

## Why GAO Did This Study

The Dodd-Frank Wall Street Reform and Consumer Protection Act contains a provision for GAO to report triennially on SEC's personnel management. GAO's first report in 2013 (GAO-13-621) identified a number of challenges, such as SEC's lack of a mechanism to monitor supervisors' use of its performance management system, and included seven recommendations.

This report examines (1) employee views on SEC's organizational culture since 2013 and (2) SEC's current personnel management practices. GAO surveyed all SEC employees (staff in its six key divisions and offices, staff in all other offices and divisions, and all senior officers, with response rates of 69, 60, and 70 percent, respectively); evaluated SEC policies and procedures against relevant criteria; and analyzed information on SEC's practices.

## What GAO Recommends

SEC should (1) provide authority to the COO or other official to enhance cross-divisional collaboration and (2) develop and implement training for hiring specialists that is informed by a skills gap analysis. GAO also reiterates the need to address the remaining five prior unaddressed recommendations on workforce planning, performance management, and intra-agency collaboration. SEC agreed with the second recommendation but disagreed with the first one. In particular, SEC disagreed that enhancing the role of the COO would be the optimal means to achieve further enhancements. GAO maintains that this recommendation will help improve cross-divisional communication and collaboration, as discussed in the report.

View [GAO-17-65](#). For more information, contact Michael E. Clements at (202) 512-8678 or [clements@gao.gov](mailto:clements@gao.gov).

## SECURITIES AND EXCHANGE COMMISSION

### Actions Needed to Address Limited Progress in Resolving Long-Standing Personnel Management Challenges

## What GAO Found

Employee views on the Securities and Exchange Commission's (SEC) organizational culture have generally improved since 2013. Employees GAO surveyed cited improved levels of morale and trust within the agency compared to 2013 and noted that SEC was less hierarchical and risk-averse. However, GAO's survey indicated that SEC still operates in a compartmentalized way and that there is little communication and collaboration between divisions.

SEC made limited progress on improving personnel management. SEC has addressed two of seven recommendations from GAO's 2013 report, but it faces added challenges in cross-divisional collaboration and hiring and promotion.

- *Mechanisms to monitor supervisors' use of performance management system.* Recently, SEC began to monitor how supervisors (1) provide feedback to staff, (2) recognize and reward staff, and (3) address poor performance. SEC's efforts address the related 2013 recommendation.
- *Accountability system.* SEC implemented a system to monitor its human capital programs and inform its human capital goals consistent with Office of Personnel Management (OPM) guidance. SEC's efforts address the related 2013 recommendation.
- *Workforce and succession planning.* SEC has developed a workforce and succession plan in response to two of GAO's recommendations, but the plan does not include some elements of OPM guidance, such as a skills gap analysis for all SEC staff. As a result, SEC continues to lack assurance that all staff have the necessary skills.
- *Performance management.* Although GAO found in 2013 that SEC's performance management system was generally consistent with relevant criteria, SEC redesigned it in 2014 without first examining its effectiveness—a recommendation GAO made in 2013. SEC officials stated they do not plan any future reviews because they are piloting a new system. As a result, SEC lacks assurance that the new system will perform better than the current one.
- *Communication and collaboration.* SEC has made little progress to address GAO's two recommendations related to improving cross-divisional collaboration. While SEC has recognized some staff for collaborating, it has yet to set expectations for all staff to collaborate across divisions as needed or implement relevant best practices to break down existing silos. As a result, SEC staff still report that divisions operate in isolation. Other than the SEC Chair's Office, which has competing demands on its time, no official has authority to affect the daily operations of the entire agency. Other organizations rely on their Chief Operating Officer (COO) to make such changes, but because SEC's COO lacks such authority, the agency will likely continue to face challenges.

In addition, GAO found that because SEC has not identified skills gaps among its hiring specialists, its training of these staff is limited. As a result, SEC lacks assurance that its hiring specialists have the necessary skills to hire and promote the most qualified applicants, in accordance with key principles of an effective control system.