



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

The SEC Should Take Action to Strengthen Its
Management of Electronic Information Sources, Data
Sources, and Print Materials





OFFICE OF
INSPECTOR GENERAL

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

M E M O R A N D U M

September 11, 2018

TO: Kenneth Johnson, Chief Operating Officer

FROM: 
Carl W. Hoecker, Inspector General

SUBJECT: *The SEC Should Take Action to Strengthen Its Management of Electronic Information Sources, Data Sources, and Print Materials, Report No. 548*

Attached is the Office of Inspector General (OIG) final report detailing the results of our audit of the U.S. Securities and Exchange Commission's (SEC or agency) management of electronic information source (EIS), data source, and print material purchases. The report contains nine recommendations for corrective action that, if fully implemented, should strengthen SEC's management of those resources.

On August 28, 2018, we provided management with a draft of our report for review and comment. In its September 7, 2018, response, management concurred with our recommendations. We have included management's response as Appendix III 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 agency 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

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Executive Summary

The SEC Should Take Action to Strengthen Its Management of Electronic Information Sources, Data Sources, and Print Materials Report No. 548 September 11, 2018

Why We Did This Audit

The U.S. Securities and Exchange Commission's (SEC or agency), Information Services Branch (Library) acquires and maintains electronic information sources (EIS), data sources, and print materials to support SEC staff research and analysis. In fiscal years 2016 and 2017, the SEC obligated a total of about \$40 million for EIS, data source, and print material subscription contracts. During the same time, the agency's government purchase card (GPC) acquisitions of EIS, data sources, and print materials totaled an additional \$184,409. We conducted this audit to determine whether the Library, either directly or through SEC divisions, offices, and/or working groups, developed and implemented effective controls for acquiring, maintaining, and tracking information and data source subscriptions, including proper assessment of agency needs and associated costs.

What We Recommended

We made nine recommendations to improve the SEC's acquisition and management of subscription contracts; its controls over GPC purchases of EIS, data sources, and print materials; and its monitoring and tracking of EIS, data source, and print material usage. Management concurred with the recommendations, which will be closed upon completion and verification of corrective action.

What We Found

We judgmentally selected and reviewed 22 SEC subscription contracts and 40 of the agency's GPC purchases of EIS, data sources, and print materials from fiscal years 2016 and 2017. Although we did not identify instances of fraud, waste, or significant mismanagement of the funds spent on the EIS, data source, and print material purchases we reviewed, the SEC's acquisition and management of these resources can be improved.

For example, contracting staff did not detect in 2 vendors' price quotes \$157,650 in calculation errors, and 3 of the 22 contract files we reviewed were missing adequate support to justify a fair and reasonable price determination. Moreover, in multiple instances, the responsible contracting officer's representative approved vendor invoices without validating receipt of deliverables, and Library personnel were unable to support \$15,620 in print material acquisitions because personnel did not retain the justification of need.

Although controls over agency GPC purchases of EIS, data sources, and print materials were generally effective, cardholders did not always retain documentation indicating receipt of products or services. In addition, SEC divisions and offices did not always follow the Library's policy for verifying whether books, journals, newspapers, and e-information licenses were available through the Library or at a lower cost before buying them with a GPC.

Furthermore, although the Library assesses usage of the SEC's EIS, data source, and print material resources before renewing subscriptions, no policies or procedures existed to guide this process. And, although the Library monitors the agency's use of its limited and costly Bloomberg resources (used by staff to access real-time market data), the final decision whether an assigned resource should be cancelled or transferred to another user remains with divisions and offices. This limits the Library's ability to ensure these resources are fully used. In fact, we found 128 instances of potentially underused Bloomberg resources, with an estimated cost of \$231,745.

Finally, we identified multiple instances where GPC cardholders did not correctly code purchases of EIS, data sources, and print materials. For example, cardholders coded some purchases of books as travel, office furniture, and other miscellaneous services. We encourage the Office of Financial Management and the Office of Acquisitions to remind cardholders of the importance of correctly coding GPC purchases.

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

TABLE OF CONTENTS

Executive Summary	i
Background and Objective	1
Background	1
Objective	3
Results	4
Finding 1. The SEC’s Acquisition and Oversight of Subscription Contracts Needs Improvement	4
Recommendations, Management’s Response, and Evaluation of Management’s Response	9
Finding 2. GPC Holders Did Not Always Comply With Established Requirements When Purchasing EIS, Data Sources, and Print Materials	11
Recommendations, Management’s Response, and Evaluation of Management’s Response	12
Finding 3. The SEC Should Establish Policies and Procedures Regarding Usage of Its EIS, Data Source, and Print Material Resources, Including Bloomberg Resources	13
Recommendations, Management’s Response, and Evaluation of Management’s Response	16
Other Matter of Interest	18
Tables	
Table 1. Summary of SEC Subscription Obligations for EIS, Data Sources, and Print Materials During FYs 2016 and 2017.....	1
Table 2. Summary of SEC GPC Purchases of EIS, Data Sources, and Print Materials During FYs 2016 and 2017.....	2
Table 3. Unsupported Costs	22
Appendices	
Appendix I. Scope and Methodology	19
Appendix II. Calculation of Monetary Impacts.....	22
Appendix III. Management Comments.....	23

ABBREVIATIONS

BOC	Budget Object Class code
CO	contracting officer
COR	contracting officer's representative
EDGAR	Electronic Data Gathering, Analysis, and Retrieval System
EIS	electronic information source
FEDLINK	The Federal Library and Information Network
FY	fiscal year
GPC	government purchase card
GSA	U.S. General Services Administration
OA	Office of Acquisitions
OIG	Office of Inspector General
SEC or agency	U.S. Securities and Exchange Commission
SECOP	U.S. Securities and Exchange Commission Operating Procedures

Background and Objective

Background

To fulfill aspects of the U.S. Securities and Exchange Commission's (SEC or agency) mission, SEC staff conduct research and perform a variety of analyses. To assist staff, the SEC's Library manages electronic information sources (EIS) (such as the Dow Jones Factiva global news database), data sources (such as Bloomberg news and professional services), and print materials (such as *The Wall Street Journal*).¹ In fiscal years (FY) 2016 and 2017, the SEC obligated a total of about \$40 million for EIS, data source, and print material subscription contracts.² During the same time, agency Government purchase card (GPC) purchases of EIS, data sources, and print materials totaled an additional \$184,409.

Tables 1 and 2 show the population of the SEC's subscription obligations and GPC purchases, respectively, made during FYs 2016 and 2017.

Table 1. Summary of SEC Subscription Obligations for EIS, Data Sources, and Print Materials During FYs 2016 and 2017

FY	Procurement Type	No. of Subscriptions		Amount	
		New	Renewal	New	Renewal
2016	EIS	4	48 ^a	\$168,247	\$6,972,930
	Data Source	5	52	\$88,505	\$8,449,865
	Print	0	23	\$0	\$720,591
	<i>Subtotal</i>	132		\$16,400,138	
2017	EIS	0	59	\$0	\$13,888,520
	Data Source	3	60	\$559,240	\$8,267,139
	Print	1	16	\$10,000 ^b	\$618,091
	<i>Subtotal</i>	139		\$23,342,990	
FYs 2016-2017 Total		271		\$39,743,128^c	

Source: OIG-generated based on agency financial and contracting data.

^a Number includes subscriptions with more than one procurement type.

^b This transaction represents a one-time purchase of electronic books. For reporting purposes, we categorized it as print.

^c As of August 2018, expenditures for these obligations totaled \$25,325,527.

¹ The Library (known as the Information Services Branch of the EDGAR Business Office within the Office of the Chief Operating Officer) defines a "source" as any resource acquired by the agency, and an "asset" as information or data created in-house.

² SEC Administrative Regulation 14-1, *Administrative Control of Funds*, (March 30, 2018) defines an "obligation" as a binding agreement that will result in outlays, immediately or in the future.

Table 2: Summary of SEC GPC Purchases of EIS, Data Sources, and Print Materials During FYs 2016 and 2017

FY	No. of Purchases		Amount	
	Library	Other Divisions/Offices	Library	Other Divisions/Offices
2016	35	115	\$35,991	\$60,300
2017	63	81	\$41,207	\$46,911
Total	294		\$184,409	

Source: OIG-generated based on agency financial data.

Roles and Responsibilities for Managing EIS, Data Source, and Print Material Purchases. The SEC's Office of Acquisition's (OA) contracting officers (COs) are responsible for ensuring the SEC receives fair and reasonable pricing on subscription contracts, whereas Library staff monitor and track subscription usage. In addition, contracting officer's representatives (CORs) are responsible for ensuring the agency receives all deliverables required under each contract before approving vendor invoices for payment.

In 2014, the SEC established the Information Sources Working Group and the Data Working Group to ensure that resources spent on information and data sources are effectively used to promote the agency's mission. Among other things, the working groups are tasked with (1) creating, maintaining, and managing an inventory of the agency's information and data sources, and (2) reviewing all new requests for information and data sources and recommending whether sources should be procured. All new requests to procure subscriptions for EIS, data sources, and print materials that are over the micro-purchase threshold require formal approval by the working groups. The requestor initiates the process by verifying with the Library whether the requested EIS, data sources, or print materials are available through an existing contract. If the item is not already available, the Library disseminates the request form to the corresponding working group for review and recommendation for procurement.

In addition to requests for new EIS, data sources, and print materials, the Library manages renewals of existing EIS, data source, and print material subscriptions. To justify renewals, the Library either reviews usage data from vendors or surveys users. Library personnel then forward the renewal form to the Electronic Data Gathering, Analysis, and Retrieval (EDGAR) Business Office Director for review and approval.

Once the working groups and the EDGAR Business Office Director recommend for approval a request for a new or renewed subscription to EIS, data sources, or print materials, OA awards or renews the subscription contract. The requesting SEC division or office must fund the contract's first two years, whereas the EDGAR Business Office funds any remaining years.

Between 2015 and 2017, the Library instituted and updated a policy for purchasing books, journals, newspapers, and electronic information (or e-information) licenses. The policy instructs divisions and offices to use a GPC when purchasing these

resources if they cost \$3,500 or less.³ Before completing each purchase, divisions and offices are required to determine, through the Library, whether the desired books, journals, newspapers, or e-information licenses are available to SEC staff at a lower cost.

OIG Hotline Complaints. In 2016 and 2017, the SEC Office of Inspector General (OIG) hotline received two complaints alleging possible waste related to certain EIS and data source licenses. One complaint alleged that the SEC purchased but did not fully use licenses for an EIS. The other complaint alleged that the SEC had a potentially duplicative and unnecessary subscription to a data source (Bloomberg). We reviewed aspects of the two complaints and determined that the EIS allegation was not substantiated. In addition, although no duplicative and unnecessary Bloomberg subscriptions were found, we determined that the Bloomberg resources may be underused, as discussed in Finding 3.

Objective

Our overall objective was to assess the SEC's management of EIS, data sources, and print materials in FYs 2016 and 2017. Specifically, we sought to determine whether the Library, either directly or through SEC divisions, offices, and/or working groups, developed and implemented effective controls for acquiring, maintaining, and tracking information and data source subscriptions, including proper assessment of agency needs and associated costs.

To address our objectives, among other things, we (1) interviewed SEC leadership, contracting staff, Library staff, and working group members; (2) surveyed 27 SEC divisions and offices about their EIS, data source, and print material acquisitions and their knowledge of related agency policy; and (3) reviewed supporting documents for a judgmentally selected sample of subscription contracts and GPC transactions from FYs 2016 and 2017.

Appendix I includes additional information about our objective, scope, and methodology, including sampling; our review of relevant policies, procedures, and internal controls; and prior coverage. Appendix II includes a calculation of monetary impacts (that is, unsupported costs) we identified during our audit.⁴

³ At the time the policy was implemented, the micro-purchase base threshold was \$3,000. In October 2015, the threshold increased to \$3,500. In December 2017, the Library updated its policy, instructing divisions and offices to use a GPC to purchase books, journals, newspapers, and e-information licenses costing \$3,500 or less.

⁴ As stated in Appendix II, we relied, in part, on the Inspector General Act of 1978, as amended (Public Law 95-452; 5 U.S.C. App.), to define monetary impact terms.

Results

Finding 1. The SEC's Acquisition and Oversight of Subscription Contracts Needs Improvement

The SEC's acquisition and oversight of subscription contracts needs improvement. Specifically, we found discrepancies in vendors' price quotes that went undetected because OA's contracting staff (that is, COs and contract specialists) did not always validate the quotes. As a result, the SEC did not detect calculation errors in two vendor price quotes totaling \$157,650. Furthermore, 3 of the 22 contract files we reviewed were incomplete and did not contain adequate support for critical decisions related to the contracts' fair and reasonable price determinations. This occurred because contracting staff did not fully document price analyses, resulting in price determinations that could not be independently validated. In addition, CORs did not always verify product delivery or validate contractor invoices before approving invoices. Finally, we identified \$15,620 in unsupported costs, as Library personnel did not retain justifications for certain print material acquisitions. Therefore, the Library was unable to support the need for these purchases. Each of these issues is discussed further below.

Contracting Staff Did Not Always Validate Vendor Price Quotes. We tested subscription obligations from a judgmentally selected sample of 22 contracts to determine whether SEC contracting staff adequately validated vendor price quotes.⁵ For each of the contracts we reviewed, we examined OA's award determination memoranda, vendor price quotes, and overarching contract vehicle prices.⁶ We identified previously undetected discrepancies in two vendors' price quotes.

In the first instance, the SEC acquired an enterprise-wide subscription to an online source for news, public records, company and financial information, and court case information. The SEC awarded the contract in September 2014, with a 10-month base period and four 12-month option periods.⁷ The price quote for the contract included

⁵ Our judgmental sample included 25 subscription obligations from 22 subscription contracts.

⁶ The SEC awarded some subscription contracts under pre-established contract vehicles, such as those available through the U.S. General Services Administration.

⁷ The price determination for this contract affected periods outside of our audit scope (October 2015 to September 2017). Therefore, we expanded our testing to include these periods for this contract.

multiple line items and stated that the prices offered were based on discounted Federal Library and Information Network (FEDLINK) contract prices.⁸

We examined the price quote build-up and compared the quoted prices to the vendor's FEDLINK contract prices. We found that, before discounts, the quoted per-unit price for one line item did not match the vendor's FEDLINK contract price. The vendor quoted the item at \$30 per unit before discounts, but the vendor's FEDLINK contract per-unit price for the item was \$15 before discounts. OA accepted the price quote with the error, which, after build-up, totaled \$151,980 for the contract's base year and the three option periods the SEC exercised as of June 2018.⁹

According to the CO, when OA receives pricing information, contracting staff is responsible for verifying that the quoted price matches the vendor's FEDLINK contract prices. The CO acknowledged that, in this case, the vendor made an error that OA personnel did not identify. However, OA personnel stated that the error did not adversely affect OA's price reasonableness determination because, in total, the SEC paid less than FEDLINK prices for all contract line items.

We recognize that, in total, the SEC received a lower price than the vendor's established FEDLINK contract rate for the subscription service purchased. However, this type of oversight could lead to future instances in which undetected calculation errors in vendor price quotes negatively affect the SEC's overall pricing.

In the second instance, the SEC acquired an enterprise-wide subscription to an online service for accessing business and economic news as well as market information. The vendor's price quote was based on its FEDLINK contract, which provided for a 3 percent annual price increase for the subscription service. OA's award determination memorandum also specified a 3 percent annual rate of increase. However, the vendor submitted to the SEC a price quote that included a 3.5 percent annual price increase for the contract's option period, and contracting staff did not identify the discrepancy. As a result, the contract was over-priced by \$5,670 during the contract's option period. An OA official indicated that the vendor intends to credit the SEC for this amount.

These errors occurred because responsible contracting staff did not validate certain aspects of vendors' price quotes. OA staff acknowledged that a lack of oversight in their evaluation of vendor pricing enabled clerical errors totaling \$157,650 to go undetected.

⁸ The Library of Congress' FEDLINK program helps agencies procure commercial information services, publications, and library support services. FEDLINK negotiates contracts with database service vendors that allow the Government to take advantage of lower FEDLINK prices and pre-established terms and conditions when placing purchase orders.

⁹ To determine the impact of the error, we calculated the extended price for this line item by replacing the \$30 per-unit price with the correct per-unit price of \$15 for the base year and the three exercised option periods. Our calculation accounted for the discounts applied by the vendor and the 1.25 percent escalation rate applied to the option periods.

Contracting Staff Did Not Always Fully Document Price Analyses in Support of Fair and Reasonable Price Determinations. Federal Acquisition Regulation Subpart 4.8, *Government Contract Files*, section 4.801(b), states:

The documentation in the [contract] files (see 4.803) shall be sufficient to constitute a complete history of the transaction for the purpose of—
(1) providing a complete background as a basis for informed decisions at each step in the acquisition process; (2) supporting actions taken; (3) providing information for reviews and investigations; and (4) furnishing essential facts in the event of litigation or congressional inquiries.

According to the Federal Acquisition Regulation, CO files normally contain, among other things, justifications and approvals, determinations and findings, and associated documents, as well as data and information related to the CO's determination of a fair and reasonable price.

We determined that the contract files for 3 of the 22 subscription contracts we reviewed were incomplete and did not contain adequate support for critical decisions related to fair and reasonable price determinations. For example, the SEC exercised Option Period IV totaling \$343,838 for an EIS subscription to an extensive online collection of financial publications. The award determination memorandum indicated that contracting staff reviewed the vendor's pricing against the U.S. General Services Administration (GSA) Schedule, and that the proposed price was submitted at or below GSA-approved rates.¹⁰ However, the contract file for this subscription did not contain, and the SEC did not maintain elsewhere, the GSA Schedule used for the pricing analysis. The current CO informed us that when her team took over the administration of this requirement, the file did not contain the GSA Schedule used when the SEC awarded the contract. Furthermore, the CO indicated that she attempted to obtain the Schedule from the GSA CO without success.

In another instance, the SEC purchased an EIS subscription to access comprehensive public records and perform research on individuals and businesses. The award determination memorandum indicated that the pricing was based on the vendor's FEDLINK rates. We reviewed the vendor's price proposal and FEDLINK rates to validate the CO's price analysis. Our review found that the vendor's proposal offered the SEC 600 licenses at a fixed monthly cost (a total of \$17,713 monthly for the 600 licenses). The vendor's FEDLINK contract stated that the flat rate plan for the service the SEC purchased was customized to meet each agency's needs; therefore, pricing was negotiated. We requested further information on how the vendor and the SEC negotiated and calculated the fixed monthly cost for the agency's 600 licenses. However, an OA official stated that no further information was available regarding the fair and reasonable price determination for the subscription.

¹⁰ GSA enters into Government-wide contracts with commercial firms to provide Federal agencies worldwide commercial supplies and services.

Finally, the award determination memorandum for a third EIS subscription contract stated that, for about \$1.1 million per year, the SEC purchased an enterprise-wide subscription to an online service for accessing business and economic news as well as market information. The memorandum indicated that the proposed price quote was based on the vendor's FEDLINK contract but no further information on the final contract price calculation was provided. We reviewed the vendor's FEDLINK contract and found that the subscription price was based on an annual per-unit price. According to the CO, the agency purchased about 4,000 licenses for the online service and the vendor based the number of units offered on the SEC's historical usage to provide more reasonable pricing. However, the vendor did not share the historical usage computation with the SEC. Therefore, the contract file did not contain information critical to the fair and reasonable price determination for the subscription.

These three contract files did not contain adequate support for critical decisions related to fair and reasonable price determinations because responsible contracting staff did not fully document price analyses. As a result, we could not independently validate the fair and reasonable price determinations for 3 of the 22 contracts we reviewed.

CORs Did Not Always Verify Product Delivery or Validate Contractor Invoices.

According to SEC Operating Procedure (SECOP) 10-15, *Contracting Officer's Representative*, the COR is an individual "with the technical knowledge and understanding to carry out the terms of the specified contract."¹¹ The COR shall perform inspection and acceptance of all deliverables to ensure products or services meet contract requirements and are received by the SEC. COR inspection shall be performed before invoice approval, and COR approval of an invoice indicates acceptance that the vendor has conformed to the terms of the contract. SECOP 10-15 also states that CORs cannot re-delegate any COR responsibilities or duties, except as authorized in writing by the COR Program Manager.

We analyzed a sample of 275 invoices from a total population of 606 invoices, paid by the SEC as of July 30, 2018, for the 22 subscription contracts we reviewed. For one of the contracts we reviewed, the COR did not verify product delivery before approving 18 invoices for payment. In addition, for the same contract, we found on three different occasions differences between the number of publications shipped to SEC offices per approved invoices and the number of publications established by the contract. For example, the contract specified that a regional office shall receive two copies of a publication, but the invoices showed four copies shipped to the regional office. In addition, the contract required the vendor to ship 74 copies of the publication to an SEC division, but the invoice shows the vendor shipped 73 copies. Finally, the contract

¹¹ SECOP 10-15 establishes the duties and responsibilities of CORs and their supervisors. Although the SEC released the current version of SECOP 10-15 (March 30, 2018) after the commencement of our scope period (October 1, 2015), we confirmed that the prior version of the policy (SEC Administrative Regulation 10-15, released January 14, 2016) was substantially the same.

stipulated that an SEC employee should receive the publication, but we could not locate the vendor's invoice indicating that the item was sent to the employee.

This may have occurred because, despite SEC policy, the COR delegated responsibility for invoice approval to another Library employee who did not validate the invoices before approving them for payment.¹² The COR requested that the Library employee provide the users' confirmation supporting receipt of the expected product. However, the Library employee stated that she had no further support other than the invoices. In addition, Library staff stated that the vendor did not invoice the SEC in a timely manner. As a result, the matter was escalated to the CO and the vendor submitted a non-itemized invoice for the remaining unbilled amount. Because this was a firm fixed-price contract, the period of performance had ended, and the total amount paid to the vendor equaled the amount on the contract, the Library accepted and paid the invoices.

Because of a lack of supporting documentation, we were unable to verify that the SEC received all items it paid for. By approving invoices without proper validation to ensure the agency received the products or services expected, the SEC risks paying for products and services not received.

Library Personnel Did Not Retain Justifications for Certain Print Material

Acquisitions. As part of the print subscription renewal process, Library staff surveys users to determine whether there is still a need for the subscription. We determined that Library personnel did not adequately retain justifications for certain print material acquisitions we reviewed.

First, Library staff renewed a print subscription to securities law publication desk sets. The desk sets cost \$920 each. However, Library staff did not retain documentation that justified the need to purchase nine of the desk sets (six for the Division of Investment Management and three for the Los Angeles Regional Office). We also learned that Library staff contacted an SEC employee to confirm the individual's desire to obtain an updated desk set. The individual informed the Library that he did not need a new set, but the Library requested and paid for a desk set for him anyway.

A Library staff member explained that the renewal process for this subscription was difficult and that documentation was lacking because multiple parties were involved in establishing SEC divisions' and offices' need for the desk sets. As a result, the Library did not retain correspondence supporting the need for the nine desk sets (totaling \$8,280), and paid \$920 for another desk set that was not needed.

On another occasion, Library staff renewed a print subscription contract to purchase legal and accounting publications at a cost of \$6,420, but again did not retain its communications with the Division of Enforcement and the Office of the General Counsel

¹² A Library official confirmed that the employee was not appointed as an Alternate COR on this contract at the time she approved the invoices for payment.

to justify user need. Library staff explained that they were unable to locate the correspondence with the two offices.

Because Library personnel did not retain justifications for these print material acquisitions, the Library could not support the need for the purchases. These unsupported costs totaled \$15,620, as shown in Appendix II.

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

To improve the SEC's acquisition and oversight of subscription contracts, we recommend that:

Recommendation 1: The Office of Acquisitions implement procedures to ensure that contracting staff fully validate all aspects of vendors' price quotes.

Management's Response. Management concurred. The Office of Acquisitions will review its current procedures and implement/update procedures that will help ensure that contracting staff fully validate significant aspects of vendor's price quotes. Management's complete response is reprinted in Appendix III.

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

Recommendation 2: The Office of Acquisitions establish a process to ensure that contracting staff fully document in contract files price analyses in support of fair and reasonable price determinations.

Management's Response. Management concurred. The Office of Acquisitions will review its current processes and will implement/update processes that will help to ensure that contracting staff fully document in contract files price analyses in support of fair and reasonable price determinations. Management's complete response is reprinted in Appendix III.

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

Recommendation 3: The Office of Acquisitions remind contracting officer's representatives of their responsibility for validating invoices and documenting that all deliverables were received before approving invoices for payment.

Management's Response. Management concurred. The Office of Acquisitions will remind contracting officer's representatives of their responsibility for validating invoices and documenting that all deliverables were received before approving invoices for payment. Management's complete response is reprinted in Appendix III.

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

Recommendation 4: The Library institute procedures to ensure that only authorized staff can approve vendor invoices.

Management's Response. Management concurred. The EDGAR Business Office will develop procedure(s) to ensure only authorized staff can approve vendor invoices. Management's complete response is reprinted in Appendix III.

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

Recommendation 5: The Library implement procedures to ensure that personnel retain justification of user needs before approving subscription renewals.

Management's Response. Management concurred. The EDGAR Business Office will develop procedure(s) to retain justification of user needs before approving subscription renewals. Management's complete response is reprinted in Appendix III.

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

Finding 2. GPC Holders Did Not Always Comply With Established Requirements When Purchasing EIS, Data Sources, and Print Materials

We determined that controls over the SEC's GPC purchases of EIS, data sources, and print materials were generally effective. However, GPC cardholders did not always retain evidence demonstrating that purchased goods and services were received. Moreover, SEC divisions and offices did not always follow the Library's policy for verifying whether books, journals, newspapers, and e-information licenses were available through the Library or at a lower cost before buying them with a GPC. These issues are discussed further below.

GPC Cardholders Did Not Always Retain Evidence Demonstrating That Purchased Goods and Services Were Received. SECOP 10-6, *Government Purchase Card Program* (Rev 3; July 21, 2017) states that all GPC documents must be retained for 6 years after final payment. Cardholders must retain, among other things, confirmation from the requestor that the supplies or services were received, as well as copies of itemized invoices/receipts, bills of lading, and tracking slips.

For 8 of the 40 GPC transactions we reviewed, cardholders verbally confirmed receipt of the supplies or services purchased, but did not maintain documentation supporting receipt. Also, in one instance, a regional office cardholder stated that an invoice for a GPC purchase of an item costing about \$100 was not available. We verified that, in each case, the SEC received the purchased goods and services.

It is unclear why GPC holders did not always retain evidence of receipt of the EIS, data source, and print material purchased. However, without doing so, the SEC risks paying for resources it did not receive.

Divisions and Offices Did Not Always Follow Library Policy for Acquiring Books, Journals, Newspapers, and e-Information Licenses Using a GPC. The Library's *Policy on Purchasing Books, Journals, Newspapers, & e-Information Licenses* outlines procedures for acquiring non-budgeted items with a GPC. According to the policy, "Prior to [an office or division] purchasing any journal, magazine, or electronic service, the Library should be notified to ensure that it does not have an existing contract vehicle to obtain the item(s) more cheaply."

We found that 1 of the 40 GPC transactions we reviewed (the purchase of a book for about \$100) duplicated print material already available through the Library at the time of purchase. In addition, purchasing divisions and offices did not notify the Library before completing eight other GPC transactions we reviewed.

These issues may have occurred because of a lack of knowledge or understanding of the Library's policy for acquiring books, journals, newspapers, and e-information licenses using a GPC. We noted that 7 of the 27 SEC divisions and offices we surveyed erroneously stated in their survey response that they were not required to

contact the Library to verify the availability of EIS, data sources, and print materials before purchasing such resources via GPC. Furthermore, 5 of the 27 divisions and offices reported not receiving the Library's GPC policy.

We did not identify significant instances of duplicative GPC purchases of books, journals, newspapers, or e-information licenses. However, the agency risks duplicating existing resources if divisions and offices do not verify whether such resources are available through the Library or at a lower cost before buying them with a GPC, as required in the Library's GPC policy.

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

To ensure cardholders comply with established requirements when using a Government purchase card to purchase information and data sources and print materials, we recommend that:

Recommendation 6: The Office of Acquisitions remind Government purchase cardholders of the importance of retaining support for purchases.

Management's Response. Management concurred. The Office of Acquisitions will remind Government purchase cardholders of the importance of retaining support for purchases. Management's complete response is reprinted in Appendix III.

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

Recommendation 7: The Library take steps to ensure Government purchase cardholders in all agency divisions and offices are aware and knowledgeable of the Library's *Policy on Purchasing Books, Journals, Newspapers, & e-Information Licenses*.

Management's Response. Management concurred. The EDGAR Business Office will work with the Office of Acquisitions to notify the Government Purchase Card (GPC) holders of policies for *Purchasing Books, Journals, Newspapers, & e-Information Licenses* using the GPC. Management's complete response is reprinted in Appendix III.

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

Finding 3. The SEC Should Establish Policies and Procedures Regarding Usage of Its EIS, Data Source, and Print Material Resources, Including Bloomberg Resources

The Library relies on vendor reports and user feedback to assess usage of the SEC's EIS, data source, and print material resources before renewing subscriptions, and to determine whether to cancel or transfer a license to another user. However, because the Library had not established policies or procedures for obtaining and analyzing usage information, vendor-provided usage reports were not always available or presented inconsistent information. In addition, we identified 128 instances of Bloomberg terminals and licenses (that is, resources) that were not used for a month or longer between December 2014 and March 2018. However, SEC divisions and offices—not the Library—retain the authority to cancel or transfer Bloomberg resources and no policies or procedures existed to govern the decision-making process. This limits the Library's ability to ensure the SEC's Bloomberg resources are fully used. We determined that the 128 instances of potentially underused Bloomberg resources we identified cost the SEC an estimated \$231,745. These issues are discussed further below.

The Library Had Not Established Policies or Procedures for Obtaining and Evaluating Usage Information. The Library's *e-Services Contract COR Activities – Renewals/Option Years* checklist requires that, before Library staff renew subscription contracts for option years, CORs must review usage data, perform an audit, and obtain proper approvals. Library staff rely on vendor-provided usage reports to analyze the usage of the SEC's EIS and data source subscriptions. For subscription services whose vendors do not provide usage reports, Library staff survey users or the assigned data custodian to generate usage statistics. According to Library staff, their review of usage statistics varies and depends on:

- data availability,
- contract value,
- whether or not the contract is an option year or follow-on renewal, and
- the number of users to be surveyed.

Library staff also stated that usage analysis for subscription contracts involving research databases generally consists of understanding how the product is used, identifying usage trends, and (if licenses are unused) reviewing the resource's waiting list, if applicable, to determine whether another SEC staff member can benefit from the service. Additionally, Library staff review usage information for Journal subscription databases on a cost-per-download basis.

Our review noted that vendor-provided usage reports were not always available or presented inconsistent information. For example, some vendors provided usage reports showing the number of times the product was accessed, broken down by name, e-mail address, and other information, whereas other vendors provided high-level information on the total number of times a certain product was accessed.

The Library is working to acquire a software solution that will allow its staff to receive independent and consistent usage data for EIS and data source subscriptions accessed through SEC systems. The Library expected the software solution to reach the development phase by April 2018. However, as of August 2018, the Library and the SEC's Office of Information Technology were still working to ensure the software complied with the agency's security requirements before deployment. The software is expected to be deployed to production in late December 2018, and available for use in January 2019.

Although the Library analyzes vendors' usage reports and surveys users when vendor reports are unavailable, no policies or procedures existed to define the level of usage report analysis required, the number of users the Library staff should survey, or the survey methodology. Furthermore, though the Library has demonstrated efforts to institute an agency-wide usage tracking system to aid in usage analysis, delays in the deployment of the system have hindered the Library's ability to use this resource to gather usage statistics.

Without standard procedures for obtaining and analyzing usage statistics, or a tool to aid in collecting usage statistics, the SEC is at risk of not fully using the valuable EIS, data source, and print material subscriptions it has purchased. In addition, variations in usage reports provided by vendors, and inconsistencies in how user feedback assessing usage is obtained, make it difficult for the Library to identify and remedy specific instances of underused resources.

The SEC Had Not Established Policies and Procedures Governing Potentially Underused Bloomberg Resources. According to an April 2017 Office of Management and Budget memorandum, "agencies should control spending by better managing demand and consumption."¹³ As such, program officials must conduct proper oversight to give reasonable assurance that the SEC's data source subscription licenses are fully used.

The SEC requires an interactive financial information system that can deliver to Headquarters and regional offices current and historical U.S. and international data. To fulfill this need, the agency purchased licenses for Bloomberg terminals and Bloomberg Anywhere. Bloomberg terminals placed at SEC Headquarters and regional offices can be used by any SEC employee to access real-time market data. Each terminal has a

¹³ Office of Management and Budget Memorandum M-17-22, *Comprehensive Plan for Reforming the Federal Government, and Reducing the Federal Civilian Workforce*, April 12, 2017.

monthly data limit shared between users. Once the monthly data limit is reached, no additional data can be downloaded from that terminal. Bloomberg Anywhere licenses are individual licenses that can be assigned to heavy users of data, as the data limit is not shared across users.¹⁴

We reviewed the SEC's last two Bloomberg contracts to evaluate agency needs and usage of Bloomberg resources. The agency obligated about \$7.3 million on the two contracts and spent, as of August 2018, about \$7.1 million on them. As of May 2018, the agency had 89 Bloomberg terminals and Anywhere licenses with an annual cost of \$22,500 per unit.

Bloomberg's Subscription Identification Data report tracks instances of Bloomberg resources that have not been used in 90-day increments and every month thereafter. We reviewed the usage information from December 2014 through March 2018 and identified 128 instances of SEC Bloomberg resources that had not been used for a month or longer.¹⁵

For example, we noted that staff at a regional office did not use one of the office's Bloomberg terminals for 5 consecutive months, from July 2016 through November 2016. After 3 consecutive months of non-use, the COR contacted the regional office. An individual from the regional office instructed the COR not to cancel the service and informed the COR that users were experiencing technical difficulties with the terminal. The COR reasoned that, based on the length of the time the terminal had been out of service, it did not appear to be needed by the regional office staff and, therefore, intended to cancel the terminal. The COR also noted that the regional office had two other Bloomberg terminals for staff's use, and three Bloomberg Anywhere licenses. According to the regional office Branch Chief, the regional office has a large number of staff who use Bloomberg resources, the office needs more than five Bloomberg licenses, and staff will use the existing Bloomberg terminals. Because the Library is not authorized to cancel or transfer Bloomberg terminals based on usage, the potentially underused Bloomberg terminal was not cancelled.

In another instance, between December 2014 and March 2018 (a period of 40 months), an SEC employee did not use his Bloomberg Anywhere license for 20 non-consecutive months. In October 2015, the COR contacted the employee's supervisor to ask whether the license could be cancelled. The supervisor stated that the employee was busy on a special project and was not using the license, but needed to maintain it to

¹⁴ The SEC can transfer Bloomberg Anywhere licenses amongst SEC staff if the assigned user no longer needs the license. In addition, the SEC can convert Bloomberg terminals into Bloomberg Anywhere licenses. The cost of transfer is \$100 per license.

¹⁵ We noted nine additional instances related to a Bloomberg terminal located at the SEC's disaster recovery location. We did not include this terminal when calculating the number of potentially underused Bloomberg resources. In addition, the Library was unable to provide the Subscription Identification Data reports for the months of September 2015, April 2017, and November 2017.

fulfill his normal job duties. Based on continued underuse of the license, the COR contacted the employee in September 2016. The employee stated that the nature of his work resulted in intermittent periods of use, but that he intended to use the license in the coming months. Because the Library is not authorized to cancel or transfer Bloomberg Anywhere licenses based on usage, the employee's license was not cancelled.

We also identified an SEC employee who did not use his Bloomberg Anywhere license for 6 non-consecutive months between July 2016 and January 2017 and for 10 consecutive months between March 2017 and December 2017. The COR contacted the employee who stated that he was detailed to a temporary position beginning in January 2017. The employee stated that he would like to retain the license, but would relinquish it if the detail position became permanent. In October 2017, the employee was permanently selected for the position. That same month, the license became available for reassignment. However, because the license's new user did not timely respond to the Library's attempts to transfer the license, the Library did not reassign the license until December 2017.

As illustrated by these three examples, although the Library is responsible for overseeing the SEC's usage of Bloomberg resources and, in some cases funding the resources, the final decision as to whether a terminal or license can be cancelled or transferred remains with the division or office. Moreover, no policies or procedures exist to govern the decision-making process. This limits the Library's ability to ensure the SEC's limited and valuable Bloomberg resources are fully used. We determined that the 128 instances of potentially underused Bloomberg resources we identified cost the SEC an estimated \$231,745.

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

To ensure the SEC is fully using its subscriptions to electronic information and data sources and print materials, including Bloomberg resources, we recommend that:

Recommendation 8: The Library develop policies and procedures to standardize its review of electronic information and data source usage information, including methodologies and procedures for surveying users when vendor usage information is unavailable.

Management's Response. Management concurred. The EDGAR Business Office will develop policies and procedures to review electronic information and data source usage information, including methodologies for surveying users when vendor usage information is unavailable. Management's complete response is reprinted in Appendix III.

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

Recommendation 9: The SEC establish policies and procedures governing potentially underused Bloomberg resources.

Management's Response. Management concurred. The EDGAR Business Office, in conjunction with the Office of Acquisitions, will develop policies and procedures to govern potentially unused Bloomberg resources. Management's complete response is reprinted in Appendix III.

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

Other Matter of Interest

Cardholders Coded GPC Purchases to Incorrect BOCs. The SEC's Office of Financial Management uses Budget Object Class codes (BOCs) as a method to present obligations by item or service purchased by the agency. According to SECOP 10-6, *Government Purchase Card Program* (Rev 3; July 21, 2017), cardholders and Approving Officials must verify that funding is available in the proper BOC before making GPC purchases, and review and approve every transaction to ensure the transaction is coded to the proper BOC. Moreover, based on our interviews with Library and Office of Financial Management staff, cardholders should code GPC purchases of EIS, data sources, and print materials to the following three BOCs:

1. 25710 – Library - Related Databases;
2. 26020 – Publications - Newspapers, Periodicals; or
3. 31110 – Books - Permanent Collection.

We identified multiple GPC purchases coded to incorrect BOCs. For example, while compiling our sample, we found 13 GPC purchases of books that cardholders coded to BOCs for travel, office furniture, general office supplies, and other miscellaneous services. Conversely, we identified two additional transactions coded as books that were actually purchases of toaster ovens and a hotel room for an SEC external witness. Furthermore, of the 40 GPC transactions tested, we identified 2 more purchases of newspapers that cardholders incorrectly coded to the BOCs for library databases and books.

According to Office of Financial Management staff, coding purchases to incorrect BOCs does not affect the funding of a division or office or any area of the acquisition process. However, it creates reporting inconsistencies when presenting expenses by cost element. Although we are not making a formal recommendation, we encourage the Office of Financial Management and OA to remind cardholders of the importance of coding GPC purchases to the correct BOC.

Appendix I. Scope and Methodology

We conducted this performance audit from August 2017 through September 2018, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain evidence sufficient to provide a reasonable basis for our findings and recommendations. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Scope. The audit covered SEC EIS, data source, and print material purchases made between October 1, 2015, and September 30, 2017 (FYs 2016 and 2017). Our objective was to assess the SEC's management of EIS, data sources, and print materials in FYs 2016 and 2017. Specifically, we sought to determine whether the Library, either directly or through SEC divisions, offices, and/or working groups, developed and implemented effective controls for acquiring, maintaining, and tracking information and data source subscriptions, including proper assessment of agency needs and associated costs.

We performed fieldwork at the SEC's Headquarters in Washington, DC, although we assessed EIS, data source, and print material acquisitions managed by 10 of the SEC's 11 regional offices, as well as Headquarters.¹⁶

Methodology. To address our objectives, we:

- interviewed SEC leadership, Library staff, and working group members to understand the SEC's processes for acquiring, maintaining, and tracking EIS, data sources, and print materials;
- interviewed COs and CORs to understand their roles and responsibilities for overseeing subscription contracts, and facilitators of the SEC's GPC program to discuss the responsibilities of SEC divisions and offices when purchasing EIS, data sources, and print materials using a GPC;
- evaluated applicable controls to determine whether they aligned with Federal guidelines, SEC policies and procedures, and the terms of the SEC's contracts;
- surveyed and received responses from 27 SEC divisions and offices about their EIS, data source, and print material acquisitions and their knowledge of related agency policy (a 100 percent response rate);

¹⁶ Based on the GPC Delphi Report, the New York Regional Office did not make any EIS, data source, or print material purchases using a GPC in FYs 2016 and 2017.

- reviewed contract files and supporting documents for 25 judgmentally selected subscription obligations from 22 subscription contracts, and for 40 judgmentally selected GPC transactions (this included analyzing a sample of 275 invoices out of 606 paid by the SEC as of July 30, 2018, for the 22 subscription contracts we reviewed);¹⁷
- reviewed complaints received through the OIG hotline of possible waste related to alleged underuse of certain EIS and data source licenses;
- met with FEDLINK personnel to obtain an understanding of services provided to Federal agencies; and
- requested from the Federal Deposit Insurance Corporation and the Federal Reserve Board comparable EIS, data source, and print material subscription information, including pricing, number of licenses acquired, and agency policies and procedures for tracking usage.¹⁸

Internal Controls. To assess internal controls related to our objectives, we reviewed the EDGAR Business Office's management assurance statements and risk assessments for FYs 2016 and 2017. In its 2016 management assurance statement, the EDGAR Business Office reported that it tested three operational controls related to information and data source acquisitions, GPC purchases, and the exit process for subscription services, to ensure that both the design and effectiveness of the controls were appropriately mitigating potential risk impeding the achievement of objectives. The Office indicated that all controls passed testing and noted no deficiencies. Furthermore, the EDGAR Business Office's 2017 management assurance statement indicated that the Office's operations and programs were effective and efficient to achieve the Office's objectives.

We also tested key internal controls related to the SEC's acquisition and management of EIS, data source, and print material purchases. Specifically, we assessed (1) the Library's and working groups' processes for recommending new and renewal subscriptions for acquisitions; (2) divisions' and offices' processes for acquiring EIS, data source, and print material resources with a GPC; (3) COR processes for reviewing and approving invoices; and (4) the Library's process for determining utilization of the SEC's resources. As discussed in this report, we identified internal control weaknesses, including those that affected the Library's ability to ensure full utilization of subscription

¹⁷ As shown in Tables 1 and 2, the SEC's total population of EIS, data source, and print material contracts and GPC purchases during FYs 2016 and 2017 totaled 271 and 294, respectively. Because sampled items were non-statistical, we did not project our results and conclusions to these populations. Nor did we project our sample results to the total population of invoices paid under the contracts we reviewed.

¹⁸ We discussed with OA and Library personnel the information we collected and its applicability, or lack thereof, to the SEC.

services for EIS, data source, and print material purchases. Our recommendations, if implemented, should correct the weaknesses we identified.

Computer-processed Data. The U.S. Government Accountability Office's *Assessing the Reliability of Computer-Processed Data* (GAO-09-680G, July 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," "completeness," and "accuracy" as follows:

- "Reliability" means that data are reasonably complete and accurate, meet intended purposes, and are not subject to inappropriate alteration.
- "Completeness" refers to the extent that relevant records are present and the fields in each record are appropriately populated.
- "Accuracy" refers to the extent that recorded data reflect the actual underlying information.

To address our objectives, we requested access to Delphi.¹⁹ We assessed the reliability of data from this system by reviewing related documents, interviewing knowledgeable SEC staff, and performing a walkthrough of Delphi. Based on our assessments, we found the system to be sufficiently reliable for the purposes of this audit.

Prior Coverage. Between 2017 and 2018, the SEC OIG issued the following memoranda of particular relevance to this audit:

- *Results of the Inspector General's Fiscal Year 2017 Purchase Card Program Risk Assessment* (March 28, 2018).
- *Results of Inspector General's Fiscal Year 2016 Purchase Card Program Risk Assessment* (March 27, 2017).

These memoranda can be accessed at: <https://www.sec.gov/oig>.

¹⁹ Delphi is the SEC's financial accounting system used to track the agency's budget, obligations, expenditures, and balances.

Appendix II. Calculation of Monetary Impacts

As discussed in the Results section of this report, the Library did not retain adequate documentation to justify certain print material acquisitions. In one instance, the Library did not retain correspondence supporting the need for nine securities law desk sets (costing \$920 each), and paid \$920 for another desk set that was not needed. In another instance, Library staff renewed a print subscription contract to purchase legal and accounting publications at a cost of \$6,420, but again did not retain communications justifying the purchase.

Because Library personnel did not retain justifications for these print material acquisitions, the Library could not support the need for the purchases. These unsupported costs totaled \$15,620, as shown in Table 3.

Table 3. Unsupported Costs²⁰

Item	Actual Cost
10 securities law desk sets (at \$920 each)	\$9,200
Print subscription contract for legal and accounting publications	\$6,420
<i>Total Cost of Print Materials Without Proper Justification of Need</i>	<i>\$15,620</i>

²⁰ As defined by the Inspector General Act, as amended (Public Law 95–452; 5 U.S.C. App.), unsupported costs are those costs questioned because, at the time of the audit, the costs were not supported by adequate documentation.

Appendix III. Management Comments

MEMORANDUM FOR REBECCA SHAREK, DEPUTY INSPECTOR GENERAL FOR
AUDITS, EVALUATIONS, AND SPECIAL PROJECTS

FROM: Kenneth A. Johnson, Chief Operating Officer



DATE: September 7, 2018

SUBJECT: Response to Draft Report entitled "The SEC Should Take Action to Strengthen Its Management of Electronic Information Sources, Data Sources, and Print Materials"

Thank you for the opportunity to review and comment on the draft report entitled "The SEC Should Take Action to Strengthen Its Management of Electronic Information Sources, Data Sources, and Print Materials." We take very seriously our obligation to effectively manage the agency's electronic information resources, data sources and print materials, and our obligation to be good stewards of agency resources.

As we note below, we concur with all the recommendations in the draft report and intend to work swiftly and diligently to address them.

A response to each of the recommendations is provided below.

Recommendation 1: The Office of Acquisitions implement procedures to ensure that contracting staff fully validate all aspects of vendors' price quotes.

Management Response: Management Concur. OA will review its current procedures and implement/update procedures that will help to ensure that contracting staff fully validate significant aspects of vendors' price quotes.

Recommendation 2: The Office of Acquisitions establish a process to ensure that contracting staff fully document in contract files price analyses in support of fair and reasonable price determinations.

Management Response: Management Concur. OA will review its current processes and implement/update processes that will help to ensure that contracting staff fully document in contract files price analyses in support of fair and reasonable price determinations.

Recommendation 3: The Office of Acquisitions remind contracting officer's representatives of their responsibility for validating invoices and documenting that all deliverables were received before approving invoices for payment.

Management Response: Management Concur. The Office of Acquisitions will remind contracting officer's representatives of their responsibility for validating invoices and documenting that all deliverables were received before approving invoices for payment.

Recommendation 4: The Library institute procedures to ensure that only authorized staff can approve vendor invoices.

Management Response: Management Concur. The EDGAR Business Office will develop procedure(s) to ensure only authorized staff can approve vendor invoices.

Recommendation 5: The Library implement procedures to ensure that personnel retain justification of user needs before approving subscription renewals.

Management Response: Management Concur. The EDGAR Business Office will develop procedure(s) to retain justification of user needs before approving subscription renewals.

Recommendation 6: The Office of Acquisitions remind Government purchase cardholders of the importance of retaining support for purchases.

Management Response: Management Concur. The Office of Acquisitions will remind Government purchase cardholders of the importance of retaining support for purchases

Recommendation 7: The Library take steps to ensure Government purchase cardholders in all agency divisions and offices are aware and knowledgeable of the Library's *Policy on Purchasing Books, Journals, Newspapers, & e-Information Licenses*.

Management Response: Management Concur. The EDGAR Business Office will work with the Office of Acquisitions to notify the Government Purchase Card(GPC) holders on policies for *Purchasing Books, Journals, Newspapers, & e-Information Licenses* using the GPC.

Recommendation 8: The Library develop policies and procedures to standardize its review of electronic information and data source usage information, including methodologies and procedures for surveying users when vendor usage information is unavailable.

Management Response: Management Concur. The EDGAR Business Office will develop policies and procedures to review electronic information and data source usage information, including methodologies for surveying users when vendor usage information is unavailable.

Recommendation 9: The SEC establish policies and procedures governing potentially underused Bloomberg resources.

Management Response: Management Concur. The EDGAR Business Office, in conjunction with the Office of Acquisitions, will develop policies and procedures to govern potentially unused Bloomberg resources.

In addition, while not a formal recommendation, the OIG encouraged the Office of Financial Management (OFM) and OA to remind cardholders of the importance of coding GPC purchases to the correct BOC. OFM and OA concur with this suggestion.

Finally, we would like to express our appreciation for the courtesy you and your staff extended to us during this audit. If you have any questions or would like to discuss any of our comments, please let us know.

cc: Vance Cathell, Director, Office of Acquisitions
Mark Ambrose, Director, Edgar Business Office
Caryn Kauffman, Director, Office of Financial Management

Major Contributors to the Report

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To Report Fraud, Waste, or Abuse, Please Contact:

Web: <https://www.sec.gov/oig>

Telephone: 1-833-SEC-OIG1 (833-732-6441)

Address: U.S. Securities and Exchange Commission
Office of Inspector General
100 F Street, N.E.
Washington, DC 20549

Comments and Suggestions

If you wish to comment on the quality or usefulness of this report or suggest ideas for future audits, evaluations, or reviews, please send an e-mail to OIG Audit Planning at AUDplanning@sec.gov. Comments 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.