



Federal Election Commission  
Office *of the* Inspector General

# SEMIANNUAL REPORT *to* CONGRESS

April 1, 2022 – September 30, 2022

November 2022



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

OFFICE OF THE CHAIRMAN

November 30, 2022

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, 2022 through September 30, 2022.

During this reporting period, the OIG completed two special reviews. Management's responses to those reviews are included in the management letters that report the results of the special reviews. The OIG also reports it continued to work on two audits and a special review. OIG expects to issue final audit reports and conclude the special review 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* will be provided to the FEC's oversight committees.

On behalf of the Commission,

A handwritten signature in blue ink, appearing to read "Allen J. Dickerson", is written over a blue rectangular stamp.

Allen J. Dickerson  
Chairman

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 the Inspector General (OIG) Semiannual Report to Congress for the period of April 1, 2022, to September 30, 2022. 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 audit team continued to oversee the FY 2022 Financial Statement audit, which will be issued and finalized in November 2022. Additionally, the audit team completed special reviews of the FEC's compliance with improper payments and the FEC's Contracting Officers Representative (COR) Program. In FY 2023, the OIG plans to conduct two audits (via contractual agreement), three special reviews of FEC operations, and an ongoing review of Commission directives.

The investigative team continues to respond to hotline complaints and conduct investigations. During the reporting period, the investigative team issued reports to the Commission concerning two investigations. One investigation involved an agency employee who reported a lost agency laptop and the other investigation involved alleged unreported outside employment by a senior agency employee. The investigative team remains committed to promoting accountability by responding to hotline complaints and investigating allegations of wrongdoing.

The previous reporting period identified eight outstanding recommendations from three audit-related engagements (one inspection, one special review, and one audit). No additional audit-related recommendations were identified during the reporting period; however, the investigative team identified five recommendations from one investigative report, of which four are now outstanding (more than six months). FEC staff closed six outstanding recommendations during the reporting period. Accordingly, seven OIG recommendations remain open. The OIG team will continue to work with the Commission and agency leaders to address open OIG recommendations.

During the reporting period, the FEC OIG proposed that Congress separately articulate the OIG's budget within the FEC's FY 2023 appropriations text to reinforce the independence and transparency of the OIG's budget, as well as align the FEC's appropriations language with the IG Act and with similarly situated agencies and OIGs. Indeed, Congress separately articulates most OIG budgets in appropriations bills. As such, the FEC OIG will continue to discuss this matter with stakeholders at the agency, OMB and Congress.

During the COVID-19 pandemic, the OIG team demonstrated effective performance of the mission in a full-time telework environment. Accordingly, in efforts to encourage innovation, creativity, experimentation, and learning in a modern work environment that includes traditional, virtual, and hybrid settings, the FEC OIG will continue to authorize maximum telework and remote work (on a case-by-case basis). This work environment will promote a safe, healthy, and effective work setting for OIG personnel and allow for expanded flexibilities in work arrangements similar to modern private-sector strategies in efforts to enhance the FEC OIG's ability to recruit and retain top talent.

Going forward, the FEC OIG remains committed to conducting audits and special reviews that strengthen the agency's internal controls, addressing hotline complaints, resolving outstanding audit and investigative 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 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 'C. Skinner', with a stylized flourish at the end.

Christopher Skinner  
Inspector General

## OIG Personnel Updates

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### Additions:

None during this reporting period.

### Farewells:

None during this reporting period.

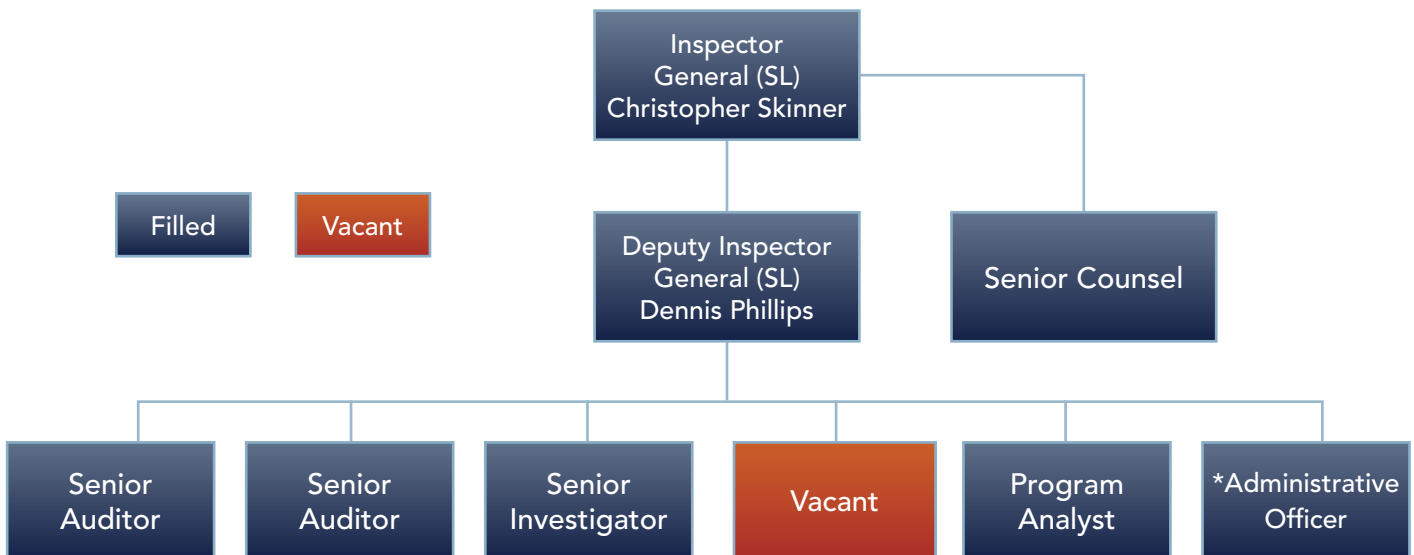
### Vacancies:

The OIG currently has one vacant position. The vacancy will be a top priority to fill in FY 2023, pending availability of funding.



## 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: March 2022

## 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, IGs 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, 2022 to September 30, 2022. 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.

## OIG Audit Activity

### ***FY 2022 Financial Statement Audit***

During the reporting period, the independent public accountants (IPA), Brown & Company, PLLC commenced the agency’s FY 2022 Financial Statement audit. The entrance conference was held on April 7, 2022, and they are in the process of completing interim testing. Final audit testing will be performed during October and early November 2022, 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, 2022.

The IPA is also required by the FEC OIG’s contract to conduct additional testing on information systems (IT) controls, as the FEC is exempt from the *Federal Information Systems Management Act* (FISMA). Additionally, the IPA conducts a review of outstanding recommendations related to IT controls. Results of the IT assessment will be included in the audit report and/or management letter.

## OIG Recommendations 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 six recommendations were closed during this reporting period. As of September 30, 2022, there are seven outstanding recommendations resulting from one inspection, one special review and one investigation. (See complete details in Table III: Summary of Audit/Review/Inspection and Investigation Reports with Corrective Actions Outstanding).

## OIG Hotline Activity and Investigations

The OIG manages its complaints primarily through the online hotline portal, through which members of the public and agency employees may submit matters to the OIG. During this reporting period, the OIG received and closed 18 new hotline complaints, ending the reporting period with zero open hotline complaints. No outstanding hotline complaints remained from the prior reporting period.

During the reporting period, the investigative team completed four investigations, two of which resulted in reports issued to the Commission.

The first investigation concerned an allegation that a senior agency employee was engaged in outside employment without agency approval or disclosure in violation of federal regulations and FEC rules. Investigation of the matter determined the allegation was not substantiated because the employment at issue preceded (and ended prior to) the subject's agency employment. An [investigative summary](#) was published to our webpage.

The second investigation was based on a report that an agency employee with the Office of General Counsel had lost their FEC laptop and may have failed to promptly report the loss in accordance with FEC policy. The investigation did not find that the employee violated FEC policy concerning the transportation and control of FEC information resources. However, during the investigation, the employee made numerous conflicting and incomplete statements and refused to cooperate with OIG investigators. The employee resigned from FEC employment during the course of the investigation. In addition, the OIG recommended improvements to agency policies concerning transporting and reporting lost information resources, which the agency promptly implemented. An [investigative summary](#) was published to our webpage.

The third investigation involved alleged Hatch Act violations, which are the purview of the Office of Special Counsel. Accordingly, we referred the matter to the Office of Special Counsel.

The fourth investigation was a preliminary inquiry into a complaint received during a prior reporting period that we closed without further investigation because the preliminary inquiry identified no evidence of misconduct.

## Other Matters – OIG Budget

During the reporting period, the FEC OIG proposed that Congress separately articulate the OIG's budget within the FEC's FY 2023 appropriations text to reinforce the independence and transparency of the OIG's budget, as well as align the FEC's appropriations language with the IG Act and with similarly situated agencies and OIGs. Indeed, Congress separately articulates most OIG budgets in appropriations bills.

## 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 provide 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 the FEC's most significant management and performance challenges in our [FY 2022 report](#), which is based on our experience and observations from our oversight work:

1. Growth of campaign spending
2. Identifying and regulating unlawful foreign contributions
3. Coronavirus (COVID-19) pandemic
4. Senior leadership salary structure
5. Cybersecurity

## OIG Audit Activity

Title:	FY 2022 Financial Statement Audit
Assignment Number:	OIG-22-01
Status:	In progress

The OIG exercised the third option year of our five-year contract with Brown & Company, PLLC to perform the agency's 2022 financial statement audit. During this reporting period, the entrance conference was held on April 7, 2022, which kicked off the planning phase of the audit. The start of field work and interim testing began in June 2022.

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. As in prior years, the IPA is required by the FEC OIG's contract to conduct additional testing on IT controls, as the FEC is exempt from the *Federal Information Systems Management Act* (FISMA) and is not required to perform the annual FISMA audit.

Final audit testing will be performed during October and early November 2022, followed by the draft report to management and 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, 2022.

Title:	Audit of the FEC's Human Capital Management
Assignment Number:	OIG-22-02
Status:	In progress

The Audit of FEC's Human Capital Management commenced during this reporting period. This audit is the first engagement under a 5-year Blanket Purchase Agreement that was awarded to Brown & Company. The primary purpose of this audit is to determine if FEC's human capital management program is adequate to ensure the strategic plan and mission of the agency is achieved and aligned with OPM's Human Capital Framework (HCF). This engagement is being conducted as a performance audit in accordance with Generally Accepted Government Auditing Standards (GAGAS).

The scope of this engagement will focus on the FEC's workforce staffing plan and performance management as of September 30, 2022. The preliminary objectives are as follows:

- Assess whether workforce staffing models and performance matrix are adequate to achieve strategic goals and objectives.
- Assess the sufficiency of agency manpower resources to meet the increased demands of campaign finance oversight and enforcement.
- Determine if there are any agency-wide skill gaps (staffing or competency).
- Assess the effectiveness of employee performance management, including within a hybrid/virtual work environment.

The entrance conference was held on September 12, 2022. We are in the beginning stages of planning and anticipate completing the audit and publishing the audit results during the next reporting period.

Title:	<u>OIG Special Review of the Federal Election Commission (FEC) Contracting Officers Representative Program</u>
Assignment Number:	SR-22-01
Status:	Complete

The OIG completed a special review of the FEC's contract officer representative (COR) management program during this reporting period. The primary objective of this special review was to assess FEC policies and procedures around COR management to ensure that current internal controls are adequate and that the program complies with relevant federal laws and regulations, including the Federal Acquisition Regulation (FAR), the Office of Management and Budget (OMB) Office of Federal Procurement Policy's (OFPP) "Revisions to the Federal Acquisition Certification for Contracting Officer's Representatives (FAC-COR), and FEC policies and procedures.

Our review concentrated on the COR certification process and COR training. We selected a random sample of 10 (22%) active employees serving as CORs during the period of FY 2019 to FY 2021. Based on the work performed, all CORs selected for testing had an approved COR Designation Letter and obtained the proper COR certification level and required Continuous Learning (CL) points. We concluded that the FEC has implemented applicable FAC-COR requirements. However, the FEC OIG proposed two recommendations to enhance alignment with the FAC-COR and improve the operating effectiveness of COR monitoring controls. We recommended:

1. That the Procurement Office should memorialize the COR certification tracking procedures it has implemented.
2. That the Procurement Officer should, in the course of certifying CORs, encourage supervisors to include COR activities in performance plans for employees with COR responsibilities at Level II and III. In addition, the Procurement Officer should consider including related language in the standard COR designation letters.

A management letter was issued on May 26, 2022, to communicate the results of this special review.

Title:	<u>The Federal Election Commission's Compliance with Improper Payments Reporting for Fiscal Year 2021</u>
Assignment Number:	SR-22-02
Status:	Complete

This special review was completed by the FEC OIG during this reporting period. This special review satisfies the OIG's FY 2021 annual review of the FEC's compliance with the *Payment Integrity Information Act of 2019* (PIIA). This review was conducted in accordance with the requirements in the OMB Circular A-123, Appendix C (March 2021), OMB Circular A-136 (August 10, 2021), OMB Annual Data Call Instructions, OMB Payment Integrity Question and Answer Platform, and the CIGIE Guide for PIIA.

The purpose of this special review was to evaluate whether the agency has complied with the PIIA and other applicable payment integrity guidance which includes publishing the appropriate improper payments information with the annual Performance and Accountability Report (PAR) or Annual Financial Report (AFR) along with accompanying materials for the most recent fiscal year. To accomplish this review, the OIG reviewed the agency's payment integrity section and other improper payment disclosure sections of the FEC FY 2021 AFR posted on the agency's website. The OIG also examined the most recent improper payment risk assessment and other relevant workpapers included in the FEC's FY 2021 Financial Statement Audit.

Based on work performed, the OIG concluded the FEC complied with the applicable requirements outlined in the PIIA and OMB guidance. Specifically, the OIG determined that the agency had no programs susceptible to significant improper payments. However, we made one recommendation for improving improper payment reporting to better align with OMB's standard language, which provides that the agency adequately concluded whether the program is not likely to make improper payments and unknown payments above or below the statutory threshold. The FEC OIG issued a management letter on May 12, 2022, to report the results of this special review.

Title:	Special Review of the Federal Election Commission (FEC) Standard Operating Procedures (SOP) related to non-FECA law enforcement inquiries
Assignment Number:	SR-22-03
Status:	In progress

This special review was selected based on coordination challenges identified by external agency law enforcement personnel and in accordance with Section (4) of the *Inspector General Act of 1978*, as amended. The primary purpose is to assess whether the FEC has adequate policies and procedures to respond in a timely and effective way to non-FECA inquiries made by law enforcement. We anticipate completing the review and publishing the results during the next reporting period.

## OIG Recommendations Follow-up Activity

Title:	<i>OIG Recommendations Follow-up Activity</i>
Assignment Number:	N/A
Status:	In progress

A 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. Accordingly, the figures detailed herein do not include any recommendations less than six months old.

The previous reporting period identified eight outstanding recommendations from three audit-related engagements (one inspection, one special review, and one audit).<sup>1</sup> No additional audit-related recommendations were identified during the reporting period; however, the investigative team identified five recommendations from one investigative report, of which four are now outstanding (more than six months).<sup>2</sup> FEC staff closed six outstanding recommendations during the reporting period. There are seven outstanding recommendations resulting from one inspection, one special review, and one investigation as of September 30, 2022.<sup>3</sup> The list of audits, inspections, special reviews, and investigations is detailed below:

1. Inspection of the FEC's Disaster Recovery Plan and Continuity of Operations Plans (outstanding 8.5 years)
2. TranServe Special Review (outstanding 2 years)
3. Investigation I21INV00037 (outstanding 1 year)

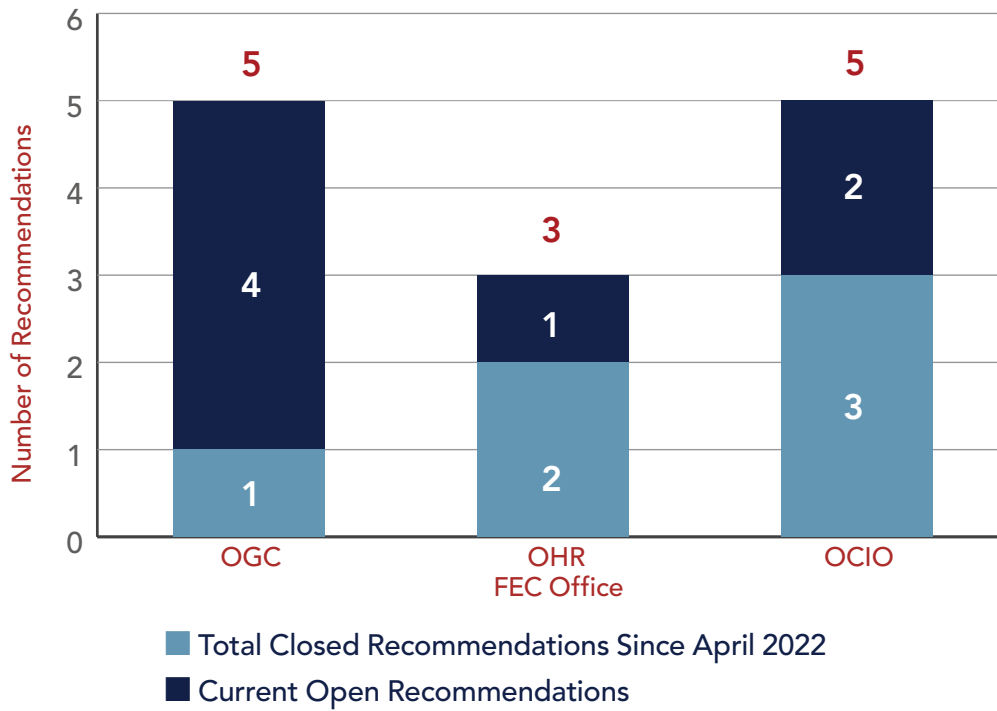
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<sup>1</sup> During the reporting period, the audit and review team published two special reviews which identified three open recommendations which remain open. Those recommendations are less than six months outstanding and thus not documented in this report.

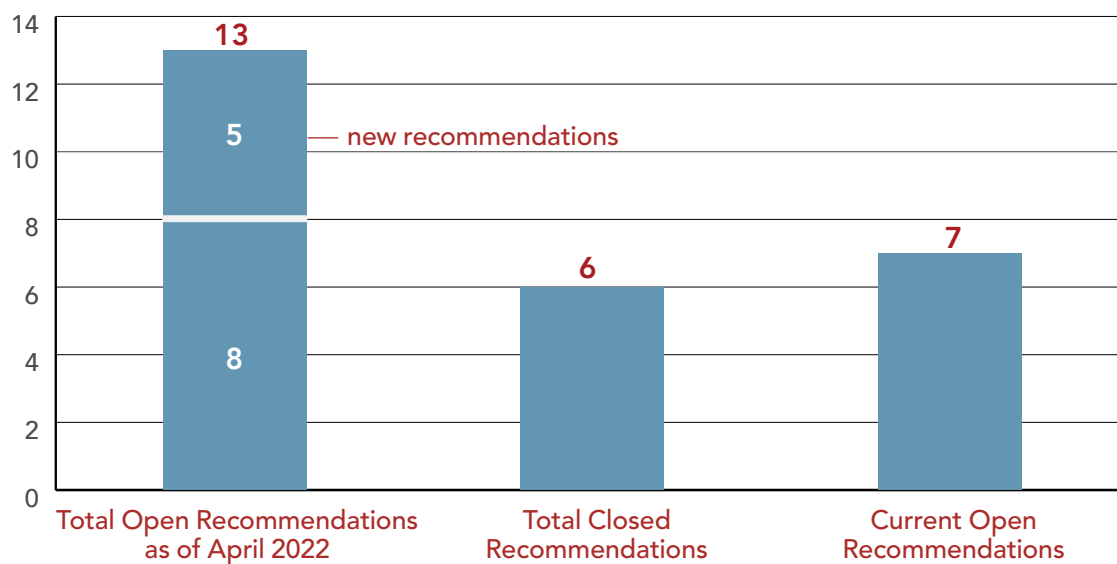
<sup>2</sup> During the relevant period, the investigative team published two investigative reports which identified six open recommendations. FEC staff closed all six recommendations during the period and thus they are not documented in this report.

<sup>3</sup> As of September 30, 2022, the OIG has 10 open recommendations (three of which are less than six months outstanding).

### Recommendations Activity by FEC Office from April 2022 to September 2022 (> 6 months old)



### Progress Report from April 2022 to September 2022



## OIG Hotline Activity

The 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 and closed 18 new hotline complaints, ending the reporting period with zero open hotline complaints. No outstanding hotline complaints remained from the prior reporting period.<sup>4</sup>

The OIG takes all matters received on the hotline seriously. Accordingly, 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 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 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 it warrants criminal investigation/prosecution. OIG refers to relevant agency 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 complainant. OIG notifies the complainant of that process.
- **Closed with no further action** – Complaint 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>4</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 23 OIG Contacts.



OIG Course of Action - Hotlines Closed	
Opened for investigation	2
OIG referral to FEC management	0
OIG referral to existing FEC program/process	0
OIG referral to external agency	2
OIG referral to OIG audit/special review	0
Assist complainant	9
Closed with no action	5
Total Hotlines Closed	18

## OIG Investigative Summaries

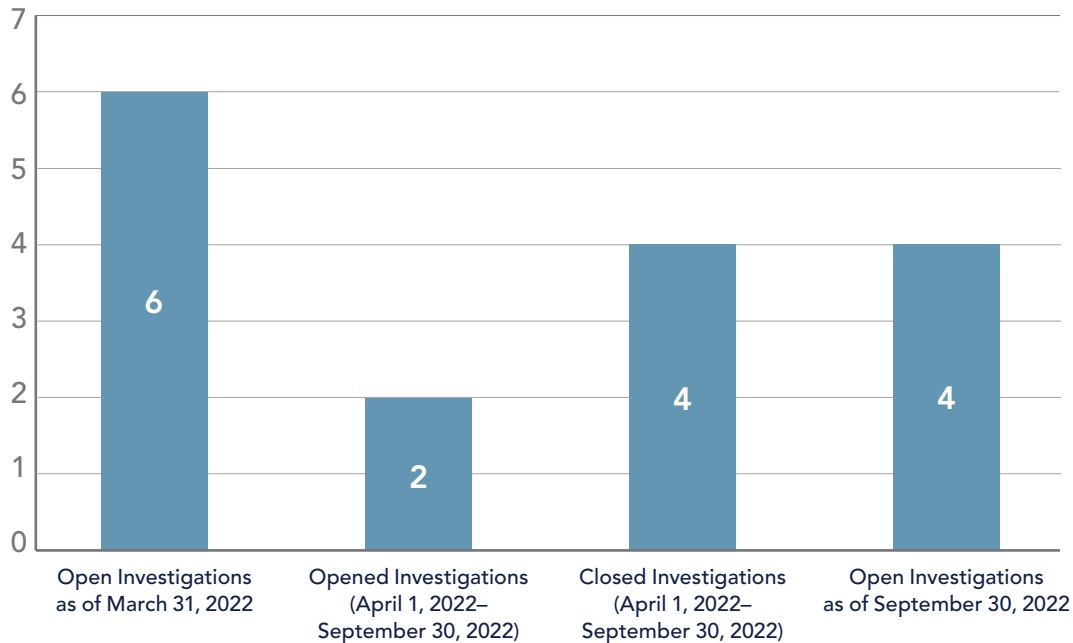
OIG investigations gather and analyze facts to resolve allegations of wrongdoing. OIG investigations may address administrative, civil, and criminal violations of laws, regulations, and policies and issues concerning the economy and efficiency of FEC operations and programs. The subject of an OIG investigation 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 an 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 six investigations as of March 31, 2022. During the reporting period, two new investigations were opened, four investigations were closed, and four investigations remain open with two currently put on hold pending ongoing litigation.

During the reporting period, the investigative team completed four investigations: two in which the OIG issued reports to the Commission, one in which the OIG closed and referred a part of the allegations to the Office of Special Counsel (OSC), and one in which the OIG closed with no further action because a preliminary inquiry determined no violation occurred.

### FEC OIG Status of Investigations (April 1, 2022 – September 30, 2022)



The first completed investigation concerned an allegation that a senior agency employee was engaged in outside employment without agency approval or clearance in violation of federal regulations and FEC rules. Investigation of the matter determined the allegation was not substantiated because the employee in question was not engaged in outside employment while also an FEC employee. The OIG made no recommendation in that case and an [investigative summary](#) was published to our webpage.

The second completed investigation was based on a referral that an agency employee with the Office of General Counsel had lost their FEC laptop and may have failed to promptly report the loss in accordance with FEC policy. The investigation did not find that the employee violated FEC policy concerning the transportation and control of FEC information resources, as the policy's requirements for transporting devices and reporting stolen devices were vague and ambiguous. During the investigation, the employee made numerous conflicting and incomplete statements and refused to cooperate with OIG investigators. The employee resigned from FEC employment during the course of the investigation. The OIG developed one recommendation to ensure the FEC provides clear policy concerning the transportation of devices and the reporting of lost or stolen devices, which the agency promptly implemented. An [investigative summary](#) was published to our webpage.

The third investigation involved alleged Hatch Act violations, which are the purview of the Office of Special Counsel. Accordingly, we referred the matter to the Office of Special Counsel.

The fourth investigation was a preliminary inquiry into a complaint received during a prior reporting period that we closed without further investigation because the preliminary inquiry identified no evidence of misconduct.

Closed Investigations - Courses of Action (April 1, 2022 – September 30, 2022)	# 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	2
Investigations closed and referred to OIG audit/special review program	0
Referrals to DOJ for federal prosecution	0
Totals	4

## Other Matters - OIG Budget

Beginning in FY 2022, the FEC OIG proposed that Congress separately articulate the OIG's budget within the FEC's appropriations language. Doing so would reinforce the independence and transparency of the OIG's budget, as well as align the FEC's appropriations language with the IG Act and with similarly situated agencies and OIGs.

By way of background, the IG Act was amended in 2008 to require specific budget itemizations that must be transmitted by each OIG to the President and to Congress via their respective agencies (here, the Commission). Notwithstanding the foregoing, the FEC's appropriation text has not separately articulated the OIG's budget. Although the IG Act does not expressly require separate budget articulation in appropriations bills for designated federal entity OIGs (such as the FEC OIG), doing so would promote transparency as well as the public's trust in the independence of the OIG.

Separately articulating the OIG's budget within the FEC's appropriation text would align the FEC OIG with most other federal agency OIGs. The FEC OIG recently conducted an informal review of federal agency OIG appropriations and found that a majority (approximately 61%) had either a separate appropriation from their respective agencies or an earmark within their agencies' appropriations.

Ultimately, although the FY 2022 Appropriations draft House bill included a separate articulation of the FEC OIG's budget, that provision was not in the final FY 2022 Appropriations bill that became law. The FEC OIG intends to continue to work with the Commission, OMB, and Congress to pursue this proposal in FY 2023 and strongly urges Congress to consider separately articulating the budget for the FEC OIG in future appropriations bills.

## Top Management Challenges

In accordance with the *Reports Consolidation Act of 2000*, in early FY 2022 we identified the most serious management and performance challenges facing the Commission and provided 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 FY 2022 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 \$14.5 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. Identifying and regulating unlawful foreign contributions** – Identifying and regulating unlawful foreign contributions pose a significant challenge to the FEC. As committee expenditures and the number of transactions subject to FEC regulation and oversight increase, potential contributions by foreign nationals also increase, which demands greater scrutiny by agency regulators. However, a recent OIG report found that the FEC's practice of relying on filers' self-certifications concerning potential foreign contributions poses a national security risk and provides insufficient oversight of possible illegal foreign donations. Indeed, numerous recent cases highlight the risk of unlawful foreign influence in U.S. elections.
- 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. The FEC is currently piloting a hybrid return-to-work schedule, though the impact on agency operations and potential new developments with COVID-19 are not fully known.

4. **Senior leadership salary structure** – Currently, the senior leadership roles of the Staff Director and Chief Information Officer (CIO) are occupied by the same individual and have been since August 2011. Information technology is ever-evolving, which affects all government agencies and without a fully dedicated CIO to focus on technological issues to ensure resources are properly allocated and adequate processes are in place for the protection and safeguards of the agency, the agency will remain at risk. Similarly, the Deputy General Counsel for Law is concurrently serving as the Acting General Counsel and has been doing so since September 2016. This has potential to put the agency at risk and inhibit the agency's ability to effectively and efficiently meet its mission requirements; robust internal dialogue and diversity of opinion are essential to ensuring the agency considers competing legal theories and courses of action. 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

Mr. 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 Budget Committee. He also serves on the IG Candidate Panel, reviewing candidates interested in presidential appointment, needing Senate confirmation (PAS), or for Designated Federal Entity (DFE) Inspector General Positions.

Mr. Dennis Phillips, the Deputy Inspector General, participates in the Deputy Inspectors General quarterly meetings and OIG investigative meetings.

Ms. Carla Smith, Senior Counsel, participates in the following recurring meetings: CIGIE Legislative Committee, Counsel to the OIG, Counsel to the small OIG, *Freedom of Information Act* (FOIA) and Professional Development Committee (PDC). Carla currently serves as the Vice Chair of the Leadership Innovation Subcommittee. In this position, she assists in developing community-wide forums and events that foster continual innovation and knowledge sharing in leadership development for the OIG community.

Ms. Shellie Purnell-Brown, Senior Auditor, participates in the Enterprise Risk Management working group.



## List of Trainings, 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, 2022 to September 30, 2022.

Trainings, Meetings, Conferences, Etc.	
Host / Sponsor	Topic / Subject
Ability One	SES Executive Resources Board (ERB)
AETNA	Retirement Planning & Resources: Understanding Medicare/Medicaid
Audit Board	Tackling Fraud in Today's Dynamic Risk Environment
Association of Certified Fraud Examiners (ACFE)	Virtual ACFE Conference
Association of Certified Fraud Examiners (ACFE) District of Columbia Chapter	Identifying Fraud, Waste, and Abuse in Federal Grant Programs
Association of Certified Fraud Examiners (ACFE) Maryland Chapter	Fraud Conference
Bureau of the Fiscal Service	G-Invoicing Performance Webinar Treasury's 2022 Virtual Government Financial Management (GFMC) Conference
Congress	Committee on House Administration
Council of the Inspectors General on Integrity and Efficiency (CIGIE)	2022 CIGIE Annual IG Conference 2022 CIGIE/GAO Financial Statement Audit Conference Becoming & Leading as a Senior Executive (SES/SL) Budget Committee Member Meetings Business Diversity Subgroup Meetings Candidate Panel Review

Trainings, Meetings, Conferences, Etc.	
Host / Sponsor	Topic / Subject
Council of the Inspectors General on Integrity and Efficiency (CIGIE) (cont.)	Coaching
	Connect, Collaborate and Learn the Power of Data Analytics
	DEI&A Group, Business Supplier Diversity Workgroup
	Deputy Inspector General Quarterly Meeting
	Diversity, Equity & Inclusion (DE&I) Monthly Meeting
	ERM to Drive Programmatic Success Virtual Workshop
	ERM Quarterly Working Group
	Freedom of Information Act Meeting
	GSA FEDRAMP Seminar
	Infrastructure Working Group
	Investigations Committee / Assistant Inspector General for Investigations Committee (IC / AIGI) Quarterly Meeting
	Investigative Writing Training (IWTP) Program
	Jumpstarting Inspections and Evaluations
	Legislative Committee Meeting
	Looking to the Future Third Annual Symposium of the CIGIE Technology Committee's Emerging Technology Subcommittee
	Monthly Meeting with Inspectors Generals
	Monthly Meeting with Counsel
	Periodic Legal Refresher
	Principles of Appropriations
	Professional Careers Beyond Audit Investigations and Legal
	Small/Unique OIG Quarterly Meeting
	Tech Tuesday's
	Technology Committee's Cybersecurity Working Group - DHS/ CISA Vulnerability Disclosure Policy Platform
	The Power of Data Analytics
	Third Annual Symposium/CIGIE Technology Committee
Department of Defense (DoD)	National Whistleblower Appreciation Day
	Procurement Collusion Strike Force (PCSF) Level 3 Case Presentation: Bribery, Fraud, and Obstruction within the U.S.
	Department of Defense Office of Inspector General Webinar
	Quarterly Hotline Working Group

## LIST OF TRAININGS, MEETINGS & CONFERENCES

Trainings, Meetings, Conferences, Etc.	
Host / Sponsor	Topic / Subject
Federal Election Commission	2022 Kevin Mitnick Security Awareness Training
	AEON Requestor Training
	Director's Meeting
	DE&I Panel Discussion with FEC Leadership & Invited Guests
	Finance Committee Meeting
	Financial Statement Audit and Bi-Weekly Status Meetings
	GovTA Time and Attendance Training
	Human Capital Management Audit Bi-weekly Status Meeting
	Independent Expenditures and Pre-Election Communications
	Insider Threats for End Users
	Introduction to Adobe Sign
	Mandatory Hatch Act Training
	Occupant Emergency Team Training
	OIG New Hire Orientation
	OIG Update to the Commission
	Spark Next Level Leadership
Government Accounting Office (GAO)	Data Act Working Group (DAWG) Coordination Meeting
Government Employees Health Association	Fighting Inflammation Naturally
Government Publishing Office (GPO)	Basic Training Boot Camp
General Services Administration (GSA)	2022 GSA Smart Pay Virtual Forum
Intelligence Community	Inspector General Conference
International Association of Computer Investigative Specialists (IACIS)	Basic Computer Forensics Examiner Training

Trainings, Meetings, Conferences, Etc.	
Host / Sponsor	Topic / Subject
Institute of Internal Auditors	2022 International Conference Board and Officers Meeting
Management Concepts	Maximizing Agency Funds at Fiscal Year-End Analytics Boot Camp
Mile2 Cybersecurity	Digital Forensics Examiner Training
NASA	Managing Stress - A Brief Review
Office of Personnel Management (OPM)	Employee Engagement Training
Wolters Kluwer	Managing Internal Audit Risk
Yellowbook.com	Data Analytics and Visualization for Auditors Using Excel to Clean-up Data

# 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	None
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)	29
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)	27
Section 5(a)(9)	Recommendations that Funds be Put To Better Use (Table II)	28
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

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 Put 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
Inspection of the Federal Election Commission's Disaster Recovery Plan and Continuity of Operations Plans	OIG-12-06	01/13	2	0	2	0
TranServe Special Review	SR-19-01	07/20	3	2	1	0
Investigation I21INV00037	I21INV00037	08/21	5	1	4	0
Fiscal Year 2021 Financial Statement Audit	OIG-21-01	11/21	3	3	0	0
Totals			13	6	7	0

**Table IV: Summary of Investigative Reports and Actions<sup>5</sup>**

FEC OIG Investigations Courses of Action (April 1, 2022 – Sept 30, 2022)	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	4

<sup>5</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. The FEC OIG was not peer reviewed during this reporting period.

The FEC OIG has no open recommendations from previous peer reviews. The FEC OIG will be peer reviewed during the next reporting period by the US International Trade Commission OIG. The peer review period under this review is from October 1, 2019 to September 30, 2022. The results of the peer review will be issued by March 31, 2023.

The FEC OIG did not conduct any peer reviews during the reporting period. Accordingly, there are no open recommendations to report from prior peer reviews conducted.

## 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 promote 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 –Allen Dickerson (Chair), Dara Lindenbaum (Vice Chair), Shana M. Broussard, Sean J. Cooksey, James E. “Trey” Trainor, III, and Ellen L. Weintraub.



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!**