates completing corrective actions on the remaining recommendations before the end of the next reporting period.
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 2021.
Report 550: Evaluation of the EDGAR System's Governance and Incident Handling Processes	9/21/2018	\$0	\$0	Thirteen of the report's 14 recommendations have been closed with OIG's concurrence. OIT reports it took actions during the reporting period to address the remaining one recommendation, with some actions taking longer than anticipated due to the need to ensure the remediation activity aligns with other policy revisions and assessment results. OIT anticipates completing corrective action on the remaining recommendation by summer 2021.
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	Seven of the report's 11 recommendations have been closed with OIG's concurrence. Corrective actions for two additional recommendation have been completed and the closure memos are being prepared. OIT anticipates completion of corrective actions on one recommendation prior to the end of the next reporting period. Due to contracting and technology deployment requirements, the anticipated completion of corrective actions for the final open recommendation is the end of the calendar year 2022.
Report 553: Although Highly Valued by End Users, DERA Could Improve Its Analytics Support by Formally Measuring Impact, Where Possible	4/29/2019	\$0	\$0	As of the end of this reporting period DERA had requested closure on the final open recommendation from this report. This report was officially closed after the end of the reporting period.
Report 555: The SEC Has Processes To Manage Information Technology	9/19/2019	\$0	\$0	Four of the five recommendations have been closed with OIG concurrence. OIT reports that it is currently addressing the remaining recommendation through updates to policies and

Report No./Title	Report Date	Funds Put to Better Use	Disallowed Costs	Status of Final Action
Investments But Improvements Are Needed				procedures. OIT anticipates completion of corrective actions by spring 2021.
Report 556: The SEC Can More Strategically and Securely Plan, Manage, and Implement Cloud Computing Services	11/7/2019	\$0	\$0	One of the 3 recommendations have been closed with OIG concurrence. OIT anticipates completion of corrective actions by summer 2021.
Final Management Letter: Evaluation of the U.S. Securities and Exchange Commission's Delinquent Filings Program	12/17/2019	\$0	\$0	As of the end of this reporting period both of the recommendations remained open. In April 2021, SEC requested and OIG concurred with the closure of both recommendations. This report was officially closed after the end of the reporting period.
Report 558: Fiscal Year 2019 Independent Evaluation of SEC's Implementation of the Federal Information Security Modernization Act of 2014	12/18/2019	\$0	\$0	Five of the nine recommendations have been closed with OIG concurrence. Corrective action for one additional recommendation has been completed and the closure memo is being prepared. SEC has also completed corrective actions and requested closure for one recommendation. OIT anticipates completion of corrective actions by fall 2021.
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. TM anticipates completion of corrective actions by the end of calendar year 2021.
Report 560: Controls Over the SEC's Travel Charge Card Program Could Be Strengthened To More Fully Comply With Requirements and Maximize Benefits	3/30/2020	\$124,773	\$209	Eleven of the 15 recommendations have been closed with OIG concurrence. OFM anticipates completion of corrective actions by summer 2021.