



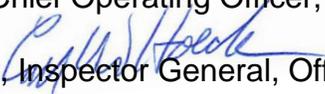
OFFICE OF  
INSPECTOR GENERAL

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

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

September 30, 2014

**To:** Jeffery Heslop, Chief Operating Officer, Office of the Chief Operating Officer

**From:** Carl W. Hoecker,  Inspector General, Office of Inspector General

**Subject:** *Analysis of the SEC's Compliance with Conference Approval and Reporting Requirements for Fiscal Year 2014*

***Executive Summary***

The Office of Inspector General (OIG) analyzed the U.S. Securities and Exchange Commission's (SEC) reports of SEC-sponsored conferences<sup>1</sup> for fiscal year (FY) 2014. Our objective was to determine whether the SEC complied with conference reporting requirements established by Division E, Title VII, Section 742(c) of the Consolidated Appropriations Act, 2014 (P.L. 113-76), and with agency policy for approving conferences that meet certain cost thresholds. We met with personnel from the Office of Financial Management (OFM) and analyzed supporting documents for the 19 conferences reported to the OIG as of September 30, 2014, and found that the SEC complied with P.L. 113-76 and agency policy.<sup>2</sup>

***Results***

**Compliance with P.L. 113-76.** P.L. 113-76 requires Federal agencies to report to their Inspector General conferences that cost more than \$20,000. Specifically, within 15 days of the date each conference was held, agencies must report the conference date, location, and number of employees that attended. As shown in the table below, during FY 2014, the SEC reported to the OIG 19 conferences. For each of the 19 conferences, the SEC reported all required information within 15 days of the conference date.

**Compliance with Agency Policy.** The SEC's OFM Reference Guide, Chapter 06.08, *Budget Execution: SEC Conference Planning and Approval* (July 2013) establishes the agency's policy for approving SEC-sponsored conferences. The policy states that the Chief Financial Officer has approval authority for conferences that exceed \$2,000 in estimated total costs but

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<sup>1</sup> SEC Administrative Regulation (SECR) 5-4, *Conference Authorization*, November 18, 2013, defines a conference as "a meeting, retreat, seminar, symposium or event that involves attendee travel." According to the SECR, the term "conference" also includes training activities that are considered to be conferences under 5 CFR 410.404.

<sup>2</sup> We performed this analysis from July through September 2014. The analysis was limited in that we did not follow generally accepted government auditing standards, as this was not an audit. We also did not test related internal controls but only identified controls in the conference reporting and approval processes.

cost less than or equal to \$100,000. The Chief Operating Officer has approval authority if the estimated total costs are above \$100,000 and less than or equal to \$499,999. Conferences that cost over \$499,999 must be approved by the SEC Chair.

Fifteen of the 19 conferences reported to the OIG in FY 2014 cost less than \$100,000 and were approved by the Chief Financial Officer, as required. The remaining four conferences cost more than \$100,000 but less than \$499,999 and were approved by the Chief Operating Officer, as required.

**TABLE. SEC-SPONSORED CONFERENCES IN FY 2014**  
(as of September 30, 2014)

No.	Conference Name	Conference Date	Conference Location	No. of Attendees	No. of Days to Report to OIG	Conference Cost
1	2014 Office of Compliance Inspections and Examinations (OCIE) Compliance Outreach Program National Seminar Conference	1/30/14	SEC Headquarters Washington, D.C.	42	7	Less than or equal to \$100,000
2	2014 Office of Compliance Inspections and Examinations (OCIE) National Examination Program (NEP) Training Conference	2/10/14 - 2/14/14	SEC Headquarters Washington, D.C.	59	5	Less than or equal to \$100,000
3	FY 2014 Division of Enforcement's Market Abuse Strategic Planning and Training Meeting	3/26/14 - 3/28/14	SEC Headquarters Washington, D.C.	46	2	Less than or equal to \$100,000
4	FY 2014 Annual Northwest Exam Summit and Securities Conference	4/30/14 - 5/1/14	Seattle, WA	19	12	Less than or equal to \$100,000
5	FY 2014 Division of Enforcement Asset Management Unit Leadership and Strategy Conference	5/1/14 - 5/2/14	SEC Headquarters Washington, D.C.	73	6	Less than or equal to \$100,000
6	FY 2014 Division of Enforcement and NITA Testimony Training Conference	5/12/14 - 5/16/14	SEC Headquarters Washington, D.C.	56	6	Less than or equal to \$100,000
7	FY 2014 Office of Compliance Inspections and Examination's New Examiner Training	6/9/14 - 6/13/14	SEC Headquarters Washington, D.C.	41	3	Greater than \$100,000 but less than or equal to \$499,999
8	FY 2014 Division of Enforcement Division Complex Financial Instruments Unit (CFIU) Training Conference	6/26/14 - 6/27/14	SEC Headquarters Washington, D.C.	43	3	Less than or equal to \$100,000
9	FY 2014 Southeastern Securities Conference	6/26/14 - 6/27/14	Atlanta, GA	79	6	Less than or equal to \$100,000
10	2014 OCIE Trading Risk Identification Group (TRIG) Conference	7/10/14 - 7/11/14	SEC Headquarters Washington, D.C.	66	3	Less than or equal to \$100,000
11	2014 OCIE National Exam Sponsored Leadership Conference	7/31/14 - 8/1/14	SEC Headquarters Washington, D.C.	205	5	Greater than \$100,000 but less than or equal to \$499,999

No.	Conference Name	Conference Date	Conference Location	No. of Attendees	No. of Days to Report to OIG	Conference Cost
12	38 <sup>th</sup> Annual Southwest Securities Conference	8/19/14	Dallas, TX	85	2	Less than or equal to \$100,000
13	Division of Enforcement Foreign Corrupt Practices Act National Training Conference	9/8/14 - 9/10/14	SEC Headquarters Washington, D.C.	259	12	Less than or equal to \$100,000
14	Division of Enforcement Microcap Task Force National Training Conference	9/9/14 - 9/10/14	New York, NY	30	12	Less than or equal to \$100,000
15	FY 2014 Division of Enforcement Chief Accountant National Training Conference	9/11/14 - 9/12/14	SEC Headquarters Washington, D.C.	70	10	Less than or equal to \$100,000
16	FY 2014 Division of Enforcement National Trial Lawyers Training Conference	9/11/14 - 9/12/14	SEC Headquarters Washington, D.C.	110	10	Greater than \$100,000 but less than or equal to \$499,999
17	Municipal Securities and Public Pensions National Training Conference	9/15/14 - 9/16/14	SEC Headquarters Washington, D.C.	30	8	Less than or equal to \$100,000
18	Division of Enforcement 2014 Chief Enforcement Conference	9/17/14 - 9/19/14	SEC Headquarters Washington, D.C.	190	3	Greater than \$100,000 but less than or equal to \$499,999
19	Division of Enforcement Office of Technical Support Litigation Support Training Conference	9/23/14 - 9/25/14	SEC Headquarters Washington, D.C.	24	4	Less than or equal to \$100,000

Source: SEC OFM.

### **What's Next**

In FY 2015, we plan to further analyze the SEC's FY 2014 conference expenditures to include assessing the agency's compliance with additional reporting requirements for conferences costing more than \$100,000 as outlined in Division E, Title VII, Sections 742(a) and (b) of P.L. 113-76. We will also determine whether the SEC complied with Federal and agency requirements for planning and conducting conferences to ensure conference-related spending was legal, reasonable, and necessary.

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

cc: Mary Jo White, Chair  
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