

GAO Highlights

Highlights of [GAO-13-621](#), a report to congressional committees

Why GAO Did This Study

Personnel management is important to the mission of federal agencies. Several high-profile enforcement failures have raised concerns about SEC's personnel management. Section 962 of the Dodd-Frank Wall Street Reform and Consumer Protection Act mandates GAO to report on SEC's personnel management. This report examines (1) SEC's organizational culture and (2) its personnel management challenges and efforts to address these challenges.

GAO assessed SEC's personnel management systems against OPM guidance and other criteria related to workforce planning and performance management (which includes appraisals and feedback); reviewed relevant reports; surveyed SEC employees and senior management (with 78 and 74 percent response rates, respectively) to gather their views on SEC's organizational culture and personnel management practices; and spoke with former employees, the SEC Inspector General, representatives of the employees' union, financial industry associations, consulting firms, and academics.

What GAO Recommends

GAO makes seven recommendations to improve SEC's personnel management, including developing comprehensive workforce plans, implementing mechanisms to monitor how supervisors use the performance management system, conducting periodic validations of the system, exploring collaboration practices of leading organizations, and regularly assessing these efforts. SEC agreed with GAO's recommendations.

View [GAO-13-621](#). For more information, contact A. Nicole Clowers at (202) 512-8678 or clowersa@gao.gov.

July 2013

SECURITIES AND EXCHANGE COMMISSION Improving Personnel Management Is Critical for Agency's Effectiveness

What GAO Found

Based on analysis of views from Securities and Exchange Commission (SEC) employees and previous studies from GAO, SEC, and third parties, GAO determined that SEC's organizational culture is not constructive and could hinder its ability to effectively fulfill its mission. Organizations with constructive cultures are more effective and employees also exhibit a stronger commitment to mission focus. In describing SEC's culture, many current and former SEC employees cited low morale, distrust of management, and the compartmentalized, hierarchical, and risk-averse nature of the organization. According to an Office of Personnel Management (OPM) survey of federal employees, SEC currently ranks 19th of 22 similarly sized federal agencies based on employee satisfaction and commitment. GAO's past work on managing for results indicates that an effective personnel management system will be critical for transforming SEC's organizational culture.

SEC has not consistently or fully implemented effective personnel management. SEC has taken some steps, but most of its efforts were in the early stages and could be enhanced. GAO identified four key areas where continued improvement is needed:

- **Workforce planning.** SEC has not yet developed a comprehensive workforce plan, including how it identifies its future leaders. Although SEC has taken some steps, such as identifying competency gaps and conducting leadership training, these efforts do not reflect all elements of effective workforce planning outlined in OPM guidance. OPM guidance calls on agencies to develop and implement plans to identify workforce needs and develop future leaders. Without fully implementing such practices, SEC will not be able to make well-informed decisions on how to best meet current and future agency needs.
- **Performance management.** SEC's implementation of its performance management system could be improved. SEC staff expressed many concerns about the system, such as an unclear link between their performance and ratings. SEC provided training to supervisors on how to use the system and obtained staff input on aspects of the system. However, SEC has not fully validated the system with its staff. Also, SEC does not have mechanisms in place to monitor supervisors' use of the system. By not validating all aspects of the system and establishing mechanisms to hold supervisors accountable for appropriately using it, SEC is missing opportunities to enhance the credibility and effectiveness of its performance management system.
- **Communication and collaboration.** SEC has made efforts to improve communication and collaboration (such as creating new subunits to facilitate joint work), but has not yet fully addressed barriers. Moreover, these efforts have not yet addressed all of the problems that the Inspector General found contributed to past enforcement failures. GAO has reported on leading practices that SEC could explore, including sustained management attention. Improving communication and collaboration within SEC is critical to its effectiveness.
- **Personnel management assessment.** SEC has not implemented an accountability system to monitor and evaluate its personnel management. According to OPM guidance, such a system helps agencies assess whether personnel policies are effective. SEC officials explained that efforts were under way to develop a system. Until such an accountability system is implemented, it will be difficult for SEC to make necessary improvements and help ensure that its personnel management policies and programs align with its mission.