



Management Report to Accompany the Office of the Inspector General's Semiannual Report to Congress

For the period October 1, 2015 through March 31, 2016

May 2016

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Section 5(b) of the Inspector General Act of 1978, as amended, requires the Commission to transmit to the appropriate committees or subcommittees of the U.S. Congress a Management Report, containing certain statistical tables and any comments deemed appropriate, to accompany the Office of Inspector General’s (OIG’s) Semiannual Report. This Management Report presents the required information for the reporting period of October 1, 2015 through March 31, 2016.

I. Overview of SEC Audit Follow-up Activities

The SEC’s audit follow-up efforts continue to play a significant role in the effective management of the agency’s operations and the accomplishment of its mission. The SEC began the reporting period with 20 open recommendations and successfully closed 17 recommendations with the OIG’s concurrence. As of March 31, 2016, there were 7 open OIG reports containing a combined total of 20 open recommendations.

II. Reports with Monetary Savings

Sections 5(b)(2) and (3) of the Inspector General Act require the SEC Management Report to include statistical tables summarizing the progress that the agency has made in responding to audit, inspection, and evaluation reports containing “disallowed costs” and “recommendations that funds be put to better use.”

Disallowed Costs. Whenever OIG questions whether costs incurred by the agency are necessary, supported by adequate documentation, or in accordance with law, regulation, or contracts governing the use of funds, SEC management will review the facts and determine whether such costs should be officially disallowed. If the SEC agrees that such costs should not be charged to the government, the agency will then take appropriate action, such as commencing collection efforts to recover the disallowed costs. The SEC ended the period with no open reports with disallowed costs.

Table 1. Status of Final Action on Audit, Inspection, and Evaluation Reports
with Disallowed Costs

Audit, Inspection, and Evaluation Reports	Number	Dollar Value of Disallowed Costs
A. For which final action had not been taken by the beginning of the reporting period	0	\$0
B. On which management decisions were made during the reporting period	0	\$0
C. For which final action was taken during the reporting period	0	\$0
(i) Dollar value of disallowed costs that were recovered through collection, offsets, property in lieu of cash, or otherwise	0	\$0
(ii) Dollar value of disallowed costs that were written off by management	0	\$0
D. For which no final action has been taken by the end of the period	0	\$0

Funds Put to Better Use. Whenever OIG recommends specific dollar amounts that it believes can be saved by improving the efficiency of agency operations, SEC management will review the facts and determine whether to implement such recommendations. “Funds put to better use” refers to the specific dollar value of cost savings that the SEC has agreed can and should be implemented through appropriate corrective action.

On September 18, 2015, the OIG issued a report on the SEC’s Contracting Officer’s Representative (COR) Program (Report #530). The OIG recommended that the SEC could put about \$4,568 annually to better use if CORs review and process invoices in a timely manner. During the period, management strengthened controls around invoice processing and closed the recommendation and report with the OIG’s concurrence.

On March 31, 2016, the OIG issued a report on the SEC’s Student Loan Repayment Program (SLRP) (Report #534). The OIG identified 17 individuals who left the SEC before fulfilling their service agreements and, therefore, owed the SEC about \$216,000 in SLRP benefits. Management has established repayment plans or is taking other measures to recoup the SLRP benefits paid to these former employees.

Table 2. Status of Final Action on Audit, Inspection, and Evaluation Reports with Funds Put to Better Use

Audit, Inspection, and Evaluation Reports	Number	Dollar Value of Funds Put to Better Use
A. For which final action had not been taken by the beginning of the reporting period	1	\$4,568
B. On which management decisions were made during the reporting period	1	\$216,000
C. For which final action was taken during the reporting period	1	\$4,568
(i) Dollar value of recommendations that were actually completed		\$4,568
(iii) Dollar value of recommendations that management has subsequently concluded should not or could not be implemented or completed		\$0
D. For which no final action has been taken by the end of the reporting period	1	\$216,000

III. Reports More than One Year Old with Pending Corrective Action

Section 5(b)(4) of the Inspector General Act, as amended, requires the SEC Management Report to include a statement with respect to audit reports on which management decisions have been made but final action has not been taken, other than audit reports on which a management decision was made within the preceding year. Table 3 presents the required information.

Table 3. Audits and Other Reports More than One Year Old (Reporting Period October 1, 2015 through March 31, 2016)

Report No./Title	Report Date	Funds Put to Better Use	Disallowed Costs	Status of Final Action
522, Federal Information Security Management Act: FY2013 Evaluation	3/31/2014	\$0	\$0	8 of 9 recommendations have been closed. The Office of Information Technology has completed various actions to address the remaining recommendation and is awaiting OIG’s concurrence that the report is closed.
523, Audit of SEC’s Physical Security Program	8/1/2014	\$0	\$0	7 of 9 recommendations have been closed. The Office of Support Operations continues to improve the physical security program.

Report No./Title	Report Date	Funds Put to Better Use	Disallowed Costs	Status of Final Action
528, Audit of Representation of Minorities and Women in SEC's Workforce	11/20/2014	\$0	\$0	3 of 5 recommendations have been closed. In addition, management has completed various actions related to the remaining recommendations, such as expanding performance metrics for workforce diversity and other programmatic efforts and drafting additional policies and procedures.
529, Federal Information Security Management Act: FY 2014 Evaluation	2/5/2015	\$0	\$0	5 of 7 recommendations have been closed. Final action is expected to be completed on the remaining recommendations in October 2016.