

OFFICE OF INSPECTOR GENERAL



SEMIANNUAL REPORT TO CONGRESS OCTOBER 1, 2019 – MARCH 31, 2020

MAY 2020

Federal Election Commission - Office of Inspector General
1050 First Street, N.E., Suite 1010, Washington, D.C. 20463



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

OFFICE OF THE CHAIR

May 22, 2020

The Honorable Nancy Pelosi
Speaker of the House of Representatives
H-232 Capitol Building
Washington, D.C. 20515

The Honorable Michael R. Pence
President of the Senate
S-212 Capitol Building
Washington, D.C. 20510

Dear Madam Speaker and Mr. President:

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, 2019 through March 31, 2020.

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, 2019 and 2018, and the related Statements of Net Costs, Changes in Net Position, Budgetary Resources, and Custodial Activity for the years then ended. This marks the eleventh 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 19, 2019.

During this reporting period, the FEC's OIG also completed, with the assistance of contract auditors, its *Audit of the FEC's Compliance under the Digital Accountability and Transparency Act of 2014* in November 2019. The response of FEC management to the issues raised in that audit appears in the report.

The Commission appreciates and shares the Office of 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 Chairs and Ranking Members of the FEC's oversight committees.

On behalf of the Commission,

A handwritten signature in blue ink, appearing to read "Caroline C. Hunter".

Caroline C. Hunter
Chair

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

Message from the Inspector General



It is with great pleasure that I present the Federal Election Commission (FEC) Office of Inspector General (OIG) Semiannual Report to Congress for the period of October 1, 2019 to March 31, 2020. During this time, we have made tremendous progress with the FEC in addressing unresolved audit recommendations. Furthermore, we have worked expeditiously in preparing for the execution of our hotline portal and case management system to assist in the overall management of our hotlines and investigations. We anticipate rolling those efforts out May 15, 2020.

During the reporting period the OIG closed 28 of the 50 outstanding recommendations. I'd like to acknowledge that the increased collaboration efforts by both the OIG and FEC management, has resulted in significant progress in reducing 56% of the open recommendations since August 2018. The complete details of that review are included in the *Review of Outstanding Recommendations as of February 2020* report.

We continue to make progress in addressing OIG hotlines and investigations. We have worked persistently to close out six (6) hotline complaints and three (3) investigations since the last reporting period. Going forward, the OIG remains committed to resolving outstanding audit recommendations, conducting audits and special reviews to strengthen agency internal controls, addressing hotline complaints, and ensuring the citizens of the United States that our programs evince a high level of integrity, which is fundamental to who we are as an agency.

Continued concern remains among the vacancies to FEC commissioners. The Commission is required to be comprised of six (6) commissioners, appointed by the President, with no more than three members affiliated with the same political party. Furthermore, 52 U.S.C. § 30106 requires the affirmative vote of four members to take action on particular matters. The lack of quorum prevents the Commission from, among other things, issuing decisions on pending enforcement actions, opening investigations, issuing advisory opinions, and hiring critical senior positions within the agency.

Of great concern is the current state of the Nation due to the COVID-19 pandemic. I'm exceptionally grateful to lead the FEC OIG team as they have adjusted to this crisis with professionalism and continue to exude a strong commitment to the mission. I look forward to continuing to work with the FEC OIG team, the Commission, members of Congress, and my IG colleagues to provide oversight to the FEC on behalf of the American taxpayers. This Semiannual Report reflects the exceptional work of the FEC OIG team and their commitment to the critical mission of the OIG.

A handwritten signature in black ink, appearing to read "Chris Skinner".

Christopher Skinner
Inspector General

OIG Personnel Updates

Additions:

I'm pleased to announce the addition of Mr. Michael (Mike) Mitchell to the FEC OIG team. Mike was selected to fill one of two vacant senior auditor positions. Similarly, I'm delighted to announce the promotion of Ms. Shellie Purnell-Brown to fill the additional senior auditor position. I have no doubt that the OIG audit team will continue to produce value-added reports in efforts to strengthen all aspects of agency programs and operations.

Mike previously worked as an auditor for the FEC Office of Compliance. Prior to joining the FEC, Mike worked as an auditor for the Florida Department of Business and Professional Regulations OIG, and as an auditor for the Florida Department of Revenue. We are pleased to have him on the team and trust that he will continue to be a great asset to the agency.

Mike will serve alongside newly appointed OIG Senior Auditor, Ms. Shellie Purnell-Brown. Shellie has been conducting OIG audits for the FEC since 2011. Prior to joining the FEC, she worked as a senior audit manager for World Kitchen, Intelsat, and Verizon Wireless. Shellie continues to demonstrate and exude her passion to deliver high quality work products to the agency.

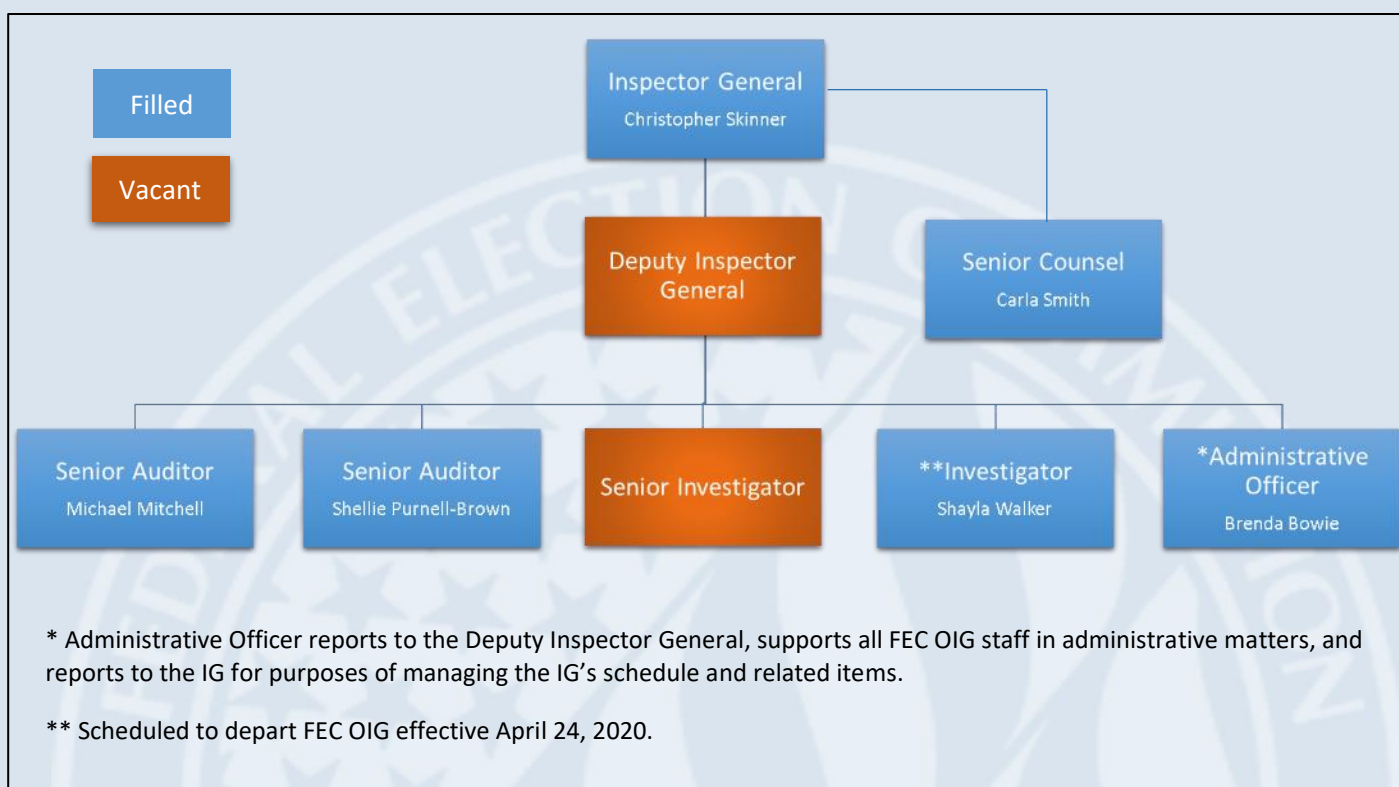
Farewell:

OIG Investigator, Ms. Shayla Walker, has accepted a position with another entity and will no longer serve in her role with the FEC OIG effective April 24, 2020. We'd like to express our sincere gratitude for the great work that Shayla accomplished during her 4-year tenure with the agency. She served a vital role for the OIG during a critical time of transition, and her dedication to the OIG mission will be missed.

Vacancies:

The OIG currently has two vacant positions: deputy IG (DIG) and senior investigator. Both positions will be a top priority to fill in FY 2020.

FEC Office of Inspector General Organization Chart





OIG Core Values

Honesty

We are honest, fair, and true to ourselves, to each other, and to our customers, which is reflected in our reputation. We behave with the highest levels of integrity, which is fundamental to who we are as a team.

Collaboration

We strive to collaborate and build key relationships within the OIG community and the FEC in order to improve program operations, efficiencies, and effectiveness. We universally work together to identify potential opportunities to partner with OIG stakeholders in efforts to resolve Government wide concerns and maximize the value to the citizens of the United States.

Commitment

We are committed to continually seek personal and operational growth opportunities to preserve the positive reputation of the OIG. We pledge our dedication to persistently enhance our skillsets in efforts to uphold the integrity of the FEC.

Balance

We aim to balance customer needs with the mission of the OIG and FEC while assuring all endeavors of our work reflect transparent and unbiased processes. We apply this practice through our application of due regard for our peers, our beliefs, our family, and our stakeholders.

Service

We pride ourselves in providing a non-confrontational, value-added service to customers through objective, accurate, and timely evaluations of OIG inquiries in support of FEC operations and procedures.

Respect

We are devoted to creating a professional and positive work environment in which all colleagues and stakeholders are treated with the utmost respect. We welcome, value, and embrace the diversity of everyone and behave respectfully to all with whom we interact.

Executive Summary

The Inspector General Act of 1978, as amended (IG Act), states that the Inspector General (IG) is responsible for: conducting audits and investigations; recommending policies and procedures that promote economy, efficiency, and effectiveness of agency resources and programs; and preventing fraud, waste, abuse, and mismanagement. The IG Act requires that the IG provide a means for keeping the head of the establishment (“FEC” or “Commission”) and the Congress fully and currently informed of problems relating to the administration of FEC programs and operations, by means of the reports required by section 5 of the IG Act. Additionally, IG’s are required to report to the Commission particularly serious or flagrant problems, abuses, or deficiencies relating to the administration of agency programs and operations.

This semiannual report provides the major accomplishments of the FEC Office of OIG, as well as relevant information regarding additional OIG activities. The executive summary highlights the most significant completed activities of the OIG from October 1, 2019 to March 31, 2020. Additional details pertaining to each activity (e.g., audits, hotline, investigations, and special reviews) can be found in subsequent sections of this report. The FEC OIG staff depend and act on its OIG Core Principles (honesty, collaboration, commitment, balance, service, and respect) to ensure the integrity of all FEC OIG work products.

During this reporting period, Ms. Shellie Purnell-Brown and Ms. Shayla Walker were recognized at the Council of the Inspectors General on Integrity and Efficiency’s (CIGIE) 22nd Annual Awards Ceremony. They received the Award of Excellence for their extraordinary efforts across the CIGIE community and multiple disciplines to identify the highest risk purchase card transactions and recommended control efforts over improper purchases for the U.S. Department of Agriculture’s Government Purchase Card Audit.

Audits and Reviews

The Audit of the FEC’s FY 2019 Financial Statements

During this reporting period, the independent public accounting (IPA) firm, Brown and Company, completed the FEC’s final testing and issued the agency’s FY 2019 Financial Statement (FS) audit report. The IPA firm did not identify any agency material weaknesses that could impact financial reporting. Additionally, the IPA firm is required contractually to conduct additional testing on information systems (IT) controls, as the FEC is exempt from the Federal Information Systems Management Act (FISMA) and is not subject to the mandated annual FISMA audit. As a result of the FY 2019 financial statement audit, Brown and Company identified one (1) recommendation for the FEC. Therefore, the total number of outstanding financial statement audit recommendations is six (6).

*The Audit of FEC’s compliance under the Digital Accountability and Transparency Act of 2014 (DATA Act)*¹

During the reporting period, Brown and Company also completed the DATA Act audit. The primary objective of this audit was to satisfy the OIG’s responsibilities under the DATA Act by assessing the: (1) completeness, timeliness, quality, and accuracy of financial and payment data submitted for publication on USASpending.gov; and (2) the FEC’s implementation and use of Government-wide financial data standards established by the Office of Management and Budget (OMB) and the Department of Treasury. Based on audit work performed, we concluded that the FEC properly implemented and made proper use of the Government-wide financial data standards. We were able to give reasonable assurance that the agency’s internal controls regarding its sourced systems are adequate and that Files A and B were complete, accurate, and of quality. However, File C and File D1 were not complete due to the manual reconciliation efforts. As a result, the audit

¹ The DATA Act of 2014 requires the establishment of government-wide standards for information on spending by Federal agencies, and all agencies must begin reporting spending data in compliance with the DATA Act. According to OMB’s Management Procedures Memorandum No. 2016-03, data reported by Federal agencies in fiscal year 2017 second quarter will be displayed on USASpending.gov by May 2017.

report includes four (4) findings, three (3) of which were repeat findings from the previous 2017 DATA Act audit, and five (5) recommendations.

Audit of Contract Management and Oversight (Audit Number 16-02)

The FEC OIG determined to terminate this audit as of March 31, 2020. The OIG announced the subject audit engagement on March 16, 2016 and since that time, encountered frequent impediments in completing the desired work. Furthermore, once the OIG was resourced to revisit this engagement, additional concerns materialized. As a result, the subject audit as currently constructed, would not provide value to the agency and would fail to capture the current environment of the FEC Procurement Office.

Review of Outstanding Recommendations as of February 2020

Since the last formal Outstanding Recommendations report was issued in August 2018, the OIG closed 28 of the 50 outstanding recommendations. Specifically, since the last semiannual reporting period (September 2019), we continued follow-up efforts with FEC management regarding 32 outstanding recommendations that resulted from four (4) audits and two (2) inspections. As result of those follow-up efforts, we were able to close an additional ten (10) recommendations. Therefore, 22 outstanding recommendations remain (see complete details in the *OIG Audit Follow-up Activity* section of this report).

Peer Reviews

In accordance with the Council of Inspectors General on Integrity and Efficiency (CIGIE) Audit Peer Review schedule, the Election Assistance Commission (EAC) OIG was tasked to conduct a peer review of the FEC OIG Audit Program for the reporting period ending September 30, 2019. The peer-review kick-off meeting was held on February 25, 2020, and fieldwork is in progress.

Special Reviews

Use of TRANServe Benefits during the FY19 Government Shutdown (December 22, 2018 – January 25, 2019)

This review was initiated on September 6, 2019, and is currently in the draft phase. We anticipate completing this review within the next reporting period.

Hotlines and Investigations

The OIG Hotline provides a means for a variety of sources to include but not limited to, FEC employees, FEC contractors, and the public to communicate directly and confidentially with the OIG. Additionally, the OIG may open a hotline complaint based on information received from congress, management, and/or results of an audit and/or review. All allegations and referrals of fraud, waste, abuse, mismanagement, and misconduct involving FEC employees, contractors, agency programs, operations, and property, are termed *Hotline Complaints* per OIG policy. As of September 30, 2019, the OIG had zero (0) open hotline complaints. During this reporting period, the OIG opened six (6) new hotline complaints and closed six (6) hotline complaints, ending this reporting period with zero (0) open hotline complaints.

All hotline complaints are evaluated to determine if an investigation is warranted. If an investigation is opened, the hotline complaint is closed and merged into the investigative file. OIG investigations involve a detailed analysis of the issues brought forward by the various sources. That analysis includes but is not limited to obtaining pertinent agency records, performing computer material examinations, and interviewing witnesses and subjects. During the reporting period, one (1) new investigation was opened, three (3) investigations were closed, and (4) four investigations remain open.

OIG Audit Activity

Title:	<i>Audit of the FEC's FY 2019 Financial Statements</i>
Assignment Number:	OIG-19-01
Status:	Complete
Report Location:	FEC OIG Webpage (https://www.fec.gov/office-inspector-general/)

During this reporting period, the IPA firm, Brown and Company, completed final testing and issued the agency's FY 2019 financial statement audit report. The exit conference was held on November 14, 2019 to discuss the draft report and audit findings. The IPA firm determined that the FEC's financial statements were presented fairly, in all material respects and did not identify any material weaknesses that could impact financial reporting.

Additionally, Brown and Company is required contractually to conduct additional testing on IT controls, as the FEC is exempt from the FISMA and is not subject to the mandated annual FISMA audit. The firm also performs a follow-up assessment on outstanding recommendations related to IT controls. Based on that review, no new control deficiencies were identified. As a result of this review, we were able to close two (2) outstanding financial statement recommendations. Therefore, the FY 2019 financial statement audit report contains a total of seven (7) open recommendations (one (1) new recommendation and six (6) outstanding from previous audits). The report was issued on November 19, 2019.

Title:	<i>Audit of the FEC's Compliance under the Digital Accountability and Transparency Act of 2014 (DATA Act)</i>
Assignment Number:	OIG-19-02
Status:	Complete
Report Location:	FEC OIG Webpage (https://www.fec.gov/office-inspector-general/)

During the reporting period, Brown and Company also completed the DATA Act audit. The primary objective of this audit was to satisfy the OIG's responsibilities under the DATA Act by assessing the: (1) completeness, timeliness, quality, and accuracy of financial and payment data submitted for publication on USASpending.gov; and (2) the FEC's implementation and use of Government-wide financial data standards established by the OMB and the Department of Treasury. This engagement was conducted as a performance audit in accordance with Generally Accepted Government Auditing Standards (GAGAS), and the Inspectors General Guide to Compliance Under the DATA Act IG Guide), which was updated and released in February 2019.

The scope of the audit (determined by the DATA Act IG Guide) involves the review of FEC's FY 2019 first quarter financial and payment data submitted for publication on USASpending.gov, which additionally includes any applicable procedures, certifications, internal controls, and/or documentation required to achieve this effort.

The key audit objectives include:

- Assessing the FEC's internal controls over the financial and payment data reported to USASpending.gov per OMB Circular A-123;
- Assessing the FEC's internal controls regarding data management, collection, reporting, and processes used to report financial and payment data under the DATA Act requirements;
- Assessing general and application controls pertaining to the procurement and financial systems from which the data elements were derived and linked; and

- Performing testing of FY 2019 first quarter financial and payment data submitted by the FEC for publication on USASpending.gov.

Based on audit work performed, we concluded that the FEC properly implemented and made proper use of the Government-wide financial data standards. We were able to give reasonable assurance that the agency's internal controls regarding its sourced systems are adequate and that Files A and B were complete, accurate, and of quality.

However, Brown and Company indicated that there are not adequate controls in place to ensure timely recording of procurement awards data located in File C and File D1. As a result, File C and File D1 were not complete. One key challenge identified is that FEC utilizes a federal shared service provider for financial reporting (File C) and an internal management system for procurement award processing (File D). As a result, all reconciliation efforts of File C and D1 must be performed manually. Additionally, at the time of the audit, FEC management had not yet developed a Data Quality Plan. As a result of the foregoing, the audit report includes four (4) findings, three (3) of which were repeat findings from the previous 2017 DATA Act audit, and five (5) recommendations that will improve the timeliness and completeness of FEC award data. The report was issued on November 8, 2019.

Title:	<i>Audit of Contract Management and Oversight</i>
Assignment Number:	OIG-16-02
Status:	Terminated
Report Location:	FEC OIG Webpage (https://www.fec.gov/office-inspector-general/)

As noted in prior SARs, the *Audit of Contract Management and Oversight* was extended over several years and was placed on hold in November 2018. The FEC OIG determined to terminate this audit as of March 31, 2020. The OIG announced the audit engagement on March 16, 2016 and since that time, encountered frequent impediments in completing the desired work. A few of those impediments include but are not limited to:

- delays in obtaining applicable contract data due to the physical relocation of the FEC;
- lack of an active or permanent IG from March 2017 to May 2019;
- resignation of the Deputy IG in November 2018;
- government furlough of December 22, 2018, to January 25, 2019; and
- the resignation of the Lead Auditor in April 2019

Furthermore, once the OIG was resourced to revisit this engagement, additional concerns materialized:

- a majority of the contracts selected for review predate current leadership staff (Chief Financial Officer and Director of Procurement);
- a majority of the contracts selected for review were awarded at least (7) years ago; and
- the FEC Procurement Office implemented modifications to its standard operating procedures since the announcement of the audit engagement.

As a result, the subject audit as currently constructed, would not provide value to the agency and would fail to capture the current environment of the FEC Procurement Office. A memorandum communicating the termination of this audit was provided to the FEC Commission and senior leaders within the agency.

Special Reviews

Title:	<i>Use of TRANServe Benefits during the FY19 Government Shutdown (December 22, 2018 – January 25, 2019)</i>
Assignment Number:	SR 19-01
Status:	Ongoing
Report Location:	N/A

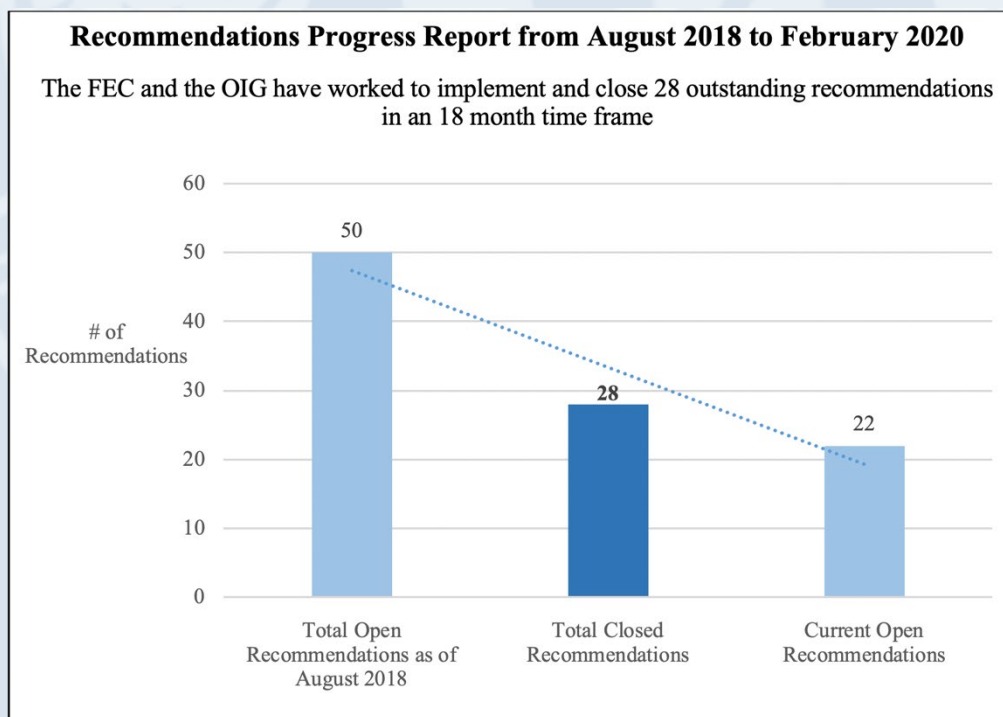
We received information via the OIG hotline that a handful of FEC employees violated the FEC Transit (TRANServe) Program by utilizing their transit benefits for personal use during scheduled telework days. The OIG opened an investigation into the matter on May 22, 2019. Based on the documentary evidence obtained, we could not prove or disprove that the subject employees were using their TRANServe benefits for personal use; however, we identified anomalies in TRANServe benefits during the FY19 government shutdown (December 22, 2018 through January 25, 2019). This review was initiated on September 6, 2019 and is currently in the draft phase. We anticipate completing this review within the next reporting period.

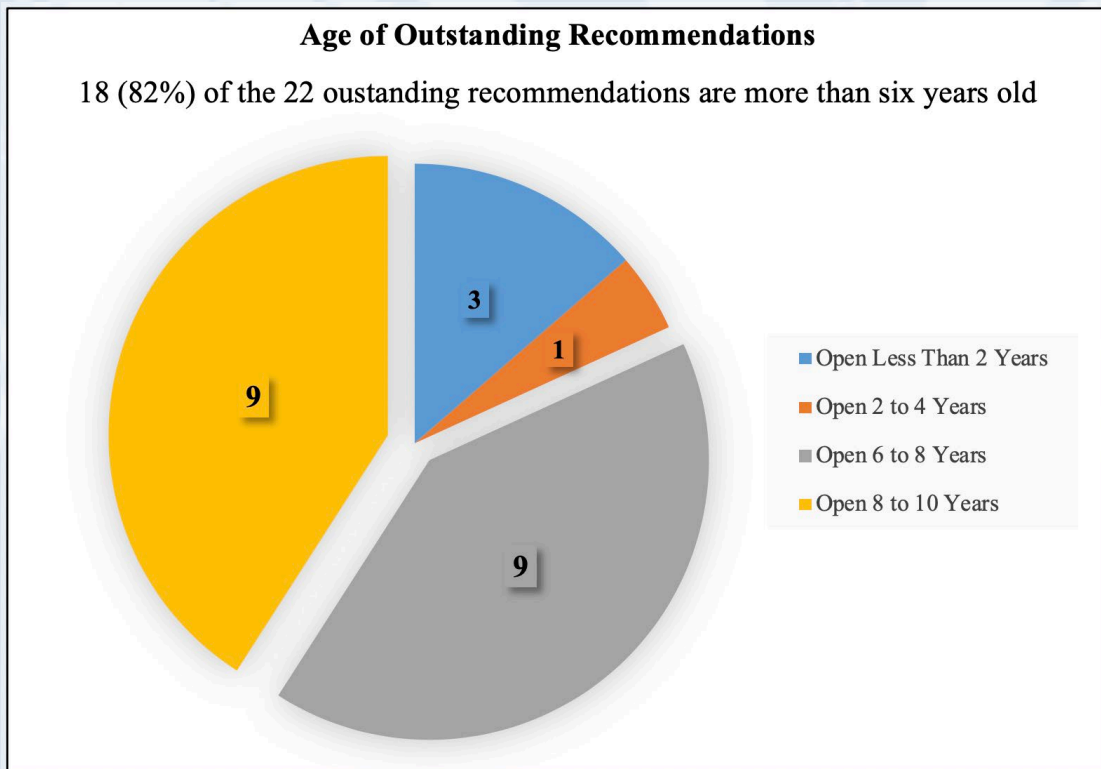
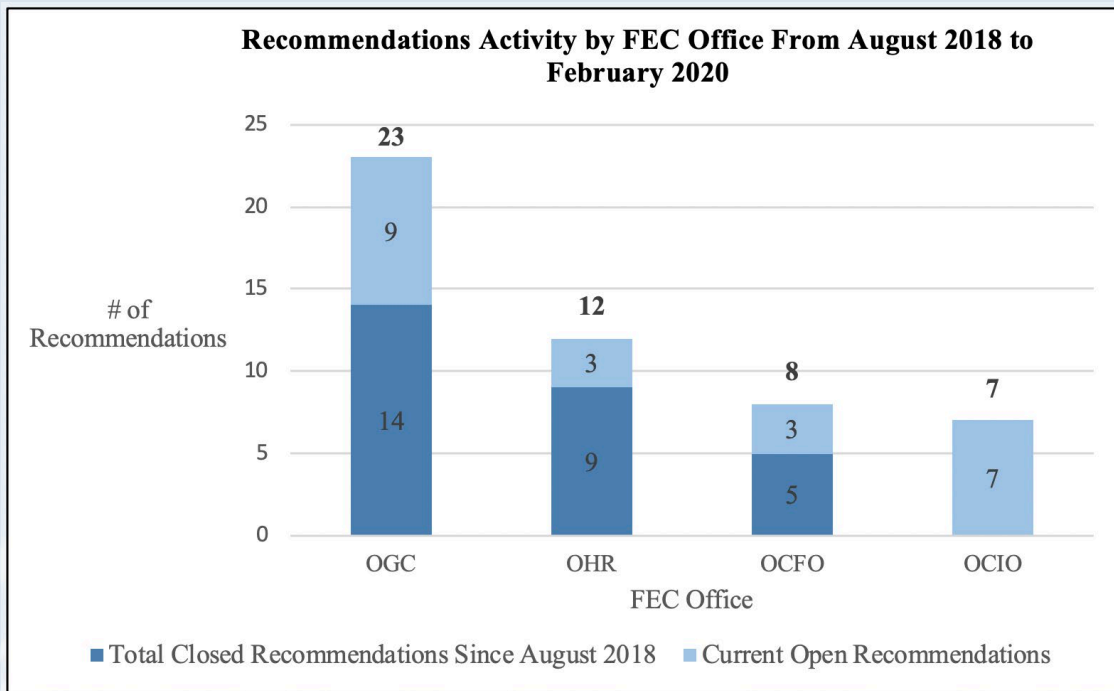
OIG Audit/Review Follow-up Activity

Title:	<i>Review of Outstanding Recommendations as of February 2020</i>
Assignment Number;	OIG-20-02
Status:	Completed
Report Location:	FEC OIG Webpage (https://www.fec.gov/office-inspector-general/)

As required by the *Inspector General Act of 1978*, as amended, the OIG is responsible for among other things, conducting and supervising audits, inspections, and special reviews of the FEC's programs and operations. Additionally, the OIG has the responsibility to perform follow-up assessments to ensure that management has effectively implemented OIG recommendations. Previously, we communicated that audit follow-up efforts will be conducted semi-annually; however, a formal report to the Commission would be issued annually (March time frame). The annual report that was scheduled to be issued in March 2019 failed to materialize due to turnover in OIG leadership personnel. As a result, the OIG did not release its first formal annual report to the Commission until March 2020, *Review of Outstanding Recommendations as of February 2020*.

Since the last formal report was issued in August 2018, the OIG closed 28 of the 50 outstanding recommendations. The OIG acknowledges that the increased collaboration efforts by both the OIG and FEC management, has resulted in significant progress in reducing 56% of the open recommendations since August 2018. The *Review of Outstanding Recommendations as of February 2020* report includes the OIG's review of FEC recommendations that have been outstanding for more than six (6) months and identifies the progress management has made in addressing such recommendations to date. For more detailed information, see the complete report at <https://www.fec.gov/office-inspector-general/>.





OIG Hotline Activity

The OIG Hotline provides a means for a variety of sources to include but not limited to, FEC employees, FEC contractors, and the public to communicate directly and confidentially with the OIG. Additionally, the OIG may open a hotline complaint based on information received from congress, management, and/or results of an audit and/or review. All allegations and referrals of fraud, waste, abuse, mismanagement, and misconduct involving FEC employees, contractors, agency programs, operations, and property, are termed *Hotline Complaints* per OIG policy. The OIG takes all matters received on the hotline seriously; as such, we carefully analyze all information received to determine if the matter is appropriate for the OIG and should be opened as a hotline complaint for further inquiry. Once a hotline complaint is opened, the OIG obtains evidence to determine if an investigation is warranted. Other courses of action may include but are not limited to:

- **OIG referral to management for action** – Issue is more suitably handled by management and we submit this referral to management via referral letter for action deemed appropriate.
- **OIG referral to another existing FEC program/process** (i.e., EEO, HR) – Existing process exists to resolve the issue and we submit the matter via referral letter for action deemed appropriate.
- **OIG referral to external agency** – Issue is best handled by another agency that has cognizance over the matter and/or the issue transitions into a criminal case. We submit this referral via referral letter for action deemed appropriate.
- **OIG referral to the audit or special review process** – No specific subject identified; the issue identifies internal control concerns in specific agency operations; and/or there is not enough evidence to open an investigation. We submit this referral via referral letter for a potential future review.
- **Assist complainant** – After obtaining additional facts, we determine the complaint is best handled by another existing process and/or entity and inform the complainant directly, via letter, where to submit the complaint.
- **Dismissed with no further action** – Issue is overcome by events or does not merit further review based on evidence obtained.

The OIG considers many factors when analyzing a hotline complaint to determine the best course of action. We acknowledge that every hotline complaint received by the OIG will not be investigated. OIG policy requires that hotline complaints be evaluated on specific criteria, including but not limited to, the merits of the allegation(s), the availability of evidence, and the existing priorities, commitments, and resources of the OIG. Additionally, internal policy provides that a hotline complaint may be classified as a “high” priority depending on the nature of the allegations and/or the subject(s) involved. The OIG will close a hotline complaint due to a variety of reasons including but not limited to, no applicable law, rule, or regulation violated, lack of specific information, or the inability to contact the complainant to obtain additional information. Due to the vacant investigator and DIG positions, the OIG Senior Counsel is evaluating all hotline complaints with concurrence from the IG.

As of September 30, 2019, the OIG carried over zero (0) open hotlines. During this reporting period, we opened six (6) new hotline complaints, and six (6) hotline complaints were closed. As of March 31, 2020, zero (0) hotlines remain open.

HOTLINE COMPLAINT RESULTS (Oct 1, 2019 – Mar 31, 2020)	
Source - Hotlines Opened	
Agency Employee Hotlines	1
Management Referral Hotlines	1
Audit/Review Referral Hotlines	0
Congressional Request Hotlines	1
Public Complaint Hotlines	<u>3</u>
Total Hotlines Opened	<u>6</u>
OIG Course of Action - Hotlines Closed	
Opened for Investigation	1
OIG Referral to FEC Management	0
OIG Referral to Existing FEC Program/Process	0
OIG Referral to External Agency	0
OIG Referral to OIG Audit/Special Review	1
Assist Complainant	3
Dismiss (No action)	<u>1</u>
Total Hotlines Closed	<u>6</u>

OIG Contacts

The OIG receives a number of complaints via the OIG hotline, OIG email, or telephone where it is apparent that the issue does not fall within the jurisdiction and purview of the FEC OIG and therefore, is dismissed and not opened as a hotline complaint. We define these complaints as *OIG Contacts*. For these contacts, the OIG may submit a standard response letter to the complainant outlining the FEC OIGs authorities and/or depending on the specificity and seriousness of the complaint, may refer and/or transfer the matter to another internal or external process and/or agency for action deemed appropriate (similar to a “Hotline Assist” or “Hotline Referral” as defined above).

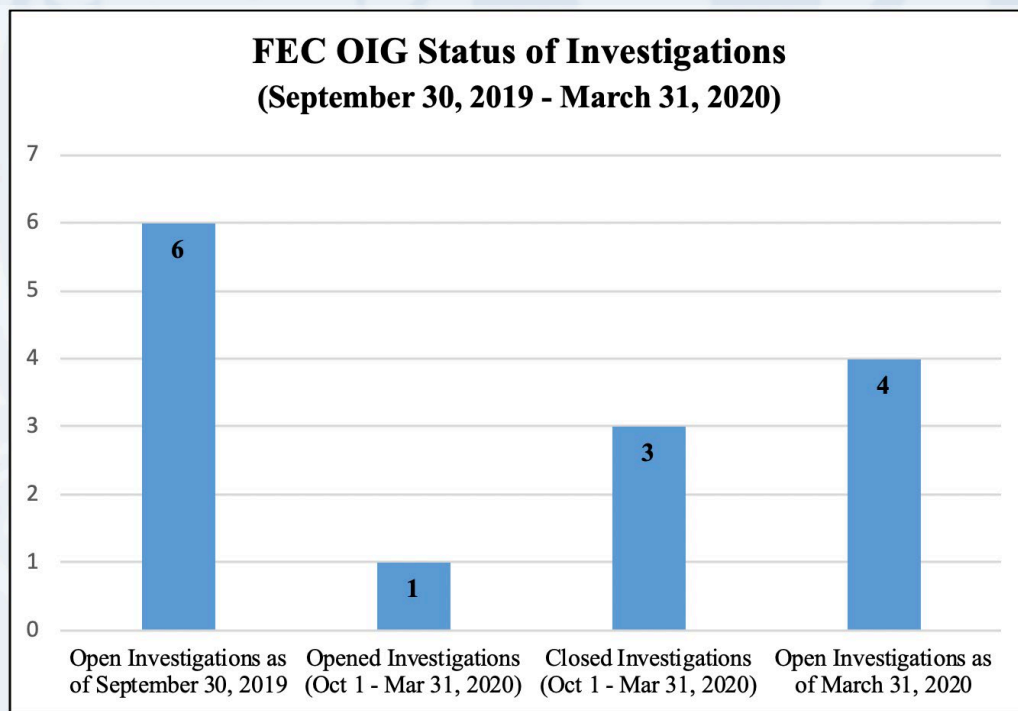
Additionally, we receive a number of frivolous complaints that do not warrant a response from the OIG. We also define these complaints as *OIG Contacts*. The OIG may spend a considerable amount of time reviewing and, where appropriate, responding to such contacts. As a result, we manage a record of all OIG contacts that do not meet the criteria for a hotline complaint and/or are frivolous. During the reporting period, the OIG received a total of **248** contacts. We provided a response (dismissed) to 204 of those contacts and 44 contacts were frivolous and warranted no response.

OIG CONTACT RESULTS (Oct 1, 2019 – Mar 31, 2020)	
Complaints Breakdown	
Dismissed Complaints	204
Frivolous Complaints - Required No Action/Response	44
Total Contacts	<u>248</u>

OIG Investigative Summaries

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

As previously noted, all hotline complaints are evaluated to determine if an investigation is warranted. If an investigation is opened, the hotline complaint is closed and merged into the investigative file. OIG investigations involve a detailed analysis of the issues brought forward by the various sources. That analysis includes but is not limited to obtaining pertinent agency records, performing computer material examinations, and interviewing witnesses and subjects. Occasionally, open investigation are closed without a Report of Investigation (ROI) due to among other things, refuting evidence or lack of evidence obtained and/or the severity of the allegation(s). Additionally, current workload and priorities may determine if an allegation of wrongdoing is better addressed by management. If the OIG determines to proceed and prepare a ROI, that report will provide a summary of the complaint, document the specific allegation(s), the law(s) or regulation(s) associated with the allegation(s), the objective description of the case facts, and a conclusion of investigative findings (i.e., substantiated or not substantiated). We previously reported six (6) open investigations as of September 30, 2019. During this reporting period, one (1) new investigation was opened, and three (3) investigations were closed.



Furthermore, each closed investigation during the reporting period includes the following types of allegations: Agency hiring practices, employee reasonable accommodations, and conflicts of interest.

Details of all courses of action involving the three (3) closed cases are provided below.

Closed Investigations - Courses of Action (Oct 1 – Mar 31, 2020)	# of Investigations
Investigations closed with ROI released to Commissioners	0
ROI completed and released to Commissioners and referred to local state authorities	0
Investigations closed with Management Alert Memorandum (requesting management to follow up with actions taken, if any)	1
Investigations closed with Closing Memorandum but not provided to management due to insufficient evidence	1
Investigations closed and referred to OIG audit/special review program	1
Referrals to DOJ for federal prosecution	0
Totals	<u>3</u>

Council of the Inspectors General on Integrity and Efficiency

Mr. Christopher Skinner, Inspector General attended CIGIE monthly meetings as well as CIGIE sponsored Conferences and Professional Development Seminars. Mr. Skinner continues to participate on all CIGIE OIG trainings as a new IG in the CIGIE community.



List of Training, Meetings & Conferences

The chart detailed below provides a list of trainings, meetings, programs, seminars, and/or conferences attended by the IG and the OIG staff for the period October 1, 2019 through March 31, 2020.

Trainings, Meetings, Conferences, Etc.	
Host / Sponsor	Topic / Subject
Association of Certified Fraud Examiners	2019 Law Enforcement and Government Anti-Fraud Summit
Council of Counsels to the Inspectors General	Monthly Meetings and Small OIG Working Group
Council of the Inspectors General on Integrity and Efficiency	2019 Leadership Forum: "Leading from Where You Are: Leading People - Leading Change - Driving Excellence" 2020 Annual Training for Investigations Committee and Assistant Inspector Generals for Investigations Annual Training CIGIE Annual Awards Ceremony DATA Act Working Group Data Analytics Working Group (DAWG) Quarterly Meetings ERM Working Group Essentials of IG Investigations FAEC Bi-Monthly Meeting Workshop IG 101: IG Authorities IG 101: Integrity Committee/Career Enders Pandemic Response Accountability Committee (PRAC) Intermediate Auditor Technology Committee Meeting Training Officers Orientation
Cybersecurity and Infrastructure Security Agency (CISA) and Federal Bar Association	Cyber Security for Lawyers
Federal Election Commission	2019 Emergency Occupant Training Active Shooter 2.0 Administrative Liaison Group Meetings Biweekly Director's Meetings with IG, Acting GC, SD & CFO Commissioner Monthly Inspector General Update CompTIA Project + PKO-OOY: Procurement Terminology and Acronyms COOP Meetings COVID-19 Senior Management Meeting Data Breach Team Emergency Occupant Emergency Training: Active

	Threat Awareness Training Finance Committee Meeting New Employee Orientations No Fear Act Occupant Emergency Organization Team Training Procurement Integrity Procurement Planning (PMBOK® Guide Sixth Edition) Project Documents and Terminology Security Awareness Training for 2019-2020 Workplace Harassment Prevention for Federal Employees Workplace Safety
Institute of Internal Auditors	Elected Member of the Board of Governors
Office of Personnel Management	Engaging and Encouraging Employees
Reid Institute	Technique of Investigative Interviewing and Advanced Interrogation Techniques
Wolters Kluwer	Impact of 2018 Yellow Book Revision on Audit

Reporting Requirements

Reporting requirements required by the IG Act, as amended, are detailed below:

IG Act	DESCRIPTION	PAGE
Section 4(a)(2)	Review of Legislation	19
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)	25
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	None
Section 5(a)(8)	Questioned and Unsupported Costs (Table I)	23
Section 5(a)(9)	Recommendations that Funds be Put To Better Use (Table II)	24
Section 5(a)(10)(A)	Summary of Audit Reports issued before the start of the Reporting Period for which No Management Decision has been made	None
Section 5(a)(10)(B)	Summary of Audit Reports Issued Before the start of the Reporting Period for which No Management Comment was Returned Within 60 Days	None
Section 5(a)(10)(C)	Summary of Audit Reports Issued Before the Start of the Reporting Period for which There Are Outstanding Unimplemented Recommendations	None
Section 5(a)(11)	Significant Revised Management Decisions	None
Section 5(a)(12)	Management Decisions with which the Inspector General is in Disagreement	None
Section 5(a)(11)	Peer Review Recommendations	27
Section 5(a)(17), (18)	Investigative Reports Table and Metrics (Table IV)	17-18, and 26
Section 5(a)(19)	Investigations Involving a Senior Government Employee with Substantiated Misconduct	None
Section 5(a)(20)	Instances of Whistleblower Retaliation	None
Section 5(a)(21)	Attempts by the Agency to Interfere with OIG Independence	None
Section 5(a)(22)	Undisclosed Inspections, Evaluations, Audits, and Investigations	None

Table 1: Inspector General Issued Reports with Questioned Costs

	Required reporting	Number of Reports	Questioned Costs²	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

² Dollar values in thousands.

Table II: Inspector General Issued Reports with Recommended Actions That Funds Be Spent to Better use

	Required Reporting	Number of Rec's	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

Report Title	Report Number	Date Issued	Total Rec's	Closed	Open	Cost Savings
2010 Follow-up Audit of Privacy and Data Protection	OIG-10-03	03/11	17	8	9	0
Inspection of the Federal Election Commission's Disaster Recovery Plan and Continuity of Operations Plans	OIG-12-06	01/13	7	0	7	0
Audit of the Federal Election Commission's Office of Human Resources	OIG-12-05	07/13	2	0	2	0
Inspection of FEC's Compliance with FMFIA/OMB Circular A-123	OIG-14-01	06/14	1	1	0	0
Audit of the FEC's Telework Programs	OIG-15-03	06/16	2	1	1	0
Required Review Under the DATA Act	OIG-17-05	11/17	3	0	3	0
Totals			<u>32</u>	<u>10</u>	<u>22</u>	<u>0</u>

Table IV: Summary of Investigative Reports and Actions³

FEC OIG Investigations Courses of Action (Oct 1, 2019 – Mar 31, 2020)	Number
Total number of investigative reports issued	3
Total number of persons referred to DOJ for criminal prosecution	0
Total number of persons referred to state and local prosecuting Authorities for criminal prosecution	0
Total number of indictments and criminal information resulting from any prior referral to prosecuting authorities	0
Total Investigations Closed	<u>3</u>

³ Metrics Used for Developing Data for Table IV:

Total number of investigative reports issued - reflects the number of all Reports of Investigation (ROI) issued to FEC Commissioners, management alert memorandums, closing memorandums, and other referral memorandums during the reporting period;

Total number of persons referred to DOJ for criminal prosecution and total number of persons referred to state and local prosecuting authorities for criminal prosecution - reflects the total number of referrals for criminal prosecution made by the FEC OIG to the respective criminal prosecuting authorities during the reporting period; and

Total number of indictments and criminal information resulting from any prior referral to prosecuting authorities - includes all indictments and information issued during the reporting period by Federal, State, or local criminal prosecuting authorities based upon any referral by the FEC OIG, whether the referral was made during this reporting period or a prior reporting period.

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 and as amended in section 5 of the IG Act), OIGs are required to report to Congress, as applicable, results of any peer reviews it received or conducted during the reporting period. Specifically, OIGs are required to report any outstanding recommendations that resulted from the peer review.

The most recent peer review of the FEC OIG was conducted by the Farm Credit Administration (FCA) OIG and the final report was issued on February 15, 2017. The FEC OIG received a “pass” rating with no outstanding recommendations. Additionally, the FEC OIG does not have any open recommendations from previous peer reviews. The current peer review period ended on March 31, 2020.

OIG Peer Review Activity

Title:	<i>Peer Review of the FEC OIG Audit Program</i>
Assignment Number:	N/A
Status:	In Progress
Report location:	N/A

In accordance with the Council of Inspectors General on Integrity and Efficiency (CIGIE) Audit Peer Review schedule, the Election Assistance Commission (EAC) OIG was tasked to conduct a peer review of the FEC OIG Audit Program for the reporting period ending September 30, 2019. The peer-review kick-off meeting was held on February 25, 2020, and fieldwork is in progress.

Appendix B: Mission Statements

The Federal Election Commission

In 1975, Congress created the Federal Election Commission to administer and enforce the *Federal Election Campaign Act of 1971*, as amended. 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 three Commissioners and three vacancies – Caroline C. Hunter (Chair), Steven T. Walther (Vice Chair), and Ellen L. Weintraub.

Office of Inspector General

The FEC OIG is committed to detect and prevent fraud, waste, and abuse, violations of law, and to promote economy, efficiency and effectiveness in the operations of the FEC. The OIG strives, as an agent of positive change, to promote improvements in the management of FEC programs and operations by independently conducting audits, reviews, and investigations. Our overriding objective is excellence and continuous improvement.

Appendix C: FEC OIG Hotline

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 1050 First Street, N.E., Suite 1010, 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.