



*Office of Inspector  
General*

*U.S. Securities and Exchange  
Commission*

**Five Year Strategic Plan  
Fiscal Years 2010 – 2015**

## **FOREWORD**

The following is the U.S. Securities and Exchange Commission (SEC or Commission) Office of Inspector General (OIG) Strategic Plan for Fiscal Years 2010 - 2015. The plan describes the SEC OIG's goals and objectives and presents measures that the SEC OIG will use to gauge its performance.

This strategic approach is the outcome of the direct participation of the OIG staff, feedback from clients, and our experience with previous strategic plans. As described herein, the SEC OIG is maintaining a risk-based approach to its work. This has allowed the Office to evolve from an appraisal activity focusing on controls into a program of integrated risk assessment and mitigation, conducted in consultation with Commission management.

Our stated vision directly ties the SEC OIG's goals and objectives to the Commission's strategic and performance plans. Our vision is to:

**Increase the likelihood that Commission objectives are achieved as a trusted contributor to investor protection, the maintenance of fair, orderly and efficient markets, and the facilitation of capital formation in conducting audits and investigations and the achievement of its statutory purpose.**

To accomplish this vision, we have adopted the following goals:

**GOAL 1: Improve the Economy, Efficiency and Effectiveness of SEC Programs and Operations.**

**GOAL 2: Enhance the Efficiency and Effectiveness of the SEC OIG's Operations and Communications.**

**GOAL 3: Promote the Integrity, Efficiency and Effectiveness of the SEC by Keeping Congress and the Public Informed.**

The Office continues to receive the fullest cooperation and courtesy from the Commission. We believe this reflects the high integrity and motivation of Commission staff and management.



H. David Kotz  
Inspector General

## **MISSION**

The SEC OIG exists as a statutorily created independent and objective unit within the Commission, which conducts audits and investigations, provides leadership and coordination to advance the economy and effectiveness of the SEC, and works to prevent fraud in the SEC's programs and operations. The SEC's mission is to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation. The OIG, as an independent entity, must work toward ensuring that the SEC is able to serve its statutory purpose effectively.

The mission of the SEC OIG is to promote the integrity, efficiency, and effectiveness of the critical programs and operations of the SEC. This mission is best achieved by having an effective, vigorous and independent office of seasoned and talented professionals who perform the following functions:

- Conduct independent and objective audits, evaluations, investigations, and other reviews of SEC programs and operations;
- Prevent and detect fraud, waste, abuse, and mismanagement in SEC programs and operations;
- Identify vulnerabilities in SEC systems and operations and recommend constructive solutions;
- Offer expert assistance to improve SEC programs and operations;
- Communicate timely and useful information that facilitates management decision making and the achievement of measurable gains; and
- Keep the Commission and the Congress fully and currently informed of significant issues and developments.

## **VISION**

**Increase the likelihood that Commission objectives are achieved as a trusted contributor to investor protection, the maintenance of fair, orderly and efficient markets, and the facilitation of capital formation by conducting audits and investigations and otherwise performing its statutory functions.**

In pursuing this vision, we recognize that successful achievement of the SEC OIG's mission depends on balancing the expectations of a variety of clients with different needs and values.

### **Primary Stakeholders**

The Chairman, Commissioners, Congress, and citizens are the Office's primary stakeholders. These stakeholders expect the OIG to:

- Deliver cost-effective, quality services;
- Understand and mitigate operational impediments to the successful implementation of Commission goals and objectives; and
- Maintain effective accountability and communication.

### **Direct Recipients of Services**

Staff at all levels working in Commission operations and programs are the direct recipients of our services and products. To be successful, the OIG must:

- Identify, recommend, and facilitate the implementation of practical, constructive, and effective solutions; and
- Maintain trusting relationships and effective communications.

### **Central Agencies**

Central agencies set government-wide management agendas and establish initiatives to achieve their goals and objectives. Central agencies include Congress, the Office of Management and Budget, the Government Accountability Office, and the Inspector General community, including the Council of Inspectors General on Integrity and Efficiency. To this end, the OIG must:

- Understand and support government-wide management initiatives; and
- Maintain effective communication and coordination with other government agencies.

## **CORE VALUES**

Several core values are fundamental to the SEC OIG accomplishing its mission and conducting its daily operations.

**Integrity:** Consistent with the tenets of the Inspector General Act, the SEC OIG takes an independent and nonpartisan approach to its activities. By meeting high professional standards in the conduct of its work and promoting exemplary personal integrity on the part of its staff, the OIG has established a reputation of trust and objectivity.

**Fairness:** Our respect for Commission staff at all levels is directly reflected in the manner in which we interact with them. In the conducting audits, the OIG focuses on finding constructive solutions that can be readily implemented, and start its audits with the premise that SEC staff are committed to improving their own programs and operations. Presumption of innocence (in the absence of evidence to the contrary and tempered by professional skepticism) and respect for the rights of subjects characterize the work of OIG investigations.

**Relevancy:** The SEC OIG maintains its focus on important issues and opportunities by incorporating Commission objectives, as well as government-wide initiatives, as part of its mission and vision. The SEC OIG strives to perform meaningful work with respect to critical issues affecting the Commission and the investing public.

**Communication:** To achieve its goals, the SEC OIG aims for effective communication with the Chairman, the Commissioners and Congress, as well as Commission management and staff and external stakeholders. The SEC OIG strives to operate transparently (with due consideration to privacy, legal, and related considerations) and predictably. As a result, we receive candid information and opinions from Commission staff and management who are interested in improving the agency's programs and operations.

**Competency:** The education, certification and training earned by its staff are measures of the SEC OIG's professional competency. Other critical competencies include understanding Commission goals and objectives, maintaining flexible strategies to mitigate impediments to meeting those goals and objectives, and targeting resources to achieve these goals and objectives.

## **STRATEGIC ENVIRONMENT**

During the period of Fiscal Years 2010-2015, we expect a significant expansion in the Commission's staff and resources as the agency continues to reform and improve the way it operates in an environment of increased scrutiny.

### **Office of Inspector General Resources**

The SEC OIG is comprised of the Office of Audits and the Office of Investigations, and has four administrative staff and 18 professional staff. The Office of Audits has six auditors and an audit

assistant that report to the Assistant Inspector General for Audits. The Office of Investigations has five investigators that report to the Assistant Inspector General for Investigations. The Counsel to the Inspector General provides legal advice and support to the Office and oversees the complaint intake function. The Deputy Inspector General has general oversight of the audit and investigative programs, as well as responsibility for the coordination and management of Office operations. The Inspector General oversees all Office activities, including investigations and audits, and participates in conducting large-scale investigations, as necessary.

The SEC OIG also utilizes outside contractors to augment its professional staff. Contracting funds are primarily used to hire independent public accounting firms and technical experts to assist the OIG with conducting planned audits of Commission programs and operations. These funds are also used to procure services that are needed to support investigations. The OIG will continue to utilize contractors to assist its professional staff in keeping up with the anticipated change in size and complexity of Commission operations.

### **Changes at the Commission**

Recent market events have precipitated an era of significant growth and vast changes within the Commission. Most notably, a new Director of the Division of Enforcement has undertaken its most significant reorganization since 1972. The Commission has also announced an initiative to encourage individuals and companies to cooperate and assist in investigations. As a result of these and other changes, as well as challenges arising from the recent revelations of large-scale material fraud in the securities marketplace and the Congressional legislative response, the new approaches being utilized by the Commission should have a significant impact on agency goals and activities.

### **Securities Industry Changes**

The securities industry has recently undergone a period of severe instability. This instability has only been worsened after December 2008, when the largest securities fraud in history came to light. The Commission has faced intense scrutiny during this period.

### **Office Response**

The OIG will continue to respond to the changing securities environment by focusing its resources on improving Commission programs and operations, while continuing to ensure that financial, information technology, and administrative controls remain adequate. Especially with respect to Commission programs, we recognize that informal management controls (*e.g.*, professional judgment, communication, and integrity) are critical to operations. We will continue our risk-oriented approach to adding value to these programs.

## **STRATEGIC GOALS AND OBJECTIVES**

### **GOAL 1: Improve the economy, efficiency and effectiveness of SEC programs and operations.**

#### *Objectives*

- Identify systemic weaknesses and solutions critical to SEC programs and operations by conducting audits and evaluations.
- Conduct comprehensive reviews of the SEC's information technology and information security measures.
- Conduct timely and thorough internal investigations of allegations of fraud, waste and/or abuse by SEC staff and/or contractors.
- Regularly work with the agency to identify, update, and resolve management challenges.

### **GOAL 2: Enhance the Efficiency and Effectiveness of the SEC OIG's Operations and Communications.**

#### *Objectives*

- Strengthen our human resource management, to include hiring high-quality staff and provide ample training opportunities to existing staff.
- Continue to enhance SEC OIG staff knowledge and understanding of SEC program and mission areas.
- Foster a performance culture that encourages information sharing, continuous learning, and high achievement.
- Improve OIG databases and recordkeeping to enhance staff productivity.
- Keep SEC staff informed and aware of the work of our office, and encourage SEC staff to assist us in preventing waste, fraud and abuse by publicizing the OIG hotline number and other Office contact information.

**GOAL 3: Promote the Integrity, Efficiency and Effectiveness of the SEC by Keeping Congress and the Public Informed.**

*Objectives*

- Effectively communicate the outcome of the SEC OIG's work to Congress, agency management officials, the press (where appropriate), and members of the public.
- Continue to maintain and improve the SEC OIG's website to better highlight the work of the Office and disseminate pertinent information to internal and external stakeholders.
- Provide timely reports, briefings and responses to inquiries received from agency or Congressional officials.

**PERFORMANCE INDICATORS**

Consistent with the requirements of the Government Performance and Results Act, the SEC OIG has established a set of performance indicators to help measure how well we are achieving the three strategic goals set forth in this plan:

1. Conduct work consistent with the OIG's statutory and legislative requirements; and
2. Enhance the efficiency and effectiveness of the OIG's operations and communications.

Our performance can be measured in terms of output, such as the number, quality and complexity of the audits, evaluations, and investigative reports issued, and the number of recommendations implemented by the agency. Further, successful performance may be measured in outcomes such as the extent to which the OIG effects positive change in the agency and the extent to which stakeholder needs are met in a timely manner.