

FEDERAL ELECTION COMMISSION

Office of the Inspector General



Results of Pandemic Benefits Review

Report # OIG-2025-R1

June 24, 2026

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I. RESULTS IN BRIEF

Why Did We Conduct the Review?

In March 2020, the President signed into law the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The CARES Act provided over \$5 trillion in emergency assistance to individuals and businesses affected by the coronavirus (COVID-19) pandemic. The Small Business Administration (SBA) was one of the federal agencies that received funding from the CARES Act to manage the pandemic relief programs.

The Federal Election Commission (FEC) Office of the Inspector General (OIG) initiated a proactive review in January 2025 to identify fraud, waste, or abuse of pandemic relief benefits that may have impacted agency employees. The review had two objectives:

- 1.) Identify whether any FEC employees improperly received benefits under pandemic relief programs administered by the SBA.
- 2.) Assess whether any FEC employees were the victims of identity theft by individuals defrauding these programs.

What Did We Review?

The OIG worked with the Pandemic Response Accountability Committee (PRAC) to review application data from agency employees who have applied for the SBA's Economic Injury Disaster Loan (EIDL) Program and the Paycheck Protection Program (PPP).

What Did We Find?

The PRAC provided the OIG with 19 matches for FEC employees potentially connected to SBA pandemic relief loans. Fourteen were current FEC employees and 5 were separated employees. The OIG took no investigative action for three of the separated employees, and referred two of them to the OIGs at their new agencies. For the 14 current employees, the OIG found multiple issues worth noting. Of greatest concern, the OIG found indications that nine employees may have been victims of identity theft. The OIG notified these employees, offered to meet with them, and provided them with government resources for victims of identity theft. The OIG also found that one employee submitted conflicting information in their applications for CARES Act benefits, and one employee used government-furnished equipment to apply for a loan.

Moreover, two employees included in the PRAC data had financial disclosure requirements, which they satisfied. Additionally, three employees possessed specialized skills that may have required them to seek an ethics opinion related to their outside employment. Only one requested and received a formal legal opinion related to outside employment, but this employee also had irregularities regarding their outside employment activity.

What Did We Recommend?

The OIG made four recommendations in this report:

- 1.) The OIG recommends that the agency review the files of all current employees to ensure that their background investigations are complete and take appropriate action for those employees who have missing or incomplete background investigations.
- 2.) The OIG recommends that the agency update IT policies, such as the *Rules of Behavior and Acceptable Use Standards*, to improve guidance on the use of government equipment for personal use consistent with ethics regulations prohibiting using public office for private gain.
- 3.) The OIG recommends that the agency evaluate FEC guidance, including policies and training materials, that addresses the “specialized skills” standard that requires employees to seek an ethics opinion.
- 4.) The OIG recommends that the agency conduct regular or periodic reviews of employees’ outside employment approvals to ensure the continued accuracy of the information provided and the approval.

II. BACKGROUND

In March 2020, Congress passed, and the President signed into law, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).¹ The CARES Act provided over \$5 trillion in emergency assistance to individuals and businesses affected by the coronavirus (COVID-19) pandemic. The Small Business Administration (SBA) received funding from the CARES Act. Two SBA programs funded by the CARES Act were the Economic Injury Disaster Loan (EIDL) Program and the Paycheck Protection Program (PPP).

To provide oversight of the funds in pandemic-related programs and spending, the CARES Act also created the Pandemic Response Accountability Committee (PRAC) under the Council of the Inspectors General on Integrity and Efficiency (CIGIE). The PRAC promotes transparency and facilitates coordinated oversight of the federal government's pandemic response and associated spending through its OIG members.² The PRAC also supports other federal OIGs by offering to conduct proactive reviews of pandemic benefits fraud related to their respective agencies.

In light of the information above, the Federal Election Commission (FEC) OIG initiated a proactive review in January 2025 to identify fraud, waste, or abuse of pandemic relief benefits that may have impacted agency employees. The review had two objectives:

1. Identify whether any FEC employees improperly received benefits under pandemic relief programs administered by the SBA.
2. Assess whether any FEC employees were the victims of identity theft by individuals defrauding these programs.

The OIG worked with the PRAC to review application data from agency employees who have applied for these programs. The EIDL and PPP were SBA's main pandemic assistance programs that accounted for approximately \$1.2 trillion in disbursements, and for which the PRAC collected data to help support fraud prevention and detection.³ According to the SBA, these programs have disbursed over \$400 billion in EIDL funds, and borrowers obtained nearly \$800 billion in PPP funds through third-party lenders.⁴

A. The Small Business Administration's Pandemic Relief Programs

In April 2020, the SBA implemented the EIDL and PPP programs for eligible small

¹ Pub. L. No. 116-136, 134 Stat. 281 (2020).

² The nine statutory OIG PRAC members are the Departments of War, Education, Health and Human Services, Homeland Security, Justice, Labor, Treasury, Small Business Administration, and the Treasury Inspector General for Tax Administration. Additionally, the PRAC Chair can designate additional OIG members to serve on the PRAC from any agency that receives pandemic funds or is involved in the federal government's response to the COVID-19 pandemic.

³ SBA OIG Report 23-09: [COVID-19 Pandemic EIDL and PPP Loan Fraud Landscape, June 27, 2023](#), (executive summary).

⁴ *Ibid.*, page 1.

businesses in operation prior to February 2020. The EIDL program provided small businesses with working capital for fixed debts, payroll, accounts payable, and other necessary operating expenses resulting from the pandemic. These were offered as low-interest, fixed-rate, long-term loans or grants. The SBA offered this program directly to the borrowers, which was available until December 31, 2021.

The PPP provided fully guaranteed loans that were forgivable under certain circumstances to small businesses, individuals, and nonprofit organizations affected by the pandemic. The program provided these entities with capital needed to keep employees on payroll and to meet other operating expenses. The SBA administered the program and designated approved lenders to manage the loans. Funding under this program went out in two rounds and all funds were disbursed by July 31, 2021. The first round, established by the CARES Act, ran from April 3, 2020 through August 8, 2020. The second round, established by the Economic Aid Act re-opened the program from January 11, 2021 through May 31, 2021.

B. Identity Fraud Increased Under the Pandemic Relief Programs

With over \$5 trillion in emergency assistance, opportunities existed for individuals to use stolen identities to exploit these programs and receive benefits for which they were not entitled. The situation was further exacerbated by the federal government's rapid disbursement of the funds and agencies' reliance on self-certification and weak internal controls that allowed fraudsters to gain access to these programs.⁵

According to a 2022 report by the PRAC, the Federal Trade Commission (FTC) received a 2,920 percent increase in identity theft reports related to government documents or benefits fraud in 2020.⁶ That year, 1.4 million identity theft reports were filed with the FTC.⁷ Because of the increased opportunities for widespread fraud, federal OIGs have been working closely with the Federal Bureau of Investigation and other law enforcement agencies to investigate pandemic fraud. The PRAC has provided investigative support to more than 50 federal law enforcement and OIG partners that led to over 1,200 pandemic-related investigations with over 24,000 subjects and a potential fraud loss of \$2.5 billion.⁸

⁵ Ibid., executive summary, page 2.

⁶ Pandemic Response Accountability Committee Report, [Key Insights: Identity Fraud Reduction and Redress in Pandemic Response Programs](#), page 1 (June 13, 2022).

⁷ Ibid., page 3.

⁸ [PRAC, Semiannual Report to Congress, April 1, 2025 –September 30, 2025](#), page ii.

III. SCOPE AND METHODOLOGY

A. Scope

In April 2025, the PRAC identified and provided the OIG with 19 matches for FEC employees who were connected to SBA pandemic relief loans, specifically the SBA EIDL Program and the PPP. The OIG reviewed the 19 matches to identify whether any FEC employees improperly received benefits and whether they may have been victims of identity theft by individuals defrauding these programs. Specifically, the OIG reviewed the data PRAC provided for the 19 matches. Additionally, the OIG requested and reviewed copies of the EIDL applications from SBA to ascertain whether they met program eligibility. The OIG further reviewed the EIDL applications for any indicia of identity fraud. The OIG did not request the PPP applications because only four employees matched for PPP applications, the PRAC data showed a low indication of identity theft or fraud, and further inquiry required issuing subpoenas to the third-party lenders.

B. Methodology

The OIG obtained and reviewed:

- Relevant laws, regulations, and policies;
- Training material from the SBA and the PRAC to gain an understanding of pandemic relief loans;
- PRAC data of FEC employees who matched for pandemic relief loans;
- EIDL applications and supporting documents from the SBA; and
- FEC Ethics Office guidance on outside employment.

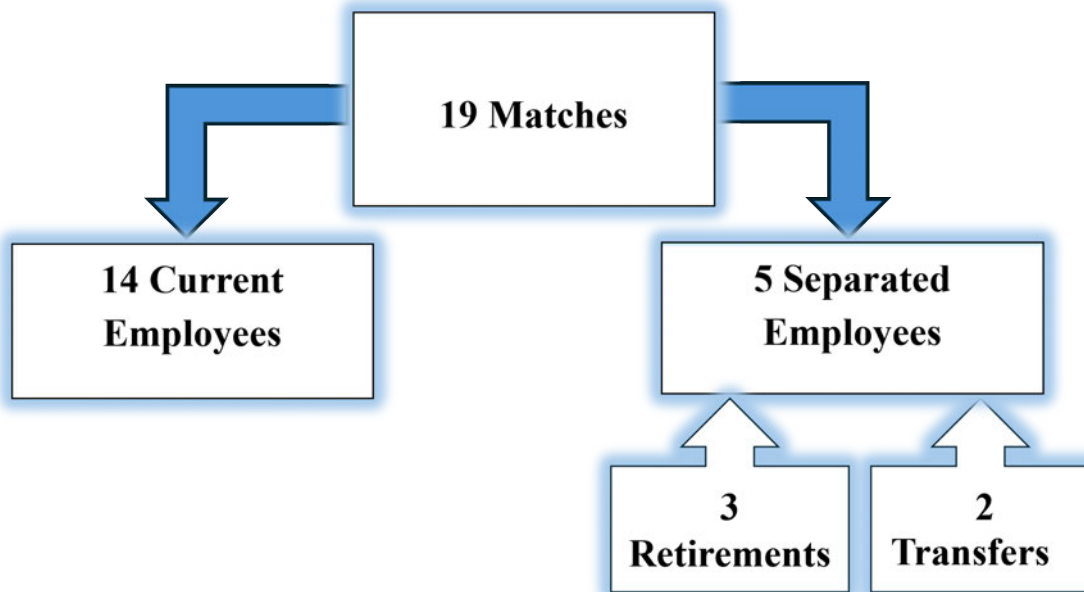
The OIG interviewed:

- FEC Ethics Officials and
- Relevant FEC employees.

IV. RESULTS OF ASSESSMENT

A. PRAC Analysis of FEC Employee Data

In April 2025, the PRAC identified and provided us with 19 matches for FEC employees who were connected to SBA pandemic relief loans. The OIG reviewed the 19 matches to determine if any of these employees improperly received benefits and whether they may have been victims of identity theft by individuals defrauding these programs. The breakdown of the 19 matches are shown below:



There were 14 current employees who the PRAC connected to pandemic relief programs. After a careful review of the loan data, the OIG found no evidence of impropriety for three of the 14 employees.⁹ The OIG found the following for the other 11 current employees:

1. Nine current employees had indications of identity theft.

Our review found nine matches to current employees had indications the employees may have been victims of identity theft. Specifically, of the nine matches, the OIG found the following:

- Five matches had indications of possible identity theft.

⁹ One employee had a business that was not funded and there was no indication the employee had improperly applied for the loan. Two other employees matched businesses that were associated with different individuals, and a review of the PRAC data did not indicate the two employees had improperly applied for the loans or that they were associated with the businesses.

- One match indicated a social security number was used to apply for a EIDL loan that had no connection to the employee.
- One match indicated an unrelated individual may have tried to access an FEC employee's EIDL loan portal without authorization.
- Two matches had no ties to the applicants other than the business identification numbers contained the exact digits as the FEC employees' social security numbers.

The OIG contacted all nine individuals and provided links to resources to protect themselves from future attempted identity thefts. The OIG's senior investigator offered to meet with them and multiple employees took advantage of that opportunity.

2. A current employee submitted applications that contained questionable information.

Another current employee submitted applications that appeared to include conflicting information. As part of the review, the OIG requested the employee's background investigation file from the FEC's Office of Human Resources (OHR). OHR informed the OIG that the employee's record is incomplete, and OHR has reinitiated the investigation process. OHR will send the OIG additional information as it becomes available. The OIG will determine further appropriate action once it receives the additional information for review.¹⁰

3. A current employee applied for a business loan using government-furnished equipment.

The data provided by the PRAC indicated that one EIDL loan application submitted by a current FEC employee was created from an FEC IP address, meaning that the individual used their FEC-issued computer. The OIG initiated an investigation and confirmed that the individual did indeed use their FEC-issued computer to apply for the loan, contrary to federal ethics and computer use regulations. The OIG issued a separate report of investigation on this matter.

During the investigation, the OIG found that the FEC does not currently have a policy that explicitly prohibits the use of government equipment in the conduct of personal commercial businesses. For example, the FEC has a *Rules of Behavior and Acceptable Use Standards* as part of its annual IT security training that employees must acknowledge after completion. However, the rules do not include any standards related to conducting personal business using agency equipment.

4. Two of the five separated employees warranted further review; so, the OIG referred those two to their respective agency OIGs.

For the five former FEC employees, the OIG took no investigative action for the three

¹⁰ In a matter unrelated to this project, the OIG discovered in March 2025 that FEC did not complete the background investigation of another employee [REDACTED]. When the OIG inquired about the background investigation, OHR responded that they relied on a previously adjudicated investigation that predated the employee's appointment, and the prior investigation was no longer current. Therefore, OHR had to initiate a new background investigation for the employee, which was adjudicated nine months later.

who retired from federal service. A review of the PRAC data for the three retired employees showed no indication of fraud.

For the two former FEC employees who transferred to other federal agencies, the OIG identified discrepancies in the business information for each employee that may warrant further review. Therefore, the OIG referred the matters to the OIG offices at the employees' respective agencies.

B. Reporting Outside Employment

As part of this review, the OIG needed to ascertain whether the 14 current employees who matched the PRAC data filed any financial disclosure reports that may relate to their business and whether they sought approval from the agency's Ethics Office for those businesses. Accordingly, the OIG submitted a document request to the agency's Ethics Office for any public or confidential financial disclosure reports filed in 2020, 2021, and 2022. The OIG also requested copies of any legal opinion for outside employment that the Ethics Office may have issued for these employees.

There were 10 employees who were identified in the PRAC data as owners of the respective business or a representative of a non-profit. The OIG reviewed the documents provided by the Ethics Office and found the following:

1. The employees who occupied positions that required the filing of financial disclosure reports complied with that mandate.

The requirements for filing public and confidential financial disclosure reports are specified in 5 C.F.R Part 2634. Specifically, 5 C.F.R Part 2634 Subpart B details the requirements for public filers and Subpart I details the requirements for confidential filers. Furthermore, the agency provides further guidance under FEC Directive 56 for Commission employees to implement the filing requirements.

In response to the OIG's inquiry, the Ethics Office noted that out of the 10 employees identified as owners of businesses that applied for pandemic relief programs, only two were required to file financial disclosure reports. Both employees complied with this requirement. The other eight employees were not required to file based on their positions.

2. One employee requested and received an ethics opinion related to outside employment.

The Ethics Office informed the OIG that the Commission's supplemental regulation at 5 C.F.R. § 4701.102(b)(2) and Directive 73 requires prior approval for outside employment only where the outside employment has some similarity to the duties or skills used in the employee's FEC position. Specifically, 5 C.F.R. 4701.102(b), *Prior approval for certain outside employment*, states:

(b) Prior approval requirement. An employee of the Commission, including a member of a Commissioner's staff, but not a member of the Commission or a special Government employee, shall obtain written approval from the Designated Agency Ethics Official before engaging in outside employment where the services provided:

- (1) Are related to the employee's official duties; or
- (2) Involve the application of the same specialized skills or the same educational background as used in the performance of the employee's official duties.

Additionally, 5 C.F.R. § 4701.102(a)(3) specifically defines “outside employment”:

(3) Definition of *outside employment*. For purposes of this section, *outside employment* means any form of non-Federal employment, business relationship or activity involving the provision of personal services, whether or not for compensation. It includes, but is not limited to, services as an officer, director, agent, advisor, attorney, consultant, contractor, general partner, trustee, teacher, speaker, writer, or any other services provided by an individual. It includes writing when done under an arrangement with another person for production or publication of the written product. The definition does not include participation in the activities of a nonprofit charitable, religious, professional, social, fraternal, educational, recreational, public service or civic organization, unless:

The Ethics Office noted that out of the 10 employees identified as business owners or representatives of a non-profit, only one employee requested and received a legal opinion related to outside employment. The OIG sought clarification on the regulations related to prior approval requirement for outside employment. Specifically, the OIG requested clarification on the Ethics Office’s interpretation of “specialized skills.”

According to the ethics officials interviewed, their main concerns, on a practical level, are the specialized skills involving law and accounting. This is because these two particular skillsets can lead to activities that could pose a representational or financial conflict of interest to the agency, which are prohibited under 18 U.S.C. § 203 and § 205. Section 203 prohibits federal employees from receiving compensation for services rendered regarding matters affecting the government. Similarly, section 205 prohibits individuals from acting as agents or attorneys in connection with any matter where the United States is a party or has a direct and substantial interest.

The OIG identified three employees with specialized skills used in the performance of their official duties that may also be utilized in their businesses:

- Employee #1 works in [REDACTED] and has a [REDACTED] business.

- Employee #2 works in the [REDACTED] and has a [REDACTED].
- Employee #3 works in the [REDACTED] and has an [REDACTED] business.

Of the three employees, only Employee #3 sought guidance from OGC related to their outside employment. In [REDACTED], Employee #3 sought approval to [REDACTED], and the Ethics Office issued a formal opinion approving this activity. In [REDACTED], Employee #3 self-reported to the Ethics Office that they [REDACTED]. The employee sought guidance from the Ethics Office after they were informed [REDACTED] that those activities may be prohibited. The Ethics Office advised the employee that these activities were illegal and to discontinue any activity other than [REDACTED].

During the fieldwork phase of this review, the OIG inquired with the Ethics Office on whether these three individuals should have sought pre-approval based on the specialized skills standard. The Ethics Office expressed concern only [REDACTED]. In reviewing the circumstances surrounding Employee #3 and the inquiries from our office, the ethics officials also questioned whether pre-approval should expire after some designated time to prompt regular reviews for any changes in outside employment that were originally reported by an employee.

Upon receiving the draft report detailing the findings of this review, we note that the Ethics Office reexamined these three cases. As noted in Management's Response, which is included in the appendix, the Ethics Office concluded the following:

- With respect to Employee #1, "it is a very close call as to whether the employee should have sought pre-approval of the outside activity, but the nature of the employee's work at the Commission is not the same as the nature of their outside activity, beyond being within the broad field of [REDACTED]."
- With respect to Employee #2, "what we understand of the employee's outside activity leads us to conclude that the employee does not employ the same *specialized* skills and educational background as used in their job at the Commission." (emphasis in original)
- With respect to Employee #3, "As noted in the [draft report], we agree that the activity of the employee in [REDACTED] requires preapproval."

V. RECOMMENDATIONS

The FEC OIG’s proactive review of pandemic relief benefits found that of the 14 current employees, none improperly received benefits under the SBA’s Economic Injury Disaster Loan (EIDL) and the Paycheck Protection Program (PPP). Additionally, the OIG found no evidence of impropriety for three of the 14 employees. However, the OIG found multiple issues that were worth noting. Of the greatest concern, the OIG found that nine employees had indications of identity theft. The OIG notified these employees, offered to meet with them, and provided them with governmental resources that could assist them if they were indeed the victims of identity theft. The OIG also found one employee submitted conflicting information in their applications for CARES Act benefits. Furthermore, one employee used government-furnished equipment to apply for a loan.

Moreover, the OIG found that of the 10 current employees who were identified with businesses, two occupied positions that were required to file financial disclosure reports. Those two employees complied with the filing requirements. The other eight employees occupied positions that were not required to file financial disclosure reports.

Additionally, out of the 10 employees, the OIG identified three employees with specialized skills that may have required them to seek an OGC opinion for their outside employment. The Ethics Office is primarily concerned with employees whose specialized skills present a representational or financial conflict of interest to the agency, such as lawyers or accountants. Of the three employees, only one requested and received a legal opinion related to outside employment, but this employee also had irregularities in the outside employment activity.

The OIG made four recommendations in this report, which are below. Management’s response to each recommendation is quoted or summarized after the recommendation. Management’s complete response is included in the appendix to this report.

Recommendation 1: The OIG recommends that the agency review the files of all current employees to ensure that their background investigations were completed and take appropriate action for those employees whose files have missing or incomplete background investigations.

Management’s Response: “Management agrees with this recommendation. In early-2026, the Office of Human Resources (OHR) began a comprehensive review of the agency’s background investigation files with the goal of ensuring that all current employees have completed background investigations and to take appropriate action for those employees who have missing or incomplete background investigations. The project is ongoing at this time.”

OIG Comment: Once the OIG receives documentation that this review has been completed and appropriate action has been taken regarding any incomplete or missing background investigation, we will close this recommendation.

Recommendation 2: The OIG recommends that the agency update IT policies, such as the *Rules of Behavior and Acceptable Use Standards*, to improve guidance on the use of government equipment for personal use consistent with ethics regulations prohibiting using public office for private gain.

Management's Response: “Management agrees with this recommendation. Management will update the *Rules of Behavior and Acceptable Use Standards* to provide guidance defining allowable *de minimis* personal use of FEC systems and equipment. Management will further update the *Rules of Behavior and Acceptable Use Standards* to state that employees and contractors may not use FEC equipment or systems for commercial purposes. ‘Commercial purposes’ is defined as activity involving or relating to the sale or rental for money of any goods, services, or real property for the private gain of the employee or contractor, that individual’s friends or relatives, or any organization, whether for profit or non-profit, with which the individual may be affiliated outside the government. ‘Commercial purposes’ does not include ordinary banking or investment account activity, or the purchase of consumer goods. The updated *Rules of Behavior and Acceptable Use Standards* will be provided to FEC staff and contractors for their review and signature in conjunction with the next regularly scheduled Mandatory Security Awareness Training session and annually thereafter. Management will also continue to consider whether there are more effective means of communicating rules and guidance concerning acceptable use of FEC systems, acceptable content that may be viewed on FEC systems, and acceptable conduct on FEC systems.”

OIG Comment: Once the OIG receives documentation that the new *Rules of Behavior and Acceptable Use Standards* have been distributed to staff for signature, we will close this recommendation.

Recommendation 3: The OIG recommends that the agency evaluate FEC guidance, including policies and training materials, that addresses the “specialized skills” standard that requires employees to seek an ethics opinion.

Management's Response: “Management agrees in part with this recommendation. In considering this recommendation, Management believes it is important to recall that the outside approval requirement of 5 C.F.R. § 4701 replaced a prior requirement in the former 11 C.F.R. Part 7 that all employee outside activities be preapproved. The new regulation was intended to reduce administrative burden on both employees and the Ethics Office. . . . In response to a comment suggesting the ‘specialized skills’ requirement be removed, the Commission noted the prior approval requirement was ‘not intended to prevent Commission employees from engaging in outside activities; rather, it is merely intended to help employees *avoid potential conflicts with their jobs at the Commission.*’ 56 Fed. Reg. 70322, 70324 (Nov. 14, 2011) (emphasis added).

These considerations continue to apply today. Management believes it is not advisable or necessary to return to the prior system that required approval of all outside activities. But at the other extreme, Management believes that specifically limiting prior approval requirements to employees in certain occupations – even though those occupations are the ones that pose the most risk – would hinder the Ethics Office’s ability to prevent conflicts it might not have yet thought of but that would be apparent when seen. The phrase ‘same specialized skills and educational background’ is intended to be broad enough to guard against ‘unknown unknowns.’

Management also notes that the ‘same specialized skills and educational background’ standard is in the regulation itself, and that changing it would require a rulemaking involving both the Commission and OGE. . . .

Nevertheless, Management will continue to be open to specific suggestions OIG or subject matter experts may have for improvements to the standard. We also will continue to evaluate guidance and training materials, and to seek more effective methods of communication. In particular, the Ethics Office developed some time ago a ‘decision tree’ to assist employees in determining whether they need to seek preapproval of an outside activity. This aid is available to FEC employees on the agency’s intranet site, but we will consider what can be done to ensure more employees are aware of it. . . .”

Please note that Management’s complete response to this recommendation is included in the appendix.

OIG Comment: The OIG acknowledges the points that the agency makes regarding both the wisdom and the complexity of changing the regulation itself. The OIG is happy to discuss with the agency ways to improve communication and training for employees to ensure that they are both aware of the regulation and understand it. The OIG will work with the agency to determine what documentation is necessary to close this recommendation.

Recommendation 4: The OIG recommends that the agency conduct regular or periodic reviews of employees’ outside employment approvals to ensure the continued accuracy of the information provided and the approval.

Management’s Response: “Management agrees with this recommendation. Indeed, as the report points out, the Ethics Office proactively determined in response to OIG’s inquiries and the information about Employee #3 that outside activity approvals should be periodically reviewed and re-approved. It began this process in early 2026. It emailed current employees who had prior approval memos issued prior to 2025 and asked whether the outside activity was ongoing. If the activity was ongoing, the employee was asked if there had been a significant change in the nature or scope of the activity since they received the

approval, or if there had been a significant change in the nature or scope of their official position since the approval (5 CFR § 4701.102(c)(2) and Directive 73 require a new request if either applied.) The Ethics Office has since updated its records with the information received and set up a system to record and track prior approvals. It has also committed to seeking such confirmation from an employee every three years after the prior approval is issued, and going forward any Ethics memo approving an employee's outside activity will contain language reflecting the requirement to notify the Ethics Office if there are any material changes to the activity and to check-in with the Ethics Office every three years.”

OIG Comment: The OIG greatly appreciates the Ethics Office's proactive efforts in this regard and these actions appear to be sufficient to close this recommendation. We will work with the Ethics Office to obtain the necessary documentation needed to formally close this recommendation.

Appendix A: Management's Response to the Draft Report



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C.

May 22, 2026

TO: Susan L. Ruge-Hudson
Inspector General

FROM: Alec Palmer *AP*
Staff Director and Chief Information Officer

Lisa Stevenson *LJS*
Deputy General Counsel - Law

SUBJECT: Management's Response to the *Pandemic Benefit Review*

In March 2020, the President signed into law the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which provided over \$5 trillion in emergency assistance to individuals and businesses affected by the coronavirus (COVID-19) pandemic. The Small Business Administration (SBA) received funding from the CARES Act. Two SBA programs funded by the CARES Act were the Economic Injury Disaster Loan (EIDL) Program and the Paycheck Protection Program (PPA).

In January 2025, the FEC's Office of the Inspector General (OIG) initiated a review to identify any fraud, waste, or abuse of pandemic relief benefits that may have impacted FEC employees. The review was specifically intended to identify whether any FEC employees improperly received benefits under pandemic relief programs administered by the SBA and to assess whether any FEC employees were the victims of identity theft by individuals defrauding these relief programs.

The OIG's review of pandemic relief benefits found that of the 14 current FEC employees identified as potentially participating in these pandemic relief programs, none improperly received benefits under the EIDL or the PPP. However, the OIG did find that nine FEC employees may have become victims of identity theft by individuals defrauding these programs. Management appreciates OIG's efforts to identify and support employees who may have become victims of identity theft.

In the course of their review, the OIG additionally identified four areas where the FEC could potentially improve certain administrative processes and staff training and communication. Management broadly agrees with OIG's recommendations for improvements to the agency's administration of background checks and outside employment approvals and improvements to government ethics guidance provided to staff, as described below. However, as discussed in greater detail in response to Recommendation 3, Management believes the agency is properly interpreting the "specialized skills" standard that requires employees to seek an ethics opinion before engaging in outside employment.

Recommendation 1: Review the files of all current employees to ensure that their background investigations were completed and take appropriate action for those employees who have missing or incomplete background investigations.

Management agrees with this recommendation. In early-2026, the Office of Human Resources (OHR) began a comprehensive review of the agency's background investigation files with the goal of ensuring that all current employees have completed background investigations and to take appropriate action for those employees who have missing or incomplete background investigations. The project is ongoing at this time.

Recommendation 2: Update IT policies, such as the *Rules of Behavior and Acceptable Use Standards*, to improve guidance on the use of government equipment for personal use consistent with ethics regulations prohibiting using public office for private gain.

Management agrees with this recommendation. Management will update the *Rules of Behavior and Acceptable Use Standards* to provide guidance defining allowable *de minimis* personal use of FEC systems and equipment. Management will further update the *Rules of Behavior and Acceptable Use Standards* to state that employees and contractors may not use FEC equipment or systems for commercial purposes. "Commercial purposes" is defined as activity involving or relating to the sale or rental for money of any goods, services, or real property for the private gain of the employee or contractor, that individual's friends or relatives, or any organization, whether for profit or non-profit, with which the individual may be affiliated outside the government. "Commercial purposes" does not include ordinary banking or investment account activity, or the purchase of consumer goods. The updated *Rules of Behavior and Acceptable Use Standards* will be provided to FEC staff and contractors for their review and signature in conjunction with the next regularly scheduled Mandatory Security Awareness Training session and annually thereafter. Management will also continue to consider whether there are more effective means of communicating rules and guidance concerning acceptable use of FEC systems, acceptable content that may be viewed on FEC systems, and acceptable conduct on FEC systems.

Recommendation 3: Evaluate FEC guidance, including policies and training materials, that addresses the "special skills" standard that requires employees to seek an ethics opinion.

Management agrees in part with this recommendation. In considering this recommendation, Management believes it is important to recall that the outside approval requirement of 5 C.F.R. § 4701 replaced a prior requirement in the former 11 C.F.R. Part 7 that **all** employee outside activities be preapproved. The new regulation was intended to reduce administrative burden on both employees and the Ethics Office. The phrase "same specialized skills and educational background" was included along with the "related to official duties" standard so that the review process would cover "activities that have little or nothing to do with an employee's work, but may nevertheless result in criminal or administrative violations due to the employee's employment status." The Explanation and Justification then gave the specific examples of attorneys representing persons before Federal courts or other Federal agencies or Audit staff communicating with the IRS on behalf of persons being audited, both in violation of 18 U.S.C. §

203. In response to a comment suggesting the “specialized skills” requirement be removed, the Commission noted the prior approval requirement was “not intended to prevent Commission employees from engaging in outside activities; rather, it is merely intended to help employees *avoid potential conflicts with their jobs at the Commission.*” 56 Fed. Reg. 70322, 70324 (Nov. 14, 2011) (emphasis added).

These considerations continue to apply today. Management believes it is not advisable or necessary to return to the prior system that required approval of all outside activities. But at the other extreme, Management believes that specifically limiting prior approval requirements to employees in certain occupations – even though those occupations are the ones that pose the most risk – would hinder the Ethics Office’s ability to prevent conflicts it might not have yet thought of but that would be apparent when seen. The phrase “same specialized skills and educational background” is intended to be broad enough to guard against “unknown unknowns.”

Management also notes that the “same specialized skills and educational background” standard is in the regulation itself, and that changing it would require a rulemaking involving both the Commission and OGE. Among other complications, because the Commission lacks a quorum it is currently unable to undertake any rulemakings.

Nevertheless, Management will continue to be open to specific suggestions OIG or subject matter experts may have for improvements to the standard. We also will continue to evaluate guidance and training materials, and to seek more effective methods of communication. In particular, the Ethics Office developed some time ago a “decision tree” to assist employees in determining whether they need to see preapproval of an outside activity. This aid is available to FEC employees on the agency’s intranet site, but we will consider what can be done to ensure more employees are aware of it.

With respect to the three specific cases discussed in the report, the Ethics Office has reexamined the cases. It has concluded that:

1. With respect to the employee in [REDACTED], it is a very close call as to whether the employee should have sought pre-approval of the outside activity, but the nature of the employee's work at the Commission is not the same as the nature of their outside activity, beyond being within the broad field of [REDACTED]
2. With respect to the employee in the [REDACTED], what we understand of the employee's outside activity leads us to conclude that the employee does not employ the same *specialized* skills and educational background as used in their job at the Commission.
3. As noted in the OIG report, we agree that the activity of the employee in the [REDACTED] requires pre-approval.

Recommendation 4: Conduct regular or periodic reviews of employees' outside employment approvals to ensure the continued accuracy of the information provided and the approval.

Management agrees with this recommendation. Indeed, as the report points out, the Ethics Office proactively determined in response to OIG's inquiries and the information about Employee #3 that outside activity approvals should be periodically reviewed and re-approved. It began this process in early 2026. It emailed current employees who had prior approval memos issued prior to 2025 and asked whether the outside activity was ongoing. If the activity was ongoing, the employee was asked if there had been a significant change in the nature or scope of the activity since they received the approval, or if there had been a significant change in the nature or scope of their official position since the approval. (5 CFR § 4701.102(c)(2) and Directive 73 require a new request if either applied.) The Ethics Office has since updated its records with the information received and set up a system to record and track prior approvals. It has also committed to seeking such confirmation from an employee every three years after the prior approval is issued, and going forward any Ethics memo approving an employee's outside activity will contain language reflecting the requirement to notify the Ethics Office if there are any material changes to the activity and to check-in with the Ethics Office every three years.

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