U.S. SECURITIES AND EXCHANGE COMMISSION

REPORT NO. 592

SEPTEMBER 28, 2026

OFFICE OF INSPECTOR GENERAL

OFFICE OF AUDITS

The Office of the Ombudsman Appropriately Handled Investor Concerns But Reporting Was Inaccurate and Unclear

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

OFFICE OF
INSPECTOR GENERAL

MEMORANDUM

September 28, 2026

TO: Lisa Skrzycki, Acting Ombudsman, Office of the Investor Advocate

FROM: Kevin B. Muhlendorf, Inspector General KEVIN MUHLENDORF Digitally signed by KEVIN MUHLENDORF Date: 2026.09.28 12:37:24 -04'00'

SUBJECT: *The Office of the Ombudsman Appropriately Handled Investor Concerns But Reporting Was Inaccurate and Unclear,* Report No. 592

Attached is the Office of Inspector General final report detailing the results of our evaluation of the U.S. Securities and Exchange Commission's Office of the Ombudsman's handling and reporting of investor concerns. The report contains six recommendations that should help improve program operations.

On August 25, 2026, we provided management with a draft of our report for review and comment. In its September 23, 2026, response, management concurred with our recommendations and included planned corrective actions with timeframes. We have included management's response as Appendix II in the final report.

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

Attachment

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EXECUTIVE SUMMARY

The Office of the Ombudsman Appropriately Handled Investor Concerns But Reporting Was Inaccurate and Unclear

REPORT NO. 592 | SEPTEMBER 28, 2026

WHY WE DID THIS EVALUATION

The Office of the Ombudsman (OO) is an independent, neutral organization within the U.S. Securities and Exchange Commission's (SEC, Commission, or agency) Office of the Investor Advocate. The Securities Exchange Act of 1934, as amended, requires the Ombudsman to help resolve problems retail investors may have with the Commission or a self-regulatory organization overseen by the SEC. Agency management asked the Office of Inspector General to consider whether OO appropriately handled matters and conveyed accurate information and data in its section of the Investor Advocate's statutorily mandated reports to Congress.

We conducted this evaluation to determine whether OO appropriately handled and accurately reported matters submitted by investors, market participants, and other stakeholders. We also evaluated actions taken in response to a 2021 Office of Inspector General management letter regarding OO. The evaluation scope included matters reported to OO in fiscal years (FY) 2024 and 2025.

AGENCY'S RESPONSE

Management concurred with our recommendations and provided responsive corrective actions with estimated timeframes. The recommendations are resolved and will be closed upon verification of the actions taken. Management's complete response is reprinted in Appendix II.

WHAT WE FOUND AND RECOMMENDED

OO researches matters to decide how to liaise with investors, the public, the SEC, and self-regulatory organizations as required by the Securities Exchange Act of 1934. The Act also requires the Ombudsman to report its activities to the Investor Advocate on a semiannual basis, and the Investor Advocate must include this information in its statutorily mandated reports to Congress. The Office of the Investor Advocate publicly posts these reports to the SEC's website.

We determined that the SEC took sufficient action in response to our 2021 management letter by updating certain webpages and timely identifying credible allegations received by OO and referring them to the agency's Tips, Complaints, and Referrals system. Also, based on our review of 140 judgmentally selected matters reported to OO in FYs 2024 and 2025, OO appears to have timely and appropriately handled them. However, OO staff incorrectly categorized and reported 24 of those matters, and assigned incomplete or inaccurate dispositions to 43 of them. The subjectivity and complexity of categorizing matters investors submit to OO and assigning dispositions to those matters contributed to staff's errors. Additionally, the Acting Ombudsman (appointed in January 2025) began reviewing staff's work in March 2025 but some errors had already occurred and others went undetected. As a result, some information reported to Congress, the public, and internal stakeholders, as well as information used to ensure matters were appropriately handled, was inaccurate.

In FYs 2024 and 2025, OO reported data that was inaccurate, could not be verified, and may have been incomplete. Specifically, 133 matters created to test OO's system of record were inappropriately reported as concerns submitted by investors. OO also did not maintain detailed information to support the data reported in the Ombudsman's section of the Investor Advocate's statutorily mandated reports. In addition, we found 65 gaps in system-generated matter identification numbers from FYs 2024 and 2025, which OO could not definitively explain. As a result, OO lacks assurance that data reported in the Ombudsman's section of the Investor Advocate's FYs 2024 and 2025 reports was complete. Furthermore, because OO lacked a quality control process for preparing and reviewing the Ombudsman's reports, reports included unclear statements and other errors, such as a mislabeled reporting period and inaccurate percentages.

We made six recommendations to help improve the usefulness, accuracy, clarity and completeness of OO's information and data and its internal and external reporting.

We also identified a matter that did not warrant a recommendation but that we discussed with management. Specifically, the Investor Advocate's Report on Objectives for FY 2027 was not issued by June 30, 2026, as required by law because the Investor Advocate position has been vacant since January 2026. If issued, the report would have included the Ombudsman's reporting. SEC management has sought candidates for the Investor Advocate position, and we encourage management to continue actions to fill the vacancy.

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Abbreviations

FY	fiscal year
OIEA	Office of Investor Education and Assistance
OIG	Office of Inspector General
OMMS	Ombudsman Matter Management System
OO	Office of the Ombudsman
SEC, Commission, or agency	U.S. Securities and Exchange Commission
SRO	self-regulatory organization
TCR	tips, complaints, and referrals

Background and Objectives

BACKGROUND

The Office of the Ombudsman (OO) is an independent, neutral organization within the U.S. Securities and Exchange Commission's (SEC, Commission, or agency) Office of the Investor Advocate. The Securities Exchange Act of 1934, as amended, requires the Ombudsman to help resolve problems retail investors may have with the Commission or with a self-regulatory organization (SRO) overseen by the SEC, and OO receives thousands of submissions each year alleging securities law violations, inquiring about corporate disclosures, or raising other concerns.[1,2] To address these matters, OO conducts research, provides information, and, as appropriate, collaborates with and refers issues to other SEC divisions and offices, including the Division of Enforcement and the Office of Investor Education and Assistance (OIEA). Retail investors and members of the public wishing to contact OO can do so via email, telephone, or regular mail, or by submitting an online query through the Ombudsman Matter Management System (OMMS).[3] The SEC plans to transfer OMMS functionality to a new system by December 2026.

As of the date of this report, OO had three employees—an Acting Ombudsman, a senior counsel, and a detailed staff member—and the Office of the Investor Advocate had seven other employees. The Acting Ombudsman has been in position since January 2025, and the Investor Advocate position has been vacant since January 2026. The Securities Exchange Act prescribes that the Investor Advocate appoints the Ombudsman.[4]

Handling Investor Concerns. Each matter submitted to OO and entered into OMMS receives a system-generated sequential identification number. OO staff also assign each matter a "primary category" to classify the nature of the submission for internal and external reporting.[5] If the matter represents a "credible allegation or statement of concern about a possible violation of the federal securities laws or conduct reasonably related to securities that poses a possible risk of harm to investors," staff must also timely enter the matter into the SEC's Tips, Complaints, and Referrals (TCR) system.[6] This refers the

[1] 15 U.S.C. § 78d(g)(8)(B)(i).

[2] SROs, including national securities exchanges and entities like the Financial Industry Regulatory Authority, play an important role in the regulation of securities. They establish measures to ensure market integrity and investor protection, and they discipline their members for improper conduct. SRO proposed rules are subject to SEC review and/or approval.

[3] OMMS is an online portal used to receive, record, respond to, and manage matters submitted to OO, and is the organization's primary means of communicating with the public.

[4] 15 U.S.C. § 78d(g)(8)(A).

[5] OO staff use the following 12 "primary categories" to best describe the main issue raised by a matter: (1) Allegations of Securities Law Violations, (2) Atypical Matters, (3) Inquiries About Corporate Disclosure/Registration, (4) [Financial Industry Regulatory Authority] Complaints/Questions/Procedures, (5) Investor Account Matters, (6) Investment Products - Questions/Complaints, (7) Non-SEC/Other Matters, (8) SEC Investigations/Litigation/Enforcement Actions, (9) SEC/Other Impersonators, (10) Other SEC Questions/Complaints, (11) Other SRO Complaints/Questions/Procedures, and (12) Potential Organized Campaign. A thirteenth primary category—Undetermined Matters—should be changed to one of the other categories before OO closes a matter.

[6] According to the SEC's *Commission-Wide Policies and Procedures for Handling Tips, Complaints, and Referrals* (dated October 25, 2024), a "credible" allegation or statement of concern is one that is not frivolous on its face.

matter to the Division of Enforcement or the Division of Examinations. Finally, before closing a matter in OMMS, OO staff select up to nine dispositions that reflect how the matter was handled.[7]

For example, if an investor alleges securities fraud, OO staff will categorize the matter as "Allegations of Securities Law Violations." If the allegation is deemed credible, staff will also enter a TCR and notify the investor. OO staff will then record the matter's disposition as "Submit TCR" and "Responded to Submitter." Additionally, if an investor has a question about their personal investments, OO staff will categorize the submission as "Investor Account Matters," tell the investor how to contact OIEA and/or contact OIEA on the investor's behalf, and record the disposition as "Referred to OIEA" and "Responded to Submitter."

Reporting Investor Concerns. The Securities Exchange Act of 1934 requires the Ombudsman to submit semiannual reports to the Investor Advocate that describe the activities and evaluate the effectiveness of the Ombudsman during the preceding year. The Investor Advocate must include this information in its reports to Congress.[8] The Office of the Investor Advocate also publicly posts these reports to the SEC's website.

OBJECTIVES

In response to a request from agency management to assess OO's handling and reporting of matters, we initiated this evaluation. Our objective was to determine whether OO appropriately handled and accurately reported matters submitted by investors, market participants, and other stakeholders. We also evaluated actions taken in response to a 2021 Office of Inspector General (OIG) management letter regarding OO.[9] Our evaluation scope included matters reported to OO in fiscal years (FY) 2024 and 2025 (that is, between October 1, 2023, and September 30, 2025).

Appendix I of this report includes information about our scope and methodology, relevant internal controls, data reliability, and prior coverage.

[7] The nine potential dispositions are: (1) Referral to OIEA, (2) Referral to [Division of Enforcement]-TCR, (3) Referral to [Division of Enforcement]-Other, (4) Referral to Other SEC Division/Office, (5) Referral to SRO, (6) Referral to Other Regulator, (7) Submit TCR, (8) Responded to Submitter, and (9) No Response Required.

[8] The Investor Advocate submits to Congress a Report on Objectives for the following fiscal year, no later than June 30 each year, and a Report on Activities during the immediately preceding fiscal year, no later than December 31 each year.

[9] U.S. Securities and Exchange Commission, Office of Inspector General, *Final Management Letter: Actions May Be Needed To Improve Processes for Receiving and Coordinating Investor Submissions* (May 24, 2021).

Results

FINDING 1. While Investor Concerns Were Appropriately Handled, OO Made Errors When Recording Them

There is flexibility under the Securities Exchange Act of 1934 in how the Ombudsman liaises with investors, the public, the SEC, and SROs, as the Act does not specify how these duties should be performed. OO can spend an unpredictable amount of time researching matters to determine how to handle them, yet appears to have timely and appropriately handled the 140 matters we judgmentally selected and reviewed. When responses to submissions were necessary, OO staff responded to investors within five business days of receiving submissions as suggested by OO policy.[10] However, staff incorrectly categorized and reported 24 of those matters and assigned incomplete or inaccurate dispositions to 43 of them. The subjectivity and complexity of assigning primary categories and dispositions contributed to OO staff's errors. Additionally, although the Acting Ombudsman began reviewing staff's work in March 2025, she did not detect some errors. Other errors had already occurred. As a result, some primary category information reported to Congress, the public, and internal stakeholders, as well as disposition information used to ensure matters were appropriately handled, was inaccurate.

Regarding the SEC's response to our 2021 management letter, the agency sufficiently updated certain webpages to clarify how different types of investor concerns should be submitted, including to OO. Furthermore, based on our review of 140 matters, OO timely identified credible allegations about violations of securities laws it received and referred them to the TCR system.

OO Timely and Appropriately Handled Investor Concerns

OO cannot control the nature of matters brought to its attention, and OO staff must research each matter to identify an appropriate response or referral. The Ombudsman reported that OO received 2,772 and 2,496 investor submissions in FY 2024 and FY 2025, respectively.[11] We reviewed 140 of these matters, and it appears that OO timely and appropriately handled each one. OO policy instructs staff to make "best efforts" to respond to investors within five business days unless coordinating with a supervisor or another SEC division or office. For submissions that warranted a response, we evaluated the timeliness of OO's responses and determined that OO responded within five business days or was coordinating with another SEC division or office. After researching matters submitted by investors, OO staff referred investors to (1) the TCR system for handling of their credible allegations of securities law violations, (2) OIEA for questions or complaints about personal investments, or (3) other financial regulators to address concerns that are not in the SEC's jurisdiction, among other actions.

[10] In some circumstances, OO determined responses to submissions were not required. We assessed these determinations as reasonable.

[11] U.S. Securities and Exchange Commission, Office of the Investor Advocate, *Fiscal Year 2024 Report on Activities* and *Fiscal Year 2025 Report on Activities*.

OO Incorrectly Categorized Some Investor Concerns and How It Dispositioned Them

Primary category information for each matter submitted to OO is included in the Investor Advocate's reports to Congress. Additionally, the Acting Ombudsman reviews a weekly report that includes dispositions along with other information to determine whether matters were properly handled.

OO incorrectly categorized 24 of 140 matters and could have assigned multiple categories to another 19

We found that OO made errors when assigning and recording some matter categories and dispositions. OO staff incorrectly categorized 24 of the 140 matters we reviewed and could have assigned multiple categories to another 19 matters. Staff also incorrectly recorded disposition information for 43 of the matters, including recording incomplete dispositions or recording inaccurate dispositions. For example, in some cases, OO staff did not include "Referral to Other Regulator" when referring investors to the Commodity Futures Trading Commission. Other examples included cases were staff incorrectly included "Referral to [Division of Enforcement]-TCR" in addition to "Submit TCR" when they had input the matter into the TCR system instead of giving the investor instructions on how to enter the matter into the system. OO policy dictates that "Submit TCR" should be used when OO staff enter the TCR, and "Referral to [Division of Enforcement]-TCR" should be used when staff give the investor instructions on entering the TCR. These errors occurred because OO staff did not always follow policies for categorizing matters and recording dispositions and, according to the Acting Ombudsman, the organization did not always prioritize accurately assigning and recording categories or dispositions. To ensure matters were appropriately handled, the Acting Ombudsman said she began reviewing matters in March 2025 but did not focus on the accuracy of categories and dispositions. As a result, OO staff continued to make undetected errors.

Assigning primary categories and dispositions is often subjective and complex, which also contributed to the errors we observed. For example, per OO's policies, the category "Investor Account Matters" should be selected when "the submitter has a question or complaint relating to their personal investments or finances." However, if the same "complaint" becomes a credible allegation of securities fraud, the category "Allegations of Securities Law Violations" may be a more accurate selection. While selecting dispositions is less subjective, most matters require more than one disposition, making it difficult to record accurate and complete disposition information. Notably, OO has not engaged with stakeholders to determine what information regarding OO's handling of investor concerns would be beneficial and should be reported.

Because OO includes primary category information in the Investor Advocate's reports to Congress, which are also made available to the public, stakeholders did not get accurate information about the matters OO handled during FYs 2024 and 2025. Additionally, incorrect disposition information impacted the usefulness of a weekly report used by the Acting Ombudsman to ensure matters were appropriately handled.

RECOMMENDATIONS, MANAGEMENT'S RESPONSE, AND EVALUATION OF MANAGEMENT'S RESPONSE

To improve and ensure the usefulness and accuracy of OO information, we recommend that OO management:

Recommendation 1:

Coordinate with agency management and the Office of Legislative and Intergovernmental Affairs, as necessary, to (a) identify its internal and external stakeholders, and then (b) determine what information regarding the Office of the Ombudsman's activities, including handling of investor concerns, would be beneficial as part of the Investor Advocate's statutorily mandated reports.

Management's Response. Management concurred with the recommendation, stating that the Office will formally identify relevant internal and external stakeholders and determine information regarding the activities and effectiveness of the Office that may be beneficial for inclusion in the Ombudsman's section of the Investor Advocate's statutory reports. The Office will develop stakeholder identification criteria, conduct meetings with the Office of Legislative and Intergovernmental Affairs and other Commission offices, document stakeholder reporting needs, and integrate these requirements into future reporting templates aligned with OMMS functionality. Management plans to complete these actions by March 2027. Management's complete response is reprinted in Appendix II.

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

Recommendation 2:

Taking stakeholder feedback into account, reevaluate and consider simplifying the primary categories and dispositions used to describe each matter handled.

Management's Response. Management concurred with the recommendation, stating that the Office will re-evaluate and consider simplifying the primary category and disposition framework to improve consistency and clarity. Existing OMMS categories will be mapped to the upgraded OMMS taxonomy, updated categorization guidance will be drafted, and new categorization rules will be piloted prior to transition. Revised categorization processes will be incorporated into Office policy documents. Management plans to complete these actions by March 2027. Management's complete response is reprinted in Appendix II.

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

Recommendation 3:

Train Ombudsman staff on organizational policies and procedures for accurately assigning primary categories and dispositions to each matter.

Management's Response. Management concurred with the recommendation, stating that the Office will develop and deliver structured training modules on the upgraded OMMS to ensure staff can accurately assign primary categories and dispositions. Mandatory staff training will be conducted prior to deployment, followed by quarterly refreshers and updated onboarding materials included to ensure continuous improvement. Management plans to complete initial training by January 2027. Management's complete response is reprinted in Appendix II.

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

Recommendation 4:

Include in existing review processes steps to assess the accuracy of assigned category and disposition information to ensure accurate recording and reporting of that information.

Management's Response. Management concurred with the recommendation, stating that the Office will implement strengthened quality assurance protocols supported by dashboards and reports in the upgraded OMMS. These protocols will specify review frequency, require supervisory sign-off, and track quality assurance findings to support continuous process improvement. Management plans to complete these actions by February 2027. Management's complete response is reprinted in Appendix II.

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

FINDING 2. The Ombudsman's Congressional Reporting Contained Other Errors and Inaccuracies and Was Not Always Clear

As previously stated, the Securities Exchange Act of 1934 requires the Ombudsman to report its activities to the Investor Advocate on a semiannual basis, and the Investor Advocate must include this information in its statutorily mandated reports to Congress. Additionally, per the U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government*, management (1) designs and establishes control activities to mitigate risks to achieving the entity's objectives, (2) should use quality information to achieve objectives, and (3) should communicate relevant and quality information to appropriate external parties.[12] The *Standards for Internal Control in the Federal Government* define quality information as information that is appropriate, current, complete, accurate, accessible, verifiable, retained as appropriate, and provided on a timely basis. Nonetheless, in FYs 2024 and 2025, OO reported data that was inaccurate, could not be verified, and may have been incomplete. Additionally, the Ombudsman's section of the Investor Advocate's reports to Congress contained other errors and unclear language.

Reported Data Was Inaccurate, Could Not Be Verified, and May Have Been Incomplete

In both FY 2024 and FY 2025, the Ombudsman's section of the Investor Advocate's Report on Activities included (1) the number of investor submissions OO received and processed that year by primary category, and (2) the number of contacts OO had with investors who submitted matters that year by primary category.[13] This data inappropriately included 133 matters created to test OMMS (16 test matters in FY 2024, and 117 test matters in FY 2025). The Acting Ombudsman was aware of these test matters and understood them to be appropriately categorized and reported as "Atypical Matters;" OO had not considered removing these test matters from the reporting population before our evaluation. As a result, the Investor Advocate's FY 2024 and FY 2025 Report on Activities overstated new matters received by OO by approximately 0.6 percent and 5 percent, respectively. Additionally, the number of matters categorized as "Atypical Matters" was overstated in both reports by about 1.5 percent and 46 percent, respectively.

OO inappropriately included 133 test matters in information reported to Congress and the public

OO also did not maintain detailed information to support data reported in the Ombudsman's section of the Investor Advocate's FY 2024 and FY 2025 Report on Activities. There was no formal policy requiring retention of supporting documents and, as OO staff gather information related to matters, the assigned primary category can change. Furthermore, the OMMS system did not allow OO to create reports using a prior "as of" date. As a result, OO was unable to verify the accuracy of reported data.

[12] U.S. Government Accountability Office, *Standards for Internal Control in the Federal Government* (GAO-25-107721, May 2025); Principles 10, *Design Control Activities*,13, *Use of Quality Information,* and 15, *Communicate Externally*.

[13] An investor's initial contact with OO creates a "matter" in OMMS; any subsequent communications to or from OO deriving from the matter is captured as a "contact" in OMMS.

We also found that OMMS contained 65 gaps in system-generated matter identification numbers, resulting in over 300 missing identification numbers for matters opened in FY 2024 and FY 2025, which OO could not definitively explain. OMMS generates unique identification numbers that increase sequentially as matters are entered into the system, and the system does not reuse numbers. OO is aware that gaps in these numbers may occur for a variety of reasons including removal of test matters, deletion of matters, and when the identification number counter is reset.[14] However, OO does not monitor for gaps or document why specific gaps in matter identification numbers exist. As a result, OO lacks assurance that data reported in the Ombudsman's section of the Investor Advocate's FY 2024 and FY 2025 Report on Activities was complete.

Information Reported to Congress Contained Other Errors and Unclear Language

As we were planning this evaluation in December 2025, the Investor Advocate issued its FY 2025 Report on Activities and we identified the following errors in the Ombudsman's section:

- The stated reporting period was October 1, 2024, through March 31, 2025, rather than October 1, 2024, through September 30, 2025.
- Matters and contacts values presented in the body of the report did not agree to the data presented in the report's graphs.
- Information showing the change (expressed as percentages) in OO's total number of contacts and matters received in FY 2025 versus FY 2024 was inaccurate.

We communicated these errors to the Acting Ombudsman who corrected them and informed the Investor Advocate. The report was re-issued within a week. However, the errors occurred because there was no quality control process for preparing and reviewing the Ombudsman's section of the Investor Advocate's reports, and the Acting Ombudsman submitted her section to the Investor Advocate without secondary reviews or verifying data to detailed supporting documentation.

There was no quality control process for preparing and reviewing the Ombudsman's section of the Investor Advocate's reports

We also evaluated the language in the Ombudsman's sections of the Investor Advocate's FY 2024 and revised FY 2025 Report on Activities and determined that both erroneously stated that "the Ombuds must submit biannual reports to Congress" instead of stating that the Ombudsman must submit semiannual reports to the Investor Advocate, as statutorily required. The Acting Ombudsman noted this as an oversight.

We further determined that the following information or lack thereof in the Ombudsman's section of those same reports was not clear and could be clarified:

[14] These actions can be performed by either the Ombudsman or the OMMS system administrator.

- The FY 2024 report stated that OO "handled" matters related to impersonations. The Acting Ombudsman clarified that, when engaging with an investor, OO staff confirm whether information the investor received is fake or appears improper; per OO's policies, such matters are then to be referred to the OIG and the SEC's Office of the General Counsel for action(s) deemed appropriate. OO does not have the authority to substantively engage with alleged impersonators, and the Acting Ombudsman agreed that, in the future, OO could more accurately represent this.

- The FY 2024 report also mentioned that the OO team participated in meetings "to discuss ways to prevent fraud before it occurs." The Acting Ombudsman clarified that OO staff attended meetings where discussions among federal agencies included ways to improve the messaging on fraud, and OO staff shared their knowledge of how investors were targeted based on trends staff have seen. However, OO staff did not provide confidential information during the meetings, and the Acting Ombudsman agreed that the report language could be clarified.

- The Ombudsman's opening message for the FY 2024 and FY 2025 reports focused on actions and feedback to investors on matters received related to fraud. However, the FY 2025 report discussed OO's referral of "many" matters to various SEC divisions and offices. Based on how these sections were written, it is unclear whether OO addressed matters, referred matters, or both.

- The Ombudsman did not include in either report information OO maintained about the outcome and disposition of investor concerns submitted to OO. This information could be useful for stakeholders to understand OO's activities and what it ultimately does with matters it receives. The Acting Ombudsman agreed.

According to the Acting Ombudsman, she was encouraged not to make substantive changes to the language in the FY 2025 report to maintain consistency with prior years.

RECOMMENDATIONS, MANAGEMENT'S RESPONSE, AND EVALUATION OF MANAGEMENT'S RESPONSE

To improve and ensure the accuracy, clarity, and completeness of the Ombudsman's congressional reporting, we recommend that OO management:

Recommendation 5:

Develop and implement processes to (a) retain the detailed supporting documentation used to prepare the Ombudsman's section of the Investor Advocate's statutorily mandated reports to Congress, (b) ensure test matters are not included in the Ombudsman's reported data, and (c) work with the system administrator to monitor for gaps in its system of record, documenting why gaps in matter identification numbers exist.

Management's Response. Management concurred with the recommendation, stating that the Office will implement updated documentation retention protocols, configure the upgraded OMMS to flag and exclude test matters, and establish a new identification number gap log. These controls will be incorporated into revised standard operating procedures to enhance the accuracy

and completeness of reported data. Management plans to complete these actions by February 2027. Management's complete response is reprinted in Appendix II.

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

Recommendation 6:

Develop and implement quality control processes for preparing and reviewing the Ombudsman's publicly reported information to ensure its accuracy, clarity, and completeness, including verifying reported data to detailed supporting documentation.

Management's Response. Management concurred with the recommendation, stating that the Office will implement a multi-level quality control workflow using reporting tools, quality control checklists, and documentation verification steps available in the upgraded OMMS. These enhanced controls will be applied beginning with FY 2026 congressional reporting. Management plans to complete these actions by March 2027. Management's complete response is reprinted in Appendix II.

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

Other Matter of Interest

During our evaluation, we identified a matter related to the Investor Advocate's statutorily mandated reporting that did not warrant a recommendation. We discussed this matter with agency management as part of our objective of evaluating OO's reporting of investor concerns.

The Investor Advocate's Report on Objectives Was Not Issued in June 2026

The Investor Advocate position has been vacant since January 2026. The Securities Exchange Act of 1934 (1) requires the Investor Advocate to submit to Congress no later than June 30 each year a report on the objectives for the following fiscal year,[15] and (2) provides that the individual who serves as the Investor Advocate may not have been employed by the SEC during the two years ending on the date of the appointment as Investor Advocate.[16] The Act also requires the Ombudsman to submit a report to the Investor Advocate, which is to be included in the Investor Advocate's report to Congress.[17]

Because the Investor Advocate position has been vacant, the Investor Advocate's Report on Objectives for FY 2027 (including the Ombudsman's activities) was not issued by June 30, 2026. This report is important because it identifies the Investor Advocate's objectives for the year, and the report communicates those objectives to Congress and the public. For example, the FY 2026 Report on Objectives said the Investor Advocate would focus on China-based variable interest entities, private market investments in retirement accounts, and Crypto Task Force requests for information, among other subjects.[18]

SEC management sought candidates for the Investor Advocate position in February and July 2026. We encourage management to continue actions to fill the Investor Advocate vacancy.

[15] 15 U.S.C. § 78d(g)(6)(A)(i).

[16] 15 U.S.C. § 78d(g)(2)(C)(i).

[17] 15 U.S.C. § 78d(g)(8)(D).

[18] U.S. Securities and Exchange Commission, Office of the Investor Advocate*, Fiscal Year 2026 Report on Objectives*, pg. 5.

Appendix I. Scope and Methodology

We conducted this evaluation from January to September 2026 in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*. Those standards require that we plan and perform the evaluation to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings, conclusions, and recommendations based on our evaluation objectives. We believe that the evidence obtained provides a reasonable basis for our findings, conclusions, and recommendations based on our evaluation objectives.

Objectives and Scope

Our objective was to determine whether OO appropriately handled and accurately reported matters submitted by investors, market participants, and other stakeholders. We also evaluated actions taken in response to a 2021 OIG management letter regarding OO.[19] The evaluation scope included matters reported to OO in FYs 2024 and 2025 (that is, between October 1, 2023, and September 30, 2025).

Methodology

To address our objectives, among other work performed, we:

- met with representatives from OO, OIEA, the Office of the Investor Advocate, the Division of Enforcement, and the Office of Information Technology;
- reviewed SEC and OO policies and procedures, OMMS intake protocol, prior OIG work, and applicable federal laws;
- obtained walkthroughs of OMMS;
- selected a nonstatistical judgmental sample of 140 matters from our scope period and assessed how OO handled sampled matters including whether OO timely responded to submitters, appropriately referred matters (including to the TCR system), and accurately assigned primary categories and dispositions;[20] and
- evaluated the Ombudsman's section of the Investor Advocate's FY 2024 and FY 2025 Report on Activities to determine whether the reports accurately and clearly described OO's responsibilities and handling of matters.

To evaluate actions taken in response to the 2021 OIG management letter, we reviewed SEC and OO webpages as they existed in early 2026 and compared them to similar webpages documented during our 2021 review.

[19] U.S. Securities and Exchange Commission, Office of Inspector General, *Final Management Letter: Actions May Be Needed To Improve Processes for Receiving and Coordinating Investor Submissions* (May 24, 2021).

[20] We used OMMS-generated reports to judgmentally select matters opened or reopened by OO in FYs 2024 and 2025. During that time, OO opened 5,268 matters and reopened 125 matters. We stratified the population by date and primary category to ensure a representative selection of matters. We did not project the results to the universe because the sample was nonstatistical.

Internal Controls

We identified and assessed internal controls, applicable internal control components, and underlying principles significant to our objectives, as described below.

Control Activities. We reviewed applicable federal guidance, SEC-wide policies and procedures, OO policies and procedures, and the Investor Advocate's risk and control matrix to identify key control activities related to OO's handling and recording of investor concerns. We also interviewed OO staff to understand the process for handling matters. Furthermore, we assessed control activities for the handling of matters as part of our sample testing. As Finding 1 describes, we determined that OO lacked adequate internal procedures to ensure the information for each matter was accurately recorded.

Information and Communication. Within the Investor Advocate's statutorily mandated reports to Congress, the Ombudsman externally communicates OO's activities including trends of investor concerns received and data on the volume of matters received and contacts made. We interviewed OO staff to understand the process for reporting matters. As Finding 2 describes, we determined that OO lacked internal procedures to ensure that information reported in the Ombudsman's section of the Investor Advocate's reports to Congress was complete, accurate, and verifiable.

Data Reliability

GAO'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 objectives, we relied on computer-processed data from OMMS showing matters opened and closed during FYs 2024 and 2025. To assess the reliability of that data we:

- interviewed and corresponded with knowledgeable personnel, including OO staff and Office of Information Technology contractors for OMMS;
- reviewed OO's policies and procedures and the OMMS intake protocol;
- obtained a walkthrough of OMMS;
- with our OMMS access, navigated the system and observed various system functions;
- verified that the dates on which matters were opened and closed were within our expected range;

- verified that the total number of opened matters agreed with the total reported in the FY 2024 and FY 2025 Investor Advocate Report on Activities; and
- analyzed identification numbers of matters opened and closed during our scope period to identify duplicate and/or missing numbers.

As Finding 2 describes, we found 65 gaps in system-generated matter identification numbers in OMMS for matters opened in FY 2024 and FY 2025. OO could not determine what led to these gaps. As a result, while we could not determine whether populations of matters opened during our scope period were complete, we found the OMMS data sufficiently reliable for the purpose of this evaluation.

Prior Coverage

In 2021, the SEC OIG issued the following management letter, which is relevant to this evaluation:

- *Final Management Letter: Actions May Be Needed To Improve Processes for Receiving and Coordinating Investor Submissions* (May 24, 2021).

The letter can be accessed at https://www.sec.gov/oig.

Appendix II. Management Comments

U.S. Securities and Exchange Commission

Office of the Investor Advocate

MEMORANDUM

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

FROM: Lisa Skrzycki, Acting Ombudsman LISA SKRZYCKI Digitally signed by LISA SKRZYCKI Date: 2026.09.23 12:52:43 -04'00'

RE: Management Response to *The Office of the Ombudsman Appropriately Handled Investor Concerns But Reporting Was Inaccurate and Unclear*

DATE: September 23, 2026

The Office of the Ombudsman ("Office"), within the Office of the Investor Advocate, appreciates the Office of Inspector General's ("OIG") efforts in conducting an evaluation of the Office's operations, including the Office's handling of investor concerns and internal and external reporting practices. We value OIG's feedback and have carefully reviewed each of the recommendations outlined in OIG's draft report.

The Office acknowledges that OIG found investor concerns reported to the Office in FY 2024 and FY 2025 were timely and appropriately handled, consistent with the Office's mission to act as a liaison in resolving problems retail investors may have with the Commission or with a self-regulatory organization overseen by the Commission. The report finds that, across a judgmental sample of 140 matters, the Office consistently responded to investors within five business days or appropriately coordinated with Commission staff, and appropriately referred credible allegations to the Tips, Complaints, and Referrals system. The Office credits this recognition, as the Office remains committed to maintaining high standards of responsiveness, diligence, and professionalism in assisting investors.

The Office also welcomes the opportunity to further strengthen its reporting processes. As OIG notes, while the Office handled matters appropriately, it could improve categorization, disposition recording, documentation retention, and quality control processes. The Office concurs with each of OIG's recommendations and will undertake appropriate steps to implement corrective actions as outlined in the Office's detailed corrective action plans ("CAPs"). The planned actions include formal stakeholder engagement, refinement of categorization and disposition frameworks, comprehensive staff training, enhanced quality assurance controls, and strengthened documentation retention practices.

Importantly, the draft report only briefly references a major operational transition currently underway within the Office—the development of the Ombudsman Matter Management System ("OMMS") on a new platform, which is expected to be completed by December 2026. This modernization effort is central to several corrective actions already planned and will directly support improvements in categorization consistency, disposition accuracy, documentation retention, test-matter exclusion, identification number

integrity,[1] and reporting verification, as reflected throughout the CAPs. The upgraded OMMS platform will include built-in capabilities that address many of the issues identified in the evaluation, and its implementation will enhance uniformity, reliability, and transparency across the Office's processes.

While the Office recognizes the importance of strengthening internal quality controls and external communications, it does not believe the OIG's observations indicate any deficiencies in the Office's underlying investor-service functions or its commitment to accurate and complete reporting. As reflected in OIG's findings, the Office maintains strong practices in appropriately handling investor concerns, including timely responses, thoughtful triage, appropriate referrals, and consistent engagement with investors and relevant Commission staff. The Office also maintains robust data management and record-handling practices, which will be further strengthened through the planned transition of OMMS and revised documentation protocols.

Nevertheless, the Office fully supports efforts to continuously improve its reporting processes to meet evolving expectations and enhance the clarity, completeness, and reliability of information provided to Congress, the public, and internal stakeholders. The Office remains committed to refining its procedures and strengthening oversight mechanisms as appropriate.

The Office's detailed responses to each of OIG's recommendations are provided in Appendix A.

[1] The OIG draft report recognizes OMMS Matter ID gaps may occur for a variety of reasons, including the reset of the identification number counter. The Office also notes the auto-numbering function in the software currently supporting OMMS may skip a consecutive number under certain circumstances. This standard behavior is explained more on Salesforce's website at https://help.salesforce.com/s/articleView?id=000383836&type=1. The Office will implement procedures on the upgraded OMMS platform to track any similar behavior.

Appendix A: Management's Responses to OIG's Recommendations

The following are management's responses to each of the recommendations provided in the OIG report.

Recommendation 1: Coordinate with agency management and the Office of Legislative and Intergovernmental Affairs ("OLIA"), as necessary, to (a) identify its internal and external stakeholders, and then (b) determine what information regarding the Office of the Ombudsman's activities, including handling of investor concerns, would be beneficial as part of the Investor Advocate's statutorily mandated reports.

> **Response:** We concur. The Office will formally identify relevant internal and external stakeholders and determine information regarding the activities and effectiveness of the Office that may be beneficial for inclusion in the Ombudsman's section of the Investor Advocate's statutory reports. The Office will develop stakeholder identification criteria, conduct meetings with OLIA and other Commission offices, document stakeholder reporting needs, and integrate these requirements into future reporting templates aligned with OMMS functionality. All actions for this recommendation are expected to be completed by March 2027.

Recommendation 2: Taking stakeholder feedback into account, re-evaluate and consider simplifying the primary categories and dispositions used to describe each matter handled.

> Response: We concur. The Office will re-evaluate and consider simplifying the primary category and disposition framework to improve consistency and clarity. Existing OMMS categories will be mapped to the upgraded OMMS taxonomy, updated categorization guidance will be drafted, and new categorization rules will be piloted prior to transition. Revised categorization processes will be incorporated into Office policy documents. These actions are expected to be completed by March 2027.

Recommendation 3: Train Ombudsman staff on organizational policies and procedures for accurately assigning primary categories and dispositions to each matter.

> Response: We concur. The Office will develop and deliver structured training modules on the upgraded OMMS to ensure staff can accurately assign primary categories and dispositions. Mandatory staff training will be conducted prior to deployment, followed by quarterly refreshers and updated onboarding materials included to ensure continuous improvement. The Office expects to complete initial training by January 2027.

Recommendation 4: Include in existing review processes steps to assess the accuracy of assigned category and disposition information to ensure accurate recording and reporting of that information.

> Response: We concur. The Office will implement strengthened quality assurance protocols supported by dashboards and reports in the upgraded OMMS. These protocols will specify review frequency, require supervisory sign-off, and track quality assurance findings to support continuous process improvement. All actions associated with this recommendation are expected to be completed by February 2027.

Recommendation 5: Develop and implement processes to (a) retain the detailed supporting documentation used to prepare the Ombudsman's section of the Investor Advocate's statutorily mandated reports to Congress, (b) ensure test matters are not included in the Ombudsman's reported data, and (c) work with the system administrator to monitor for gaps in its system of record, documenting why gaps in matter identification numbers exist.

> Response: We concur. The Office will implement updated documentation retention protocols, configure the upgraded OMMS to flag and exclude test matters, and establish a new identification number gap log. These controls will be incorporated into revised standard operating procedures to enhance the accuracy and completeness of reported data. The Office plans to complete these actions by February 2027.

Recommendation 6: Develop and implement quality control processes for preparing and reviewing the Ombudsman's publicly reported information to ensure its accuracy, clarity, and completeness, including verifying reported data to detailed supporting documentation.

> Response: We concur. The Office will implement a multi-level quality control workflow using reporting tools, quality control checklists, and documentation verification steps available in the upgraded OMMS. These enhanced controls will be applied beginning with FY 2026 congressional reporting. All actions associated with this recommendation are expected to be completed by March 2027.

OIG General Office Contact Information

EMPLOYEE SUGGESTION PROGRAM

The OIG SEC Employee Suggestion Program, established under the Dodd-Frank Wall Street Reform and Consumer Protection Act, welcomes suggestions by all SEC employees for improvements in the SEC's work efficiency, effectiveness, productivity, and use of resources. The OIG evaluates all suggestions received and forwards them to agency management for implementation, as appropriate. SEC employees may submit suggestions by calling the OIG Hotline at (833) SEC-OIG1 or by filing a complaint online as indicated below.

COMMENTS AND IDEAS

The SEC OIG also seeks ideas for possible future audits, evaluations, or reviews. We will focus on high-risk programs, operations, and areas where substantial economies and efficiencies can be achieved. Please send your input to AUDPlanning@sec.gov.

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