

Table 1

List of Reports: Audit and Evaluations

Audit/ Evaluation Number	Title	Date Issued
479	Assessment of Corporation Finance's Confidential Treatment Processes and Procedures	9/29/2010
480	Review of the SEC's Section 13(f) Reporting Requirements	9/27/2010
483	Audit of the FedTraveler Travel Service	9/22/2010
484	Real Property Leasing Procurement Process	9/30/2010
485	Assessment of the SEC's Privacy Program	9/29/2010
486	Review of PRISM Automated Procurement System Support Contracts	9/30/2010

Table 2

Reports Issued With Costs Questioned or Funds Put To Better Use

(Including Disallowed Costs)

	Number of Reports	Value
A. Reports Issued Prior To This Period		
For which no management decision had been made on any issue at the commencement of the reporting period	3	\$6,976,143
For which some decisions had been made on some issues at the commencement of the reporting period	0	\$0
B. Reports Issued During This Period	3	\$231,363
Total of Categories A and B	6	\$7,207,506
C. For which final management decisions were made during this period	2	\$30,312
D. For which no management decisions were made during this period	4	\$2,609,575
E. For which management decisions were made on some issues during this period	1	\$4,567,619
Total of Categories C, D, and E	7	\$7,207,506

Table 3

Reports with Recommendations on Which Corrective Action Has Not Been Completed

Audit/Inspection/ Evaluation/ or Investigation # and Title	Issue Date	Summary of Recommendation
428 - Electronic Documents Program	7/25/07	Issue program guidance.
		Develop written procedures for loading data work from the regional offices.
439 - Student Loan Program	3/27/08	In consultation with the Union, develop a detailed distribution plan.
446B - SEC's Oversight of Bear Stearns and Related Entities: Broker-Dealer Risk Assessment (BDRA) Program	9/25/08	Ensure the BDRA system includes financial information, staff notes and other written documentation and is used to generate management reports.
		Resolve technological problems with the BDRA system.
450 - Practices Related to Naked Short Selling Complaints and Referrals	3/8/09	Improve analytical capabilities of the Enforcement Complaint Center's e-mail complaint system.
		Improve the Complaints, Tips and Referrals database to include additional information about and better track complaints.
		Ensure the Office of Internet Enforcement updates and resumes using previous complaint referral tracking system or develops a new system.

Audit/Inspection/ Evaluation/ or Investigation # and Title	Issue Date	Summary of Recommendation
455 - Attorney Annual Certification of Bar Membership	9/9/08	Require all SEC attorneys to certify annually that they are active bar members and to acknowledge that their failure to maintain active bar membership may result in referral to the appropriate authorities and/or disciplinary action.
456 - Public Transportation Benefit Program	3/27/09	Implement additional management controls over regional office program operations.
458 - SEC Oversight of Nationally Recognized Statistical Rating Organizations (NRSROs)	8/27/09	Develop measures for determining whether subscriber fees charged by the credit rating agencies are reasonable.
		Review the OIG findings on conducting examinations before issuing orders approving applications and, as appropriate, seek legislative authority to conduct examinations as part of the NRSRO application process.
		Review the OIG findings concerning Public Company Accounting Oversight Board (PCAOB) oversight of NRSRO auditors and, as appropriate, seek legislative authority to provide the PCAOB with oversight over audits of NRSROs.
		Review the OIG findings on monitoring of credit ratings and direct the recommendation of appropriate rules to implement a comprehensive credit rating monitoring requirement for NRSROs.
		Review the OIG findings on credit ratings disclosures and, as appropriate, direct the recommendation of additional rule amendments to enhance the disclosures surrounding the credit ratings process.

Audit/Inspection/ Evaluation/ or Investigation # and Title	Issue Date	Summary of Recommendation
(Continued) 458 - SEC Oversight of Nationally Recognized Statistical Rating Organizations (NRSROs)	8/27/09	Review the OIG findings on the Rule 17g-5 information disclosure program and Regulation FD and, as appropriate, direct the assessment of the potential effects on competition in the credit rating industry of the re-proposed amendments and recommend rule changes, if appropriate.
		Review the OIG findings on public comment on a firm's application and the status of competition and direct the incorporation of seeking and consideration of public comments into the SEC's NRSRO oversight process.
459 - Regulation D Exemption Process	3/31/09	Evaluate the Electronic Data Gathering And Retrieval (EDGAR) authentication process and make necessary changes to further streamline or simplify the process.
		Analyze how other agencies have implemented authentication processes and implement any appropriate procedures.
460 - Management and Oversight of Interagency Acquisition Agreements (IAAs) at the SEC	3/26/10	Identify the universe of open interagency acquisitions and the corresponding amounts obligated and expended on each interagency acquisition, and reconcile the universe of open interagency acquisitions with the financial information maintained by the Office of Financial Management (OFM) regarding open interagency acquisitions and the corresponding amounts obligated and expended.
		Maintain interagency acquisition data in the appropriate centralized automated system to ensure appropriate access to and accuracy of data and to provide for report generation capabilities.
		Establish appropriate internal controls to provide reasonable assurance that, in the future, interagency acquisition agreement data is accurate, timely, complete and reliable.

Audit/Inspection/ Evaluation/ or Investigation # and Title	Issue Date	Summary of Recommendation
(Continued) 460 - Management and Oversight of Interagency Acquisition Agreements (IAAs) at the SEC	3/26/10	Develop internal written policies and procedures for administering interagency acquisitions that are based on appropriate risk assessments, address both Economy Act and Non-Economy Act acquisitions, and incorporate Federal Acquisition Regulation (FAR) Subpart 17.5, the Office of Federal Procurement Policy's (OFPP's) guidance on interagency acquisitions, and other requirements regarding interagency acquisitions, as appropriate.
		In developing written policies and procedures for assisted interagency acquisitions, incorporate the requirements of the Economy Act, the OFPP guidance on interagency acquisitions, and other controlling authorities, and coordinate with OFM to assure its minimum requirements are also included.
		Benchmark other federal agencies' written policies and procedures for interagency acquisitions when developing its IAA written policies and procedures.
		Develop written policies and procedures regarding interagency acquisitions that include timeframes and procedures for closing out Economy Act and non-Economy Act interagency acquisitions and deobligating funds for both assisted and direct acquisitions, and ensure the close-out procedures identify the Commission's process for coordinating with servicing agencies.
		Promptly identify all IAAs that have expired and have not been closed, and deobligate any funds that remain on the expired agreements.
		Take action to close the interagency acquisitions identified for which the performance period expired and deobligate the \$6.9 million in unused funds that remain on the interagency acquisitions, in accordance with the appropriate close-out procedures.

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(Continued) 460 - Management and Oversight of Interagency Acquisition Agreements (IAAs) at the SEC	3/26/10	Update the interagency acquisition Determinations and Findings and interagency acquisition forms to include the information required by the FAR, Treasury Financial Manual Bulletin No. 2007-03 (in consultation with the OFM), and the OFPP guidance on interagency acquisitions.
		Develop and implement appropriate procedures to review interagency acquisition cost estimates to ensure they are reasonable and properly supported.
		Assess the Mid-Atlantic Cooperative Administrative Support Unit (CASU) IAA to determine if the costs incurred are reasonable and the CASU IAA is in the best interest of the Commission.
		Consider sources of administrative support services that charge lower amounts if it is determined that the Mid-Atlantic CASU IAA does not provide the best value to the Commission.
		Provide additional training to contracting staff and customers regarding interagency acquisitions, which includes training on developing and ensuring the adequacy of statements of work and statements of objectives according to applicable guidance and requirements.
461 - Review of the Commission's Restacking Project	3/31/09	Conduct appropriate analysis and complete and submit an Exhibit 300 to the Office of Management and Budget (OMB).
		Develop and adopt policies and procedures for investments in space consistent with OMB guidance.

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464 - Notification to the OIG of Decisions on Disciplinary Actions and Settlement Agreements Involving Subjects of OIG Investigations	1/23/09	Provide the OIG with three business days notice prior to decisions on disciplinary action.
		Provide the OIG with five business days notice prior to executing settlement agreements.
465 - Review of the SEC's Compliance with the Freedom of Information Act (FOIA)	9/25/09	Collaborate with office and division managers to review position descriptions of current FOIA/Privacy Act staff and FOIA liaisons to include appropriate FOIA task descriptions and performance standards, and review pay grades to ensure they reflect actual FOIA responsibilities and duties.
466 - Assessment of the SEC Information Technology (IT) Investment Process	3/26/10	Improve the oversight of IT investments to ensure that projects are in compliance with the requirements in the Capital Planning and Investment Control (CPIC) policies and procedures specifically dealing with the implementation of the control and evaluate phases of the CPIC process.
		Require status updates be provided for all ongoing projects every six months to manage resources (<i>i.e.</i> , staff, cost and time) for IT investments of \$200,000 and above.
		Immediately fill the position of Assistant Director for the Project Management Office with an experienced and qualified candidate.
		Perform an assessment of the project management function to compare the current ratio of projects per project manager to the industry's acceptable ratio of projects per project manager.

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(Continued) 466 - Assessment of the SEC Information Technology (IT) Investment Process	3/26/10	Formally delegate authority to the Chief Information Officer (CIO) necessary for the management and oversight of the CPIC process, to include the full authority to develop and execute all information technology policy, as approved by the Chairman.
		Revise 17 C.F.R. § 200.13 to provide the CIO with full authority to develop and issue IT policies and carry out the prescribed substantive responsibilities under 44 U.S.C. § 3506 and OMB Guidance M-09-02, and remove the CIO/Director of the Office of Information Technology (OIT) from under the supervision of the Executive Director or any position other than the Chairman for those substantive responsibilities.
		Revise SEC Regulation (SECR) 24-02 to add a responsibility that the division directors, office heads, and regional directors ensure that all IT investments within their responsibility adhere to the CPIC policies and procedures, and create an enforcement mechanism for the CIO and Information Officers Council to utilize when they discover investments that have been funded outside of the CPIC process.
		Conduct periodic internal reviews to ensure that the requirements in Operating Directive 24-02.01, IT Investment Management, are enforced, (<i>e.g.</i> , the requirement that two representatives from the program area be identified for all ongoing projects).
		Require that all divisions and offices use OIT's project management system and update and maintain the data in the system for the investments within their program areas.
471 - Audit of the Office of Acquisitions' Procurement and Contract Management Functions	9/25/09	Determine the universe of active and open contracts and the corresponding value of the contracts and reconcile this information with the OFM's active contract list.

Audit/Inspection/ Evaluation/ or Investigation # and Title	Issue Date	Summary of Recommendation
(Continued) 471 - Audit of the Office of Acquisitions' Procurement and Contract Management Functions	9/25/09	Develop an internal process to ensure procurement data is accurately and fully reported in the Federal Procurement Data System for both SEC headquarters and regional offices.
		Develop an acquisition training plan to ensure compliance with OFPP training requirements.
		Provide regional offices with oversight, including the proper use of Contracting Officer's Technical Representatives, Inspection and Acceptance Officials, Point-of-Contact personnel and other personnel who handle procurement and contracting activities.
		Revise and finalize data migration plan and include key controls or steps to ensure accuracy of migrated data.
		Reeducate the acquisition workforce on the FAR requirements that are related to time-and-materials and labor-hour contracts.
		Update SECR 10-14, Procurement Contract Administration, regarding contract closeout and ensure that it properly aligns with the FAR.
474 - Assessment of the SEC's Bounty Program	3/29/10	Develop a communication plan to address outreach to both the public and the SEC personnel regarding the SEC bounty program, which includes efforts to make information available on the SEC's Intranet, enhance information available on the SEC's public website, and provide training to employees who are most likely to deal with whistleblower cases.

Audit/Inspection/ Evaluation/ or Investigation # and Title	Issue Date	Summary of Recommendation
(Continued) 474 - Assessment of the SEC's Bounty Program	3/29/10	<p>Develop and post to the SEC's public website an application form that asks the whistleblower to provide information, including, <i>e.g.</i>, (1) the facts pertinent to the alleged securities law violation and an explanation as to why the subject(s) violated the securities laws; (2) a list of related supporting documentation available in the whistleblower's possession and available from other sources; (3) a description of how the whistleblower learned about or obtained the information that supports the claim, including the whistleblower's relationship to the subject(s); (4) the amount of any monetary rewards obtained by the subject violator(s) (if known) as a result of the securities law violation and how the amount was calculated; and (5) a certification that the application is true, correct, and complete to the best of the whistleblower's knowledge.</p>
		<p>Establish policies on when to follow up with whistleblowers who submit applications to clarify information in the bounty applications and obtain readily available supporting documentation prior to making a decision as to whether a whistleblower's complaint should be further investigated.</p>
		<p>Develop specific criteria for recommending the award of bounties, including a provision that where a whistleblower relies partially upon public information, such reliance will not preclude the individual from receiving a bounty.</p>
		<p>Examine ways in which the Commission can increase communications with whistleblowers by notifying them of the status of their bounty requests without releasing non-public or confidential information during the course of an investigation or examination.</p>

Audit/Inspection/ Evaluation/ or Investigation # and Title	Issue Date	Summary of Recommendation
(Continued) 474 - Assessment of the SEC's Bounty Program	3/29/10	Develop a plan to incorporate controls for tracking tips and complaints from whistleblowers seeking bounties into the development of the Division of Enforcement's (Enforcement's) tips, complaints and referrals processes and systems for other tips and complaints, which should provide for the collection of necessary information and require processes that will help ensure that bounty applications are reviewed by experienced Commission staff, decisions whether to pursue whistleblower information are timely made, and whistleblowers who provide significant information leading to a successful action for violation of the securities laws are rewarded.
		Require that a bounty file (hard copy or electronic) be created for each bounty application, which should contain at a minimum the bounty application, any correspondence with the whistleblower, documentation of how the whistleblower's information was utilized, and documentation regarding significant decisions made with regard to the whistleblower's complaint.
		Incorporate best practices from the Department of Justice (DOJ) and the Internal Revenue Service (IRS) into the SEC bounty program with respect to bounty applications, analysis of whistleblower information, tracking of whistleblower complaints, recordkeeping practices, and continual assessment of the whistleblower program.
		Set a timeframe to finalize new policies and procedures for the SEC bounty program that incorporate the best practices from DOJ and the IRS, as well as any legislative changes to the program.
475 - Evaluation of the SEC Privacy Program	3/26/10	Finalize the outstanding draft privacy-related policies and procedures and implement them throughout the agency by the end of the fiscal year.

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476 - Evaluation of the SEC Encryption Program	3/26/10	Revise the encryption policy and require that all portable media be encrypted.
		Eliminate the option for divisions and offices to select whether or not they will encrypt portable media, <i>i.e.</i> , thumb drives, CD/DVDs, etc.
PI-09-05 - SEC Access Card Readers in Regional Offices	2/22/10	Ensure, on a Commission-wide basis, that all regional offices are capable of capturing and recording building entry and exit information of Commission employees.
PI-09-07 - Employee Recognition Program and Grants of Employee Awards	3/10/10	Review and update internal regulation and policy for the SEC's Employee Recognition Program (ERP), and post the revised regulation and/or policy to the SEC's Intranet site.
		Ensure the revised ERP regulation and/or policy specifically addresses whether informal recognition awards are authorized and, if so, what criteria, standards and approvals pertain.
		Ensure the revised ERP regulation and/or policy makes clear that appropriated funds may not be used to pay for employee parking as an award.
		Review various Budget Object Class (BOC) codes currently used for non-monetary employee awards, select the most apposite BOC and ensure all properly authorized non-monetary awards are charged to that BOC.
		Approve requests to use appropriated funds for non-monetary employee awards only after ensuring an authorized agency officer has approved the awards under statutory and regulatory authority.

Audit/Inspection/ Evaluation/ or Investigation # and Title	Issue Date	Summary of Recommendation
ROI-470 - Allegations of Conflict of Interest and Investigative Misconduct	2/24/10	Institute procedures to require that a decision be made, documented and approved where Enforcement has informed the Commission it is continuing to consider recommending charges.
ROI-481 - Employees' Securities Transactions	3/3/09	Have an employee's direct supervisor review a list of all pending cases in the group over the last year to compare against a list of all securities reported on Office of Government Ethics Form 450 for each employee.
		Conduct separate comprehensive and more frequent training on Commission Rule 5, its purpose and its requirements, for all SEC employees, supervisors and contractors.
ROI-491 - Allegation of Fraudulently Obtained Award Fees	3/29/10	Make efforts to recapture a portion of additional award fees a contractor obtained based on potentially inaccurate data.
		Assign all contracts over \$1 million to staff at the level of Assistant Director or higher, as well as the Office of Acquisitions, which provides oversight for various SEC acquisitions.
		Ensure there is a process to validate any additional fees awarded under contracts.
ROI-496 - Allegations of Conflict of Interest, Improper Use of Non-Public Information and Failure to Take Sufficient Action Against Fraudulent Company	1/8/10	Consider promulgating or clarifying procedures for documenting the reasons specific issues referred to Enforcement by the Office of Compliance, Inspections and Examinations (OCIE) are not investigated.
		Consider methods to ensure no appearance of impropriety when a former SEC attorney represents a company shortly after SEC work provided specific, sensitive information related to the company.

Audit/Inspection/ Evaluation/ or Investigation # and Title	Issue Date	Summary of Recommendation
ROI-502 - Allegations of Improper Disclosures and Assurances Given	9/30/09	Clarify policies on disclosure of non-public information, including what constitutes non-public information related to Enforcement investigations and parameters for discretionary release.
		Clarify Commission's policies regarding under what circumstances the staff is obligated to seek formal approval before making decisions that may bind the Commission.
ROI-505 - Failure to Timely Investigate Allegations of Financial Fraud	2/26/10	Ensure as part of changes to complaint handling system that databases used to refer complaints are updated to accurately reflect status of investigations and identity of staff.
		Ensure as part of changes to complaint handling system that referrals are monitored to ensure they are being actively investigated and complainants are provided accurate information.
		Ensure as part of changes to case-closing system that cases that are not actively being investigated are closed promptly.
		Ensure as part of changes to case-closing system that Enforcement staff members have access to accurate information about the status of investigations and staff requests to close investigations.
		Ensure as part of changes to case-closing system that staff at all levels be appropriately trained in case-closing procedures.
ROI-526 - Investigation of the SEC's Response to Concerns Regarding Robert Allen Stanford's Alleged Ponzi Scheme	3/31/10	Promulgate and/or clarify procedures regarding the consideration of the potential harm to investors if no action is taken as a factor in deciding whether to bring an enforcement action.

Audit/Inspection/ Evaluation/ or Investigation # and Title	Issue Date	Summary of Recommendation
(Continued) ROI-526 - Investigation of the SEC's Response to Concerns Regarding Robert Allen Stanford's Alleged Ponzi Scheme	3/31/10	Promulgate and/or clarify procedures regarding the significance of bringing cases that are difficult, but important to the protection of investors, in evaluating staff or regional office performance.
		Promulgate and/or clarify procedures regarding the significance of the presence or absence of U.S. investors in determining whether to open an investigation or bring an enforcement action.
		Promulgate and/or clarify procedures regarding coordination between Enforcement and OCIE on investigations, particularly those investigations initiated by a referral to Enforcement by OCIE.
		Promulgate and/or clarify procedures regarding the factors for determining when referral of a matter to state securities regulators, in lieu of an SEC investigation, is appropriate.
		Promulgate and/or clarify procedures regarding training of Enforcement staff to strengthen their understanding of the laws governing broker-dealers and investment advisers.
		Promulgate and/or clarify procedures regarding emphasizing the need to coordinate with the Office of International Affairs and the Division of Risk, Strategy, and Financial Innovation, as appropriate, early in investigations.

Table 4

Summary of Investigative Activity

CASES	NUMBER
Cases Open as of 3/31/2010	13
Cases Opened during 4/01/2010 - 9/30/2010	13
Cases Closed during 4/01/2010 - 9/30/2010	10
Total Open Cases as of 9/30/2010	16
Referrals to Department of Justice for Prosecution	3
Prosecutions	0
Convictions	0
Referrals to Agency for Disciplinary Action	3
PRELIMINARY INQUIRIES	NUMBER
Inquiries Open as of 3/31/2010	71
Inquiries Opened during 4/01/2010 - 9/30/2010	42
Inquiries Closed during 4/01/2010 - 9/30/2010	23
Total Open Inquiries as of 9/30/2010	90
Referrals to Agency for Disciplinary Action	6
DISCIPLINARY ACTIONS	NUMBER
Removals (Including Resignations and Retirements)	6
Demotions	1
Suspensions	2
Reprimands	1
Warnings/Other Actions	2

Table 5

Summary of Complaint Activity

DESCRIPTION	NUMBER
Complaints Pending Disposition at the Beginning of Period	7
Hotline Complaints Received	132
Other Complaints Received	232
Total Complaints Received	364
Complaints on which a Decision was Made	360
Complaints Awaiting Disposition at End of Period	11

Dispositions of Complaints During the Period	NUMBER
Complaints Resulting in Investigations	11
Complaints Resulting in Inquiries	42
Complaints Referred to OIG Office of Audits	9
Complaints Referred to Other Agency Components	134
Complaints Referred to Other Agencies	8
Complaints Included in Ongoing Investigations or Inquiries	21
Response Sent/Additional Information Requested	47
No Action Needed	96

Table 6

References to Reporting Requirements of the Inspector General Act

The Inspector General Act of 1978, as amended, specifies reporting requirements for semiannual reports to Congress. The requirements are listed below and indexed to the applicable pages.

Section	Inspector General Act Reporting Requirement	Pages
Section 4(a)(2)	Review of Legislation and Regulations	81-83
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	13-18, 24-44, 48-76
Section 5(a)(2)	Recommendations for Corrective Action	24-44, 48-76
Section 5(a)(3)	Prior Recommendations for Corrective Action	91-99
Section 5(a)(4)	Matters Referred to Prosecutive Authorities	48-76, 101
Section 5(a)(5)	Summary of Instances Where Information was Unreasonably Refused or Not Provided	85
Section 5(a)(6)	List of OIG Audit and Evaluation Reports Issued During the Period	87
Section 5(a)(7)	Summary of Significant Reports Issued During the Period	24-44, 48-76
Section 5(a)(8)	Statistical Table on Management Decisions with Respect to Questioned Costs	89
Section 5(a)(9)	Statistical Table on Management Decisions on Recommendations That Funds Be Put to Better Use	89
Section 5(a)(10)	Summary of Each Audit, Inspection or Evaluation Report Over Six Months Old for which No Management Decision has been Made	85
Section 5(a)(11)	Significant Revised Management Decisions	85
Section 5(a)(12)	Significant Management Decisions with which the Inspector General Disagreed	85
Section 5(a)(14)	Appendix of Peer Reviews Conducted by Another OIG	107
Section 5(a)(15)	List of Outstanding Peer Review Recommendations Not Fully Implemented	107
Section 5(a)(16)	List of Peer Reviews Conducted of Another OIG	107