

Highlights of [GAO-20-47](#), a report to congressional requesters

## Why GAO Did This Study

Enforcement supports SEC's mission by bringing civil and administrative actions against individuals and entities for fraud, financial and accounting irregularities and misstatements, and other misconduct. According to SEC, these enforcement actions serve as a deterrent against future wrongdoing. Since 2017, Enforcement has published an annual report that provides statistics on its enforcement activities and highlights its priorities for the coming year.

GAO was asked to examine SEC reporting of enforcement statistics. This report examines (1) the ways that enforcement statistics reporting changed over the last 10 years, and (2) policies and procedures for recording, reviewing, and reporting enforcement statistics. GAO reviewed SEC's internal policies, procedures, and manuals for recording, verifying, and reporting data. GAO also interviewed SEC officials and reviewed past SEC reports containing enforcement statistics.

## What GAO Recommends

GAO recommends that SEC's Co-Directors of Enforcement develop written procedures for generating Enforcement's public reports, including procedures for compiling and verifying statistics used in the reports, and documenting their implementation. SEC agreed with the recommendation.

View [GAO-20-47](#). For more information, contact Michael E. Clements at (202) 512-8678 or [clementsm@gao.gov](mailto:clementsm@gao.gov).

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# SECURITIES AND EXCHANGE COMMISSION

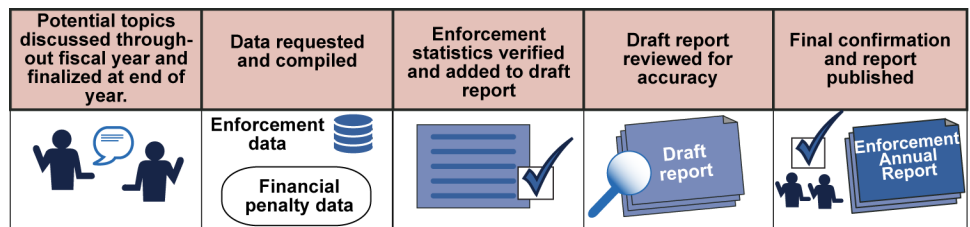
## Division of Enforcement Should Document Its Procedures for Generating Public Reports

### What GAO Found

Since 2009, the Division of Enforcement (Enforcement) in the Securities and Exchange Commission (SEC) has made modifications to its reporting of enforcement statistics, including by releasing a stand-alone annual report beginning in fiscal year 2017. The Enforcement Annual Report included additional data on enforcement statistics not previously reported and narratives about enforcement priorities and cases. Enforcement staff told us the annual report was created to increase transparency and provide more information and deeper context than previous reporting had provided.

Enforcement has written procedures for recording and verifying enforcement-related data (including on investigations and enforcement actions) in its central database. However, Enforcement does not have written procedures for generating its public reports (currently, the annual report), including for compiling and verifying the enforcement statistics used in the report. To produce the report, Enforcement staff told GAO that staff and officials hold meetings in which they determine which areas and accomplishments to highlight (see figure). Enforcement was not able to provide documentation demonstrating that the process it currently uses to prepare and review the report was implemented as intended. Developing written procedures for generating Enforcement's public reports and documenting their implementation would provide greater assurance that reported information is reliable and accurate, which is important to maintaining the division's credibility and public confidence in its efforts.

**Production Process for the SEC Enforcement Annual Report, as Described by Enforcement Staff**



Source: GAO analysis of interviews with Securities and Exchange Commission (SEC) staff. | GAO-20-47