



Federal Election Commission  
Office *of the* Inspector General

# SEMIANNUAL REPORT *to* CONGRESS

April 1, 2021 – September 30, 2021

November 2021



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

OFFICE OF THE CHAIR

November 26, 2021

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

The Honorable Kamala D. Harris  
President of the Senate  
S-212 Capitol Building  
Washington, D.C. 20510

Dear Madam Speaker and Madam 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 April 1, 2021 through September 30, 2021.

During this reporting period, the OIG continued to work on two audits. OIG expects to issue final audit reports in each in the next reporting period.

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, reading "Shana M. Broussard".

Shana M. Broussard  
Chair

Enclosure

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## 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 April 1, 2021 to September 30, 2021. This report reflects the exceptional work of the FEC OIG team and their commitment to the critical mission of the OIG.

During the reporting period, the OIG audit team continues to oversee the FY21 Financial Statement and Digital Accountability and Transparency Act of 2014 (DATA Act) audits. Both audit reports will be issued and finalized in November 2021. In FY 2022, the OIG plans to conduct two audits (via contractual agreement) and one special review of FEC operations.

The investigative team continues to respond to hotline complaints and investigate allegations of wrongdoing. During the reporting period the investigative team completed an investigation concerning allegations of bias against FEC personnel. Our investigation found that FEC personnel acted in accordance with applicable law, regulation, and policy but developed five recommendations for the Commission and senior leaders to consider in efforts to reinforce the impartiality (in fact and appearance) of senior managers, to enhance the oversight of committees and to better address potential foreign donations to committees.

In accordance with the Inspector General Act of 1978, as amended (IG Act), OIG's are required to report to Congress, as applicable, results of any peer reviews it received or conducted during the reporting period. Peer reviews are required for OIG audit operations, are voluntary for investigative operations, and are scheduled on three-year cycles. During the reporting period, the FEC OIG team completed an audit peer review of the Export-Import Bank of the United States (EXIM) OIG.

Continued concern remains regarding 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 continued to exude a strong commitment to the mission. Going forward, the FEC OIG remains committed to conducting audits and special reviews to strengthen the agency's internal controls, addressing hotline complaints, resolving outstanding audit recommendations, and ensuring that the FEC and OIG programs evince a high level of integrity.

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 extraordinary efforts of the FEC OIG team and their dedication to providing independent oversight in support of the FEC.

A handwritten signature in black ink, appearing to read 'C. Skinner', with a stylized flourish at the end.

Christopher Skinner  
Inspector General

# OIG Personnel Updates

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## Additions:

During this reporting period, no additional personnel were added to the FEC OIG team.

## Farewells:

None during this reporting period.

## Vacancies:

The OIG currently has a vacant management analyst and senior auditor position. Both positions will be a top priority to fill in FY 2022, pending availability of funding.

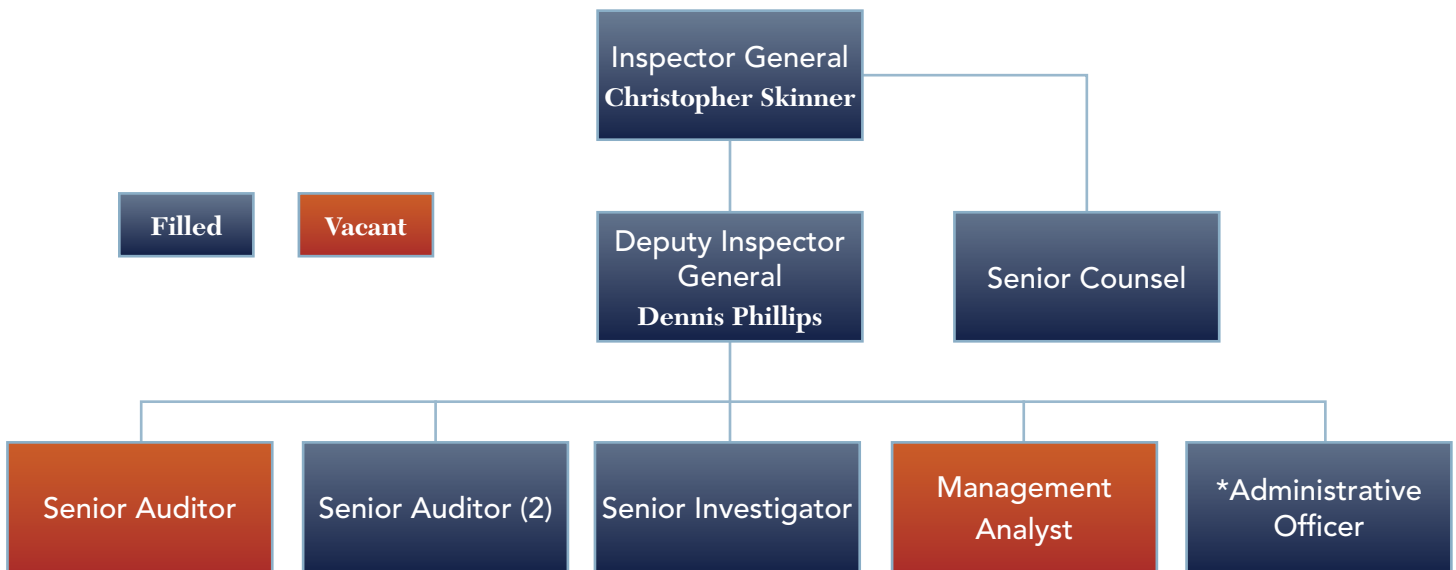
## Other:

Carla Smith, Senior Counsel, was selected to serve a six-month reimbursable detail as the Special Assistant to the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Professional Development Committee, assisting the Housing and Urban Development (HUD) OIG.



## FEC Office *of the* Inspector General Organization Chart

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\* Administrative Officer reports to the Deputy IG, supports all FEC OIG staff in administrative matters, and reports to the IG for purposes of managing the IG's schedule and related items.

Updated: September 2021

## Core Values

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### 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.

### 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.

### 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.

### 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.

### 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.



## 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 its respective establishment (i.e., the “FEC” or “Commission”) and the Congress fully and currently informed of problems relating to the administration of FEC programs and operations, through regular reports. Additionally, IG’s are required to report to their respective establishments 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 OIG, as well as relevant information regarding additional OIG activities. The executive summary highlights the most significant completed activities of the OIG from April 1, 2021 to September 30, 2021. 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 relies and acts on its OIG Core Principles (honesty, collaboration, commitment, balance, service, and respect) and the CIGIE standards to ensure the integrity of all FEC OIG work products.

## Audits

### ***FY 2021 Financial Statement Audit***

During the reporting period, the independent public accountant (IPA), Brown & Company is working to complete interim and compliance testing, assessing information technology (IT) internal controls, and following-up on the status of prior years’ audit findings and recommendations. The IPA is required by the OIG’s contract to conduct additional testing on IT controls as the FEC is exempt from the Federal Information Systems Management Act (FISMA) and the FEC is not required to complete the annual FISMA audit.

### ***Digital Accountability and Transparency Act of 2014 (DATA Act)***

The Audit of FEC’s compliance under the DATA Act commenced during this reporting period. The primary purpose of this audit is 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.

The scope of this audit is the FEC’s FY 2021 first quarter financial and payment data submitted for publication on USASpending.gov, which includes any applicable procedures, certifications, controls, or other documentation, related to the submission. As of September 30, 2021, the audit engagement team has completed the audit planning, an internal control assessment, and testing. Preliminary findings have been communicated to FEC management and we are currently in the reporting phase of the audit.

## OIG Audit/Review Follow-up Activity

The OIG has the responsibility to perform follow-up assessments to ensure that management has effectively implemented OIG recommendations. The OIG follows up on all FEC recommendations that have been outstanding for more than six months and identifies the progress management has made in addressing such recommendations to date.

The OIG continues to follow up with management to address outstanding recommendations. As a result, a total of four recommendations were closed during this reporting period. There are four audits, one inspection, and one special review containing 18 outstanding recommendations as of September 30, 2021 (see complete details in the OIG Audit Follow-up Activity section of this report).

## Hotlines and Investigations

The OIG's preferred method of managing its complaints is through the online hotline portal in which members of the public and agency employees may submit matters to the OIG. During the reporting period, the OIG received 28 new hotline complaints and closed 26 of them, ending the reporting period with two open hotline complaints.

The OIG previously reported four open investigations as of March 31, 2021. During the reporting period, one new investigation was opened based on a management referral and two investigations were completed and closed. As such, three investigations remain open.

During the reporting period, the investigative team completed an investigation concerning allegations of bias against FEC personnel reviewing the 58th Presidential Inaugural Committee reports. An [investigative summary](#) was published to our webpage.

## Other Matters – Review of Legislation

Current legislation pending before Congress would substantially alter the FEC's composition and processes. Proposed legislation would restructure the Commission to address quorum and other governance issues, as well as increase FEC oversight of certain committees. It would also further address potential foreign influence in federal elections, which has become a major challenge for the FEC.

## Top Management Challenges

In accordance with the Reports Consolidation Act of 2000, we identify the most serious management and performance challenges facing the Commission and provides a brief assessment of the Commission's progress in addressing those challenges. Each challenge area is related to the FEC's mission and reflects continuing vulnerabilities and emerging issues. The following identifies FEC's most significant management and performance challenges in our latest report, which is based on our experience and observations from our oversight work:

1. Growth of campaign spending
2. Lack of quorum (*restored December 2020*)
3. Coronavirus (COVID-19) pandemic
4. Lack of full-time support to Chief Information Officer (CIO) and General Counsel Positions  
(*General Counsel position announced on USA Jobs on September 30, 2021.*)
5. Cybersecurity

## Peer Reviews

In accordance with the IG Act of 1978, as amended (IG Act), OIG's are required to report to Congress, as applicable, results of any peer reviews it received or conducted during the reporting period. During the reporting period the FEC OIG team completed an audit peer review of the Export-Import Bank of the United States (EXIM) OIG and issued its report on June 29, 2021. Our report contained no recommendations; however, we issued a management letter of comment which documented one finding that was not considered to be of sufficient significance to affect our opinion expressed in the report.

The FEC OIG was peer reviewed during the last reporting period by the Election Assistance Commission (EAC) OIG. The modified peer review report was issued on December 30, 2020. The modified report contained one finding and one recommendation. The finding specified that the FEC OIG internal policies and procedures did not conform to the 2018 version of Generally Accepted Government Auditing Standards (Yellow Book). Accordingly, we are happy to report that the FEC OIG has completed a draft revision of its audit manual and it is currently under OIG management review.

## OIG Audit Activity

Title:	<i>FY 2021 Financial Statement Audit</i>
Assignment Number:	OIG-21-01
Status:	In progress


During this reporting period, the OIG exercised the second option year of a five-year contract with the independent public accountant (IPA), Brown & Company, to perform the agency's FY 2021 financial statement audit. The entrance conference was held on April 1, 2021 which kicked off the planning phase of the audit. The start of fieldwork and interim testing began on July 1, 2021.

Brown & Company is currently in the process of completing interim and compliance testing, assessing information technology (IT) internal controls, and following-up on the status of prior years' IT audit findings and recommendations. The IPA is required by the OIG's contract to conduct additional testing on IT controls as the FEC is exempt from the Federal Information Systems Management Act (FISMA) and the FEC is not required to complete the annual FISMA audit.

Final audit testing will be performed in October and early November 2021, followed by the draft report to management, and the exit conference. The OIG anticipates completing the audit on time, providing no unforeseen delays, and issuing the final audit report by the mandated date of November 15, 2021.

Title:	<i>Audit of the FEC's Compliance under the Digital Accountability and Transparency Act of 2014</i>
Assignment Number:	OIG-21-02
Status:	In Progress

The Audit of FEC's compliance under the Digital Accountability and Transparency Act of 2014 (DATA Act) commenced during this reporting period. The primary purpose of this audit is 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. This engagement is being 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 December 2020.



The scope of this audit is the FEC's FY 2021 first quarter financial and payment data submitted for publication on USASpending.gov, which includes any applicable procedures, certifications, controls, or other documentation, related to its submission. The main audit objectives are as follows:

- Assess the FEC's internal controls related to the financial and payment data reported to USASpending.gov per OMB Circular A-123;
- Assess the FEC's internal controls related to data management, collection, reporting, and processes used to report financial and payment data under the DATA Act;
- Assess the general and application controls pertaining to the procurement and financial systems from which the data elements were derived and linked; and
- Perform testing of FY 2021 first quarter financial and payment data submitted by the FEC for publication on USASpending.gov.

To help accomplish the objectives of this performance audit, the OIG has contracted with Brown & Company. The FEC OIG will also leverage the results of the FEC's Readiness Review.

The entrance conference was held on April 1, 2021. As of September 30, 2021, the audit engagement team has completed the audit planning, an internal control assessment, and testing. Preliminary findings have been communicated to FEC management and we are currently in the reporting phase of the audit. The OIG plans to submit a discussion draft report no later than October 20, 2021. The objective is to meet the reporting deadline requirement of November 8, 2021. As such, we expect to publish the audit results during the next reporting period.

## OIG Audit/Review Follow-up Activity

Title:	<i>Audit Follow-Up</i>
Assignment Number:	N/A
Status:	In Progress

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. The OIG follows up on all recommendations that have been outstanding for more than six months and identifies the progress management has made in addressing such recommendations to date.

The previous reporting period identified 17 outstanding recommendations from five engagements (three audits, one inspection, and one special review). Since the last reporting period, the OIG has determined to incorporate outstanding recommendations from the Financial Statement (FS) Audits which are managed by the IPA firm (Brown & Company) that performs the recurring audit.<sup>1</sup> The OIG continues to follow-up with management to address outstanding audit recommendations. Based on follow-up activity, a total of four recommendations were closed during this reporting period.

There are four audits, one inspection, and one special review containing 18 outstanding recommendations as of September 30, 2021. The list of audits, inspections, and special reviews is detailed below:

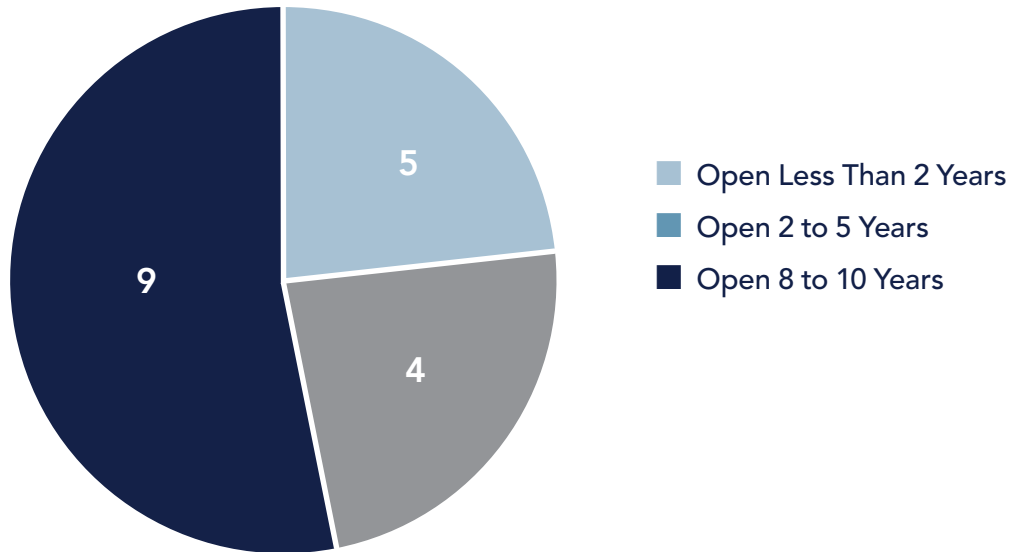
1. 2010 Follow-up Audit of Privacy and Data Protection (outstanding 10 years)
2. Inspection of the FEC's Disaster Recovery Plan and Continuity of Operations Plans (outstanding 8 years)
3. Audit of the FEC's Office of Human Resources (outstanding 8 years)
4. Audit of the FEC Telework Program (outstanding 5 years)
5. TranServe Special Review (outstanding 1 year)
6. FY 2020 FS Audit (outstanding over 10 months)

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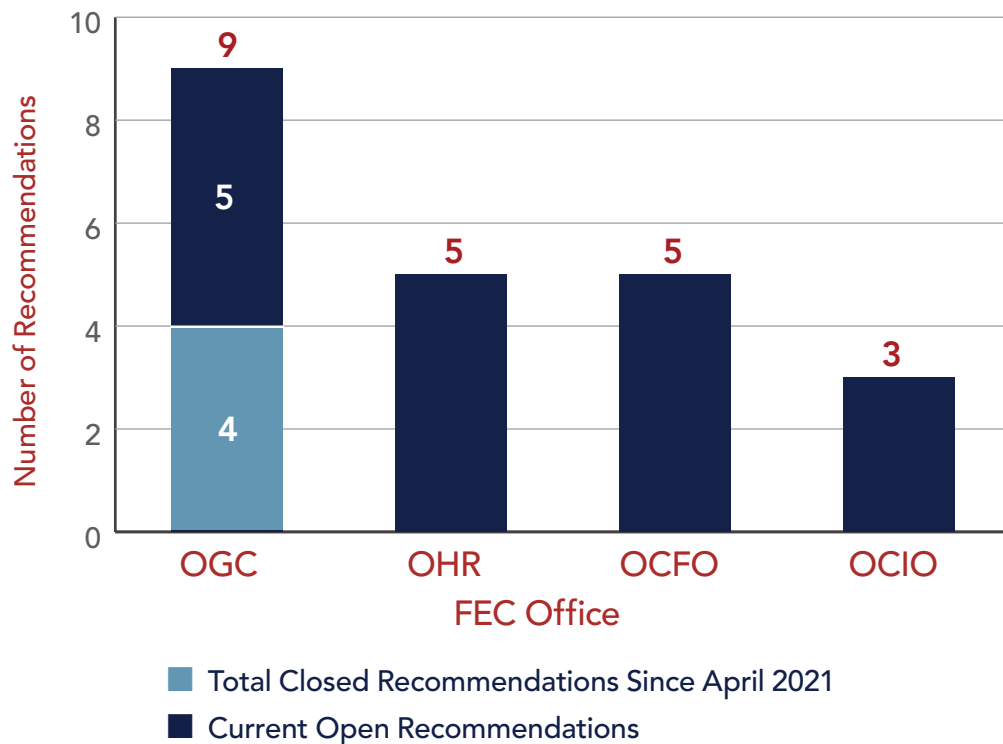
<sup>1</sup> There are currently five open recommendations (two new and three repeat) for the FY 2020 FS Audit bringing the total number of outstanding recommendations to 22.

### Age of Outstanding Recommendations

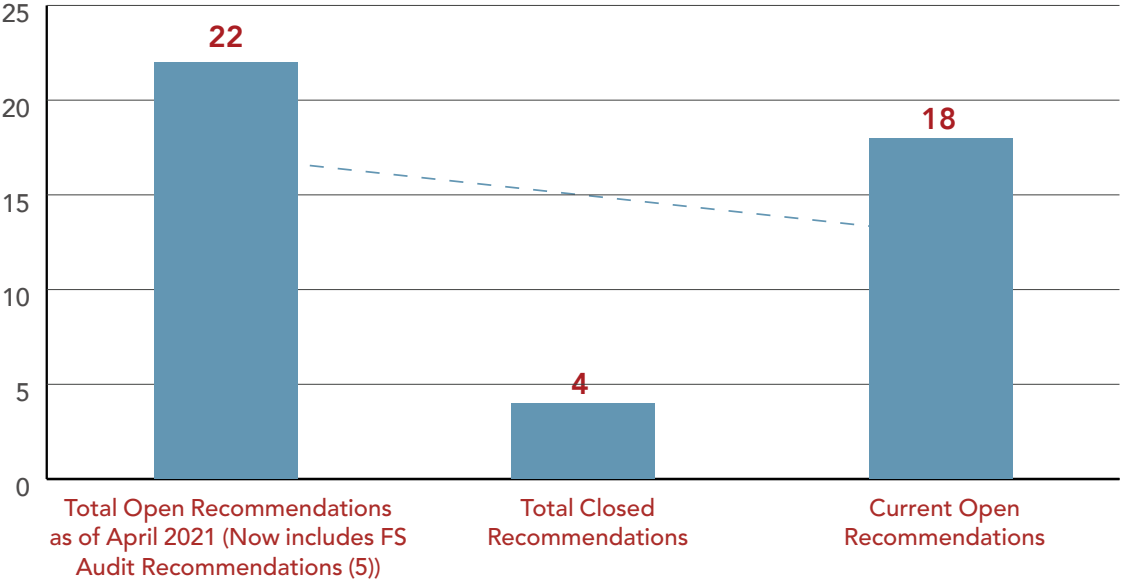
Nine (50%) of the outstanding recommendations are more than eight years old



### Recommendations Activity by FEC Office from April 2021 to September 2021



Progress Report from April 2021 to September 2021





## OIG Hotline Activity

The **T**he **OIG** hotline provides a means for FEC employees, FEC contractors, and the public to communicate directly and confidentially with the **OIG** regarding allegations of fraud, waste, abuse, mismanagement, and misconduct. Additionally, the **OIG** may open a hotline complaint based on information received from members of Congress, FEC management, or the results of an audit or review.

Persons who seek to submit complaints have three methods of submitting their inquiry: (1) the hotline portal, which is accessible through the **OIG** webpage; (2) the **OIG** hotline form (which can be mailed to the **OIG**'s physical address); and (3) the **OIG** hotline telephone, which is actively monitored during business hours.

During this reporting period, the **OIG** received 28 new hotline complaints and closed 26 of them<sup>2</sup>, ending the reporting period with two open hotline complaints.

The **OIG** takes all matters received on the hotline seriously; as such, we carefully analyze all information received to determine the appropriate course of action. Those courses of action include but are not limited to:

- **Opened for investigation** – Issue involves an FEC employee, program/process, and alleges a violation of an applicable law, rule, or regulation.
- **OIG referral to management for action** – Issue is more suitably handled by management; **OIG** refers to management via letter for action deemed appropriate.
- **OIG referral to another existing FEC program/process (i.e., OGC, EEO, HR)** – Existing process exists to resolve the issue; **OIG** refers the matter via letter to relevant program/process for action deemed appropriate.
- **OIG referral to external agency** – Issue is best handled by another agency that has cognizance over the matter and/or warrants criminal investigation/prosecution. **OIG** refers to relevant agency via letter for action deemed appropriate.
- **OIG referral to the **OIG** audit or special review process** – The issue identifies compliance or internal control concerns regarding specific agency operations but does not warrant **OIG** investigation. **OIG** refers internally for potential audit or review.
- **Assist complainant** – **OIG** determines the complaint is best handled by an existing process and/or entity that is available to the complaint. **OIG** notifies the complainant via letter of that process.
- **Closed with no further action** – Complainant is frivolous, has already been addressed, provides insufficient detail to act, or otherwise warrants no further **OIG** action. **OIG** advises complainant that the matter is not within the **OIG**'s cognizance, when appropriate.

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<sup>2</sup> The **OIG** also receives communications that do not rise to the level of complaints because they are not **OIG** specific and/or fail to state a complaint; we classify those as **OIG** Contacts for reporting purposes. During the reporting period, the **OIG** received and responded to nine **OIG** Contacts.

OIG Course of Action - Hotlines Closed	
Opened for investigation	1
OIG referral to FEC management	0
OIG referral to existing FEC program/process	1
OIG referral to external agency	5
OIG referral to OIG audit/special review	0
Assist complainant	8
Closed with no action	11
Total Hotlines Closed	26

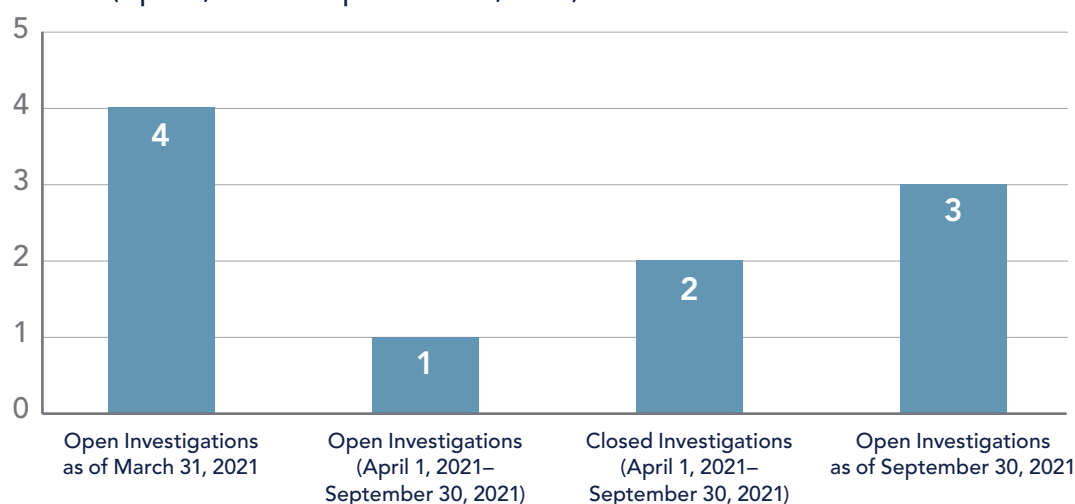
## OIG Investigative Summaries

OIG investigations gather and analyze facts to resolve allegations of wrongdoing. OIG investigations may address administrative, civil, and criminal violations of laws, regulations, and policies and issues concerning the economy and efficiency of FEC operations and programs. The subject of an OIG investigation may include any agency employee, FEC contractor, consultant, or person or entity involved in alleged wrongdoing affecting FEC programs and operations.

As previously noted, the OIG evaluates all hotline complaints to determine if an investigation is warranted. OIG investigations involve a detailed analysis of the issues presented, as well as emerging issues identified by the OIG. That analysis includes, but is not limited to obtaining pertinent agency records, performing computer material examinations, and interviewing witnesses and subjects. Occasionally, open investigations may be closed without a Report of Investigation (ROI) due to among other things, refuting evidence or lack of evidence obtained, and/or the level of severity of the allegation(s). Additionally, competing priorities may indicate that an allegation of wrongdoing is better addressed by management than by OIG investigation.

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). In addition, where appropriate, the report addresses potential improvements to the economy and efficiency of FEC programs and operations. The OIG previously reported four open investigations as of March 31, 2021. During the reporting period, one new investigation was opened based on a management referral and two investigations were completed and closed. As such, three investigations remain open.

**FEC OIG Status of Investigations**  
(April 1, 2021 – September 30, 2021)



During the reporting period the OIG investigative team completed an investigation concerning allegations of bias against FEC personnel reviewing the 58th Presidential Inaugural Committee reports. Our investigation found that FEC personnel acted in accordance with applicable law, regulation, and policy in its oversight of the 58th Inaugural Committee's report. However, the OIG team developed five recommendations for the Commission and senior leaders to consider in efforts to reinforce the impartiality (in fact and appearance) of senior managers, to enhance the oversight of inaugural committees and to better address potential foreign donations to political and inaugural committees.

During the reporting period, the Office of Special Counsel (OSC) completed an investigation into a hotline complaint that alleged prohibited personnel practices (i.e., nepotism) on the part of a senior FEC employee. The complaint alleged that the senior employee improperly influenced a hiring process to the advantage of a family member, which is prohibited by 5 U.S.C. § 2302(b). OSC's investigation determined that the allegation was not substantiated based on the preponderance of the evidence, which included testimony by agency employees and relevant personnel records.

Closed Investigations - Courses of Action (April 1, 2021 – September 30, 2021)	# of Investigations
Investigations closed with ROI released to Commissioners	2
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)	0
Investigations closed with Closing Memorandum but not provided to management due to insufficient evidence	0
Investigations closed and referred to OIG audit/special review program	0
Referrals to DOJ for federal prosecution	0
Totals	2

## Other Matters - Review of Legislation

The IG Act directs each IG to, among other things, “review existing and proposed legislation and regulations relating to programs and operations” of their respective agencies and to make recommendations in their respective semiannual reports “concerning the impact of such legislation or regulations on the economy and efficiency in the administration of programs and operations administered or financed by such establishment or the prevention and detection of fraud and abuse in such programs and operations.”

### Proposed Legislation

#### ***H.R. 1 / S. 1 (For the People Act of 2021)***

Pending legislation before Congress proposes substantial changes to the structure of the Commission and to the laws it enforces. Among other things it would:

1. Modify the composition of the Commission from six to five members, with no more than two from a single political party.
2. Redefine “quorum” as a “majority of the number of members of the Commission who are serving at the time.”
3. Increase the authorities of the Chair to include, inter alia, appointing certain senior Commission personnel, establishing the Commission budget, and compelling testimony and the production of evidence by subpoena.
4. Limit donations to presidential inaugural committees to \$50,000 total per donor.
5. Prohibit donations to presidential inaugural committees from entities that are not individuals and prohibit donations in the name of another person.
6. Prohibit indirect donations to inaugural committees by foreign nationals (current law prohibits donations by foreign nationals but makes no express distinction between direct and indirect donations). See 36 U.S.C. § 510.
7. Prohibit conversions of donations to inaugural committees to personal use.
8. Require that presidential inaugural committees report disbursements and otherwise heighten the reporting standards that apply to presidential inaugural committees. Current law does not impose disbursement reporting obligations on inaugural committees and imposes only limited reports concerning donations. See 36 U.S.C. § 510.

**S. 2747 (*Freedom to Vote Act*)**

S. 2747 contains several provisions similar to those in H.R. 1 / S. 1. Among other things it would:

1. Increase the Commission's enforcement responsibilities and authorities, to include requiring more robust regulation of online political advertisements and coordinated communications.
2. Require disclosures by entities that spend more than \$10,000 on election related matters.
3. Create a program in which states may opt in for Congressional candidates to receive small-donor matching funds or use those funds to support state democracy promotion programs. The programs would be funded through surcharges on regulatory fines and penalties and the Commission would review state programs prior to implementation, along with the Election Assistance Commission and a newly established independent Office of State Democracy Promotion.

HR. 1 / S. 1 and S. 2747 would have significant potential impacts on the administration of the Commission's programs and operations. Specifically:

1. Modifying the composition of the Commission by reducing the number of Commissioners and redefining quorum may mitigate the potential for periods of Commission inactivity due to a lack of quorum, as has occurred on multiple occasions in the past, often for extended periods. The FEC OIG previously identified the lack of Commission quorum as a top management and performance challenge facing the Commission because a lack of quorum in the past has undermined the Commission's ability to conduct essential business, including enforcement matters, rulemaking, and certain administrative matters. Among other things, Congress should consider whether a quorum should also require at least two Commissioners from different political parties (or one independent Commissioner) to preserve the bipartisan character of the Commission in the event the Commission ever consists of only two members from a single party.
2. Similarly, increasing the authorities of the Commission Chair may further mitigate the adverse impacts of any future periods without a quorum by allowing the Chair to conduct certain business unilaterally. While doing so would potentially improve the efficiency of Commission operations, Congress should carefully balance the benefits and risks of reallocating authorities normally reserved to the full Commission to its Chair.
3. Increasing the Commission's oversight of presidential inaugural committees, requiring disbursement reports, and prohibiting certain donations would bring the oversight of inaugural committees more in line with that of political committees. This is of particular importance given recent cases involving alleged foreign influence in federal elections and recent OIG findings concerning the FEC's regulation of potential foreign contributions.
4. Congress should also consider whether additional oversight measures warrant the appropriation of additional personnel, information technology, and other resources for the FEC in light of the strain already placed on the FEC staff by dramatic increases in campaign fundraising and spending and the largely static budget of the Commission over the past decade. The FEC OIG previously identified the foregoing concern as a top management and performance challenge facing the Commission. Appropriately funding the FEC would aid the Commission in accomplishing its existing mission, as well as additional responsibilities should Congress increase the Commission's enforcement responsibilities and authorities.

## Top Management Challenges

In accordance with the Reports Consolidation Act of 2000, we identify the most serious management and performance challenges facing the Commission and provides a brief assessment of the Commission's progress in addressing those challenges. Each challenge area is related to the FEC's mission and reflects continuing vulnerabilities and emerging issues. The following summarizes FEC's most significant management and performance challenges in our latest report, which is based on our experience and observations from our oversight work:

1. Growth of campaign spending - The FEC was established nearly fifty years ago to provide oversight of federal campaign finance. Since then, federal campaign fundraising and spending have increased dramatically, particularly after the U.S. Supreme Court's decision in *Citizens United v. FEC* in 2010. Indeed, total spending on federal election campaigns has increased from \$1.6 billion in 1998 to roughly \$14 billion in 2020. However, the FEC's budget has remained largely static over the past decade or more (and even decreased when accounting for inflation). That dynamic has placed great strain on the FEC staff and creates significant risks to the FEC.
2. Lack of quorum - During this reporting period, the Commission was restored with a quorum ending a six-month period with no quorum. Previous periods in which the Commission lacked a quorum undermined the ability of the Commission to engage in essential business. *(Update: The Commission regained its quorum on December 9, 2020, when the U.S. Senate confirmed three nominees to the FEC, restoring the agency's ability to conduct official business, and bringing the panel to its full slate of six commissioners for the first time since 2017.)*
3. Coronavirus (COVID-19) pandemic - The ongoing COVID-19 pandemic has forced the FEC, and many other agencies, to operate in a remote status since March 2020. As Federal workers begin returning to their offices in more significant numbers, their health and safety remains a top concern.
4. Lack of full-time support to Chief Information Officer (CIO) and General Counsel Positions - Currently, the senior leadership roles of the Staff Director and CIO are occupied by the same individual and have been since August 2011. Similarly, the Deputy General Counsel for Law is concurrently serving as the Acting General Counsel and has been doing so since September 2016. *(Update: The agency posted a job announcement on USA Jobs for the General Counsel position on September 30, 2021).* Filling the CIO and General Counsel Positions with full-time incumbents would help ensure the FEC is effectively and efficiently supporting its overall mission objectives.
5. Cybersecurity - Protecting data, systems, and networks from threats remains a top challenge. The FEC was established to protect the integrity of federal campaign finance by providing transparency and enforcing and administering federal campaign finance laws. In doing so, the FEC discloses campaign finance data to the public and as a result, encounters large volumes of webpage traffic from stakeholders and members of the public. In efforts to streamline transparency initiatives and improve business processes, the Commission is more technology reliant today, as is society; as such, it is imperative that the Commission continue to prioritize cybersecurity.

## Council of the Inspectors General on Integrity and Efficiency

**M**r. Christopher Skinner, the Inspector General, attends CIGIE monthly meetings as well as CIGIE sponsored Conferences and Professional Development Seminars. Mr. Skinner is an active member of the CIGIE Technology Committee and IG Candidate Review Panel.

Mr. Dennis Phillips, the Deputy Inspector General, participates on the Deputy Inspector's General Quarterly meetings and OIG investigative meetings.

Ms. Carla Smith, Senior Counsel, participates on the following recurring meetings: CIGIE Legislative Committee, Counsel to the OIG, Counsel to the small OIG, and Freedom of Information Act (FOIA). In addition, Ms. Smith was selected to serve a six-month reimbursable detail as the Special Assistant to the CIGIE Professional Development Committee during FY 22.

Ms. Shellie Purnell-Brown, Senior Auditor, participates on the DATA Act and Enterprise Risk Management working groups.



## List of Training, Meetings & Conferences

The chart below provides a list of trainings, meetings, programs, seminars, and/or conferences attended by the IG and the OIG staff for the period April 1, 2021 to September 30, 2021.

Trainings, Meetings, Conferences, Etc.	
Host / Sponsor	Topic / Subject
African American Federal Executive Association	Annual Leadership Workshop
AINS	Audit Meeting
American University	KEY - Federal Budget Strategy
Association of Certified Fraud Examiners	32nd ACFE Global Fraud Conference 2021 CFE Exam Review Training
Association of Inspectors General Institute (AIGI)	2021 AIG Certified Inspector General Investigator® Institute
Brookings Institute	Inside Congress
Cornell University	FEED Meeting: "Diversity, Equity, Inclusion, and Accessibility Executive Order Webinar"
Council of the Inspectors General on Integrity and Efficiency (CIGIE)	2021 GAO Financial Statement Audit Conference AIGM and DEI Meeting Blue Book Town Hall Business Diversity Subgroup Meeting Candidate Panel Review Deputy Inspector General Quarterly Meeting DFE IG Pay Diversity, Equity & Inclusion Townhall ERM Quarterly Working Group Freedom of Information Act Meeting IG Interviewing for Fraud; Auditors, Inspectors and Evaluators

Trainings, Meetings, Conferences, Etc.	
Host / Sponsor	Topic / Subject
Council of the Inspectors General on Integrity and Efficiency (CIGIE) (continued)	Introduction to Small Business Contracting Fraud Webinar
	Investigations Committee / Assistant Inspector General for Investigations Committee (IC / AIGI) Quarterly Meeting
	Legislative Committee Meeting
	Monthly Meeting with Inspectors Generals
	Monthly Meeting with Counsel
	New Inspection and Evaluation Blue Book Standards Virtual Town Hall
	Periodic Legal Review Training Program
	PRAC Data Analytics Expo
	Public Corruption Training
Department of Defense (DoD)	Small/unique OIG Quarterly Meeting
	Annual Hotline Worldwide Outreach Quarterly Hotline Working Group
Department of Justice	False Claims Act Training
	FOIA Exemption 7 Training
	Freedom of Information Act (FOIA) Training
	Privacy Update Training Special Counsel Training
Federal Election Commission	AEON Requestor Training
	AEON Approver Training
	All Hands Meeting
	Building a Better YOU" by Using Network Science to Improve Performance, Teamwork, and Inclusion
	Childhood Nutrition and Obesity: What Children Need to be Healthy
	Director's Meeting
	Effective Communication Workplace Wellness Webinar
	Finance Committee Meeting
	Financial Statement Audit and Bi-Weekly Status Meetings
	FOH – The Art of Parenting Younger Kids
	GSA Smart Pay Training
	GEHA – Swap Opportunities and Food Hacks
	OIG Meet and Greet OIG New Hire Orientation

Trainings, Meetings, Conferences, Etc.	
Host / Sponsor	Topic / Subject
Federal Election Commission (continued)	Introduction to Microsoft Teams Windows 10 IT Training Zoom Tutorial
Federal News Network	Strategies to Provide Equitable Access and Prevent Identity Fraud in Government
Government Accounting Office (GAO)	Appropriation Law Forum Data Act Working Group (DAWG) Bi-monthly Coordination Meeting
IGCIA Academy	Possibilities of OIG and Federal Trade Commission Joint Investigations
Institute of Internal Auditors	Board and Officers Meeting What Internal Auditors Need to Know About the Cybersecurity Maturity Model
KnowBe4	2021 Kevin Mitnick Security Awareness Training 2021 Mandatory Ethics Training Basics of Phishing Fundamentals
Office of Personnel Management (OPM)	Communicating Up Diversity and Inclusion Performance Management: Engagement through Alignment Enhancing Interpersonal Effectiveness Training
Skillssoft	Adobe Forms and Signatures Training Compliance Considerations to Prepare for Returning to the Office What's New in Office 2016
Unknown Vendor for these meetings and trainings	AIGIM Finance Fundamentals Women in Government Roundtable

# 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	18-19
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)	28
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)	26
Section 5(a)(9)	Recommendations that Funds be Put To Better Use (Table II)	27
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)(14)	Peer Review Recommendations	30

Reporting requirements required by the IG Act, as amended, continued:

IG Act	DESCRIPTION	PAGE
Section 5(a)(17), (18)	Investigative Reports Table and Metrics (Table IV)	14-17, and 29
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 I: Inspector General Issued Reports with Questioned Costs**

	Required reporting	Number of Reports	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 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	9	4	5	0
Inspection of the Federal Election Commission's Disaster Recovery Plan and Continuity of Operations Plans	OIG-12-06	01/13	3	0	3	0
Audit of the Federal Election Commission's Office of Human Resources	OIG-12-05	07/13	1	0	1	0
Audit of the FEC's Telework Programs	OIG-15-03	06/16	1	0	1	0
Fiscal Year 2020 Financial Statement Audit <sup>3</sup>	OIG-21-01	11/20	5	0	5	0
TranServe Special Review	SR-19-01	07/21	3	0	3	0
Totals			22	4	18	0

<sup>3</sup> Follow-up on these open recommendations are performed by an IPA Firm during FEC's annual Financial Statement (FS) Audit. In the past the FS Audit recommendations were not included in this table.

Table IV: Summary of Investigative Reports and Actions<sup>4</sup>

FEC OIG Investigations Courses of Action (Oct 1, 2020 – Mar 31, 2021)	Number
Total number of investigative reports issued	2
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	2

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<sup>4</sup> 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 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.

### OIG Peer Review Activity

Title:	Peer Review of the FEC OIG Audit Program
Assignment Number:	N/A
Status:	Complete

The FEC OIG was peer reviewed during the last reporting period by the Election Assistance Commission (EAC) OIG. The modified peer review report was issued on December 30, 2020. The modified report contained one finding and one recommendation. The finding specified that the FEC OIG internal policies and procedures did not conform to the 2018 version of Generally Accepted Government Auditing Standards (Yellow Book). Accordingly, we are happy to report that the FEC OIG has completed a draft revision of its audit manual and it is currently under OIG management review.

Title:	Peer Review of the EXIM OIG Audit Program
Assignment Number:	N/A
Status:	Complete

In accordance with the CIGIE Audit Peer Review schedule, the FEC OIG was tasked with conducting a peer review of the Export-Import Bank (EXIM) OIG Audit Program for the reporting period ended March 31, 2020. The EXIM OIG was granted an extension for this peer review until June 30, 2021. During the reporting period the FEC OIG team completed the review and issued the report on June 29, 2021. Our report contained no recommendations; however, we issued a management letter of comment which documented one finding that was not considered to be of sufficient significance to affect our opinion expressed in the report.

## Appendix B: Mission Statements

### Office of Inspector General

The FEC OIG is committed to detecting and preventing fraud, waste, abuse, and other violations of law, and to promoting economy, efficiency and effectiveness in the operations of the FEC. The OIG strives to collaboratively promote improvements to FEC strategic operations, programs, and initiatives by independently conducting value-added audits, reviews, and investigations.

Our vision is to serve as trusted agents in driving positive change and promoting integrity in FEC programs and operations.

### The Federal Election Commission

The FEC is the independent regulatory agency charged with administering and enforcing the federal campaign finance law. The FEC has jurisdiction over the financing of campaigns for the U.S. House, Senate, Presidency and the Vice Presidency. Its mission is to protect the integrity of the Federal campaign finance process by providing transparency and fairly enforcing and administering Federal campaign finance laws.

In 1975, Congress created the FEC 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 six Commissioners – Shana M. Broussard (Chair), Allen Dickerson (Vice Chair), James E. “Trey” Trainor, III, Steven T. Walther, Ellen L. Weintraub, and Sean J. Cooksey.



## Federal Election Commission Office *of the* Inspector General

# REPORT FRAUD, WASTE, & ABUSE

**OIG Hotline Portal**  
**<https://fecoig.ains.com>**



\* Also accessible via:  
**<http://www.fec.gov/oig>**

**OIG Hotline Phone**  
**202-694-1015**



\* Available from 9:00 a.m. to 5:00 p.m.  
Eastern Standard Time, Monday through  
Friday, excluding federal holidays.

Or you may call toll free at 1-800-424-9530 (press 0; then dial 1015). You may also file a complaint by completing the Hotline Complaint Form (<http://www.fec.gov/oig>) and mailing it to: 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/oig>.

## Together we can make a difference!