Other Information

Program Evaluations and Research

Internal and external evaluations play a significant role in monitoring and improving SEC program performance. Through objective measurement and analysis, agency managers determine the extent to which programs are achieving mission objectives allowing them to direct SEC resources accordingly. Examples of such evaluations follow below. Additionally, in FY 2013, there were eight Government Accountability Office (GAO) reports and nine Office of Inspector General reports in FY 2013.

Section 961 of the Dodd-Frank Act requires the Division of Corporation Finance (CF) to conduct an annual evaluation of the controls for its program to review corporate financial securities filings. In FY 2013, CF implemented changes based on the findings of the FY 2012 evaluation. While none of the findings were significant deficiencies, the changes further ensure proper controls are in place. In FY 2013, CF also continued to expand testing of its key controls. The FY 2013 evaluation did not identify any significant deficiencies or material weaknesses.

Section 961 of the Dodd-Frank Act also requires the GAO to conduct an independent audit of CF's review of program controls every three years; the first such audit was completed in April 2013. The audit identified deficiencies, none of them significant, in the design of seven of the Division's internal supervisory controls. During 2013, CF took action to correct the deficiencies by preparing documentation to ensure that each current key control contained clearly-defined activities that accurately reflect current policy or practice and performed walkthroughs to evaluate the design of the controls.

In FY 2012 and FY 2013, the Division of Enforcement completed remedial action on eight out of ten deficiencies. These actions involved updates to Risk and Control descriptions to ensure accurate alignment with current policy or practice. Also, Enforcement launched EnforceNet in April 2013, the Division's intranet which contains policies, procedures, guidance, and training relating to enforcement processes. For the remaining two deficiencies for which remedial action has not been completed, Enforcement is taking action to enhance its exception reports and streamline the current process. The target completion date for the remaining two deficiencies is March 31, 2014. Enforcement will conduct annual evaluations in FY 2014 and FY 2015, and a second GAO audit is anticipated to begin in FY 2015.

The Office of Compliance Inspections and Examinations (OCIE) took action to correct its deficiencies by improving documentation and practices to ensure that each current key control was effective. OCIE will conduct annual evaluations of controls in FY 2014 and FY 2015, and a second GAO audit is anticipated to begin in FY 2015.

In 2012, the Division of Investment Management (IM) launched "IM Moving Ahead" – an initiative designed to facilitate continuous improvement by assessing IM's existing strengths, weaknesses, opportunities, and risks, and empower IM's staff to implement the changes necessary to ensure the division continues to be a high-performing organization.

During FY 2013, IM used data collected through the "IM Moving Ahead" effort to implement organizational improvements. Immediate change has taken place in key areas throughout the Division, such as the creation of the Risk and Examination Office; a partnership with the Division of Enforcement and OCIE to develop and implement an automated document management system; and the completion of the digitalization of the IM library, converting over 700 files and documents to electronic records.

IM continues to improve both internal and external communications by holding monthly town hall meetings and producing frequent updates to staff about work happening within the division. IM also runs regularly-scheduled discussion groups on industry topics through the Division's People Committee. Externally, the Division now publishes regular *IM Guidance and IM Updates* for the asset management community. Additionally, IM has redesigned its external website to feature more comprehensive content and a more user-friendly layout.

In FY 2013, the Office of Investor Advocacy and Education (OIEA) continued to use data from a customer satisfaction survey for web and phone contacts to identify possible areas for improvement relating to its investor assistance function. In addition, OIEA began using data from a customer survey of visitors to Investor.gov to help inform and improve its online educational tools and resources.

In FY 2014 and FY 2015, OIEA plans to build on research required by the Dodd-Frank Act by developing and fielding a regular quantitative survey focused on key behaviors for making informed investment decisions and avoiding fraud. The results of the survey can help OIEA and other organizations involved in investor education assess whether their collective efforts are influencing investor behavior in these key areas over time.

Cross Agency Collaborations

The SEC places great emphasis on building and maintaining close partnerships with other entities across various regulatory and market segments, and national boundaries. The SEC works closely with other regulatory and enforcement jurisdictions, both within the United States and beyond, through groups such as the Financial Stability Oversight Committee (FSOC), the International Organization of Securities Commissions (IOSCO), and the Financial Stability Board. The agency also frequently engages in joint, bilateral action with other international, national, or state jurisdictions on specific rulemaking activities, regulatory initiatives, and enforcement investigations and cases.

Several SEC divisions and offices collaborate with other regulatory entities to oversee the financial markets. For example:

- The Division of Trading and Markets (TM) consults and coordinates routinely with the Department of the Treasury, Federal Reserve Board, other banking regulators, the Commodity Futures Trading Commission (CFTC), and foreign regulators. These activities include the designation of registered clearing agents, ongoing supervision of clearing agencies, transition periods in the security-based swap "push-out" rules in Section 716 of the Dodd-Frank Act, and the implementation of the Volcker Rule, among other initiatives.
- During FY 2013 the SEC's Division of Investment Management assisted the Financial Stability Oversight Counsel (FSOC) and the Office of Financial Research (OFR) in assessing systemic risks in securities-related sectors of the financial industry.
- The SEC has been tasked by the International Organization of Securities Commissions (IOSCO) Standing Committee 6 with being the lead regulator to organize or participating in the regulatory colleges for globally active credit rating agencies.
- The SEC and the Financial Industry Regulatory Authority (FINRA) regularly communicate to discuss strategic initiatives, examination coordination, risk assessment efforts, rule-making issues, and industry risks. This type of collaboration is ultimately intended to make oversight of broker-dealers more effective and efficient and to improve compliance within the industry.

With respect to Enforcement, the SEC regularly coordinates its efforts with domestic and foreign law enforcement partners, including coordination on parallel criminal investigations conducted by the Department of Justice and Federal Bureau of Investigation, among others. One example is the Southern District of Florida Securities and Investment Fraud Initiative, which has resulted in charges against well over 100 individuals and orders for more than $1.7 billion in restitution. The SEC also promotes the development of broader information-sharing arrangements and efforts to secure the proceeds of fraud, in order to successfully prosecute violations across borders in areas such as offering frauds, market abuse, insider trading, and Foreign Corrupt Practices Act cases.

In FY 2013, the Office of Investor Education and Advocacy (OIEA) worked with other regulators to issue joint alerts and bulletins, including an SEC-CFTC investor alert on binary options, an SEC-FINRA alert on pump-and-dump stock schemes, and an SEC-FINRA bulletin on pension and settlement income streams. In addition, OIEA and the North American Securities Administrators Association jointly issued an investor bulletin to help investors better understand the titles used by financial professionals. Throughout FY 2014 and into 2015, OIEA will collaborate with various federal agencies on Financial Literacy and Education Commission initiatives and partner with interested federal agencies on joint investor alerts and bulletins.

Finally, the Commission's administrative functions work collaboratively with other agencies, to help further enhance these functions' effectiveness. To help control risk, the Office of Human Resources (OHR) participated in a peer review process with the Department of Commerce in FY 2013, and is preparing for a Human Capital Audit with the Office of Personnel Management. The SEC has also entered into a Memorandum of Understanding with the Partnership for Public Service and other federal financial regulators to benchmark workforce information and to share strategies and best practices for mission critical positions.

Efficiencies and Effectiveness

The U.S. Securities and Exchange Commission remains committed to the effective use of taxpayer funds and well-managed operations and personnel. As a result, the SEC is more efficient, transparent, and responsive to the needs and inquiries of investors, registrants, and the general public.

The initiatives highlighted below will cut costs, enhance internal controls, improve asset management, and reduce administrative burdens.

In FY 2013, the SEC demonstrated its continued commitment to maintaining strong programmatic internal controls over its business operations. Over the past year, the agency continued to develop its operational risk management program, which will help the SEC achieve its strategic and operational objectives by maturing operational risk awareness. It also established a business process improvement Center of Excellence in the Office of the Chief Operating Officer (OCOO), creating a centralized group of process improvement experts that will apply well-established methods for leveraging business improvements to address agency management challenges.

In 2013, the Center of Excellence coordinated business process improvement efforts to enhance certain policies, procedures and internal control documentation in the Division of Trading and Markets and increased automation and process efficiencies in the Offices of Administrative Law Judges (OALJ), Support Operations, and Records Management. OALJ streamlined the decision and review process allowing judges to submit initial decisions more efficiently and in less time.

During FY 2014, the OCOO is improving the controls, visibility and overall management of the SEC's assets through a new intra-agency review of the asset lifecycle management process. This initiative is addressing technology assets such as hardware and licenses, as well as the other assets held by the SEC. The long-term process improvements in asset tracking and inventory awareness will reduce costs and tighten financial controls in this key area.

The OCOO, in collaboration with the SEC's Office of the Secretary, Library Services Branch, is evaluating the current state of the branch's services and creating a long-term plan for enhancements.

The SEC's Office of Information Technology's (OIT) multi-year "Working Smarter" initiative is delivering better services to both employees and the public by:

- Standardizing enterprise-wide platforms;
- Modernizing the SEC.gov and the EDGAR filer systems; and
- Improving internal search and discovery capabilities and providing complex, predictive analytical capabilities.

Agency-wide technology transformation initiatives—including visual data analysis and an increase in the speed with which the Office of Compliance Inspections and Examinations and the Division of Enforcement develop evidence—are advancing the SEC's mission. The SEC realized over $18 million of cost avoidance through these transformations in FY 2013, freeing up staff time to dedicate to additional enforcement investigations, examinations, and other core aspects of the agency's mission.

Other technical modernizations include:

- A new enterprise data warehouse that allows users to quickly search and access critical data from a single source;
- Enhanced data integration and analytical tools that allow seamless searches of data sets for suspicious behavior;
- Cloud computing to reduce costs and operational overhead and provide greater flexibility; and
- Modernization of SEC.gov to provide a more reliable, scalable and user-friendly web experience including more relevant results when the public searches the website.

The SEC's Division of Economic and Risk Analysis (DERA) recently initiated the Quantitative Research and Analytic Data Support (QRADS) program which will increase the quality and the speed of DERA's economic and risk analysis in support of examinations, enforcement actions, rulemaking, and other agency activities. The program will lay the quantitative foundation needed to support the growing workload of the DERA economists and analytic professionals. The multi-year QRADS program will deliver specific expertise and capabilities that will be used to build additional analytical tools to address the growing quantity and complexity of data gathered and analyzed by the SEC.

The SEC's Office of Financial Management continues to place a high priority on strong internal controls over the dollars entrusted to the agency. Over the past year, the SEC successfully eliminated two significant deficiencies by tightening the controls over budgetary resources and agency assets. For more than a year now, the SEC has worked with a federal shared services provider at the Department of Transportation to optimize a number of SEC financial processes within this new operating relationship.

In the coming months, the SEC will focus on strengthening information security, the one remaining significant deficiency identified in the agency's FY 2013 annual financial audit. In addition, the SEC will continue to modernize its suite of financial systems and enhance reporting and management of disgorgements and penalties. It will also deploy a new travel system, as mandated by the General Services Administration (GSA).

In FY 2014, the Office of Support Operations expects further cost savings due to reductions in its leased space inventory. For example, moving personnel and assets from an operations center in Virginia to SEC headquarters in nearby Washington, DC, resulted in $6 million in savings each year.

The Office of Acquisitions (OA) improved stewardship of SEC funds, focusing on competitive practices and other improved contracting strategies. FY 2013 also marked the first time that the SEC awarded 50 cents of every obligated contract dollar with small businesses, achieving a significant acquisitions strategy goal. Furthermore, OA fully implemented its program for reviewing and validating service contractor performance for business decisions using GSA's Contractor Performance Assessment Reporting System (CPARS). Program usage by SEC contracting and contract support professionals will continue and expand in FY 2015.

OA is also developing a number of strategic long term contract vehicles that will continue to improve planning quality, reduce start-up times for relevant projects and initiatives, and achieve agency-wide efficiencies.

In an effort to streamline human capital management efforts and free resources for other uses, the SEC's Office of Human Resources (OHR) continues to implement its strategy to centrally gather, manage and analyze personnel data using automated and secure systems and tools. The new HR Portal will provide a single, authoritative location for managing all critical content supporting the OHR's mission, achieving cost and time savings across an array of OHR activities and enhancing the ability of staff to collaborate on key projects and initiatives.

During FY 2014 and FY 2015 the OCOO Communications Team will continue to focus on enhancing internal message channels, coordination and governance. This effort is aimed towards optimizing employee knowledge sharing, productivity and engagement, enhancing trust in leadership, and continuously aligning staff with the SEC's mission, while fostering a culture of openness, collaboration and organizational renewal.

Management Reviews

The SEC reviews performance data on a quarterly basis through the Chair's Quarterly Operating Report (CQOR), which was created to establish a performance measure monitoring process for the agency. Once per quarter, the SEC's Performance Improvement Officer and the Chair's Office review the status of each performance goal and indicator and determine whether the agency is on target for achieving the performance goal for the fiscal year. The report includes the quarterly result for each performance goal or indicator and the progress achieved towards meeting the target for the fiscal year. Furthermore, the report includes analysis of those goals and indicators that are not reportable, and milestones achieved toward being able to report on them by the due date of the SEC's Agency Financial Report (AFR). If the agency is not on course to achieve the performance goal, a plan for improving performance is requested of the responsible division or office. The SECs quarterly review process is in line with OMB and Performance Improvement Council recommendations for frequent data driven reviews. This process provides a mechanism for the agency's leadership team to review the SEC's performance and bring together the people, resources, and analysis needed to drive progress on agency performance goals and indicators.

Management and Performance Challenges

The Inspector General (IG) noted the following management and performance challenges for the SEC in *The Inspector General's Statement on the U.S. Securities and Exchange Commission's Management and Performance Challenges* letter dated September 30, 2013:

- Information Security
- Procurement and Contracting
- Financial Management
- Human Capital Management

A description of each challenge identified by the IG follows below. Also included is a discussion of how the agency plans to address each challenge and how the resources requested in the FY 2015 Congressional Justification will support the agency's efforts in addressing each of them.

Information Security

Challenge Identified by the Inspector General

"Although the Office of Information Technology (OIT) has established policies for handling and safeguarding sensitive and nonpublic information, and requires SEC employees, contractors, and interns to complete annual security awareness training, information security[1] continues to be a management challenge at the SEC. Specifically, OIT's compliance with FISMA remains a management challenge this year because OIT has not fully addressed the findings and recommendations that were identified in the OIG's previously issued FISMA reports. For example, in the *2012 FISMA Executive Summary Report*, Report No. 512, issued March 29, 2013, the OIG found that OIT had not fully addressed three findings and six recommendations that were included in the *2011 FISMA Executive Summary Report*, Report No. 501, issued February 2, 2012. The OIG found that OIT had not fully implemented compliance scanning for network devices, multifactor authentication for the SEC's personal identity verification program, and baseline security controls that are tailored for specific information technology (IT) systems.

While the conditions found in the 2012 FISMA report could expose the SEC to threats should layered controls break down, OIT made progress this year in addressing the findings and recommendations that posed a greater risk to the SEC's IT environment. However, OIT has not fully addressed some outstanding significant findings and recommendations.

Information security is a particularly difficult management challenge because the SEC not only shares information internally among its divisions and offices, but also shares information externally with the regulated community and financial regulators. This sharing of external information is necessary to accomplish the SEC's mission of protecting investors and maintaining fair, orderly, and efficient markets that facilitate capital formation. We will continue to review OIT's security controls over the SEC's information systems during the upcoming annual FISMA assessment. We will also continue to review the SEC's handling of sensitive, nonpublic information."

SEC's Progress and What Remains to Be Done

Information security is an important priority at the SEC. We know that the threat landscape is constantly changing, and we must frequently evaluate our controls and approaches to information security. We appreciate that the IG acknowledged the progress we have made in addressing issues of great risk to the IT environment. Our Office of Information Technology (OIT) will continue to apply a risk-based approach to prioritize our efforts.

By April 30, 2014, we plan to complete the recommendations related to Report No. 512, issued in March 2013, concerning assessment and continuous monitoring. The OIT security

[1] *The Federal Information Security Management Act (FISMA) provides that "[t]he term 'information security' means protecting information and information systems from unauthorized access, use, disclosure, disruption, modification, or destruction in order to provide- (A) integrity, which means guarding against improper information modification or destruction, and includes ensuring information nonrepudiation and authenticity; (B) confidentiality, which means preserving authorized restrictions on access and disclosure, including means for protecting personal privacy and proprietary information; and (C) availability, which means ensuring timely and reliable access to and use of information." 44 U.S.C.§ 3542(b)(1).*

team has put forth a significant amount of effort in 2013 to build an infrastructure supporting an efficient and effective risk management program, including periodic assessments and continuous monitoring. OIT will refine the agency's formal documentation—internal policies and procedures—to account for these new capabilities. Compliance scanning for network devices is now occurring.

OIT has also taken steps to implement multi-factor authentication to our Personal Identity Verification (PIV) program. OIT is taking advantage of a significant and pre-requisite Active Directory clean-up effort that is scheduled for completion in FY 2014, to allow for PIV authentication while minimizing the impact on our end users.

The FY 2015 OIT budget request would add $2.9 million for improvements to IT security. In FY 2015, OIT plans to upgrade its security tools and processes to keep pace with a growing and increasingly complex infrastructure as well as continue to develop and train analytical staff to monitor, respond to, and remediate risks, to rapidly address ever increasing security threats.

Procurement and Contracting

Challenge Identified by the Inspector General

"Since we first identified the SEC's process for procurement and contracting as a management challenge in fiscal year 2008, the Office of Acquisitions (OA) has improved its internal controls in this area. Most recently, in July 2013, OA published a revised administrative regulation and operating procedure on the management and administration of service contracts. The revised regulation provides direction for the avoidance of contracting for inherently governmental functions or personal services, as well as appropriate management procedures for acquiring and managing functions closely associated with inherently governmental functions and critical functions. The operating procedure is designed to assist the SEC in addressing service contracts and personal services, and to avoid the contracting out of inherently governmental functions.

Despite those improvements, the OIG has found that the SEC's monitoring of its contracts is a continuing challenge. Specifically, the OIG has obtained information indicating that there may be insufficient controls over the tracking of funds or the approval of invoices for certain contracts and/or interagency agreements, as well as inconsistencies between the nature of the services provided and the requirements of the applicable task order. We are planning audit work in this area and will continue to monitor it closely."

SEC's Progress and What Remains To Be Done

The Office of Acquisitions (OA) continues to work diligently to address all OIG concerns. We are deeply committed to remediating the remaining management challenges identified by the OIG in the SEC's processes for procurement and contracting. During the course of FY 2013, the SEC improved processes surrounding service contracts, stabilized the organizational structure within OA, and provided formal training to agency staff. In FY 2014, OA will prioritize training for contracting officer representatives in contract funds tracking, proper invoice approvals or monitoring disconnects between contract requirements and services provided. OA will continue to utilize its oversight program and conduct internal contract management reviews to assure effective operations.

Additionally, in FY 2015, OA will further strengthen internal controls over the contractual aspects of financial reporting. In 2012, the SEC completed its initial migration to a federal government Shared Service Provider (SSP) administered by the Enterprise Services Center at the Department of Transportation. Expanding on this work, in 2015 OA will focus requested resources on further improving business processes in the procurement software, the Department of Transportation's (DOT) Enterprise Services Center (ESC) PRISM tool. This includes improved interagency agreement reporting, receiving, overall reporting, and other areas related to the contracting function within the SSP.

Financial Management

Challenge Identified by the Inspector General

"The GAO's audit of the SEC's fiscal year 2012 financial statements[2] found that the SEC's financial statements were fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. That audit also found that, although internal controls could be

[2] *GAO's fiscal year 2012 financial statement audit included SEC's general purpose and Investor Protection Fund (IPF) financial statements.*

improved, the SEC maintained, in all material respects, effective internal controls over financial reporting. However, the GAO identified significant deficiencies in accounting for budgetary resources and property and equipment. The GAO found that these deficiencies are related, in part, to the SEC's transition of its core financial system to the Department of Transportation's Enterprise Service Center Federal Shared Service Provider (FSSP).

In fiscal year 2012, the OIG identified the inherent risks that are associated with transitioning to a new financial system as a management challenge. In its management report to the SEC issued in April 2013, the GAO noted:

> [I]n April 2012, SEC migrated its core financial system operations to a shared service provider. ...[W]e identified new control deficiencies during our fiscal year 2012 audit related to SEC's monitoring controls over the service provider's core financial system operations, including those related to budgetary accounting and reporting activities.[3]

Further, the GAO stated that the "SEC did not develop monitoring procedures over property and equipment transactions recorded by its service provider at the time of its transition to the FSSP's general ledger system."[4] We will continue to monitor the SEC's use of the FSSP."

SEC's Progress and What Remains to Be Done

The SEC just completed its first full year of operations on the Delphi financial system, a FSSP hosted by the Department of Transportation's (DOT) Enterprise Services Center (ESC). Since the time of the migration, we have adopted a comprehensive approach to continuously assessing the effectiveness of our internal controls over financial reporting, as well as reviewing the daily processing of transactions performed by ESC. The SEC has made significant strides in refining its processes under the FSSP model, both to tighten controls and to make them more efficient.

Although the 2012 financial audit by the Government Accountability Office (GAO) identified significant deficiencies in accounting for budgetary resources and property and equipment, GAO found in its 2013 audit report that both of these significant deficiencies were remediated. The SEC made significant improvements and strengthened controls in these areas, as specified below.

> **Budgetary Resources:** The SEC addressed a backlog of deobligations and contract closeouts. In addition, the agency refined its process for recording upward and downward adjustments, developed additional monthly reconciliations, implemented a quarterly review of undelivered orders (UDOs), and conducted daily tie point analyses.

> **Property and Equipment:** The SEC implemented a Fixed Asset worksheet tracking log procedure to ensure that new assets were added timely and accurately, implemented a policy to ensure that all potentially capitalizable assets are reviewed by an accountant prior to recording them in the general ledger, reconciled the subsidiary ledger to the general ledger on a monthly basis, and tightened the process for the annual physical inventory. In FY 2014, the SEC will strive to automate many property-related processes, to help tighten controls further in this area.

In FY 2014 and FY 2015, OFM will focus on continuing to modernize aspects of its financial system infrastructure. For example, OFM will continue working to develop a data repository to provide a central location for financial data to greater assist with monitoring and identifying problems before they grow in size and scope. In addition, the SEC will continue its initiatives to replace the systems governing its budgeting and filing fee processes, and will participate in the FSSP's adoption of a new travel management system.

Also in FY 2015, OFM will focus requested resources on efforts to improve the procedures related to property and equipment, filing fee reviews, and disgorgement and penalties through system and process improvements. Improvements will include automation of the fixed asset worksheets, dashboards for filing fee reviews, improvements to the process of recording the financial impact of disgorgement and penalties from SEC cases, and automation of paper forms.

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[3] *GA0-13-274R, Management Report: Improvements Needed in SEC's Internal Controls and Accounting Procedures, April 4, 2013, p. 3 (footnote omitted).*

[4] *Id., p. 7.*

Human Capital Management

Challenge Identified by the Inspector General

"Section 962 of the Dodd-Frank Act required the GAO to report on the SEC's personnel management. In its report issued in July 2013, the GAO concluded:

> Based on analysis of views from Securities and Exchange Commission (SEC) employees and previous studies from GAO, SEC, and third parties, GAO determined that SEC's organizational culture is not constructive and could hinder its ability to effectively fulfill its mission. Organizations with constructive cultures are more effective and employees also exhibit a stronger commitment to mission focus. In describing SEC's culture, many current and former SEC employees cited low morale, distrust of management, and the compartmentalized, hierarchical, and risk-averse nature of the organization. According to an Office of Personnel Management (OPM) survey of federal employees, SEC currently ranks 19 of 22 similarly sized federal agencies based on employee satisfaction and commitment. GAO's past work on managing for results indicates that an effective personnel management system will be critical for transforming SEC's organizational culture.[5]

One key area that the GAO report highlighted as needing improvement was workforce planning. The GAO noted that the "SEC has not yet developed a comprehensive workforce plan" and, as a result, "will not be able to make well-informed decisions on how to best meet current and future agency needs."[6] The GAO further found that while the SEC has made efforts to improve communication and collaboration, it "has not yet fully addressed barriers."[7] The SEC has recently launched the SEC Local Labor Management Forum under Executive Order 13522, *Creating Labor-Management Forums to Improve Delivery of Government Services*, to foster a cooperative and productive form of labor-management relations."

SEC's Progress and What Remains to Be Done

As the OIG noted in their report, both SEC staff and external stakeholders have begun to see positive effects from the agency's recent efforts to bolster communication and collaboration but continued work is needed to break down existing "silos" within the agency. Steps are well underway to improve intra-agency communication. Initiatives such as the creation of a cross-agency communications group to enhance information and knowledge sharing, the establishment of working groups to address rulemaking and economic analysis requirements, and the development of liaisons in our major divisions and offices to facilitate the sharing of information demonstrate the SEC's commitment to improvements in this area.

To further address this challenge, the Office of the Chief Operating Officer and the Office of Public Affairs are collaborating with the Office of Human Resources (OHR) to devise communication and change management plans to support implementation of human capital-related initiatives. The plans will increase and track multi-channel, internal messaging that specifically recognizes and reinforces awareness of exceptional staff achievements, awards, or other successful outcomes while seeking to promote a sense of agency pride and accomplishment. In FY 2014, the SEC also will implement technology improvements to centralize all human capital information, news and resources. Staff will be able to find tools, forms, guidance and support needed, by accessing one centralized Intranet location. The technology improvements will also allow us to share open meeting fact sheets and other important documents and materials with agency staff more promptly. Plans are underway to initiate a number of other communication strategies that will promote employee engagement and a more open organizational culture.

With respect to workforce planning, GAO found that the SEC had not yet developed a comprehensive workforce plan, including a plan to identify the agency's future leaders. Although we have taken some steps, such as identifying competency gaps and conducting leadership training, these efforts do not yet reflect all of the elements described in the Office of Personnel Management's guidance on this topic.

The SEC's most recent progress in this area includes establishing and staffing a workforce and succession planning function within OHR. This team has primary responsibility

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[5] *GA0-13-621, Securities and Exchange Commission: Improving Personnel Management Is Critical for Agency's Effectiveness, July 2013.*

[6] *Id.*

[7] *Id.*

for providing tools, systems, and reports for analyzing the agency's workforce supply and demand to determine gaps and risks. OHR anticipates fully operationalizing this function in FY 2014. OHR will further address GAO's recommendation by improving databases and systems that support workforce analysis and planning efforts.

During FY 2014, the OHR plans to develop standardized reports for workforce planning and to work with organizational units to customize their workforce planning needs. OHR will also begin developing an effective succession planning program for key positions to address potential attrition. It should be noted that the SEC's attrition rate remains low (approximately 6 percent for FY 2013), and that OHR has enhanced several key human capital programs (e.g., recruitment and retention programs and various training initiatives) directed at maintaining that rate.

The SEC's FY 2015 budget request for OHR will further the strategic management of the SEC's human capital in these areas by administering programs to further enhance employee engagement and leadership development programs that are already underway, implementing advanced technologies to enhance and streamline workflow, and establishing additional policies and procedures to ensure compliance with federal regulations.

Hyperlinks to Other Information and Resources

SEC 2010-2015 Strategic Plan *www.sec.gov/about/secstratplan1015f.pdf*

Draft SEC Strategic Plan for 2014-2018 . . . . *http://www.sec.gov/about/secstratplan1418.htm*

Annual Performance and Financial Reports . . . . *www.sec.gov/about/annrep.shtml*

Prior Year Congressional Budget Justifications . . . . *www.sec.gov/about/budgetreports.shtml*

Investor.gov . . . . *www.investor.gov*

SEC Office of the Whistleblower . . . . *www.sec.gov/whistleblower*

SEC Enforcement Actions . . . . *www.sec.gov/spotlight/enf-actions-fc.shtml*

The Laws that Govern the Securities Industry . . . . *www.sec.gov/about/laws.shtml*