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SEMIANNUAL REPORT TO CONGRESS

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EXCHANGE COMMISSION

OFFICE OF INSPECTOR GENERAL
SEMIANNUAL REPORT TO CONGRESS

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OIG MISSION

The mission of the Office of Inspector General (OIG) is to promote the integrity, efficiency, and effectiveness of the critical programs and operations of the U.S. Securities and Exchange Commission (agency or SEC). We accomplish this mission by:

- conducting independent and objective audits, evaluations, and other reviews of SEC programs and operations;
- conducting independent and objective investigations of potential criminal, civil, and administrative violations that undermine the ability of the SEC to accomplish its statutory mission;
- preventing and detecting fraud, waste, and abuse in SEC programs and operations;
- identifying vulnerabilities in SEC systems and operations and making recommendations to improve them;
- communicating timely and useful information that facilitates management decision making and the achievement of measurable gains; and
- keeping Congress, the Chair, and the Commissioners fully and currently informed of significant issues and developments.

“We continued our efforts to meet our strategic goals of (1) delivering results that promote integrity, efficiency, and effectiveness in the SEC’s programs and operations; (2) advancing an inclusive and dynamic OIG culture that inspires high performance; and (3) improving the effectiveness and efficiency of OIG processes through continuous innovation, collaboration, and communication.”

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ABBREVIATIONS

Acquisitions	Office of Acquisitions
Agency/SEC	U.S. Securities and Exchange Commission
ARC	Appalachian Regional Commission
CEO	chief executive officer
CIGFO	Council of Inspectors General on Financial Oversight
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CISA	Cybersecurity and Infrastructure Security Agency
COVID-19	Coronavirus Disease 2019
DATA Act	Digital Accountability and Transparency Act of 2014
DEI	Diversity, Equity, and Inclusion
DERA	Division of Economic and Risk Analysis
Dodd-Frank	Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010
DOJ	Department of Justice
EA	enterprise architecture
ENF	Division of Enforcement
FISMA	Federal Information Security Modernization Act of 2014
FY	fiscal year
GAO	Government Accountability Office
IG	Inspector General
ISS	infrastructure support services
IT	information technology
Kearney	Kearney & Company, P.C.
LSC	Legal Services Corporation
NSF	National Science Foundation
NSFL	National Strategy for Financial Literacy
OA	Office of Audits
OFM	Office of Financial Management
OI	Office of Investigations
OIEA	Office of Investor Education and Advocacy
OIG	Office of Inspector General
OIT	Office of Information Technology
OMB	Office of Management and Budget
OPM FEVS	Office of Personnel Management Federal Employee Viewpoint Survey
PII	personally identifiable information
PIIA	Payment Integrity Information Act
QASP	quality assurance surveillance plan
SLA	service level agreement
SSA	senior special agent
TCR	Tips, Complaints, and Referrals
Treasury	Department of the Treasury





MESSAGE FROM THE INSPECTOR GENERAL



I am pleased to present this Semiannual Report to Congress as Inspector General (IG) of the SEC. This report describes the work of the SEC OIG from October 1, 2020, to March 31, 2021, and reflects our responsibility to report independently to Congress and the Commission. The audits, evaluations, investigations, and other reviews that we describe illustrate the OIG's efforts to promote the efficiency and effectiveness of the SEC and demonstrate the impact that our work has had on the agency's programs and operations.

During this semiannual reporting period, we continued our efforts to meet our strategic goals of (1) delivering results that promote integrity, efficiency, and effectiveness in the SEC's programs and operations; (2) advancing an inclusive and dynamic OIG culture that inspires high performance; and (3) improving the effectiveness and efficiency of OIG processes through continuous innovation, collaboration, and communication.

During this reporting period, the OIG's Office of Audits (OA) issued its *Fiscal Year 2020 Independent Evaluation of SEC's Implementation of the Federal Information Security Modernization*

Act of 2014 (Report No. 563), which includes seven recommendations to strengthen the SEC's information security program. Next, OA issued its *The SEC's Office of Investor Education and Advocacy Could Benefit From Increased Coordination, Additional Performance Metrics, and Formal Strategic Planning* (Report No. 564), which contains four recommendations, including to improve Office of Investor Education and Advocacy (OIEA) communication and coordination with SEC regional offices on investor assistance matters and to develop and implement formal investor education and outreach strategic planning and methods to measure the impact

and efficacy of its investor education program. Then, OA issued its *The SEC Has Taken Steps To Strengthen Its Monitoring of ISS Contractor's Performance, But Additional Actions Are Needed* (Report No. 565), which includes seven recommendations to improve the SEC's contract management, including the oversight of the infrastructure support services (ISS) contract. Also, OA published *The SEC Can Further Strengthen the Tips, Complaints, and Referrals Program* (Report No. 566), which includes five recommendations to further strengthen the SEC's tips, complaints, and referrals (TCR) program. Finally, OA issued its *Final Management Letter: Evaluation of SEC's FY 2020 Compliance with the Payment Integrity Information Act of 2019*. Although we did not make formal recommendations, we encouraged the Office of Financial Management (OFM) to update the Reference Guide to reflect the enactment of Payment Integrity Information Act of 2019 (PIIA) and consider revising the Reference Guide to include PIIA requirements for agency action related to significant improper payments.

OA also worked with SEC management to close 14 recommendations made in 8 OIG reports issued during this and previous semiannual reporting periods. In addition, the *Office of Investigations (OI)* completed or closed 10 investigations during this reporting period. Our investigations resulted in eight referrals to the Department of Justice (DOJ), one of which was accepted for prosecution, and six referrals to management for administrative action.

I am also pleased to report that the OIG held its sixth annual OIG awards ceremony in March 2021 to honor service and outstanding achievements by OIG staff during 2020. At this ceremony, the Acting SEC Chair and I recognized the specific contributions of the award recipients. I would like to express my gratitude to the award recipients, as well as of all the OIG staff, for their

continued hard work and dedication to the OIG's mission particularly during this period of remote operations because of the global pandemic. It is with great pride that the organization has been able to produce without diminution excellent products and outcomes, as evidenced by those recognized at this ceremony.

Of note, the 2020 SEC OIG Special Joint Team Award went to the Employee Engagement Working Group. Composed of members from each OIG component, this team went above and beyond normal work duties, embarking on a months-long journey to evaluate employee engagement within the OIG. A key part of this effort was to identify areas of strength and areas for improvement in employee engagement. Each member of the Employee Engagement Working Group contributed to the initiative by providing insight and direction to the effort, developing important recommendations, delivering a high quality work product, and greatly assisting senior management in formulating proposals for implementation. Team members worked diligently to develop action plans that will ultimately assist the OIG in moving to a better posture in coming years and will improve engagement and morale. Moreover, each member accomplished this in a remote posture and, despite such difficult challenges, was able to effectuate an on-going process that will reap significant benefits to the organization for a long time to come.

Following the series of events in 2020 that highlighted racial inequity in the United States, the OIG formed a Diversity, Equity, and Inclusion (DEI) Working Group to develop a framework for OIG employees to discuss, explore, and coordinate activities for OIG personnel to promote a culture of trust, where all forms of diversity are championed and celebrated. From the DEI Working Group, the OIG formed a permanent DEI Committee that regularly provides key DEI

information to the IG and supports all OIG staff in implementing opportunities to strengthen the presence and culture of DEI within the office. The DEI Committee recently established a roadmap, action plan, and a pledge. In a related manner, Senior Special Agent (SSA) Adelle Harris received the office's first OIG Diversity and Inclusion Award. Making outstanding contributions beyond her normal duties to the office's efforts to promote DEI, SSA Harris actively encouraged and participated in DEI training opportunities and provided important insight and feedback critical to the office's strides toward implementing a robust DEI program. Additionally, SSA Harris volunteered for and was selected to present virtually during the seventh Annual Council of the Inspectors General on Integrity and Efficiency (CIGIE) Leadership Forum on what it means to have "Courage." SSA Harris also worked closely with the CIGIE DEI Committee to create content for a DEI town hall, where SSA Harris presented on how leaders in the IG community can implement DEI efforts within their offices.

Such team efforts are already bearing fruit, as evidenced by the recent Office of Personnel Management Federal Employee Viewpoint Survey (OPM FEVS) scores. The OPM FEVS measures employees' perceptions of whether, and to what extent, conditions characteristic of successful organizations are present in their agencies. The recent release of the OPM FEVS scores, with nearly 90 percent of OIG employees completing the survey, revealed that the OIG's office ranking within the SEC had the 4th highest average score (out of 23 SEC office rankings), the global

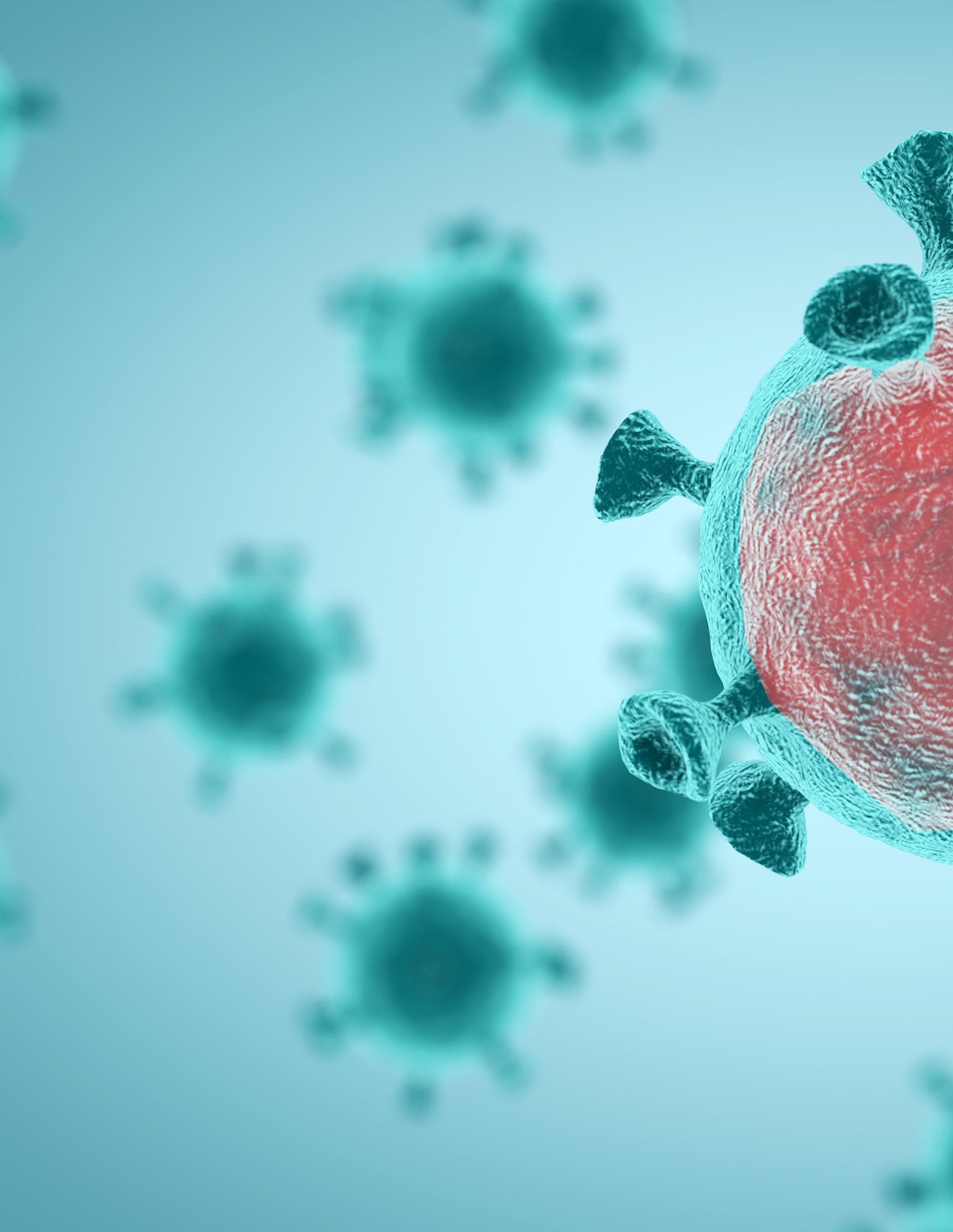
satisfaction index (addressing whether employees would recommend the OIG as a good place to work) also had the 4th highest score, the leadership engagement index was the 5th highest score, and the employee engagement index had the 4th highest score. Scores of various elements of the survey were at least a 15-percent improvement over the prior year's scores.

As mentioned briefly earlier, the OIG continued to provide oversight even through the challenges of the Coronavirus Disease 2019 (COVID-19) pandemic, with OIG staff directed to telework during the reporting period. However, OIG staff continued the OIG's mission and operations throughout the reporting period with minimal disruption, ably progressing and excelling on its mandates during this shifting time of uncertainty.

In closing, I remain firmly committed to executing the OIG's mission of promoting the integrity, efficiency, and effectiveness of the SEC's programs and operations and to reporting our findings and recommendations to Congress and the Commission. We will continue to collaborate with SEC management to assist the agency in addressing the challenges it faces, particularly in this time of uncertainty, in its unique and important mission of protecting investors, maintaining fair, orderly, and efficient markets, and facilitating capital formation. I appreciate the significant support that the OIG has received from Congress and the agency. We look forward to continuing to work closely with the Commission and staff, as well as Congress, to accomplish our mission.



Carl W. Hoecker
Inspector General





MANAGEMENT AND ADMINISTRATION

AGENCY OVERVIEW

The SEC's mission is to protect investors; maintain fair, orderly, and efficient markets; and facilitate capital formation. The SEC strives to promote capital markets that inspire public confidence and provide a diverse array of financial opportunities to retail and institutional investors, entrepreneurs, public companies, and other market participants. Its core values consist of integrity, excellence, accountability, teamwork, fairness, and effectiveness. The SEC's goals are (1) focus on the long-term interests of our Main Street investors; (2) recognize significant developments and trends in our evolving capital markets and adjusting our efforts to ensure we are effectively allocating our resources; and (3) elevate the SEC's performance by enhancing our analytical capabilities and human capital development.

The SEC is responsible for overseeing the nation's securities markets and certain primary participants, including broker-dealers, investment companies, investment advisers, clearing agencies, transfer agents, credit rating agencies, and securities exchanges, as well as organizations such as the Financial Industry Regulatory Authority, Municipal Securities Rulemaking Board, and the Public Company Accounting Oversight Board. Under the

Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank), the agency's jurisdiction was expanded to include certain participants in the derivatives markets, private fund advisers, and municipal advisors.

The SEC accomplishes its mission through 6 main divisions—Corporation Finance, Enforcement (ENF), Investment Management, Trading and Markets, Examinations, and Economic and Risk Analysis (DERA)—and 25 functional offices. The SEC's headquarters are in Washington, DC, and the agency has 11 regional offices located throughout the country. As of March 2021, the SEC employed 4,430 full-time equivalent employees.

OIG STAFFING, RESOURCES, AND ADMINISTRATION

During this semiannual reporting period, the OIG recruited to fill key vacancies integral to the management, audit, and investigative functions. For example, we hired a criminal investigator. We also continued our efforts to meet our strategic goals of (1) delivering results that promote integrity, efficiency, and effectiveness in the SEC's programs and operations; (2) advancing an inclusive and dynamic OIG culture that inspires high performance; and (3) improving the effectiveness

and efficiency of OIG processes through continuous innovation, collaboration, and communication.

OIG OUTREACH

The IG regularly met with the Commissioners and senior officers from various SEC divisions and offices to foster open communication at all levels between the OIG and the agency. Through these efforts, the OIG kept up-to-date on significant, current matters that were relevant to the OIG's work. These regular communications also enabled the OIG to obtain agency management's input on what it believes are the areas presenting the greatest risks or challenges, facilitating the OIG's identification and planning for future work. The OIG continually strives to keep apprised of changes to agency programs and operations and keeps SEC management informed of the OIG's activities and concerns raised during its work.

The OIG also continued its efforts to educate SEC employees on the roles and responsibilities of the OIG. The OIG participates in the SEC's new employee orientation sessions and gives an overview of the OIG and its various functions. Additionally, the OIG continued to educate staff on and promote the OIG's SEC Employee Suggestion Program, to encourage suggestions for improvements in the SEC's work efficiency, effectiveness, and productivity, and the use of its resources.

OI continued delivering its fraud awareness briefing program throughout the SEC. These briefings serve to educate SEC employees on the activities of the OIG as well as specific vulnerabilities in the programs they oversee. The briefings also enhance the OIG's "eyes and ears," with the goal of achieving more timely and complete reporting of possible fraud, waste, and abuse in SEC programs and operations. Additionally, the OIG continued its collaboration with the SEC's OFM and Office of Acquisitions (Acquisitions) to provide a fraud awareness training module during annual training for contracting officials.

OIG ANNUAL AWARDS PROGRAM

The OIG held its annual awards ceremony on March 4, 2021, to honor service and outstanding achievements in 2020. The IG and the Acting SEC Chair presented the awards.

The 2020 award recipients included:

- Kelli Brown-Barnes—Inspector General Award
- Ismael Serrano—Operations and Management Employee of the Year Award
- Sara Tete Nkongo—OA Employee of the Year Award
- Barry Grundy—OI Employee of the Year Award
- Leann Harrier—Office of Counsel to the Inspector General Employee of the Year Award
- Adelle Harris—Diversity and Inclusion Award
- Kelli Brown-Barnes, Sara Tete Nkongo, Michael Burger, Douglas Carney, Sharice Cole, David Witherspoon, Ismael Serrano, Barry Grundy, and Bruce McLean—Group Superior Accomplishment Award
- Danielle Grabowski—Individual Superior Accomplishment Award
- Holley Miller, Amanda James, Colin Heffernan, Louis Perez, Lucia Fuentes, Leann Harrier, Rubin Hantz, and William Hampl—Special Joint Team Award

The Length of Service awardees included:

- Rebecca Sharek—25 years
- Katherine Reilly—20 years
- David Witherspoon—20 years
- William Hampl—20 years
- Thomas Flood—20 years
- Nicolas Harrison—15 years
- John Gauthier—15 years
- Amanda James—10 years
- Matthew Fryer—10 years
- Lucia Fuentes—10 years
- Louis Perez—10 years



COORDINATION WITH OTHER AGENCIES

During this semiannual reporting period, the SEC OIG coordinated its activities with those of other agencies, pursuant to Section 4(a)(4) of the Inspector General Act of 1978, as amended.

Specifically, the OIG participated in the meetings and activities of the Council of Inspectors General on Financial Oversight (CIGFO), which was established by Dodd-Frank. The chairman of CIGFO is the IG of the Department of the Treasury (Treasury). Other members of the Council, in addition to the IGs of the SEC and Treasury, are the IGs of the Board of Governors of the Federal Reserve System, the Commodity Futures Trading Commission, the Department of Housing and Urban Development, the Federal Deposit Insurance Corporation, the Federal Housing Finance Agency, the National Credit Union Administration, and also the Special IG for the Troubled Asset Relief Program. As required by Dodd-Frank, CIGFO meets at least once every three months. At the CIGFO meetings, the members share information about their ongoing work, with a focus on concerns that may apply to the broader financial sector and ways to improve financial oversight.

The SEC IG also attended CIGIE meetings. In addition, the OIG participated on a team to update CIGIE *Quality Standards for Digital Forensics*, which provide a framework for performing high-quality digital forensics in support of investigations conducted by an OIG. The OIG also participated in the CIGIE Undercover Review Committee, which provided recommendations and approvals on the suitability of undercover operations that involved sensitive circumstances that were carried out in accordance with DOJ guidelines. Additionally, we collaborated with the OIG community to assist the DOJ in ensuring full reporting of required criminal history information to the National Instant Criminal Background Check System.

Finally, OA staff represented the SEC OIG on a number of CIGIE working groups including those related to external peer reviews and information technology. OA is also representing the SEC OIG on the most recent CIGFO working group effort, which is seeking to compile forward-looking guidance for the Financial Stability Oversight Council and its members to consider in preparing

for a crisis. This project is coordinated by CIGFO members and the guidance compiled will be transmitted to Financial Stability Oversight Council. The forward-looking guidance is intended to be a compilation of lessons learned drawn from the experiences of federal agencies during prior crises and any learned during the recent COVID-19 pandemic, and to facilitate effective crisis response as Financial Stability Oversight Council fulfills its

mission to identify threats to the financial stability of the country, promote market discipline, and respond to emerging threats to the stability of the U.S. financial system.

OIG staff also participated in the activities of the Deputy IGs group and CIGIE's Freedom of Information Act Working Group and DEI Committee.



AUDITS AND EVALUATIONS

OVERVIEW

The Office of Audits conducts, coordinates, and supervises independent audits and evaluations of the agency's programs and operations at the SEC's headquarters and 11 regional offices. OA also hires, as needed, contractors and subject matter experts who provide technical expertise in specific areas to perform work on the OIG's behalf. In addition, OA monitors the SEC's progress in taking corrective actions on recommendations in OIG audit and evaluation reports.

Each year, OA prepares an annual work plan. The plan includes work that the office selects for audit or evaluation on the bases of risk and materiality, known or perceived vulnerabilities and inefficiencies, resource availability, and information received from Congress, SEC staff, the Government Accountability Office (GAO), and the public.

OA conducts audits in compliance with generally accepted government auditing standards issued by the Comptroller General of the United States. OIG evaluations follow the CIGIE *Quality Standards for Inspection and Evaluation*. At the completion of an audit or evaluation, the OIG issues an independent report that identifies deficiencies and makes recommendations, as necessary, to correct those deficiencies or increase efficiencies in an SEC program or operation.

COMPLETED AUDITS AND EVALUATIONS

Fiscal Year 2020 Independent Evaluation of SEC's Implementation of the Federal Information Security Modernization Act of 2014 (Report No. 563)

The SEC OIG contracted with Kearney & Company, P.C. (Kearney) to conduct an independent evaluation of the SEC's information security programs and practices. The Federal Information Security Modernization Act of 2014 (FISMA) requires all federal agencies to develop, document, and implement an agency-wide information security program to protect its information and information systems, including those provided or managed by another agency, contractor, or other source. Additionally, FISMA requires federal agencies or a contracted independent external auditor to conduct an annual independent evaluation of its information security program and practices, as well as an assessment of its compliance with the requirements of FISMA.

Kearney conducted this independent evaluation of the SEC's information security program and practices in support of the SEC OIG in accordance with CIGIE's *Quality Standards for Inspection and Evaluation*. Kearney's evaluation included inquiries, observations, and inspection of SEC documents and records, as well as direct testing of controls.

Kearney reported that since fiscal year (FY) 2019, the SEC improved aspects of its information security program, such as refining its risk management tools, improving the timeliness of security patch deployments, enhancing its security awareness and training processes, continuing its efforts to enhance its continuous monitoring program, and improving its incident response capabilities. These improvements occurred despite facing unique challenges presented by the ongoing COVID-19 pandemic, which included a significant increase in telework.

However, Kearney identified opportunities for improvement in key areas and as a result, Kearney noted that the agency's information security program did not meet the FY 2020 IG FISMA Reporting Metrics' definition of "effective," which requires the simple majority of domains to be rated as "Level 4: Managed and Measurable." Although the agency's program, as a whole, did not reach the level of an effective information security program, the SEC has shown significant improvements at the domain levels. The report, issued on December 21, 2020, included seven new recommendations to strengthen the SEC's information security program.

Because this report contains sensitive information, we released a redacted version on our website at <https://www.sec.gov/files/FY-2020-Independent-Evaluation-SEC-Implementation-of-the-FISMA-of-2014-Report-No-563.pdf>.

The SEC's Office of Investor Education and Advocacy Could Benefit From Increased Coordination, Additional Performance Metrics, and Formal Strategic Planning (Report No. 564)

The SEC's OIEA plays an important role in accomplishing the SEC's mission of protecting investors. OIEA seeks to provide Main Street

investors with the information they need to make sound investment decisions and administers two programs to promote this mission: (1) assisting investors with complaints and questions about the securities markets and market participants, and (2) conducting educational outreach to individual investors.

We conducted this evaluation to assess OIEA's processes and controls for reviewing, referring, and responding to investor complaints and other investor assistance matters, and managing the SEC's investor education and outreach activities in support of the agency's mission and strategic goals and the National Strategy for Financial Literacy (NSFL). We found that OIEA has a well-established system for resolving investor assistance matters, has identified relevant risks, and has developed controls to mitigate those risks. In addition, Office of Investor Assistance staff generally complied with standard operating procedures, and OIEA has taken action to address previously identified investor financial literacy goals and the NSFL. Finally, OIEA's Office of Investor Education obtains some feedback related to its investor education and outreach activities, and previously sought to use a survey in OIEA's outreach activities. Nonetheless, we noted the following:

The Office of Investor Assistance Could Improve Its Communication and Coordination With the SEC's Regional Offices on the Handling of Investor Assistance Matters. Although OIEA's Office of Investor Assistance has a well-established system for resolving investor assistance matters and is required to implement and administer a nationwide system for resolving investor complaints, SEC regional office staff receive and respond to investor complaints and other matters independent of Office of Investor Assistance oversight. Previous OIG audits have consistently reported the need for improved coordination and communication

in this area. For example, in September 2011, the OIG recommended, among other things, that OIEA provide ongoing investor assistance training to regional office staff and establish a system for communicating regularly with regional offices to help ensure that investor specialists throughout the SEC provide consistent assistance to investors. Based on our review, it does not appear that OIEA has continued to meet the intent of our 2011 recommendation.

OIEA Should Engage in Formal Strategic Planning To Further Develop Measurable Goals and Detailed Objectives To Inform Investor Education and Outreach Decision-Making. In 2012, OIEA staff completed a statutorily mandated study establishing that, among other things, effective investor education programs have clearly-defined and measurable goals. The nation’s Financial Literacy and Education Commission also encouraged its members (including the SEC) to build “relevant, measurable objectives” and evidence-based outcomes to incorporate the NSFL into members’ financial education programs and activities. Without engaging in strategic planning to help determine the best course of action to achieve the SEC’s investor education and outreach goals and objectives, OIEA increases the risk that its investor education and outreach activities may not fully address the agency’s strategic plan or the goals and intent of the national strategy.

OIEA Has Not Developed Methods To Measure the Efficacy of Its Investor Education and Outreach Activities. OIEA’s 2012 study established that effective investor education programs use research and evaluation to improve and develop educational materials, and conduct evaluations to measure program efficacy. Moreover, the Financial Literacy and Education Commission’s 2020 update to the NSFL states as a best practice that financial education providers should evaluate their programs

for impact. By not measuring impact, OIEA potentially limits the effectiveness of its financial education activities and its ability to make data-driven improvements in the future to ensure the organization achieves established goals and objectives.

We issued our final report on January 13, 2021, and made four recommendations, including that OIEA improve communication and coordination with SEC regional offices on investor assistance matters and that OIEA develop and implement formal investor education and outreach strategic planning and methods to measure the impact and efficacy of its investor education program.

The report is available on our website at <https://www.sec.gov/files/The-SECs-OIEA-Could-Benefit-From-Increased-Coordination-Additional-Performance-Metrics-and-Formal-Strategic-Planning-Report-No-564.pdf>.

The SEC Has Taken Steps To Strengthen Its Monitoring of ISS Contractor’s Performance, But Additional Actions Are Needed (Report No. 565)

Quality assurance surveillance—oversight of the services being performed by contractors—is important to ensure contractors are providing timely and quality services and to help mitigate any contractor performance problems. We conducted this audit to assess the SEC’s oversight and monitoring of its ISS contractor’s performance, which supports the SEC’s information technology (IT) program. Specifically, we sought to determine whether the SEC developed and leveraged a quality assurance surveillance plan (QASP), service level agreements (SLAs), contractor performance reports, or other methods to (a) monitor and document the contractor’s performance; (b) address areas of needed improvement; and (c) drive desired performance outcomes in

accordance with the Federal Acquisition Regulation, Office of Management and Budget (OMB) guidance, and SEC policy. We also sought to evaluate the contractor's submission of contract deliverables and the SEC's use of those deliverables to assess the contractor's performance; and assess the SEC's monitoring of the contractor's corrective action plans for known performance issues.

The SEC's largest contract, the ISS contract valued at about \$362 million as of December 2020, covers areas critical to the agency's IT program, requiring coordinated oversight from multiple Office of Information Technology (OIT) and Acquisitions officials. In accordance with the Federal Acquisition Regulation and SEC policies and procedures, the ISS contract includes various surveillance tools to support the goal of timely, organized, and well-documented oversight. However, the SEC did not effectively implement tools for monitoring the contractor's performance to drive desired performance outcomes. Specifically, the SEC did not (1) timely finalize or distribute a comprehensive QASP for the ISS contract; (2) ensure corrective action plans were fully implemented for two known performance issues; and (3) timely prepare required contractor performance evaluations, or include details sufficient to accurately support the contractor's performance ratings.

These conditions occurred as the SEC did not prioritize establishing clear roles and responsibilities between Acquisitions and OIT officials to ensure compliance with quality assurance surveillance requirements and did not establish processes and controls for communicating contractor performance issues, monitoring the implementation of contractor corrective action plans, and documenting past performance assessments. As a result, we identified gaps in the

SEC's oversight of key contract areas supporting the agency's IT program. For example, we found (1) errors in contractor SLA calculations and concerns with agency SLA validation; (2) untimely, unused, or inaccurate contract deliverables; and (3) missed opportunities to formally document contractor performance issues.

Lastly, we found that Acquisitions and OIT personnel did not clearly identify or track deliverables updates throughout the contract's performance. This occurred because Acquisitions and OIT did not coordinate to implement updates to required deliverables throughout all contract documents and the SEC did not have a consistent process for reviewing and incorporating updates to deliverables requirements that included all stakeholders during option period 1. As a result, we identified discrepancies in the frequencies, descriptions, and submission status of some deliverables submitted in option period 1 between the contract, OIT trackers, and records of deliverables received.

In 2020, the SEC took steps to strengthen its monitoring of the contractor's performance, to include reconciling the ISS statement of work language to its deliverables attachment; creating an ISS governance board to prioritize initiatives and enhance communication; and updating Acquisitions' process to address overdue contractor performance evaluations. However, additional actions are needed to provide further assurance that efficient surveillance methods and effective cost controls are used for the remaining life of the contract, and to ensure that the SEC safeguards the government's interest by complying with federal, agency, and contract requirements for quality assurance surveillance in the future.

We also identified three other matters related to the oversight of the ISS contract that did not warrant recommendations. We found that deliverables records for the ISS contract were not complete in the SEC's system of record as of the end of option period 1. Additionally, we encourage Acquisitions to verify or establish ISS contract task leads' training requirements for contractor performance, as task leads are integral to oversight of the contract. Finally, as the contractor supports the operations of the agency's mobile devices, we encourage Acquisitions and OIT to disseminate to the contractor any guidance developed or updated as a result of a recent OIG audit of the SEC's mobile device program. We discussed these matters with agency management for consideration.

We issued our final report on February 24, 2021, and made seven recommendations to improve the SEC's contract management, including the oversight of the ISS contract. Because the report contains non-public information about the SEC's IT program and contract management, we released a redacted version on our website at <https://www.sec.gov/files/The-SEC-Has-Taken-Steps-to-Strengthen-Its-Monitoring-of-ISS-Contractor-Performance-But-Additional-Actions-Are-Needed-Report-No-565.pdf>.

The SEC Can Further Strengthen the Tips, Complaints, and Referrals Program (Report No. 566)

The SEC encourages the public to file complaints or submit tips related to possible securities law violations, broker or firm misconduct, or any unfair practices in the securities industry that pose a risk of harm to investors, collectively referred to as TCRs. Between FY 2018 and quarter 1 of FY 2020, the SEC received more than 40,000 TCRs,

which are maintained in the agency's TCR system. Since 2012, the SEC's TCR Oversight Board has governed the TCR program. We conducted this evaluation to assess the SEC's management of the TCR program. Specifically, we sought to determine whether (1) the SEC established an effective internal control system for collecting, triaging, and responding to credible allegations of violations of the federal securities laws; (2) the SEC safeguarded and maintained TCR source materials, as required; and (3) the TCR Oversight Board used effective tools, such as a risk management framework, to evaluate, respond to, and monitor TCR program risks and trends.

Overall, the SEC's TCR program has established an effective internal control system for collecting, triaging, and responding to credible allegations of violations of the federal securities laws. Safeguards to maintain TCR source materials are in place, as well as a risk management framework to evaluate, respond to, and monitor TCR program risks and trends. Policies, procedures, and training are available to SEC staff, and generally, TCR points of contact are satisfied with the work performed by the current TCR business owner (the Office of Market Intelligence within ENF). However, the TCR program could be strengthened by better ensuring compliance with established requirements.

For example, we found that some TCRs exceeded the prescribed number of business days for entry into the TCR system. Delays in this process could delay the identification and investigation of allegations of wrongdoing. Moreover, we determined that, for TCRs open 90 business days or more, required notes explaining the circumstances preventing timely resolution of these TCRs did not always exist or include sufficient

detail. Ensuring that staff enter into the TCR system required notes explaining the circumstances preventing timely resolution of TCRs could help inform management of TCRs requiring additional work and could assist management in better monitoring the status of TCRs. We also identified opportunities for improving communication within the TCR program, including communication related to policies and procedures for assigning TCRs to points of contact, the handling of certain TCRs, and work performed during early stage triage within the Office of Market Intelligence.

In addition, we found that the SEC has initiated a process to plan and develop a future TCR system. As the SEC engages in this planning process, we recommend that it: incorporate lessons learned from the existing system's development history, and consider end-user recommendations when gathering system requirements; and assess the benefits of a reporting function, available to end-users, within the TCR system and, if needed, include this reporting function in the requirements for the new TCR system.

Lastly, we identified two matters that did not warrant recommendations. The first matter involved TCR system downtime, and the second matter related to a consistent upward trend in the volume of TCRs submitted to the agency. We discussed these matters with agency management for their consideration.

We issued our final report on February 24, 2021, and made five recommendations to further strengthen the SEC's TCR program. Because the report contains non-public information about the SEC's TCR program, we released a redacted

version on our website at <https://www.sec.gov/files/The-SEC-Can-Further-Strengthen-the-Tips-Complaints-and-Referrals-Program-Report-No-566.pdf>.

Final Management Letter: Evaluation of SEC's FY 2020 Compliance With the Payment Integrity Information Act of 2019

In November 2020, the SEC OIG announced an evaluation of the SEC's FY 2020 compliance with the PIIA, Public Law 116-117. PIIA requires executive branch agencies to periodically review all programs and activities they administer and identify those with outlays that exceed the statutory threshold dollar amount that may be susceptible to significant improper payments and publish improper payments information with their annual financial statement. PIIA also requires OIGs to determine whether agencies are in compliance with PIIA.

We sought to determine whether the SEC met all applicable requirements of PIIA, and to evaluate the SEC's efforts to prevent and reduce improper payments. Based on our review of all relevant information, we determined that the SEC is in compliance with PIIA for FY 2020. Although the SEC did not perform a program-specific risk assessment in FY 2020, its internal control environment and efforts to prevent and reduce improper payments were reasonable to identify potential deficiencies or improper payments. However, we determined that the SEC's OFM Reference Guide—the SEC's repository for financial policies and procedures, business process narratives, issue papers, and reference materials—does not reflect the enactment and requirements of PIIA.

We issued our final management letter on March 19, 2021, and encouraged the SEC’s OFM to update its Reference Guide to reflect the enactment and requirements of PIIA. This management letter is available on our website at <https://www.sec.gov/files/Finl-Mgmt-Ltr-Eval-SEC-FY-20-Compliance-With-Payment-Integrity-Information-Act-2019.pdf>.

OTHER PROJECTS AND REPORTS

IG’s Letter to OMB on the SEC’s Implementation of Purchase Card Program Audit Recommendations

The Government Charge Card Abuse Prevention Act of 2012, Public Law 112-194, requires that IGs report to the Director of OMB on the implementation of recommendations made to the head of an executive agency to address findings of any analysis or audit of purchase card and convenience check transactions or programs. OMB’s implementing guidance requires IGs to report to the Director of OMB 120 days after the end of each FY on agency progress in implementing such recommendations.

On January 26, 2021, the OIG reported to OMB that the OIG did not issue any reports regarding the SEC’s government purchase card program during FY 2020. Furthermore, before the end of FY 2019, the OIG closed all purchase card-related recommendations, which were to ensure cardholders comply with established requirements when using a government purchase card to purchase information and data sources and print materials.

The OIG’s letter report is available on our website at <https://www.sec.gov/files/SEC-OIG-FY-2020-Ltr-to-OMB-on-Purchase-Card-Related-Audit-Recommendations.pdf>.

ONGOING AUDITS AND EVALUATIONS

Evaluation of Controls Over the Division of Economic and Risk Analysis Staff Research and Publications

SEC regulations encourage agency staff to “engage in teaching, lecturing, and writing activities.” Within the SEC, DERA engages across the entire range of the agency’s functions, including rulemaking, examination, and enforcement. Its multi-disciplinary analyses are informed by research insights, and they rely on the knowledge of institutions and practices when examining regulatory and risk-related matters. DERA assists the Commission in its efforts to identify, analyze, and respond to economic and market issues, including those related to new financial products, investment and trading strategies, systemic risk, and fraud. As part of their SEC responsibilities and for the benefit of the public, DERA staff (primarily, economists) produce reports and publications that are identified as either SEC products or individual publications. DERA staff may also independently publish personal research outside of their work for the agency.

The SEC OIG initiated an engagement to evaluate the role that the DERA staff’s research and publications—including working papers, academic publications, and other published research—play in furthering the mission of the SEC and to determine whether effective controls exist to (a) review and approve staff research and publications, and (b) safeguard SEC nonpublic or other sensitive information used for such activities.

We expect to issue a report summarizing our findings during the next reporting period.

Audit of the SEC's Implementation of an Enterprise Architecture

According to GAO, a well-defined enterprise architecture (EA) is an essential tool for leveraging IT to transform business and mission operations (GAO-06-831, *Leadership Remains Key to Establishing and Leveraging Architectures for Organizational Transformation* [August 14, 2006]). Additionally, GAO has stated that the effective use of EA is a hallmark of successful organizations, and EA outcomes include realizing cost savings and/or cost avoidance, enhancing information sharing, and optimizing service delivery (GAO-12-791, *Organizational Transformation: Enterprise Architecture Value Needs to Be Measured and Reported* [September 26, 2012]). OMB has also established requirements for agencies to develop an EA that describes the baseline architecture, target architecture, and a transition plan to get to the target architecture (OMB Circular A-130, *Managing Information as a Strategic Resource* [July 28, 2016]).

The SEC OIG initiated an audit to determine the extent to which the SEC has implemented an effective EA program to guide and facilitate the modernization of the agency's IT environment.

We expect to issue a report summarizing our findings during the next reporting period.

Review of the SEC's Compliance With Cybersecurity and Infrastructure Security Agency Emergency Directive 21-01 and Initial Response to the SolarWinds Compromise

On January 15, 2021, the SEC OIG initiated a review of the SEC's response to Emergency Directive 21-01, "Mitigate SolarWinds Orion Code Compromise," issued by the Department of Homeland Security's Cybersecurity and Infrastructure Security Agency (CISA) on December 13, 2020, and supplemental guidance. Specifically, we are reviewing the SEC's (1) actions to comply with CISA Emergency Directive 21-01 and supplemental guidance, and (2) initial response to the SolarWinds compromise. Our review will include SEC compliance and response efforts from December 2020 and January 2021, although issuance of additional CISA supplemental guidance may expand our scope.

We expect to issue a report summarizing our findings during the next reporting period.

Fiscal Year 2021 Independent Evaluation of the SEC's Implementation of the Federal Information Security Modernization Act of 2014

Amending the Federal Information Security Management Act of 2002, FISMA provides (1) a comprehensive framework to ensure the effectiveness of security controls over information resources that support federal operations and assets; and (2) a mechanism for oversight of federal information security programs. FISMA also requires agencies to develop, document, and

implement an agency-wide information security program to provide information security for the data and information systems that support the operations and assets of the agency.

In addition, FISMA requires IGs to annually assess the effectiveness of agency information security programs and practices and to report the results to OMB and the Department of Homeland Security. This assessment includes testing and assessing the effectiveness of agency information security policies, procedures, practices, and a subset of agency information systems. To comply with FISMA, the OIG initiated an evaluation of the SEC's information security programs and practices. We contracted with Kearney to conduct this independent evaluation. The objective is to assess the SEC's compliance with FISMA for FY 2021 based on guidance issued by OMB, the Department of Homeland Security, and the National Institute of Standards and Technology.

We expect to issue a report summarizing our findings during the next reporting period.

Audit of the SEC's Compliance With the Digital Accountability and Transparency Act of 2014

To improve the transparency and quality of the federal spending data made available to the public, the Digital Accountability and Transparency Act of 2014 (DATA Act) (Public Law 113-101) requires, among other

things, (1) government-wide data standards, (2) disclosure of direct federal spending with certain exceptions, (3) federal agencies to comply with the new data standards, and (4) OIG's audits of the quality of the data be made available to the public. According to GAO, effective implementation of the DATA Act will allow funds to be tracked at multiple points in the federal spending lifecycle, which would be publicly available on *USASpending.gov* or a successor website.

The OIG has initiated an audit to assess the SEC's compliance with the DATA Act based on guidance issued by OMB and Treasury. Specifically, following a common methodology and reporting approach for the OIG community (CIGIE Federal Audit Executive Council DATA Act Working Group, CIGIE Federal Audit Executive Council Inspectors General Guide to Compliance under the DATA Act [December 4, 2020]), we will assess the (1) completeness, accuracy, timeliness, and quality of the SEC's first quarter, FY 2021 financial and award data submitted for publication on *USASpending.gov*; and (2) the SEC's implementation and use of the government-wide financial data standards established by OMB and Treasury.

We expect to issue a report summarizing our findings during the next reporting period.



INVESTIGATIONS

OVERVIEW

The OIG OI investigates allegations of criminal, civil, and administrative violations relating to SEC programs and operations. The subject of an OIG investigation can be an SEC employee, contractor, consultant, or any person or entity involved in alleged wrongdoing affecting the agency. Substantiated allegations may result in criminal prosecutions, fines, civil penalties, administrative sanctions, or personnel actions.

OI conducts investigations in accordance with the CIGIE *Quality Standards for Investigations* and applicable guidelines issued by the U.S. Attorney General. OI continues to enhance its systems and processes to ensure investigations are conducted in an independent, fair, thorough, and timely manner.

Investigations require extensive collaboration with separate SEC OIG component offices, other SEC divisions and offices, outside agencies, and law enforcement agencies, as well as coordination with the DOJ and other prosecutorial agencies. During the course of investigations, OI may discover vulnerabilities and internal control deficiencies and promptly report these issues to SEC management for corrective actions via Management Implication Reports.

OI manages the OIG Hotline, which is available 24 hours a day, 7 days a week, to receive and process tips and complaints about fraud, waste, or abuse related to SEC programs and operations. The Hotline allows individuals to report their allegations to the OIG directly and confidentially.

Staffed by Special Agents, the OIG's Digital Forensics and Investigations Unit performs digital forensic acquisitions, extractions, and examinations in support of SEC OIG operations, and conducts network intrusion and exploitation investigations, as well as other investigations involving threats to the SEC's IT infrastructure.

REPORT ON INSTANCES OF WHISTLEBLOWER RETALIATION

For this semiannual reporting period, the OIG found no instances of whistleblower retaliation to report.

CLOSED INVESTIGATIONS

Leak of Nonpublic Information (*Financial Times*)

The OIG investigated an allegation involving the potential release of nonpublic information to the media. Specifically, on October 24, 2019, a *Financial Times* reporter contacted staff in the Office of the

Chairman and asked questions about an upcoming Commission Open Meeting, where proposed changes to shareholder proxy voting rules would be discussed. The reporter's questions included information that was not available to the public, including the scheduled date of the Commission Open Meeting and detailed information contained in the rule proposals drafts. On October 25, 2019, the *Financial Times* published an article entitled, "Regulator Plans To Impose Limits on Shareholders' Ability To Agitate for Corporate Change," which included nonpublic information pertaining to the proxy voting rule proposals.

The OIG determined that the information included in the October 25, 2019, *Financial Times* article pertaining to the proxy voting rule proposals was nonpublic. The OIG identified 42 current or former SEC employees who, because of their involvement with the proxy rulemaking proposals, had access to the nonpublic information disclosed in the article. Based on interviews and reviews of email and phone records, the OIG identified that two Commissioners had contact with one of the article's authors in the weeks preceding the publication of the article. One Commissioner received an unsolicited phone call from one of the article's authors that lasted about a minute, and the other Commissioner met with the same author before the Commission's Open Meeting, stating that they had specifically discussed the pending proposed rulemaking on one or more occasions. However, the investigation did not identify who had improperly disclosed SEC nonpublic information to the *Financial Times* contained in the article.

Based on the findings of the investigation, no employee was identified as or admitted to leaking nonpublic information for the article to the *Financial Times*. Therefore, this matter was not referred to the DOJ for prosecution.

SEC Employee Inappropriate Behavior

The OIG investigated allegations of sexual harassment based on information that at least two female SEC employees separately reported feeling uncomfortable with a former supervisor's conduct toward them. Specifically, the supervisor allegedly visited the office of one female employee multiple times with no business reason and remained in her office for about 45 minutes, commenting on her appearance and claiming to have her picture on his telephone. Additionally, it was reported that another female employee alleged that the supervisor commented to her that her picture in Microsoft Outlook was "stunning," and he also made comments about her running an "escort service" when she brought a guest to a holiday party. It was reported that both women were uncomfortable with their interactions with the supervisor on multiple occasions and intimated that there may be more women within the SEC who had similar experiences.

The investigation identified seven female SEC employees that the supervisor may have made inappropriate comments toward and/or were made uncomfortable by the supervisor's conduct. Two of the female employees stated that the supervisor did not make inappropriate or uncomfortable comments. The remaining five female employees believed that the supervisor made such comments or actions. The supervisor either denied or did not recall making inappropriate comments, unwanted/inappropriate contact, and knowingly making any female employees uncomfortable.

The matter was referred to the SEC, and action was taken.

False Statements Made to SEC's Division of Enforcement

Based on a referral from the Boston Regional Office, the OIG investigated allegations involving false statements and the obstruction of an SEC investigation. Specifically, the Boston Regional Office reported that it learned that a registrant and the company's president and chief executive officer (CEO) had failed to produce all documents to the office during an investigation and falsely certified that they had.

The OIG initiated an investigation focused on the CEO's alleged obstructive behavior. The investigation substantiated that during Boston Regional Office's investigation, the CEO failed to produce all the required documents to the SEC staff. The CEO and the CEO's attorney attributed the failure to the law firm representing them and their prior counsel's interpretation of what documents were required to be produced.

The facts and evidence developed during this investigation were referred to the U.S. Attorney's Office for the District of Massachusetts for consideration on March 28, 2019; however, prosecution was declined September 21, 2020.

SEC Employee Impersonation

The OIG investigated an allegation involving the impersonation of an SEC employee. Specifically, a civilian debtor to the SEC received two emails purportedly from an SEC employee that contained wire transfer instructions that instructed the civilian to send funds owed to the SEC to a bank account in the name of a third party.

The investigation determined that the SEC employee did not send the email and that the fake SEC email originated from an email account in Nigeria. The investigation was unable to determine the account's owner, how the imposter spoofed the SEC employee's email account, or how the civilian

was targeted. However, during the investigation, the OIG identified another fraud scheme that used the bank account belonging to the third party, which the investigation determined belonged to a civilian who relocated to Venezuela from the United States. When interviewed, the third party reported meeting a man through an online dating website who, for various reasons, asked the third party to send personal funds to several individuals using the third party's bank account. One person who received some of the funds was a civilian residing in Pennsylvania. The third party sent \$48,595 to the individual in Pennsylvania, who subsequently withdrew the funds and sent the money to at least one unknown individual.

The facts and evidence developed during this investigation were referred to the U.S. Attorney's Office for the Western District of Pennsylvania for consideration; however, on November 9, 2020, the matter was declined.

Misuse of Official Time

The OIG investigated an allegation involving the misuse of official time by an SEC employee. Specifically, the Office of Human Resources reported that an SEC attorney was inappropriately detailed to the National Treasury Employees Union to work 100 percent union time. The SEC collective bargaining agreement authorizes only three SEC employees to work 100 percent union time, and this particular attorney's detail exceeded this authorized level.

This investigation found that the attorney in question had received approval from an SEC senior officer to work 100 percent union time from June 2019 through March 2020. The senior officer had given this approval without receiving proper authorization from the SEC's Chief Operating Officer, resulting in the union receiving an unauthorized full-time salary benefit of about \$141,650.

The matter was referred to the SEC, which reaffirmed with the parties involved the need to adhere to the terms of the collective bargaining agreement.

Personally Identifiable Information Release

Based on a referral from the SEC's Office of Support Operations, the OIG investigated an allegation involving the possible release of personally identifiable information (PII). Specifically, the SEC's Security Operations Center received a notice that a former contract employee had sent 7 emails to an external email address, with documents attached containing PII for 55 individuals.

The investigation determined that on December 27, 2019, the contractor did inappropriately release PII by sending 8 emails to a personal email account, with documents attached containing PII for 69 individuals. The contractor claimed to have deleted the emails and their attachments from this personal account, which the OIG confirmed. Additionally, the contractor claimed to have not yet opened the emails or attachments in the email account before deleting them. The contractor claimed to have sent the attachments to maintain a copy of the verbiage and wording, which the contractor had previously used in adjudications generally, and not for any information related to specific individuals. The SEC conducted a breach assessment and determined that no further action was required by the agency.

Misuse of Contractor Time

The OIG investigated an allegation of the misuse of contractor time. Specifically, based on information received from an anonymous source, it was alleged that an SEC contract employee was performing work for the SEC as a sub-contractor for an IT

contract at the same time the contract employee was performing work on an OPM contract for another contractor.

The investigation determined that the SEC contract employee was employed as a full-time employee for the SEC IT contractor at SEC headquarters while also employed as a part-time employee for an OPM contractor. It was determined that the SEC contract employee may have attended OPM meetings and responded to OPM emails on at least six occasions, during traditional SEC business hours. The SEC contract employee recalled attending meetings and responding to e-mails, but could not recall specific dates. However, the SEC contract employee stated that the contract employee's duties at the SEC require working outside traditional business hours. The SEC contract employee claimed to have never worked overlapping hours for the SEC and OPM and produced emails confirming this was the agreement between the SEC contract employee and the OPM contractor. An OPM contractor representative confirmed that the SEC contract employee did not work for OPM during the contract employee's SEC workday. The SEC contract employee's SEC project manager confirmed that the employee worked a flexible work schedule because of the nature of the employee's SEC assignments, which requires employees, on occasion, to work evenings, weekends, as well as more than 8-hour days. The contract employee ceased employment with the SEC on December 31, 2020.

Racially Motivated Enforcement of a Regulated Entity

The OIG investigated allegations that the SEC's ENF was engaged in racially motivated litigation against a businessman because he is black.

Specifically, multiple complainants contacted Commissioner Elad Roisman's office alleging that ENF's initiation of litigation against Solomon Ali, formerly known as Richard M. Carter, was racially motivated. The SEC authorized the case against Ali in 2018.

The investigation did not identify any evidence to support the allegation that the SEC's litigation against Ali was racially motivated. The investigation found that the SEC followed its policies and procedures in opening the matter based on multiple reports submitted to the SEC's TCR system regarding Ali and related companies. The SEC received the initial complaint related to misconduct by Ali in June 2013, as a TCR from the general public. There were 15 prior similar TCRs regarding misconduct by Ali and a public company. In July 2013, the SEC received another complaint from an individual investor against both Ali and the public company that was determined to be directly related to the June 2013 TCR. The July 2013 TCR did not reference Ali's race or any information that would indicate the business was owned by a minority. Through routine triage, the TCR was assigned to the Division of Corporation Finance for further review; the Division of Corporation Finance referred the matter to ENF for investigation on January 30, 2015. Subsequent TCRs received regarding Ali were assigned directly to the ENF investigation.

The SEC approved ENF's recommendation for enforcement action against Ali, and the SEC filed a complaint in the U.S. District Court for the Northern District of Georgia, Atlanta Division. The SEC initiated civil action against Ali in 2018, alleging that Ali perpetrated fraud against investors in another public company.

Additionally, the District Court for the Northern District of Georgia, Atlanta Division, denied Ali's motion to dismiss the SEC's case and granted the SEC's motion for Summary Judgment, finding that Ali's responses to the matter were largely conclusory and unsupported self-serving statements, and that the evidence the SEC had produced supported the allegations of fraud against Ali.

Inappropriate Employee Behavior

The OIG investigated allegations of inappropriate behavior by an SEC employee. The investigation determined that, on about 17 occasions from March through June 2020, the employee used a personal cell phone to take pictures of other employees, without their knowledge, during work-related video conference calls. The employee then texted these pictures, along with comments, from the personal cell phone to the personal cell phones of other SEC employees. The investigation also determined that the employee gave conflicting statements when discussing these incidents with a supervisor and with SEC agents. In addition, management determined that, in taking photos using a personal cell phone, the employee failed to exercise the degree of care required in handling potentially non-public information, and the employee failed to follow a supervisor's instruction to stop engaging in the behavior.

The matter was referred to management, and the employee served a suspension for the misconduct.



REVIEW OF LEGISLATION AND REGULATIONS

During this semiannual reporting period, the OIG reviewed and monitored the following legislation and regulations:

Public Law 115-414, Good Accounting Obligation in Government Act

To require each federal agency, in its annual budget justification, to include a report on: (1) each public recommendation of the GAO that is classified as “open” or “closed, unimplemented;” (2) each public recommendation for corrective action from the agency’s OIG for which no final action has been taken; and (3) the implementation status of each such recommendation. Each agency shall also provide a copy of this information to its OIG and to GAO.

Public Law 116-93, Consolidated Appropriations Act, 2020

To provide \$1,815,000,000 to the SEC to remain available until expended, of which not less than \$15,662,000 shall be for the OIG.

Public Law 116-136, CARES Act Section 1501O

To establish within CIGIE a Pandemic Response Accountability Committee to (1) prevent and detect fraud, waste, abuse, and mismanagement; and (2) mitigate major risks that cut across program and agency boundaries. Much of the

legislative text is similar to that which established the Recovery Accountability Transparency Board in 2009.

H.R. 5, Equality Act

To prohibit discrimination on the basis of sex, gender identity, and sexual orientation, and for other purposes.

H.R. 403

To repeal a restriction on the use of funds by the SEC to ensure shareholders of corporations have knowledge of corporate political activity.

H.R. 1225

National Security Diversity and Inclusion Workforce Act of 2021. To improve diversity and inclusion in the workforce of national security agencies, and for other purposes.

H.R. 1780

To amend the Securities Exchange Act of 1934 to require disclosures related to the Paris Climate Agreement, and for other purposes.

S. 5070

Anti-Corruption and Public Integrity Act. A bill to improve the anti-corruption and public integrity laws, and for other purposes.

MANAGEMENT DECISIONS

STATUS OF RECOMMENDATIONS WITH NO MANAGEMENT DECISIONS

Management decisions have been made on all audit and evaluation reports issued before the beginning of this reporting period.

REVISED MANAGEMENT DECISIONS

No management decisions were revised during the period.

AGREEMENT WITH SIGNIFICANT MANAGEMENT DECISIONS

The OIG agrees with all significant management decisions regarding audit and evaluation recommendations.

REPORTS FOR WHICH NO AGENCY COMMENT WAS RETURNED WITHIN 60 DAYS

There were no audit or evaluation reports issued before the beginning of this reporting period for which no agency comment was returned within 60 days of providing the report to the agency.

INSTANCES WHERE THE AGENCY UNREASONABLY REFUSED OR FAILED TO PROVIDE INFORMATION TO THE OIG OR ATTEMPTED TO INTERFERE WITH OIG INDEPENDENCE

During this reporting period, there were no instances where the agency unreasonably refused or failed to provide information to the OIG or attempted to interfere with the independence of the OIG.

TABLES

Table 1. List of Reports: Audits and Evaluations

Information Security	
12/21/2020	Fiscal Year 2020 Independent Evaluation of SEC's Implementation of the Federal Information Security Modernization Act of 2014
563	
Regulatory Oversight	
1/13/2021	The SEC's Office of Investor Education and Advocacy Could Benefit From Increased Coordination, Additional Performance Metrics, and Formal Strategic Planning
564	
Acquisition Management	
2/24/2021	The SEC Has Taken Steps To Strengthen Its Monitoring of ISS Contractor's Performance, But Additional Actions Are Needed
565	
Regulatory Oversight	
2/24/2021	The SEC Can Further Strengthen the Tips, Complaints, and Referrals Program
566	
Financial Management	
3/19/2021	Final Management Letter: Evaluation of SEC's FY 2020 Compliance With the Payment Integrity Information Act of 2019
n/a	

Table 2. Reports Issued With Questioned Costs (Including Disallowed Costs)

Description	Number of Reports	Questioned Costs	Unsupported Costs
Reports for which no management decision had been made by the start of the reporting period (Reports No. 554 and 562)	2	\$42,801	\$3,134,984
Reports issued during the reporting period	0	\$0	\$0
Subtotals	2	\$42,801	\$3,134,984
Line 1. Reports for which a management decision had been made during the reporting period:	2	\$42,801	\$3,134,984
• Dollar value agreed to by management (Reports No. 554 and 562)	2	\$42,801	\$3,134,984
• Dollar value NOT agreed to by management	0	\$0	\$0
Line 2. Reports with no management decision at the end of the reporting period	0	\$0	\$0
Total (Line 1 and 2)	2	\$42,801	\$3,134,984

The term “questioned cost” means a cost that is questioned because of (A) an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; (B) a finding that, at the time of the audit, such cost is not supported by adequate documentation; or (C) a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

The term “unsupported cost” means a cost that is questioned because the OIG found that, at the time of the audit, such cost is not supported by adequate documentation.

The term “disallowed cost” means a questioned cost that management, in a management decision, has sustained or agreed should not be charged to the government.

Table 3. Reports Issued With Recommendations That Funds Be Put to Better Use

Description	Number of Reports	Dollar Value
Reports for which no management decision had been made by the start of the reporting period	0	\$0
Reports issued during the reporting period	0	\$0
Subtotals	0	\$0
Reports for which a management decision had been made during the reporting period:	0	\$0
• Dollar value agreed to by management	0	\$0
• Dollar value NOT agreed to by management	0	\$0
Reports with no management decision at the end of the reporting period	0	\$0
Total	0	\$0

The term “recommendation that funds be put to better use” means a recommendation that funds could be used more efficiently if management took actions to implement and complete the recommendation, including (A) reductions in outlays; (B) deobligation of funds from programs or operations; (C) withdrawal of interest subsidy costs on loans or loan guarantees, insurance, or bonds; (D) costs not incurred by implementing recommended improvements related to the operations of the establishment, a contractor, or grantee; (E) avoidance of unnecessary expenditures noted in pre-award reviews of contract or grant agreements; or (F) any other savings which are specifically identified. Consistent with section 5 of the IG Act, as amended, dollar amounts shown in this category reflect the dollar value of recommendations that funds be put to better use by management.

Table 4. Reports With Recommendations on Which Corrective Action Has Not Been Completed

During this most recent semiannual reporting period, SEC management provided the OIG with documentation to support the implementation of OIG recommendations. In response, the OIG closed 14 recommendations related to 8 OA reports. The following table lists recommendations issued before the commencement of this semiannual reporting period that remain open. (“Redacted text” indicates recommendations that include one or more redactions of nonpublic information.)

Report Number and Title	Rec. No.	Issue Date	Recommendation Summary
546–Audit of the SEC’s Compliance With the Federal Information Security Modernization Act for Fiscal Year 2017	3	3/30/2018	Redacted Text
546–Audit of the SEC’s Compliance With the Federal Information Security Modernization Act for Fiscal Year 2017	8	3/30/2018	Redacted Text
546–Audit of the SEC’s Compliance With the Federal Information Security Modernization Act for Fiscal Year 2017	9	3/30/2018	Redacted Text
546–Audit of the SEC’s Compliance With the Federal Information Security Modernization Act for Fiscal Year 2017	12	3/30/2018	Redacted Text
546–Audit of the SEC’s Compliance With the Federal Information Security Modernization Act for Fiscal Year 2017	15	3/30/2018	Develop and implement a process to ensure that all individuals with significant security responsibilities receive required specialized training before gaining access to information systems or before performing assigned duties.
546–Audit of the SEC’s Compliance With the Federal Information Security Modernization Act for Fiscal Year 2017	16	3/30/2018	Update the existing continuous monitoring strategy to define (a) qualitative and quantitative performance measures or data that should be collected to assess the effectiveness of the agency’s continuous monitoring program; (b) procedures for reviewing and modifying all aspects of the agency’s continuous monitoring strategy; and (c) the agency’s ongoing authorization process.

Table 4. Reports With Recommendations on Which Corrective Action Has Not Been Completed (*Continued*)

Report Number and Title	Rec. No.	Issue Date	Recommendation Summary
546–Audit of the SEC’s Compliance With the Federal Information Security Modernization Act for Fiscal Year 2017	17	3/30/2018	Review and update incident response plans, policies, procedures, and strategies to (a) address all common threat and attack vectors and the characteristics of each particular situation; (b) identify and define performance metrics that will be used to measure and track the effectiveness of the agency’s incident response program; (c) develop and implement a process to ensure that incident response personnel obtain data supporting the incident response metrics accurately, consistently, and in a reproducible format; (d) define incident response communication protocols and incident handlers’ training requirements; and (e) remove outdated terminology and references.
549–The SEC Made Progress But Work Remains To Address Human Capital Management Challenges and Align With the Human Capital Framework	2	9/11/2018	Finalize standard operating procedures for the agency’s performance management program.
550–Evaluation of the EDGAR System’s Governance and Incident Handling Processes	14	9/21/2018	Redacted Text
552–Fiscal Year 2018 Independent Evaluation of SEC’s Implementation of the Federal Information Security Modernization Act of 2014	1	12/17/2018	Redacted Text
552–Fiscal Year 2018 Independent Evaluation of SEC’s Implementation of the Federal Information Security Modernization Act of 2014	2	12/17/2018	Redacted Text
552–Fiscal Year 2018 Independent Evaluation of SEC’s Implementation of the Federal Information Security Modernization Act of 2014	3	12/17/2018	Redacted Text

Table 4. Reports With Recommendations on Which Corrective Action Has Not Been Completed (*Continued*)

Report Number and Title	Rec. No.	Issue Date	Recommendation Summary
552-Fiscal Year 2018 Independent Evaluation of SEC's Implementation of the Federal Information Security Modernization Act of 2014	4	12/17/2018	Redacted Text
553-Although Highly Valued by End Users, DERA Could Improve Its Analytics Support by Formally Measuring Impact, Where Possible	3	4/29/2019	Incorporate the results of analytics impact measurements in the Division's outreach efforts.
555-The SEC Has Processes to Manage Information Technology Investments But Improvements Are Needed	2	9/19/2019	Ensure its capital planning and investment control policies meet the intent of OMB guidance on IT investment baseline management policies, to include procedures that: (a) clarify the specific information needed to support change requests for deviations from approved investment baselines; (b) specify the minimum documentation necessary to demonstrate the analysis of alternatives performed to support decisions to improve, enhance, or modernize existing IT investments, or to implement changes to investment baselines; and (c) establish the circumstances under which a new investment proposal is warranted in lieu of a change request.
556-The SEC Can More Strategically and Securely Plan, Manage, and Implement Cloud Computing Services	2	11/7/2019	Develop a roadmap and implementation plan for cloud migration that provides for evaluating the agency's IT portfolio; prioritizing systems and services for migration to the cloud, as appropriate, based on potential benefits and risks; and tracking of cloud-related goals.
556-The SEC Can More Strategically and Securely Plan, Manage, and Implement Cloud Computing Services	3	11/7/2019	Develop policies and procedures to ensure the following for all new and existing cloud computing services: (a) applicable cloud system security controls and enhancements are included in the respective SEC cloud-based system security plan; (b) applicable cloud system security controls and enhancements are assessed and supported by sufficient evidence in the respective SEC cloud-based system security assessment report; and (c) the SEC authorizing official is provided with complete and appropriate information necessary to make risk-based decisions on whether to authorize the agency's cloud systems to operate.

Table 4. Reports With Recommendations on Which Corrective Action Has Not Been Completed (*Continued*)

Report Number and Title	Rec. No.	Issue Date	Recommendation Summary
558-Fiscal Year 2019 Independent Evaluation of SEC's Implementation of the Federal Information Security Modernization Act of 2014	2	12/18/2019	Redacted Text
558-Fiscal Year 2019 Independent Evaluation of SEC's Implementation of the Federal Information Security Modernization Act of 2014	4	12/18/2019	Redacted Text
558-Fiscal Year 2019 Independent Evaluation of SEC's Implementation of the Federal Information Security Modernization Act of 2014	5	12/18/2019	(a) Develop a methodology to demonstrate the control assignments from National Institute of Standards and Technology Special Publication 800-53, Revision 4, including control tailoring and inheritance; and (b) update the SEC's System Security Plan templates to ensure control tailoring justification corresponds to the methodology covered in part (a).
558-Fiscal Year 2019 Independent Evaluation of SEC's Implementation of the Federal Information Security Modernization Act of 2014	7	12/18/2019	Redacted Text
Final Management Letter-Evaluation of the U.S. Securities and Exchange Commission's Delinquent Filings Program	1	12/17/2019	The Division of Corporation Finance formalize its plan for any changes that may impact the Delinquent Filings Program, and as appropriate, coordinate with ENF: (a) any changes that may impact the Delinquent Filings Program, and (b) updates to training, policies, and procedures that are reflective of the program as it evolves.
Final Management Letter-Evaluation of the U.S. Securities and Exchange Commission's Delinquent Filings Program	2	12/17/2019	The Office of the General Counsel and ENF consider whether to pursue or not pursue delegated authority related to the Delinquent Filings Program.

Table 4. Reports With Recommendations on Which Corrective Action Has Not Been Completed (*Continued*)

Report Number and Title	Rec. No.	Issue Date	Recommendation Summary
559–The SEC’s Office of Broker-Dealer Finances Provides Effective Oversight, But Opportunities to Improve Efficiency Exist	2	2/26/2020	Finalize steps deemed feasible and prudent and, as necessary, (a) require broker-dealers to electronically file with the Commission annual reports and risk assessment reports, and (b) raise the capital threshold for reporting under the 17-H rules.
560–Controls Over the SEC’s Travel Charge Card Program Could Be Strengthened To More Fully Comply With Requirements and Maximize Benefits	1	3/30/2020	Increase outreach efforts to make SEC employees aware of their obligation to use their government travel charge cards, and the benefits to the agency from their use of government travel charge cards.
560–Controls Over the SEC’s Travel Charge Card Program Could Be Strengthened To More Fully Comply With Requirements and Maximize Benefits	2	3/30/2020	Update OFM Reference Guide Chapter 91.03, <i>Travel Payments Process Document</i> ; SEC Administrative Regulation 14-3, <i>Travel Charge Card Monitoring Policy</i> ; and the SEC Travel Policy. The updates should (a) be consistent and compliant with the Travel and Transportation Reform Act of 1998, the Federal Travel Regulation, the Government Charge Card Abuse Prevention Act of 2012, and the 2019 revision to OMB Circular No. A-123, Appendix B; and (b) provide clear and consistent guidance on the need for and use of government travel charge cards.
560–Controls Over the SEC’s Travel Charge Card Program Could Be Strengthened To More Fully Comply With Requirements and Maximize Benefits	3	3/30/2020	Identify those SEC employees who are considered “frequent travelers” but who do not have Individually Billed Accounts, and either (a) seek an exemption to federal requirements regarding such accounts, or (b) require those employees to apply for and use Individually Billed Accounts or Tax Advantage Travel Card Accounts, as Finding 2 discusses.
560–Controls Over the SEC’s Travel Charge Card Program Could Be Strengthened To More Fully Comply With Requirements and Maximize Benefits	5	3/30/2020	Ensure explanations and justifications for premium-class air travel, above per diem lodging, and usage of personal vehicles are documented and included in travel authorization files.

Table 4. Reports With Recommendations on Which Corrective Action Has Not Been Completed (*Continued*)

Report Number and Title	Rec. No.	Issue Date	Recommendation Summary
562-Opportunities Exist To Improve the SEC's Management of Mobile Devices and Services	2	9/30/2020	Establish and implement comprehensive processes and procedures and/or update existing guidance to: (a) require periodic reviews and reconciliations of mobile device usage reports, rate plan analysis reports, and mobile device management system reports to identify and address key indicators of potential inefficient or unauthorized use including overuse, underuse, or zero use; and (b) require periodic reviews of wireless service providers' invoices to ensure unusual or additional charges, such as international charges, are accurate, are for authorized purposes, and are adequately supported.
562-Opportunities Exist To Improve the SEC's Management of Mobile Devices and Services	3	9/30/2020	Update existing guidance to include periodic assessments and re-certifications of the continued need for mobile devices, specify criteria for assigning rate plans to mobile device users, and establish a process for communicating the plans' limits to users.
562-Opportunities Exist To Improve the SEC's Management of Mobile Devices and Services	4	9/30/2020	Define an agency-wide mobile device program-level acquisition strategy, including conditions and criteria for approving the procurement of mobile devices that meet defined SEC requirements.
562-Opportunities Exist To Improve the SEC's Management of Mobile Devices and Services	5	9/30/2020	Redacted Text
562-Opportunities Exist To Improve the SEC's Management of Mobile Devices and Services	6	9/30/2020	Redacted Text
562-Opportunities Exist To Improve the SEC's Management of Mobile Devices and Services	7	9/30/2020	Redacted Text

Table 5. Summary of Investigative Activity for the Reporting Period of October 1, 2020, to March 31, 2021

The data contained in this table was compiled from the OIG’s investigations case management system.

Investigative Caseload	Number
Cases Open at Beginning of Period	55
Cases Completed but Not Closed* at Beginning of Period	0
Cases Opened During Period	18
Cases Closed During Period	8
Cases Completed but Not Closed at End of Period	2
Open Cases at End of Period	63
Investigative Reports Issued During the Reporting Period	13

* A case is “completed” but not “closed” when the investigative work has been performed but disposition (such as corrective administrative action) is pending.

Criminal and Civil Investigative Activities	Number
Referrals for Criminal Prosecution to DOJ	8
Accepted	1
Indictments/Informations	3
Arrests	2
Convictions	0
Referrals for Criminal Prosecution to State and Local Prosecuting Authorities	0
Referrals for Civil Prosecution to DOJ	0
Referrals for Civil Prosecution to State and Local Prosecuting Authorities	0

Table 5. Summary of Investigative Activity for the Reporting Period of October 1, 2020, to March 31, 2021 (Continued)

Monetary Results	Number
Criminal Fines/Restitutions/Recoveries/Assessments/Forfeitures	\$50,025.00
Criminal Seizures	\$0
Civil Fines/Restitutions/Recoveries/Penalties/Damages/Forfeitures	\$0

Administrative Investigative Activities	Number
Removals, Retirements, and Resignations	0
Suspensions	1
Reprimands/Warnings/Other Actions	0

Complaints Received	Number
Hotline Complaints	170
Other Complaints	226
Total Complaints During Period	396

Table 6. References to Reporting Requirements of the Inspector General Act

Section	Inspector General Act Reporting Requirement	Page(s)
4(a)(2)	Review of Legislation and Regulations	23
5(a)(1)	Significant Problems, Abuses, and Deficiencies	9-15, 18-22
5(a)(2)	Recommendations for Corrective Action	9-15
5(a)(3)	Prior Recommendations Not Yet Implemented	28-33
5(a)(4)	Matters Referred to Prosecutive Authorities	18-22, 34-35
5(a)(5)	Summary of Instances Where the Agency Unreasonably Refused or Failed To Provide Information to the OIG	24
5(a)(6)	List of OIG Audit and Evaluation Reports Issued During the Period	25
5(a)(7)	Summary of Significant Reports Issued During the Period	9-15, 18-22
5(a)(8)	Statistical Table on Management Decisions with Respect to Questioned Costs	26
5(a)(9)	Statistical Table on Management Decisions on Recommendations That Funds Be Put to Better Use	27
5(a)(10)(A)	Summary of Each Audit, Inspection or Evaluation Report More Than 6 Months Old for Which No Management Decision Has Been Made	24
5(a)(10)(B)	Summary of Each Audit, Inspection or Evaluation Report More Than 6 Months Old for Which No Establishment Comment Was Returned Within 60 Days of Providing the Report to the Establishment	24
5(a)(10)(C)	Summary of Each Audit, Inspection or Evaluation Report More Than 6 Months Old for Which There Are Any Outstanding Unimplemented Recommendations, Including the Aggregate Potential Cost Savings of Those Recommendations	24
5(a)(11)	Significant Revised Management Decisions	24
5(a)(12)	Significant Management Decisions with Which the Inspector General Disagreed	24
5(a)(14)(B)	Date of the Last Peer Review Conducted by Another OIG	38-39
5(a)(16)	Peer Reviews Conducted by Another OIG	38-39
5(a)(17)(A)	Statistical Table Showing the Total Number of Investigative Reports Issued During the Reporting Period	34-35
5(a)(17)(B)	Statistical Table Showing the Total Number of Persons Referred to the DOJ for Criminal Prosecution During the Reporting Period	34-35

Table 6. References to Reporting Requirements of the Inspector General Act (Continued)

Section	Inspector General Act Reporting Requirement	Page(s)
5(a)(17)(C)	Statistical Table Showing the Total Number of Persons Referred to State and Local Prosecuting Authorities for Criminal Prosecution During the Reporting Period	34-35
5(a)(17)(D)	Statistical Table Showing the Total Number of Indictments and Criminal Informations During the Reporting Period That Resulted From Any Prior Referral to Prosecuting Authorities	34-35
5(a)(18)	Description of the Metrics Used for Developing the Data for the Statistical Tables Under 5(a)(17)	34-35
5(a)(19)	Report on Each Investigation Conducted Involving a Senior Government Employee Where Allegations of Misconduct Were Substantiated	18-22
5(a)(20)	Instances of Whistleblower Retaliation	18
5(a)(21)	Attempts by the Establishment To Interfere With the Independence of the OIG	24
5(a)(22)(A)	Each Inspection, Evaluation, and Audit Conducted by the OIG That Is Closed and Was Not Disclosed to the Public	n/a
5(a)(22)(B)	Each Investigation Conducted by the OIG Involving a Senior Government Employee That Is Closed and Was Not Disclosed to the Public	n/a

PEER REVIEWS OF OIG OPERATIONS

PEER REVIEW OF THE SEC OIG'S AUDIT OPERATIONS

In accordance with generally accepted government auditing standards, an OIG audit team assesses another OIG's audit function every three years. During this reporting period, the SEC OIG did not have an external peer review of its audit function and did not conduct any audit peer reviews.

The Legal Services Corporation (LSC) OIG conducted the most recent assessment of the SEC OIG Office of Audit's system of quality control for the three-year period ending March 31, 2018. The review focused on whether the SEC OIG established and complied with a system of quality control that was suitably designed to provide the SEC OIG with a reasonable assurance of conforming to applicable professional standards. On September 5, 2018, the LSC OIG issued its report, concluding that the SEC OIG complied with its system of quality control and that the system was suitably designed to provide the SEC OIG with reasonable assurance of performing and reporting in conformity with applicable government auditing standards in all material respects. On the basis of its review, the LSC OIG gave the SEC OIG a peer review rating of "pass." (Federal audit organizations can receive a rating of "pass," "pass with deficiencies," or "fail.")

The peer review report is available on the SEC OIG website at <https://www.sec.gov/files/External-Peer-Review-Report-for-the-SEC-OIG-Audit-Org.pdf>. The next peer review of the OIG's audit function is scheduled for FY 2021.

PEER REVIEW OF THE SEC OIG'S EVALUATION OPERATIONS

The Appalachian Regional Commission (ARC) OIG conducted the most recent assessment of the SEC OIG OA, inspection and evaluation work for the three-year period ending June 30, 2020. The review focused on assessing the extent to which the SEC OIG met the CIGIE *Quality Standards for Inspection and Evaluation* (Blue Book), January 2012. The assessment included a review of the SEC OIG's internal policies and procedures implementing the seven required CIGIE Blue Book standards. It also included a review of selected inspection and evaluation reports issued between July 1, 2017, through June 30, 2020, to determine whether the reports complied with the seven covered Blue Book standards and the SEC OIG's internal policies and procedures.

On October 20, 2020, the ARC OIG issued its report, concluding that the SEC OIG's policies and procedures generally met the seven Blue Book standards addressed in the external peer review. In addition, ARC OIG found that the two reports reviewed generally met the Blue Book standards and complied with the SEC OIG's internal policies and procedures. The ARC OIG did not make any recommendations.

The external peer review report is available on the SEC OIG website at <https://www.sec.gov/files/External-Peer-Review-Report-for-the-SEC-OIG-Inspection-and-Evaluation-Function.pdf>.

PEER REVIEW OF THE SEC OIG'S INVESTIGATIVE OPERATIONS

Because of COVID-19, the Investigative Operations Branch did not undergo its scheduled 2020 peer review. DOJ also granted an extension of one year for all scheduled OIG peer reviews. The most recent peer review was performed by the National Science Foundation (NSF) OIG in November 2017. The NSF OIG conducted its review in conformity with the *Quality Standards for Investigations* and the *Quality Assessment Review Guidelines for Investigative Operations of Federal Offices of Inspector General* established by CIGIE and the *Attorney General Guidelines for Offices of Inspectors General With Statutory Law Enforcement Authority*.

The NSF OIG concluded that the SEC OIG was in compliance with the quality standards established by CIGIE and other applicable guidelines and statutes listed above. Furthermore, the NSF concluded the SEC OIG's system of internal policies and procedures provide reasonable assurance that the SEC OIG is conforming with professional standards in the planning, execution, and reporting of its investigations.

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REPORT FRAUD, WASTE, OR ABUSE

To report suspected fraud, waste, or abuse in SEC programs or operations, as well as SEC staff or contractor misconduct, use our online OIG hotline complaint form, <https://sec.govcom hotline.com>, or call (833) 732-6441. This number is answered 24 hours, 7 days a week.

Information received through the hotline is held in confidence upon request. Although the OIG encourages complainants to provide information on how we may contact them for additional information, we also accept anonymous complaints.

EMPLOYEE SUGGESTION PROGRAM

The OIG SEC Employee Suggestion Program, established under Dodd-Frank, 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 (202) 551-6062 or sending an email to OIGESProgram@sec.gov.

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.



This report is available on the Inspector General's website
www.sec.gov/oig