U.S. GOVERNMENT ACCOUNTABILITY OFFICE

441 G St. N.W.
Washington, DC 20548

Accessible Version

November 15, 2022

The Honorable Gary Gensler
Chair
United States Securities and Exchange Commission

Financial Audit: Securities and Exchange Commission's FY 2022 and FY 2021 Financial Statements

Dear Mr. Gensler:

This report transmits the GAO auditor's report on the results of our audits of the fiscal years 2022 and 2021 financial statements of the United States Securities and Exchange Commission (SEC) and its Investor Protection Fund (IPF),[1] which is incorporated in the enclosed *U.S. Securities and Exchange Commission Fiscal Year 2022 Agency Financial Report*.

As discussed more fully in the auditor's report that begins on page 54 of the enclosed agency financial report, we found

- the SEC and IPF financial statements as of and for the fiscal years ended September 30, 2022, and 2021, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- SEC maintained, in all material respects, effective internal control over financial reporting for SEC and for IPF as of September 30, 2022; and
- no reportable noncompliance for fiscal year 2022 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

SEC is required by law to annually prepare and submit audited financial statements covering all accounts and associated activities of the Commission to Congress and the Office of Management and Budget.[2] Further, the Securities Exchange Act of 1934, as amended in 2010 by section 922 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), requires SEC to annually prepare and submit a complete set of audited financial statements for IPF to Congress.[3] In accordance with our authority to audit statements and

[1]IPF was established in 2010 by section 922 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). IPF funds the activities of SEC's whistleblower award program and the SEC Office of Inspector General Employee Suggestion Program established under sections 922 and 966 of the Dodd-Frank Act, respectively. Pub. L. No. 111-203, §§ 922(a), 966, 124 Stat. 1376, 1844, 1912-13 (July 21, 2010), *classified at* 15 U.S.C. §§ 78d-4(e), 78u-6(b), (g). IPF is a separate SEC fund and its financial statements present SEC's financial activity associated with these programs. Accordingly, IPF's financial transactions are also included in SEC's overall financial statements.

[2]31 U.S.C. § 3515.

[3]Dodd-Frank Act, § 922(a), 124 Stat. 1844 (July 21, 2010), *adding* § 21F(g)(5) of the Securities Exchange Act of 1934, *classified at* 15 U.S.C. § 78u-6(g)(5).

schedules prepared by executive agencies and their components,[4] we have audited the SEC and IPF financial statements.

Section 963 of the Dodd-Frank Act further requires that (1) SEC annually submit a report to Congress describing management's responsibility for internal control over financial reporting and assessing the effectiveness of such internal control during the fiscal year; (2) the SEC Chairman and Chief Financial Officer attest to SEC's report; and (3) GAO assess the effectiveness of SEC's internal control over financial reporting and evaluate, attest to, and report on SEC's assessment.[5] Accordingly, this report also includes our reporting in response to the requirement under section 963 of the Dodd-Frank Act.

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We are sending copies of this report to the Chairs and Ranking Members of the Senate Committee on Banking, Housing, and Urban Affairs; the Senate Committee on Homeland Security and Governmental Affairs; the House Committee on Financial Services; and the House Committee on Oversight and Reform. We are also sending copies to the Secretary of the Treasury, the Director of the Office of Management and Budget, and other interested parties. In addition, the report is available at no charge on the GAO website at https://www.gao.gov.

If you or your staff have questions concerning this report, please contact me at (202) 512-5683 or padillah@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report.

Sincerely yours,

M. Hannah Padilla
Director
Financial Management and Assurance

Enclosure

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[4]31 U.S.C. § 3521(g), (i).

[5]Dodd-Frank Act, § 963(a), (b), 124 Stat. 1910 (July 21, 2010), *classified at* 15 U.S.C. § 78d-8(a), (b).