MEMORANDUM
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 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.

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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1 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.

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