

GAO Highlights

Highlights of [GAO-23-105459](#), a report to congressional committees.

Why GAO Did This Study

Effectively carrying out its regulatory responsibilities requires that SEC attract and retain a high-quality workforce. 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 three reports ([GAO-13-621](#), [GAO-17-65](#), and [GAO-20-208](#)) identified a number of challenges and included 10 recommendations, all of which SEC has addressed.

This report examines (1) employees' views of SEC's personnel management, (2) personnel management practices SEC implemented since GAO's 2019 report, and (3) SEC's diversity and inclusion efforts. GAO surveyed a representative sample of nonexecutive SEC employees and all senior officers in key occupations in nine key divisions and offices. The results of the nonexecutive employee survey are generalizable to SEC's mission-critical employees. GAO also reviewed SEC documents, relevant academic literature, and a management consultant report; interviewed SEC employees and officials and the SEC employees' union; and analyzed SEC workforce data.

What GAO Recommends

GAO recommends that SEC ensure the performance measures in its diversity and inclusion strategic plan for fiscal years 2023–2026 align with the plan's goals and are clear, measurable, objective, and reliable. SEC agreed with this recommendation.

View [GAO-23-105459](#). For more information, contact Michael E. Clements at (202) 512-8678 or clements@gao.gov.

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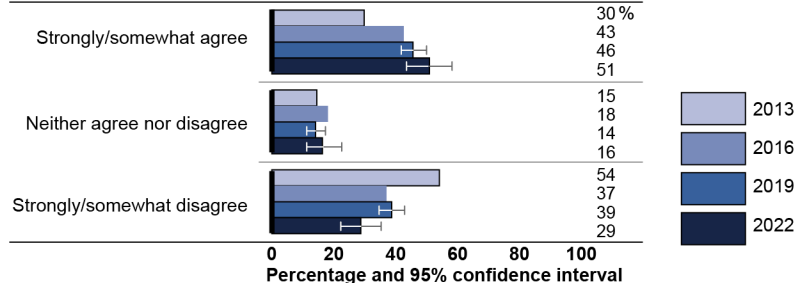
Employee Views of Personnel Management Improved, but Action Needed on Measuring Diversity and Inclusion Goals

What GAO Found

The views of Securities and Exchange Commission (SEC) employees on certain personnel management topics—such as staff morale—have improved since 2013 (see figure). In 2022, employees also expressed positive views on the support SEC provided to employees during pandemic-related telework and the agency's diversity and inclusion efforts, among other issues. However, many employees continue to have unfavorable views on some issues related to performance management. For example, more than half of employees disagreed that SEC's new two-tier rating system creates meaningful distinctions in performance among employees or incentivizes high performance.

SEC Employee Views on Staff Morale Improved from 2013 through 2022

Questionnaire statement: Employee morale is generally high most of the time.



Source: GAO surveys of nonsupervisory mission-critical Securities and Exchange Commission (SEC) employees. | GAO-23-105459

Since GAO's most recent review in 2019, SEC has made two significant changes to personnel management:

- In February 2022, SEC and the SEC employee union agreed that SEC employees would not receive Performance Incentive Bonus program awards in 2022, 2023, or 2024. SEC officials stated that supervisors could use other types of monetary and nonmonetary awards to recognize employee accomplishments.
- In 2022, SEC replaced a program designed to identify a cohort of high-potential leaders available to fill vacant senior officer positions. Whereas the previous program assessed employees to create and develop a pool of candidates, the new program assesses employees for each vacancy and opens leadership training to all employees.

In 2020, SEC released its first diversity and inclusion strategic plan, covering fiscal years 2020–2022. Since then, SEC has initiated a number of new diversity and inclusion efforts, including a professional development program for minority leaders at the agency. SEC did not develop performance measures related to the goals in the plan, but SEC intends to develop such measures for its 2023–2026 plan, according to SEC officials. Performance measures that align with goals and are clear, measurable, objective, and reliable could help SEC better track its progress in achieving diversity and inclusion goals and objectives. Improved tracking, in turn, could help SEC to understand which efforts are effective and target resources toward goals needing more attention.