



SEMIANNUAL REPORT TO CONGRESS OCTOBER 1, 2014 – MARCH 31, 2015

MAY 2015



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

OFFICE OF THE CHAIR

May 22, 2015

The Honorable John A. Boehner
Speaker of the House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

Pursuant to the Inspector General Act of 1978, as amended, the Federal Election Commission submits the Office of Inspector General's *Semiannual Report to Congress*. The report summarizes the activity of the FEC Office of Inspector General ("OIG") from October 1, 2014 through March 31, 2015.

During this reporting period, the FEC's OIG completed, with the assistance of contract auditors, the annual audit of the FEC's financial statements. We are pleased to report that the Commission received an unqualified opinion on the required statements: the FEC's Balance Sheet as of September 30, 2014, and the related Statements of Net Costs, Changes in Net Position, Budgetary Resources, and Custodial Activity for the year then ended. This marks the sixth consecutive year with no material weaknesses identified. The auditors raised issues pertaining to Information Technology security that do not rise to the level of a material weakness, but nonetheless merit attention by the Commission. The response of FEC management to those issues appears in the report, which was issued on November 14, 2014.

During the semiannual period, the OIG also completed its Review of Outstanding Recommendations, and its Inspection of the FEC's Travel and Purchase Card Programs, both of which were released in February 2015. We are pleased to report that the OIG concluded that the FEC has adequately designed controls for both programs, those controls are operating effectively, and there are no indications of potential travel or purchase card abuse. The response of FEC management to those issues appears in those reports.

The Commission appreciates and shares the Inspector General's commitment to sound financial and management practices, and looks forward to continuing its cooperative working relationship as management takes appropriate measures to improve operations of the Commission. Copies of the *Semiannual Report to Congress* are being provided to the Chairmen and Ranking Members of the FEC's oversight committees.

On behalf of the Commission,

A handwritten signature in blue ink, reading "Ann M. Ravel", with a long, sweeping underline.

Ann M. Ravel
Chair

MANAGEMENT REPORT ON
INSPECTOR GENERAL ISSUED REPORTS
WITH QUESTIONED COSTS
FOR THE SIX-MONTH PERIOD ENDING MARCH 31, 2015

	<u>Number of Reports</u>	<u>Questioned Costs</u>	<u>Unsupported Costs</u>
A. Reports for which no management decision has been made by commencement of the reporting period	0	0	[0]
B. Reports issued during the reporting period	0	0	[0]
Subtotals (A + B)	0	0	[0]
C. Reports for which a management decision was made during the reporting period	0	0	[0]
(i) Dollar value of disallowed costs	0	0	[0]
(ii) Dollar value of costs not disallowed	0	0	[0]
D. Reports for which no management decision has been made by the end of the reporting period	0	0	[0]
E. Reports for which no management decision was made within six months of issuance	0	0	[0]

MANAGEMENT REPORT ON
INSPECTOR GENERAL ISSUED REPORTS WITH
RECOMMENDATIONS TO PUT FUNDS TO BETTER USE
FOR THE SIX-MONTH PERIOD ENDING MARCH 31, 2015

	Number of <u>Reports</u>	Funds to be Put <u>To Better Use</u>
A. Reports for which no management decision has been made by the commencement of the reporting period	0	0
B. Reports issued during the reporting period	0	0
C. Reports for which a management decision was made during the reporting period	0	0
(i) Dollar value of recommendations that were agreed to by management	0	0
- Based on proposed management action	0	0
- Based on proposed legislative action	0	0
(ii) Dollar value of recommendations that were not agreed to by management	0	0
D. Reports for which no management decision has been made by the end of the reporting period	0	0
E. Reports for which no management decision was made within six months of issuance	0	0



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463
Office of the Inspector General

A MESSAGE FROM THE INSPECTOR GENERAL

The Office of Inspector General (OIG) continued to see numerous changes over the past six months as the newly appointed Deputy Inspector General settled into his new position and transitioned away from the Counsel to the Inspector General/Chief Investigator position. In February, 2015 Carla Smith joined our staff as the new Counsel to the IG/Chief Investigator. Ms. Smith has a wealth of experience not only in the legal arena, but in conducting investigations. She has already had a positive impact on the office and I look forward to working with her in the future. In addition, this is the first time the OIG has been fully staffed since May, 2014.

The OIG staff has continued to rise to the challenges and work load of the office, even when short staffed. The required Annual Financial Statement Audit was completed with the FEC receiving an unmodified opinion. We continued to keep a strong focus on follow up activity on recommendations contained in previously completed audits and inspections. We provided a semiannual report to the Commission on where management stands on completing outstanding recommendations and provided the Commission with OIG concerns about the pace of completing recommendations on certain audits/inspections.

I am confident the OIG staff will continue to provide well thought out work that will provide the Commission and management with concrete recommendations to enable them to meet the mission of the Federal Election Commission in an efficient and effective manner.

A handwritten signature in blue ink that reads "Lynne A. McFarland".

Lynne A. McFarland
Inspector General
Federal Election Commission

April 30, 2015

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EXECUTIVE SUMMARY

The *Inspector General Act of 1978*, as amended (*the IG Act*), states that the Inspector General is responsible for: conducting audits and investigations; recommending policies and procedures that promote economy, efficiency, and effectiveness of agency resources and programs; and endeavoring to prevent fraud, waste, abuse, and mismanagement. *The IG Act* also requires the Inspector General to keep the Commission and Congress fully and currently informed about problems and deficiencies in the Commission's operations and the need for corrective action.

This semiannual report includes the major accomplishments of the Federal Election Commission (FEC) Office of Inspector General (OIG), as well as relevant information regarding additional OIG activities. The executive summary highlights the most significant activities of the OIG. Additional details pertaining to each activity (e.g., audits, hotline, and investigations) can be found in subsequent sections of this report. The diligent work, outstanding efforts, and many contributions of our entire IG staff make the accomplishments of the OIG possible.

Leon Snead & Company's (LSC) final testing audit phase for the annual financial statement audit began at the start of this semiannual reporting period. The final audit report, which included an unmodified opinion, was released on November 18, 2014. For detailed information pertaining to the *Audit of the FEC's Fiscal Year 2014 Financial Statements (OIG-14-04)*, see the section titled **OIG Audit Activity** (starting on page 3).

During this semiannual reporting period, the OIG released the report titled *Office of Inspector General's Review of Outstanding Recommendations as of February 2015 (OIG-15-02)* to the Commission. The OIG semiannually provides a report to the Commission on the status of outstanding recommendations.

We reviewed six (6) audits and inspections that had a total of ninety-five (95) outstanding recommendations. The OIG was able to collectively close fourteen (14) recommendations from four (4) of the six (6) audits and inspections. A noteworthy accomplishment, the Office of Human Resources (OHR) has closed more than half of the outstanding recommendations within the first year of the follow-up process. However, the OIG continues to have concerns regarding the FEC privacy program and audit follow-up accountability. For additional information, see the section titled **OIG Audit Follow-up Activity** (starting on page 5).

The OIG completed and released the inspection report titled *Inspection of the FEC's Travel and Purchase Card Programs (OIG-14-05)* during this reporting period. The primary objectives for this inspection were to 1) ensure card holders and approvers are complying with applicable charge card policies, procedures, and regulations, and 2) assess whether the FEC's travel and purchase card programs are adequately designed to meet the requirements of the Office of Management and Budget (OMB) Circular A-123 – Appendix B (Improving the Management of Government Charge Card Programs, as revised) and the *Government Charge Card Abuse Prevention Act of 2012*.

Based on the results of work performed, the OIG concludes that the FEC has adequately designed controls for both the travel card and purchase card program. In addition, the OIG did not find any indications of potential travel or purchase card abuse, and given the current environment, the risk of fraudulent transactions are low at this time.

The final inspection report, released February 2015, included four (4) recommendations related to finalizing the written policies and control procedures for the travel program. For detailed information pertaining

to the OIG inspection, see the section titled **OIG Inspections** (starting on page 6).

During this semiannual reporting period, five (5) new hotline complaints were opened and three (3) hotline complaints were closed, including one (1) that was merged with another hotline complaint. The OIG has four (4) open hotline complaints as of the close of this reporting period, including two (2) that were opened prior to the beginning of this reporting period. The closed hotline complaints included allegations of telework irregularities, false statements, and fraud. For this reporting period, the OIG received three (3) hotline inquiries.

Five (5) investigations were open at the end of the reporting period, including four (4) that were opened at the beginning of and one (1) that was opened during this reporting period. No investigations were closed. For detailed information pertaining to hotline complaints and investigations, see the sections titled **OIG Hotline Information** (starting on page 7) or **OIG Investigative Information** (starting on page 9).



OIG AUDIT ACTIVITY

Audit of the FEC's Fiscal Year 2014 Financial Statements

Assignment Number: OIG-14-04

Status: Released November 2014

<http://www.fec.gov/fecig/documents/FEC2014FinancialStatementAuditReport.pdf>

Leon Snead & Company's (LSC) final testing audit phase for the annual financial statement audit began at the start of this semiannual reporting period. During the financial audit status meeting on October 8, 2014 the OIG received a request from the prior Commission Chair to provide written documentation explaining how the notice of findings and recommendations (NFR) related to information technology (IT) security controls impacted the FEC's financial systems and data, which was completed by LSC. The OIG provided the document to the Chair on October 24, 2014. In addition to the Chair's request, the document included the related National Institute of Standards and Technology Controls (NIST) that each IT NFR issue relates to in an effort to assist management in decisions that were being made to improve the overall agency IT security program to potential align with NIST.

Also during final testing, the acting CFO placed a request with the OIG to have LSC complete an assessment of the IT security control recommendations that management implemented after LSC's completion of the IT internal control testing. FEC management identified eight (8) open recommendations they considered closed and wanted to report as implemented to the Commission. The OIG met with the acting CFO and IT management to discuss the corrective actions implemented for the open items to determine if there would be enough information available for LSC to adequately review the corrective actions. Based on this meeting, the OIG determined that six (6) of the eight (8) corrective actions would be included in the

additional assessment by LSC, which was scheduled for December 1 through December 5, 2014.

The final audit report, which included an unmodified opinion, was released on November 18, 2014. Management also received a management letter of issues that were identified during the audit but did not rise to the level of a reportable condition.

On December 1, 2014 LSC began the assessment of the six (6) open IT Security Control recommendations. On December 10, 2014, upon conclusion of the assessment, LSC provided the Inspector General with written documentation detailing the results of their assessment which concluded five (5) of the six (6) recommendations were adequately implemented.

Audit of the Federal Election Commission's (FEC) Flexiplace/Telework Program

Assignment Number: OIG-15-03

Status: In Progress

The *Audit of the FEC's Flexiplace/Telework Program (OIG-15-03)* commenced during this reporting period. The primary objectives of the audit are to 1) determine whether the Agency's telework related programs are being administered by the agency in accordance with federal law, regulations, Office of Personnel Management (OPM) guidance, and FEC policies and procedures; and 2) assess whether the internal controls over the program are operating effectively and within the spirit of federal guidance.

The preliminary audit planning has been completed and the audit notification letter has been sent to management. The entrance conference between the OIG and the OHR, scheduled for April 8, 2015 provided management with an overview of the purpose of the audit and to discuss the preliminary scope of the audit.

To gain an understanding of FEC's Flexiplace/Telework program and requirements, the OIG reviewed FEC's policies and researched all applicable laws, regulations, and guidance. In addition, to help assess the effectiveness of the FEC's Flexiplace/Telework programs, the OIG developed a survey and distributed to all agency employees on March 26, 2015. The OIG will conduct fieldwork between April and June 2015

We expect to release the audit report during the next semiannual reporting period.



OIG AUDIT FOLLOW-UP ACTIVITY

Office of Inspector's General Review of Outstanding Recommendations as of February 2015

Assignment Number: OIG-15-02

Status: Released March 2015

<http://www.fec.gov/fecig/documents/ReviewofOutstandingRecommendationsasofFebruary2015-FinalReport.pdf>

The OIG semiannually provides a report to the Commission on the status of outstanding recommendations. Since the last report released in July 2014, we added the *Inspection of FEC's Compliance with FMFIA¹ /OMB Circular A-123* report (released June 2014) to the audit follow-up process because the recommendations have been outstanding for more than six (6) months. For this reporting period, we reviewed the following six (6) audits and inspections that had a total of ninety-five (95) outstanding recommendations:

- *Audit of the Commission's Property Management Controls;*
- *2010 Follow-up Audit of Privacy and Data Protection;*
- *2010 Follow-up Audit of Procurement and Contract Management;*
- *Inspection of the FEC's Disaster Recovery Plan and Continuity of Operations Plans;*
- *Audit of the FEC's Office of Human Resources; and*
- *Inspection of FEC's Compliance with FMFIA/OMB A-123.*

The OIG was able to collectively close fourteen (14) recommendations from four (4) of the six (6) audits and inspections. A noteworthy accomplishment identified during the most recent audit follow-up review was that the OHR has closed more than half of the outstanding recommendations from the *Audit of the Federal Election Commission's Office of Human Resources* within the first year of the follow-up process. However, the OIG continues to have concerns regarding the following areas:

FEC Privacy Program

- The agency has designated two Co-Chief Privacy Officers (the Deputy Chief Information Officer of Operations and Deputy General Counsel), instead of a singular responsible official, to oversee the agency's privacy programs. The lack of one fully dedicated Privacy Officer has delayed progress in improving the agency's overall privacy program and places the agency at risk of not following proper privacy protocol.

Audit Follow-up Accountability

- The FEC needs to improve the accountability of management officials necessary to ensure compliance with all aspects of Directive 50: Audit Follow-up. Without accountability to ensure implementation of corrective actions, the agency is exposed the potential for fraud waste and abuse of agency programs.

¹ Federal Managers' Financial Integrity Act

OIG INSPECTIONS

Inspection of the FEC's Travel and Purchase Card Programs

Assignment Number: OIG-14-05

Status: Released February 2015

<http://www.fec.gov/fecig/documents/FinalReport-InspectionoftheFECsTravelandPurchaseCardPrograms-OIG-14-05-June2015.pdf>

The OIG completed the inspection titled *Inspection of the FEC's Travel and Purchase Card Programs (OIG-14-05)* during this reporting period. The primary objectives for this inspection were to 1) ensure card holders and approvers are complying with applicable charge card policies, procedures, and regulations, and 2) to assess whether the FEC's travel and purchase card programs are adequately designed to meet the requirements of OMB Circular A-123 – Appendix B (Improving the Management of Government Charge Card Programs, as revised) and the *Government Charge Card Abuse Prevention Act of 2012*.

The inspection fieldwork was completed during the prior reporting period. The scope of the inspection included a review and assessment of the FEC's internal controls over charge card management programs to determine whether the controls are aligned with regulations and guidance over charge cards. We also reviewed travel and purchase card activity reports from January 2013 to April 2014 to look for any unusual transactions and for potential misuse, abuse, or fraud by cardholders. From the activity reports, we took a sample of thirty (30) travel cards and thirty-five (35) purchase card transactions and reviewed the supporting documentation to ensure the transactions were properly approved and paid in compliance with applicable regulations and internal policies and procedures.

Based on the results of work performed, the OIG concludes that the FEC has adequately designed controls for both the travel card and purchase card programs. Also, the controls are operating effectively to ensure only authorized travel-related and business expenses that are in compliance with applicable regulations are paid by the Agency. In addition, the OIG did not find any indications of potential travel or purchase card abuse, and given the current environment, the risk of fraudulent transactions are low at this time.

The final inspection report, released February 2015, included four (4) recommendations related to finalizing the written policies and control procedures for the travel program.

OIG HOTLINE INFORMATION

The OIG hotline exists to enable FEC employees, FEC contractors, and the public to have direct and confidential contact with the OIG. All allegations or referrals received by the OIG of fraud, waste, abuse, mismanagement, and misconduct involving FEC employees, contractors, programs, operations, property, or funds are termed “hotline complaints” per OIG policy. Once a hotline complaint has been received, a preliminary inquiry is conducted to determine whether the hotline complaint will be closed with no further action taken, referred to management or another agency, or converted into an investigation.

The OIG considers many factors when evaluating whether to open an investigation based on a hotline complaint. OIG policy requires that hotline complaints be evaluated on certain criteria, including the merits of an allegation, the availability of evidence, and the existing priorities, commitments, and resources of the OIG. Under this policy, hotline complaints are classified as either high or low priority complaints. High priority complaints are investigated and low priority complaints are either closed with no action or referred to the appropriate official for possible further review. Hotline evaluation decisions are made by the Chief Investigator, with concurrence from the Deputy IG.

During this semiannual reporting period, five (5) new hotline complaints were opened and three (3) hotline complaints were closed. The OIG has four (4) open hotline complaints as of the close of this reporting period, including two (2) that were opened prior to the beginning of this reporting period. The closed hotline complaints included allegations of telework irregularities, false statements, and fraud. Two (2) hotline complaints were closed after preliminary evaluations revealed that in one case the allegation was without merit and in another the issue had already been brought forth in a more appropriate legal forum;

the third closed complaint was merged with another complaint containing similar allegations.

The OIG frequently receives reports and allegations which are misdirected complaints that either should have been routed to the FEC’s Office of Complaints and Legal Administration within the Office of General Counsel (OGC), are outside the jurisdiction of the OIG or the FEC, or are facially unsubstantiated, meritless or invalid. For example, Section 437g of the *Federal Election Campaign Act of 1971*, as amended (FECA), sets forth strict requirements for reporting alleged violations of FECA, and FEC regulations direct that such complaints be filed directly by the complainant and processed through OGC. Still, the OIG regularly receives complaints of alleged FECA violations, many of which are not legally compliant.

Form responses containing information about properly filing a complaint with OGC are sent to complainants alleging FECA violations, as the OIG does not route FECA complaints to OGC due to legal requirements. In other cases of misdirected complaints, a response may be sent to the individual referring him or her to the proper office or other agency. In some limited instances where a misdirected communication does not concern a FECA violation but falls under the purview of another FEC component or government agency, such as a candidate with a question about filing a report with the FEC, the inquiry may be redirected and sent to the appropriate office or agency directly from the OIG. Reviewing and, where appropriate, responding to these reports and allegations when aggregated can entail a significant amount of staff time and effort, despite the fact that they are not valid hotline complaints.

In order to capture and document these hotline contacts, the OIG created a category for “hotline inquiries” that do not meet the criteria for hotline complaints. Hotline contacts that are misdirected

complaints, facially unsubstantiated, meritless or invalid, and thus do not meet the criteria for classification as a hotline complaint, are categorized as hotline inquiries. For this reporting period, the OIG received three (3) hotline inquiries.



OIG INVESTIGATIVE INFORMATION

OIG investigations seek out facts related to allegations of violations of statute, regulation, rule, policy or procedure. OIG investigations may address administrative, civil, or criminal violations of laws and regulations. The subject of an OIG investigation can be any agency employee, an FEC contractor or consultant, or a person or entity involved in alleged wrongdoing affecting FEC programs and operations.

As discussed in *OIG Hotline Information*, all hotline complaints are evaluated to determine if they warrant an investigation. If an investigation is opened, the hotline complaint is closed and merged into the investigative file. OIG investigations involve a detailed examination or inquiry into issues brought to our attention by various sources, and may include interviews of relevant witnesses and subjects, document reviews, and computer forensic examinations. At the conclusion of an OIG investigation, the OIG prepares a report that sets forth the allegations and an objective description of the facts developed during the investigation.

Five (5) investigations were open at the end of the reporting period, including four (4) that were opened at the beginning of and one (1) that was opened during this reporting period. No investigations were closed.

ADDITIONAL OIG ACTIVITY

Besides conducting audits, inspections, and investigations, the OIG performs and is involved in an array of additional projects and activities. As required by the *Inspector General Act of 1978*, as amended, all legislation related to the programs and operations of the FEC compiled by the Commission's Congressional Affairs Office is reviewed by the Inspector General (IG). In addition, the IG routinely reads all Commission agenda items for Commission meetings.

The IG also reviews and provides comments, when appropriate, on legislation provided by the Council of Inspectors General on Integrity and Efficiency (CIGIE) Legislative Committee. Listed below are examples of the OIG's additional activities during this reporting period:

- The OIG responded to two (2) congressional requests. One was from the House Committee on Oversight and Government Reform regarding open and implemented IG recommendations, and whether we are receiving complete, unfiltered, and timely access to agency records. The second request, from the Senate Committee on Homeland Security and Government Affairs and the Senate Committee on the Judiciary, asked our office to provide information regarding audits, evaluations, and investigations conducted by the FEC OIG.
- The IG conducted two (2) "Lunch with the IG" sessions at American University for CIGIE's New Leaders program. The IG also spoke to George Washington University's Institute of Brazilian Issues Spring Minerva Students on the role of IGs and CIGIE in the Federal government.

COUNCIL OF THE INSPECTORS GENERAL ON INTEGRITY AND EFFICIENCY

The IG continues to serve as Chair of the Inspector General Recommendation Panel. This panel is charged with making recommendations of qualified candidates to the White House and heads of various federal agencies to be considered for vacant IG positions.

As this semiannual reporting period commenced, the Inspector General served as Vice Chair of the CIGIE. In this capacity, the IG supported the Chair, reviewed various documents, attended weekly meetings with the Chair and CIGIE executive staff, and provided input on various issues pertaining to the CIGIE. The IG also participated in small group meetings with the CIGIE Chair to ascertain members' thoughts on various CIGIE issues. The IG's term as Vice Chair of the CIGIE ended December 31, 2014.

The IG is still a member of the Executive Council which is composed of the CIGIE Chair, Vice Chair, the immediate past Chair and Vice Chair, an at-large member, and all Committee Chairs.

The Executive Council provides guidance on CIGIE initiated projects, the operating plans for each fiscal year, and the general business of CIGIE and meets monthly to discuss issues that will affect CIGIE and its members.

OIG CONTACTS

This section documents the non-hotline communications received by the OIG from the public and other government agencies. OIG contacts run the gamut from citizens expressing their views or trying to reach the right FEC component to graduate students doing research. Contacts may be made through telephone calls, emails, faxes, U.S. mail, and personal visits to the OIG. The table below indicates the total amount of contacts received by the OIG for the past six months – October 1, 2014 through March 31, 2015. Those forwarded for action were referred to another FEC component or appropriate resource.

Total Contacts	OIG Action	No Action Necessary	Forwarded for Action
3,624	29	3,587	8

LIST OF TRAINING, MEETINGS AND CONFERENCES

The chart listed below depicts training, meetings, programs, seminars, and/or conferences attended by the Inspector General and/or the OIG staff for the period October 1, 2014 – March 31, 2015:

MEETINGS:

Host / Sponsor	Topic / Subject
Assistant Inspector General for Investigations	Quarterly Meetings
Council of Counsels to the Inspectors General	Monthly Meetings Small OIG Working Group Meeting
Council of Inspectors General on Integrity and Efficiency (CIGIE)	Weekly Chair/Vice Chair Meetings Monthly Meetings Monthly Executive Council Meetings Professional Development Committee Meetings Professional Development Committee's Leadership Development Subcommittee Meetings Public Media Meeting Leadership Community of Practice Meeting
Department of Transportation	Federal User Group TeamMate Meeting
Federal Audit Executive Council	Bi-monthly Meetings Data Act Workshop Group
Federal Election Commission	Bi-monthly Directors' Meetings Finance Committee Meetings Managers' Meeting DC District Court's CFO Meeting Introduction to Enterprise Content Management New Employee Orientation All-Hands Meeting
Federal Election Commission/ Office of Inspector General	Bi-weekly Staff Meetings Weekly Meetings w/Staff Assistant, Deputy IG and Counsel to the IG/Chief Investigator
Institute of Internal Auditors	Monthly Officers Meetings

TRAINING/CONFERENCES:

Host / Sponsor	Topic / Subject
Association of Certified Fraud Examiners	Emerging Crimes of the Digital World
CIGIE Training Institute	Coaching Effective Writing How to Streamline Audit Reports
Federal Election Commission	Annual Ethics Training Annual Privacy Training IT Security Awareness Training How to Remain Calm and Collected in Challenging Conversations
Federal User's Group	TeamMate Conference
General Services Administration	Financial Services Transition to NFC Webinar
Institute of Internal Auditors	2014 Mid-Atlantic District Conference Hollate Manufacturing Case Study
New Jersey Society of Certified Public Accountants	New Jersey Law and Ethics Webinar
The Watchful Eye	Mitigating Risk in the Cloud

REPORTING REQUIREMENTS

Reporting requirements required by the *Inspector General Act of 1978*, as amended by the *Inspector General Act Amendments of 1988* are listed below:

IG ACT	DESCRIPTION	PAGE
Section 4(a)(2)	Review of Legislation	10
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	None
Section 5(a)(2)	Recommendations with Respect to Significant Problems, Abuses, and Deficiencies	None
Section 5(a)(3)	Recommendations Included in Previous Reports on Which Corrective Action Has Not Been Completed (Table III)	18
Section 5(a)(4)	Matters Referred to Prosecuting Authorities	None
Section 5(a)(5)	Summary of Instances Where Information was Refused	None
Section 5(a)(7)	Summary of Significant Reports	3
Section 5(a)(8)	Questioned and Unsupported Costs (Table I)	16
Section 5(a)(9)	Recommendations that Funds be put to Better Use (Table II)	17
Section 5(a)(10)	Summary of Audit Reports issued before the start of the Reporting Period for which no Management Decision has been made	N/A
Section 5(a)(11)	Significant revised Management Decisions	N/A
Section 5(a)(12)	Management Decisions with which the Inspector General is in Disagreement	None

TABLE I

Inspector General issued reports with questioned costs (dollar value in thousands)

	NUMBER	QUESTIONED COSTS	UNSUPPORTED COSTS
A. For which no management decision has been made by commencement of the reporting period	0	0	0
B. Which were issued during the reporting period	0	0	0
Sub-Totals (A&B)	0	0	0
C. For which a management decision was made during the reporting period	0	0	0
(i) Dollar value of disallowed costs	0	0	0
(ii) Dollar value of costs not disallowed	0	0	0
D. For which no management decision has been made by the end of the reporting period	0	0	0
E. Reports for which no management decision was made within six months of issuance	0	0	0

TABLE II

Inspector general issued reports with recommendations that funds be put to better use

	Number	Dollar Value (In Thousands)
A. For which no management decision has been made by the commencement of the reporting period	0	0
B. Which were issued during the reporting period	0	0
C. For which a management decision was made during the reporting period	0	0
(i) dollar value of recommendations were agreed to by management	0	0
based on proposed management action	0	0
based on proposed legislative action	0	0
(ii) dollar value of recommendations that were not agreed to by management	0	0
D. For which no management decision has been made by the end of the reporting period	0	0
E. Reports for which no management decision was made within six months of issuance	0	0

TABLE III

Summary of audit and inspection reports with corrective actions outstanding for more than six months

Report Title	Report Number	Recommendations			
		Issue Date	Number	Closed	Open
Audit of the Commission's Property Management Controls	OIG-09-02	03/10	36	35	1
2010 Follow-up Audit of Procurement and Contract Management	OIG-10-02	06/11	29	26	3
2010 Follow-up Audit of Privacy and Data Protection	OIG-10-03	03/11	45	17	28
Inspection of the Federal Election Commission's Disaster Recovery Plan and Continuity of Operations Plans	OIG-12-06	01/13	30	0	30
Audit of the Federal Election Commission's Office of Human Resources	OIG-12-05	07/13	26	15	11
Inspection of FEC's Compliance with FMFIA/OMB Circular A-123	OIG-14.01	06/14	8	0	8

Cumulative Total Of Outstanding Recommendations 81

APPENDIX A

The Federal Election Commission

In 1975, Congress created the Federal Election Commission to administer and enforce the *Federal Election Campaign Act* (FECA). The duties of the FEC, an independent regulatory agency, are to disclose campaign finance information, enforce the provisions of the law, and oversee the public funding of Presidential elections.

The Commission consists of six members who are appointed by the President and confirmed by the Senate. Each member serves a six-year term, and two seats are subject to appointment every two years. By law, no more than three Commissioners can be members of the same political party, and at least four votes are required for any official Commission action. The Chairmanship of the Commission rotates among the members each year, with no member serving as Chairman more than once during his or her term.

Currently the FEC has a full complement of Commissioners – Ann M. Ravel, Chair; Matthew S. Petersen, Vice Chair; Commissioners Lee E. Goodman; Carolyn C. Hunter; Steven T. Walther; and Ellen L. Weintraub.

Office of Inspector General

The Inspector General Act of 1978, as amended, states that the Inspector General is responsible for: 1) conducting and supervising audits and investigations relating to the FEC's programs and operations; 2) detecting and preventing fraud, waste, and abuse of agency programs and operations while providing leadership and coordination; 3) recommending policies designed to promote economy, efficiency, and

effectiveness of the establishment; and 4) keeping the Commission and Congress fully and currently informed about problems and deficiencies in FEC agency programs and operations, and the need for corrective action.



Inspector General, Lynne A. McFarland (left); Deputy IG, J. Cameron Thurber (center); and Counsel to the IG/Chief Investigator, Carla Smith (right).

During this reporting period, the OIG welcomed Carla Smith to the IG staff in February 2015 as Counsel to the IG and Chief Investigator. Ms. Smith is an attorney with over ten (10) years of legal experience in the areas of regulatory law and investigations. Prior to coming to the FEC, Ms. Smith served as Senior Investigative Counsel in the Legal Services Corporation's Office of Inspector General.

The OIG's former Counsel to the IG and Chief Investigator, James Cameron Thurber, was promoted to Deputy IG during this reporting period.

Federal Election Commission Office of Inspector General



Fraud Hotline 202-694-1015

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Individuals including FEC and FEC contractor employees are encouraged to alert the OIG to fraud, waste, abuse, and mismanagement of agency programs and operations. Individuals who contact the OIG can remain anonymous. However, persons who report allegations are encouraged to provide their contact information in the event additional questions arise as the OIG evaluates the allegations. Allegations with limited details or merit may be held in abeyance until further specific details are reported or obtained. Pursuant to the Inspector General Act of 1978, as amended, the Inspector General will not disclose the identity of an individual who provides information without the consent of that individual, unless the Inspector General determines that such disclosure is unavoidable during the course of an investigation. To learn more about the OIG, visit our Website at: <http://www.fec.gov/fecig/fecig.shtml>

Together we can make a difference.