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8601 ADELPHI ROAD
COLLEGE PARK, MD 20740-6001
www.archives.gov

Date: May 15, 2018
Appraiser: Jeremy P. Schmidt, ACR1
Agency: Securities and Exchange Commission (SEC)
Subject: DAA-0266-2017-0011

rebt
5/17/2018

INTRODUCTION

Schedule Overview

Audit Liaison and Follow-up Files for Reports on Mission Units

Additional Background Information

Outside audit reviews are an important component of the oversight of internal programs and operations. These audit reviews help the organization identify, prevent, and mitigate fraud, waste, abuse, mismanagement, and conflicts of interest. The prompt resolution and development of corrective actions to address audit recommendations are an integral part of good management. Corrective actions taken by management in order to resolve findings and recommendations are essential to improving the effectiveness and efficiency of SEC operations.

At the request of Congress and, under special circumstances, on their own initiative, Government Accountability Office (GAO) provides oversight of Federal programs and insight into ways to make government more efficient, effective, ethical, and equitable. GAO reports, testimonies, and legal decisions are reported to Congress. The GAO also issues guidance on the development and use of internal or management controls to ensure effective and efficient government operations.

Audits are also performed by the SEC's Office of Inspector General (OIG). The OIG is an independent office within the SEC that conducts, supervises, and coordinates audits and investigations of the programs and operations of the SEC. The mission of the OIG is to prevent and detect fraud, waste, and abuse and to promote integrity, economy, efficiency, and effectiveness in the Commission's programs and operations.

The Office of Audits within the OIG conducts, coordinates, and supervises independent audits and evaluations of the SEC's internal programs and operations at its headquarters and 11 regional offices. The primary purpose of an audit or evaluation is to review the agency's past operations and performance to determine compliance with applicable laws, rules, and regulations. At the completion of an audit or evaluation, the OIG issues an independent report in which it identifies any deficiencies and may make recommendations to correct those deficiencies or increase efficiencies in an SEC program. Typically, auditors assess whether:

- resources are safeguarded and appropriately managed;
- governing laws, regulations, and policies are complied with;
- funds are expended properly;
- desired program results are achieved; and
- information provided by the SEC to the public and others is reliable.

The auditing process generally follows these steps: notification to the agency that an audit will occur; holding of an entrance meeting with the relevant offices; conducting fieldwork and analysis of results; holding of an exit meeting with the relevant offices; preparation and issuance a draft report; agency provides a response on the draft report; and auditor issues the final report.

The audit follow-up process generally follows these steps: transmittal of final report to the agency; agency responds to the final report and prepares a statement of work to address the recommendations made in the report; agency completes necessary work; the Chief Operating Officer reviews the work and if satisfied, notifies the auditor that the agency believes it has addressed the recommendations; auditor reviews the results, and if satisfied, closes out the recommendation, or if not satisfied, notifies the agency and the agency continues to work on resolving the issue.

Overall Recommendation

I recommend approval of the attached schedule with the changes noted below.

APPRAISAL

The records covered by this schedule were originally appraised by this appraiser as being entirely temporary in nature, except for the agency's follow-up responses to GAO, because all of the other historically significant records covered by this schedule were captured elsewhere in permanent records. However, in the course of final internal NARA stakeholder review, a stakeholder commented that it might be best to retain all of the historically significant records in the case file in order to have all of the related documents together and thus improve access for researchers, rather than having them searching through multiple series to find the related documents. The SEC and I agreed to this change and the SEC will revise the schedule accordingly following concurrence of the internal stakeholders.

Item 0001: Follow-up Responses to GAO

Proposed Title Change: "Audit Follow-up Records"

The SEC currently employs an electronic information system to monitor audit follow-up activities. From 1987 to 2012, records were filed in paper case files. Some earlier case files were digitized and integrated in the system. The volume of textual records is roughly 15 cubic feet. The size of electronic records is roughly 750 MB.

Proposed Item Description Change: "Records related to audit findings and follow-up on recommendations, including (but not limited to) reports received from the Government Accountability Office (GAO) or the SEC Office of Inspector General (OIG); internal updates on action taken to implement the recommendations; correspondence between Congress, GAO, or the OIG regarding the final reports (e.g., agency responses to final reports, statements of action,

management decision letters, and agency final reporting on corrective action taken to address recommendations, including supporting documentation).”

Proposed Disposition: Permanent

Appropriateness of Proposed Disposition: Appropriate.

Appraisal Justification:

* High potential research value.

* Documents significant actions of Federal officials.

* Related to other permanent records. The series relates to the following permanent items: Final reports of audits - GAO Products and Publications (N1-411-06-003 / 3.6); SEC OIG Final Reports (N1-266-05-002 / 2a [revisions to this schedule are pending under job number DAA-0266-2018-0002-0004]).

Item 0002: Audit Liaison and Follow-up Case Files

Proposed Title Change: “Audit Coordination Records”

Proposed Item Description Change: “Records related to coordination of audits, including (but not limited to) documents related to notification of work, entrance and exit conferences, closeout meetings, and agency responses to draft reports.”

Proposed Disposition: Temporary

Appropriateness of Proposed Disposition: Appropriate

Appraisal Justification:

* Has little or no research value. These are records related to the facilitation and coordination of audits only. Historically significant audit records are to be retained as permanent under item 0002 of this schedule.

Adequacy of Proposed Retention Period: Adequate from the standpoint of legal rights and accountability.

Media Neutrality: Approved.



JERMY P. SCHMIDT

Appraiser