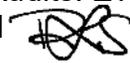




UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

May 14, 2025

TO: Kenneth Johnson, Chief Operating Officer

FROM: Rebecca L. Sharek, Deputy Inspector General for Audits, Evaluations,
and Special Projects, Office of Inspector General 

SUBJECT: *Final Management Letter: Audit of the SEC's Efforts to Recruit and Retain a Highly Skilled Workforce and Address Related Challenges*

The U.S. Securities and Exchange Commission (SEC or agency) relies on highly skilled staff to support its mission and protect investors. Its workforce must contend with increasingly complex markets, a significant growth in registrants, and more involvement in the markets from individual investors. As the size, scale, and complexity of capital markets grow, it is critical that the SEC engage in targeted hiring and retention efforts, as permitted, to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation so that the agency's ability to meet these demands is not reduced or delayed.

We previously reported the SEC's challenges in recruiting and retaining highly skilled professionals as it competes with the private sector, and we noted that budgetary constraints led the agency to pause most hiring actions on September 28, 2023.¹ Then, in January 2024, we initiated an audit of the SEC's efforts to recruit and retain a highly skilled workforce and address related challenges. Recently issued government-wide directives further paused all hiring actions and have increased the likelihood that the SEC's attrition rate will significantly increase in the near term.

We are providing this management letter to report our audit results, which warrant management's attention.

Executive Summary

According to the U.S. Government Accountability Office (GAO), skills gaps can lead to costly, less efficient government. GAO has identified strategic human capital management, particularly management of critical skills gaps, as a government-wide high-risk area since 2001.² Over the years, GAO and the Office of Personnel Management (OPM) identified leading practices and key strategies to attract, acquire, and retain quality talent and provide equal employment opportunity.³ These practices and strategies include workforce strategic planning, addressing skills and staffing gaps, tracking metrics to monitor the effectiveness of

¹ U.S. Securities and Exchange Commission, Office of Inspector General, *The Inspector General's Statement on the SEC's Management and Performance Challenges* (October 2023).

² U.S. Government Accountability Office, *High-Risk Series: Heightened Attention Could Save Billions More and Improve Government Efficiency and Effectiveness* (GAO-25-107743, February 2025); p. 272.

³ We identified leading practices and key strategies related to recruitment and retention by reviewing prior GAO reports, including GAO-23-105521, February 2023; GAO-19-181, March 2019; GAO-19-60, November 2018; and GAO-15-585, July 2015, as well as resources published on OPM's website.

the recruitment program and hiring process, strategically leveraging available payment authorities and hiring flexibilities, and determining the root causes of employee departures. The SEC has generally implemented these leading practices and strategies, and the agency's attrition rate remained consistently low over the past 13 years. Nonetheless, our audit identified the following areas for improvement:

1. In fiscal year (FY) 2023, the SEC spent more than half of its recruiting dollars on sources that produced a small fraction of qualified applicants (also called "candidates"). More than 90 percent of qualified applicants that year came from no-cost or low-cost sources. Before FY 2023, the SEC did not track the costs of the recruitment sources used or assess the effectiveness of those recruitment sources in generating qualified and highly skilled candidates.
2. The SEC did not use the same parameters as OPM to assess the timeliness of its hiring, and the parameters used to calculate time-to-hire (T2H) did not cover all aspects of the SEC's hiring process. This does not allow for comparison with government-wide metrics, may mislead decision-makers, and may hinder the SEC's ability to effectively analyze its end-to-end T2H data and identify opportunities for improvement.

We note, however, that SEC hiring managers were highly satisfied with the overall quality of new hires in FYs 2022 and 2023. While recent directives call for reducing the size of the federal workforce, they also mandate making recruitment and hiring processes more efficient.⁴ When hiring resumes, more actions will be needed to ensure the SEC is able to attract and onboard highly skilled staff quickly and cost-effectively.

Background

To fulfill the SEC's mission, employees focus their efforts on five major objectives: (1) informing and protecting investors, (2) facilitating capital formation, (3) enforcing federal securities laws, (4) regulating securities markets, and (5) providing market data. As of March 2025, the SEC had about 4,800 employees. Its workforce consists primarily of highly educated professionals, with attorneys, accountants, examiners, economists, and information technology (IT) specialists (*i.e.*, the SEC's five mission critical occupations) making up more than 75 percent of all positions. Because the SEC's personnel costs account for approximately 70 percent of the agency's total budget, even incremental budgetary changes can impact the size, structure, and composition of its workforce.

About 24 percent of SEC employees on board at the start of the current fiscal year will be eligible to retire within the next two years. While not every employee will retire immediately when eligible, the SEC expects 770 employees to leave the agency before the end of FY 2025 primarily through regular attrition, the agency's voluntary early retirement program, and the Deferred Resignation Program.⁵ When the hiring freeze is lifted and new guidance from OPM is in place, the SEC may need to undertake targeted recruitment.

⁴ Recent directives include Executive Order (E.O.) 14170, *Reforming the Federal Hiring Process and Restoring Merit to the Government Service* (January 20, 2025); and E.O. 14210, *Implementing the President's "Department of Government Efficiency" Workforce Optimization Initiative* (February 11, 2025).

⁵ The Deferred Resignation Program is a voluntary program established by OPM that allows eligible employees a transition period—through September 30, 2025—during which they will generally not be expected to work, are exempted from in-person work requirements, and will be exempt from any reductions-in-force planned for the federal workforce.

Results

The SEC Spent the Most on Recruitment Sources that Generated the Fewest Applicants and New Hires. In FY 2023, the SEC spent \$206,780 on paid recruitment sources, including job advertisements, career fairs, and advertising contracts. More than half of the total (\$115,159) went to recruitment sources that produced about 6 percent of all applicants, about 7 percent of referred applicants, and about 8 percent of selected applicants (*i.e.*, new hires) that year.^{6,7} This included six recruitment sources (highlighted in the table below) that generated zero referred applicants and 10 recruitment sources (not highlighted in the table below) that each generated between one and five referred applicants at a total cost to the SEC of \$73,761. SEC personnel explained that they used paid recruitment sources for hard-to-fill or mission critical positions.

Table 1. FY 2023 SEC Recruitment Sources That Generated Five or Fewer Referred Applicants

Recruitment Source (i.e., How an Applicant Found the Vacancy) ^{a, b}	Cost	Number of Applicants	Number of Referred Applicants	Number of Selected Applicants
1. National Accounting Association	\$11,755	7	3	0
2. National Legal Association	\$10,229	3	1	0
3. National Law Publication	\$9,425	15	3	0
4. Global Professional Association	\$6,200	2	2	0
5. Global Professional Association	\$5,970	2	0	0
6. State Bar Association	\$4,888	5	4	0
7. Global Professional Association	\$3,547	1	0	0
8. Finance Job Posting Website	\$2,985	21	2	0
9. National Legal Association	\$2,889	0	0	0
10. Global Legal Association	\$2,850	2	0	0
11. National Finance Association	\$2,490	2	2	0
12. State Bar Association	\$2,336	5	5	0
13. State Bar Association	\$2,316	2	1	0
14. State Bar Association	\$2,186	0	0	0
15. National Law Publication	\$2,125	0	0	0
16. National Professional Association	\$1,570	10	5	1
TOTAL	\$73,761	77	28	1

Source: Office of Inspector General (OIG)-generated based on SEC data which showed that, in FY 2023, there were 19,739 total applicants for SEC jobs, of which 7,166 were referred for further consideration and 293 were selected.

^a Names of recruitment sources have been generalized.

^b SEC personnel relied on applicants' self-reported answer to the question "How did you hear about this position?" and acknowledged the inherent limitations of recruitment source data. We did not independently verify the recruitment source reported by each applicant.

In contrast, five recruitment sources with no-cost or with a lower cost-per-referred-applicant rate generated about 93 percent of all the referred applicants in FY 2023 at a total cost of \$83,630 (or about 40 percent of the recruitment funds spent that year). See the table below.

⁶ A "referred applicant" is one who, at the hiring agency's determination, is eligible and qualified for the job, and whose application is sent to the agency's hiring manager for further review.

⁷ The hiring agency is responsible for evaluating applications. There are several points in the job application process, including the initial application, the referral of applicants, and the selection of applicants for hiring.

Table 2. FY 2023 SEC Recruitment Sources That Generated About 93 Percent of Referred Applicants

Recruitment Source (i.e., How an Applicant Found the Vacancy) ^{a, b}	Cost	Number of Applicants	Number of Referred Applicants	Number of Selected Applicants
1. USAJOBS	\$37,255	12,967	4,812	120
2. Professional Social Networking Website (Paid)	\$46,375	2,014	594	18
3. Professional Social Networking Website (Free)	\$0	1,751	514	16
4. Applicant Learned of Vacancy from a Friend (SEC Employee)	\$0	1,050	450	65
5. Applicant Was an SEC Employee or Contractor	\$0	707	282	50
TOTAL	\$83,630	18,489	6,652	269

Source: OIG-generated based on SEC data which showed that, in FY 2023, there were 19,739 total applicants for SEC jobs, of which 7,166 were referred for further consideration, and 293 were selected.

^a Names of recruitment sources have been generalized.

^b SEC personnel relied on applicants' self-reported answer to the question "How did you hear about this position?" and acknowledged the inherent limitations of recruitment source data. We did not independently verify the recruitment source reported by each applicant.

Federal laws and practices require or promote evidence-based decision making to manage resources and assess results.⁸ GAO's *Standards for Internal Control in the Federal Government* describes efficient operations as those that produce intended results "in a manner that minimizes the waste of resources."^{9,10} GAO's leading practices also encourage agencies to establish metrics to monitor the effectiveness of recruitment programs and the hiring process.¹¹ And, as noted, recent government-wide directives call for more efficient recruitment and hiring. Monitoring the costs and benefits of recruitment sources is therefore essential for safeguarding the SEC's limited resources and minimizing waste.

Until FY 2023, the SEC's Office of Human Resources (OHR) did not collect or assess the cost effectiveness or return on investment for the SEC's recruitment sources. Since that time, OHR has begun to collect and analyze this data, developing a dashboard to display and monitor the effectiveness of each external recruitment source used.

When asked about these topics, OHR officials explained that they plan to improve the accuracy of return-on-investment data and then use that data in discussions with SEC divisions and offices after the ongoing hiring freeze ends.¹² They also plan to recommend using the USAJOBS Talent Portal, professional social networking platforms, and no-cost recruitment sources.

⁸ Relevant federal laws and standards include the Government Performance and Results Act of 1993 (P.L. 103-62, Aug. 3, 1993), the GPRA Modernization Act of 2010 (P.L. 111-352, Jan. 4, 2011), and GAO's *Evidenced-Based Policymaking: Practices to Help Manage and Assess the Results of Federal Efforts* (GAO-105460, July 2023).

⁹ U.S. Government Accountability Office, *Standards for Internal Control in the Federal Government* (GAO-14-704G, September 2014); Overview, *Objectives of an Entity* (OV2.19).

¹⁰ U.S. Government Accountability Office, *Government Auditing Standards* (GAO-21-368G, April 2021) states, "Waste is the act of using or expending resources carelessly, extravagantly, or to no purpose. Importantly, waste can include activities that do not include abuse and does not necessarily involve a violation of law. Rather, waste relates primarily to mismanagement, inappropriate actions, and inadequate oversight."

¹¹ U.S. Government Accountability Office, *State Department: Additional Actions Needed to Address IT Workforce Challenges* (GAO-22-105932, July 2022).

¹² Although the SEC's OHR administers key aspects of the agency's recruitment and retention efforts, hiring managers within each division or office can request to use specific recruitment sources and hiring authorities to target particular skills or needs.

The SEC Used Different Parameters to Assess Hiring Timeliness. Although the SEC is not subject to T2H reporting requirements established in the Chief Human Capital Officers Act of 2002, OHR routinely tracks the timeliness of SEC hiring and has periodically included T2H metrics in internal reports to agency management.¹³ However, OHR used different parameters than OPM to assess the timeliness of SEC hiring, and the parameters used did not cover all aspects of the SEC’s hiring process. This does not allow for comparison with government-wide metrics, may mislead decision-makers, and may hinder the SEC’s ability to effectively analyze its end-to-end T2H data and identify opportunities for improvement.

Across the federal government, OPM tracks T2H metrics that reflect the entire hiring process and has issued instructions on how to calculate T2H to ensure consistency.¹⁴ OPM averages the number of calendar days between (1) the date a hiring manager requests to initiate a hiring action, and (2) the date the selected candidate starts work.¹⁵ At the SEC, however, OHR calculates average T2H more narrowly, starting with the date an SEC hiring manager and OHR agree on the responsibilities and requirements of the proposed position (by signing a job analysis summary and questionnaire) and ending with the date OHR issues an appointment letter to the selected candidate. This may unintentionally give the impression that the SEC’s hiring process takes less time than it really does. OHR officials explained that the chosen starting and ending points recognize a need to consult with hiring managers and develop a hiring plan on the front end of the hiring process, and that a variety of reasons—some outside OHR’s control—can cause delays in a new employee’s start date on the back end.

We have previously reported that OHR lacked an effective method for assessing the timeliness of SEC hiring and that OHR has used a variety of starting and ending points, including points that differ from OPM, to calculate T2H.¹⁶ While using different starting and ending points may be useful for internal purposes, the SEC’s T2H data does not reflect the entire hiring process and is not comparable with OPM’s government-wide metrics.

Agencies have been directed to improve the quality and speed of hiring for mission critical and commonly filled positions.¹⁷ As a leading practice, GAO recommends that agencies develop a recruitment program and hiring process that includes establishing and tracking metrics to monitor the effectiveness of their recruitment program and hiring processes.¹⁸ In addition, the Office of Management and Budget and OPM have called for agencies to improve and standardize the collection of metrics on the end-to-end hiring process (from validating a hiring need through new employee onboarding) to align similar skills in the broader economy.¹⁹

¹³ 5 U.S.C. § 1103(c)(1); (c)(2)(F). See also, U.S. Office of Personnel Management, *End to End Hiring Initiative*, (March 2017), p. 8, accessed at: <https://www.opm.gov/policy-data-oversight/human-capital-management/hiring-reform/reference/end-to-end-hiring-initiative.pdf>. The agencies to which the Chief Human Capital Officers Act of 2002 apply are listed at 31 U.S.C. § 901(b).

¹⁴ U.S. Office of Personnel Management, *Updated Instructions for Reporting Annual Time-to-Hire (T2H)* (December 2019).

¹⁵ For those agencies subject to statutory T2H reporting requirements, OPM has asked that they report T2H metrics using the average number of calendar days between the date that an agency validates its need to hire and the date a candidate accepts a tentative offer.

¹⁶ U.S. Securities and Exchange Commission, Office of Inspector General, *Final Closeout Memorandum: Audit of the SEC’s Hiring Practices* (August 19, 2016) and *The SEC Can Improve in Several Areas Related to Hiring* (Report No. 572; February 28, 2022).

¹⁷ Presidential Memorandum, *Improving the Federal Recruitment and Hiring Process* (May 11, 2010).

¹⁸ U.S. Government Accountability Office, *State Department: Additional Actions Needed to Address IT Workforce Challenges* (GAO-22-105932, July 2022).

¹⁹ U.S. Office of Management and Budget Memorandum M-24-16, *Improving the Federal Hiring Experience* (August 2024) and U.S. Office of Personnel Management *End-to-End Hiring Initiative* (March 2017).

Recent directives have announced a Federal Hiring Plan that will, among other things, provide specific best practices for the human resources function in each agency (including practices related to recruitment and retention); decrease the government-wide T2H target to under 80 days; and integrate modern technology to support the recruitment and selection process, including the use of data analytics to identify trends, gaps, and opportunities in hiring.²⁰ Implementing actions now to accurately and consistently measure the length of the SEC's hiring process would allow the agency to comply with the latest federal guidance and ensure it is able to attract and quickly onboard highly skilled staff in the future.

SEC Hiring Managers Were Highly Satisfied With the Overall Quality of New Hires in FYs 2022 and 2023. Within 6 to 9 months of onboarding new staff, OHR surveys hiring managers about the quality of each new hire and has established a quality-of-hire satisfaction goal of 95 percent for mission critical positions. Overall, in FYs 2022 and 2023, hiring managers reported high satisfaction with the quality of hire. On average, about 95 percent of hiring managers who responded to OHR surveys in FY 2022 across all SEC mission critical positions (and about 97 percent the following year) agreed or strongly agreed that newly hired staff met quality expectations.

When asked about challenges in filling open positions, most hiring managers who responded to a survey we administered cited the following as their top three challenges: (1) a limited pool of candidates, (2) the complexity of the hiring process, and (3) time constraints related to hiring timelines. According to OPM, data analysis and feedback from a variety of sources will help determine program effectiveness.²¹ However, since hiring managers reported high satisfaction with the overall quality of hire in FYs 2022 and 2023, we are not making any recommendation for corrective action in this area.

Recommendations

To ensure that the SEC is able to attract and onboard highly skilled staff quickly and cost effectively, we recommend that OHR plan and take action to:

1. Define processes to consistently monitor the cost-effectiveness of recruitment sources used, including processes to improve the accuracy and reliability of SEC recruitment data.
2. Establish processes to consistently calculate and assess SEC time-to-hire for the end-to-end hiring process in alignment with government-wide time-to-hire metrics.

On April 30, 2025, we provided SEC management with a draft of our management letter for review and comment. In its May 12, 2025, response, management concurred with both recommendations, stating that OHR plans to conduct comprehensive quarterly and annual reviews of the recruitment budget to reconcile expenditures and identify opportunities for improvement. Once validated, data will be shared through the Return-on-Investment dashboard. Management expects to implement these processes once hiring activities resume. Additionally, notwithstanding the unique requirements of the SEC's hiring process and the

²⁰ E.O. 14170, *Reforming the Federal Hiring Process and Restoring Merit to the Government Service* (January 20, 2025); and E.O. 14210, *Implementing the President's "Department of Government Efficiency" Workforce Optimization Initiative* (February 11, 2025).

²¹ U.S. Office of Personnel Management *Delegated Examining Operations Handbook: A Guide for Federal Agency Examining Offices* (June 2019).

tailored approaches that the SEC provides for certain mission critical occupations, OHR remains committed to aligning its tracking and reporting with the OPM model to ensure comparability. OHR looks forward to forthcoming federal guidance for reducing government-wide hiring to under 80 days. Management's complete response is reprinted in Attachment II.

Management's proposed actions are responsive. The recommendations will be closed upon completion and verification of the actions taken. We request that, within the next 45 days, management 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 management will address the recommendations.

We appreciate the courtesies and cooperation extended to us during the audit. If you have questions, please contact me.

Attachments

cc: Paul Atkins, Chairman
Gabriel Eckstein, Chief of Staff, Office of Chairman Atkins
Mark Berman, Deputy Chief of Staff, Office of Chairman Atkins
Peter Gimbrere, Managing Executive, Office of Chairman Atkins
Natalia Díez Riggín, Acting Director, Office of Legislative and Intergovernmental Affairs
Stephanie Allen, Acting Director, Office of Public Affairs
Hester M. Peirce, Commissioner
Benjamin Vetter, Counsel, Office of Commissioner Peirce
Caroline A. Crenshaw, Commissioner
Malgorzata Spangenberg, Counsel, Office of Commissioner Crenshaw
Mark T. Uyeda, Commissioner
Ivan Griswold, Counsel, Office of Commissioner Uyeda
Jeffrey Finnell, Acting General Counsel
Elizabeth McFadden, Deputy General Counsel General Litigation, Office of the General Counsel
Shelly Luisi, Chief Risk Officer
Jim Lloyd, Assistant Chief Risk Officer/Audit Coordinator, Office of the Chief Risk Officer
Mark Reinhold, Chief Human Capital Officer
Rita Sampson, Director, Office of Equal Employment Opportunity
Nathaniel H. Benjamin, Director, Office of Minority and Women Inclusion
Deborah J. Jeffrey, Inspector General

Attachment I. Objective, Scope, and Methodology

Our objective was to assess the SEC's strategies for recruiting and retaining employees and efforts to address challenges in filling vacancies. We sought to (1) determine the extent to which the SEC has implemented leading human capital management practices and Government-wide guidance related to recruitment and retention; and (2) evaluate the mechanisms used by the SEC to assess the effectiveness of its recruitment and retention strategies. Our scope included the SEC's recruitment and retention efforts for FYs 2022 and 2023.

To address our objective, among other work performed, we met with SEC officials from OHR, the Office of Equal Employment Opportunity, and the Office of Minority and Women Inclusion, and we reviewed relevant federal laws and SEC policies, procedures, guidance, and administrative regulations. We also analyzed SEC recruitment and retention data (including vacancy rates, recruitment sources, outreach efforts, and attrition data for FYs 2022 and 2023), and surveyed about 700 staff hired in FYs 2022 to 2023 and 280 corresponding hiring officials.

We conducted our work between January 2024 and May 2025 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. However, we limited our work due to recently issued directives that impact the SEC's workforce and its ability to recruit and retain staff. Recent directives rescinded prior guidance, paused all hiring, call for making recruitment and hiring processes more efficient, and discuss a Federal Hiring Plan expected to provide specific best practices for the human resources function in each agency (including practices related to recruitment and retention).²² As criteria was rescinded, issued, and evolved during our fieldwork, we adjusted our scope accordingly.

Data Reliability: The U.S. Government Accountability Office's *Assessing Data Reliability* (GAO-20-283G, December 2019) states reliability of data means that data are applicable for audit purpose and are sufficiently complete and accurate. Data primarily pertains to information that is entered, processed, or maintained in a data system and is generally organized in, or derived from, structured computer files. Furthermore, GAO-20-283G defines "applicability for audit purpose," "completeness," and "accuracy" as follows:

"Applicability for audit purpose" refers to whether the data, as collected, are valid measures of the underlying concepts being addressed in the audit's research objectives.

"Completeness" refers to the extent to which relevant data records and fields are present and sufficiently populated.

"Accuracy" refers to the extent that recorded data reflect the actual underlying information.

To address our objective, we relied on computer-processed data, including OHR's recruitment and retention data. To assess the reliability of this data, we:

²² E.O. 14170, *Reforming the Federal Hiring Process and Restoring Merit to Government Service* (January 20, 2025), Presidential memorandum, *Hiring Freeze* (January 20, 2025); and E.O. 14210, *Implementing the President's "Department of Government Efficiency" Workforce Optimization Initiative* (February 11, 2025).

- Performed walkthroughs of OHR systems and dashboards used to track and generate workforce data.
- Reviewed the parameters used to generate reports from these systems and performed tests to validate the information in these reports.
- Interviewed knowledgeable OHR personnel responsible for entering data and generating reports from these systems.

Based on our assessment, we found the data sufficiently reliable for the purpose of this audit.

Attachment II. Management Comments



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

MEMORANDUM

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

From: Mark Reinhold, Chief Human Capital Officer  Digitally signed by
MARK REINHOLD
Date: 2025.05.12
13:22:17 -04'00'

Date: May 12, 2025

Subject: Management Response to *Audit of the SEC's Efforts to Recruit and Retain a Highly Skilled Workforce and Address Related Challenges*

Thank you for the opportunity to review and comment on the Office of Inspector General (OIG) draft management letter, *Audit of the SEC's Efforts to Recruit and Retain a Highly Skilled Workforce and Address Related Challenges*. We concur with the recommendations in your draft management letter.

I am pleased that your draft management letter recognized that SEC hiring managers were highly satisfied with the overall quality of new hires in FYs 2022 and 2023. When hiring resumes, the Office of Human Resources (OHR) will further improve our efforts to attract and onboard highly skilled staff quickly and cost-effectively.

One area noted in your letter was tracking the costs of recruitment sources. As noted in the draft letter, OHR began tracking these costs in FY 2023, which has allowed us to assess the effectiveness of recruitment sources in generating qualified and highly skilled candidates. OHR will continue to build on those efforts as you recommended.

With respect to Service Level Commitments (SLC), OHR updated the "Hiring and Pay Setting Process" SLC in FY 2023, after extensive efforts internally within the OHR and with stakeholders across the SEC. OHR's efforts included a pilot period with adjustments to key phases of the hiring process and extensive feedback from a working group of division/office representatives. OHR will continue this initiative to drive efficiency within the hiring process.

Further details on the SEC's plans to implement these recommendations are provided in Appendix 1.

Attachment: Appendix 1: Management Responses to Recommendations

Ms. Rebecca Sharek
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Appendix 1: Management Responses to Recommendations

Please find below the Office of Human Resources' management response to each recommendation:

Recommendation 1: Define processes to consistently monitor the cost-effectiveness of recruitment sources used, including processes to improve the accuracy and reliability of SEC recruitment data.

Response: We concur. In 2023, OHR began tracking and analyzing the Return-on-Investment (ROI) data related to recruitment. This process involved monitoring the cost-effectiveness of various recruitment sources and reviewing internal procedures to improve data accuracy and reliability. Moving forward, OHR plans to conduct comprehensive quarterly reviews of the recruitment budget to ensure all expenditures are reconciled and properly coded for ease of analysis. Once validated, the data will be shared through the ROI dashboard, along with initiative-specific details extracted from the USA Staffing applicant intake system. On an annual basis, OHR will evaluate the entire process to identify opportunities for improvement in the upcoming fiscal year. This approach will allow for consistent, rolling evaluation of recruitment efforts. The outlined process will be implemented once hiring activities resume. OHR is preparing a closure package evidencing the actions taken to request closure of this recommendation.

Recommendation 2: Establish processes to consistently calculate and assess SEC time-to-hire for the end-to-end hiring process in alignment with government-wide time-to-hire metrics.

Response: We concur. OHR has invested significant effort in collaborating with divisions and offices across the agency to establish Service Level Commitments (SLC) that clearly define timelines and responsible parties for each phase of the hiring process. As noted in OIG's draft management letter, SEC hiring managers identified "time constraints related to hiring timelines" as one of their top concerns. It is important to highlight that the SEC's SLC allocate considerably more time to hiring manager-owned phases of the process – such as interviewing and selection – providing 45 to 60 days, compared to the 15-day standard outlined in OPM's model. The SEC's hiring process also includes unique requirements not contemplated in the OPM model, including evaluations for pay-setting purposes and pre-employment reviews of securities holdings. Additionally, the SEC provides tailored approaches for certain mission critical occupations to make the hiring process streamlined and more efficient. For example, the Division of Economic and Risk Analysis utilizes extended announcement periods for economist positions to align with the academic market and key events such as annual academic conferences, where the agency competes with academia and private industry for top talent. This streamlined approach allows the agency the flexibility to make multiple selections from a single job posting instead of performing work to draft individual job posting and completing the hiring process for each position separately. Similarly, the Division of Examinations uses bundled job postings with extended open periods for Headquarters (HQ) and the Regional offices' attorney, securities compliance examiner, and accountant positions across various grade levels through a single vacancy announcement. This allows the HQ and the Regional offices to scale their recruiting effort, which generates efficiencies by allowing multiple offices to make selections from one shared certificate instead of reviewing multiple job postings and certificates.

Despite these distinctions, we currently collect data that allows us to track and report hiring performance against the OPM's 80-day model. This data collection ensures decision makers are not misled and provides the SEC with the ability to effectively analyze its end-to-end time to hire data and identify opportunities for improvement. Going forward, OHR remains committed to aligning our tracking and reporting with the OPM model to ensure comparability. We also look forward to forthcoming guidance under the Federal Hiring Plan directed by Executive Order 14170, "Reforming the Federal Hiring Process and Restoring Merit to Government Service" to reduce government-wide hiring to under 80 days. OHR is preparing a closure package evidencing the actions taken to request closure of this recommendation.