



U.S. Securities and Exchange Commission  
Office of Inspector General  
Office of Audits

Audit of the SEC's Student Loan  
Repayment Program



March 31, 2016  
Report No. 534




OFFICE OF  
INSPECTOR GENERAL

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

**M E M O R A N D U M**

March 31, 2016

**TO:** Jeffery Heslop, Chief Operating Officer

**FROM:** Carl W. Hoecker, Inspector General 

**SUBJECT:** *Audit of the SEC's Student Loan Repayment Program*, Report No. 534

Attached is the Office of Inspector General's (OIG) final report detailing the results of our audit of the U.S. Securities and Exchange Commission's (SEC) student loan repayment program. The report contains nine recommendations for corrective action that, if fully implemented, should strengthen the program.

On March 11, 2016, we provided management with a draft of our report for review and comment. In its March 25, 2016, response, management concurred with our recommendations. We have included management's response as Appendix II in the final report.

Within the next 45 days, please provide the OIG with a written corrective action plan that addresses the recommendations. The corrective action plan should include information such as the responsible official/point of contact, timeframe for completing required actions, and milestones identifying how the Office of Human Resources will address the recommendations.

We appreciate the courtesies and cooperation extended to us during the audit. If you have questions, please contact me or Rebecca L. Sharek, Deputy Inspector General for Audits, Evaluations, and Special Projects.

Attachment

cc: Mary Jo White, Chair  
Andrew Donohue, Chief of Staff, Office of the Chair  
Michael Liftik, Deputy Chief of Staff, Office of the Chair  
Nathaniel Stankard, Deputy Chief of Staff, Office of the Chair  
Michael S. Piwowar, Commissioner  
Jaime Klima, Counsel, Office of Commissioner Piwowar  
Kara M. Stein, Commissioner  
Robert Peak, Advisor to the Commissioner, Office of Commissioner Stein  
Anne K. Small, General Counsel  
Timothy Henseler, Director, Office of Legislative and Intergovernmental Affairs  
John J. Nester, Director, Office of Public Affairs  
Lacey Dingman, Chief Human Capital Officer, Office of Human Resources  
Kenneth Johnson, Chief Financial Officer, Office of Financial Management  
Darlene Pryor, Management and Program Analyst, Office of the Chief Operating Officer

# Executive Summary

## Audit of the SEC's Student Loan Repayment Program Report No. 534 March 31, 2016

### Why We Did This Audit

Federal agencies may repay employees' qualifying student loans for the purpose of recruiting or retaining highly qualified personnel. According to annual reports to Congress, between July 2003 and December 2014, the U.S. Securities and Exchange Commission (SEC or agency) provided over \$47 million in student loan repayment benefits, making the SEC one of the Federal agencies that consistently uses student loan repayments the most. Specifically, during those 12 years, the SEC provided an annual average of about \$3.9 million in student loan repayment benefits to an annual average of about 473 employees. If internal controls over the SEC's student loan repayment program (SLRP) are not designed or are not operating effectively, benefits may be improperly awarded to employees and the SEC may not identify or collect former employee debts.

### What We Recommended

To improve the SEC's management of its SLRP, we made nine recommendations for corrective action. The recommendations included maintaining complete and accurate records of SLRP participants, improving controls to reduce the likelihood that ineligible employees receive SLRP benefits and to identify and collect former employee debts, updating the SEC's SLRP policies, and addressing issues raised in prior reviews. We also determined that the SEC could improve its SLRP Loan Data Verification Form, and reported this matter to management for consideration. Management concurred with the recommendations, which will be closed upon completion and verification of corrective action.

### What We Found

The SLRP Program Office in the SEC's Office of Human Resources (OHR) administers the agency's SLRP. In 2014 and 2015, OHR implemented significant changes to the program, including migrating to an automated application processing system, a rolling application period, and immediate eligibility for new employees. We did not identify SLRP benefits awarded to employees who failed to meet minimum performance standards during the period reviewed. However, we identified internal controls weaknesses impacting the SLRP Program Office's ability to effectively manage the program. Although OHR provided SLRP benefits to retain SEC employees, Program Office personnel did not (1) maintain complete and accurate participant information, (2) implement or enforce effective approval and verification controls, or (3) update the SEC's SLRP policy and ensure the policy complied with certain Federal requirements. A prior Office of Inspector General audit, an Office of Personnel Management evaluation, and an internal OHR assessment identified similar issues.

First, we determined that SLRP Program Office personnel could not completely and accurately identify in a timely manner all employees who received SLRP benefits and the amount paid to each between July 2003 and June 2015. As a result, we were not able to determine whether the SEC always complied with statutory annual and lifetime SLRP limits (\$10,000 and \$60,000, respectively). Furthermore, Program Office personnel did not maintain a list of those employees who did not fulfill their service agreements and may be required to repay benefits received. Although we verified that the SEC either collected or was collecting repayments from 95 former employees, Program Office personnel were unaware of 17 other individuals who left the SEC and Federal service between January 2007 and June 2015 before fulfilling their service agreements. Those 17 individuals owed the SEC a total of about \$216,000.

In addition, SLRP Program Office personnel did not always implement or enforce effective approval and verification controls. Specifically, we noted inconsistencies in some applicants' loan account numbers, loan verification documents, and loan balances. In many instances, there was no evidence that Program Office personnel resolved these inconsistencies before approving payments. Consequently, in some cases, we could not determine whether the Program Office erroneously approved SLRP payments. Furthermore, SLRP Program Office personnel did not enforce the SEC's requirement that employees confirm that loan holders received SLRP payments and properly applied them to employees' accounts.

Finally, we determined that the SEC's SLRP policy (dated September 2009) does not reflect the agency's current program or include certain Federal requirements. Although between April and July 2015 OHR published various guides and administrative notices announcing changes in the SEC's SLRP, the agency's SLRP policy conflicts with these documents and provides inaccurate and unreliable information to SEC employees and their supervisors. During our audit, OHR drafted, but did not issue, a revised SLRP policy.

For additional information, contact the Office of Inspector General at (202) 551-6061 or <http://www.sec.gov/oig>.

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## ABBREVIATIONS

CBA	Collective Bargaining Agreement
C.F.R.	Code of Federal Regulations
CY	calendar year
EPP	Exit Process Portal
FPPS	Federal Personnel Payroll System
GAO	U.S. Government Accountability Office
NTEU	National Treasury Employees Union
OCOO	Office of the Chief Operating Officer
OFM	Office of Financial Management
OHR	Office of Human Resources
OIG	Office of Inspector General
OPM	Office of Personnel Management
SEC or agency	U.S. Securities and Exchange Commission
SLRP	student loan repayment program
U.S.C.	United States Code

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## Background and Objectives

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### Background

Title V of the U.S. Code (U.S.C.) authorizes Federal agencies to establish student loan repayment programs (SLRP) to recruit or retain highly qualified personnel.<sup>1</sup> Implementing regulations – established in 5 Code of Federal Regulations (C.F.R.) Part 537 – state that agencies may use SLRP benefits to fill positions they would otherwise encounter difficulty filling with highly qualified individuals. Agencies may also use SLRP benefits to retain current employees who are (1) otherwise likely to leave for employment outside the Federal service, and (2) are essential based on their high or unique qualifications or a special need of the agency.<sup>2</sup> Subject to budgetary considerations, agencies may repay all or part of qualifying outstanding employee student loans<sup>3</sup> for employees in approved appointment types,<sup>4</sup> but agencies cannot exceed statutory annual and lifetime limits of \$10,000 and \$60,000, respectively. Employees receiving SLRP benefits must sign a service agreement to remain in the service of the paying agency for a period of at least 3 years. Unless the agency waives reimbursement, employees who do not fulfill their service agreements must reimburse the paying agency for all benefits received. Finally, employees must maintain an acceptable level of performance to continue to receive SLRP benefits.

Article 25 of the U. S. Securities and Exchange Commission's (SEC or agency) Collective Bargaining Agreement (CBA) with the National Treasury Employees Union (NTEU) states that, subject to the availability of funds, the SEC will establish a SLRP in accordance with the C.F.R. and other applicable rules and regulations. The SEC established its SLRP in July 2003. The SLRP Program Office in the SEC's Office of Human Resources (OHR) administers the agency's SLRP. Figure 1 shows the total benefits paid and total number of SLRP participants, annually, between July 2003 and December 2014. During those 12 years, the SEC provided employees a total of about \$47.1 million in student loan repayment benefits.<sup>5</sup> Consequently, the SEC is consistently among the Federal agencies that make the most extensive use of student loan repayments. According to the Office of Personnel Management's (OPM) calendar year (CY) 2014 report to Congress, more than 79 percent of the total cost of

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<sup>1</sup> 5 U.S.C. § 5379, *Student loan repayments*.

<sup>2</sup> 5 C.F.R. § 537.105(a)(1) – (a)(2)(ii)

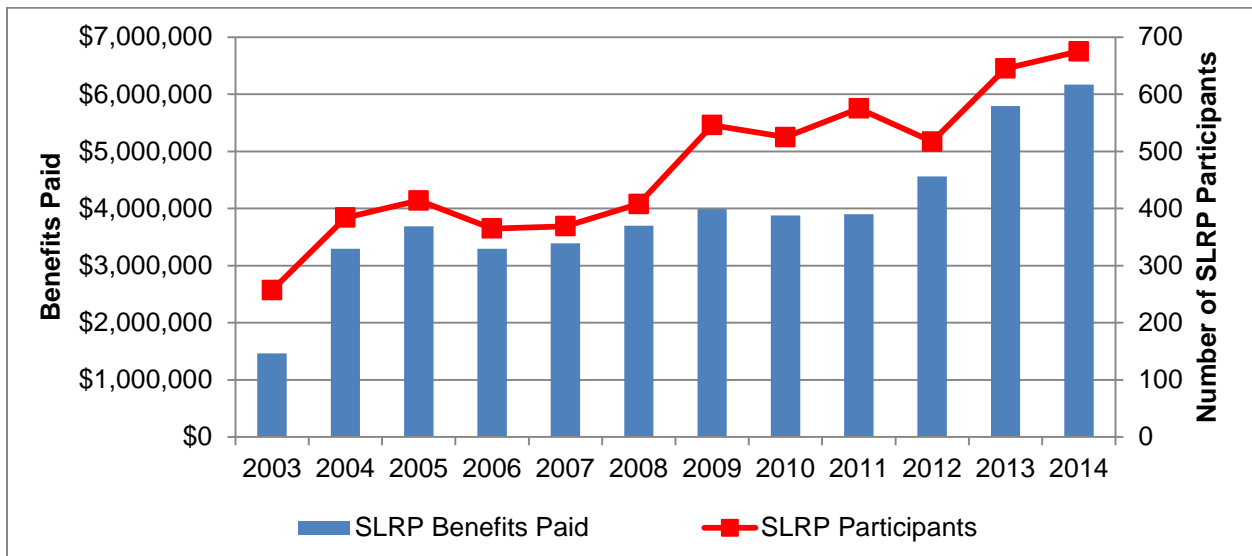
<sup>3</sup> Loans eligible for payment are those made, insured, or guaranteed under parts B, D, or E of title IV of the Higher Education Act of 1965 or a health education assistance loan made or insured under part A of title VII or part E of title VIII of the Public Health Service Act.

<sup>4</sup> Any employee (as defined in 5 U.S.C. § 2105) is eligible, except those occupying a position excepted from the competitive civil service because of their confidential, policy-determining, policy-making, or policy-advocating nature (for example, Schedule C appointees).

<sup>5</sup> Between 2003 and 2014, the SEC provided an annual average of about \$3.9 million in student loan repayment benefits to an annual average of about 473 employees.

all CY 2014 Federal student loan repayment benefits was provided by the Department of Justice (\$12.9 million), the Department of Defense (\$12.1 million), the Department of State (\$11.1 million), the Department of Veterans Affairs (\$4.1 million), and the SEC (\$6.2 million).<sup>6</sup> As in the past, the SEC made the vast majority (almost 75 percent) of its CY 2014 student loan repayments on behalf of employees in its mission critical occupations of attorney-advisor, accountant, and securities compliance examiner. Article 25 of the CBA further states that the SEC will reserve at least 20 percent of the funds allocated to the SLRP in any fiscal year for student loan repayment benefits for eligible employees in nonprofessional job series positions.<sup>7</sup>

**Figure 1. SEC SLRP Total Benefits Paid and Total Number of Participants, Annually, Between 2003 and 2014<sup>8</sup>**



Source: OIG-generated based on OPM annual reports to Congress.

According to the SEC’s *Student Loan Repayment Program Policy* (SEC’s SLRP policy), dated September 2009, the SEC uses student loan repayment benefits only for retention purposes and does not use the program to recruit employees. Furthermore, the SEC does not require separating employees who did not fulfill their service agreements to repay SLRP benefits if (1) the employees leave the SEC for employment

<sup>6</sup> U.S. Office of Personnel Management, *Federal Student Loan Repayment Program Calendar Year 2014*, September 2015.

<sup>7</sup> OHR officials told us that they generally do not track the percentage of SLRP participants who occupy nonprofessional job series positions unless there are insufficient funds to provide all approved employees the maximum yearly limit or maximum amount for which they are eligible each year.

<sup>8</sup> According to OHR, the total number of SEC employees increased about 36 percent (from 3,052 employees to 4,150 employees) between 2003 and 2014. Based on OPM’s annual reports to Congress, we determined that the SEC’s total annual number of SLRP participants and the total annual amount of SEC SLRP benefits paid also increased about 163 percent and 322 percent, respectively, during the same period (from 257 participants to 675 participants, and from \$1,462,450 paid to \$6,170,627 paid).

at another Federal agency, (2) the employees are involuntarily separated for reasons other than conduct or performance, or (3) the SEC provides a waiver.

**SLRP Automated Application System.** Beginning in 2015, SEC employees must apply for SLRP benefits using an automated system. When applying, employees must (1) indicate whether they are on a performance improvement plan; (2) enter lender payment information, including the type and category of loan and whether the loan is in default; (3) provide a written justification that demonstrates the employee's unusually high or unique qualifications; and (4) sign the application. A recommending official reviews the application, provides a justification statement, and indicates the employee is performing at or above the "Meets Expectations" or "Acceptable" level and, moreover, the employee's retention is essential as his/her departure would significantly impact office operations.

A reviewing official, typically a second line supervisor, reviews the employee's application. If the reviewing official approves the application, the SLRP automated application system generates a lender verification form. The employee sends the verification form to the lender. The lender verifies the employee's loan information and returns the verification form to the SLRP Program Office. SLRP Program Office personnel then review the application and loan verification form to ensure the loan qualifies under 5 U.S.C. § 5379. Additionally, Program Office personnel review the documentation to ensure (1) the requested SLRP payment does not exceed the loan's principal balance; (2) the applicant (that is, the SEC employee) is the primary borrower; and (3) the loan is not in default status. Finally, the SLRP automated application system routes the approved application to the OHR Director for approval. If the OHR Director approves the application, the SLRP automated application system generates a service agreement for the employee. The service agreement specifies, among other things, the amount of the SLRP benefit and the length of service to which the employee is committing.

**Prior Audit and Assessments.** In 2008, the Office of Inspector General (OIG) identified opportunities for improvement in the SEC's SLRP internal controls.<sup>9</sup> Specifically, an OIG audit identified weaknesses in internal controls relating to approvals; a lack of documentation; and deficiencies in controls over independent verifications, records management, safeguarding of personal information, and separation of duties. In addition, the OIG reported "serious concerns with the [SEC]'s process to identify and collect debts from employees who leave the [SEC] without completing their employment service agreement." The audit identified 12 individuals who left the agency without repaying a total of \$129,336 in SLRP benefits owed.<sup>10</sup>

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<sup>9</sup> U.S. Securities and Exchange Commission, Office of Inspector General, Report No. 439, *Audit of the Student Loan Program*; March 27, 2008. The report can be accessed at: <https://www.sec.gov/about/offices/oig/reports/audits/2008/439final.pdf>.

<sup>10</sup> According to OHR officials, two individuals were provided waivers and one individual was referred to the U.S. Department of the Treasury for debt collection. The remaining nine individuals have repaid all SLRP benefits owed.



In addition, OPM conducted an evaluation of the SEC's talent management and human capital framework.<sup>11</sup> In 2014, OPM reported that the SEC did not require a written determination that employees were likely to leave Federal service if they did not receive SLRP benefits, as required by 5 C.F.R. § 537.105. In its report, OPM recommended that the SEC (1) develop a student loan repayment plan covering non-bargaining as well as bargaining unit employees, and (2) provide stronger written justifications that support employees' intent to leave the agency if the SLRP Program Office did not authorize student loan repayment benefits. The SEC's September 23, 2014, response to OPM's recommendations stated:

Changes are being made to the Student Loan Repayment program and are anticipated to take effect in January 2015. This requirement [for written justifications] will be discussed in our annual meeting with the Student Loan Repayment Program committee that includes members of NTEU and SEC management. The Office of Human Resources (OHR) will propose new guidance that the justification should support the employee's intent to leave the agency if a student loan repayment is not authorized. This change would require negotiation with NTEU.

OPM closed its recommendations; however, as of the date of this report, OHR had not finalized its guidance to require written determinations supporting employees' intent to leave the SEC and Federal service.

Finally, a 2015 OHR internal assessment identified weaknesses in internal controls over program documentation (specifically, the SLRP application; Loan Data Verification Form, SEC-2499; and service agreement) and assessments of written justifications supporting SLRP applications.<sup>12</sup>

In 2014 and 2015, OHR implemented significant changes to the program. These changes included, but were not limited to, migrating from (1) a paper-based processing system to an automated processing system, (2) a defined application period to a rolling application period, and (3) a one-year ineligibility period for new employees to immediate eligibility. According to OHR officials, the automated system helps speed the application and approval process and provides for the correct processing of hundreds of transactions. Furthermore, the rolling application period provides the ability to offer the retention incentive on an on-going basis rather than only once per year.

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<sup>11</sup> U.S. Office of Personnel Management, *Evaluation of SEC Adherence to Merit System Principles, Laws, and Regulations and Assessment of the Efficiency and Effectiveness in Administering Human Resources Programs under the Talent Management System of the Human Capital Framework*, July 14, 2014.

<sup>12</sup> U.S. Securities and Exchange Commission, Office of Human Resources, Human Capital Strategy Group, *Student Loan Repayment Program Evaluation Final Report*. 2015-SLRP-01; October 20, 2015.

## Objectives

Our objective was to determine whether the SEC's SLRP policies and procedures comply with Federal requirements and whether controls are adequate to ensure compliance with those policies and procedures. Specifically, we sought to:

- determine whether OHR developed and implemented SLRP policies and procedures that comply with applicable laws and regulations, including applicable sections of the U.S.C., the C.F.R., and the SEC's CBA;
- evaluate the operating effectiveness of SLRP internal controls designed and implemented by OHR to ensure compliance with applicable laws and regulations; and
- determine whether OHR has implemented or effectively addressed recommendations from prior SLRP audits and reviews.

To address our audit objectives, we tested SLRP payments approved between July 2003 and June 2015 and related debt collection processing. We also remained abreast of information relevant to the SEC's SLRP throughout our audit. We reviewed (1) SEC SLRP participant and benefit data; (2) OHR's efforts to report SLRP participants and payments to OPM, as required; and (3) prior SLRP audits, evaluations, and internal assessments. In addition, we interviewed management and staff from OHR, the Office of Financial Management (OFM), and the Office of the Chief Operating Officer (OCOO), and assessed their responsibilities in SLRP approval, payment, and debt collection processes. Finally, we assessed the design, implementation, and operating effectiveness of SLRP internal controls.

Appendix I includes additional information on our scope and methodology, our review of internal controls, prior audit coverage, applicable Federal laws, regulations, and guidance, and SEC policies and procedures.

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## Results

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### **Finding 1: SLRP Program Office Did Not Maintain Complete and Accurate Participant Information**

The SEC's SLRP Program Office is responsible for administering the agency's SLRP, including maintaining and reporting annually to OPM information on the number of participants and the amount of benefits paid. Program Office personnel must also identify separating SLRP participants and, where applicable, determine whether such participants repaid SLRP benefits. We determined that SLRP Program Office personnel could not completely and accurately identify in a timely manner<sup>13</sup> all employees who received SLRP benefits and the amount paid to each between July 2003 and June 2015. Furthermore, although we verified that the SEC either collected or was collecting repayments from 95 former employees, Program Office personnel did not maintain a list of participants who left the SEC before fulfilling their service agreements. As a result, SLRP Program Office personnel were unaware of 17 individuals who owed the SEC a total of about \$216,000.<sup>14</sup> In addition, we could not determine whether the SEC always complied with statutory annual or lifetime limits or secured repayment from employees who did not meet their service agreement terms before leaving the agency and Federal service. The OIG's 2008 *Audit of the Student Loan Program* resulted in 19 recommendations for corrective action. Although those recommendations are closed, many of the issues we observed are repeat findings.

### **SLRP Program Office Could Not Completely and Accurately Identify SLRP Participants and Benefit Amounts in a Timely Manner**

According to 5 C.F.R. § 537.110, Federal agencies that administer SLRPs must provide OPM with an annual written report that includes the number of SLRP recipients, their job classifications, and associated program costs for the previous calendar year. 5 C.F.R. § 537.103 further states that agencies must establish a student loan repayment plan that includes, among other things, "[d]ocumentation and recordkeeping requirements sufficient to allow reconstruction of each action to approve a student loan repayment benefit." According to the SEC's SLRP policy, "OHR will process a personnel action for each employee who receives benefits under the program in accordance with the OPM's reporting requirements and a copy of the [Standard Form]-50 will be maintained on the temporary side of the [Official Personnel Folder] until the

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<sup>13</sup> We performed fieldwork between June 2015 and March 2016. One of our first tasks was to request listings of SEC SLRP participants and amounts paid during the period under review.

<sup>14</sup> This amount is an estimate that could increase due to interest or decrease due to payroll withholdings that were applied to the benefit amount received.

employee leaves the agency.” Finally, the U.S. Government Accountability Office’s (GAO) *Standards for Internal Control in the Federal Government*<sup>15</sup> states that documentation is a necessary part of an effective internal control system and it provides a means to retain organizational knowledge, mitigate the risk of having that knowledge limited to a few personnel, and communicate that knowledge to external parties, such as external auditors. The document further states that common control activities include promptly, completely, and accurately recording all transactions, and clearly documenting transactions and other significant events “in a manner that allows the documentation to be **readily available for examination** [emphasis added].”

SLRP Program Office personnel provided us listings of participants and benefits awarded since the inception of the SEC’s program in 2003. However, the information did not reconcile to amounts reported to OPM and was incomplete and inaccurate.

**SLRP Program Office Information Did Not Reconcile to OPM Reports.** SLRP Program Office personnel provided us the number of SEC SLRP participants and the amount of benefits paid each year between 2007 and June 2015. However, as Table 1 shows, this information did not reconcile to information the SEC previously reported to OPM.<sup>16</sup> We requested an explanation for the differences in the information provided to us and reported to OPM. OHR personnel were unable to reconcile the information.

**Table 1. Differences in SLRP Information Reported to OPM and Provided to OIG**

Year	SEC SLRP Information Reported to OPM		SEC SLRP Information Provided to OIG		Difference	
	Participants	Cost	Participants	Cost	Participants	Cost
2007	369	\$3,390,076	369	\$3,393,862	0	(\$3,786)
2008	408	\$3,701,771	406	\$3,667,653	2	\$34,118
2009	546	\$3,991,316	496	\$3,588,031	50	\$403,285
2010	525	\$3,880,198	510	\$3,773,444	15	\$106,754
2011	575	\$3,900,801	575	\$3,900,802	0	(\$1)
2012	517	\$4,563,338	517	\$4,558,556	0	\$4,782
2013	645	\$5,794,070	643	\$5,774,071	2	\$19,999
2014	675	\$6,170,627	674	\$6,159,061	1	\$11,566
<b>Total</b>	<b>4,260</b>	<b>\$35,392,197</b>	<b>4,190</b>	<b>\$34,815,480</b>	<b>70</b>	<b>\$576,717</b>

Source: OIG-generated based on OPM annual reports to Congress and data provided by OHR.

<sup>15</sup> U.S. Government Accountability Office, *Standards for Internal Control in the Federal Government* (GAO/AIMD-00-21.3.1, November 1999). In September 2014, GAO issued revised standards (GAO-14-704G, September 2014). The revised standards were not effective until fiscal year 2016, although agency management could have adopted them earlier.

<sup>16</sup> U.S. Office of Personnel Management Report to Congress, *Federal Student Loan Repayment Program* for fiscal year 2007 and CYs 2008 through 2014. As of the date of this report, OPM’s CY 2015 report was not available.

**SLRP Program Office Did Not Maintain a Complete and Accurate Listing of All SLRP Participants and Payments.** We also found discrepancies in the data provided by SLRP Program Office personnel. For example, we noted that some payments exceeded the annual or lifetime limits, or both, and amounts reported for some participants varied between data files. These discrepancies raised concerns about the reliability of the SLRP Program Office's data.

We discussed our concerns with SLRP Program Office personnel and the OHR Director. We requested that OHR reconcile the data, explain the differences between various documents, and provide a consolidated listing of SLRP participants, benefits paid, and, where applicable, participant repayments. The OHR Director provided us three spreadsheets to identify annual and lifetime payments. The three spreadsheets were titled "Transaction File Data," "TFD – Corrections," and "Labor Cost File Data."

The spreadsheet titled "Transaction File Data" included personnel actions since 2004 but did not contain manual payments. According to OHR personnel, they had to remove certain notice of action code entries from the "Transaction File Data," otherwise these entries would appear to be duplicate payments. This led them to create the spreadsheet titled "TFD – Corrections." The spreadsheet titled "Labor Cost File Data" contained manual payments, but only from 2006.

We also determined that SLRP Program Office personnel did not independently track participant and payment history and instead relied on the Federal Personnel Payroll System (FPPS) to document this information.<sup>17</sup> However, the FPPS is required to retain documents only for 6 years and 6 months and, therefore, is not a reliable source for lifetime SLRP payment information. Furthermore, the SLRP Program Office did not have a customized report or query within FPPS to capture information necessary to manage the SEC's SLRP, including manual payments, participant debt repayments, and adjustments.

Although OHR provided some data on SLRP participants, OHR is responsible for maintaining complete, accurate, and timely information to comply with the U.S.C., the C.F.R., and the *Standards for Internal Control in the Federal Government*. Because SLRP Program Office personnel could not completely and accurately identify in a timely manner all employees who received SLRP benefits and the amount paid to each, we were not able to determine whether the SEC always complied with statutory annual and lifetime SLRP limits. The OHR Director indicated that the timeframe of our audit (from 2003 through 2015) exceeded normal record retention requirements. However, 5 U.S.C. § 5379 (b)(2) requires the SEC to ensure lifetime limits are not exceeded and 5 C.F.R. § 537.103 requires the SEC to establish a student loan repayment plan that includes, "[d]ocumentation and recordkeeping requirements sufficient to allow reconstruction of each action to approve a student loan repayment benefit."

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<sup>17</sup> FPPS is a Department of Interior system that processes SEC personnel actions, payroll actions, and time and attendance records. The Department of Interior is the SEC's payroll service provider.

The OHR Director stated that, in the future, the Entellitrak system will be used to track the SEC's SLRP participants and program information related to participants. Entellitrak is the platform OHR uses to manage several processes including employee work schedules, award submissions, dues reimbursements, and outside employment activities. The SEC's new SLRP automated application system is already on the Entellitrak platform.

### **SLRP Program Office Did Not Maintain Complete and Accurate Records of SLRP Participants Who Did Not Fulfill Service Agreements**

According to 5 U.S.C. § 5379 and 5 C.F.R. § 537.109, an employee participating in a SLRP is required to remain employed at the paying agency for the period specified in the employee's service agreement. If the employee does not fulfill the service period, the employee is required to repay SLRP benefits received in full unless one of the following conditions applies: (1) the employee leaves for another Federal agency, (2) the employee involuntarily separates for reasons other than conduct or performance, or (3) the agency provides a waiver.<sup>18</sup>

We determined that SLRP Program Office personnel did not maintain a complete and accurate list of SLRP participants who separated from the SEC before fulfilling their service agreements. Specifically, Program Office personnel (1) could not provide a complete list of SLRP participants, (2) did not always track employees who transferred to other Federal agencies, and (3) did not identify 17 individuals who left the SEC and Federal service between January 2007 and June 2015 before fulfilling their SLRP service agreements.

**The SEC's Exit Process Portal (EPP) May Not Always Effectively Identify Separating Employees.** We requested a listing of all SLRP participants who did not fulfill their service agreements between January 2007 and June 2015. SLRP Program Office personnel stated that they did not maintain a consolidated listing of all SLRP participants who did not fulfill their service agreements. Furthermore, SLRP Program Office personnel stated that they relied on notification from the SEC's EPP to identify separating employees.<sup>19</sup> However, the EPP may not always effectively identify separating employees – particularly, SEC regional office employees – and inform the SLRP Program Office. In addition, Program Office personnel stated that EPP includes information only from December 2012 to present, although they were able to provide some information from years before 2012.

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<sup>18</sup> According to 5 U.S.C. § 5379(c)(3), agency heads may waive, in whole or in part, a right of recovery if it is shown that recovery would be against equity and good conscience or against the public interest.

<sup>19</sup> The EPP is a workflow-based SharePoint application used to address the timely termination of logical and physical access and accountability for government furnished equipment. EPP allows departing staff and their supervisors to remove access to systems, physical assets, and facilities, and to account for all Government-furnished equipment.

Because SLRP Program Office personnel could not provide a consolidated listing of SLRP participants who separated from the SEC before fulfilling their service agreements, we developed a listing of individuals who appeared to meet this criterion. We compiled our listing by comparing OHR’s information about SLRP participants and a listing of individuals who left the SEC between January 1, 2007, and June 30, 2015.<sup>20</sup> Our actions resulted in a list of 165 individuals. We requested that SLRP Program Office personnel determine whether these 165 individuals were required to repay SLRP benefits. As a result, we identified 17 individuals who left the SEC and Federal service between January 2007 and June 2015 before fulfilling their service agreements and, therefore, owed the SEC a total of about \$216,000. Table 2 summarizes the results of our analysis.

**Table 2. Summary of SEC SLRP Participants Who Did Not Fulfill Their Service Agreements Between January 1, 2007, and June 30, 2015**

No.	Individuals Not Required to Repay SLRP Benefits
5	OHR demonstrated that these individuals involuntarily separated for reasons other than performance or conduct and, therefore, were not required to repay SLRP benefits.
9	OHR granted waivers to these individuals, including one individual who had died. OHR granted a retroactive waiver to one of these individuals, stating that the employee had since returned to the SEC and had completed a term greater than the time remaining on her unfulfilled service agreement. The individual had owed the SEC \$18,275.
37	OHR determined that these individuals left the SEC for other Federal agencies.
<i>Subtotal: 51</i>	
No.	Individuals Required to Repay SLRP Benefits
8	OHR and OFM demonstrated that these individuals repaid their SLRP benefits. Three individuals repaid by forfeiting leave or their last payroll check, and the remaining five individuals repaid with lump sum payments.
17	We identified 16 individuals who left the SEC before fulfilling their service agreements and who did not have a repayment plan in place. OHR believed that an additional individual left the SEC for another Federal agency. However, we determined that the person actually left for private sector employment. Therefore, in total, we identified 17 individuals who owed the SEC about \$216,000 in SLRP benefits. As a result of our audit, OHR and OFM initiated debt collection for 16 of these 17 individuals and OHR is planning to initiate action on the remaining individual.
89	OFM provided documentation supporting the completed or ongoing collection of SLRP repayments for 87 of these 89 individuals. For one of the remaining individuals, OFM personnel could not locate supporting documentation and stated that it may be part of a prior accounting system. For the remaining individual, OFM did not have any documentation and deferred to OHR.
<i>Subtotal: 114</i>	
<i>Total: 165</i>	

Source: OIG-generated based on data and documentation provided by OHR and OFM.

<sup>20</sup>Although the OHR’s listings of SLRP participants were not complete or accurate, the listings were the best information to identify employees who may not have fulfilled their SLRP service agreements and may have owed a debt to the SEC.

Based on our analysis, SLRP Program Office personnel should better identify SLRP participants who did not fulfill their service agreements, and document whether those individuals are required to repay benefits and, if so, the amounts owed. If Program Office personnel determine that separating employees are not required to repay SLRP benefits, personnel should document the reason(s). Additionally, for those participants not required to repay SLRP benefits, OHR should ensure that it consistently grants requests for waivers, where applicable, and obtains evidence that participants are leaving for another Federal agency, where applicable. For participants who are required to repay SLRP benefits, OHR should monitor the repayment process, maintain documentation, and improve coordination with OFM.

**OHR Should Ensure It Consistently Grants Requests for Waivers.** As previously stated, 5 C.F.R. § 537.103 states that agencies that administer SLRPs must establish a student loan repayment plan. That plan must include, among other things, “The provisions for recovering any amount outstanding from an employee who fails to satisfy a service agreement and conditions for waiving an employee’s obligation to reimburse the agency.” SLRP Program Office personnel and the OHR Director maintain a list of past waiver requests for comparative purposes and use by the OHR Director when considering whether to approve or deny a request for a waiver. We found that approved waiver requests generally reflected medical reasons, significant financial hardship, and/or fewer than 2 months left on the service agreement. However, we determined that OHR did not always grant waivers consistently.

For example, one participant received a retroactive waiver, whereas none of the other waivers OHR granted were retroactive. The participant left the SEC on July 15, 2011, and would have been required to repay the SEC SLRP benefits totaling \$18,275. OHR was unaware that this individual was required to repay benefits until our audit. Instead of initiating repayment processes, on December 11, 2015, OHR granted a retroactive waiver. In the waiver, OHR documented that the employee had since returned to the SEC and had completed a term greater than the time remaining on her unfulfilled service agreement.

According to the SEC’s SLRP policy, service agreements cannot be reinstated. The policy states, “If a former employee with a debt to the SEC returns to the SEC, he/she continues to be obligated to repay the debt. The SEC will implement collection procedures upon the employee’s return. Furthermore, the employee will not be eligible to receive SLRP benefits until the debt is fully satisfied.” Although the C.F.R. provides broad waiver authority, it is important to grant waivers in a manner that is consistent and equitable for all participants. In this instance, the waiver was inconsistent as it (1) was retroactive, (2) disregarded the agency’s SLRP policy, and (3) waived a debt that OHR would most likely have collected had OHR identified the individual as owing a debt when she left the SEC in 2011.

**OHR Should Obtain Evidence That Participants Leave for Continued Federal Service.** We determined that SLRP Program Office personnel did not require departing employees who had not fulfilled their SLRP service agreements to provide evidence that they were leaving for another Federal agency and, therefore, were not required to repay



SLRP benefits. During our audit, SLRP Program Office personnel stated that they believed one former SEC employee who had not fulfilled his SLRP service agreement had left the SEC for another Federal agency. We determined that the individual (who owed the SEC about \$30,000 in SLRP benefits) left the SEC for private sector employment. OHR should ensure it complies with 5 U.S.C. § 5379 and 5 C.F.R. § 537.109 by obtaining and maintaining evidence that departing SLRP participants who have not fulfilled their service agreements leave the SEC for other Federal service.

**OHR Should Monitor the Repayment Process, Maintain Documentation, and Improve Coordination With OFM.** We determined that SLRP Program Office personnel did not effectively coordinate with OFM to ensure former employees who must repay SLRP benefits had a signed repayment plan and paid the amounts due. As stated previously, we determined that 17 individuals left the SEC and Federal service before completing their service agreement; however, SLRP Program Office personnel did not coordinate with OFM to initiate debt collection of about \$216,000 in SLRP repayments until our audit. Additionally, keeping track of repayments is important to monitoring the lifetime payment limits for individual participants.

### Repeat Findings From Prior OIG Audit

The OIG's 2008 *Audit of the Student Loan Program* resulted in 19 recommendations for corrective action.<sup>21</sup> Although those recommendations are closed, many of the issues we observed are repeat findings. Specifically, the prior audit recommended that OHR have an automated process to ensure that employees do not exceed maximum lifetime award limits. Although OHR began using FPPS to automate the process of monitoring lifetime limits, as previously discussed, FPPS cannot provide complete and accurate records to monitor lifetime SLRP payments.

In addition, the OIG 2008 audit report recommended that OHR work with OFM to do the following:

- identify all former employees in program records;
- ensure program records clearly indicate the amounts awarded, amounts repaid, amounts waived, and balance due for each former employee;
- promptly record relevant information such as separation date and status of collection efforts; and
- establish an adequate audit trail.

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<sup>21</sup> U.S. Securities and Exchange Commission, Office of Inspector General, Report No. 439, *Audit of the Student Loan Program*; March 27, 2008. The report can be accessed at: <https://www.sec.gov/about/offices/oig/reports/audits/2008/439final.pdf>.

The prior audit also identified 12 individuals who left the SEC before completing their service agreements. Those 12 individuals owed the SEC about \$129,336. The results of our audit indicate that OHR continues to have difficulty (1) identifying former employees who participated in the SEC's SLRP and who owe the SEC funds, (2) identifying the amounts owed, and (3) maintaining the necessary documentation to provide a meaningful audit trail. To effectively manage the SEC's SLRP and comply with Federal requirements, the SLRP Program Office should develop a system to identify all SLRP participants and those participants who do not fulfill their service agreements; and determine and document whether participants are required to repay benefits. Furthermore, SLRP Program Office personnel should coordinate with OFM personnel to ensure former employees required to repay benefits have a repayment plan and are repaying SLRP benefits, as required. Finally, SLRP Program Office personnel should obtain and maintain documentation to ensure the SEC recoups all owed SLRP benefits.

## **Recommendations, Management's Response, and Evaluation of Management's Response**

To improve the SEC's SLRP internal controls and compliance with Federal laws and regulations and SEC policies and procedures, and to address the repeat findings we observed, we recommend the Office of Human Resources:

**Recommendation 1:** Develop a system to maintain complete and accurate information about student loan repayment program participants and benefits paid to ensure the agency (a) does not exceed annual and lifetime limits, and (b) reports accurate annual participation data to the Office of Personnel Management, as required.

**Management's Response.** The Office of Human Resources concurred with the recommendation. Beginning in 2015, the Office of Human Resources is now able to reconcile current information between the automated work flow and Federal Personnel Payroll System records. The Office of Human Resources will develop and implement a solution for accumulating payment histories and retaining historical records of payments issued prior to the 2015 cycle by December 31, 2016.

**OIG's Evaluation of Management's Response.** Management's proposed actions are responsive; therefore, the recommendation is resolved and will be closed upon verification of the action taken.

**Recommendation 2:** Develop a system to (a) identify student loan repayment program participants who do not fulfill their service agreements; (b) identify participants who left the agency for employment outside the Federal service; (c) determine whether participants are required to repay student loan repayment benefits and, if so, the amounts to be repaid; and (d) monitor the debt collection process by coordinating with the Office of Financial Management to receive regular reports of repayments by former employees.

**Management's Response.** The Office of Human Resources concurred with the recommendation and indicated that the Exit Portal Process is now used to exit all employees, triggering the Student Loan Repayment Program Office to review records pertaining to student loan repayment program participants. The Office of Human Resources will develop service level agreements and standard operating procedures to document the exit process for student loan repayment program participants. Final guidance will include confirmation of the separation and notification to the Office of Financial Management for employees required to repay benefits.

**OIG's Evaluation of Management's Response.** Management's response indicates that the Office of Human Resources will continue to rely on the Exit Portal Process to identify exiting employees who are participating in the agency's student loan repayment program. However, as noted in our report, the Exit Portal Process may not always effectively identify separating employees and inform the Student Loan Repayment Program Office. New service level agreements and standard operating procedures may address these concerns. Once finalized, we will review the new agreements and procedures to ensure that any additional controls established meet the intent of the recommendation. We also noted that, in response to Recommendation 4, the Office of Financial Management will provide the Office of Human Resources with monthly status reports of repayment information. Consistently providing such reports for all participants required to repay benefits will, in part, address the recommendation. Therefore, management's proposed actions are responsive and the recommendation is resolved and will be closed upon verification of the action taken.

**Recommendation 3:** Develop a system to maintain a current and accurate list of student loan repayment program participants who received a waiver and the reason for the waiver to ensure that management grants waivers in a manner that is consistent and equitable for all participants.

**Management's Response.** The Office of Human Resources concurred with the recommendation and will implement procedures to maintain a spreadsheet of waiver requests, maintain supporting documentation, and review documentation quarterly to measure consistency of waiver decisions by June 30, 2016.

**OIG's Evaluation of Management's Response.** Management's proposed actions are responsive; therefore, the recommendation is resolved and will be closed upon verification of the action taken.

**Recommendation 4:** Establish repayment plans or other evidence that the agency is recouping student loan repayment benefits paid to the 17 former employees we identified as owing the agency about \$216,000.

**Management's Response.** The Office of Human Resources and Office of Financial Management concurred with the recommendation. The Office of Financial Management established repayment plans or is taking other measures to recoup

student loan repayment program benefits paid to the 17 former employees. The Office of Financial Management will provide the Office of Human Resources with monthly status reports of repayment information, and the Office of Human Resources will monitor and track the debt collection process.

**OIG's Evaluation of Management's Response.** Management's proposed actions are responsive; therefore, the recommendation is resolved and will be closed upon verification of the action taken.

## **Finding 2: SLRP Program Office Did Not Always Implement or Enforce Effective Approval and Verification Controls**

The SEC's SLRP Program Office is responsible for ensuring that SLRP internal controls are designed, implemented, and operating effectively. However, we determined that Program Office personnel did not always effectively review and approve SLRP benefits, as required. Specifically, we reviewed documents associated with 50 of the 163 SLRP approvals made between January 1 and June 30, 2015, and noted inconsistencies in some applicants' loan account numbers, loan verification documents, and outstanding loan balances. In many instances, there was no evidence that SLRP Program Office personnel followed up on or resolved the inconsistencies before approving payments. Furthermore, SLRP Program Office personnel did not enforce the SEC's requirement that employees confirm that loan holders received SLRP payments and applied them to employees' accounts. Consequently, in some cases, we could not determine whether the Program Office erroneously approved SLRP payments, and we could not ensure that lenders received and properly applied SLRP benefits.

### **SLRP Program Office Risks Improper Approvals Because of Ineffective Follow-up or Inadequate Documentation**

As previously stated, according to 5 C.F.R. § 537.103, agencies must establish a student loan repayment plan before providing student loan repayment benefits. The C.F.R. states that plan must include, among other things, documentation and recordkeeping requirements sufficient to allow reconstruction of each action to approve a student loan repayment benefit. In addition, 5 C.F.R. § 537.106(b) requires agencies to verify with loan holders (1) that employees applying for SLRP benefits have an outstanding student loan that qualifies for repayment, and (2) the remaining loan balances to ensure that loans are not overpaid.

The 2008 OIG audit of the SEC's SLRP recommended that OHR implement methods to mitigate the risk that employees could submit fraudulent documentation when applying for SLRP benefits. During our audit, we judgmentally selected 50 of the 163 SLRP approvals made between January 1 and June 30, 2015, and determined that SLRP Program Office personnel did not always thoroughly perform and document effective or required approval and verification controls. Specifically, we observed the following:

- For one application, we could not substantiate that the lender verified that the employee had a balance equal to or greater than the approved SLRP benefit amount (\$10,000). SLRP Program Office personnel provided the first page of a loan verification form and the second page of two loan verifications. It is not clear which, if either, of these two pages belonged with the first page. OHR also obtained a *Loan Servicing – Integrated Account Summary* from the employee. However, the additional documentation did not provide independent verification

of the employee's outstanding loan amount. Furthermore, an OHR internal assessment – performed by its Human Capital Strategy Group – reported in October 2015 that use of the Integrated Account Summary was a risk, stating, “This second option creates a situation where the validity and reliability of the document could be compromised.”<sup>22</sup>

- For two applications, loan account numbers provided by employees applying for SLRP benefits were either different or truncated when compared to the loan account numbers verified by the lenders. SLRP Program Office personnel were unable to provide evidence that they verified the correct loan account numbers.
- For four applications, the current outstanding principal balance was greater than the original loan amount. There was no indication of follow-up to inquire why the outstanding balance was larger and whether it possibly included amounts that did not qualify for SLRP benefits.
- For nine applications, we identified inconsistencies between the “How Many Loans are Part of this Request” response on the application and the number of loan verification forms provided.

We were unable to determine the validity of the SLRP payments associated with the above applications because SLRP Program Office personnel could not demonstrate the rationale for approving the applications. Moreover, there was no evidence that Program Office personnel followed up on or resolved the inconsistencies we observed before approving the payments.

The questionable information we identified does not necessarily indicate improper approvals or fraud. However, it does indicate that (1) the SEC’s internal controls are not operating effectively, and (2) the SEC’s SLRP may have an increased risk for improper approvals. The ineffective approval controls are due, in part, to the SLRP Program Office’s lack of standard operating procedures for reviewing and approving SLRP applications.

### **SLRP Program Office Did Not Enforce Agency Payment Verification Requirement**

The SEC’s SLRP policy and application require that employees receiving SLRP benefits prove that their lenders received the SEC’s payments and credited the employees’ accounts. Specifically, the policy states, “Employees must provide OHR with confirmation of receipt of payment to the loan holder after such payments have been credited to the employee’s [sic] account.” Furthermore, SLRP participants are required to acknowledge that failure to provide the required documentation may affect their ability to receive future SLRP benefits.

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<sup>22</sup> U.S. Securities and Exchange Commission, Office of Human Resources, Human Capital Strategy Group, *Student Loan Repayment Program Evaluation Final Report*. 2015-SLRP-01; October 20, 2015.

We judgmentally selected 50 of the 163 SLRP approvals made between January 1 and June 30, 2015, and determined that only 4 of 50 employees (or 8 percent) provided the SLRP Program Office with the required payment verification information. OHR's internal assessment also reported in October 2015 that SLRP Program Office personnel were not enforcing the SEC's payment verification requirement.<sup>23</sup>

When asked, SLRP Program Office personnel acknowledged they were not enforcing the payment verification requirement. According to OHR officials, the newly implemented SLRP automated application system includes a control to require employees to verify that their loan institution received SLRP payments; however, OHR had not turned this control on. As of December 2015, OHR had turned on the control in the automated application system and, therefore, the issue should be resolved.

## **Recommendations, Management's Response, and Evaluation of Management's Response**

To improve the SEC's SLRP approval and verification controls, we recommend that the Office of Human Resources:

**Recommendation 5:** Develop policies and procedures that define the objectives and responsibilities for the review of student loan repayment program documents, including what is acceptable information, when to require additional documentation, and how to document assessments so that an independent observer can reconstruct each action to approve a student loan repayment benefit, in accordance with the Code of Federal Regulations.

**Management's Response.** The Office of Human Resources concurred with the recommendation. The Office of Human Resources drafted a student loan repayment program policy that is currently under review and is developing service level agreements and standard operating procedures. These documents will have traceable steps to meet Code of Federal Regulations requirements for reconstructing actions. Future internal accountability program reviews will measure the effectiveness of adherence to the policy, service level agreements, and standard operating procedures.

**OIG's Evaluation of Management's Response.** Management's proposed actions are responsive; therefore, the recommendation is resolved. Once finalized, we will review the new policy, service level agreements, and standard operating procedures to ensure that any additional controls established meet the intent of the recommendation. The recommendation will be closed upon verification of action taken.

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<sup>23</sup> U.S. Securities and Exchange Commission, Office of Human Resources, Human Capital Strategy Group, *Student Loan Repayment Program Evaluation Final Report*. 2015-SLRP-01; October 20, 2015.

**Recommendation 6:** Remind personnel managing the student loan repayment program of the importance of their role in ensuring that benefits are awarded only to eligible participants for qualifying loans.

**Management's Response.** The Office of Human Resources concurred with the recommendation. The student loan repayment program policy, service level agreements, and standard operating procedures that are under development will serve to reinforce the program management roles and responsibilities within the Office of Human Resources.

**OIG's Evaluation of Management's Response.** Management's proposed actions are responsive; therefore, the recommendation is resolved. Once finalized, we will review the new policy, service level agreements, and standard operating procedures to ensure that any additional controls established meet the intent of the recommendation. The recommendation will be closed upon verification of action taken.

**Recommendation 7:** Obtain evidence from the agency's calendar year 2015 student loan repayment program participants that their lenders received the agency's payments and properly credited the employees' accounts. For participants who do not provide such evidence, the Office of Human Resources should document that the participant is ineligible to receive future student loan repayment benefits until the participant provides the requested information.

**Management's Response.** The Office of Human Resources concurred with the recommendation and is contacting participants who did not provide evidence to remind them of this requirement. The Office of Human Resources is maintaining documentation, and a participant will be deemed ineligible for a new student loan repayment benefit until the requirement is met.

**OIG's Evaluation of Management's Response.** Management's proposed actions are responsive; therefore, the recommendation is resolved and will be closed upon verification of the action taken.



### Finding 3. SEC SLRP Policy Needs Improvement

GAO's *Standards for Internal Control in the Federal Government* states that management should implement control activities through policies. The document further states, "Effective information and communication are vital for an entity to achieve its objectives." An objective of the SEC's SLRP is to comply with 5 C.F.R. § 537. However, we determined that the SEC's SLRP policy (dated September 2009) does not reflect the agency's current program or include certain eligibility requirements specified by the U.S.C. and the C.F.R. Between April and July 2015 OHR published various guides and administrative notices announcing changes in the SEC's SLRP. However, the agency's SLRP policy conflicts with these documents and provides inaccurate and unreliable information to SEC employees and their supervisors. In addition, in July 2014 and October 2015, OPM and the OHR Human Capital Strategy Group recommended that OHR issue additional, interim guidance to comply with the C.F.R. As of the date of this report, OHR had drafted, but not issued, a revised SLRP policy.

#### SEC SLRP Policy Does Not Reflect the Current Program

According to the *Standards for Internal Control in the Federal Government*, management documents in policies the internal control responsibilities of the organization and communicates to personnel the policies and procedures so that personnel can implement the control activities for their assigned responsibilities. The document further states that management periodically reviews policies, procedures, and related control activities for continued relevance and effectiveness in achieving objectives or addressing related risks. In accordance with these principles, if an entity's process significantly changes, management should review the process "in a timely manner after the change to determine that the control activities are designed and implemented appropriately."

OHR significantly revised the SEC's SLRP in 2014 and 2015. Between April and July 2015, OHR published the following:

- two administrative notices titled *Student Loan Repayment Program Update*,
- a *Student Loan Repayment Program Guide and Frequently Asked Questions*,
- *Student Loan Repayment Program Guidance for Supervisory Justifications*, and
- a *Student Loan Repayment Program (SLRP) Update for Employees Receiving Monthly or Bi-weekly Payments*.

OHR also offered training sessions on the changes to the agency's SLRP. However, the Program Office did not update the SEC's SLRP policy. We identified the following inaccuracies in the SEC's SLRP policy:

- The policy states that SEC employees must complete at least 1 year of employment at the SEC before employees are eligible for SLRP participation. However, beginning in June 2014, new employees are immediately eligible for SLRP participation.
- The policy states that payments are lump sums for the authorized gross benefit amount, less any applicable employment taxes. However, beginning in June 2015, participants can spread out payments to lenders over a specified period.
- The policy states that open enrollment for SLRP benefits occurs only once per year. However, beginning in June 2015, employees may apply for SLRP benefits at any time.

Out-of-date or conflicting policy provides inaccurate and unreliable information to SEC employees and their supervisors. As a result, qualified personnel may not apply for benefits, and employees who do not meet applicable criteria may receive benefits. OHR officials stated that they planned to update the SEC's SLRP policy after assessing how the program operated in 2015, including the rollout of the new automated application system. During our audit, OHR drafted, but did not issue, a revised SLRP policy.

### **SEC SLRP Policy Does Not Include Certain Federal Eligibility Requirements**

According to 5 C.F.R. § 537.105, if an agency's SLRP is administered for retention purposes (as the SEC's SLRP is), the agency must make a written determination that (1) an employee applying for SLRP benefits is otherwise likely to leave the agency for employment outside of the Federal service, and (2) it is essential to retain the employee based on their high or unique qualifications or a special need of the agency. In addition, 5 U.S.C. § 5379 states that an employee will be ineligible for student loan repayment benefits if the employee does not maintain an acceptable level of performance. According to 5 C.F.R. § 537.108(b), an acceptable level of performance is one that is equivalent to an annual performance rating of Level 3 ("Fully Successful" or equivalent) or higher.

**SEC SLRP Awards May Not Meet Eligibility Conditions.** According to the SEC's SLRP policy, the agency uses its program for retention purposes. However, SLRP Program Office personnel did not enforce the C.F.R. requirement that the SEC make a written determination that, without SLRP benefits, employees were likely to leave the agency for employment outside of the Federal service. A July 2014 OPM evaluation and an October 2015 OHR internal assessment also identified this issue. In response to the OPM evaluation, the OHR Director stated that the SEC would propose new guidance to require written determinations and negotiate the issue with the NTEU, because the November 2013 CBA does not include this requirement. GAO's *Standards for Internal Control in the Federal Government* states that, "Management should remediate identified internal control deficiencies on a timely basis." As of the date of this report, OHR had not issued new guidance to require written determinations.

**SEC SLRP Policy Does Not Define “Acceptable Level of Performance.”** The SEC’s nonbargaining unit employees participate in the agency’s SLRP and receive numerical performance ratings consistent with the definition from 5 C.F.R. § 537.108(b).<sup>24</sup> The SEC’s SLRP policy states that employees selected for benefits must have maintained “an acceptable level of performance.” However, the policy does not define “acceptable level of performance” or specify that nonbargaining unit employees must maintain at least an annual performance rating of Level 3 (“Meets Expectations”) to be eligible for SLRP participation.

OHR officials stated that the SEC Administrative Regulation on Performance Management<sup>25</sup> specifies the requirements of the “Meets Expectation” rating. In addition, OHR’s June 2015 *Student Loan Repayment Program Questions and Answers Guide* states that SLRP participants must continue performance at least at the “Meets Expectations” or “Acceptable” level to be eligible to apply for additional SLRP benefits. However, the SEC’s SLRP policy does not refer to the Administrative Regulation and pre-dates the *Student Loan Repayment Program Questions and Answers Guide*.

## **Recommendations, Management’s Response, and Evaluation of Management’s Response**

To improve the SEC’s SLRP internal controls and compliance with Federal laws and regulations, we recommend that the Office of Human Resources:

**Recommendation 8:** Address recommendations from the 2014 Office of Personnel Management evaluation and the 2015 Office of Human Resources, Human Capital Strategy Group internal assessment by requiring written justifications to support that an employee is likely to leave the U.S. Securities and Exchange Commission for employment outside of the Federal service if student loan repayment benefits are not approved before approving such benefits.

**Management’s Response.** The Office of Human Resources concurred with the recommendation and will update guidance for written justifications and inform managers of these requirements by September 30, 2016.

**OIG’s Evaluation of Management’s Response.** Management’s proposed actions are responsive; therefore, the recommendation is resolved and will be closed upon verification of the action taken.

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<sup>24</sup> Non-bargaining unit employee performance rating levels are “Greatly Exceeds Expectations” (Level 5), “Exceeds Expectations” (Level 4), “Meets Expectations” (Level 3), “Needs Improvement” (Level 2), and “Unacceptable” (Level 1). For bargaining unit employees, the rating official assesses individual performance objectives on a numerical rating of 1 through 5. However, the final summary rating is either “Acceptable” or “Unacceptable.”

<sup>25</sup> SECR 6-44, SEC Administrative Regulation, *Performance Management (for Non-Bargaining Unit Employees)*; February 27, 2015.

**Recommendation 9:** Update policies and procedures to reflect the agency's current student loan repayment program and address eligibility requirements by defining "acceptable level of performance" for all employees.

**Management's Response.** The Office of Human Resources concurred with the recommendation and drafted a policy for the student loan repayment program. The final version will include comprehensive definitions for program eligibility.

**OIG's Evaluation of Management's Response.** Management's proposed actions are responsive; therefore, the recommendation is resolved. Once finalized, we will review the new policy to ensure that any additional controls established meet the intent of the recommendation. The recommendation will be closed upon verification of the action taken.

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## Other Matter of Interest

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During the course of our audit, we identified a matter that did not warrant recommendations. We discussed this matter with OHR management for consideration. The matter, management's response, and our evaluation of management's response are described below.

**OHR Could Improve the SEC's SLRP Loan Data Verification Form.** The SEC's SLRP Loan Data Verification Form, SEC-2499, serves a critical function in the SLRP approval and payment process. SEC management uses the form to verify:

- whether the employee/applicant has qualifying loan(s),
- whether the employee/applicant provided the correct account number(s),
- the current balance(s) of the loan(s), and
- whether the loan(s) are in default status.

The form includes an "applicant/borrower" certification statement that cites possible civil penalties for knowingly including or omitting material information that would render the "...statement false, fictitious, or fraudulent..." However, the form does not cite possible criminal penalties. Citing possible criminal penalties for knowingly providing false information on the SLRP Loan Data Verification Form may serve as another effective deterrent.

**Management's Response.** The Office of Human Resources concurred and stated that revisions to SEC-Form 2499, "SLRP Loan Data Verification Form," will include language pertaining to criminal penalties for knowingly providing false information.

**OIG's Evaluation of Management's Response.** Management's proposed actions are responsive.

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## Appendix I. Scope and Methodology

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We conducted this performance audit from June 2015 through March 2016 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

**Scope.** To address our audit objectives, we tested SLRP payments approved between July 2003 and June 2015 and related debt collection processing. We also remained abreast of information relevant to the SEC's SLRP throughout our audit. Our objective was to determine whether the SEC's SLRP policies and procedures comply with Federal requirements and whether controls are adequate to ensure compliance with those policies and procedures. Specifically, we sought to:

- determine whether OHR developed and implemented SLRP policies and procedures that comply with applicable laws and regulations, including applicable sections of the U.S.C., the C.F.R., and the SEC's CBA;
- evaluate the operating effectiveness of SLRP internal controls designed and implemented by OHR to ensure compliance with applicable laws and regulations; and
- determine whether OHR has implemented or effectively addressed recommendations from prior SLRP audits and reviews.

We performed fieldwork at the SEC's Headquarters in Washington, DC. We focused on OHR but also considered OFM's debt collection process, the exit process managed by the OCOO, and how OHR incorporated these processes into its management of the SEC's SLRP.

**Methodology.** We interviewed management and staff from OHR, OFM, and the OCOO to gain an understanding of their responsibilities in SLRP approval, payment, and debt collection processes. We obtained OHR's 2014 and 2015 management assurance statements and the 2014 OHR Risk and Control Matrix to review management's assessment of OHR's internal controls and any material weaknesses relevant to our audit objectives. In addition, we reviewed relevant prior audits, evaluations, and internal assessments, and documentation supporting closure of prior recommendations for corrective action.

We also reviewed OHR's procedures to evaluate the operating effectiveness of internal controls over the SEC's SLRP. With SLRP Program Office and OFM personnel, we identified and discussed inherent risks to the SLRP and mitigating internal controls. We assessed the design and implementation of internal controls, and identified and tested key internal controls. Specifically, we tested SLRP approval, payment, and debt

collection processes by reviewing (1) SEC SLRP participant and benefit data from July 2003 to June 2015; (2) OPM's annual reports to Congress on agencies' use of the Federal SLRP from 2003 to 2014; (3) select SEC SLRP applications, loan verifications; and service agreements from 2015; and (4) select former employee repayment plans.

We also interviewed the current and former SLRP Program Managers, the OHR Director, and personnel from OFM and the OCOO to determine whether OHR has developed and implemented policies and procedures that are in accordance with Federal laws and regulations. Additionally, we gained an understanding of the SLRP Program Office, its policies and procedures, and overall management style. We conducted a crosswalk of SEC and OHR policies and procedures to the relevant Federal laws and regulations to determine whether the SEC has incorporated all required aspects of these Federal laws and regulations into its agency-wide policies and procedures, including Article 25 of the CBA.

The Federal laws, regulations, and guidance and the SEC policies and procedures we reviewed included:

**Federal Laws, Regulations, and Guidance:**

- 5 U.S.C. § 5379 – *Student Loan Repayments*.
- 5 C.F.R. § 537 – *Repayment of Student Loans*.
- *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1, Government Accountability Office (November 1999) and updated *Standards for Internal Control in the Federal Government*, GAO-14-704G, Government Accountability Office (September 2014).
- Investor and Capital Markets Fee Relief Act (Pub. L. 107-123, 115 Stat. 2390 (2002)).
- Improper Payments Elimination and Recovery Improvement Act of 2012 (Pub. L. 112-248, 126 Stat. 2390 (2013)).

**SEC Policies and Procedures:**

- *Student Loan Repayment Program Policy*, September 2009.
- *Student Loan Repayment Program Update*, Administrative Notice; April 2015.
- *Student Loan Repayment Program Update*, Administrative Notice; June 2015.
- *Student Loan Repayment Program Guide and Frequently Asked Questions*; June 2015.
- *Student Loan Repayment Program Guidance for Supervisory Justifications*; July 2015.

- *Student Loan Repayment Program (SLRP) Update for Employees Receiving Monthly or Bi-weekly Payments*; July 2015.
- Article 25 of the Collective Bargaining Agreement between the U.S. Securities and Exchange Commission and the National Treasury Employees Union; November 2013.
- Form SEC 2499 (1/15), *SEC Student Loan Repayment Program Loan Data Verification*.

**Internal Controls.** We obtained an understanding of OHR's oversight of the SEC's SLRP and identified key internal controls. We obtained a copy of OHR's fiscal year 2014 and 2015 management assurance statement and noted that management found no material weaknesses in internal controls related to the SLRP. The 2014 OHR management assurance statement identified two recommendations from the 2014 OPM *Evaluation of SEC Adherence to Merit System Principles, Laws, and Regulations and Assessment of the Efficiency and Effectiveness in Administering Human Resources Programs under the Talent Management System of the Human Capital Framework*. OPM recommended that SEC (1) develop a student loan repayment plan to include bargaining and non-bargaining unit employees, and (2) provide stronger written justifications that support employees' intent to leave the agency if SLRP Program Office personnel did not authorize student loan repayment benefits. According to OHR, those recommendations are closed. Although OHR identified other areas for improvement, those areas did not create the risk of a material weakness, and OHR is working to address them.

During our audit, we assessed OHR's internal controls related to SLRP approval, payment, and debt collection processes in accordance with the GAO's *Standards for Internal Control in the Federal Government*. We did not identify SLRP benefits awarded to employees who failed to meet minimum performance standards during the period reviewed. However, as discussed in this report, we identified internal control weaknesses that affected the SLRP Program Office's ability to manage the program effectively. Namely, Program Office personnel did not (1) maintain complete and accurate participant information, (2) implement or enforce effective approval and verification controls, and (3) update the SEC's SLRP policy and ensure the policy complied with certain Federal requirements. Our recommendations, if implemented, should correct the weaknesses we identified.

**Computer-processed Data.** The GAO's *Assessing the Reliability of Computer-Processed Data* (GAO-09-680G, 2009) states that "data reliability refers to the accuracy and completeness of computer-processed data, given the uses they are intended for. Computer-processed data may be data (1) entered into a computer system or (2) resulting from computer processing." Furthermore, GAO-09-680G defines "reliability," "accuracy," and "completeness" as follows:

- "Reliability" means that data are reasonably complete and accurate, meet your intended purposes, and are not subject to inappropriate alteration.



- “Accuracy” refers to the extent that recorded data reflect the actual underlying information.
- “Completeness” refers to the extent that relevant records are present and the fields in each record are appropriately populated.

The computer-processed data that had a material impact on our findings, conclusions, and recommendations were the data in the SLRP automated application system, FPPS, and Delphi.

*SLRP Automated Application System.* We conducted interviews with SLRP Program Office personnel to understand how applicants and reviewers use the SLRP automated application process. We conducted a walkthrough of the system to learn about the system’s automated controls and reporting capabilities. We also performed limited testing of the system’s automated controls. We determined that the SLRP automated application system was sufficiently reliable for the purposes of the audit.

*FPPS.* This computer-processed data consisted of FPPS data used by OHR to document SLRP payments. A prior OIG audit assessed the reliability of FPPS data.<sup>26</sup> The auditors interviewed relevant SEC personnel, performed electronic testing of FPPS data, and traced a sample of FPPS data to source documentation. Additionally, according to a 2014 independent audit of the controls related to FPPS, the controls that were tested were operating with sufficient effectiveness to provide reasonable, but not absolute, assurance that the control objectives were achieved.<sup>27</sup> Consequently, we determined that the FPPS data was sufficiently reliable for the purposes of this audit. However, FPPS retains records only for 6 years and 6 months and, therefore, does not contain complete data for monitoring aspects of the SEC’s SLRP (namely, lifetime payment limits). Furthermore, the SLRP Program Office does not have a customized FPPS SLRP report or query to capture information necessary to manage aspects of the SEC’s SLRP, such as manual payments, debt repayments from participants, and adjustments.

*Delphi.* On April 1, 2012, the SEC implemented Delphi as its financial system of record. Delphi tracks the agency’s budget, obligations, expenditures and balances. The Department of Transportation runs and manages Delphi (Oracle Federal Financials) for the SEC. We performed limited testing of Delphi data. Specifically, we traced a sample of Delphi data to source documentation. Based on our limited testing, we determined that the Delphi data was sufficiently reliable for the purposes of this audit.

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<sup>26</sup> U.S. Securities and Exchange Commission, Office of Inspector General, Report No. 528, *Audit of the Representation of Minorities and Women in the SEC’s Workforce*; November 20, 2014. The report can be accessed at: <https://www.sec.gov/about/offices/oig/reports/audits/2014/528.pdf>.

<sup>27</sup> KPMG Report on the U.S. Department of the Interior’s Description of its Federal Personnel and Payroll System and the Suitability of the Design and Operating Effectiveness of Its Controls (SSAE 16 – Type 2 Report) for the Period July 1, 2013 to June 30, 2014.

**Prior Coverage.** During the last 8 years, the SEC OIG and OPM issued reports of particular relevance to this audit. Additionally, during fiscal year 2015, OHR performed an assessment of the SLRP. Unrestricted SEC OIG reports can be accessed at: [http://www.sec.gov/about/offices/oig/inspector\\_general\\_audits\\_reports.shtml](http://www.sec.gov/about/offices/oig/inspector_general_audits_reports.shtml).

SEC OIG:

- *Audit of the Student Loan Program*, Report No. 439; March 27, 2008.

OPM:<sup>28</sup>

- *OPM Evaluation of SEC Adherence to Merit System Principles, Laws, and Regulations and Assessment of the Efficiency and Effectiveness in Administering Human Resources Programs under the Talent Management System of the Human Capital Framework*; July 14, 2014.

OHR, Human Capital Strategy Group:

- *Student Loan Repayment Program Evaluation Final Report: 2015-SLRP-01*; October 20, 2015.

**Sampling.** Our analysis focused on SLRP operations between January 1 and June 30, 2015, because OHR revised the SEC's SLRP during 2014 and 2015. However, to determine adherence to lifetime limits, we reviewed data from July 2003 (when the SEC established its SLRP) to June 2015. To determine whether the SEC collected debts owed by former employees who did not fulfill their service agreements, we reviewed data from January 2007 through June 2015 (the period since the last OIG audit of the SEC's SLRP). We also judgmentally selected and tested certain participant data to assess the effectiveness of key SLRP internal controls. Table 3 shows the key internal controls tested and the corresponding sample sizes.

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<sup>28</sup> The SEC annually reports to OPM the number of SLRP participants and benefits paid. Those reports can be accessed at: <https://www.opm.gov/policy-data-oversight/pay-leave/student-loan-repayment/>.

**Table 3. Key SLRP Internal Controls Tested and Corresponding Sample Sizes**

Control Tested	Sample Size
Annual and lifetime limits.	100 percent of SLRP participants from inception of SEC program in July 2003 through June 2015 (5,843 in total, including duplicates).
Reviewing officials verify that participants are not on a performance improvement plan.	100 percent of SLRP participants between January 1, 2015, and June 30, 2015 (163 in total).
<p>Reviewing officials verify that SLRP applications include consistent employee and recommending official justifications.</p> <p>SLRP Program Office personnel verify (1) loan eligibility, (2) that amounts requested do not exceed loan amounts, (3) that primary borrowers are SEC employees, (4) that loans are not in default, and (5) that participants signed and accepted service agreements.</p> <p>SLRP participants provide proof of payment to the SLRP Program Office within 45 days of the loan payment to the lending institution.</p>	50 of 163 SLRP participants between January 1, 2015, and June 30, 2015 (or 31 percent).
SLRP Program Office personnel verify that amounts paid to loan holders match amounts approved by SLRP.	25 of 163 SLRP participants between January 1, 2015, and June 30, 2015 (or 15 percent).
SLRP Program Office personnel monitor participants who leave the SEC before fulfilling their service agreements, and identify why participants are leaving.	50 of 165 separated SLRP participants between January 1, 2007, and June 30, 2015 (or 30 percent).
The SLRP Program Office and/or OFM Accounts Branch identifies SLRP participants who are required to repay SLRP benefits, collects repayments, and follows-up on any participants who did not make the required repayments.	100 percent of separated SLRP participants between January 1, 2007, and June 30, 2015 (165 in total).

Source: OIG-generated.

## Appendix II. Management Comments

### MEMORANDUM

To: Rebecca Sharek, Deputy Inspector General for Audits, Evaluations and Special Projects  
Office of Inspector General

From: Jeff Heslop, Chief Operating Officer /signature on file/

Date: March 25, 2016

Subject: Response to Draft Report on the SEC's Student Loan Repayment Program

Thank you for the opportunity to review and comment on the draft, "Report on the SEC's Student Loan Repayment Program" (Report No. 534, dated March 11, 2016). We appreciate the recommendations you have provided to improve internal controls and other operations of the Student Loan Repayment Program (SLRP).

It was encouraging to note your recognition of the SEC's leadership position as one of the top federal agencies that provide this retention incentive to employees. During the course of 12 years of operation, there have been many collaborative efforts between OHR and NTEU to ensure the incentive is administered to meet the spirit and intent of 5 CFR 537—Repayment of Student Loans and the Collective Bargaining Agreement.

OHR is committed to assuring that the SEC has adequate controls to oversee program operations.

**Recommendation 1: Develop a system to maintain complete and accurate information about student loan repayment program participants and benefits paid to ensure the agency (a) does not exceed annual and lifetime limits, and (b) reports accurate annual participation data to the Office of Personnel Management, as required.**

OHR concurs with this recommendation. Beginning with the 2015 program cycle, SLRP records are processed through an automated workflow, which is where lifetime limit information will be captured. OHR is now able to reconcile current information between the automated workflow and FPPS records. This provides a validation process for data being submitted to OPM.

A solution for accumulating payment histories and retaining historical records of payments issued prior to the 2015 cycle will be developed and implemented by December 31, 2016. OHR will receive assistance, as necessary, from OIT.

**Recommendation 2: Develop a system to (a) identify SLRP participants who do not fulfill their service agreements; (b) identify participants who left the agency for employment outside the Federal service; (c) determine whether participants are required to repay student loan repayment benefits and, if so, the amounts to be repaid; and (d) monitor the debt collection process by coordinating with the Office of Financial Management to receive regular reports of repayments by former employees.**

**OHR concurs with this recommendation.** The Exit Process Portal (EPP) is the system of record now used to exit all employees, headquarters and regional offices. The exit notice is the trigger to review records (paper and automated) pertaining to an employee's service toward meeting SLRP service agreements and payment history, and to initiate processes to determine the amount to be repaid for unfulfilled service agreements. OHR is developing Service Level Agreements (SLAs) and Standard Operating Procedures (SOPs) to document the exit process for SLRP participants. Final guidance will include confirmation of the separation and notification to OFM for employees required to repay benefits.

**Recommendation 3: Develop a system to maintain a current and accurate list of SLRP participants who received a waiver and the reason for the waiver to ensure that management grants waivers in a manner that is consistent and equitable for all participants.**

**OHR concurs with this recommendation.** A spreadsheet of waiver requests will be maintained. Supporting documentation will be maintained separately and will be reviewed quarterly to measure consistency of approach in making waiver decisions. These procedures will be implemented by June 30, 2016.

**Recommendation 4: Establish repayment plans or other evidence that the agency is recouping SLRP benefits paid to the 17 former employees we identified as owing the agency about \$216,000.**

**OHR and OFM concur with this recommendation.** OFM has established repayment plans or is taking other measures to recoup SLRP benefits paid to the 17 former employees. OFM has agreed to provide OHR monthly status reports of pertinent point-in-time repayment information. OHR has received an initial report and believes it is a feasible tool to monitor and track the debt collection process.

**Recommendation 5: Develop policies and procedures that define the objectives and responsibilities for the review of SLRP documents, including what is acceptable information, when to require additional documentation, and how to document assessments so that an independent observer can reconstruct each action to approve a student loan repayment benefit, in accordance with the Code of Federal Regulations.**

**OHR concurs with this recommendation.** An SLRP policy has been drafted and is currently under review within OHR. A draft copy was provided to the OIG audit team in early March 2016. SLAs and SOPs are also being developed. These documents will have traceable steps to meet CFR requirements for reconstructing actions. Future internal accountability program reviews will measure the effectiveness of adherence to the policy, SLAs and SOPs.

**Recommendation 6: Remind personnel managing the student loan repayment program of the importance of their role in ensuring that benefits are awarded only to eligible participants for qualifying loans.**

**OHR concurs with this recommendation.** The operating guidance described in response to recommendation 5 will serve to reinforce the program management roles and responsibilities within OHR. The findings of this review and the accountability review conducted within OHR

have served as the basis for formal communication around program management responsibilities and accountability.

**Recommendation 7: Obtain evidence from the agency's calendar year 2015 SLRP participants that their lenders received the agency's payments and properly credited the employees' accounts. For participants who do not provide such evidence, OHR should document that the participant is ineligible to receive future student loan repayment benefits until the participant provides the requested information.**

**OHR concurs with this recommendation** The SLRP automated workflow automatically generates weekly scheduled email reminders to participants, informing them of the need to upload documentation verifying lender receipt of the agency's payment(s) and proper credit to their loan account balance(s).

In addition, the Chief Human Capital Officer recently sent a reminder to all 2015 participants who need to complete this requirement. As of March 23, 2016, only 28 of the 2015 recipients have not uploaded their documentation. OHR staff is in the process of calling these remaining participants to remind them of the requirement and to assist with completing the upload/reporting function. Documentation is being maintained and a participant will be deemed ineligible for a new benefit until the requirement is met.

OHR Labor Relations has already made NTEU aware of this finding and recommendation. We will work collaboratively to communicate consequences for not adhering to this requirement.

**Recommendation 8: Address recommendations from the 2014 OPM evaluation and the 2015 OHR HCSG internal assessment by requiring written justifications to support that an employee is likely to leave the SEC for employment outside of the Federal service if student loan repayment benefits are not approved before approving such benefits.**

**OHR concurs with this recommendation.** After reviewing the CFR citation and the evaluations cited above, we contacted OPM to receive clarification on the terminology and intent of this language. An evaluator from OPM's Agency Compliance and Evaluation staff provided the response below.

"OPM's student loan repayment regulations (5 CFR 537.105(a)(2)(ii)) do not require agencies to be "sure" the employee will leave in the absence of student loan repayment benefits, only that the employee would be "likely" to leave Federal service. Also, it is not necessary for agencies to require specific proof that an employee is likely to leave Federal service. In fact, we would not encourage agencies to require an actual job offer. There are other ways an agency may determine that an employee is likely to leave for employment outside the Federal Government. For example, an agency might consider one or more of the following as evidence:

- The employee appears to be job hunting (*e.g.*, has resumes on desk, is going on interviews, or is reading want ads);
- The employee is unhappy with his or her current position (*e.g.*, is asking about promotion, training, or work assignment opportunities);

- The labor market in the area is tight and highly competitive;
- The employee has highly-desired skills/competencies;
- The agency recently lost other employees in similar positions; or
- The employee's spouse has retired or taken a job in another area."

Based on this clarification, in order to meet the requirements of 5 CFR 537.105, OHR will update guidance for written justifications and inform managers regarding these requirements by September 30, 2016.

**Recommendation 9: Update policies and procedures to reflect the agency's current SLRP and address eligibility requirements by defining "acceptable level of performance" for all employees.**

**OHR concurs with this recommendation.** A policy for the SLRP program has been drafted and the final version will include comprehensive definitions for program eligibility.

#### OTHER MATTERS OF INTEREST

**OHR could improve the SEC's SLRP loan data verification form.**

**OHR concurs with this recommendation.** Revisions to SEC-Form 2499, "SLRP Loan Data Verification Form," will include language pertaining to criminal penalties for knowingly providing false information. The revised form will be made available in the automated workflow.

cc: Lacey Dingman, Chief Human Capital Officer  
Ken Johnson, Chief Financial Officer

## Major Contributors to the Report

Carrie Fleming, Audit Manager

Steve Encomienda, Lead Auditor

Lee Richardson Jr., Auditor

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## Comments and Suggestions

If you wish to comment on the quality or usefulness of this report or suggest ideas for future audits, please contact Rebecca Sharek, Deputy Inspector General for Audits, Evaluations, and Special Projects at [sharekr@sec.gov](mailto:sharekr@sec.gov) or call (202) 551-6061. Comments, suggestions, and requests can also be mailed to the attention of the Deputy Inspector General for Audits, Evaluations, and Special Projects at the address listed above.