



SEMIANNUAL REPORT TO CONGRESS
APRIL 1, 2013 – SEPTEMBER 30, 2013

NOVEMBER 2013

Federal Election Commission - Office of Inspector General
999 E Street, N.W. Suite 940, Washington, D.C. 20463



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

OFFICE OF THE CHAIR

November 21, 2013

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 ("FEC") 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 April 1, 2013 through September 30, 2013.

During the semiannual period, the OIG completed its Audit of the FEC's Office of Human Resources, which was released in July 2013, and its Review of Outstanding Recommendations as of June 2013. Management's responses to the audit and the review are discussed in detail in those documents.

The FEC also notes that the Securities and Exchange Commission's Office of Inspector General completed an investigative peer review of the FEC's OIG. The September 2013 report, which included no recommendations for improvement, determined that the investigative operations of the FEC's OIG are in compliance with the quality standards established by the Council of the Inspectors General on Integrity and Efficiency.

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 cursive script, reading "Ellen L. Weintraub".

Ellen L. Weintraub
Chair

Enclosure

MANAGEMENT REPORT ON
INSPECTOR GENERAL ISSUED REPORTS
WITH QUESTIONED COSTS
FOR THE SIX-MONTH PERIOD ENDING SEPTEMBER 30, 2013

	Number of <u>Reports</u>	Questioned <u>Costs</u>	Unsupported <u>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 SEPTEMBER 30, 2013

	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

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EXECUTIVE SUMMARY

The *Inspector General Act of 1978 (the IG Act)*, as amended, states that the Inspector General is responsible for conducting audits, inspections, investigations, and recommending policies and procedures that promote economy, efficiency, and effectiveness of agency resources and programs, and 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.

The executive summary highlights the most significant activities of the Federal Election Commission (FEC) Office of Inspector General (OIG). Additional details pertaining to each OIG activity (i.e. audits, hotline, and investigations) can be found in subsequent sections of this report. The major accomplishments of the OIG would be impossible to achieve without the dedicated and outstanding efforts of the entire OIG staff.

The Audit of the FEC's Office of Human Resources (OHR) was completed during this reporting period. The OHR is a critical component of the agency and is responsible for several important functions including: recruitment and retention of qualified staff; employee-employer relations; administration of employee benefits; maintenance and processing of personnel records; and training, among other responsibilities.

The primary objectives of the audit were to: 1) assess the OHR customer service level and identify areas for improvement, where warranted; 2) assess the efficient and effective use of automated processes for human resource functions; and 3) assess whether OHR has adequate policies that are up to date to govern all HR related functions.

In April 2013, the OIG issued formal notices of findings and recommendations (NFRs) to FEC management; and the final report was released on July 31, 2013. Based on the results of audit work performed, the OIG concluded the OHR has significant leadership and operational weaknesses that are impacting the office's ability to provide effective customer service and fulfill the day-to-day responsibilities of the office. OIG notes that subsequent to the completion of the OIG's audit fieldwork, and prior to the release of the final audit report, management and OHR had already begun to implement corrective actions they believed would address some of the recommendations included in the audit report.

The audit resulted in nine (9) findings and twenty-six (26) recommendations to improve the FEC Office of Human Resources. Management generally agreed with twenty-five (25) and disagreed with one (1) recommendation. For detailed information pertaining to the *Audit of the FEC's Human Resources Office (OIG-12-05)*, see the section titled **OIG Audit Activity** (starting on page 6).

For the fifth (5) consecutive year, the Office of Inspector General continued its contract with Leon Snead & Co. (LSC) to conduct the Federal Election Commission's annual financial statement audit in accordance with generally accepted auditing standards. The fiscal year (FY) 2013 financial statement audit is conducted in four phases: *planning*; *review and evaluation*; *testing*; and *reporting*. During this semianual reporting period, LSC completed the *planning* phase, the *review and evaluation* phase, and part of the *testing* phase.

During the *review and evaluation* phase, LSC reviewed the FEC's compliance with applicable laws and regulations, and followed up with management regarding the status of the prior year's audit

findings and recommendations. For the testing phase of the audit, the auditors conducted their *SAS 114: Communication with Those Charged with Governance* meeting with the Chair of the Commission, and the interim audit testing was also completed by the auditors. The final testing portion of the audit is expected to begin October 21, 2013. For detailed information pertaining to the *Audit of the FEC's Fiscal Year 2013 Financial Statements* (OIG-13-02), see the section titled **OIG Audit Activity** (page 7).

During this semiannual reporting period, the OIG released the *Review of Outstanding Recommendations as of June 2013* report to the Commission detailing the follow-up work conducted by the OIG and the status of the outstanding OIG audit and inspection recommendations. The report covered six (6) OIG assignments totaling 114 outstanding recommendations; the OIG was able to collectively close forty-two (42) outstanding recommendations due to FEC management's corrective actions. In addition, the OIG closed six (6) additional recommendations in part because management disagreed with these recommendations and made the decision not to apply the resources necessary to fully or adequately implement corrective actions. For detailed information pertaining to the *Office of Inspector's General Review of Outstanding Recommendations as of June 2013* (OIG-13-03), see the section titled **OIG Audit Follow-up Activity** (starting on page 8).

Audit organizations conducting audits in accordance with generally accepted government auditing standards (GAGAS) are required to have an independent peer review every three years. The objective of the peer review program is to ensure an audit organization's internal quality control system adequately provides reasonable assurance that applicable auditing standards, policies, and procedures are being followed.

The FEC OIG completed an audit peer review of the National Endowment for the Humanities (NEH) OIG on September 30, 2013. The final peer review report contained one (1) recommendation for NEH OIG to improve their system of quality control. For detailed information pertaining to the *Peer Review of the*

National Endowment for the Humanities (NEH) OIG (OIG-13-04), see Appendix A (page 21).

During this reporting period, the Securities Exchange Commission (SEC) OIG conducted an investigative peer review of the FEC OIG. The investigative peer review process is a voluntary program for the FEC OIG, and is intended to ensure quality standards of investigations are followed. On September 23, 2013, SEC's Inspector General Carl Hoecker issued the investigative peer review report on the FEC OIG's investigative operations. The report included a determination that the FEC OIG's investigative operations are "in compliance with the quality standards established by the CIGIE." The report included no recommendations for improvement.

The OIG opened four (4) new hotline complaints and three (3) hotline complaints were closed during this reporting period. The OIG had four (4) open hotline complaints as of the close of the reporting period, including three (3) that were opened prior to the beginning of the reporting period. In addition, four (4) investigations were open at the end of the reporting period, including one (1) that was opened at the beginning of the reporting period and three (3) that were 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 9) or **OIG Investigations** (starting on page 11).

The Inspector General also serves as Vice Chair of the Council of the Inspectors General on Integrity and Efficiency (CIGIE). In this capacity, the IG supports the Chair, reviews various documents, attends weekly meetings with the Chair and CIGIE executive staff, and provides input into various issues that come before CIGIE. The IG is also Chair of the Inspector General Recommendation Panel.

The IG continues to be very involved in the Executive Council of CIGIE. The Executive Council is composed of the CIGIE's Chair, Vice Chair, the past Vice Chair of the CIGIE, 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.

The Council meets monthly to discuss issues that will affect CIGIE. For additional information pertaining to CIGIE activity, see the section titled Council of the Inspectors General on Integrity and Efficiency (CIGIE) Activity (starting on page 13).


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.

As of the end of this reporting period, September 30, 2013, the FEC had four sitting Commissioners – Chair Ellen L. Weintraub; and Commissioners Caroline C. Hunter; Matthew S. Petersen and Steven T. Walther. On September 23, 2013, the U.S. Senate confirmed two new members to the Commission - Lee Goodman and Ann Ravel, in late October 2013, they were sworn in as Commissioners of the FEC.

OFFICE OF INSPECTOR GENERAL.



The Inspector General Act of 1978 (P.L. 100-504), as amended, states that the Inspector General is responsible for: 1) conducting and supervising audits and investigations relating to the Federal Election Commission'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.

OIG AUDIT ACTIVITY

Audit of the Federal Election Commission's Human Resources Office

Assignment Number: OIG-12-05

Status: Released July 2013

<http://www.fec.gov/fecig/documents/HRAudit2013.pdf>

The Audit of the FEC's Office of Human Resources (OHR) was completed during this reporting period. The OHR is a critical component of the agency and is responsible for several important functions including: recruitment and retention of qualified staff; employee-employer relations; administration of employee benefits; maintenance and processing of personnel records; and training, among other responsibilities.

The primary objectives of the audit were to: 1) assess the OHR customer service level and identify areas for improvement, where warranted; 2) assess the efficient and effective use of automated processes for human resource functions; and 3) assess whether OHR has adequate policies that are up to date to govern all HR related functions.

The OIG held an entrance conference on July 5, 2012 to discuss the preliminary scope of the audit and provide management with an understanding of the purpose of the audit. As part of the customer service assessment, the audit included an agency-wide survey of FEC staff to seek feedback on their satisfaction level of service provided by the FEC HR Office. The OIG launched the agency-wide survey on September 14, 2012 and at the conclusion of the survey, the results of the survey were shared with OHR (employee names and other identifying information were not provided to OHR). The OIG utilized

the survey results to help determine the areas for audit testing.

Based on the survey conducted and information obtained during the planning phase of the audit, OIG testing focused on several areas, customer service, utilization of automated processes, and the adequacy of policies and procedures. The OIG's audit testing of customer service included a review of the OHR's HR on Demand system, a process which was implemented by OHR to track and monitor employee inquiries to OHR. Audit testing was completed at the end of March 2013 and the OIG briefed management on the potential audit findings. In April 2013, the OIG issued formal notices of findings and recommendations (NFRs) to FEC management and the final report was released on July 31, 2013.

Based on the results of audit work performed, the OIG concluded the OHR has significant leadership and operational weaknesses that are impacting the office's ability to provide effective customer service and fulfill the day-to-day responsibilities of the office. The audit also revealed that HR related policies are either outdated or do not exist. Further, the OIG identified another major factor hindering OHR's ability to provide acceptable customer service is the poor planning and implementation of available tools and technology to streamline processes and improve operational efficiencies.

OIG notes that subsequent to the completion of the OIG's audit fieldwork, management and OHR had already begun to implement corrective actions they believe will address some of the recommendations included in the audit report. For example, corrective actions were underway to implement a new automated customer service tracking system called "Remedy," pilot testing of human resources software (Federal Human Resources System) to help automate the OHR functions had started, and work on

improved policies and procedures was evident. In addition, management had temporarily brought on a Senior Executive Service (SES) candidate from another agency to help the Director of OHR improve the office.

The audit resulted in nine (9) findings and twenty-six (26) recommendations to improve the FEC Office of Human Resources. Management generally agreed with twenty-five (25) and disagreed with one (1) recommendation.

Audit of the FEC's Fiscal Year 2013 Financial Statements

Assignment Number: OIG-13-02

Status: In progress

For the fifth (5) consecutive year, the Office of Inspector General (OIG) continued its contract with Leon Snead & Co. (LSC) to conduct the Federal Election Commission's (FEC) fiscal year (FY) 2013 annual financial statement audit in accordance with generally accepted auditing standards. The entrance conference was held on April 24, 2013 and audit fieldwork commenced on May 13, 2013.

The 2013 financial statement audit is conducted in four phases: *Planning*; *Review and Evaluation*; *Testing*; and *Reporting*. In addition, the OIG conducts bi-weekly status meetings with the auditors and FEC management to discuss any audit issues and provide a status update of the audit process. During this semiannual reporting period, LSC completed the *planning*, and *review and evaluation* phases, and part of the *testing* phase. The *planning* phase consisted of LSC preparing the Prepared by Client (PBC) listing¹; and briefing the OIG on any changes to the audit plan from the prior year audit to include new requirements and/or standards for the 2013 financial statement audit.

During the *review and evaluation* phase, LSC reviewed the FEC's compliance with applicable laws and regulations, and followed up with management regarding the status of the prior year's findings and recommendations. LSC's review of prior year findings concluded that several of the audit recommendations had not been implemented, and as a result, several notices of findings and recommendations were provided to management in regards to the repeat findings and any new findings identified. All of the findings identified as of September 30, 2013 were related to the agency's information technology controls that can have an impact on financial reporting.

For the *testing* phase of the audit, the auditors conducted their *SAS 114: Communication with Those Charged with Governance* meeting with the Chair of the Commission, and the interim audit testing was also completed by the auditors. The SAS 114 meeting was conducted to provide governance with an explanation of LSC's audit role and responsibilities, an update regarding the progress of the audit, and the audit issues identified and provided to management.

The auditor's also provided the Chair a detailed overview of the significant IT findings identified during the *review and evaluation* phase of the audit. The final testing portion of the testing phase is expected to begin October 21, 2013.

¹ List of documentation/reports requested by the Independent Public Accounting firm that are prepared and provided by the FEC for audit testing and completion of audit steps.

OIG AUDIT FOLLOW-UP ACTIVITY

Office of Inspector's General Review of Outstanding Recommendations as of June 2013

Assignment Number: OIG-13-03

Status: Released August 2013

<http://www.fec.gov/fecig/documents/June2013OutstandingRecommendations.pdf>

During this semiannual reporting period, the OIG released the *Review of Outstanding Recommendations as of June 2013* report to the Commission detailing the follow-up work conducted by the OIG and the status of the outstanding OIG audit and inspection recommendations. The report covered six (6) OIG assignments totaling 114 outstanding recommendations contained in the following reports:

- *Audit Follow-up Review of the FEC's Employee Transit Benefit Program;*
- *Audit of the Commission's Property Management Controls;*
- *Follow-up Audit of Privacy and Data Protection;*
- *Follow-up Audit of Procurement and Contract Management;*
- *Inspection of the FEC's Kastle Key Program;*
and
- *Quality Assessment Audit of the Audit Division*

Based on the follow-up work performed, the OIG was able to collectively close 42 outstanding recommendations. In addition, the OIG closed six (6) additional recommendations from the *Property Audit* (2) and the *Privacy Audit* (4), in part because management has disagreed with these recommendations and made the decision not to apply the

resources necessary to fully or adequately implement corrective actions. In accordance with policy, the IG can decide to close recommendations or seek resolution from the Commission for recommendations where the OIG and management disagree. Although these six (6) recommendations were closed based on management's decision to not implement the OIG's recommendations, the OIG continues to believe the recommendations would improve operations; and agency management continues to be exposed to the potential risks associated with the respective findings. Therefore, the OIG continues to believe these six (6) recommendations are important and if implemented would reduce the risk of fraud, waste, or abuse. See Table III for a breakdown of outstanding recommendations (located on page 24).

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 of fraud, waste, abuse, mismanagement, and misconduct involving FEC employees, contractors, programs, operations, property, or funds received through any means 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 an investigation will be initiated.

The OIG considers many factors when evaluating whether to open an investigation based on a hotline complaint, and acknowledges that every hotline complaint received by the OIG cannot be investigated and in many cases do not merit investigation. 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, four (4) new hotline complaints were opened and three (3) hotline complaints were closed. The OIG had four (4) open hotline complaints as of the close of the reporting period, including three (3) that were opened prior to the beginning of the reporting period.

The OIG frequently receives reports and allegations which are misdirected complaints that should have been routed to the 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 with information about properly filing a complaint with OGC are sent to complainants alleging FECA violations, as the OIG cannot simply route FECA complaints to OGC.


In other cases of misdirected complaints, a response is 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 has 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 four (4) hotline inquiries. Three (3) hotline inquiries were referred or redirected to another FEC office, and one (1) was forwarded to another Federal OIG.

OIG INVESTIGATIONS



OIG investigations seek out facts related to allegations of wrongdoing. OIG investigations may address administrative, civil, and criminal violations of laws and regulations. The subject of an OIG investigation can be any agency employee, an FEC contractor, 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.

Four (4) investigations were open at the end of the reporting period, including one (1) that was open at the beginning of the reporting period and three (3) that were opened during this reporting period.

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 compiled by the Commission's Congressional Affairs Office is reviewed by the Inspector General. In addition, the Inspector General routinely reads all Commission agenda items.

The Inspector General 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:

- The OIG responded to two (2) Congressional inquiries – the first to Senators Grassley and Coburn, a biannual communication concerning any investigations, evaluations or audits that were not disclosed to the public by our office – there were none. The second to Chairman Issa and Ranking Member Cummings of the Committee on Oversight and Government Reform. The response included information requested by the committee on outstanding OIG audit recommendations.
- OIG's Annual Work Plan – the OIG sent out an agency-wide e-mail seeking input from FEC staff regarding any concerns and/or suggestions for audits. In addition, the OIG held its annual brainstorming session to discuss ideas for OIG audits and other oversight reviews. As a result of the OIG brainstorming session, the Annual Work Plan was created. The IG also developed an assignment spreadsheet that identifies OIG staff, their work assignments, and an at-a-glance visual of the estimated timeframe for each assignment.
- The OIG created the *2013 Documentation of Records Destroyed* schedule to detail the 2013 disposal schedule for OIG records. The schedule was submitted to the FEC's Records Officer, and during this reporting period, records were disposed of as well as transferred to an off-site records retention center.

COUNCIL OF THE INSPECTORS GENERAL ON INTEGRITY AND EFFICIENCY (CIGIE) ACTIVITY

The Inspector General continues to serve as Vice Chair of the CIGIE. In this capacity, the IG supports the Chair, reviews various documents, attends weekly meetings with the Chair and CIGIE executive staff, and provides input into various issues that come before CIGIE. The IG also prepares for and participates in numerous conference calls with various government officials to discuss a broad range of topics affecting CIGIE and the federal government.

The IG continues to be very involved in the Executive Council of the Council of the Inspectors General on Integrity and Efficiency (CIGIE). The Executive Council is composed of the Chair, Vice Chair, the past Vice Chair of the CIGIE, 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. The Council meets monthly to discuss issues that will affect CIGIE.

The IG also serves as Chair of the Inspector General Recommendation Panel which receives resumes from those interested in presidentially or agency appointed inspector general positions. The panel reviews the resumes, along with a questionnaire all applicants are asked to complete, and forwards those applicants to the White House Office of Personnel that would appear to be qualified candidates for their consideration. The panel also provides assistance to those agencies that select their own IGs through their competitive process.

The IG participated and was involved in a variety of special projects and issues during the reporting period, to include: two (2) “*Lunch with the IG*” programs at American University; spoke to the GAO International Fellows about IGs; two (2) presentations on IGs and CIGIE – one to a group of journalists from Paul Miller Washington Reporting Fellowships and one to Brazilian officials; provided

comments to the Executive Director of CIGIE on the FY 2012 Progress Report to the President; received and forwarded new IG candidate information to other members of the CIGIE panel; met with the Federal Co-Chair of the Denali Commission concerning IG issues contained in the Dodd-Frank Wall Street Reform and Consumer Protection Act.

OIG CONTACTS

The table below indicates the total amount of contacts received by the Office of Inspector General for the past six months – April 1, 2013 through September 30, 2013.

These contacts were made through various sources such as telephone calls, e-mails, faxes, U.S. mail, and personal visits to the OIG.

TOTAL CONTACTS	OIG ACTION	NO ACTION NECESSARY	FORWARDED FOR ACTION
4,914	22	4,870	22

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 April 1, 2013 – September 30, 2013:

MEETINGS:

HOST / SPONSOR	TOPIC / SUBJECT
Council of Inspectors General on Integrity and Efficiency	Weekly Chair/Vice Chair Meetings
	Monthly Meetings
	Monthly Executive Council Meetings
	Special Executive Council Meeting
	Professional Development Committee's Leadership Development Subcommittee Meetings
	Media Counsel Meeting
	CIGIE/GAO Annual Financial Statement Conference
Council of Counsels to the Inspectors General	Monthly Meetings Small OIG Working Group Meeting
Assistant Inspector General for Investigations	Quarterly Meetings
Financial Statement Audit Network	Monthly Meetings
Federal Audit Executive Council	Bi-monthly Meetings
Federal Election Commission	Bi-monthly Director's Meetings
	Finance Committee Meetings
	Managers' Meeting
	Administrative Liaison Group Meeting
FEC / Office of Inspector General	Bi-weekly Staff Meetings

TRAINING/CONFERENCES:

HOST / SPONSOR	TOPIC / SUBJECT
Council of Inspectors General on Integrity and Efficiency	CIGIE/GAO Annual Financial Statement Conference CIGIE/OPM – HR Evaluator Training IG Conference Citizens Engagement Seminar Lincoln Leadership Training - A Transformational Journey from Gettysburg
Federal Audit Executive Council	Specific Challenges for Performing Oversight / Challenges of Smaller OIGs
Institute of Internal Auditors	Personality Risk Profiles of Procurement Personnel
Treasury Inspector General for Tax Administration	TeamMate – OIGs Electronic Audit Workpaper Software (2 sessions)
TeamMate User Forum	2013 TeamMate Conference
Association of Government Accountants	AGA 62nd Annual Professional Development Conference – Big Challenges Bigger Thinking
FCW Executive Briefings	Detecting and Preventing Wasteful and Improper Payments
USDA Graduate School	Introduction to Government Contracting
Regional Computer Forensics Group	Computer Forensics Training
Federal Election Commission	Active Client Windows 7 Lotus Notes 8.5.3 Adobe' TeamMate 10 IT Security Awareness Training No Fear Training Labor Management Agreement Training Social Security Retirement Planning Seminar How to Advance your Federal Career (OPM Webcast)
National Seminars / Skillpath	Leading the Way – Managing Change in the Workplace Public Speaking without Fear How to Manage Priorities & Time

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	12
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)	20
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	6
Section 5(a)(8)	Questioned and Unsupported Costs (Table I)	18
Section 5(a)(9)	Recommendations that Funds be put to Better Use (Table II)	19
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 REPORTS WITH CORRECTIVE ACTIONS OUTSTANDING FOR MORE THAN SIX MONTHS

REPORT TITLE	REPORT NUMBER	RECOMMENDATIONS			
		ISSUE DATE	NUMBER	CLOSED	OPEN
Audit Follow-up Review of the FEC's Employee Transit Benefit Program	OIG-08-03	07/09	51	43	8
Audit of the Commission's Property Management Controls	OIG-09-02	03/10	36	29	7
Federal Election ² Commission 2012 Financial Statement Audit	OIG-12-03	11/12	32	0	32
2010 Follow-up Audit ³ of Procurement and Contract Management	OIG-10-02	06/11	29	12	17
2010 Follow-up Audit ⁴ of Privacy and Data Protection	OIG-10-03	03/11	45	15	30
Inspection of the Federal Election Commission's Kastle Key Program	OIG-11-02	12/11	15	14	1
Quality Assessment Audit of the FEC's Audit Division	OIG-12-01	09/12	11	8	3
Inspection of the Federal Election Commission's Disaster Recovery Plan and Continuity of Operations Plans	OIG-12-06	01/13	30	0	30

Cumulative Total of Outstanding Recommendations **128**

2 Follow-up on the 20 open recommendations will be a part of the FEC's 2012 Financial Statement Audit.

3 The 29 open recommendations include 12 of the 15 recommendations from the 2008 *Procurement and Contract Management Performance Audit*, OIG-08-02. Three recommendations were closed from the 2008 audit.

4 The 45 open recommendations include 16 of the 19 recommendations from the 2006 *Inspection Report on Personally Identifiable Information*, OIG-06-04, and 2007 *Performance Audit of Privacy and Data Protection*, OIG-07-02. In total, three recommendations were closed from the 2006 inspection and 2007 audit.

APPENDIX A: PEER REVIEW RESULTS

In accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Section 989C of P.L. 111-203), which amended Section 5 of the Inspector General Act of 1978, OIGs are required to include in their semiannual re-ports (SAR) to Congress the results of peer reviews of their offices, as well as outstanding and not fully implemented recommendations from peer reviews the OIG received from another OIG, and outstanding and not fully implemented recommendations the OIG made in any peer review it performed for another OIG.

Inspectors General conduct audits in accordance with generally accepted government auditing standards (GAGAS). Audit organizations conducting audits in accordance with GAGAS are required to have an independent peer review every three years. The objective of the peer review program is to ensure an audit organization's internal quality control system adequately provides reasonable assurance that applicable auditing standards, policies, and procedures are being followed

The FEC OIG conducted a peer review of the National Endowment for the Humanities Office of Inspector General during this reporting period. The peer review entrance conference was held on June 12, 2013; and fieldwork was performed August 1 through 29, 2013. Following the completion of the fieldwork, the FEC peer review team held a discussion meeting with the NEH IG and staff on August 29, 2013 to communicate the preliminary findings noted during the peer review.

The exit conference was held on September 19, 2013 to discuss the results of the peer review and findings to be included in the draft report and letter of comment. The FEC OIG prepared the draft report and comment letter based on the documentation and evidence reviewed, and information discussed during the exit conference.

The draft report and comment letter was provided to NEH OIG on September 26, 2013. The NEH OIG provided an official written response to the FEC OIG on September 30, 2013. The NEH OIG did not have any suggested changes to the report and agreed with the peer review results. The FEC OIG completed and provided the final peer review report and comment letter to NEH OIG on September 30, 2013 (OIG-13-04). The final peer review report contained one (1) suggested recommendation for NEH OIG to improve their system of quality control.

The OIG recently passed its first quality assessment review, or peer review, of its investigative program and operations. The peer review was conducted by the Securities and Exchange Commission (SEC) OIG. Unlike mandatory audit peer reviews, investigative peer reviews for OIGs that do not have statutory law enforcement authority, such as the FEC OIG, are strictly voluntary. The FEC OIG has been involved in the voluntary investigative peer review program since its inception, as the OIG believes it is important to ensure its investigative operations meet the quality standards for internal controls and management procedures established by CIGIE.

On September 23, 2013, SEC's Inspector General Carl Hoecker issued the investigative peer review report on the FEC OIG's investigative operations. The report included a determination that the FEC OIG's investigative operations are "in compliance with the quality standards established by the CIGIE." The report included no recommendations for improvement.

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Federal Election Commission
Office of Inspector General



Fiscal Year 2014
Work Plan

Lynne A. McFarland
Inspector General

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

Office of Inspector General

A Message from the Inspector General


I am pleased to present to the Commission the Office of Inspector General's (OIG) fiscal year (FY) 2014 Annual Work Plan. This work plan includes a description of audit, inspections, investigative and special projects planned for FY 2014. The plan also sets forth the OIG's formal strategy for identifying priority issues and managing its workload and resources for FY 2014. Successful execution of this plan will enable the OIG to provide the highest quality work products to our stakeholders and to assist the FEC in meeting its strategic mission, goals and objectives.

The OIG substantially completed the work planned for FY 2013 in the audit and investigative programs, as well as special projects; some of the assignments are in process spanning fiscal years 2013 and 2014. Among the audits completed in FY 2013 were the *Audit of the FEC's Fiscal Year 2012 Financial Statements*, and the *Audit of the FEC's Office of Human Resources*. In addition to these audits, the OIG also contracted with an independent public accounting firm to conduct an inspection of the FEC's disaster recovery plan and continuity of operations plans. These audits and the inspection yielded numerous recommendations improve FEC operations. The OIG also devoted resources this past FY to audit follow-up with the goal of closing outstanding Inspector General recommendations.

In addition to the accomplishments in the audit program, the investigative program accomplished much of the work planned for 2013, to include responding to hotline complaints, OIG briefings to new employees, oversight of the OIG's hotline service, among other projects. In 2013, my office also voluntarily participated in a relatively new program to have the office's investigative program peer reviewed. The peer review is an independent assessment of the effectiveness of the office's investigative program and is conducted by another OIG. The review provides reasonable assurance on whether the office is adhering to applicable investigative standards and policies. I am pleased to report that in late September 2013 my office received a "compliant" peer review rating, also known as an unqualified clean opinion, from the Securities and Exchange Commission OIG.

In addition to the investigative program, the OIG staff was actively involved in several professional working groups during the FY, to include the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Professional Development Committee, the Inspector General (IG) Candidate Recommendations Panel Committee, the IG Council of Counsels, among others. I also assumed the role of Vice Chair of CIGIE starting in fiscal year 2013. At the start of FY 2014, the OIG is fully staffed with six professional staff members, and therefore, I anticipate the OIG will successfully complete the FY 2014 work plan that follows.

The U.S. Federal Election Commission's (FEC) mission statement is "to prevent corruption in the Federal campaign process by administering, enforcing and formulating policy with respect to Federal campaign finance statutes." The OIG is committed to ensuring the integrity of FEC programs and operations. The development and continual updating of the OIG's work plan is a critical aspect of accomplishing the OIG's objectives to promote economy and efficiency in FEC programs and to detect and prevent fraud, waste and abuse. Effective work planning ensures that audit and investigative resources are used effectively and efficiently. I look forward to a successful year of providing the highest quality of audit and investigative support and service to our stakeholders.



Lynne A. McFarland
Inspector General
Federal Election Commission

October 21, 2013

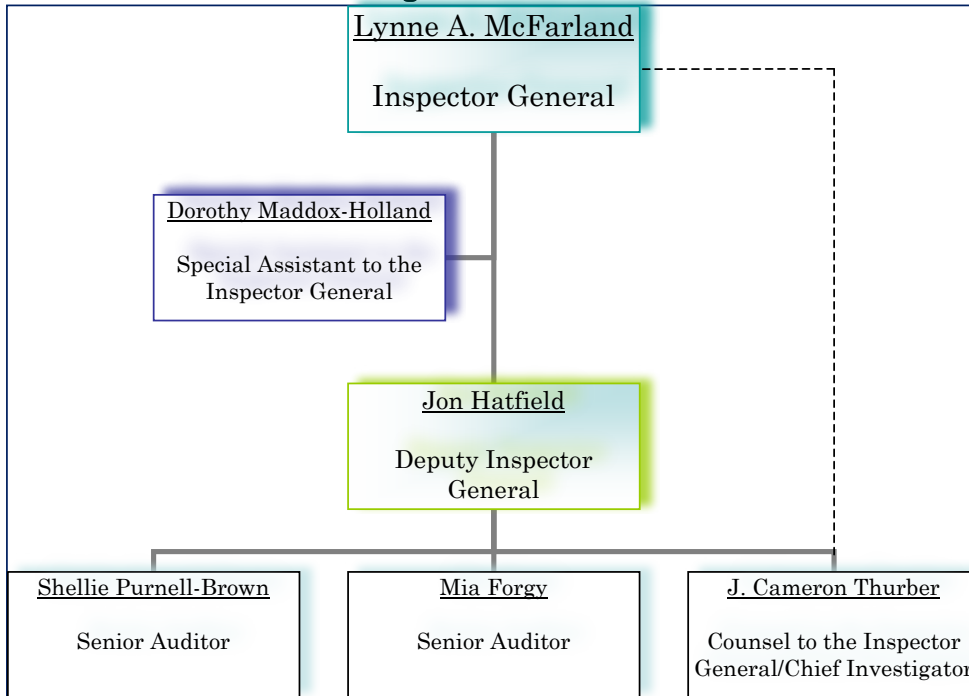
The Federal Election Commission

In 1975, Congress created the Federal Election Commission (FEC) 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 is made up 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 four sitting Commissioners – Chair Ellen L. Weintraub; and Commissioners Caroline C. Hunter, Matthew S. Petersen and Steven T. Walther. On September 23, 2013, the U.S. Senate confirmed two new members to the Commission, Ann Ravel and Lee Goodman. As a result, the agency will soon have a full-compliment of six Commissioners serving on the Commission.

Office of Inspector General

The Inspector General Act of 1978 (P.L. 100-504), as amended, states that the Inspector General is responsible for: 1) conducting and supervising audits and investigations relating to the Federal Election Commission'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. The OIG budget request for FY 2014 was \$ 1,110,500, an amount necessary to cover salaries and related expenses for six staff members, to include audit contracts and training. Exhibit 1 on the following page contains the OIG's organizational chart.

Exhibit 1: FEC - OIG Organizational Chart***OIG Strategic Planning*****Strategic Plan**

To enhance the effectiveness of the OIG and to ensure effective audit and investigative coverage of the Commission's programs and operations, the OIG has a strategic plan that covers the period 2010 through 2015. Three major categories of OIG-wide goals and objectives are included in the strategic plan, which are as follows:

- **OIG Products:** To provide products and services that promotes positive change in FEC policies, programs, and operations.
- **OIG Processes:** To develop and implement processes, policies, and procedures to ensure the most effective and appropriate use of OIG resources in support of our people and products.
- **OIG Staff:** To maintain a skilled and motivated work force in an environment that fosters accountability, communications, teamwork, and personal and professional growth.

In addition, strategies and performance measures for each objective are included in the strategic plan. For example, an OIG performance measure for audits includes using feedback from stakeholder surveys to continually improve the OIG's audit process. At the conclusion of each audit/inspection/review, the OIG distributes a stakeholder survey to the program officials to solicit their feedback on the usefulness of the completed OIG assignment and their overall satisfaction with the process.

The OIG strategic plan will continue to evolve and will be reviewed and updated as necessary to ensure maximum effectiveness in meeting the changing needs of the FEC, consistent with the OIG's statutory responsibilities. A detailed illustrative version of the OIG's strategic plan can be found as an attachment of this annual work plan.

Annual Planning and Methodology Strategies

The planning methodology adopted by the OIG is based on a formal risk assessment process. The purpose of the risk assessment process is to better align OIG resources to areas that will provide the most value to the FEC. A risk assessment is a process to identify, assess, respond to, and report on opportunities and threats that affect the achievement of objectives. The OIG also solicits feedback and ideas from stakeholders throughout the year. The annual work plan will, of course, require periodic updates to reflect changes, such as new priorities, as well as any changes in OIG resources.

In the summer of 2013, the OIG conducted our annual planning process that involved a series of OIG planning meetings to discuss the upcoming fiscal year and OIG work assignments. In addition to planning based on risk, the OIG planning process is also designed to yield work assignments that will identify opportunities for economy, efficiency and effectiveness in FEC programs and operations; and detect and prevent fraud, waste, abuse and mismanagement. The priority for conducting work assignments is based on (1) mandatory legislative requirements; (2) emphasis by the President, Congress, and the Commission; (3) a program's susceptibility to fraud, manipulation, or other irregularities; (4) dollar magnitude or resources involved in the proposed area; (5) management needs identified through consultation with primary organization heads; (6) newness, changed conditions, or sensitivity of an organization; (7) the extent of outstanding issues resulting from prior audit coverage or review by the OIG or other oversight body; and (8) the adequacy of internal control systems in place for the program or other factors.

Based on the results of the OIG's planning process, the OIG's annual work plan is divided into three primary categories:

- (1) Audits/Inspections/Reviews;
- (2) Investigative Program; and
- (3) Special Projects.

OIG 2014 Work Plan

AUDITS/INSPECTIONS/REVIEWS

The term "audit" is used to describe work performed by auditors in examining financial statements, as well as work performed in reviewing compliance with applicable laws and regulations, the economy and efficiency of operations, and the effectiveness in achieving program results. These audits are prepared in accordance with generally accepted government auditing standards and vary in scope and complexity. Inspections and reviews are conducted in accordance with quality standards issued by the federal Inspector General community.

For fiscal year 2014, the following assignments are planned:

1. Audit of the Federal Election Commission's 2013 and 2014 Financial Statements.

In accordance with the *Accountability of Tax Dollars Act of 2002*, the FEC is required to prepare annual financial statements in accordance with Office of Management and Budget (OMB) Circular No. A-136, *Financial Reporting Requirements*. The *Chief Financial Officers Act of 1990*, as amended, requires the FEC Inspector General, or an independent external auditor selected by the IG, to audit the agency financial statements.

We will oversee the fiscal year 2013 audit conducted by the OIG's independent public accounting firm Leon Snead & Company. The OIG is responsible for 1) reviewing the auditor's approach and planning of the audit; 2) evaluating the qualifications and independence of the auditors; 3) monitoring the work of the auditors; 4) examining audit documents and reports to ensure compliance with government auditing standards, and OMB Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as revised; and 5) other procedures the OIG deems necessary to oversee the contract and audit.

The OIG's contract with Leon Snead & Company ends at the completion of the FY 2013 audit. Therefore, the OIG will devote resources in late calendar year 2013 to solicit and review bids to award a new audit contract for future years.

*Planned period of audit: May 2013 – November 2013;
May 2014 – November 2014.*

2. Audit of the Federal Election Commission's Civil Penalties Program.

The OIG will conduct an audit of the FEC's Civil Penalties Program. The Federal Election Campaign Act (FECA) of 1971, as amended, created the FEC, and also established civil penalties for violations of FECA and other statutes within the Commission's jurisdiction. The OIG audit objectives will determine whether the program is being administered by the agency in accordance with federal law, regulations, and FEC policies and procedures. The OIG will also assess the internal controls over the program and provide recommendations to management, if warranted.

Planned period of audit: April – July 2014.

3. On-Going Audit Follow-up.

An important responsibility of the OIG is to follow-up on previously issued audit reports with outstanding audit recommendations. At the beginning of FY 2014, there were numerous outstanding recommendations representing five audits and two inspections. On-going audit follow-up during FY 2014 will consist of the following responsibilities: (1) review implemented audit recommendations to ensure the audit finding has been resolved; (2) review and comment on management's corrective action plans that detail plans for resolving outstanding audit recommendations; and (3) conduct regular meetings throughout the FY with management to discuss progress to implement audit recommendations.

Planned period of audit followup: On-going throughout FY 2014.

4. Audit Peer Review.

The OIG will be peer reviewed by another OIG during FY 2014 as part of the Council of Inspectors General on Integrity and Efficiency's audit peer review program. Government auditing standards require audit organizations to have an external review of their quality control system at least every three years.

Planned period of audit peer review: First half of fiscal year 2014.

5. Limited Scope Inspections.

The OIG is planning to conduct two to four limited scope, or short-term, inspections of FEC programs during FY 2014. The goal of the short-term inspections will be to focus OIG resources on high-risk areas and provide rapid, up-to-date information to FEC management and the Commission on the efficiency and effectiveness of FEC programs.

- An inspection related to the Office of Equal Employment Opportunity was started in a prior period and is expected to be completed by March 2014.
- Planning for an inspection on the FEC's compliance with the *Federal Managers' Financial Integrity Act* (FMFIA) has begun and the inspection is planned for the first quarter of fiscal year 2014.
- Another inspection is planned for the first half of FY 2014 on the financial management services received by the FEC from the General Services Administration line of business.
- Additional inspections on the FEC's off-site records storage, travel/purchase cards, and information technology security may be performed, time permitting.

6. Additional Work Assignments.

Additional work assignments may be undertaken during FY 2014 based on available OIG resources, benefit to the agency, and other relevant factors. Priorities may be adjusted to reflect emerging issues during the FY.

INVESTIGATIVE PROGRAM

The OIG's investigative program is intended to add value to the agency's programs and operations by identifying and investigating allegations of fraud, waste, abuse and misconduct leading to criminal, civil, and administrative penalties and recoveries. Investigations typically originate as hotline complaints and may result in formal investigations if the OIG believes an investigation is warranted. The OIG's investigative program also provides for initiatives designed to monitor specific high-risk areas within FEC programs and operations in order to proactively identify vulnerabilities in order to prevent fraud, waste and abuse.

For fiscal year 2014, the following investigative assignments are planned:

1. Manage Hotline Complaints and Investigation Caseload.

The OIG will respond to hotline complaints during the FY and report in a timely manner to the appropriate officials on the resolution of hotline complaints and investigations.

2. Proactive Investigative Initiatives.

The OIG will initiate proactive reviews involving high-dollar and high-risk programs and operations of the agency. In addition, the OIG has identified several agency data systems, such as financial related systems, and will continue to pursue direct read-access for OIG personnel as part of the OIG's proactive initiatives to prevent fraud, waste, abuse and misconduct.

3. Outreach.

In FY 2011, the OIG conducted a series of OIG briefings with FEC division management and staff. The briefings were intended to educate FEC staff about the mission and authority of the OIG, and how to report fraud, waste, abuse or mismanagement to the OIG. The OIG plans to provide fraud briefings to contractor personnel in FY 2014. Discussion and education on fraud will help contractors to identify and report suspected fraud and help reduce the number of fraud cases. The briefings will also discuss the OIG's hotline service and how contract personnel can report fraud, waste and abuse to the OIG.

In addition, the OIG will continue the new employee orientation program to meet with all new employees to discuss the purpose and mission of the OIG. Lastly, the OIG will review and revise, as necessary, the OIG's FECNet (intranet) site, public Web site, OIG brochure, fraud poster, and other outreach initiatives.

SPECIAL PROJECTS

In addition to the OIG's audit and investigative responsibilities, the OIG will be responsible for numerous additional projects and activities during FY 2014. For example, as required by the *Inspector General Act of 1978*, as amended, all legislation compiled by the Commission's Congressional Affairs Office is reviewed by the Inspector General. The Inspector General and staff also participate in several federal Inspectors General community working groups on topics related to law, audits, and investigations. All of these activities contribute to the success and mission of the OIG. Additional special projects will arise throughout the FY and the OIG will prioritize our workload to respond to the additional requirements.

For fiscal year 2014, the following are examples of the special projects and activities planned by the OIG:

1. Participate and Attend Professional Working Group and Other Meetings.

The Inspector General or OIG staff will regularly attend the following Council of the Inspectors General on Integrity and Efficiency (CIGIE) professional working group meetings: monthly CIGIE meetings; Executive Council of CIGIE; CIGIE Professional Development Committee; IG Candidate Recommendations Panel Committee; IG Council of Counsels; Assistant Inspector General for Investigations; Federal Audit Executive Council; and Financial Statement Audit Network Group.

In addition to CIGIE professional working group meetings, the Inspector General or staff will regularly attend FEC director level meetings, and management and FEC town-hall meetings during the FY.

2. Semiannual and Quarterly Reporting.

In accordance with the *Inspector General Act of 1978*, as amended, the OIG will prepare and transmit to the Congress semiannual reports on the activities of the OIG. Semiannual reports summarize OIG activities during the immediately preceding six-month periods ending March 31st and September 30th of each year. OIG semiannual reports are also provided to the Commission. The OIG will also report on a quarterly basis to the Commission on the activities of the office.

3. Professional Development and Training.

The goal of the OIG's training program is to provide cost effective training to increase professional knowledge and proficiency, and ensure staff meet continuing professional educational requirements. As a result, the OIG staff will attend professional training during the fiscal year to maintain and improve their knowledge, skills and abilities.

FEC / OIG Strategic Plan - Fiscal Years 2010 - 2015

OIG Products: *To provide products and services that promote positive change in FEC policies, programs, and operations.*

Objective A: Deliver timely, high-quality products and services that promote positive change.

Strategy:

- establish common OIG standards for communicating results;
- conduct quality assurance programs;
- solicit appropriate internal and external review and comment;
- comply with applicable statutory guidelines and standards;
- set realistic and appropriate milestones.

Objective B: Address priority issues and concerns of the Commission, Management, and Congress.

Strategy: Perform work that supports;

- Federal Election Commission and Congressional priorities;
- Strategic Management Initiative efforts;

Focus OIG attention in the following areas of emphasis:

- managing change;
- resource allocation in relation to policy objectives;
- delivery of client service;
- causes of fraud and inefficiency; and,
- automation and communication.

Objective C: Follow-up and evaluate results of OIG products and services to assess their effectiveness in promoting positive change.

Strategy:

- Identify, as appropriate, lessons learned to improve timeliness and quality; and,
- conduct follow-up reviews to determine if intended results have been achieved.

Objective D: Satisfy customers, consistent with the independent nature of the OIG.

Strategy:

- establish professional communication and interaction with customers to promote the open exchange of ideas;
- incorporate customer feedback, as appropriate; and,
- be open to customer-generated solutions and options.

Performance Measures: Determine the timeliness and quality of products and services; their effectiveness in promoting positive change; and, reach agreement with management on at least 90% of recommendations within six months of the report issue date.

OIG Process: *To develop and implement processes, policies, and procedures to ensure the most effective and appropriate use of OIG resources in support of our people and products.*

Objective A: Maintain a dynamic strategic planning process.

Strategy:

- periodically review and update the strategic plan to address changing OIG and FEC priorities; and,
- identify factors that influence organizational change and develop short and long term plans to address them.

Objective B: Plan and conduct cost-effective work that address critical issues and results in positive change.

Strategy:

- solicit FEC and Congressional input in planning OIG activities;
- develop internal planning mechanisms to support FEC goals and priorities;
- ensure that priorities of IG are effectively communicated; and,
- identify specific targets for OIG review that are the most cost-effective

Objective C: Identify customer needs and provide products and services to meet them.

Strategy:

- establish new customer feed back mechanisms;
- consider and evaluate customers feedback when planning and developing products and services;
- respond to Congressional inquiries and request for briefing and testimony;
- promote open exchange of ideas and information through outreach and through use of e-mail; and,
- receive, evaluate, and respond, as appropriate, to information received through the OIG hotline and other sources.

Objective D: Implement efficient, effective, and consistent resolution and follow-up procedures.

Strategy:

- ensure that IG follow-up procedures are followed and that management is aware of their role in the process;
- establish common OIG standards for terminology, date maintenance and communications.

Objective E: Establish a positive and productive working environment.

Strategy:

- reengineer or streamline OIG procedures to achieve the most effective use of resources; and,
- ensure that necessary technologies, evolving and otherwise, are made available to staff as needed.

Performance Measures: An annual audit plan is issued; strategic plan is periodically reviewed; and, necessary technology is provided to staff to enable them to most efficiently perform their duties.

OIG Staff: *To maintain a skilled and motivated work force in an environment that fosters accountability, communications, teamwork, and personal and professional growth.*

Objective A: Attract and retain well-qualified, diverse and motivated employees.

Strategy:

- develop and implement a comprehensive recruiting program that attracts a broad population with the knowledge, skills, abilities, and expertise necessary to make meaningful contributions to the OIG;
- assess employee satisfaction and develop strategies to address employee concerns;
- identify reasons for staff departures and develop plans to foster greater staff retention; and,
- adhere to EEO principles and strive to maintain a diverse work force.

Objective B: Provide training and developmental opportunities to employees.

Strategy:

- assess training needs in relation not only to employee but also office needs as well;
- ensure that Government Auditing Standards in relation to training are adhered to; and,
- maintain a reporting system to ensure that educational requirements are met.

Objective C: Assess, recognize, and reward, when possible, performance that contributes to achieving the OIG mission.

Strategy:

- develop and articulate expectations for each employee's performance, including contributions in meeting the mission & goals of the OIG; and,
- ensure that rewards, when possible, are given in recognition of exceptional employee performance.

Objective D: Create and maintain a working environment that promotes teamwork and effective communication.

Strategy:

- ensure that communication between employees is open;
- provide employees with the tools and incentives they need to adequately perform their duties.

Performance Measures: All employees meet the training requirements; all employees have performance standards; and all employees meet the basic requirements for the position in which they were hired to perform.

Federal Election Commission Office of Inspector General



Fraud Hotline 202-694-1015

or toll free at 1-800-424-9530 (press 0; then dial 1015)

Fax us at 202-501-8134 or e-mail us at oig@fec.gov

Visit or write to us at 999 E Street, N.W., Suite 940, Washington DC 20463

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.