



U.S. Securities and Exchange Commission

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

for the period April 1, 2021 through September 30, 2021

November 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 April 1, 2021 through September 30, 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 57 open OIG recommendations. During the period, management succeeded in obtaining OIG concurrence to close 24 recommendations. Of the 24 closed recommendations, management submitted 11 (or 46 percent) completed corrective actions to OIG for review and concurrence to close in less than one year. The SEC also received 2 new OIG reports during the reporting period containing a total of 11 recommendations for improvement to the agency's processes and programs. At period-end, final action was pending on 44 recommendations from 13 reports. 4 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, and the extent to which, 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 issued prior to the reporting period.

Table 1. Status of Final Action on Audit, Inspection and Evaluation Reports
with Disallowed Costs
(Reporting Period April 1, 2021 through September 30, 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 April 1, 2021 through September 30, 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 April 1, 2021 through September 30, 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	16 of the report's 20 recommendations have been closed with OIG's concurrence. Corrective actions addressing one additional recommendation are complete and the closure memo is with the OIG for its review. 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 for two recommendations by the end of calendar year 2021 and two recommendations in Spring 2022.
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 June 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	Eight of the report's 11 recommendations have been closed with OIG's concurrence. OIT anticipates completion of corrective actions on two recommendations prior to the end of the next reporting period. Due to contracting and technology deployment requirements, the anticipated completion date for corrective actions related to the final open recommendation is the end of calendar year 2022.
Report 556: The SEC Can More Strategically and Securely Plan, Manage, and Implement Cloud Computing Services	11/7/2019	\$0	\$0	One of the report's three recommendations is closed with OIG concurrence. Corrective actions for the remaining two recommendations is complete and OIT is developing closure memos which it plans to submit for OIG's consideration in the coming months.
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. SEC completed corrective actions and requested closure for one additional recommendation. Corrective actions addressing the remaining three recommendations are in progress, and OIT anticipates completion in Spring 2022.
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 2022.

Report No./Title	Report Date	Funds Put to Better Use	Disallowed Costs	Status of Final Action
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 OIT anticipates completion in Spring 2022.