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Description of document: Legal Services Corporation (LSC) Inspector General (OIG) Assessment Report on Security and Exchange Commission (SEC) Audit Operations, 2013

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Source of document: FOIA Officer, Office of the Inspector General
Legal Services Corporation
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Office of Inspector General
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Inspector General
Jeffrey E. Schanz

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Washington, DC 20007-3558
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www.oig.lsc.gov

January 6, 2014

Re: OIG FOIA # 14-04

This is in response to your Freedom of Information Act (FOIA) request, received in this office on December 4, 2013, seeking “a copy of each LSC Inspector General final report/closing memo/referral letter . . . done for a different agency (i.e., an agency other than the LSC)” (internal underlining and highlighting omitted). The request is limited to records “created since January 1, 2005.”

The LSC OIG maintains one document responsive to your request, all nine pages of which are enclosed in redacted form. The document is a memorandum setting forth the results of an informal peer review of the Securities and Exchange Commission Office of Inspector General conducted by a member of the Legal Services Corporation Office of Inspector General staff.

I have withheld predecisional opinions and recommendations from the document pursuant to the deliberative process privilege incorporated into Exemption 5 of the FOIA, 5 U.S.C. § 552(b)(5), which concerns “inter-agency or intra-agency memorandums or letters which would not be available by law to a party other than an agency in litigation with the agency.” See NLRB v. Sears, Roebuck & Co., 421 U.S. 132, 150 (1975) (deliberative process privilege incorporated into Exemption 5 of the FOIA “covers documents reflecting advisory opinions, recommendations, and deliberations that are part of a process by which Government decisions and policies are formulated.”); EPA v. Mink, 410 U.S. 73, 91 (1973) (factual material embedded in predecisional, deliberative document need only be disclosed where factual material is “severable without compromising the private remainder of the documents”).

Moreover, please be advised that Congress excluded three discrete categories of law enforcement and national security records from the requirements of the FOIA. See 5

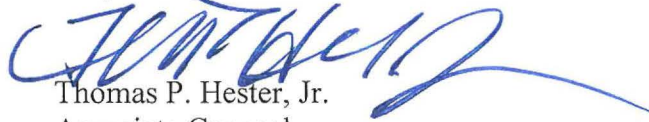
U.S.C. § 552(c) (2006 & Supp. IV (2010)). This response is limited to those records that are subject to the requirements of the FOIA. This is a standard notification that is given to all our requesters and should not be taken as an indication that excluded records do, or do not, exist.

If you are dissatisfied with this response you may appeal, within 90 days of your receipt of this letter, to:

Jeffrey E. Schanz, Inspector General
Legal Services Corporation
3333 K St., N.W., 3rd Floor
Washington, DC 20007

Both the envelope and the letter must be clearly marked "Freedom of Information Act Appeal."

Respectfully,

A handwritten signature in blue ink, appearing to read "Tom Hester", is written over the printed name of Thomas P. Hester, Jr.

Thomas P. Hester, Jr.
Associate Counsel
Office of Inspector General
Legal Services Corporation
3333 K St., N.W., 3rd Floor
Washington, DC 20007

Date: 11/07/2013

To: Carl Hoecker, Inspector General, Security and Exchange Commission

**From: John M. Seeba, Director, Audit Operations and Administrative Officer,
Legal Services Corporation**

Subject: Assessment Report on Audit Operations

Thank you for the opportunity to provide you and your management team an assessment of the SEC audit organization. While the process I used to gain an understanding of the audit organization was limited to discussions with the staff and reviews of some audit related documents, I believe I came away with a good understanding of how your audit staff operates. I was impressed with the level of honesty and candor in providing me with information regarding the issues facing the audit organization and potential ways to improve upon existing processes.

I spoke with all of your audit staff, the counsel, the writer editor and the Deputy Inspector General. I found a lot of consistency in their comments and therefore believe that further discussions or reviews of workpapers and reports would not be necessary and would only further confirm their statements.

My report is attached to this memorandum as a list of six topics, my summarization of the issues, and recommendations that I believe could assist you in implementing improvements in several of the audit processes. I base my recommendations on prior experience gained at several large and small audit organizations that helped me manage, what I believe were successful audit shops.

I appreciate the cooperation of the staff and would be happy to answer any questions or assist you in any way I can.

Attachment

1. Staffing

- o Five staff vacancies exist out of eight total positions.

o

(This topic is covered further in the assignments section.)

- Current audits are staffed with only one auditor. In my experience at several IG shops, big and small, this is a unique situation.

Recommendation

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2. Assignments

- Staff appear to be [REDACTED] B(S)
- Many auditors described their activities as "crisis" management with imposed deadlines of a few hours to do various tasks. [REDACTED]

- o [REDACTED] B(S)
- o [REDACTED]
- o [REDACTED] B(S)
- o [REDACTED]

"Time Management Matrix"

Important Urgent	Important Not Urgent
Not Important Urgent	Not Important Not Urgent

- As shown above, the time management matrix divides the work we do into four quadrants.
 - o The challenge is to make sure that we are focusing on work that is important. Depending on how well we plan or the effect from outside influences it may

be urgent to not urgent. We should hopefully not be doing work that is not important regardless of its urgency.

- Comments provided to me sounded like there were a significant number of tasks being done in the Important/ Not Urgent or possibly the Not Important/Urgent quadrant on a daily basis.

- Recommendation

- As note in the staffing area, [REDACTED]

➤ [REDACTED]

➤ [REDACTED]

B(S)

3. Project Management

[REDACTED]

B(5)

5)

As discussed above,

[REDACTED]

[REDACTED]

B(5)

Recommendation

[REDACTED]

B(5)

4. Report Writing

[REDACTED]

B(5)

Reports appear to be written in separate, individual stages:

- The auditor/team initiates the report;
- The report gets passed on to the audit manager who reviews it and makes edits;
- The report goes to the writer/editor who, is now seeing the report for the first time and has no familiarity with the subject matter. She takes a critical look at the report and has to significantly revise the report because of writing issues such as excessive/extraneous detail contained in the report, poor structure or poor writing style;
- The report goes to the AIGA for review and revisions;
- The report goes to the DIG for review and revisions;
- The report goes to the IG for review, revisions, and signature.

[REDACTED]

B(5)

Recommendation

- [REDACTED]
- [REDACTED]

B(5)

B(5)

B(5)

> [REDACTED]
> [REDACTED]
> [REDACTED]
> [REDACTED]
> [REDACTED]

B(5)

5. Office Dynamics

(b) [REDACTED] B(5)

- The staff was very complimentary otherwise of their colleagues and work environment.

Recommendation

B(5) > [REDACTED] B(5)

6. Training / Individual Development

- The staff is happy with the opportunities for training. The only comment I have is the

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

B(5)

Recommendation

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[REDACTED]

o

o

o

[REDACTED]

[REDACTED]

B(5)

B(5)

