



December 2019

SECURITIES AND EXCHANGE COMMISSION

Personnel Management Shows Improvement, but Action Needed on Performance Management System

Accessible Version

GAO Highlights

Highlights of [GAO-20-208](#), a report to congressional committees

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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 two reports ([GAO-13-621](#) and [GAO-17-65](#)) identified a number of challenges and included nine recommendations.

This report examines (1) employees' views on SEC's personnel management, (2) SEC's performance management system, (3) SEC's steps to improve its workforce planning processes, and (4) SEC's efforts to improve communication and collaboration. GAO surveyed a representative sample of nonexecutive SEC employees in key occupations and all senior officers in nine key divisions and offices (with response rates of 64 and 63 percent, respectively). The results of the nonexecutive employee survey are generalizable to SEC's mission-critical employees. GAO also followed up on prior recommendations, reviewed SEC documents and personnel management practices, analyzed SEC workforce data, and interviewed SEC officials.

What GAO Recommends

SEC should develop and implement safeguards to better ensure transparency and fairness in its new incentive bonus program. SEC agreed with this recommendation. GAO also reiterates its recommendation in [GAO-13-621](#) that SEC conduct periodic validations (with staff input) of the performance management system and make changes, as appropriate, based on these validations. SEC stated that it expects to take action on this recommendation at the end of the 2020 performance cycle.

What GAO Found

Securities and Exchange Commission (SEC) employees in the five divisions and four offices GAO surveyed expressed positive views on some aspects of SEC's personnel management but reported concerns in other areas. For example, employees GAO surveyed generally had positive views on their direct supervisors and colleagues—81 percent of nonexecutive employees agreed that their direct supervisors had the skills and expertise to be effective managers. However, more than one-third of employees expressed concerns in areas such as performance management and favoritism. For example, 48 percent of nonexecutives disagreed that the performance management system in place at the time of GAO's review created meaningful distinctions in performance.

SEC has implemented eight of GAO's nine recommendations related to personnel management. However, SEC has not yet implemented a 2013 GAO recommendation to validate its performance management system—that is, to obtain staff input and agreement on the competencies, rating procedures, and other key aspects of the system. SEC plans to implement a new system in 2020, and validating this system would help ensure that it achieves its goals and identify changes needed to address employee dissatisfaction with performance management. In addition, a key feature of SEC's new performance management system will be a bonus program through which supervisors can nominate high-performing employees for a bonus of up to \$10,000 once per fiscal year. However, SEC has not yet developed mechanisms for transparency and fairness for this new bonus program. GAO has previously highlighted the need for safeguards to better ensure fairness and transparency in performance management, particularly around systems affecting pay. Incorporating safeguards into the new bonus program—such as including multiple levels of review and publishing aggregate data on award decisions—would promote transparency and could increase employee confidence in the program.

Since GAO's most recent review in 2016, SEC has taken actions to implement a more comprehensive workforce planning process and strengthen intra-agency communication and collaboration. For example, SEC conducted a comprehensive analysis to identify skills gaps in its workforce. It also improved the link between its budget formulation process and annual meetings in which the Office of Human Resources consults with each division and office on its workforce needs and priorities. Additionally, to strengthen communication and collaboration, SEC commissioned a study to identify relevant best practices and created formal mechanisms, such as working groups, to enhance collaboration across divisions and offices. For example, in 2018, SEC created its Operations Steering Committee through which senior operational leaders throughout the agency periodically meet to coordinate on cross-agency operational issues, including those related to human capital.

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Abbreviations

Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
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OPM
SEC

Office of Personnel Management
Securities and Exchange Commission

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December 19, 2019

The Honorable Mike Crapo
Chairman
The Honorable Sherrod Brown
Ranking Member
Committee on Banking, Housing, and Urban Affairs
United States Senate

The Honorable Maxine Waters
Chairwoman
The Honorable Patrick McHenry
Ranking Member
Committee on Financial Services
House of Representatives

The Securities and Exchange Commission's (SEC) mission is to protect investors; maintain fair, orderly, and efficient securities markets; and facilitate capital formation. To carry out its mission, SEC requires public companies to disclose meaningful financial and other information to the public, examines firms it regulates, and investigates potential securities law violations. SEC oversees more than 27,000 market participants, including investment advisers, mutual funds and exchange-traded funds, and broker-dealers. Effectively carrying out its regulatory responsibilities requires that SEC attract and retain a high-quality workforce. We and others have previously reported on the personnel management challenges SEC has faced in building and retaining such a workforce.

Section 962 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) includes a provision for us to report triennially on SEC's personnel management, including the competence of professional staff; the effectiveness of supervisors; and issues related to employee performance assessments, promotion, and intra-agency communication.¹ We previously reported on SEC's personnel

¹Pub. L. No. 111-203, 124 Stat. 1376, 1908-1909 (2010) (codified at 15 U.S.C. § 78d-7).

management in 2013 and 2016.² This report examines (1) employees' views on SEC's personnel management and organizational culture, (2) SEC's efforts to implement a performance management system, (3) SEC's implementation of a workforce planning process, and (4) SEC's steps to strengthen communication and collaboration within and across its divisions and offices.

To obtain employee views on SEC's personnel management and organizational culture, we distributed two web-based surveys. One surveyed a stratified random sample of 877 nonexecutive mission-critical employees in mission-critical offices and divisions, and the second surveyed all 80 senior officers in mission-critical offices and divisions.³ The response rates for the surveys were 64 percent and 63 percent, respectively. The results of our mission-critical survey are generalizable to SEC's mission-critical employees, but we do not attempt to extrapolate the findings of our senior officer survey to those senior officers who chose not to participate in the survey. To identify key issues related to SEC's personnel management and inform the design of these surveys, we provided opportunities for SEC employees to meet or communicate with us individually in a confidential manner.⁴ From November 2018 through February 2019, we held one-on-one interviews with 51 current and 15 former employees to obtain their perspectives on SEC's personnel management and organizational culture. We also reviewed the Office of

²GAO, *Securities and Exchange Commission: Actions Needed to Address Limited Progress in Resolving Long-Standing Personnel Management Challenges*, [GAO-17-65](#) (Washington, D.C.: Dec. 29, 2016) and *Securities and Exchange Commission: Improving Personnel Management Is Critical for Agency's Effectiveness*, [GAO-13-621](#) (Washington, D.C.: July 18, 2013). See app. I for the status of our prior recommendations from these reports.

³SEC has designated five occupations—attorneys, accountants, examiners, economists, and information technology specialists—as mission-critical because they reflect SEC's primary mission and because mission-critical work cannot be completed without them. SEC has also designated four offices and five divisions—the Offices of Compliance Inspections and Examinations, Information Technology, Credit Ratings, and the Chief Accountant, and the Divisions of Corporation Finance, Enforcement, Investment Management, Economic and Risk Analysis, and Trading and Markets—as mission-critical offices and divisions because they are primarily responsible for implementing the agency's mission. In this report, "mission-critical employees" refers to SEC staff working in mission-critical occupations in mission-critical offices and divisions. See app. II for more information on our approach to sampling mission-critical employees in mission-critical offices and divisions.

⁴We set up a GAO toll-free phone number and email address for SEC employees to use to arrange a meeting with our team or provide information.

Personnel Management's (OPM) Federal Employee Viewpoint Survey data on SEC employees, including comparing SEC's results to government-wide responses.⁵ We assessed the reliability of OPM's 2018 survey data by reviewing technical documentation of the survey and found the data to be reliable for the purpose of analyzing trends and views on SEC personnel management practices.

To obtain information on SEC's efforts related to performance management, workforce planning, and communication and collaboration, we reviewed relevant SEC documents and interviewed SEC officials in the Office of Human Resources and other divisions and offices. We reviewed changes SEC made to its personnel management practices since our 2016 review, including steps taken to address our recommendations in these areas. For example, with respect to performance management, we reviewed documents describing the new performance management system that SEC plans to implement in 2020. In addition, with respect to workforce planning and efforts to strengthen communication and collaboration, we obtained and reviewed SEC's Fiscal Year 2019–2022 Workforce and Succession Planning Strategy, as well as a report by a third-party vendor on SEC's communication and collaboration practices. We compared SEC's personnel management practices against criteria identified in prior GAO reports, such as strategies for transparent and fair performance management and key principles for effective workforce planning.⁶ We also used SEC data extracted from the Department of the Interior's Federal Personnel/Payroll System to present summary data on staff turnover, and supervisor ratios.⁷ To determine the reliability of these data, we reviewed related

⁵OPM's Federal Employee Viewpoint Survey is an annual survey that provides government employees with the opportunity to share their perceptions of their work experiences, their agencies, and their leaders.

⁶See GAO, *Human Capital: Symposium on Designing and Managing Market-Based and More Performance-Oriented Pay Systems*, [GAO-05-832SP](#) (Washington, D.C.: July 27, 2005); *Human Capital: Designing and Managing Market-Based and More Performance-Oriented Pay Systems*, [GAO-05-1048T](#) (Washington, D.C.: Sept. 27, 2005); *Results-Oriented Cultures: Creating a Clear Linkage between Individual Performance and Organizational Success*, [GAO-03-488](#) (Washington, D.C.: Mar. 14, 2003); and *Human Capital: Key Principles for Effective Strategic Workforce Planning*, [GAO-04-39](#) (Washington, D.C.: Dec. 11, 2003).

⁷The Federal Personnel/Payroll System is a mainframe-based personnel and payroll system that supports numerous agencies. The data contained in this system include number of employees, employees' start and separation dates, employees' performance ratings, demographic information, and awards data.

documentation, tested the data for missing data and errors, and obtained written responses from SEC employees about data quality and control. We found these data to be sufficiently reliable for the purpose of selecting our survey sample of mission-critical employees and analyzing SEC's workforce data. Appendix II provides more information on our scope and methodology.

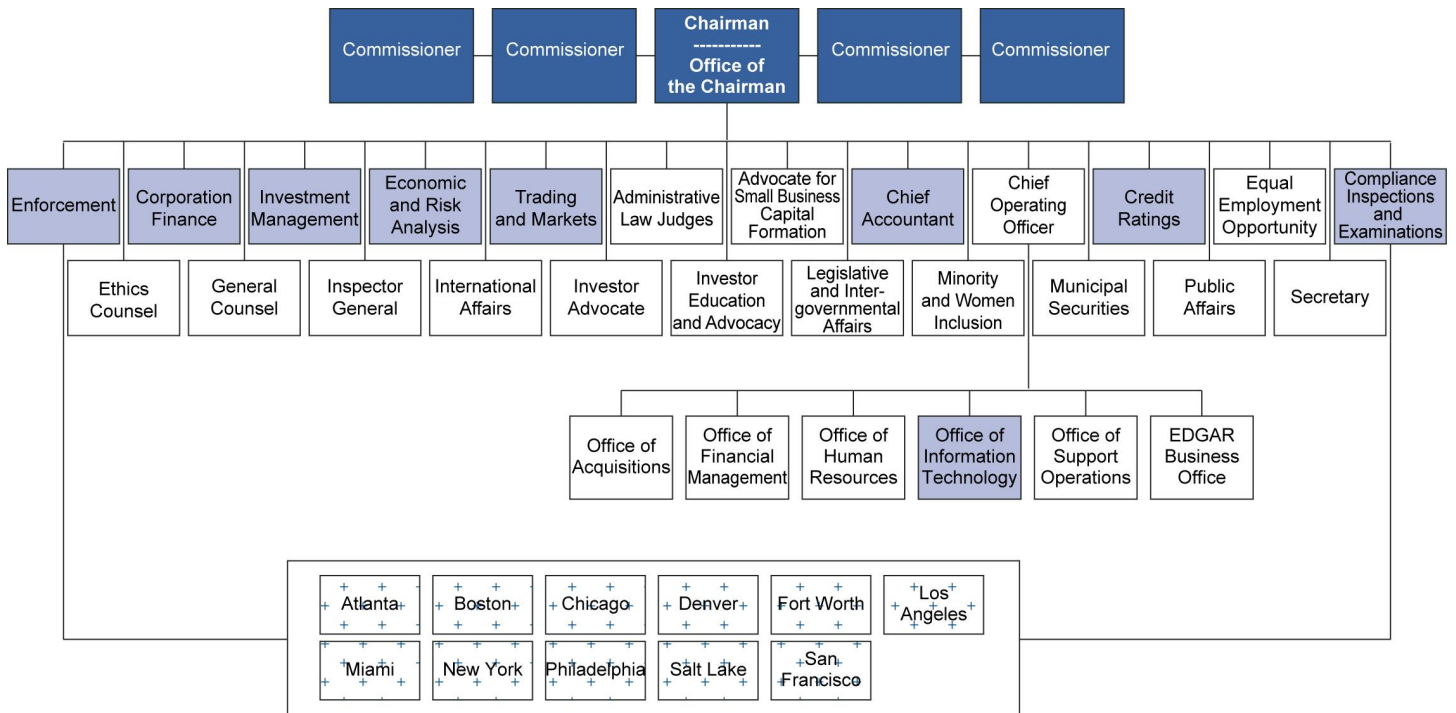
We conducted this performance audit from August 2018 to December 2019 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

SEC has five Commissioners who oversee its operations and provide final approval over staff interpretation of federal securities laws, proposals for new or amended rules to govern securities markets, and enforcement activities. Headed by the SEC Chairman, the Commissioners oversee five divisions, 24 offices, and 11 regional offices. As shown in figure 1, SEC has designated four offices and five divisions as mission-critical (i.e., primarily responsible for implementing SEC's mission).⁸

⁸Since our 2016 review, SEC designated three additional offices as mission-critical: the Office of Information Technology, the Office of the Chief Accountant, and the Office of Credit Ratings.

Figure 1: Organizational Structure of the Securities and Exchange Commission (SEC), as of October 2019



- Offices
- + + Regional offices
- Mission-critical offices and divisions
- Offices of the Chairman and Commissioners

Source: Securities and Exchange Commission. | GAO-20-208

Note: Mission-critical divisions and offices are those that are primarily responsible for implementing SEC's mission.

Table 1 outlines the roles and responsibilities of these mission-critical offices and divisions.

Table 1: Roles and Responsibilities of SEC Mission-Critical Offices and Divisions

Office/division	Roles and responsibilities
Division of Enforcement	Investigate possible violations of securities laws and recommend Commission action when appropriate, either in a federal court or before an administrative law judge, and negotiate settlements.
Office of Compliance Inspections and Examinations	Administer examination and inspection program of the registered entities, such as broker-dealers, investment advisers, investment companies, national securities exchanges, clearing agencies, and self-regulatory organizations.
Division of Corporation Finance	Review corporate disclosures, assist companies in interpreting SEC’s rules, and recommend new rules for adoption.
Division of Trading and Markets	Establish and maintain standards to promote fair, orderly, and efficient securities markets. The division regulates major securities market participants, including the securities exchanges, broker-dealers, self-regulatory organizations, and transfer agents (parties that maintain records of stock and bond owners).
Division of Investment Management	Regulate investment companies (such as mutual, closed-end, and exchange-traded funds), some insurance products, and federally registered investment advisers.
Division of Economic and Risk Analysis	Provide quantitative and qualitative analyses and economic expertise to support a range of SEC activities, including policy making, rulemaking, enforcement, and examination. The division also assists in SEC’s efforts to identify, analyze, and respond to risks and trends, including those associated with new financial products and strategies.
Office of Information Technology	Support SEC and its employees in all aspects of information technology and manage SEC’s information technology program, such as application development, infrastructure operations and engineering, user support, and information technology security.
Office of the Chief Accountant	Establish and interpret accounting and audit policy to enhance the transparency and relevancy of financial reporting for investors; lead SEC’s efforts to oversee accounting standard-setting by the Financial Accounting Standards Board and auditor oversight and standard-setting by the Public Company Accounting Oversight Board; and monitor international accounting standard-setting by the International Accounting Standards Board and international audit standard-setting by the International Auditing and Assurance Standards Board.
Office of Credit Ratings	Conduct examinations, administer rules, and provide guidance pertaining to Nationally Recognized Statistical Rating Organizations.

Source: Securities and Exchange Commission (SEC). | GAO-20-208

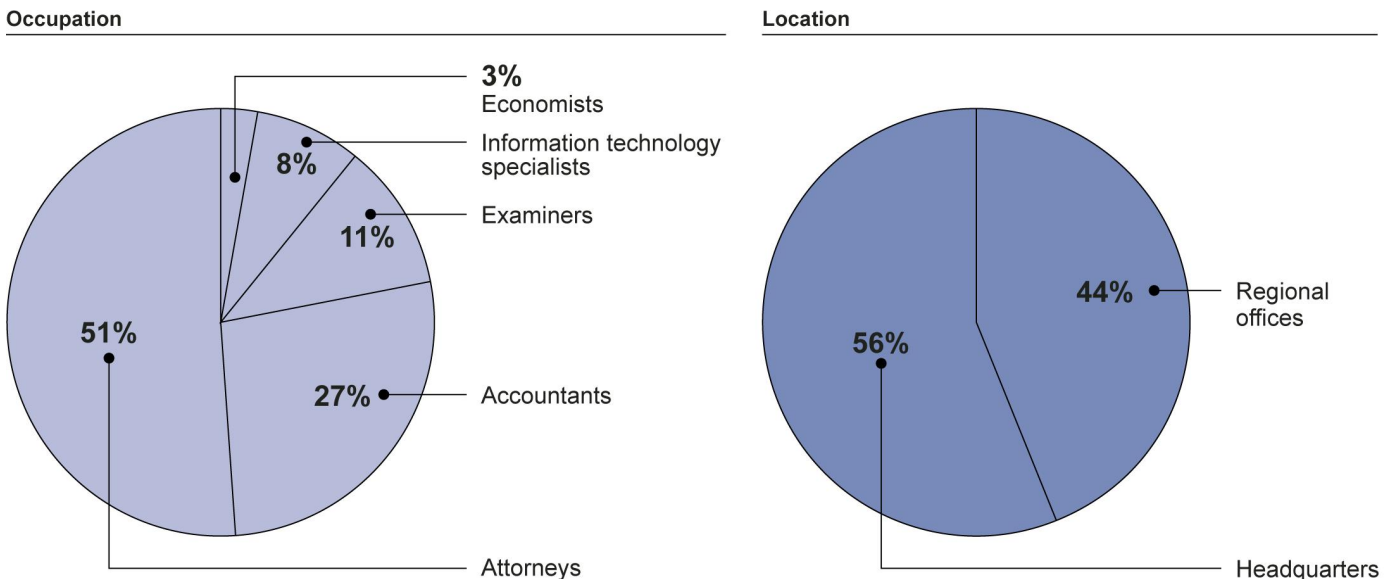
Note: Mission-critical divisions and offices are those that are primarily responsible for implementing SEC’s mission.

The mission-critical offices and divisions are supported by other offices, such as the Office of Human Resources and the Office of Financial Management. SEC’s Office of Human Resources provides overall responsibility for the strategic management of SEC’s personnel management and assesses compliance with federal regulations for areas such as recruitment, retention, leadership and staff development, and performance management. In addition, certain divisions have internal human resource coordinators that coordinate between the Office of Human Resources and their respective division heads. The Office of Human Resources reports to SEC’s Office of the Chief Operating Officer,

which in turn reports to the Office of the Chairman. The Office of Financial Management administers the financial management and budget functions of SEC. The Office assists the Chief Operating Officer in formulating budget and authorization requests, monitors the use of agency resources, and develops, oversees, and maintains SEC financial systems.

To carry out its mission, SEC employs staff with a range of skills and backgrounds throughout the United States. As of September 2019, SEC employed 4,369 staff. Of these, approximately 69 percent were designated as mission-critical, and the remaining 31 percent were other professional, technical, administrative, and clerical staff. As shown in figure 2, the largest mission-critical occupational category is attorneys, who make up over 50 percent of all mission-critical employees. In addition, over 40 percent of all mission-critical employees work in one of SEC's 11 regional offices. The regional offices are responsible for investigating and litigating potential violations of securities laws. The regional offices also have enforcement and examination staff to inspect regulated entities.

Figure 2: Securities and Exchange Commission (SEC) Mission-Critical Staff by Occupation and Location, as of September 30, 2019



Source: GAO analysis of SEC information. | GAO-20-208

Data Table for Figure 2: Securities and Exchange Commission (SEC) Mission-Critical Staff by Occupation and Location, as of September 30, 2019

Occupation	Percentage
Accountants	27%
Economists	3%
Attorneys	51%
IT Specialists	8%
Examiners	11%

Location	Percentage
Regions	44%
Headquarters	56%

SEC staff are represented by the National Treasury Employees Union (which we refer to in this report as the SEC employees' union). To help SEC attract and retain qualified employees, in 2002 Congress enacted the Investor and Capital Markets Fee Relief Act (Pay Parity Act), which allowed SEC to implement a new compensation system with higher pay scales, comparable to those of other federal financial regulators.⁹

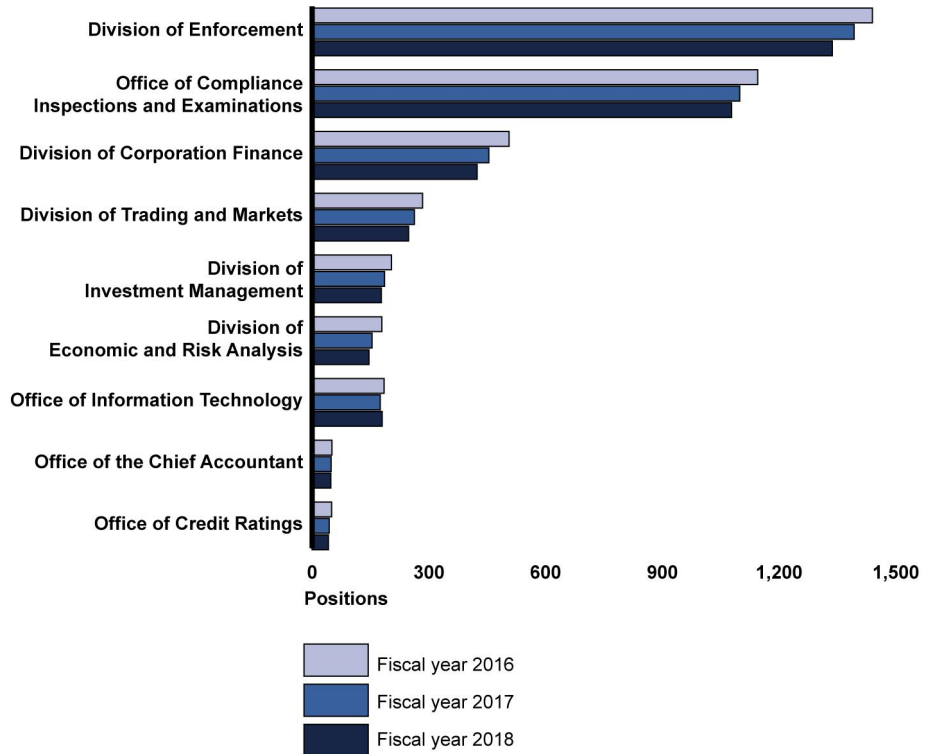
Hiring Freeze

To stay within its annual appropriation, SEC imposed a hiring freeze beginning on October 1, 2016, and lifted it on April 1, 2019. During the hiring freeze, SEC permitted some exceptions on a case-by-case basis to fill positions that it determined to be critical to meeting key agency objectives and maintaining critical programs. Based on SEC's budget justification documents, from October 1, 2016, through September 30, 2018, SEC lost a net total of 476 positions agency-wide, including 363 positions across its mission-critical offices and divisions.¹⁰ Figure 3 shows the staffing levels in SEC's mission-critical offices and divisions during fiscal years 2016, 2017, and 2018.

⁹Pub. L. No. 107-123, § 8, 115 Stat. 2390, 2397-2400 (2002).

¹⁰SEC lost more positions than it hired, which resulted in a net total loss.

Figure 3: Securities and Exchange Commission (SEC) Staffing Levels in Mission-Critical Offices and Divisions, Fiscal Years 2016–2018



Source: GAO analysis of SEC information. | GAO-20-208

Data table for Figure 3: Securities and Exchange Commission (SEC) Staffing Levels in Mission-Critical Offices and Divisions, Fiscal Years 2016–2018

Division	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018
Division of Enforcement	1440	1393	1337
Office of Compliance Inspections and Examinations	1145	1099	1078
Division of Corporation Finance	506	454	424
Division of Trading and Markets	284	263	248
Division of Investment Management	204	186	178
Division of Economic and Risk Analysis	179	154	146
Office of Information Technology	185	175	180
Office of the Chief Accountant	51	49	48
Office of Credit Rating	50	44	42

Notes: The fiscal year is October 1 through September 30. The Office of the Chief Accountant and the Office of Credit Ratings were designated as mission critical in 2018.

Employees Reported Positive Aspects of SEC's Personnel Management and Culture but Also Concerns about Performance Management and Favoritism

The results of our 2019 survey of mission-critical nonexecutive SEC employees indicate that most employees had positive views on some aspects of SEC's personnel management and organizational culture, such as the skills of their direct supervisors and colleagues.¹¹ Our survey results also indicate that employees had concerns related to SEC's performance management system, perceptions of a risk-averse culture, and perceptions of favoritism in hiring and promotions. Employees had mixed views in other areas, such as morale, communication, and training. Finally, employees' responses to key questions on organizational culture in our 2019 survey generally remained consistent with the results from our 2016 survey. See appendix III for a comparison of our 2016 and 2019 survey results for selected questions.

Employees Expressed Generally Positive Views on Their Direct Supervisors and Colleagues

Views on Direct Supervisors

Based on the results of our survey of mission-critical nonexecutive employees, we estimate that more than 75 percent of employees had favorable views of their direct supervisors in areas such as their skills and expertise, how they share information, and their willingness to listen to

¹¹Organizational culture is the underlying assumptions, beliefs, values, attitudes, and expectations shared by an organization's members that affect their behavior and the behavior of the organization as a whole.

differing approaches (see fig. 4).¹² In addition, we estimate that 70 percent of employees agreed that supervisors and managers in their division or office tolerate honest mistakes as learning experiences, and 68 percent agreed that supervisors and managers in their division or office are genuinely interested in the opinions of their staff.¹³

¹²For the purpose of our survey, we defined direct supervisors for survey respondents as the next person above them in the chain of command to whom they report. We further clarified that the respondent's supervisor is the person who more often than anyone else directs their work on a day-to-day basis or who has the authority to direct their work, assign tasks, or reward, promote, and discipline them.

¹³For the purpose of our survey, we defined supervisors and managers for survey respondents as those in supervisory and management positions above their current level. The 95 percent confidence intervals for both estimates are (67, 74) and (65, 72), respectively.

Figure 4: Securities and Exchange Commission (SEC) Employees' Views on Their Direct Supervisors, April 2019

	Estimated percentage	95% confidence interval
My direct supervisor is knowledgeable in the issue areas in which I conduct my work.		
Strongly/somewhat agree	89.3	86.4 - 91.7
Neither agree nor disagree	4.7	3.1 - 6.8
Strongly/somewhat disagree	5.5	3.8 - 7.8
Do not know	0.5	0.1 - 1.5
My direct supervisor gives me the flexibility I need to do my job effectively.		
Strongly/somewhat agree	88.6	86.2 - 91.0
Neither agree nor disagree	5.6	3.8 - 7.8
Strongly/somewhat disagree	5.3	3.6 - 7.5
Do not know	0.5	0.1 - 1.5
My direct supervisor will listen to me if we have differing ideas or approaches.		
Strongly/somewhat agree	82.8	79.9 - 85.7
Neither agree nor disagree	5.2	3.5 - 7.4
Strongly/somewhat disagree	10.6	8.2 - 13.5
Do not know	1.3	0.6 - 2.7
My direct supervisor has the skills and expertise to be an effective supervisor or manager.		
Strongly/somewhat agree	81.4	78.4 - 84.3
Neither agree nor disagree	5.5	3.7 - 7.7
Strongly/somewhat disagree	12.0	9.6 - 14.4
Do not know	1.1	0.4 - 2.4
My direct supervisor is willing to change his or her position when there is compelling information.		
Strongly/somewhat agree	80.6	77.6 - 83.6
Neither agree nor disagree	7.1	5.1 - 9.5
Strongly/somewhat disagree	9.6	7.3 - 12.4
Do not know	2.7	1.5 - 4.4
My direct supervisor does a good job in sharing information.		
Strongly/somewhat agree	79.0	75.9 - 82.1
Neither agree nor disagree	5.7	3.9 - 7.9
Strongly/somewhat disagree	14.3	11.6 - 17.0
Do not know	1.1	0.4 - 2.3

Source: GAO survey of mission-critical nonexecutive SEC employees. | GAO-20-208

Data tables for Figure 4: Securities and Exchange Commission (SEC) Employees' Views on Their Direct Supervisors, April 2019

Survey statement: My direct supervisor...
Is knowledgeable in the issue areas I conduct my work.

Response	Estimated Percent	Lower Bound 95% CI	Upper Bound 95% CI
Strongly Agree or Somewhat Agree	89.3	86.4	91.7
Neither Agree nor Disagree	4.7	3.1	6.8
Somewhat Disagree or Strongly Disagree	5.5	3.8	7.8
Do Not Know	0.5	0.1	1.5

Has the skills and expertise to be an effective supervisor or manager.

Response	Estimated Percent	Lower Bound 95% CI	Upper Bound 95% CI
Strongly Agree or Somewhat Agree	81.4	78.4	84.3
Neither Agree nor Disagree	5.5	3.7	7.7
Somewhat Disagree or Strongly Disagree	12.0	9.6	14.4
Do Not Know	1.1	0.4	2.4

Does a good job in sharing information.

Response	Estimated Percent	Lower Bound 95% CI	Upper Bound 95% CI
Strongly Agree or Somewhat Agree	79.0	75.9	82.1
Neither Agree nor Disagree	5.7	3.9	7.9
Somewhat Disagree or Strongly Disagree	14.3	11.6	17.0
Do Not Know	1.1	0.4	2.3

Will listen to me if we have differing ideas or approaches.

Response	Estimated Percent	Lower Bound 95% CI	Upper Bound 95% CI
Strongly Agree or Somewhat Agree	82.8	79.9	85.7
Neither Agree nor Disagree	5.2	3.5	7.4
Somewhat Disagree or Strongly Disagree	10.6	8.2	13.5
Do Not Know	1.3	0.6	2.7

Is willing to change his or her position when there is compelling information.

Response	Estimated Percent	Lower Bound 95% CI	Upper Bound 95% CI
Strongly Agree or Somewhat Agree	80.6	77.6	83.6
Neither Agree nor Disagree	7.1	5.1	9.5
Somewhat Disagree or Strongly Disagree	9.6	7.3	12.4
Do Not Know	2.7	1.5	4.4

Gives me the flexibility I need to do my job effectively.

Response	Estimated Percent	Lower Bound 95% CI	Upper Bound 95% CI
Strongly Agree or Somewhat Agree	88.6	86.2	91.0
Neither Agree nor Disagree	5.6	3.8	7.8
Somewhat Disagree or Strongly Disagree	5.3	3.6	7.5
Do Not Know	0.5	0.1	1.5

Note: This figure reflects the views of a generalizable sample of SEC's mission-critical staff. The lines overlapping the bars display the 95 percent confidence intervals for the estimates.

Similarly, in OPM's 2018 Federal Employee Viewpoint Survey (hereafter referred to as OPM's 2018 survey), SEC employees expressed positive views about their supervisors.¹⁴ In that survey, more than 80 percent of SEC employees agreed that they have trust and confidence in their supervisor (83 percent) and that their supervisor listens to what they have to say (88 percent) and treats them with respect (90 percent).¹⁵

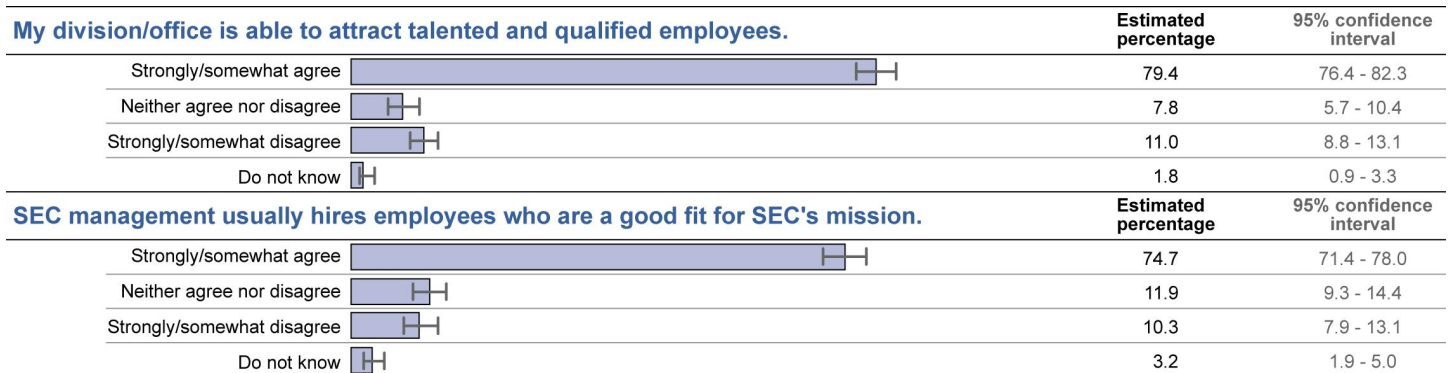
¹⁴OPM's 2018 Federal Employee Viewpoint Survey was administered in two 6-week waves that began on April 30, 2018, and May 7, 2018, and had a response rate of 76 percent for SEC employees. The survey was administered to all SEC employees, unlike our survey, which was administered to a sample of SEC employees in mission-critical positions in mission-critical offices and divisions. This difference limits a direct comparison of our results. App. II provides more information on OPM's survey. The results from OPM's 2019 Federal Employee Viewpoint Survey were not available in time for inclusion in this report.

¹⁵Throughout this report, SEC's estimated responses for each OPM survey question have a margin of error no greater than 1.8 percentage points at the 95 percent level of confidence.

Views on Colleagues

Our survey results also indicate that most employees had positive views about the people SEC hires. As shown in figure 5, we estimate that 79 percent of employees agreed that their division or office is able to attract talented and qualified employees.¹⁶ We also estimate that 75 percent agreed that SEC management usually hires employees who are a good fit for SEC’s mission.¹⁷ In addition, in OPM’s 2018 survey, an estimated 90 percent of all employees agreed that SEC’s workforce has the job-relevant knowledge and skills necessary to accomplish the organization’s goals.

Figure 5: Securities and Exchange Commission (SEC) Employees’ Views on New Hires, April 2019



Source: GAO survey of mission-critical nonexecutive SEC employees. | GAO-20-208

Data Tables for Figure 5: Securities and Exchange Commission (SEC) Employees’ Views on New Hires, April 2019

Survey Statement: My division/office is able to attract talented and qualified employees.

Response	Estimated Percent	Lower Bound 95% CI	Upper Bound 95% CI
Strongly/somewhat agree	79.4	76.4	82.3
Neither agree nor disagree	7.8	5.7	10.4

¹⁶The 95 percent confidence interval for this estimate is (76, 82).

¹⁷The 95 percent confidence interval for this estimate is (71, 78). For the purpose of our survey, “management” referred to Assistant Directors and those at the senior officer level, including Directors, Deputy Directors, Managing Executives, and Associate Directors.

Response	Estimated Percent	Lower Bound 95% CI	Upper Bound 95% CI
Strongly/somewhat disagree	11.0	8.8	13.1
Do not know	1.8	0.9	3.3

Survey Statement: SEC management usually hires employees who are a good fit for SEC's mission.

Response	Estimated Percent	Lower Bound 95% CI	Upper Bound 95% CI
Strongly/somewhat agree	74.7	71.4	78.0
Neither agree nor disagree	11.9	9.3	14.4
Strongly/somewhat disagree	10.3	7.9	13.1
Do not know	3.2	1.9	5.0

Note: This figure reflects the views of a generalizable sample of SEC's mission-critical staff. The lines overlapping the bars display the 95 percent confidence intervals for the estimates.

Job Satisfaction

For OPM's 2018 survey of SEC employees, employees responded positively to questions related to their satisfaction with SEC as a place to work. Based on that survey, SEC's overall score on OPM's Global Satisfaction Index—which measures employee satisfaction with job, pay, and their organization—was 82 percent, while the government-wide score was 64 percent.¹⁸ In addition, SEC's score on OPM's Employee Engagement Index—which measures employees' perceptions of leadership, interpersonal relationships between workers and supervisors, and employees' feelings of motivation and competency related to their roles in the workplace—was 78 percent (compared to 68 percent government-wide).¹⁹ Moreover, from OPM's 2013 survey to the 2018

¹⁸Office of Personnel Management, *2018 Federal Employee Viewpoint Survey: Government Management Report* (Washington, D.C.: 2018). Throughout this report, SEC's responses to the indexes in OPM's survey have a margin of error no greater than plus or minus 1.1 percentage points, which is smaller than the maximum margin of error of 1.8 percentage points for the individual questions from OPM's survey. The government-wide estimates for the survey responses have a margin of error no greater than 0.2 percentage points at the 95 percent level of confidence.

¹⁹Office of Personnel Management, *2018 Federal Employee Viewpoint Survey*.

survey, SEC's scores improved in both of these categories by more than 15 percentage points, indicating that employees' views are improving over time.²⁰

Survey Indicated Heightened Employee Concerns about Performance Management, Risk-Averse Culture, and Perceptions of Favoritism

Performance Management

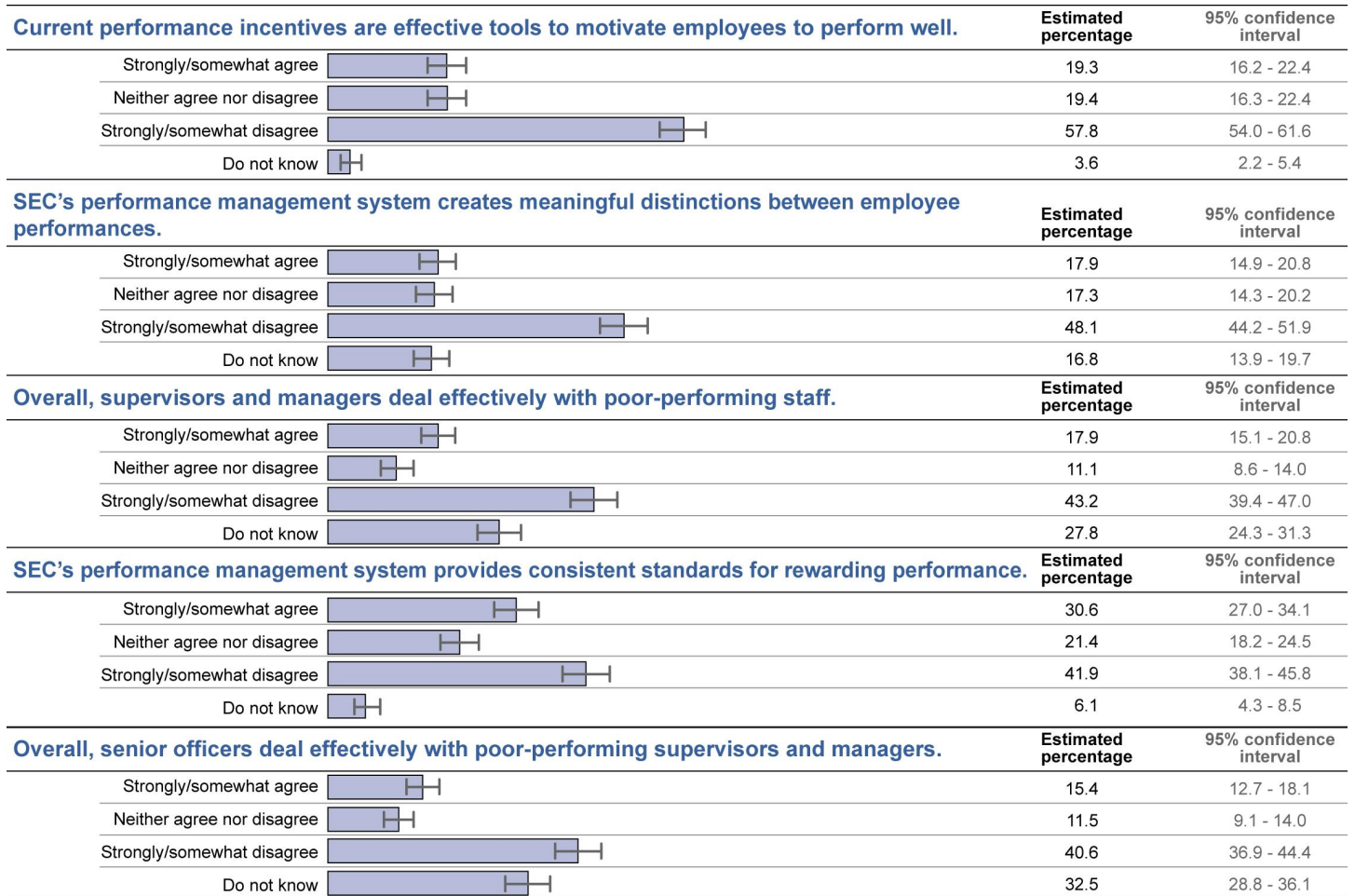
More than 40 percent of employees expressed dissatisfaction with key aspects of SEC's performance management system.²¹ As discussed later in this report, at the time of our survey, SEC employees covered by the union's bargaining unit were rated under a pilot performance management system in which they received an initial four-tier rating, which was converted into a final two-tier rating of acceptable or unacceptable. Our survey results indicated areas of dissatisfaction with this system, as shown in figure 6. For example, based on our survey, we estimate that 48 percent of employees disagreed that the performance management system created meaningful distinctions in performance among employees.²²

²⁰In 2013, SEC's Global Satisfaction Index score was 60 percent and its Employee Engagement Index score was 62 percent. In 2016, those scores improved to 77 percent and 73 percent, respectively. In 2018, those scores improved again, to 82 percent and 78 percent, respectively.

²¹See fig. 6 for estimates and 95 percent confidence intervals of questions related to aspects of SEC's performance management system.

²²The 95 percent confidence interval for this estimate is (44, 52).

Figure 6: Securities and Exchange Commission (SEC) Employees' Views on SEC's Performance Management System, April 2019



Source: GAO survey of mission-critical nonexecutive SEC employees. | GAO-20-208

Data tables for Figure 6: Securities and Exchange Commission (SEC) Employees' Views on SEC's Performance Management System, April 2019

Survey Statement: Overall, Senior Officers deal effectively with poor performing supervisors and managers.

Response	Estimated Percent	Lower Bound 95% CI	Upper Bound 95% CI
Strongly/somewhat agree	15.4	12.7	18.1
Neither agree nor disagree	11.5	9.1	14.0
Strongly/somewhat disagree	40.6	36.9	44.4
Do not know	32.5	28.8	36.1

Survey Statement: Overall, supervisors and managers deal effectively with poor performing staff.

Response	Estimated Percent	Lower Bound 95% CI	Upper Bound 95% CI
Strongly/somewhat agree	17.9	15.1	20.8
Neither agree nor disagree	11.1	8.6	14.0
Strongly/somewhat disagree	43.2	39.4	47.0
Do not know	27.8	24.3	31.3

Survey Statement: Current performance incentives are effective tools to motivate employees to perform well.

Response	Estimated Percent	Lower Bound 95% CI	Upper Bound 95% CI
Strongly/somewhat agree	19.3	16.2	22.4
Neither agree nor disagree	19.4	16.3	22.4
Strongly/somewhat disagree	57.8	54.0	61.6
Do not know	3.6	2.2	5.4

Survey Statement : SECs performance management system creates meaningful distinctions between employee performances.

Response	Estimated Percent	Lower Bound 95% CI	Upper Bound 95% CI
Strongly Agree or Somewhat Agree	17.9	14.9	20.8
Neither Agree nor Disagree	17.3	14.3	20.2
Somewhat Disagree or Strongly Disagree	48.1	44.2	51.9
Do Not Know	16.8	13.9	19.7

Survey Statement: SECs performance management system provides consistent standards for rewarding performance.

Response	Estimated Percent	Lower Bound 95% CI	Upper Bound 95% CI
Strongly/somewhat agree	30.6	27.0	34.1
Neither agree nor disagree	21.4	18.2	24.5
Strongly/somewhat disagree	41.9	38.1	45.8
Do not know	6.1	4.3	8.5

Note: This figure reflects the views of a generalizable sample of SEC’s mission-critical staff. The lines overlapping the bars display the 95 percent confidence intervals for the estimates.

Similarly, in OPM’s 2018 survey, employees also expressed concerns about various aspects of performance management. For example, an estimated 33 percent of employees disagreed that their work unit takes steps to deal with poor performers, and 35 percent disagreed that differences in performance are recognized in a meaningful way.²³

Perceptions of a Risk-Averse Culture

Our survey indicated that more than 40 percent of SEC employees continued to have concerns about excessive risk aversion—the condition

²³SEC’s result on dealing with poor performers was 5 percentage points higher than the government-wide result, and its result on recognizing differences in performance was consistent with the government-wide result, suggesting that negative perceptions of performance management are not unique to SEC.

in which the agency’s ability to function effectively is hindered by the fear of taking on risk. We estimate that 47 percent of nonsupervisors and 48 percent of supervisors agreed that the fear of public scandal has made SEC overly cautious and risk averse.²⁴ These results were similar to our 2016 survey (46 percent of nonsupervisors and 49 percent of supervisors agreed), which were an improvement from the results of our 2013 survey. In addition, as shown in figure 7, about 40 percent of SEC employees agreed that the fear of being wrong makes senior officers in their division or office reluctant to take a stand on important issues.²⁵

Figure 7: Securities and Exchange Commission (SEC) Employees’ Views on Risk Aversion, April 2019

In my view, the fear of being wrong makes Senior Officers in my division/office reluctant to take a stand on important issues.		Estimated percentage	95% confidence interval
Strongly/somewhat agree		40.5	36.7 - 44.3
Neither agree nor disagree		19.9	16.9 - 23.0
Strongly/somewhat disagree		30.1	26.6 - 33.6
Do not know		9.4	7.1 - 12.1

Source: GAO survey of mission-critical nonexecutive SEC employees. | GAO-20-208

Data Table for Figure 7: Securities and Exchange Commission (SEC) Employees’ Views on Risk Aversion, April 2019

Survey Statement: In my view, the fear of being wrong makes Senior Officers in my division/office reluctant to take a stand on important issues.

Response	Estimated Percent	Lower Bound 95% CI	Upper Bound 95% CI
Strongly/somewhat agree	40.5	36.7	44.3
Neither agree nor disagree	19.9	16.9	23.0
Strongly/somewhat disagree	30.1	26.6	33.6
Do not know	9.4	7.1	12.1

Note: This figure reflects the views of a generalizable sample of SEC’s mission-critical staff. The lines overlapping the bars display the 95 percent confidence intervals for the estimates.

As we reported in 2013, changes to organizational culture, including reducing excessive risk aversion, require sustained efforts by senior

²⁴The 95 percent confidence intervals for these estimates are nonsupervisors (42, 51) and supervisors (39, 56).

²⁵The 95 percent confidence interval for this estimate is (37, 44). Employees’ responses to this question are generally consistent with employees’ responses in 2016. See app. III for a comparison of our 2016 and 2019 survey results.

management. Responses to other questions on our survey suggest that managers support the types of activities that may help reduce excessive risk aversion. For example, an estimated 60 percent of employees agreed that innovative ideas are encouraged in their division or office.²⁶ Also, as noted above, we estimate that 70 percent of employees agreed that their supervisors and managers tolerate honest mistakes as learning experiences.²⁷

Perceptions of Favoritism

Our survey results suggest that a quarter of employees had concerns about favoritism in SEC's hiring process, and more than a third had such concerns about its promotion process.²⁸ With respect to hiring, we estimate that 25 percent of employees agreed that hiring is sometimes based more on personal connections than on substantive experience and qualifications.²⁹ With respect to promotions, as shown in figure 8, we estimate that 35 percent of nonsupervisory staff disagreed that promotion to management is based more on substantive experience than on favoritism and that favoritism is not an issue in promotions.

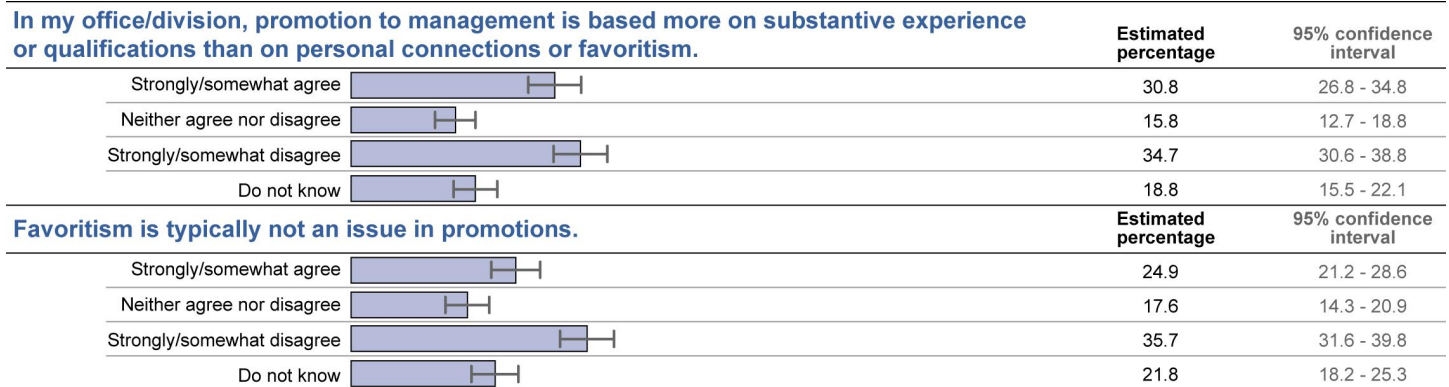
²⁶The 95 percent confidence interval for this estimate is (56, 64).

²⁷The 95 percent confidence interval for this estimate is (67, 74).

²⁸While our survey asked for views about favoritism in the hiring and promotion processes, it did not address prohibited personnel practices. In its 2018 survey, OPM estimated that 77 percent of SEC employees agreed that prohibited personnel practices (for example, illegally discriminating for or against any employee/applicant, obstructing a person's right to compete for employment, or knowingly violating veterans' preference requirements) are not tolerated, and 64 percent of SEC employees agreed that arbitrary action, personal favoritism, and coercion for political purposes are not tolerated.

²⁹The 95 percent confidence interval for this estimate is (22, 28).

Figure 8: Securities and Exchange Commission (SEC) Nonsupervisory Employees' Views on Favoritism, April 2019



Source: GAO survey of mission-critical nonexecutive SEC employees. | GAO-20-208

Data Tables for Figure 8: Securities and Exchange Commission (SEC) Nonsupervisory Employees' Views on Favoritism, April 2019

Survey Statement: In my office/division, promotion to management is based more on substantive experience or qualifications than on personal connections or favoritism.

Response	Estimated Percent	Lower Bound 95% CI	Upper Bound 95% CI
Strongly/somewhat agree	30.8	26.8	34.8
Neither agree nor disagree	15.8	12.7	18.8
Strongly/somewhat disagree	34.7	30.6	38.8
Do not know	18.8	15.5	22.1

Survey Statement: Favoritism is typically not an issue in promotions.

Response	Estimated Percent	Lower Bound 95% CI	Upper Bound 95% CI
Strongly/somewhat agree	24.9	21.2	28.6
Neither agree nor disagree	17.6	14.3	20.9
Strongly/somewhat disagree	35.7	31.6	39.8
Do not know	21.8	18.2	25.3

Note: This figure reflects the views of a generalizable sample of SEC's mission-critical staff. The lines overlapping the bars display the 95 percent confidence intervals for the estimates.

A lack of clarity in the hiring and promotion processes may have contributed to employees' perceptions related to favoritism. Based on our survey results, an estimated 50 percent of employees disagreed that the





criteria for rewarding and promoting staff are clearly defined.³⁰ Later in this report we discuss the steps SEC has taken to improve its promotion and hiring policies.

Employee Views on Morale Were Mixed, and Their Views on Communication and Training Varied by Division

Morale

While OPM’s 2018 survey results indicated that SEC employees largely had positive views about SEC as a place to work, the results of our 2019 survey of mission-critical nonexecutive employees indicate that the recent hiring freeze may have negatively impacted their views on morale. Based on our survey, we estimate that 37 percent of employees disagreed that morale is generally high most of the time, as shown in figure 9.³¹ In addition, based on our survey, we estimate that 63 percent of employees believed the recent hiring freeze had a negative impact on morale, including 31 percent who believed the negative effect was large.³²

Figure 9: Securities and Exchange Commission (SEC) Employees’ Views on Morale, April 2019

Employee morale is generally high most of the time.	Estimated percentage	95% confidence interval
Strongly/somewhat agree 	46.9	43.0 - 50.7
Neither agree nor disagree 	14.7	12.0 - 17.5
Strongly/somewhat disagree 	37.1	33.4 - 40.8
Do not know 	1.3	0.5 - 2.6

Source: GAO survey of mission-critical nonexecutive SEC employees. | GAO-20-208

³⁰The 95 percent confidence intervals for both the rewarding and promoting estimates are (46, 54).

³¹The 95 percent confidence interval for this estimate is (33, 41). Employees’ responses to this question on morale on our 2019 survey were similar to employees’ responses to this question in our 2016 survey. For a comparison of how SEC employees responded to this question in 2016, see app. III. In addition, as noted previously, SEC’s Global Satisfaction Index was 18 percentage points higher than the government-wide average. While this index score may not directly correlate to employee perceptions of morale, it can be an important indicator of employee views about whether the agency sufficiently values its staff.

³²The 95 percent confidence interval for morale is (59, 66), and for the extent of the negative effect, the 95 percent confidence interval is (27, 35).

Data Table for Figure 9: Securities and Exchange Commission (SEC) Employees' Views on Morale, April 2019

Survey Statement: Employee morale is generally high most of the time.

Response	Estimated Percent	Lower Bound 95% CI	Upper Bound 95% CI
Strongly/somewhat agree	46.9	43.0	50.7
Neither agree nor disagree	14.7	12.0	17.5
Strongly/somewhat disagree	37.1	33.4	40.8
Do not know	1.3	0.5	2.6

Note: This figure reflects the views of a generalizable sample of SEC's mission-critical staff. The lines overlapping the bars display the 95 percent confidence intervals for the estimates.

Over 60 SEC employees provided written survey comments related to morale. Some employees who provided written comments cited other concerns that had a negative impact on morale. For example, some employees stated that low pay increases and the lack of merit pay have contributed to low morale among high-performing employees. Some employees also noted that the 2019 government shutdown had a negative impact on morale by implying that federal employees' work is not valuable.

Communication

Most employees expressed positive views on whether cross-divisional communication is encouraged, but employees in some offices and divisions had concerns about communication within their division or office. Specifically, an estimated 66 percent of employees agreed that communication with other divisions and offices on work-related matters is encouraged.³³ These survey results are generally consistent with SEC's results on OPM's 2018 survey, in which an estimated 73 percent of employees agreed that managers support collaboration across work units to accomplish work objectives, and an estimated 69 percent agreed that managers promote communication among different work units.

However, in our survey, we found that some employees had more negative views about communication within divisions and offices. For example, we estimate that 34 percent of employees disagreed that

³³The 95 percent confidence interval for this estimate is (63, 70).

information and knowledge are openly shared at all levels within their division or office, and 27 percent of employees disagreed that SEC management ensures employees are included in the flow of relevant information.³⁴ As shown in figure 10, these figures were highest for employees in the Division of Corporation Finance and the Office of Information Technology.

³⁴The 95 percent confidence intervals for these estimates are (30, 37) and (24, 31), respectively.

Figure 10: Securities and Exchange Commission (SEC) Employees' Views on Communication within Their Division/Office, April 2019

Overall, information and knowledge are shared openly at all levels within my division/office.

Division	Response	Estimated percentage	95% confidence interval
Division of Corporation Finance	Strongly/somewhat agree	23.6	14.4 - 35.1
	Neither agree nor disagree	12.5	5.9 - 22.4
	Strongly/somewhat disagree	58.3	48.7 - 68.0
	Do not know	5.6	1.5 - 13.6
Office of Information Technology	Strongly/somewhat agree	29.5	16.8 - 45.2
	Neither agree nor disagree	18.2	8.2 - 32.7
	Strongly/somewhat disagree	52.3	41.9 - 62.6
	Do not know	0.0	0.0 - 6.6
Division of Trading and Markets	Strongly/somewhat agree	37.5	24.0 - 52.6
	Neither agree nor disagree	22.9	12.0 - 37.3
	Strongly/somewhat disagree	33.3	20.4 - 48.4
	Do not know	6.3	1.3 - 17.2
Division of Enforcement	Strongly/somewhat agree	50.1	43.0 - 57.2
	Neither agree nor disagree	15.5	10.1 - 22.3
	Strongly/somewhat disagree	32.2	25.7 - 38.8
	Do not know	2.1	0.5 - 5.9
Division of Investment Management	Strongly/somewhat agree	55.8	45.5 - 66.1
	Neither agree nor disagree	18.6	8.4 - 33.4
	Strongly/somewhat disagree	25.6	13.5 - 41.2
	Do not know	0.0	0.0 - 6.7
Office of Compliance Inspections and Examinations	Strongly/somewhat agree	44.2	36.2 - 52.1
	Neither agree nor disagree	29.5	21.9 - 37.0
	Strongly/somewhat disagree	22.0	15.5 - 29.7
	Do not know	4.4	1.6 - 9.1

Source: GAO survey of mission-critical nonexecutive SEC employees. | GAO-20-208

Data Tables for Figure 10: Securities and Exchange Commission (SEC) Employees' Views on Communication within Their Division/Office, April 2019

Survey Statement: Overall, information and knowledge are shared openly at all levels within my division/office.
(Comparing all divisions in one bar chart)

Division of Corporation Finance

DESCRIPTION:	Response	Estimated Percent	Lower Bound 95% CI	Upper Bound 95% CI
Q10e. Overall, information and knowledge are shared openly at all levels within my division/office.	Strongly Agree or Somewhat Agree	23.6	14.4	35.1
Q10e. Overall, information and knowledge are shared openly at all levels within my division/office.	Neither Agree nor Disagree	12.5	5.9	22.4
Q10e. Overall, information and knowledge are shared openly at all levels within my division/office.	Somewhat Disagree or Strongly Disagree	58.3	48.7	68.0
Q10e. Overall, information and knowledge are shared openly at all levels within my division/office.	Do Not Know	5.6	1.5	13.6

Division of Enforcement

DESCRIPTION:	Response	Estimated Percent	Lower Bound 95% CI	Upper Bound 95% CI
Q10e. Overall, information and knowledge are shared openly at all levels within my division/office.	Strongly Agree or Somewhat Agree	50.1	43.0	57.2
Q10e. Overall, information and knowledge are shared openly at all levels within my division/office.	Neither Agree nor Disagree	15.5	10.1	22.3
Q10e. Overall, information and knowledge are shared openly at all levels within my division/office.	Somewhat Disagree or Strongly Disagree	32.2	25.7	38.8
Q10e. Overall, information and knowledge are shared openly at all levels within my division/office.	Do Not Know	2.1	0.5	5.9

Division of Investment Management

DESCRIPTION:	Response	Estimated Percent	Lower Bound 95% CI	Upper Bound 95% CI
Q10e. Overall, information and knowledge are shared openly at all levels within my division/office.	Strongly Agree or Somewhat Agree	55.8	45.5	66.1
Q10e. Overall, information and knowledge are shared openly at all levels within my division/office.	Neither Agree nor Disagree	18.6	8.4	33.4
Q10e. Overall, information and knowledge are shared openly at all levels within my division/office.	Somewhat Disagree or Strongly Disagree	25.6	13.5	41.2
Q10e. Overall, information and knowledge are shared openly at all levels within my division/office.	Do Not Know	0.0	0.0	6.7

Office Compliance Inspections and Examinations

DESCRIPTION:	Response	Estimated Percent	Lower Bound 95% CI	Upper Bound 95% CI
Q10e. Overall, information and knowledge are shared openly at all levels within my division/office.	Strongly Agree or Somewhat Agree	44.2	36.2	52.1
Q10e. Overall, information and knowledge are shared openly at all levels within my division/office.	Neither Agree nor Disagree	29.5	21.9	37.0
Q10e. Overall, information and knowledge are shared openly at all levels within my division/office.	Somewhat Disagree or Strongly Disagree	22.0	15.5	29.7
Q10e. Overall, information and knowledge are shared openly at all levels within my division/office.	Do Not Know	4.4	1.6	9.1

Office of Information Technology

DESCRIPTION:	Response	Estimated Percent	Lower Bound 95% CI	Upper Bound 95% CI
Q10e. Overall, information and knowledge are shared openly at all levels within my division/office.	Strongly Agree or Somewhat Agree	29.5	16.8	45.2

DESCRIPTION:	Response	Estimated Percent	Lower Bound 95% CI	Upper Bound 95% CI
Q10e. Overall, information and knowledge are shared openly at all levels within my division/office.	Neither Agree nor Disagree	18.2	8.2	32.7
Q10e. Overall, information and knowledge are shared openly at all levels within my division/office.	Somewhat Disagree or Strongly Disagree	52.3	41.9	62.6
Q10e. Overall, information and knowledge are shared openly at all levels within my division/office.	Do Not Know	0.0	0.0	6.6

Division of Trading and Markets

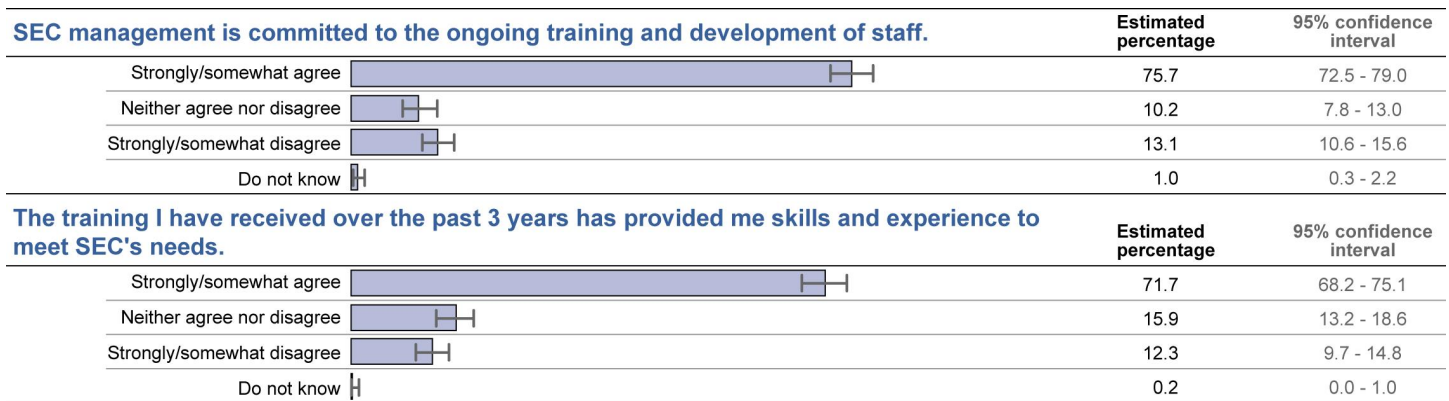
DESCRIPTION:	Response	Estimated Percent	Lower Bound 95% CI	Upper Bound 95% CI
Q10e. Overall, information and knowledge are shared openly at all levels within my division/office.	Strongly Agree or Somewhat Agree	37.5	24.0	52.6
Q10e. Overall, information and knowledge are shared openly at all levels within my division/office.	Neither Agree nor Disagree	22.9	12.0	37.3
Q10e. Overall, information and knowledge are shared openly at all levels within my division/office.	Somewhat Disagree or Strongly Disagree	33.3	20.4	48.4
Q10e. Overall, information and knowledge are shared openly at all levels within my division/office.	Do Not Know	6.3	1.3	17.2

Notes: This figure reflects the views of a generalizable sample of SEC’s mission-critical staff. The lines overlapping the bars display the 95 percent confidence intervals for the estimates. The estimates for employees in the remaining mission-critical division and offices (the Division of Economic Risk and Analysis, the Office of the Chief Accountant, and the Office of Credit Ratings) are not shown because the margin of error exceeds 15 percentage points at the 95 percent level of confidence.

Training

Most SEC employees expressed positive views on SEC’s commitment to training and the extent to which their training provided the skills and experience to meet SEC’s needs (see fig. 11).

Figure 11: Securities and Exchange Commission (SEC) Employees' Views on Training, April 2019



Source: GAO survey of mission-critical nonexecutive SEC employees. | GAO-20-208

Data tables for Figure 11: Securities and Exchange Commission (SEC) Employees' Views on Training, April 2019

Survey Statement: SEC management is committed to the ongoing training and development of staff.

Response	Estimated Percent	Lower Bound 95% CI	Upper Bound 95% CI
Strongly/somewhat agree	75.7	72.5	79.0
Neither agree nor disagree	10.2	7.8	13.0
Strongly/somewhat disagree	13.1	10.6	15.6
Do not know	1.0	0.3	2.2

Survey Statement: The training I have received over the past three years has provided me skills and experience to meet SEC's needs.

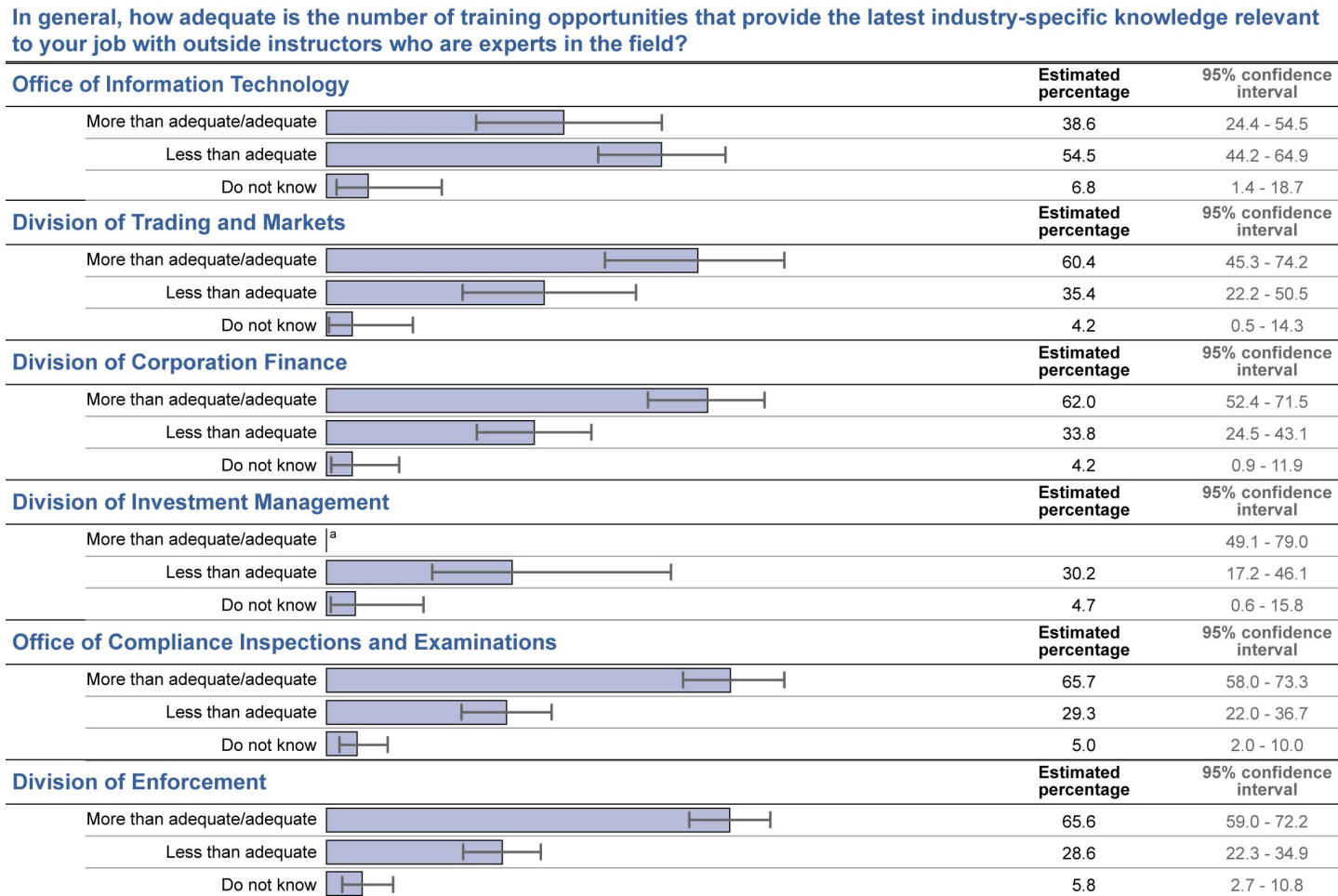
Response	Estimated Percent	Lower Bound 95% CI	Upper Bound 95% CI
Strongly/somewhat agree	71.7	68.2	75.1
Neither agree nor disagree	15.9	13.2	18.6
Strongly/somewhat disagree	12.3	9.7	14.8
Do not know	0.2	0.0	1.0

Note: This figure reflects the views of a generalizable sample of SEC's mission-critical staff. The lines overlapping the bars display the 95 percent confidence intervals for the estimates.

However, our survey results indicated heightened concerns about the number of training opportunities with outside instructors in some divisions

and offices. While we estimate that 76 percent of employees reported that there were opportunities to participate in training that provided the latest industry-specific knowledge with outside instructors, we estimate that more than 30 percent of employees in several offices and divisions indicated that the number of such opportunities was less than adequate (see fig. 12). These concerns were highest in the Office of Information Technology, where more than half of the staff viewed such training opportunities as less than adequate.

Figure 12: Securities and Exchange Commission (SEC) Employees’ Views on Adequacy of Outside Training, by Division, April 2019



Source: GAO survey of mission-critical nonexecutive SEC employees. | GAO-20-208

Data tables for Figure 12: Securities and Exchange Commission (SEC) Employees' Views on Adequacy of Outside Training, by Division, April 2019

Survey Statement: In general, how adequate is the number of training opportunities that provide the latest industry specific knowledge relevant to your job with outside instructors who are experts in the field?
(Comparing all divisions in one bar chart)

Division of Corporation Finance

Response	Estimated Percent	Lower Bound 95% CI	Upper Bound 95% CI
More than adequate/adequate	62.0	52.4	71.5
Less than adequate	33.8	24.5	43.1
Do not know	4.2	0.9	11.9

Division of Enforcement

Response	Estimated Percent	Lower Bound 95% CI	Upper Bound 95% CI
More than adequate/adequate	65.6	59.0	72.2
Less than adequate	28.6	22.3	34.9
Do not know	5.8	2.7	10.8

Division of Investment Management

Response	Estimated Percent	Lower Bound 95% CI	Upper Bound 95% CI
More than adequate/adequate	49.1	49.1	79.0
Less than adequate	30.2	17.2	46.1
Do not know	4.7	0.6	15.8

Office of Compliance Inspections and Examinations

Response	Estimated Percent	Lower Bound 95% CI	Upper Bound 95% CI
More than adequate/adequate	65.7	58.0	73.3
Less than adequate	29.3	22.0	36.7
Do not know	5.0	2.0	10.0

Office of Information Technology

Response	Sample Size	Estimated Percent	Lower Bound 95% CI	Upper Bound 95% CI
More than adequate/adequate	17	38.6	24.4	54.5
Less than adequate	24	54.5	44.2	64.9
Do not know	3	6.8	1.4	18.7

Division of Trading and Markets

Response	Sample Size	Estimated Percent	Lower Bound 95% CI	Upper Bound 95% CI
More than adequate/adequate	29	60.4	45.3	74.2
Less than adequate	17	35.4	22.2	50.5
Do not know	2	4.2	0.5	14.3

Notes: This figure reflects the views of a generalizable sample of SEC's mission-critical staff. The lines overlapping the bars display the 95 percent confidence intervals for the estimates. Estimates from divisions and offices with a margin of error exceeding plus or minus 15 percentage points at the 95 percent confidence level are not shown. This includes the Offices of the Chief Accountant and Credit Ratings and the Division of Economic Risk and Analysis.

^aThe estimated percentage of employees in the Division of Investment Management who indicated more than adequate or adequate is not shown because the margin of error exceeds 15 percentage points at the 95 percent level of confidence.

SEC Senior Officers Generally Had Favorable Views of SEC's Personnel Management and Organizational Culture

We administered a separate survey to 80 SEC senior officers in mission-critical offices and divisions, and 50 provided responses. Respondents generally had favorable views on issues such as hiring and retaining talent, communication, training, and morale. For example, 90 percent of senior officers we surveyed said their division or office is able to attract talented and qualified employees and that information is adequately shared across groups in their division or office. In addition, 82 percent agreed that morale is generally high most of the time. However, similar to nonexecutive employees, senior officers expressed concern about SEC's performance management system. For example, 70 percent disagreed that current performance incentives were effective tools to motivate employees to perform well, and 50 percent disagreed that SEC's performance management system provides consistent standards for rewarding performance.

Concerns about SEC's Performance Management System Persist

SEC Has Not Addressed GAO's Recommendation to Periodically Validate Its Performance Management System

Since 2013, SEC has twice redesigned its performance management system without periodically validating it, as we recommended in 2013.³⁵ Validating the system typically refers to obtaining staff input and general agreement on the competencies, rating procedures, and other aspects of the system. In our 2013 report, we found that SEC's performance management system reflected many elements of OPM's guidance but that implementation of the system could be improved.³⁶ Also, consistent with best practices, we recommended that SEC conduct periodic validations, with staff input, of the performance management system and

³⁵[GAO-13-621](#).

³⁶[GAO-13-621](#).

make changes as appropriate based on these validations.³⁷ SEC agreed with our recommendation.

In fiscal year 2016, SEC began to pilot a new performance management system with a four-tier rating scale.³⁸ According to SEC officials, the four-tier rating system for non-bargaining-unit employees was fully implemented in 2017 and continued as a pilot in fiscal years 2017, 2018, and 2019 for bargaining unit employees.³⁹ However, SEC did not validate this system. In our 2016 report, we reiterated the importance of our 2013 recommendation and emphasized that SEC should only make changes to its performance management system based on validations and staff feedback.⁴⁰ Despite plans to survey all employees to validate the agency's pilot performance management system and obtain employee feedback in fiscal years 2017 and 2018, SEC officials said they have been unable to do so, in part because they could not reach agreement with the SEC employee union on the planned survey questions.

SEC and the union agreed in November 2018 that SEC will implement another new performance management system, including a new incentive bonus program, in 2020.⁴¹ Because SEC did not validate the four-tier system it was piloting, it missed an opportunity to obtain employee input to inform the design of the new system. Under the new system, all SEC employees will be evaluated on a two-tier rating scale: "accomplished performer" and "unacceptable." In addition, SEC plans to implement a new incentive bonus program that will provide opportunities for high-

³⁷OPM guidance states that agencies should base their human capital decisions (including those related to changes to the performance management system) on the results of data analysis. Additionally, in our prior work on effective performance management systems, we noted that it is a key practice for agencies to involve employees and other stakeholders when they develop performance management systems. See [GAO-03-488](#).

³⁸As of fiscal year 2018, the four-tier scale rating categories were performance leader, accomplished practitioner, improvement required, and unacceptable.

³⁹According to SEC officials, the four-tier rating system remained in the pilot phase because SEC management and the union could not reach agreement on the four-tier rating system. SEC officials noted that under the 4-tier pilot, the ratings for bargaining unit employees were converted to a final two-tier rating of acceptable or unacceptable.

⁴⁰[GAO-17-65](#).

⁴¹Certain elements of the performance management system will remain unchanged, including the behaviors and skills for which employees are assessed, optional self-assessment, and supervisor's performance narrative.

performing employees to earn a bonus of up to \$10,000 once per fiscal year.

According to SEC officials, SEC plans to work with OPM to validate the new performance management system by surveying staff on the new system at the conclusion of the 2020 appraisal period, after which OPM will submit a final assessment of the program with any recommended actions for SEC. These plans are consistent with our 2013 recommendation that SEC should conduct periodic validations of its performance management system. However, until SEC completes its planned activities, this recommendation remains unaddressed.

The negative views expressed by many employees in our survey underscore the need for SEC to validate its performance management system. As discussed earlier, more than 40 percent of employees were dissatisfied with key aspects of SEC's performance management system, such as the extent to which the performance management system created meaningful distinctions in performance among employees.⁴² In addition, based on our survey, we estimate that 30 percent of SEC employees disagreed that SEC's performance management system uses relevant criteria to evaluate their performance.⁴³ Validating the new performance management system with staff input should help SEC better ensure that it is achieving its goals and identify any changes needed to address employee dissatisfaction with performance management.

SEC Has Not Developed Mechanisms to Ensure Transparency and Fairness in New Performance Bonus Program

In prior work, we reported that effective performance management requires that the organization's leadership make meaningful distinctions between acceptable and outstanding performance of individuals and appropriately reward those who perform at the highest level.⁴⁴ In addition, our prior work on strategies federal agencies can use to manage performance-oriented pay systems has shown the need for agencies to

⁴²We estimate that 48 percent of employees disagreed with this statement. The 95 percent confidence interval for this estimate is (44, 52).

⁴³The 95 percent confidence interval for this estimate is (26, 33).

⁴⁴See [GAO-03-488](#).

build in safeguards to enhance transparency and ensure the fairness of pay decisions.⁴⁵ One such safeguard is to include multiple levels of review of performance ratings and pay decisions to ensure consistency and fairness in the process and the resulting decisions. Another safeguard is to publish aggregate data on the results of the performance cycle, which allows employees to compare results across various groups within the agency while protecting the confidentiality of individual ratings and pay decisions.

SEC has not yet developed mechanisms for transparency and fairness for its new performance incentive bonus program. Under the program, a supervisor may nominate an employee who demonstrates exceptional performance according to certain criteria to receive a bonus payment of up to \$10,000 once per fiscal year. SEC officials told us that specific policies and procedures for the bonus program were still being developed at the time of our review, but they could not provide details on how they planned to ensure transparency and fairness in implementing the program. Moreover, as of November 2019, SEC had not provided detailed policies and procedures, nor had it established a date by which such policies and procedures would be finalized, despite its goal of implementing the new program in January 2020.

Developing and implementing adequate safeguards could increase employees' confidence in the new performance incentive bonus program. Without adequate safeguards to enhance transparency and better ensure fairness, employee dissatisfaction with performance management may persist and could undermine the credibility of the new bonus program.

SEC Has Implemented a More Comprehensive Approach to Workforce Planning and Improved Hiring and Promotion Practices

SEC's New Workforce and Succession Planning Processes Address Previously Identified Weaknesses

SEC has taken action to fully implement the two recommendations from our 2013 report related to developing and implementing a comprehensive

⁴⁵[GAO-05-832SP](#), [GAO-05-1048T](#), and [GAO-03-488](#).

workforce and succession planning process that is consistent with OPM guidance.⁴⁶ In our 2016 report, we found that SEC had developed a workforce and succession plan in response to these recommendations. However, we identified weaknesses with this plan, such as the lack of a comprehensive skills gap analysis to help ensure that employees across all occupations have the skills necessary to fulfill SEC's mission.⁴⁷ Since our 2016 review, SEC completed a more comprehensive skills gap analysis and began to implement new workforce and succession planning processes that address other weaknesses we had identified.

In fiscal year 2019, SEC developed and began to implement a new workforce planning strategy that outlined new processes for workforce and succession planning. SEC's previous process focused on creating a consolidated workforce plan in a single document that focused on five divisions and two offices, accounting for 67 percent of SEC employees. SEC officials told us that the new process is more dynamic and responsive because it provides more workforce data to officials in the divisions and offices. Specifically, SEC developed various human capital dashboards that provide the Office of Human Resources and agency leaders with up-to-date data on the state of the agency's workforce, such as data on hiring, attrition, skill gaps, and other workforce demographics.⁴⁸

Key components of SEC's new workforce and succession planning processes address weaknesses identified in our prior work:

⁴⁶In July 2013, we recommended that to enhance SEC's ability to strategically hire and retain the appropriate number of staff with the requisite skill sets for today and in the future, SEC should (1) prioritize efforts to expeditiously develop a comprehensive workforce plan, including a succession plan, and establish time frames for implementation and mechanisms to help ensure that the plans are regularly updated; and (2) incorporate OPM guidance as it develops its workforce and succession plans, by developing a formal action plan to identify and close competency gaps, and fill supervisory positions; and institute a fair and transparent process for identifying high-potential leaders from within the agency. See [GAO-13-621](#).

⁴⁷[GAO-17-65](#).

⁴⁸Section 962 of the Dodd-Frank Act included a provision for us to review whether there are "excessive" numbers of low-level, midlevel, or senior-level managers at SEC. 15 U.S.C. § 78d-7(b)(1)(G). App. IV provides additional information on the ratio of management to staff from fiscal year 2008 through fiscal year 2018. In addition, the act included a provision for us to review turnover rates within SEC subunits. 15 U.S.C. § 78d-7(b)(1)(F). App. V provides additional information on the percentage of staff who left SEC from fiscal year 2008 through fiscal year 2018.

- **Skills gap analysis.** Our 2016 review found that SEC's workforce plan lacked a comprehensive skills gap analysis covering all SEC occupations. In 2018, SEC conducted an agency-wide competency survey to identify skills gaps by position in each division and office. SEC incorporated the results of this survey into one of its human capital dashboards that allows users to interact with the data directly. Specifically, SEC's Workforce Competency Dashboard provides competency data (including gaps) across offices and divisions, allowing users to explore critical skill gaps by competency. According to SEC's workforce planning strategy, divisions and offices can use the data to address skill gaps through activities such as training, hiring, and knowledge sharing. For example, to address an identified gap in written communication and critical thinking for newly hired investigative attorneys, the Division of Enforcement and the Office of Human Resources developed interview questions to better screen for these skills during the hiring process.
- **Human capital reviews.** We also found in 2016 that SEC's workforce plan was not clearly linked to its budget formulation and did not inform decision-making about the structure of the workforce. Under its new workforce planning process, SEC links its workforce planning to its budget through annual human capital reviews in which divisions and offices work with the Office of Human Resources to identify workforce needs and priorities to directly inform their operating plans and budget requests. These human capital reviews include discussions about the capacity and capability of the organization to meet current mission needs and whether areas of the workforce need to be reshaped to meet SEC's mission. SEC officials told us that under SEC's previous workforce planning process, these reviews were conducted concurrently with budget meetings, whereas under its new process these meetings are conducted prior to the budget meetings. This change allows divisions and offices to use the information from the review meetings to prepare for their budget meetings. In addition, the human capital review meetings are informed by data maintained in SEC's new Workforce Supply Dashboard, which provides information on the composition and demographics of SEC divisions and offices and allows users to view data on hiring, attrition, and other workforce indicators. For example, through this process, SEC recently determined that it had an excess of certain positions, such as clerks and assistants responsible for data processing and management. This determination led SEC to request permission from OPM for a targeted early retirement authority and incentives for individuals in such positions.

- **New succession planning processes.** In 2016, we found that SEC's succession planning lacked information on workforce attrition and a fair and accurate process for identifying future leaders. Under SEC's new succession planning process, the Office of Human Resources tracks senior-level turnover to determine the level of attrition at senior leadership levels and to determine whether SEC is filling these positions internally or externally. In addition, the Office of Human Resources created a standardized template that managers in each division and office use to identify key leadership positions and candidate pools. According to SEC, this more standardized approach offers an extra level of precision and rigor to identify the specific leadership strengths and risks across the largest divisions and offices. In addition, since our 2016 report, SEC has improved processes for analyzing its talent pool for new leaders. In 2017, the Office of Human Resources surveyed employees to gauge their interest and intent in progressing to higher levels of management responsibility, including to the senior officer ranks. SEC is also developing a centralized program to screen and select a cohort of high-potential leaders who will be certified and available to fill senior officer positions as they become vacant. SEC officials said they anticipate the program will be launched in the second half of fiscal year 2020.

The processes and tools described above are still new, and SEC is continuing to integrate and develop them fully. For example, 2019 was the first year SEC used its new workforce planning process, and SEC officials told us that senior officers are still learning how they can best use new tools, such as the new human capital dashboards. One SEC official told us that SEC is still refining this new approach and plans to consider additional enhancements to the dashboards, such as including more forward-looking data to inform discussions of future workforce needs. Although SEC continues to enhance its new process and practices, the actions it has taken fully implement our two 2013 recommendations.

SEC Has Improved Hiring and Promotion Practices

SEC has taken steps to improve certain practices related to hiring and promotions. For example, in 2016, we found that SEC had not identified skills gaps among its hiring specialists and that these staff received limited training.⁴⁹ As a result, SEC lacked assurance that its hiring specialists had the necessary skills to hire and promote the most qualified

⁴⁹[GAO-17-65](#).

applicants. We recommended that SEC develop and implement training for hiring specialists that is informed by a skills gap analysis. In response to our recommendation, SEC's Talent Acquisition Group partnered with SEC's training group to conduct a competency gap assessment for each of the Talent Acquisition Group's five primary jobs.⁵⁰ Based on the results of this competency assessment, in 2018 SEC developed and prioritized a 2-year training plan for hiring specialists to address the identified skills gaps and to better enable SEC to recruit, develop, and retain competent staff. This skills gap analysis and the new training curriculum for hiring specialists fully address our 2016 recommendation.

SEC also made changes to policies for promotion announcements to improve perceptions of fairness and transparency. For example, since 2016, a promotion opportunity can be limited to applicants within a single division or office only if that division or office has at least 15 eligible candidates. If there are fewer than 15, the announcement must be opened more broadly to candidates in SEC beyond that particular office or division. In addition, SEC now requires that promotion announcements be open for a minimum of 10 business days.

To Enhance Communication, SEC Has Identified Best Practices and Established Cross-Divisional Working Groups

SEC has fully addressed recommendations we made in 2013 and 2016 to improve intra-agency communication and collaboration:

Incentives for staff to communicate and collaborate. In 2013, we found that SEC had made efforts to improve communication and collaboration but had not fully addressed barriers to an environment of open communication.⁵¹ We recommended that the SEC Chief Operating Officer identify and implement incentives for all staff to support an environment of open communication and collaboration. We determined that this recommendation had been fully implemented in November 2017.

⁵⁰The Talent Acquisition Group's five primary jobs are Staffing Specialist, Classification Specialist, Recruitment Specialist, Team Lead, and Branch Chief. The goals of this effort were to identify the key competency requirements for each job, assess staff with regard to those requirements, and make recommendations to address any gaps.

⁵¹[GAO-13-621](#).

Among other steps, in 2016 SEC revised its performance expectations for supervisors to encourage communication and collaboration and proactively share relevant information.

Best practices for communication and collaboration. In 2013, we recommended that SEC explore communication and collaboration best practices and implement those that could benefit SEC. SEC has taken action to fully implement this recommendation. Specifically, SEC's Office of the Chief Operating Officer engaged a third-party management consultant team to complete a study of best practices for communication and collaboration, which was completed in 2018.⁵² For the study, the consultants developed a framework of best practices recognized in the public and private sectors and assessed SEC's practices against the framework.⁵³ The consultants found that each of the best practices in its framework was met by at least one of SEC's activities, tools, technologies, or initiatives. The report included eight recommendations to help address barriers to cross-division communication and collaboration, among other goals. In response to these recommendations, as of May 2019, SEC had taken action on six recommendations and developed planned actions for the remaining two. For example, to facilitate staff-to-staff communication and collaboration, SEC officials updated the intranet sites of each mission-critical office and division with main contact telephone numbers and staff directories. In addition, SEC plans to pilot an electronic communication tool for project execution among teams collaborating across divisions and offices that will provide more functionality than SEC's current application.

Cross-divisional committees and working groups. In 2016, we noted that the lack of a central position or office with authority over the daily

⁵²The Dodd-Frank Act required SEC to engage an independent consultant to look at management practices and organizational structure. According to SEC officials, to meet this requirement, SEC created the Business Process Improvement Center of Excellence within the Office of the Chief Operating Officer, which contracted with a management consultant. One of the management consultant's projects was an independent review of communication and collaboration at SEC.

⁵³According to the management consultant's report, to develop its framework, the consultant team researched practices compiled by Forbes and IBM's Institute for Business Value, leading publications such as *Harvard Business Review*, publications from companies such as McKinsey and Corporate Executive Board, academic publications, and government agency guidance from GAO and comparable agencies. The team identified 43 separate best practices addressing internal communication and collaboration in the areas of interpersonal communication, network building, organizational structures, vision and mission, technology, formal communications, and monitoring and evaluation.

operations of all divisions and offices made it difficult to address challenges related to communication and collaboration. We recommended that SEC enhance or expand the responsibilities and authority of the Chief Operating Officer or another official or office to help ensure that improvements to communication and collaboration across SEC were made.⁵⁴ While SEC disagreed with this recommendation, it has taken actions that meet the intent of our recommendation.⁵⁵

First, SEC created cross-divisional committees and working groups that help to enhance intra-agency communication and collaboration. For example, in 2018, SEC created an Operations Steering Committee, which consists of senior operational leaders throughout the agency who meet on a regular basis to discuss and collaborate on cross-agency operational issues, including those related to human capital. SEC also created other formal intra-agency committees and working groups, including an Information Technology Capital Planning Committee, an Emerging Risk Group, and a Data Management Board.⁵⁶

Second, between 2009 and 2018, SEC established Managing Executive positions in the Office of the Chairman and in eight of its nine mission-critical offices and divisions.⁵⁷ Managing Executives are responsible for working closely with one another, including serving together on intra-agency working groups, to facilitate effective internal collaboration on

⁵⁴[GAO-17-65](#).

⁵⁵SEC agreed with our recommendation's goal of enhancing intra-agency collaboration, but it disagreed with the particular methods for achieving this goal. Specifically, SEC expressed that significant changes to the organizational structure in the ways we recommended were not suitable for SEC.

⁵⁶The Information Technology Capital Planning Committee consists of Office of Information Technology leadership and Managing Executives of divisions and offices, and it determines how to allocate SEC's information technology budget. The Emerging Risk Group meets monthly to address risks and issues in the broader market that might affect SEC's work. Led by the Division on Economic and Risk Analysis, it convenes subject-matter experts (not executives) from the various divisions and offices to think about major issues that may arise. The Data Management Board assesses SEC's data management needs, oversees strategic data management decisions, and promotes data management coordination and adoption across SEC.

⁵⁷SEC created Managing Executive positions in the following mission-critical offices and divisions: the Offices of Compliance Inspections and Examinations, Credit Ratings, and Information Technology, and the Divisions of Corporation Finance, Economic and Risk Analysis, Enforcement, Investment Management, and Trading and Markets. In addition, SEC created Managing Executive positions in the Offices of the Chief Operating Officer and General Counsel.

operations issues, including personnel management. The Managing Executive in the Office of the Chairman, established in 2017, acts as a liaison between the Chairman's office and the various committees and working groups. According to an agency official, having a Managing Executive position in the Office of the Chairman helps ensure that someone from the Chairman's office has the time to devote to operational issues.

Conclusions

SEC has taken a number of actions since 2016 to strengthen its personnel management. It has implemented a more comprehensive approach to workforce planning and improved intra-agency communication and collaboration through new working groups and implementation of best practices. OPM's 2018 employee survey also suggests that employee satisfaction at SEC has improved.

Despite this progress, SEC has yet to validate its performance management system since we recommended it do so in 2013. Without such validation, SEC may lack information that could help it identify changes needed to address employee dissatisfaction and ensure its system achieves its goals. We therefore reiterate our 2013 recommendation that SEC conduct periodic validations, with staff input, of the performance management system and make changes as appropriate based on these validations. Consistent with our recommendation, SEC officials stated they plan to work with OPM to validate the new performance management system. However, until SEC completes its validation of the new system, which it plans to do at the conclusion of the 2020 appraisal period, this recommendation remains unaddressed.

Finally, a key feature of SEC's new performance management system will be a performance incentive bonus program through which SEC supervisors will be able to nominate individual employees for a bonus of up to \$10,000 once per fiscal year. Our prior work on performance management has highlighted the importance of safeguards that can help ensure that agencies' performance management systems—and particularly the systems affecting pay—are fair and transparent. At the time of our review, SEC was in the process of designing the performance incentive bonus program and did not provide us with detailed policies or procedures. As SEC works to finalize procedures for this bonus program, incorporating safeguards such as multiple levels of review of performance

ratings and pay decisions can help to promote employee confidence in the integrity of the program.

Recommendation for Executive Action

The Chair of the Securities and Exchange Commission should direct the Chief Operating Officer to develop and implement safeguards to better ensure transparency and fairness in SEC's new performance incentive bonus program. Such safeguards could include multiple levels of review of performance ratings and pay decisions and publishing aggregate data on the results of the performance cycle that allow employees to compare results across various groups within the agency while protecting the confidentiality of individual ratings and pay decisions. (Recommendation 1)

Agency Comments


We provided SEC a draft of this report for its review and comment. SEC provided written comments that are reprinted in appendix VI. SEC also provided technical comments that we incorporated, as appropriate.

In its written comments, SEC stated that it concurred with, and plans to implement, our recommendation to develop and implement safeguards to better ensure transparency and fairness in its new performance incentive bonus program. SEC stated that it appreciated our suggested practices, and that it will conduct research to consider additional safeguards.

SEC also highlighted its implementation of eight of nine of our previous recommendations related to personnel management. SEC noted its progress in the areas of workforce planning and intra-agency communication and recognized that further work remains to be done. With respect to our 2013 recommendation that it conduct periodic validations of the performance management system, which SEC has not yet implemented, SEC stated that it expects to obtain feedback from employees and managers at the conclusion of the 2020 performance cycle to identify further improvements, and that it is committed to conducting periodic evaluations of its system in the future. We will continue to monitor SEC's progress toward implementing this recommendation.

We are sending copies of this report to the appropriate congressional committees, the Chairman of the Securities and Exchange Commission, and other interested parties. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at 202-512-8678 or clementsm@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix VII.



Michael E. Clements
Director, Financial Markets and Community Investment

Appendix I: Status of GAO's 2013 and 2016 Personnel Management Recommendations to the Securities and Exchange Commission

Table 2 provides the status of recommendations we made to the Securities and Exchange Commission in 2013 and 2016.¹

Table 2: Status of GAO's 2013 and 2016 Personnel Management Recommendations to the Securities and Exchange Commission (SEC), as of November 2019

2013 Recommendations (GAO-13-621)	Status
To enhance SEC's ability to strategically hire and retain the appropriate number of staff with the requisite skill sets for today and in the future, the Chairman of SEC should direct the Office of the Chief Operating Officer and Office of Human Resources to	
1. prioritize efforts to expeditiously develop a comprehensive workforce plan, including a succession plan, and establish time frames for implementation and mechanisms to help ensure that the plans are regularly updated.	Implemented
2. incorporate Office of Personnel Management guidance as it develops its workforce and succession plans, by developing a formal action plan to identify and close competency gaps, and fill supervisory positions; and institute a fair and transparent process for identifying high-potential leaders from within the agency.	Implemented
To help enhance the credibility of its performance management system, the Chairman of SEC should direct the Chief Operating Officer and Office of Human Resources to	
3. create mechanisms to monitor how supervisors use the performance management system to recognize and reward performance, provide meaningful feedback to staff, and effectively address poor performance; for example, by requiring ongoing feedback discussions with higher-level supervisors.	Implemented

¹GAO, *Securities and Exchange Commission: Actions Needed to Address Limited Progress in Resolving Long-Standing Personnel Management Challenges*, [GAO-17-65](#) (Washington, D.C.: Dec. 29, 2016) and *Securities and Exchange Commission: Improving Personnel Management Is Critical for Agency's Effectiveness*, [GAO-13-621](#) (Washington, D.C.: July 18, 2013).

**Appendix I: Status of GAO's 2013 and 2016
Personnel Management Recommendations to
the Securities and Exchange Commission**

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|-------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| 4. conduct periodic validations (with staff input) of the performance management system and make changes, as appropriate, based on these validations. | Not implemented |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|

To build on SEC's efforts to enhance intra-agency communication and collaboration, the Chairman should direct the Chief Operating Officer to

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|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 5. identify and implement incentives for all staff to support an environment of open communication and collaboration, such as setting formal expectations for its supervisors to foster such an environment, and recognizing and awarding exceptional teamwork efforts. | Implemented |
| 6. explore communication and collaboration best practices and implement those that could benefit SEC. | Implemented |

To increase accountability of SEC's personnel management system, the Chairman of SEC should direct the Chief Operating Officer and Office of Human Resources to

- | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 7. prioritize and expedite efforts to develop and implement a system to monitor and evaluate personnel management activities, policies, and programs, including establishing and documenting the steps necessary to ensure completion of the system. | Implemented |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|

2016 Recommendations (GAO-17-65)

Status

To help SEC address identified personnel management challenges, the Chair should

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|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 1. enhance or expand the responsibilities and authority of the Chief Operating Officer or other official or office so they can help ensure that improvements to communication and collaboration across SEC are made. For instance, if the duties of the Chief Operating Officer were expanded, the Chief Operating Officer could establish liaisons in each mission-critical office and division for SEC employees to contact or develop procedures to help facilitate communication and collaboration among the mission-critical office and divisions. | Implemented |
| 2. develop and implement training for hiring specialists that is informed by a skills gap analysis. | Implemented |

Source: GAO. | GAO-20-208

Appendix II: Objectives, Scope, and Methodology

This report examines (1) employees' views on the Securities and Exchange Commission's (SEC) personnel management and organizational culture, (2) SEC's efforts to implement a performance management system, (3) SEC's implementation of a workforce planning process, and (4) SEC's steps to strengthen communication and collaboration within and across its divisions and offices.

Analysis of Employees' Views on SEC's Personnel Management and Organizational Culture

To examine employees' views on SEC's personnel management and organizational culture, we conducted two surveys of SEC staff, performed a content analysis of open-ended responses to our surveys, and conducted individual interviews.

Surveys. To obtain employees' views on SEC's personnel management and organizational culture, we implemented two web-based surveys from March 2019 to May 2019. We administered the first survey to a stratified random sample of 877 nonexecutive employees in mission-critical occupations in mission-critical offices and divisions. We administered the

second survey to all 80 senior officers in mission-critical offices and divisions.¹

To determine our sample of nonexecutive employees, we stratified the population of mission-critical SEC employees into sampling strata by office and division to help mitigate the risk that a particular part of SEC could be over- or underrepresented by the respondents to our survey. We stratified the Division of Enforcement and the Office of Compliance Inspections and Examinations into two further categories (“headquarters” and “regional office”) because this division and office have a majority of their staff located in one of SEC’s 11 regional offices. Table 3 shows the total number of employees and the number of employees selected in our sample for each of the strata. Due to their small employee counts, we combined the Offices of the Chief Accountant and Credit Ratings into one stratum for the purpose of selecting the sample. Prior to selecting the sample, we sorted the sample frame by supervisory status within each stratum.² We then selected the sample via systematic random sampling

¹SEC has designated five occupations—attorneys, accountants, examiners, economists and information technology specialists—as mission-critical because they reflect SEC’s primary mission and because mission-critical work cannot be completed without them. SEC has also designated four offices and five divisions—the Offices of Compliance Inspections and Examinations, Information Technology, Credit Ratings, and the Chief Accountant, and the Divisions of Corporation Finance, Enforcement, Investment Management, Economic and Risk Analysis, and Trading and Markets—as mission-critical offices and divisions because they are primarily responsible for implementing the agency’s mission. The survey of the mission-critical offices and divisions included nonsupervisors and supervisors in the five occupational categories designated by SEC as mission-critical. Our survey populations for both surveys consisted of employees who were employed at SEC as of September 30, 2018, according to SEC data. The definition of mission-critical has changed since we last reported on these issues in 2013 and 2016. For those reports, the divisions, offices, and occupational categories were the same as those listed above with the following exceptions: for our 2019 survey, financial analysts were removed from our list of mission-critical occupations and the Offices of Information Technology, Credit Ratings, and the Chief Accountant and information technology specialists were added to our list of mission-critical offices and occupations. See GAO, *Securities and Exchange Commission: Actions Needed to Address Limited Progress in Resolving Long-Standing Personnel Management Challenges*, [GAO-17-65](#) (Washington, D.C.: Dec. 29, 2016) and *Securities and Exchange Commission: Improving Personnel Management Is Critical for Agency’s Effectiveness*, [GAO-13-621](#) (Washington, D.C.: July 18, 2013).

²Supervisory staff include all employees in SEC’s pay plan grade SK-17 for the Division of Enforcement and employees in pay plan grades SK-15 and SK-17 for the other offices and divisions. Similarly, nonsupervisory staff include employees in SEC’s pay plan grade SK-16 and below (excluding employees in pay plan grade SK-15 for all offices and divisions other than the Division of Enforcement).

within each stratum.³ Our initial sample size allocation was designed to achieve a stratum-level margin of error no greater than plus or minus 8 percentage points at the 95 percent level of confidence. Based upon our prior surveys on SEC’s personnel management, we assumed a response rate of 70 percent to determine the sample size for the mission-critical employees. Because some employees left SEC between the time we obtained a list of SEC employees and the launch of the survey, the final sample size decreased from 884 to 877.

Table 3: Population Counts and Initial Sample Sizes for SEC’s Mission-Critical Offices and Divisions Included in GAO’s Nonexecutive Employee Survey

Stratum	Total number of employees, as of September 30, 2018	Number of employees in sample
Office of Compliance Inspections and Examinations—Regional Offices	688	124
Office of Compliance Inspections and Examinations—Headquarters	198	86
Division of Enforcement—Regional Offices	627	122
Division of Enforcement—Headquarters	395	109
Division of Corporation Finance	367	107
Division of Trading and Markets	188	84
Office of Information Technology	144	74
Division of Investment Management	137	72
Division of Economic and Risk Analysis	94	58
Office of the Chief Accountant and Office of Credit Ratings	69	48
Total	2,907	884

Source: GAO analysis of Securities and Exchange Commission (SEC) data. | GAO-20-208

Because we followed a probability procedure based on random selections, our sample is only one of a large number of samples that we might have drawn. Since each sample could have provided different estimates, we express our confidence in the precision of our particular sample’s results as a 95 percent confidence interval. This is the interval that would contain the actual population value for 95 percent of the samples we could have drawn. We provide confidence intervals along with each sample estimate in the report. All survey results presented in the body of this report are generalizable to the estimated population of

³This approach ensured that our sample within each SEC mission-critical office or division was representative of the office or division’s mix of entry-level, midlevel, and supervisory staff.

2,907 in-scope mission-critical employees at SEC as of September 30, 2018.

For our survey of nonexecutive employees in the mission-critical offices and divisions, 563 nonsupervisors and supervisors responded to our survey, for a response rate of 64 percent. For our survey of all mission-critical senior officers, 50 responded to our survey, for a response rate of 63 percent.⁴ For the nonexecutive survey, we carried out a statistical nonresponse bias analysis using available administrative data and determined that the results are generalizable to SEC's mission-critical employees. We do not attempt to extrapolate the findings of our senior officer survey to those who chose not to participate.⁵

Each GAO survey of SEC staff included questions on personnel management issues related to (1) recruitment, training, staff development, and resources; (2) communication among and within divisions and offices; (3) leadership and management; (4) performance management and promotions; and (5) organizational culture and climate. The separate survey of all mission-critical SEC senior officers (those at the SO-1, SO-2, and SO-3 pay grades) covered the same topic areas but omitted questions not relevant to senior officers and included additional questions specifically relevant to senior officers. Our surveys included both multiple-choice and open-ended questions. We analyzed the results of our 2019 survey of supervisory and nonsupervisory staff and senior officers, and we compared the results to results of similar surveys we conducted in 2013 and 2016.⁶ In addition, we reviewed the Office of Personnel Management's (OPM) 2018 Federal Employee Viewpoint Survey results to obtain additional perspectives from SEC staff on issues related to the agency's personnel management and to compare SEC's results to government-wide responses.⁷

⁴For the senior officer survey, employees were in SEC's pay plan grades SO-1 through SO-3.

⁵Through follow-up emails, we encouraged all eligible SEC employees to participate in our surveys.

⁶See [GAO-13-621](#) and [GAO-17-65](#).

⁷OPM's Federal Employee Viewpoint Survey is an annual survey that provides government employees with the opportunity to share their perceptions of their work experiences, their agencies, and their leaders. For 2018, 598,003 employees responded to the survey.

To minimize certain types of errors, commonly referred to as nonsampling errors, and enhance data quality, we employed recognized survey design practices in the development of the questionnaires and the collection, processing, and analysis of the survey data. To develop our survey questions, we drew on prior GAO SEC personnel management surveys. For both of our 2019 surveys, we took steps to ensure that survey questions from 2016 were still relevant and to determine if new issues warranted new questions. To do this, we reviewed information from individual interviews with current and former employees, met with five mission-critical employees to pretest the nonexecutive survey, and met with two senior officers to obtain their feedback on the senior officer survey. As a result of these meetings, for example, we added three questions related to the impact of SEC's hiring freeze on personnel management.

In addition, a GAO survey expert reviewed and provided feedback on our survey instrument. To reduce nonresponse, another source of nonsampling error, we sent multiple emails encouraging SEC employees to complete the surveys, and we made telephone calls to nonrespondents to encourage participation and troubleshoot any logistical issues in accessing the questionnaire. We also had respondents complete questionnaires online to eliminate errors associated with manual data entry. On the basis of our application of these practices and follow-up procedures, we determined that the survey data were of sufficient quality for the purpose of obtaining employees' views on SEC's personnel management and organizational culture.

Content analysis. To analyze the information we obtained from the open-ended survey responses, we conducted a content analysis on the 633 responses to the six open-ended survey questions from the survey of the mission-critical offices and divisions. Five staff members developed coding categories based on our researchable objectives, information collected during our individual interviews, and the findings from our December 2016 report.⁸ Coding categories were as follows: (1) workforce management, (2) communication, (3) management, (4) promotions, (5) performance management, and (6) risk aversion. For each of the responses to the six open-ended questions, a GAO analyst categorized the response into the respective coding categories. A second GAO

⁸[GAO-17-65](#).

analyst reviewed the coding, and any disagreements in the coding were resolved through discussion or with a third analyst.

Individual interviews. We interviewed 51 nonsupervisory and supervisory employees—in person at SEC headquarters and by telephone for those in headquarters and regional offices—in November and December 2018 to obtain their views on personnel management at SEC.⁹ Using information provided by SEC, we sent 577 letters to all employees who separated from SEC between March 2016 and November 2018, offering them an opportunity to schedule a meeting with us. We interviewed 15 of these former SEC employees by phone in January and February 2019. We asked certain questions of every person we interviewed related to (1) what personnel management practices were working well, (2) what challenges existed in personnel management, and (3) what initiatives, if any, SEC had taken to address these challenges. To maintain the confidentiality of individual responses, we did not record individual names in our transcripts. Instead, we collected and analyzed the information by division and rank only, and we aggregated our findings so that no individual comments could be identified. GAO analysts summarized themes that emerged from these individual interviews and used them to identify key issues related to SEC’s personnel management and inform the design of our surveys.

Review of SEC Personnel Management Practices

To obtain information on SEC’s efforts related to performance management, workforce planning, and communication and collaboration, we reviewed relevant SEC documents and interviewed SEC officials in the Office of Human Resources and other divisions and offices. We reviewed changes SEC made to its personnel management practices since our 2016 review, including steps taken to address our recommendations in these areas.

We interviewed SEC staff from the Office of Human Resources about the status of SEC’s efforts to pilot and implement a performance management system, including the status of SEC’s efforts to address our 2013 recommendation that SEC conduct periodic validations of its

⁹We provided opportunities for SEC employees to meet or communicate with us individually in a confidential manner. Specifically, we set up a GAO toll-free phone number and email address for SEC employees to use to arrange a meeting with our team or provide information.

performance management system and make changes, as appropriate, based on these validations. We also reviewed documents describing changes to SEC's performance management system. At the time of our review, SEC had plans to implement a new performance management system, including a new incentive bonus program, in January 2020 but had not yet completed detailed policies and procedures to implement this new system. However, we compared the system's key features with criteria identified in prior GAO work, including work on strategies federal agencies can use for fair and transparent performance management.¹⁰ In addition, we reviewed the SEC Office of Inspector General's 2018 report that described progress and challenges in the agency's performance management efforts.¹¹

To examine SEC's workforce and succession planning practices, we obtained and reviewed a copy of SEC's fiscal year 2019–2022 Workforce and Succession Planning Strategy, which outlines new approaches to workforce and succession planning that SEC began to implement in fiscal year 2019. We also obtained and reviewed documentation of SEC's implementation of key steps in its workforce and succession planning processes, such as the survey instrument used to identify skill gaps for all SEC occupations, slide presentations of SEC divisions' operating plans and budget requests that are informed by human capital review meetings, examples of action plans SEC divisions and offices developed to address identified skill gaps, SEC's Succession Planning Tool Kit, and relevant training plans for SEC divisions.

In addition, we attended an SEC-led demonstration of the agency's new human capital dashboards, which are interactive software tools that provide the Office of Human Resources and agency leaders with up-to-date data on the state of the agency's workforce, such as data on hiring, attrition, skill gaps, and other workforce demographics. We also interviewed staff from SEC's Office of Human Resources and senior

¹⁰GAO, *Human Capital: Symposium on Designing and Managing Market-Based and More Performance-Oriented Pay Systems*, [GAO-05-832SP](#) (Washington, D.C.: July 27, 2005); *Human Capital: Designing and Managing Market-Based and More Performance-Oriented Pay Systems*, [GAO-05-1048T](#) (Washington, D.C.: Sept. 27, 2005); and *Results-Oriented Cultures: Creating a Clear Linkage between Individual Performance and Organizational Success*, [GAO-03-488](#) (Washington, D.C.: Mar. 14, 2003).

¹¹Securities and Exchange Commission Office of Inspector General, *The SEC Made Progress But Work Remains To Address Human Capital Management Challenges and Align With the Human Capital Framework*, Report No. 549 (Washington, D.C.: Sept. 11, 2018).

leaders from different SEC divisions. We compared SEC's workforce planning process against key principles for effective workforce planning, and we assessed SEC's efforts to strengthen its workforce and succession planning efforts to determine the extent to which they addressed our 2013 recommendations related to developing a more comprehensive approach to workforce and succession planning.¹² This assessment included reviewing the extent to which key components of SEC's workforce and succession planning processes aligned with OPM standards on workforce and succession planning.

In addition, we reviewed the changes SEC made to its hiring and promotion policies since our last review, including the steps SEC took to address our 2016 recommendation related to developing and implementing training for hiring specialists that is informed by a skill gap analysis.

To examine steps SEC has taken to strengthen intra-agency communication and collaboration, we assessed SEC's efforts to address prior recommendations in this area. Specifically, we reviewed a report by a third-party vendor on communication and collaboration practices at the agency and met with the vendor's program manager. We also obtained and reviewed documentation of SEC's actions to implement recommendations included in the vendor's report. In addition, we reviewed documentation related to SEC's cross-divisional committees and working groups, including the charter of SEC's Operations Steering Committee, a cross-agency group chaired by the Chief Operating Officer whose purpose is to facilitate predecisional communications on significant cross-agency operational issues. To obtain information on the effectiveness of SEC's efforts to enhance communication and collaboration, we also met with senior leaders from SEC's largest offices and divisions, as well as selected members of SEC's Operations Steering Committee.¹³

¹²GAO, *Human Capital: Key Principles for Effective Strategic Workforce Planning*, GAO-04-39 (Washington, D.C.: Dec. 11, 2003); Office of Personnel Management, *Workforce Planning Model*, accessed December 11, 2019, <https://www.opm.gov/policy-data-oversight/human-capital-management/reference-materials/strategic-alignment/workforceplanning.pdf>; and Office of Personnel Management, *A Guide to the Strategic Leadership Succession Management Model* (Washington, D.C.: March 2009).

¹³We spoke with Managing Executives from the Offices of Compliance Inspections and Examinations and Information Technology and the Divisions of Corporation Finance, Trading and Markets, and Investment Management, as well as the Office of the Chairman.

We assessed the reliability of all of the data we used during this review and determined they were sufficiently reliable for the purposes of selecting our survey sample; developing summary tables on staffing ratios and turnover; and describing trends and views on personnel management practices at SEC. We used SEC data extracted from the Department of the Interior's Federal Personnel/Payroll System to construct the sample frames for our two surveys and develop summary tables in our appendixes.¹⁴ To determine the reliability of these data, we reviewed related documentation, tested the data for missing data and errors, and obtained written responses from SEC employees about data quality and control. To assess the reliability of the Federal Employee Viewpoint Survey data, we reviewed technical documentation of the survey and conducted routine data checks.

We conducted this performance audit from August 2018 to December 2019 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

¹⁴The Federal Personnel/Payroll System is a mainframe-based personnel and payroll system that supports numerous agencies. The data contained in this system include number of employees, employees' start and separation dates, employees' performance ratings, demographic information, and awards data for employees.

Appendix III: Employee Views on Selected Survey Questions from GAO's 2013, 2016, and 2019 Surveys

Figure 13 below shows the results of eight questions related to personnel management and organizational culture from our 2013, 2016, and 2019 surveys of Securities and Exchange Commission (SEC) employees in mission-critical occupations in mission-critical divisions and offices.¹ However, there are important limitations in comparing the results of our 2019 survey to the previous surveys.

- First, while the results of our 2019 survey were generalizable to all mission-critical nonexecutive employees, the results of our 2013 and 2016 surveys were not.
- Second, while we present the results for mission-critical employees for each year, for our 2019 survey, we changed the definition of mission-critical to reflect changes SEC had made to its mission-critical designations. The divisions, offices, and occupational categories largely remained the same across the 3 survey years with the following exceptions: for our 2019 survey, the Offices of Information Technology, Credit Ratings, and the Chief Accountant were added to the category of mission-critical offices and divisions. In addition,

¹These questions cover key topics related to personnel management and organizational culture that we highlighted in each of our three reports in this series. See GAO, *Securities and Exchange Commission: Actions Needed to Address Limited Progress in Resolving Long-Standing Personnel Management Challenges*, [GAO-17-65](#) (Washington, D.C.: Dec. 29, 2016) and *Securities and Exchange Commission: Improving Personnel Management Is Critical for Agency's Effectiveness*, [GAO-13-621](#) (Washington, D.C.: July 18, 2013).

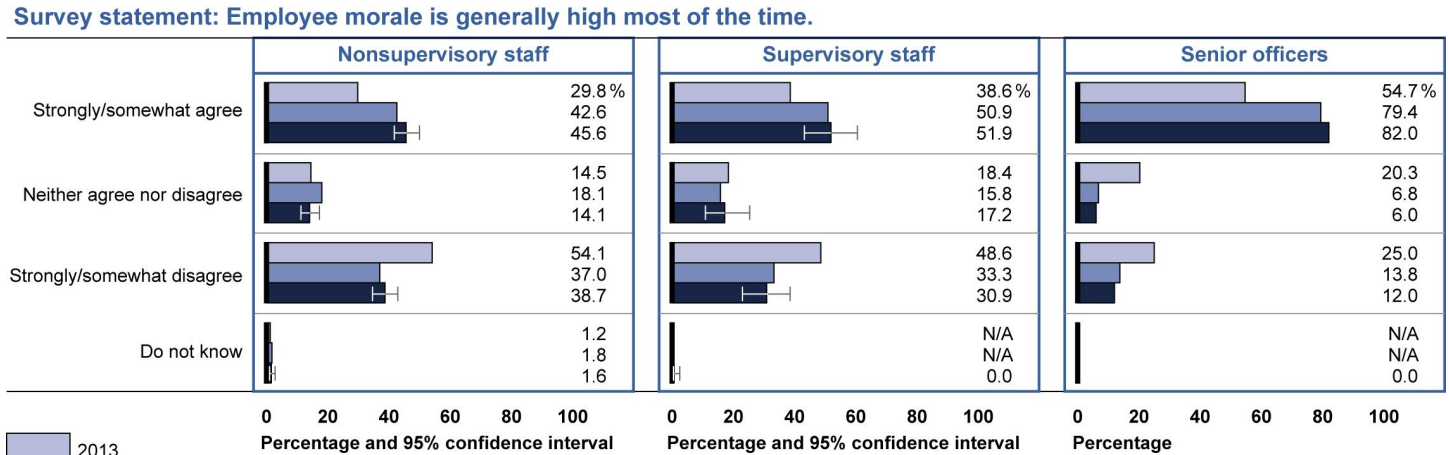
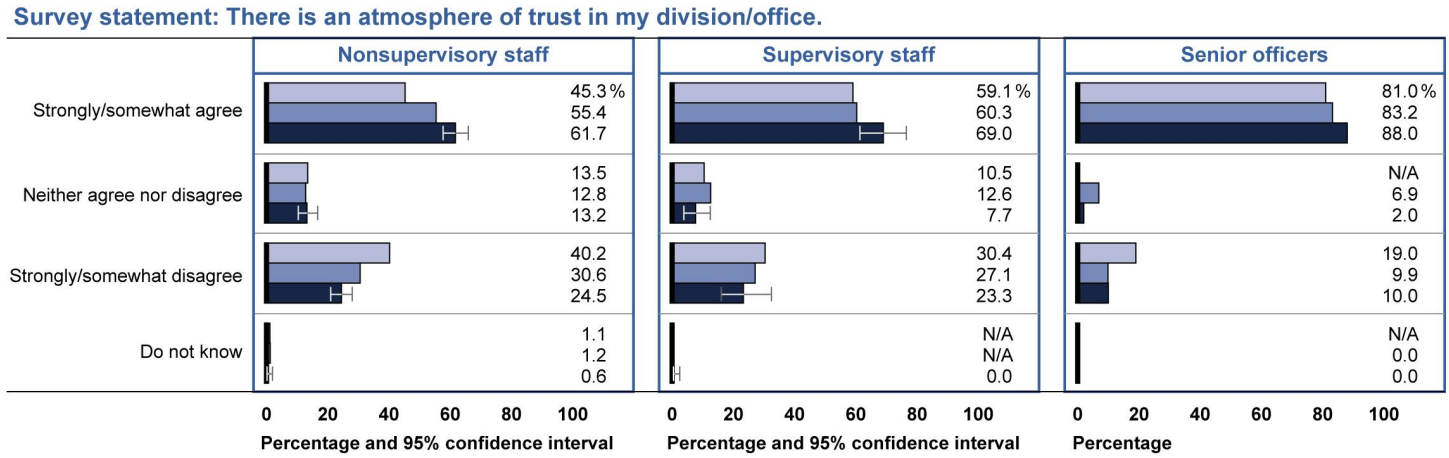
financial analysts were removed and information technology specialists were added to our list of mission-critical occupations.²

- Third, while we administered the 2019 survey to a representative sample of mission-critical employees, we administered our 2013 and 2016 surveys to all mission-critical employees. As such, we present our 2019 results as estimated percentages with bands representing the range of results within a 95 percent confidence interval.
- Finally, when comparing our 2019 results on these eight questions to the 2016 survey results, we found that employees' views on these questions were generally within the confidence intervals of the 2019 results. In these cases, we cannot conclude whether the changes are statistically significant. Overall, employees' views on whether there is an atmosphere of trust improved since our 2016 survey. Nonsupervisory employees' views on whether the criteria for promotion are clearly defined and whether information is adequately shared across groups in their division or office also improved. However, for the remaining survey questions, we could not conclude whether employees' views improved or worsened because changes in employees' views were within the confidence intervals or were only seen on either the "agree" or "disagree" side of the survey scale, not both.

²For our 2019 survey, the results include occupational categories for accountants, attorneys, examiners, economists, and information technology specialists in the Offices of Compliance Inspections and Examinations, Information Technology, Credit Ratings, and the Chief Accountant and the Divisions of Corporation Finance, Enforcement, Investment Management, Economic and Risk Analysis, and Trading and Markets. SEC does not consider information technology specialists within the regions to be mission critical because their work focuses on general information technology issues related to their specific region rather than on large-scale information technology work with an agency-wide scope.

**Appendix III: Employee Views on Selected
Survey Questions from GAO's 2013, 2016, and
2019 Surveys**

Figure 13: Securities and Exchange Commission (SEC) Employee Views on Organizational Culture from GAO's 2013, 2016, and 2019 Surveys

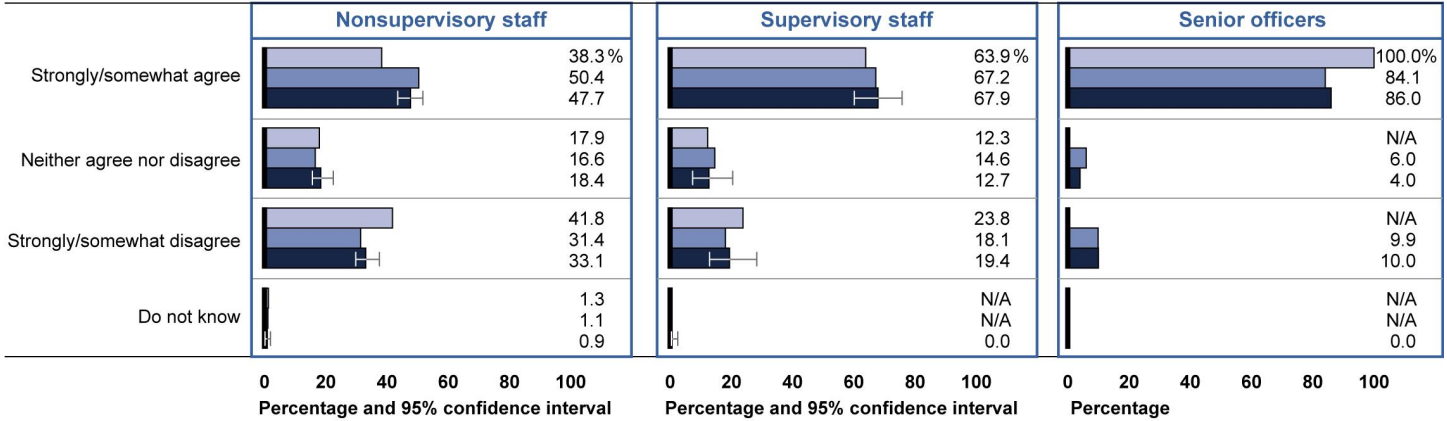


2013
2016
2019

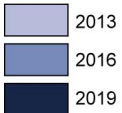
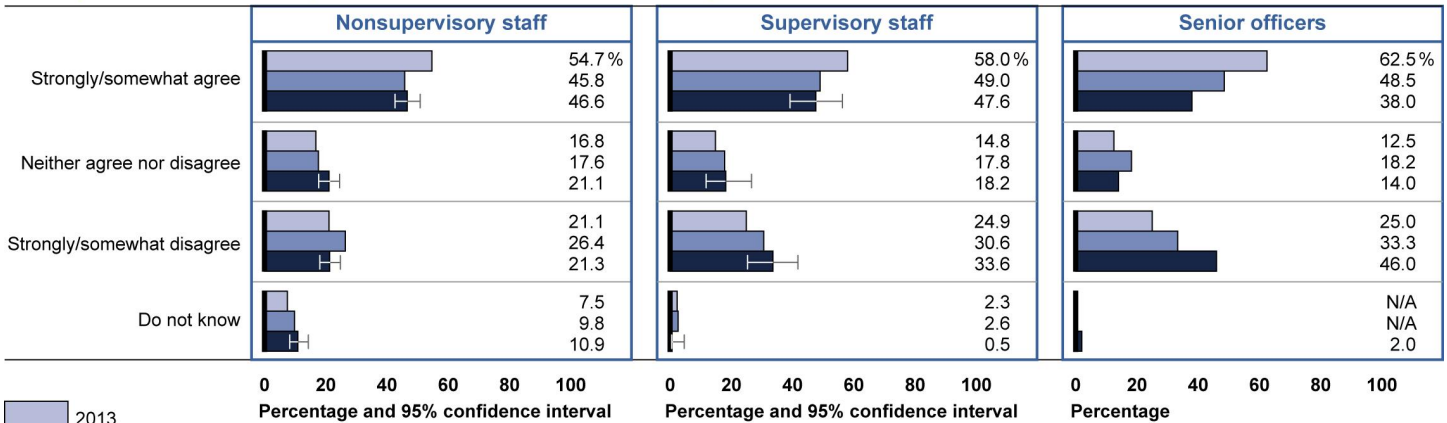
Source: GAO surveys of mission-critical SEC employees. | GAO-20-208

**Appendix III: Employee Views on Selected
Survey Questions from GAO's 2013, 2016, and
2019 Surveys**

Survey statement: I have a voice in decisions that affect me and my work environment.



Survey statement: Fear of public scandal has made SEC overly cautious and risk-averse.

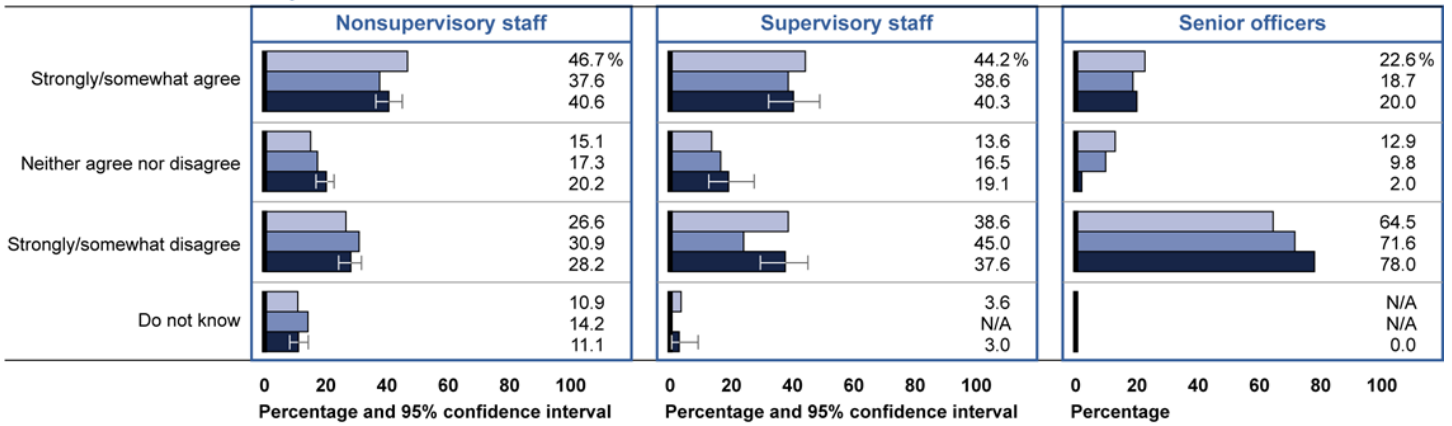


Source: GAO surveys of mission-critical SEC employees. | GAO-20-208

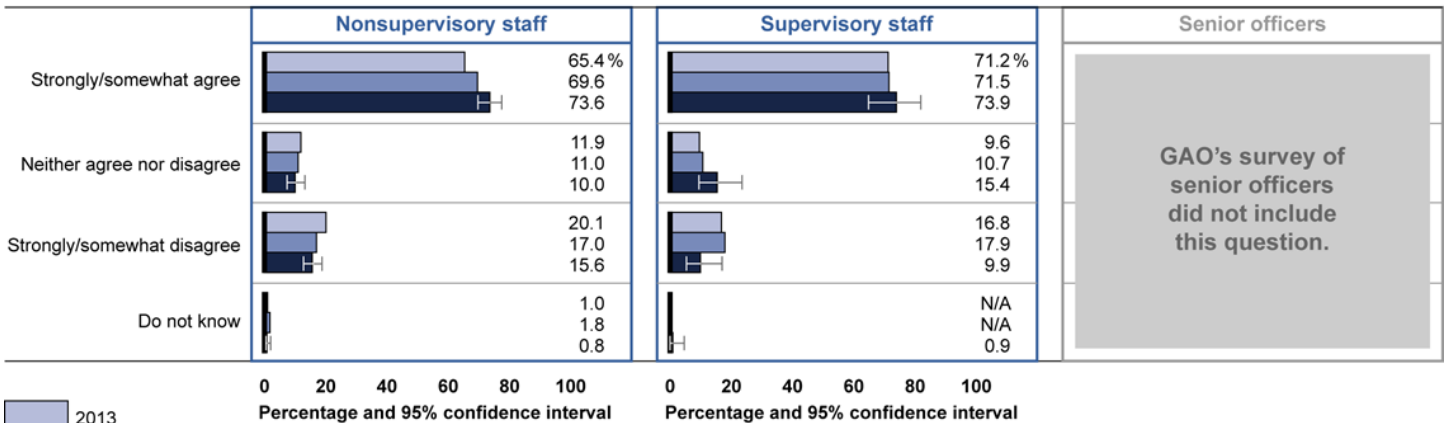
Part 2 of 4

**Appendix III: Employee Views on Selected
Survey Questions from GAO's 2013, 2016, and
2019 Surveys**

Survey statement: In my view the fear of being wrong makes senior officers in my division/office reluctant to take a stand on important issues.



Survey statement: My direct supervisor provides useful and constructive feedback.



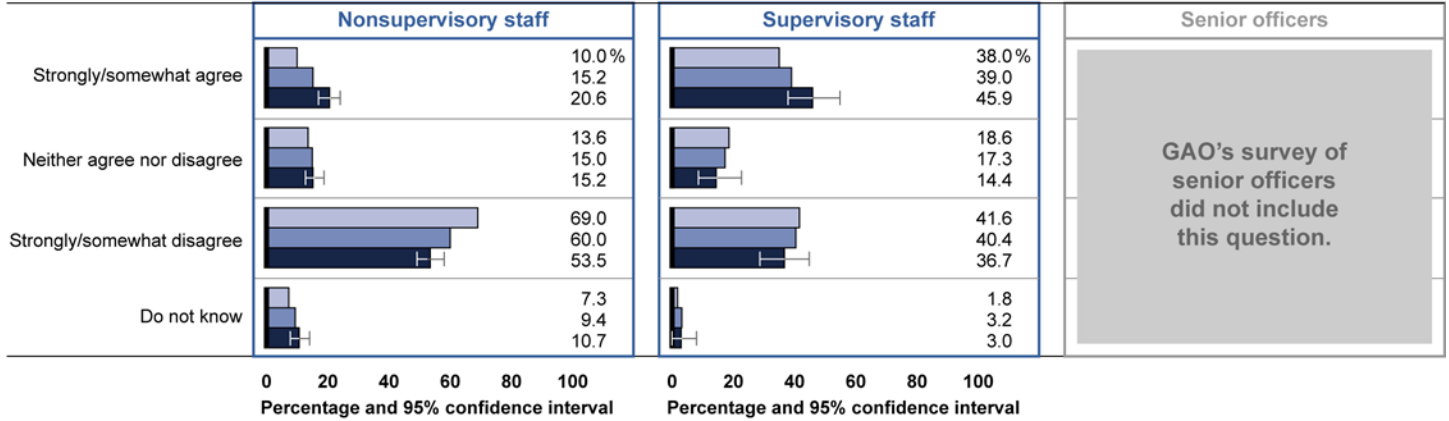
2013
2016
2019

Source: GAO surveys of mission-critical SEC employees. | GAO-20-208

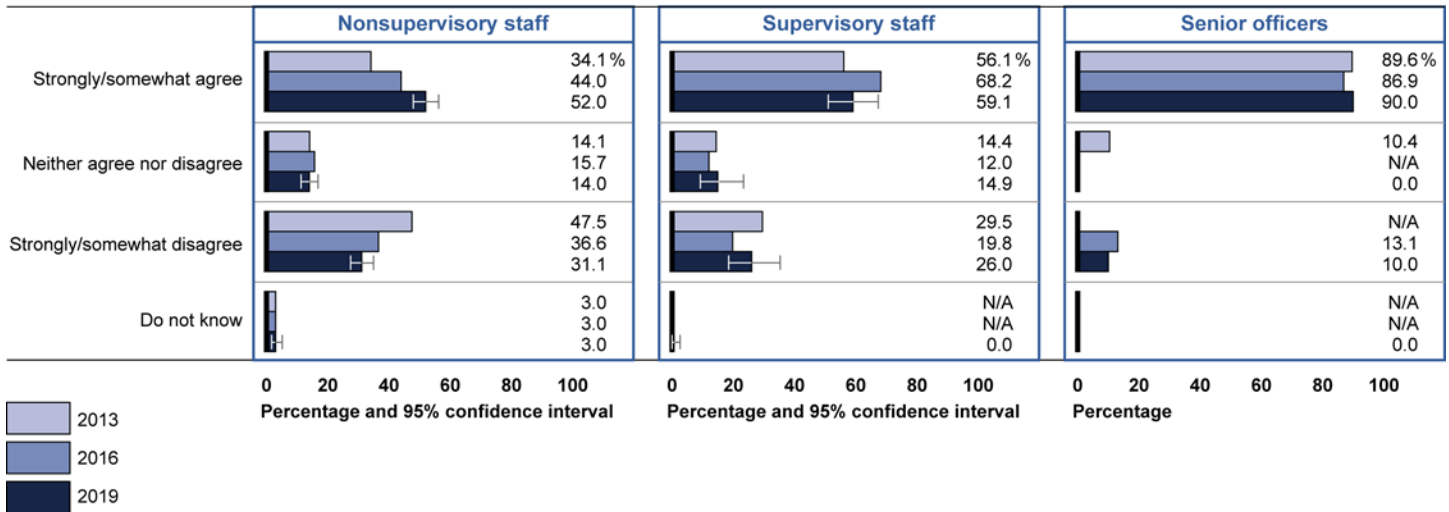
Part 3 of 4

Appendix III: Employee Views on Selected Survey Questions from GAO's 2013, 2016, and 2019 Surveys

Survey statement: The criteria for promoting staff are clearly defined.



Survey statement: Information is adequately shared across groups in my division/office.



Source: GAO surveys of mission-critical SEC employees. | GAO-20-208

Data tables for Figure 13: Securities and Exchange Commission (SEC) Employee Views on Organizational Culture from GAO's 2013, 2016, and 2019 Surveys

There is an atmosphere of trust in my division/office

There is an atmosphere of trust in my division/office	Strongly/somewhat agree	Neither agree nor disagree	Strongly/somewhat disagree	Do not know
2013 Nonsupervisory staff	45.3	13.5	40.2	1.1
2016 Nonsupervisory staff	55.4	12.8	30.6	1.2
2019 Nonsupervisory staff	61.7	13.2	24.5	0.6
2019 Confidence Interval	57.6-65.8	10.2-16.7	20.8-28.1	0.1-1.9

There is an atmosphere of trust in my division/office	Strongly/somewhat agree	Neither agree nor disagree	Strongly/somewhat disagree	Do not know
2013 Supervisory staff	59.1	10.5	30.4	*
2016 Supervisory staff	60.3	12.6	27.1	*
2019 Supervisory staff	69.0	7.7	23.3	0.0
2019 Confidence Interval	61.1-76.9	3.5-14.3	15.8-32.1	0.0-2.6

There is an atmosphere of trust in my division/office	Strongly/somewhat agree	Neither agree nor disagree	Strongly/somewhat disagree	Do not know
2013 Senior officers	81.0	*	19.0	*
2016 Senior officers	83.2	6.9	9.9	0.0
2019 Senior officers	88.0	2.0	10.0	0.0

Employee morale is generally high most of the time.

Employee morale is generally high most of the time.	Strongly/somewhat agree	Neither agree nor disagree	Strongly/somewhat disagree	Do not know
2013 Supervisory staff	38.6	18.4	48.6	*
2016 Supervisory staff	50.9	15.8	33.3	*
2019 Supervisory staff	51.9	17.2	30.9	0.0
2019 Confidence Interval	43.2-60.5	10.8-25.5	23.0-38.7	0.0-2.6

**Appendix III: Employee Views on Selected
Survey Questions from GAO's 2013, 2016, and
2019 Surveys**

Employee morale is generally high most of the time.	Strongly/somewhat agree	Neither agree nor disagree	Strongly/somewhat disagree	Do not know
2013 Senior officers	54.7	20.3	25.0	*
2016 Senior officers	79.4	6.8	13.8	*
2019 Senior officers	82.0	6.0	12.0	0.0

Employee morale is generally high most of the time.	Strongly/somewhat agree	Neither agree nor disagree	Strongly/somewhat disagree	Do not know
2013 Nonsupervisory staff	29.8	14.5	54.1	1.2
2016 Nonsupervisory staff	42.6	18.1	37.0	1.8
2019 Nonsupervisory staff	45.6	14.1	38.7	1.6
2019 Confidence Interval	41.3-49.9	11.1-17.1	34.5-42.8	0.7-3.3

I have a voice in decisions that affect me and my work environment

I have a voice in decisions that affect me and my work environment	Strongly/somewhat agree	Neither agree nor disagree	Strongly/somewhat disagree	Do not know
2013 Supervisory staff	63.9	12.3	23.8	*
2016 Supervisory staff	67.2	14.6	18.1	*
2019 Supervisory staff	67.9	12.7	19.4	0.0
2019 Confidence Interval	59.9-75.8	7.2-20.3	12.6-27.9	0.0-2.6

I have a voice in decisions that affect me and my work environment	Strongly/somewhat agree	Neither agree nor disagree	Strongly/somewhat disagree	Do not know
2013 Senior officers	100.0	*	*	*
2016 Senior officers	84.1	6.0	9.9	*
2019 Senior officers	86.0	4.0	10.0	0.0

I have a voice in decisions that affect me and my work environment	Strongly/somewhat agree	Neither agree nor disagree	Strongly/somewhat disagree	Do not know
2013 Nonsupervisory staff	38.3	17.9	41.8	1.3
2016 Nonsupervisory staff	50.4	16.6	31.4	1.1
2019 Nonsupervisory staff	47.7	18.4	33.1	0.9
2019 Confidence Interval	43.4-52.0	15.0-21.8	29.0-37.1	0.2-2.3

Appendix III: Employee Views on Selected Survey Questions from GAO's 2013, 2016, and 2019 Surveys

Fear of public scandal has made SEC overly cautious and risk-averse

Fear of public scandal has made SEC overly cautious and risk-averse	Strongly/somewhat agree	Neither agree nor disagree	Strongly/somewhat disagree	Do not know
2013 Supervisory staff	58.0	14.8	24.9	2.3
2016 Supervisory staff	49.0	17.8	30.6	2.6
2019 Supervisory staff	47.6	18.2	33.6	0.5
2019 Confidence Interval	39.0-56.3	11.6-26.6	25.3-41.9	0.0-4.8

Fear of public scandal has made SEC overly cautious and risk-averse	Strongly/somewhat agree	Neither agree nor disagree	Strongly/somewhat disagree	Do not know
2013 Senior officers	62.5	12.5	25.0	*
2016 Senior officers	48.5	18.2	33.3	*
2019 Senior officers	38.0	14.0	46.0	2.0

Fear of public scandal has made SEC overly cautious and risk-averse	Strongly/somewhat agree	Neither agree nor disagree	Strongly/somewhat disagree	Do not know
2013 Nonsupervisory staff	54.7	16.8	21.1	7.5
2016 Nonsupervisory staff	45.8	17.6	26.4	9.8
2019 Nonsupervisory staff	46.6	21.1	21.3	10.9
2019 Confidence Interval	42.4-50.9	17.6-24.6	17.9-24.8	8.2-14.2

In my view the fear of being wrong makes Senior Officers in my division/office reluctant to take a stand on important issues.

In my view the fear of being wrong makes Senior Officers in my division/office reluctant to take a stand on important issues.	Strongly/somewhat agree	Neither agree nor disagree	Strongly/somewhat disagree	Do not know
2013 Supervisory staff	44.2	13.6	38.6	3.6
2016 Supervisory staff	38.6	16.5	45.0	*
2019 Supervisory staff	40.3	19.1	37.6	3.0
2019 Confidence Interval	31.9-48.8	12.3-27.6	29.2-46.0	0.5-9.3

**Appendix III: Employee Views on Selected
Survey Questions from GAO's 2013, 2016, and
2019 Surveys**

In my view the fear of being wrong makes Senior Officers in my division/office reluctant to take a stand on important issues.	Strongly/somewhat agree	Neither agree nor disagree	Strongly/somewhat disagree	Do not know
2013 Senior officers	22.6	12.9	64.5	*
2016 Senior officers	18.7	9.8	71.6	*
2019 Senior officers	20.0	2.0	78.0	0.0

In my view the fear of being wrong makes Senior Officers in my division/office reluctant to take a stand on important issues.	Strongly/somewhat agree	Neither agree nor disagree	Strongly/somewhat disagree	Do not know
2013 Nonsupervisory staff	46.7	15.1	26.6	10.9
2016 Nonsupervisory staff	37.6	17.3	30.9	14.2
2019 Nonsupervisory staff	40.6	20.2	28.2	11.1
2019 Confidence Interval	36.3-44.8	16.7-23.6	24.4-32.0	8.3-14.4

My direct supervisor provides useful and constructive feedback.

My direct supervisor provides useful and constructive feedback.	Strongly/somewhat agree	Neither agree nor disagree	Strongly/somewhat disagree	Do not know
2013 Supervisory staff	71.2	9.6	16.8	*
2016 Supervisory staff	71.5	10.7	17.9	*
2019 Supervisory staff	73.9	15.4	9.9	0.9
2019 Confidence Interval	64.7-81.7	9.2-23.4	5.1-17.0	0.0-4.9

My direct supervisor provides useful and constructive feedback.	Strongly/somewhat agree	Neither agree nor disagree	Strongly/somewhat disagree	Do not know
2013 Nonsupervisory staff	65.4	11.9	20.1	1.0
2016 Nonsupervisory staff	69.6	11.0	17.0	1.8
2019 Nonsupervisory staff	73.6	10.0	15.6	0.8
2019 Confidence Interval	69.8-77.5	7.3-13.1	12.5-18.8	0.2-2.1

**Appendix III: Employee Views on Selected
Survey Questions from GAO's 2013, 2016, and
2019 Surveys**

The criteria for promoting staff are clearly defined.

The criteria for promoting staff are clearly defined.	Strongly/somewhat agree	Neither agree nor disagree	Strongly/somewhat disagree	Do not know
2013 Supervisory staff	38.0	18.6	41.6	1.8
2016 Supervisory staff	39.0	17.3	40.4	3.2
2019 Supervisory staff	45.9	14.4	36.7	3.0
2019 Confidence Interval	37.3-54.5	8.5-22.2	28.4-45.0	0.7-8.1

The criteria for promoting staff are clearly defined.	Strongly/somewhat agree	Neither agree nor disagree	Strongly/somewhat disagree	Do not know
2013 Nonsupervisory staff	10.0	13.6	69.0	7.3
2016 Nonsupervisory staff	15.2	15.0	60.0	9.4
2019 Nonsupervisory staff	20.6	15.2	53.5	10.7
2019 Confidence Interval	17.0-24.1	12.1-18.3	49.2-57.8	8.0-14.0

Information is adequately shared across groups in my
division/office.

Information is adequately shared across groups in my division/office.	Strongly/somewhat agree	Neither agree nor disagree	Strongly/somewhat disagree	Do not know
2013 Supervisory staff	56.1	14.4	29.5	*
2016 Supervisory staff	68.2	12.0	19.8	*
2019 Supervisory staff	59.1	14.9	26.0	0.0
2019 Confidence Interval	50.8-67.4	8.8-22.9	18.3-35.1	0.0-2.6

Information is adequately shared across groups in my division/office.	Strongly/somewhat agree	Neither agree nor disagree	Strongly/somewhat disagree	Do not know
2013 Senior officers	89.6	10.4	*	*
2016 Senior officers	86.9	*	13.1	*
2019 Senior officers	90.0	0.0	10.0	0.0

**Appendix III: Employee Views on Selected
Survey Questions from GAO's 2013, 2016, and
2019 Surveys**

Information is adequately shared across groups in my division/office.	Strongly/somewhat agree	Neither agree nor disagree	Strongly/somewhat disagree	Do not know
2013 Nonsupervisory staff	34.1	14.1	47.5	3.0
2016 Nonsupervisory staff	44.0	15.7	36.6	3.0
2019 Nonsupervisory staff	52.0	14.0	31.1	3.0
2019 Confidence Interval	47.7-56.2	11.0-16.9	27.3-35.0	1.6-5.0

Note: This figure reflects the survey responses of SEC employees in mission-critical occupational categories and all senior officers in the mission-critical offices and divisions. There are important limitations in comparing the results of our 2019 survey to those of the 2013 and 2016 surveys. First, while results of the 2019 survey were generalizable to all mission-critical employees, the 2013 and 2016 results were not. Second, for our 2019 survey we expanded the definition of mission-critical to include the Offices of Information Technology, Credit Ratings, and the Chief Accountant and information technology specialists. We also removed financial analysts from our list of mission-critical occupations. Third, while we surveyed a representative sample of mission-critical employees for our 2019 survey, we surveyed all mission-critical employees in the previous surveys. We present our 2019 results as estimated percentages and ranges within a 95 percent confidence interval. We present the results of the 2013 and 2016 surveys as tabulations from a census survey.

Appendix IV: Ratios of Securities and Exchange Commission Supervisors and Senior Officers, Fiscal Years 2008–2018

Section 962 of the Dodd-Frank Wall Street Reform and Consumer Protection Act included a provision for us to review whether there is an “excessive number of low-level, mid-level, or senior-level managers” at the Securities and Exchange Commission (SEC).¹ We did not identify any standards that have been established for evaluating excessive numbers of supervisors. Therefore, we are reporting on the ratio of SEC employees at the various levels for fiscal years 2008 through 2018 in mission-critical offices and divisions. Table 4 illustrates the ratio of nonsupervisors to supervisors at SEC. Table 5 illustrates the ratio of nonsupervisors to senior officers, and table 6 illustrates the ratio of supervisors to senior officers.

Table 4: Ratio of Nonsupervisors to Supervisors in Mission-Critical Offices and Divisions at the Securities and Exchange Commission (SEC), Fiscal Years 2008–2018

Division	Ratio of nonsupervisors to supervisors										
	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Division of Corporation Finance	4.1	4.3	4.8	3.7	4.3	5.1	5.0	5.3	5.0	5.0	4.2
Division of Economic and Risk Analysis	^a	^a	3.4	3.6	6.0	7.7	7.4	7.3	7.4	7.8	8.6
Division of Enforcement	3.5	3.7	4.4	9.2	6.2	7.6	8.0	7.6	6.6	7.3	6.6
Division of Investment Management	3.2	3.2	3.4	5.3	3.1	3.8	4.5	4.0	4.7	4.2	3.9
Division of Trading and Markets	4.2	4.3	4.2	4.1	5.3	4.7	4.2	4.9	4.9	4.6	4.7
Office of Compliance Inspections and Examinations	3.0	3.0	3.3	3.5	2.8	3.5	3.5	3.4	3.4	3.4	3.4

¹Pub. L. No. 111-203, § 962(b)(1)(G), 124 Stat. 1376, 1909 (2010) (codified at 15 U.S.C. §78d-7(b)(1)(G)).

Appendix IV: Ratios of Securities and Exchange Commission Supervisors and Senior Officers, Fiscal Years 2008–2018

Division	Ratio of nonsupervisors to supervisors											
	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	
Office of Information Technology	b	b	b	b	b	b	b	b	b	3.6	3.4	3.8
Office of the Chief Accountant	c	c	c	c	c	c	c	c	c	c	c	6.3
Office of Credit Ratings	c	c	c	c	c	c	c	c	c	c	c	4.6

Source: GAO analysis of SEC data. | GAO-20-208

Note: FY = fiscal year

^aThere are no data for the Division of Economic and Risk Analysis in 2008 and 2009 because the division was created in September 2009.

^bWe did not include data for fiscal years 2008–2015 because SEC designated the Office of Information Technology as mission critical in 2016, according to SEC officials.

^cWe did not include data for fiscal years 2008–2017 because SEC designated the Offices of the Chief Accountant and Credit Ratings as mission critical in 2018, according to SEC officials.

Table 5: Ratio of Nonsupervisors to Senior Officers in Mission-Critical Offices and Divisions at the Securities and Exchange Commission (SEC), Fiscal Years 2008–2018

Division	Ratio of nonsupervisors to senior officers										
	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Division of Corporation Finance	30.3	32.3	38.5	15.4	27.0	31.9	30.5	31.2	31.4	25.8	24.4
Division of Economic and Risk Analysis	a	a	27.0	0.0	47.6	28.3	22.2	26.2	31.0	24.7	27.6
Division of Enforcement	27.8	29.4	26.3	23.8	29.4	31.4	30.3	32.8	31.9	29.0	29.5
Division of Investment Management	15.9	16.4	16.9	32.3	16.7	16.8	18.6	18.4	19.5	19.4	15.8
Division of Trading and Markets	13.3	16.1	14.9	24.4	16.4	16.7	15.2	12.8	15.5	15.0	14.1
Office of Compliance Inspections and Examinations	32.3	33.3	34.5	16.4	26.3	32.1	40.4	32.2	35.5	36.0	33.7
Office of Information Technology	b	b	b	b	b	b	b	b	34.8	22.3	23.2
Office of the Chief Accountant	c	c	c	c	c	c	c	c	c	c	8.8
Office of Credit Ratings	c	c	c	c	c	c	c	c	c	c	16.0

Source: GAO analysis of SEC data. | GAO-20-208

Note: FY = fiscal year

^aThere are no data for the Division of Economic and Risk Analysis in 2008 and 2009 because the division was created in September 2009.

^bWe did not include data for fiscal years 2008–2015 because SEC designated the Office of Information Technology as mission critical in 2016, according to SEC officials.

^cWe did not include data for fiscal years 2008–2017 because SEC designated the Offices of the Chief Accountant and Credit Ratings as mission critical in 2018, according to SEC officials.

Appendix IV: Ratios of Securities and Exchange Commission Supervisors and Senior Officers, Fiscal Years 2008–2018

Table 6: Ratio of Supervisors to Senior Officers in Mission-Critical Offices and Divisions at the Securities and Exchange Commission (SEC), Fiscal Years 2008–2018

Division	Ratio of supervisors to senior officers										
	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Division of Corporation Finance	7.4	7.6	8.1	4.1	6.3	6.2	6.1	5.9	6.3	5.2	5.8
Division of Economic and Risk Analysis	a	a	8.0	0.0	8.0	3.7	3.0	3.6	4.2	3.2	3.2
Division of Enforcement	7.9	8.1	5.9	2.6	4.7	4.1	3.8	4.3	4.8	4.0	4.5
Division of Investment Management	5.0	5.2	5.0	6.0	5.3	4.4	4.1	4.6	4.1	4.6	4.0
Division of Trading and Markets	3.1	3.7	3.6	6.0	3.1	3.5	3.6	2.6	3.1	3.3	3.0
Office of Compliance Inspections and Examinations	10.6	11.0	10.5	4.7	9.3	9.2	11.5	9.5	10.4	10.7	10.0
Office of Information Technology	b	b	b	b	b	b	b	b	9.8	6.7	6.2
Office of the Chief Accountant	c	c	c	c	c	c	c	c	c	c	1.4
Office of Credit Ratings	c	c	c	c	c	c	c	c	c	c	3.5

Source: GAO analysis of SEC data. | GAO-20-208

Note: FY = fiscal year

^aThere are no data for the Division of Economic and Risk Analysis in 2008 and 2009 because the division was created in September 2009.

^bWe did not include data for fiscal years 2008–2015 because SEC designated the Office of Information Technology as mission critical in 2016, according to SEC officials.

^cWe did not include data for fiscal years 2008–2017 because SEC designated the Offices of the Chief Accountant and Credit Ratings as mission critical in 2018, according to SEC officials.

Appendix V: Percentage of Staff Who Left the Securities and Exchange Commission, Fiscal Years 2008–2018

Section 962 of the Dodd-Frank Wall Street Reform and Consumer Protection Act included a provision for us to review turnover rates within Securities and Exchange Commission (SEC) subunits.¹ While staff turnover rates could be used to identify potential areas for improvement and further develop current supervisors, turnover may not be a good indicator of poor supervision for several reasons. For example, staff may leave to pursue opportunities with a different employer or a different career path, or for personal reasons. Tables 7 and 8 show the percentage of staff who left SEC from fiscal years 2008 through 2018 from headquarters and the 11 regional offices, respectively. Table 9 shows the total number of staff who left SEC during the same period.

Table 7: Mission-Critical Headquarters Staff Who Left the Securities and Exchange Commission (SEC), Fiscal Years 2008–2018

Reason for separation	Employee category	Percentage separated (Total staff)										
		FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Retirement	Nonsupervisors	0.8 (900)	0.2 (937)	1.2 (1,008)	1.8 (914)	0.6 (1,027)	1.3 (1,420)	1.7 (1,450)	1.3 (1,512)	0.5 (1,751)	1.5 (1,748)	1.1 (1,710)
	Supervisors	1.5 (196)	0.0 (199)	2.2 (224)	2.7 (183)	1.3 (234)	2.3 (263)	2.2 (268)	1.1 (283)	1.5 (341)	1.5 (344)	1.1 (351)
	Senior officers	0.0 (41)	0.0 (40)	8.7 (46)	11.1 (45)	2.0 (51)	3.1 (65)	4.7 (64)	0.0 (71)	2.7 (75)	2.5 (80)	10.5 (86)
Resignation	Nonsupervisors	4.4 (900)	1.8 (937)	2.1 (1,008)	2.7 (914)	4.0 (1,027)	3.9 (1,420)	4.6 (1,450)	3.9 (1,512)	3.1 (1,751)	3.2 (1,748)	2.9 (1,710)
	Supervisors	3.1 (196)	1.5 (199)	1.3 (224)	3.8 (183)	2.1 (234)	4.6 (263)	1.9 (268)	4.9 (283)	1.5 (341)	4.4 (344)	2.3 (351)

¹Pub. L. No. 111-203, § 962(b)(1)(F), 124 Stat. 1376, 1909 (2010) (codified at 15 U.S.C. §78d-7(b)(1)(F)).

Appendix V: Percentage of Staff Who Left the Securities and Exchange Commission, Fiscal Years 2008–2018

Reason for separation	Employee category	Percentage separated (Total staff)										
		FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Removal or termination	Senior officers	4.9 (41)	12.5 (40)	19.6 (46)	8.9 (45)	5.9 (51)	16.9 (65)	7.8 (64)	9.9 (71)	10.7 (75)	11.3 (80)	2.3 (86)
	Nonsupervisors	0.4 (900)	0.6 (937)	1.0 (1,008)	0.9 (914)	0.7 (1,027)	0.4 (1,420)	0.2 (1,450)	0.4 (1,512)	0.2 (1,751)	0.5 (1,748)	0.4 (1,710)
	Supervisors	0.0 (196)	0.5 (199)	0.0 (224)	1.1 (183)	0.9 (234)	0.0 (263)	0.0 (268)	0.0 (283)	0.0 (341)	0.0 (344)	0.0 (351)
	Senior officers	0.0 (41)	0.0 (40)	0.0 (46)	2.2 (45)	3.9 (51)	0.0 (65)	0.0 (64)	0.0 (71)	0.0 (75)	0.0 (80)	1.2 (86)
Total		5.5 (1,137)	3.0 (1,176)	5.0 (1,278)	6.4 (1,142)	5.4 (1,312)	6.3 (1,748)	6.3 (1,782)	5.9 (1,866)	4.1 (2,167)	5.7 (2,172)	4.6 (2,147)

Source: GAO analysis of SEC data. | GAO-20-208

Note: FY = fiscal year

Table 8: Mission-Critical Staff Who Left the Securities and Exchange Commission (SEC) from 11 Regional Offices, Fiscal Years 2008–2018

Reason for separation	Employee category	Percentage separated (Total staff)										
		FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Retirement	Nonsupervisors	0.8 (927)	0.4 (954)	1.1 (981)	1.2 (861)	1.0 (987)	1.2 (1,205)	1.2 (1,182)	0.7 (1,201)	0.6 (1,253)	1.5 (1,238)	1.1 (1,192)
	Supervisors	3.7 (191)	1.5 (197)	5.0 (221)	1.8 (168)	1.7 (237)	0.0 (247)	0.8 (237)	1.2 (246)	0.4 (279)	1.1 (270)	0.0 (269)
	Senior officers	4.2 (24)	0.0 (23)	8.0 (25)	4.8 (42)	3.7 (27)	7.1 (28)	7.1 (28)	3.7 (27)	0.0 (27)	3.2 (31)	3.5 (29)
Resignation	Nonsupervisors	3.2 (927)	1.2 (954)	1.5 (981)	2.8 (861)	3.4 (987)	2.2 (1,205)	2.9 (1,182)	2.7 (1,201)	1.8 (1,253)	1.4 (1,238)	1.9 (1,192)
	Supervisors	1.6 (191)	2.0 (197)	0.9 (221)	4.2 (168)	1.7 (237)	3.2 (247)	2.1 (237)	0.4 (246)	1.1 (279)	1.1 (270)	1.1 (269)
	Senior officers	0.0 (24)	8.7 (23)	0.0 (25)	2.4 (42)	3.7 (27)	3.6 (28)	0.0 (28)	11.1 (27)	7.4 (27)	9.7 (31)	3.5 (29)
Removal or termination	Nonsupervisors	0.5 (927)	0.1 (954)	0.3 (981)	0.1 (861)	0.8 (987)	0.4 (1,205)	0.2 (1,182)	0.2 (1,201)	0.2 (1,253)	0.2 (1,238)	0.1 (1,192)
	Supervisors	0.0 (191)	0.0 (197)	0.0 (221)	0.6 (168)	0.4 (237)	0.0 (247)	0.0 (237)	0.0 (246)	0.0 (279)	0.4 (270)	0.0 (269)
	Senior officers	0.0 (24)	0.0 (23)	4.0 (25)	0.0 (42)	0.0 (27)	0.0 (28)	0.0 (28)	0.0 (27)	0.0 (27)	0.0 (31)	0.0 (29)

Appendix V: Percentage of Staff Who Left the Securities and Exchange Commission, Fiscal Years 2008–2018

Reason for separation	Employee category	Percentage separated (Total staff)										
		FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
	Total	4.7 (1,142)	2.2 (1,174)	3.6 (1,227)	4.6 (1,071)	5.0 (1,251)	3.9 (1,480)	4.0 (1,447)	3.5 (1,474)	2.5 (1,559)	3.2 (1,539)	2.8 (1,490)

Source: GAO analysis of SEC data. | GAO-20-208

Note: FY = fiscal year

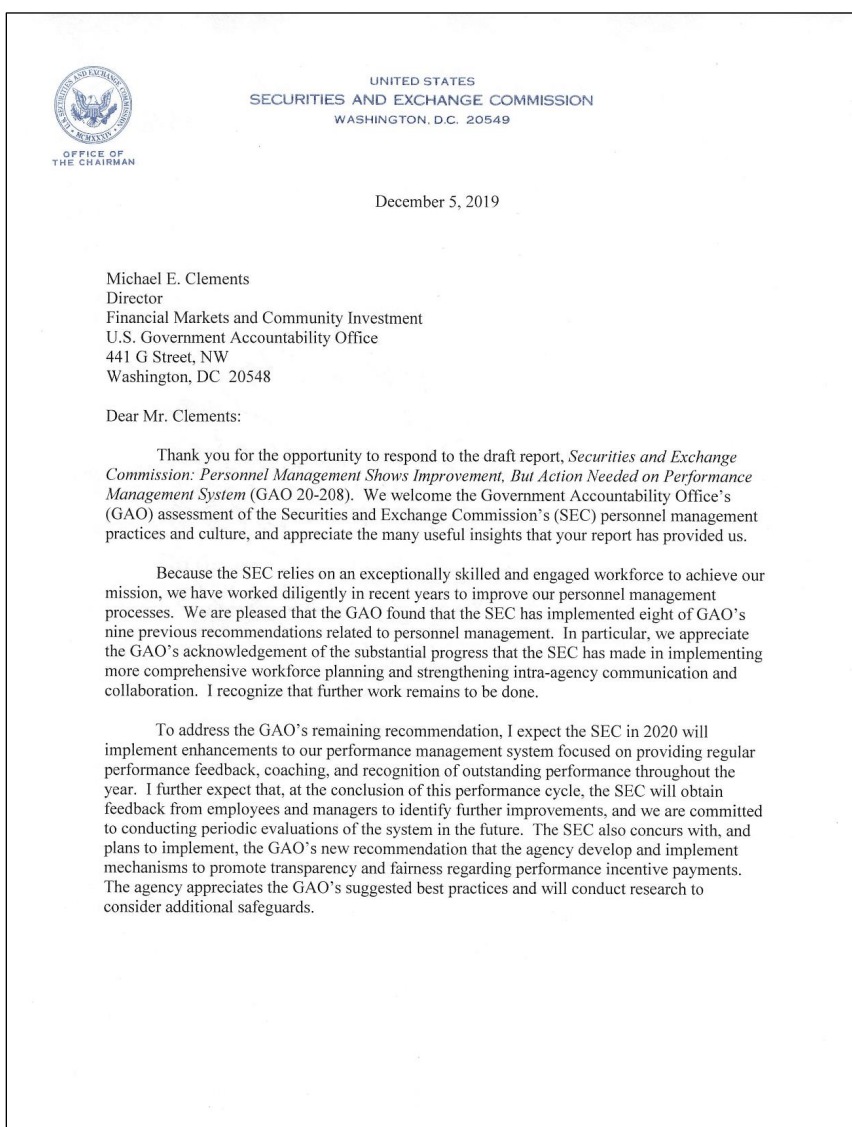
Table 9: All Mission-Critical Staff Who Left the Securities and Exchange Commission (SEC), Fiscal Years 2008–2018

Reason for separation	Employee category	Percentage separated (Total staff)										
		FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Retirement	Nonsupervisors	0.8 (1,827)	0.3 (1,891)	1.2 (1,989)	1.5 (1,775)	0.8 (2,014)	1.3 (2,625)	1.4 (2,632)	1.1 (2,713)	0.6 (3,004)	1.5 (2,986)	1.1 (2,902)
	Supervisors	2.6 (387)	0.8 (396)	3.6 (445)	2.3 (351)	1.5 (471)	1.2 (510)	1.6 (505)	1.1 (529)	1.0 (620)	1.3 (614)	0.7 (620)
	Senior officers	1.5 (65)	0.0 (63)	8.5 (71)	8.0 (87)	2.6 (78)	4.3 (93)	5.4 (92)	1.0 (98)	2.0 (102)	2.7 (111)	8.7 (115)
Resignation	Nonsupervisors	3.8 (1,827)	1.5 (1,891)	1.8 (1,989)	2.8 (1,775)	3.7 (2,014)	3.2 (2,625)	3.8 (2,632)	3.4 (2,713)	2.6 (3,004)	2.4 (2,986)	2.5 (2,902)
	Supervisors	2.3 (387)	1.8 (396)	1.1 (445)	4.0 (351)	1.9 (471)	3.9 (510)	2.0 (505)	2.8 (529)	1.3 (620)	2.9 (614)	1.8 (620)
	Senior officers	3.1 (65)	11.1 (63)	12.7 (71)	5.7 (87)	5.1 (78)	12.9 (93)	5.4 (92)	10.2 (98)	9.8 (102)	10.8 (111)	2.6 (115)
Removal or termination	Nonsupervisors	0.5 (1,827)	0.4 (1,891)	0.7 (1,989)	0.5 (1,775)	0.7 (2,014)	0.4 (2,625)	0.2 (2,632)	0.3 (2,713)	0.2 (3,004)	0.4 (2,986)	0.3 (2,902)
	Supervisors	0.0 (387)	0.3 (396)	0.0 (445)	0.9 (351)	0.6 (471)	0.0 (510)	0.0 (505)	0.0 (529)	0.0 (620)	0.2 (614)	0.0 (620)
	Senior officers	0.0 (65)	0.0 (63)	1.4 (71)	1.1 (87)	2.6 (78)	0.0 (93)	0.0 (92)	0.0 (98)	0.0 (102)	0.0 (111)	0.9 (115)
	Total	5.1 (2,279)	2.6 (2,350)	4.4 (2,505)	5.6 (2,213)	5.1 (2,563)	5.2 (3,228)	5.3 (3,229)	4.8 (3,340)	3.4 (3,726)	4.6 (3,711)	3.9 (3,637)

Source: GAO analysis of SEC data. | GAO-20-208

Note: FY = fiscal year

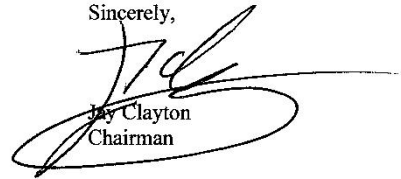
Appendix VI: Comments from the Securities and Exchange Commission



Mr. Michael E. Clements
Page 2

Thank you for the consideration that you and your staff have shown our agency, and please know that we remain committed to continually improving the SEC's organizational culture and personnel management. If you have any questions, please don't hesitate to contact me at (202) 551-2100 or the SEC's Chief Human Capital Officer, Jamey McNamara, at (202) 551-7500.

Sincerely,



Jay Clayton
Chairman

Text of Appendix VI: Comments from the Securities and Exchange Commission

Page 1

December 5, 2019

Michael E. Clements Director

Financial Markets and Community Investment

U.S. Government Accountability Office

441 G Street, NW

Washington , DC 20548

Dear Mr. Clements:

Thank you for the opportunity to respond to the draft report, Securities and Exchange Commission: Personnel Management Shows Improvement, But Action Needed on Performance Management System (GAO 20-208). We welcome the Government Accountability Office's (GAO) assessment of the Securities and Exchange Commission's (SEC) personnel management practices and culture, and appreciate the many useful insights that your report has provided us.

Because the SEC relies on an exceptionally skilled and engaged workforce to achieve our mission, we have worked diligently in recent years to improve our personnel management processes. We are pleased that the GAO found that the SEC has implemented eight of GAO's nine previous recommendations related to personnel management. In particular, we appreciate the GAO's acknowledgement of the substantial progress that the SEC has made in implementing more comprehensive workforce planning and strengthening intra-agency communication and collaboration. I recognize that further work remains to be done.

To address the GAO's remaining recommendation, I expect the SEC in 2020 will implement enhancements to our performance management system focused on providing regular performance feedback, coaching, and recognition of outstanding performance throughout the year. I further expect that, at the conclusion of this performance cycle, the SEC will obtain feedback from employees and managers to identify further improvements, and we are committed to conducting periodic

evaluations of the system in the future. The SEC also concurs with, and plans to implement, the GAO's new recommendation that the agency develop and implement mechanisms to promote transparency and fairness regarding performance incentive payments.

The agency appreciates the GAO's suggested best practices and will conduct research to consider additional safeguards.

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Thank you for the consideration that you and your staff have shown our agency, and please know that we remain committed to continually improving the SEC's organizational culture and personnel management. If you have any questions, please don't hesitate to contact me at (202) 551-2100 or the SEC's Chief Human Capital Officer, Jamey McNamara, at (202) 551-7500.

Sincerely,

Jay Clayton

Chairman

Appendix VII: GAO Contact and Staff Acknowledgments

GAO Contact

Michael E. Clements, (202) 512-8678 or clementsm@gao.gov

Staff Acknowledgments

In addition to the contact above, John Fisher (Assistant Director), Charlene J. Lindsay (Analyst-in-Charge), Grzegorz (Greg) Borecki, Carl Barden, Pamela Davidson, Jill Lacey, Marc Molino, Kirsten Noethen, Shannon Smith, Jennifer Schwartz, Benjamin Wiener, and Jason Wildhagen made key contributions to this report.

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