



SEMIANNUAL REPORT TO CONGRESS  
OCTOBER 1, 2012 – MARCH 31, 2013

MAY 2013

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



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

OFFICE OF THE CHAIR

May 20, 2013

The Honorable John A. Boehner  
Speaker of the House of Representatives  
Washington, D.C. 20515

Dear Mr. Speaker:

Pursuant to the *Inspector General Act of 1978*, as amended, the Federal Election Commission submits the Office of Inspector General's *Semiannual Report to Congress*. The report summarizes the activity of the FEC Office of Inspector General ("OIG") from October 1, 2012 through March 31, 2013. During this reporting period, the FEC's Inspector General completed, with the assistance of contract auditors, the annual audit of the FEC's financial statements.

We are pleased to report that the Commission received an unqualified (or clean) opinion on the required statements: the FEC's Balance Sheet as of September 30, 2012, and the related Statements of Net Costs, Changes in Net Position, Budgetary Resources, and Custodial Activity for the year then ended. This marks the fourth consecutive year with no material weaknesses identified. The auditors nonetheless provided nine findings. The response of FEC management to the issues noted by the auditors appears in the report, which was issued on November 15, 2012.

During the semiannual period, the OIG also completed its Review of Outstanding Audit Recommendations, which was released in January 2013, and completed, with the assistance of contract auditors, an inspection of the FEC's disaster recovery and continuity of operations plans. The inspection report was released in January 2013 and identified 14 findings. Management's responses to the findings and recommendations are discussed in detail in that inspection report.

The Commission appreciates and shares the Inspector General's commitment to sound financial and management practices, and looks forward to continuing its cooperative working relationship as management takes appropriate measures to improve operations of the Commission. Copies of the *Semiannual Report to Congress* are being provided to the Chairmen and Ranking Members of the FEC's oversight committees.

On behalf of the Commission,

A handwritten signature in blue ink that reads "Ellen L. Weintraub".

Ellen L. Weintraub  
Chair

Enclosure

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

	<u>Number of Reports</u>	<u>Questioned Costs</u>	<u>Unsupported Costs</u>
A. Reports for which no management decision has been made by commencement of the reporting period	0	0	[0]
B. Reports issued during the reporting period	0	0	[0]
Subtotals (A + B)	0	0	[0]
C. Reports for which a management decision was made during the reporting period	0	0	[0]
(i) Dollar value of disallowed costs	0	0	[0]
(ii) Dollar value of costs not disallowed	0	0	[0]
D. Reports for which no management decision has been made by the end of the reporting period	0	0	[0]
E. Reports for which no management decision was made within six months of issuance	0	0	[0]

MANAGEMENT REPORT ON  
INSPECTOR GENERAL ISSUED REPORTS WITH  
RECOMMENDATIONS TO PUT FUNDS TO BETTER USE  
FOR THE SIX-MONTH PERIOD ENDING MARCH 30, 2013

	Number of <u>Reports</u>	Funds to be Put <u>To Better Use</u>
A. Reports for which no management decision has been made by the commencement of the reporting period	0	0
B. Reports issued during the reporting period	0	0
C. Reports for which a management decision was made during the reporting period	0	0
(i) Dollar value of recommendations that were agreed to by management	0	0
- Based on proposed management action	0	0
- Based on proposed legislative action	0	0
(ii) Dollar value of recommendations that were not agreed to by management	0	0
D. Reports for which no management decision has been made by the end of the reporting period	0	0
E. Reports for which no management decision was made within six months of issuance	0	0

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

### **A MESSAGE FROM THE INSPECTOR GENERAL**

During this reporting period, the Office of Inspector General (OIG) completed another year's audit of the Federal Election Commission's (FEC) financial statements. Congratulations are due to the FEC for again receiving a clean opinion and completing all outstanding financial related recommendations. It is hoped that this next year will see the agency make additional progress on the remaining outstanding recommendations which deal with the Information Technology Division (ITD).

We are also currently conducting an audit and inspection of two areas that have significance for all FEC employees, the Human Resources Division and the Equal Employment Office. These are two areas of the Commission that have the potential to reach and/or affect every staff person. The results of these two projects will be detailed in the next semiannual report. I am confident that the results of these projects will provide opportunities for improvement in serving the FEC staff.

As always, I would like to thank the OIG staff and the dedication they show in the work they accomplish. These staff members perform a variety of duties outside of their specialties and these efforts enable the OIG to provide a much wider area of coverage to the FEC and its various programs. Their dedication and willingness to "do what it takes" to get the job done correctly and fulfill the mission of the OIG is to be commended.

A handwritten signature in black ink that reads "Lynne A. McFarland".

Lynne A. McFarland  
Inspector General  
Federal Election Commission

April 26, 2013

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## EXECUTIVE SUMMARY

The *Inspector General Act of 1978* (the *IG Act*), as amended, states that the Inspector General is responsible for conducting audits, inspections, investigations, and recommending policies and procedures that promote economy, efficiency, and effectiveness of agency resources and programs, and to prevent fraud, waste, abuse, and mismanagement. The IG Act also requires the Inspector General to keep the Commission and Congress fully and currently informed about problems and deficiencies in the Commission's operations and the need for corrective action.

The executive summary highlights the most significant activities of the Federal Election Commission (FEC) Office of Inspector General (OIG). Additional details pertaining to each OIG activity (i.e. audits, hotline, and investigations) can be found in subsequent sections of this report. The diligent work, outstanding efforts, and many contributions of our entire OIG staff make the major accomplishments of the OIG possible.

In November 2012, the OIG completed the *Audit of the FEC's Fiscal Year 2012 Financial Statements* (OIG-12-03). The OIG exercised another option year with Leon Snead & Co. (LSC) to conduct the FEC's annual financial statement audit in accordance with generally accepted auditing standards. The audit was conducted in four phases: Planning; Review and Evaluation; Testing; and Reporting. In addition, the OIG provided assistance to LSC in gathering data regarding current active employees/contractors, as well as researching guidance to verify if Office of Management and Budget (OMB) *M-09-32: Trusted Internet Connections* is applicable to the FEC. The FEC received an unqualified (clean) audit opinion. The final audit report, released November 15, 2012, contained nine (9) findings and thirty-two (32) recommendations, all of which were related to

improvements needed in the FEC's information technology security. For detailed information pertaining to the Audit of the FEC's Fiscal Year 2012 Financial Statements, as well as an audit of the FEC's Office of Human Resources currently in progress, see the section entitled **OIG Audit Activity** (starting on page 5).

The OIG conducted follow-up work for prior audits with outstanding audit recommendations. In order to ensure audit recommendations are being implemented in a timely manner, the OIG revised its audit follow-up process to include conducting quarterly status meetings with management and providing semiannual reports on the follow-up results to the Commission. During this reporting period we released a report titled *Review of Outstanding Audit Recommendations as of December 2012* (OIG-13-01). The report covered five (5) audits totaling 127 outstanding audit recommendations. For details regarding the OIG's audit follow-up work, see the section entitled **OIG Audit Follow-up Activity** (starting on page 7).


The OIG procured contract services to conduct an inspection of the FEC's disaster recovery plan (DRP) and continuity of operations plans (COOP). On September 26, 2012, Brown & Company (Brown) was awarded the contract to conduct the inspection under the supervision of the OIG, and in accordance with the Council of the Inspectors General on Integrity and Efficiency (CIGIE) *Quality Standards for Inspections and Evaluations*, January 2011. Brown performed several inspection steps to include: 1) physical walkthroughs of the FEC's disaster recovery facilities; 2) reviewing documentation related to the COOPs for each FEC office/division; 3) review of the FEC's disaster recovery plan; and 4) interviews with FEC staff who were identified as having a

significant role in executing the FEC's COOPs and/or DRP.

The final DRP and COOP inspection report, released January 30, 2013 contained 14 findings and 30 recommendations for improvement. For details regarding this and other OIG inspections in progress, see the section entitled **OIG Inspections** (starting on page 8).

In addition to the OIG's audit and inspection work, there was activity during the reporting period on hotline and investigative matters. During this semi-annual reporting period, three (3) new hotline complaints were opened and three (3) hotline complaints were closed. Regarding OIG investigations – the OIG currently has one (1) open investigation. For details regarding the OIG's hotline complaints and investigations, see the sections entitled **OIG Hotline Information** (starting on page 10) and **OIG Investigations** (starting on page 12).

## THE FEDERAL ELECTION COMMISSION



In 1975, Congress created the Federal Election Commission to administer and enforce the *Federal Election Campaign Act (FECA)*. The duties of the FEC, an independent regulatory agency, are to disclose campaign finance information; enforce the provisions of the law; and oversee the public funding of Presidential elections.

The Commission consists of six members who are appointed by the President and confirmed by the Senate. Each member serves a six-year term, and two seats are subject to appointment every two years. By law, no more than three Commissioners can be members of the same political party, and at least four votes are required for any official Commission action. The Chairmanship of the Commission rotates among the members each year, with no member serving as Chairman more than once during his or her term. Currently the FEC's Commissioners include – Ellen L. Weintraub, Chair; Donald F. McGahn II, Vice Chairman; and Commissioners Caroline C. Hunter; Matthew S. Petersen; and Steven T. Walther. Former Commissioner Cynthia L. Bauerly resigned from the FEC in February 2013 and a replacement has not been nominated by the President.

## OFFICE OF INSPECTOR GENERAL.

The *Inspector General Act of 1978* (P.L. 100-504), as amended, states that the Inspector General is responsible for: 1) conducting and supervising audits and investigations relating to the Federal Election Commission's programs and operations; 2) detecting and preventing fraud, waste, and abuse of agency programs and operations while providing leadership and coordination; 3) recommending policies designed to promote economy, efficiency, and effectiveness of the establishment; and 4) keeping the Commission and Congress fully and currently informed about problems and deficiencies in FEC agency programs and operations, and the need for corrective action.

## OIG AUDIT ACTIVITY

### **Audit of the FEC's Fiscal Year 2012 Financial Statements**

*Assignment Number: OIG-12-03*

*Status: Released November 2012*

*[http://www.fec.gov/fecig/documents/  
FY12FinancialStatementAuditReport.pdf](http://www.fec.gov/fecig/documents/FY12FinancialStatementAuditReport.pdf)*

The Office of Inspector General (OIG) exercised another option year with Leon Snead & Co. (LSC) to conduct the Federal Election Commission's (FEC) annual financial statement audit in accordance with generally accepted auditing standards. The entrance conference was held on May 8, 2012 and audit fieldwork commenced on May 18, 2012. During the audit, bi-weekly status meetings were held with the auditors and FEC management to discuss audit issues and provide a status update of the audit progress.

The audit was conducted in four phases: Planning; Review and Evaluation; Testing; and Reporting. The planning phase consisted of LSC briefing the OIG on any changes to the audit plan from the prior year, new or additional audit steps included in the audit plan, and any changes made due to new requirements or audit standards for the 2012 financial statement audit.

During the review and evaluation phase, LSC followed up with management regarding the status of prior year findings and recommendations. LSC's review of prior year findings concluded that five (5) of the 20 prior audit recommendations were properly implemented. Further, LSC reviewed FEC's compliance with applicable laws and regulations, and the existence and effectiveness of internal controls.

In addition to completing the standard auditing steps, during the testing phase, the OIG provided assistance to LSC in gathering data regarding current active employees/contractors, as well as researching guidance to verify if *OMB M-09-32: Trusted Internet Connections* is applicable to the FEC. In addition, the auditors met with the Chair and Vice Chair of the Commission to fulfill the requirements of *SAS 114: Communication with Those Charged with Governance*. The auditors provided the FEC Chair and Vice Chair with an explanation of their audit role and responsibilities and an update regarding the progress of the audit.

During the reporting phase, LSC issued nine (9) notices of findings and recommendations (NFRs). All nine (9) findings were related to deficiencies in information technology controls. Management reviewed the NFRs and provided written responses to LSC. The exit conference for the audit was held November 13, 2012. The final report, released November 15, 2012, contained nine (9) findings and 32 recommendations. Among the nine findings were the following: (1) FEC's computer access controls (i.e. passwords) do not meet best practice controls, and in some instances FEC's internal policies; (2) FEC has not timely implemented actions necessary to remediate identified weaknesses in IT controls, some of which were first reported in 2008; and (3) FEC has not developed an effective process to periodically review user access authorities by the users' supervisors. Without periodically performing a review of user access authorities, FEC officials do not have assurance that users only have access to information and information systems that are necessary to accomplish job responsibilities.

The FEC received an unqualified (clean) audit opinion on their financial statements.

## **Audit of the Federal Election Commission's Office of Human Resources (OHR)**

*Assignment Number: OIG-12-05*

*Status: In Progress*

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

The primary objectives of the audit are to: 1) assess the OHR customer service level and identify areas for improvement, where warranted; 2) assess the efficient and effective use of automated processes for human resource functions; and 3) assess whether OHR has adequate policies that are up to date to govern all HR related functions. Determine if additional policies are needed and/or need updating. The OIG held an entrance conference on July 5, 2012 to discuss the preliminary scope for the audit and provide management with an understanding of the purpose of the audit. As part of the customer service assessment, the audit included an agency-wide survey of FEC staff to seek feedback on their satisfaction level of service provided by the FEC HR Office. The OIG launched the survey agency-wide on September 14, 2012; the results of the survey were shared with OHR (employee names and other identifying information were not provided to OHR) and utilized to help the OIG determine the areas to concentrate audit testing.

Based on the survey conducted and information obtained during the planning phase of the audit,

OIG testing concentrated on several processes, in particular, HR on Demand (which was implemented by OHR to track and monitor employee inquiries, recruitment & selection, and performance management). The purpose of the testing was to ensure that the processes are properly designed, operating effectively, and adhere to current policies, labor regulations, and/or guidance. Testing was completed at the end of March 2013 and the OIG briefed management on the potential audit findings. The OIG will issue formal notices of findings and recommendations (NFRs) to FEC management and begin the audit report process. The audit of the FEC's Office of Human Resources is expected to be completed during the next reporting period.



## OIG AUDIT FOLLOW-UP ACTIVITY

### **Review of Outstanding Audit Recommendations**

(as of December 2012)

*Assignment Number: OIG-13-01*

*Status: Released January 2013*

*<http://www.fec.gov/fecig/documents/Dec2012OutstandingRecommendationReport.pdf>*

During the previous reporting period the OIG revised its audit follow-up process to include conducting quarterly meetings with management and providing semiannual reports to the Commission detailing the status of the outstanding recommendations. During this reporting period, the OIG released the *December 2012 Review of Outstanding Audit Recommendations* report to the Commission detailing the follow-up work conducted by the OIG and the status of the outstanding recommendations.

The report covered five (5) audits totaling 127 outstanding audit recommendations:

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

Based on follow-up work performed during the quarter ending December 2012 and reported in the *December 2012 Review of Outstanding Audit Recommendations* report, OIG was able to close 25 recommendations related to three audits (*Audit Follow-up Review of the FEC's Employee Transit*

*Benefit Program; Audit of the Commission's Property Management Controls; and Inspection of the FEC's Kastle Key Program*). Subsequent to the release of the *December 2012 Review of Outstanding Audit Recommendations* report, the OIG met with the Director of Procurement during the quarter ending March 2013 to review outstanding audit recommendations pertaining to the *Follow-up Audit of Procurement and Contract Management*. Based on the OIG's review of 13 contract files and follow-up work performed, the OIG was able to close six (6) of the 29 outstanding audit recommendations.

In total, the OIG closed 31 outstanding recommendations for the semiannual reporting period from October 2012 to March 2013 due to adequate corrective actions implemented by management. The total cumulative outstanding recommendations is 140. See Table III for a breakdown of outstanding recommendations.



## OIG INSPECTIONS

### Inspection of the FEC's Disaster Recovery Plan and Continuity of Operations Plans

*Assignment Number: OIG-12-06*

*Status: Released January 2013*

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

The Office of Inspector General (OIG) procured contract services to conduct an inspection of the FEC's disaster recovery plan (DRP) and continuity of operations plans (COOP). The objectives of the inspection were to determine if FEC:

1. Established an adequate project plan for the completion of the FEC's DRP/COOPs;
2. Assigned adequate/sufficient resources in order to complete a mission critical project;
3. Conducts continuous monitoring procedures to ensure the plans are reflective of current business processes;
4. Conducts appropriate testing procedures; and
5. Developed, implemented and tested the FEC's DRP/COOPs in compliance with applicable guidance (best practices) related to the federal government.

On September 26, 2012, Brown & Company (Brown) was awarded the contract to conduct the inspection under the supervision of the OIG, and in accordance with the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Quality Standards for Inspections and Evaluations, January 2011.

A planning meeting was held with Brown on October 1, 2012 to discuss in detail the inspection objectives, requirements and expectations of the contractor. The kick-off meeting with Brown and management

was held on October 9, 2012 and fieldwork commenced during the week of October 22, 2012. To meet the objectives of the inspection, Brown performed several test steps during fieldwork, to include:

- physical walkthroughs of the FEC's disaster recovery facilities;
- reviewing documentation related to the COOPs for each FEC office/division;
- review of the FEC's disaster recovery plan; and
- interviews with FEC staff who were identified as having a significant role in executing the FEC's COOPs and/or DRP.

At the conclusion of fieldwork, the contractor conducted a debriefing with management regarding the issues identified and formally documented the issues in notices of findings and recommendations (NFRs). Management provided responses to the NFRs and Brown drafted the inspection report and released the draft report to management for review and comment. The final inspection report was released on January 30, 2013 and contained 14 findings and 30 recommendations for improvement.

Among the fourteen findings, were the following: (1) COOP and DRP training is not provided to key COOP personnel. Personnel responsible for mission critical systems must be trained to execute contingency procedures. If teams are not properly trained, the FEC risks the chance of the COOP not being properly implemented and can affect the overall strategy of the plan; (2) the System Security Plan (SSP), COOPs, and DRP are not reviewed and updated on an annual basis. If plans are not updated and tested, at least annually, they will become non-effective and inaccurate; and (3) FEC's COOP and DRP contact lists are outdated and do not contain

adequate contact information. Important components of a COOP are the Call Trees, contact information, and the roles and responsibilities for all the recovery teams. This information helps the agency to quickly respond to any disaster or disruptive event. The FEC's COOP and DRP Call Trees and contact lists were in the process of being updated at the time of the inspection, for the first time in two years.

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## Office of Equal Employment Opportunity Inspection

*Assignment Number:* OIG-12-07

*Status:* In Progress

The OIG is conducting an inspection of the FEC's Office of Equal Employment Opportunity (OEEO). The OEEO administers and implements anti-discrimination, prohibited personnel practice and affirmative action statutes and regulations, as well as related policies, procedures and guidance (collectively, "EEO laws") for the FEC. These statutes include Title VII of the *Civil Rights Act of 1964*, as amended, the *Notification and Federal Employment Anti-Discrimination and Retaliation Act of 2002* (No FEAR Act), the *Age Discrimination in Employment Act of 1967* (ADEA), the *Americans with Disabilities Act of 1990* (ADA), among others. The OEEO's general responsibilities are two-fold – to advise and educate employees and managers of their rights and responsibilities under the EEO laws, and to process complaints of alleged violations of EEO laws. The OEEO is also responsible for recordkeeping and reporting, especially of complaint statistics, as required by the EEO laws.

The inspection has two goals. The first goal is to analyze the OEEO complaint process and statistics. This goal has three objectives: a) To ensure that

the OEEO is procedurally compliant, both in process and practice, with the statutes and regulations governing complaints; b) To evaluate the effectiveness of OEEO educational and outreach efforts concerning the complaint process and practice; and c) To provide FEC management with an understanding of trends in reported allegations of violations of EEO laws. The second goal is to review OEEO-sponsored training and post-training OEEO survey results from participants. This goal is intended to measure the OEEO's effectiveness in providing training to FEC employees.

The necessary records and case files have been reviewed by the OIG, and an OIG survey of FEC employees about OEEO practices has been prepared and will be conducted early in the next reporting period. The OEEO inspection is expected to be completed and the report published during the next reporting period.

## OIG HOTLINE INFORMATION

The OIG hotline exists to enable FEC employees, FEC contractors, and the public to have direct and confidential contact with the OIG. All allegations or referrals of fraud, waste, abuse, mismanagement, and misconduct involving FEC employees, contractors, programs, operations, property, or funds received through any means are termed “hotline complaints” per OIG policy. Once a hotline complaint has been received, a preliminary inquiry is conducted to determine whether the hotline complaint will be closed with no further action taken, referred to management or another agency, or an investigation will be initiated.

The OIG considers many factors when evaluating whether to open an investigation based on a hotline complaint, and acknowledges that every hotline complaint received by the OIG cannot be investigated, and in many cases do not merit investigation. OIG policy requires that hotline complaints be evaluated on certain criteria, including the merits of an allegation, the availability of evidence, and the existing priorities, commitments, and resources of the OIG. Under this policy, hotline complaints are classified as either high or low priority complaints. High priority complaints are investigated, and low priority complaints are either closed with no action or referred to the appropriate official for possible further review. Hotline evaluation decisions are made by the Chief Investigator, with concurrence from the Deputy IG.

During this semiannual reporting period, three (3) new hotline complaints were opened and three (3) hotline complaints were closed. The OIG has three (3) open hotline complaints as of the close of this reporting period, including two (2) that were opened prior to the beginning of this reporting period.

The OIG frequently receives reports and allegations which are misdirected complaints that should have

been routed to the Office of Complaints and Legal Administration within the Office of General Counsel (OGC), are outside the jurisdiction of the OIG or the FEC, or are facially unsubstantiated, meritless or invalid. For example, Section 437g of the *Federal Election Campaign Act of 1971* (FECA), as amended, sets forth strict requirements for reporting alleged violations of FECA, and FEC regulations direct that such complaints be filed directly by the complainant and processed through OGC; still, the OIG regularly receives complaints of alleged FECA violations, many of which are not legally compliant. Form responses with information about properly filing a complaint with OGC are sent to complainants alleging FECA violations, as the OIG cannot simply route FECA complaints to OGC. In other cases of misdirected complaints, a response is sent to the individual referring him or her to the proper office or other agency. In some limited instances where a misdirected communication does not concern a FECA violation but falls under the purview of another FEC component or government agency, such as a candidate with a question about filing a report with the FEC, the inquiry may be redirected and sent to the appropriate office or agency directly from the OIG. Reviewing and, where appropriate, responding to these reports and allegations when aggregated can entail a significant amount of staff time and effort, despite the fact that they are not valid hotline complaints.

In order to capture and document these hotline contacts, the OIG created a category for “hotline inquiries” that do not meet the criteria for hotline complaints. Hotline contacts that are misdirected complaints, facially unsubstantiated, meritless or invalid, and thus do not meet the criteria for classification as a hotline complaint, are categorized as “hotline inquiries.” For this reporting period, the OIG received five (5) hotline inquiries. One (1) of

the hotline inquiries was redirected to another FEC office, and two (2) were referred to another agency. One (1) was outside the OIG's jurisdiction and under investigation by another agency, and no further action was taken on one (1) of the complaints.



## OIG INVESTIGATIONS

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

As discussed in *OIG Hotline Information*, all hotline complaints are evaluated to determine if they warrant an investigation. If an investigation is opened, the hotline complaint is closed and merged into the investigative file. OIG investigations involve a detailed examination or inquiry into issues brought to our attention by various sources, and may include interviews of relevant witnesses and subjects, document reviews, and computer forensic examinations. At the conclusion of an OIG investigation, the OIG prepares a report that sets forth the allegations and an objective description of the facts developed during the investigation.

One (1) investigation was opened during the last semiannual reporting period and is actively being investigated and remains open.

## ADDITIONAL OIG ACTIVITY

Besides conducting audits, inspections, and investigations, the OIG performs, and is involved in an array of additional projects and activities. As required by the *Inspector General Act of 1978*, as amended, all legislation compiled by the Commission's Congressional Affairs Office is reviewed by the Inspector General.

The Inspector General also reviews and provides comments, when appropriate, on legislation provided by the Council of Inspectors General on Integrity and Efficiency (CIGIE) Legislative Committee. In addition, the Inspector General routinely reads all Commission agenda items. Listed below are examples of the OIG's additional activities:

- During this reporting period, the OIG responded to two (2) Congressional inquiries. The first requested information about the IG community's highest priority recommendations for reducing waste and increasing efficiency in executive branch departments and agencies. The second inquiry was a two-part request – the first request concerns the applicability of climate change laws and regulations to the FEC, and an assessment of whether the FEC is meeting applicable standards. The second request was an assessment of what authorities the FEC has and can use to reduce emissions and strengthen resiliency. The FEC's Office of General Counsel (OGC) was consulted in developing the response, as some of the requested information falls under OGC's purview.
- The OIG reviewed a listing of our annual records, per the OIG's records management policy, to determine what records are scheduled to be archived and/or destroyed; we received notification from the FEC records officer that a set of temporary records previously submitted to NARA by the OIG will be destroyed. In

addition, the OIG destroyed voided OIG credentials, which consisted of outdated credentials that were replaced and those of individuals no longer employed by the OIG. The OIG also submitted a set of records to the FEC records manager to obtain an accession number so that temporary files on hand can be shipped to NARA records center for storage.



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

The Inspector General continues to be very involved in the Council of the Inspectors General on Integrity and Efficiency (CIGIE) which is composed of the Chair, Vice Chair, the past Vice Chair of the CIGIE, and all Committee Chairs. The Executive Council provides guidance on CIGIE initiated projects, the operating plans for each fiscal year, and the general business of CIGIE. The Council meets monthly to discuss issues that will affect CIGIE.

During this semiannual reporting period, the IG was appointed Vice Chair of the Council of the Inspectors General on Integrity and Efficiency. In this capacity, the IG supports the Chair, reviews various documents, attends weekly meetings with the Chair and CIGIE executive staff, and provides input into various issues that come before CIGIE. The IG also prepares for and participates in numerous conference calls with various government officials to discuss a broad range of topics affecting CIGIE and the federal government. The IG is also Chair of the IG Recommendations Panel and continues to receive resumes and questionnaires from individuals seeking to become IGs. The resumes and questionnaires are shared with other members of the IG Recommendations Panel.

The IG, along with the Chair of CIGIE, hosted a brown bag luncheon for OIGs on sequestration. The IG also participated in *American University's New Leaders Course – Lunch with the IG* program and spoke to participants about leadership style, challenges facing IGs as leaders, and what it takes to rise to the executive level in the IG community.

The IG Counsel served as coordinator of the DFE Investigative Peer Review, in this capacity the IG Counsel finalized the peer review schedule and conducted a presentation on the peer review process to the CIGIE Investigations Committee. The IG Counsel also participated in a curriculum review of the CIGIE

leadership programs and presented the results of the review to the CIGIE Professional Development Committee.



## OIG CONTACTS

The table below indicates the total amount of contacts received by the Office of Inspector General for the past six months – October 1, 2012 through March 31, 2013.

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

TOTAL CONTACTS	OIG ACTION	NO ACTION NECESSARY	FORWARDED FOR ACTION
<b>3,218</b>	<b>67</b>	<b>3,107</b>	<b>44</b>



## LIST OF TRAINING, MEETINGS AND CONFERENCES

The chart listed below depicts training, meetings, programs, seminars, and/or conferences attended by the Inspector General and/or the OIG staff for the period October 1, 2012 – March 31, 2013:

### MEETINGS:

HOST / SPONSOR	TOPIC / SUBJECT
<b>Council of Inspectors General on Integrity and Efficiency</b>	Weekly Chair/Vice Chair Meetings Monthly Meetings Monthly Executive Council Meetings Professional Development Committee/Leadership Development Subcommittee Meetings Inspector General Criminal Investigator Academy Seasoned Training Officers Meeting Annual Awards Ceremony
<b>Council of Counsels to the Inspectors General</b>	Monthly Meetings
<b>Assistant Inspector General for Investigations</b>	Quarterly Meetings
<b>Financial Statement Audit Network</b>	Network Meetings
<b>Federal Audit Executive Council</b>	Bi-monthly Meetings
<b>Federal Election Commission</b>	Bi-weekly Directors' Meetings Finance Committee Meetings Managers' Meeting Administrative Liaison Group Meetings Occupant Emergency Team Meeting Employee Recognition Ceremony
<b>FEC / Office of Inspector General</b>	Bi-weekly Staff Meetings

**TRAINING/CONFERENCES:**

HOST / SPONSOR	TOPIC / SUBJECT
<b>Council of Inspectors General on Integrity and Efficiency</b>	2012 Suspension and Debarment Workshop Peer Review Training IG Authorities Training Program
<b>Federal Audit Executive Council</b>	EPA Forensic Audit Product Line and Lessons From Treasury Inspector General for Tax Administration
<b>Association of Certified Fraud Examiners</b>	Anti-fraud Efforts in Healthcare seminar
<b>Institute of Internal Auditors</b>	Tools for Effective Collaboration between Internal Audit, Compliance, and Risk Management seminar Creating a World Class Audit Organization seminar
<b>Office of Government Ethics</b>	Conflicts of Interest Training
<b>AuditNet</b>	Adding Value by Auditing Value training Data Analysis using Excel training
<b>FCW Executive Briefings</b>	Detecting and Preventing Wasteful and Improper Payments
<b>I-Sight</b>	Detecting Deception Best Practice in Investigative Report Writing What Analysts need to know about Social Media
<b>Federal Election Commission</b>	Procurement 101 Training SkillPort Tutorial Overview
<b>Chief Financial Office/International Training Consortium</b>	Contracting Officers Representative (COR) Training
<b>National Seminars / Skillpath</b>	Professional Excellence for Women

# REPORTING REQUIREMENTS

Reporting requirements required by the *Inspector General Act of 1978*, as amended by the *Inspector General Act Amendments of 1988* are listed below:

IG ACT	DESCRIPTION	PAGE
Section 4(a)(2)	Review of Legislation	13
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)	21
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	5
Section 5(a)(8)	Questioned and Unsupported Costs (Table I)	19
Section 5(a)(9)	Recommendations that Funds be put to Better Use (Table II)	20
Section 5(a)(10)	Summary of Audit Reports issued before the start of the Reporting Period for which no Management Decision has been made	N/A
Section 5(a)(11)	Significant revised Management Decisions	N/A
Section 5(a)(12)	Management Decisions with which the Inspector General is in Disagreement	None

## TABLE I

### INSPECTOR GENERAL ISSUED REPORTS WITH QUESTIONED COSTS (DOLLAR VALUE IN THOUSANDS)

	NUMBER	QUESTIONED COSTS	UNSUPPORTED COSTS
A. For which no management decision has been made by commencement of the reporting period	0	0	0
B. Which were issued during the reporting period	0	0	0
Sub-Totals (A&B)	0	0	0
C. For which a management decision was made during the reporting period	0	0	0
(i) Dollar value of disallowed costs	0	0	0
(ii) Dollar value of costs not disallowed	0	0	0
D. For which no management decision has been made by the end of the reporting period	0	0	0
E. Reports for which no management decision was made within six months of issuance	0	0	0

## TABLE II

**INSPECTOR GENERAL ISSUED REPORTS WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE**

	NUMBER	DOLLAR VALUE
A. For which no management decision has been made by 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 FOR MORE THAN SIX MONTHS

REPORT TITLE	REPORT NUMBER	ISSUE DATE	RECOMMENDATIONS		
			NUMBER	CLOSED	OPEN
Audit Follow-up Review of the FEC's Employee Transit Benefit Program	OIG-08-03	07/09	51	36	15
Audit of the Commission's Property Management Controls	OIG-09-02	03/10	36	22	14
Federal Election <sup>1</sup> Commission 2012 Financial Statement Audit	OIG-12-03	11/12	32	0	32
2010 Follow-up Audit <sup>2</sup> of Procurement and Contract Management	OIG-10-02	06/11	29	6	23
2010 Follow-up Audit <sup>3</sup> of Privacy and Data Protection	OIG-10-03	03/11	45	7	38
Inspection of the Federal Election Commission's Kastle Key Program	OIG-11-02	12/11	15	8	7
Quality Assessment Audit of the Federal Election Commission's Audit Division	OIG-12-01	09/12	11	0	11

**Cumulative Total of Outstanding Recommendations      140**

1 Follow-up on the 20 open recommendations from the 2011 audit was performed during interim testing for the FEC's 2012 Financial Statement Audit, and as of September 30, 2012 (5) recommendations were reported as closed in the OIG's previous semiannual report.

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

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

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**APPENDIX A**

Federal Election Commission  
Office of Inspector General



Fiscal Year 2013  
Work Plan

*Lynne A. McFarland*  
*Inspector General*



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## FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

Office of Inspector General

### A Message from the Inspector General

I am pleased to present to the Commission the Office of Inspector General's (OIG) fiscal year (FY) 2013 Annual Work Plan. This work plan includes a description of audit, inspections, investigative and special projects planned for FY 2013. The plan also sets forth the OIG's formal strategy for identifying priority issues and managing its workload and resources for FY 2013. Successful execution of this plan will enable the OIG to provide the highest quality work products to our stakeholders and to assist the FEC in meeting its strategic mission, goals and objectives.

The OIG substantially completed the work planned for FY 2012 in the audit and investigative programs, as well as special projects; some of the assignments are in process spanning fiscal years 2012 and 2013. Among the audits completed in FY 2012 were the *Audit of the FEC's Fiscal Year 2011 Financial Statements*, and the *Quality Assessment Audit of the FEC's Audit Division*. The OIG also devoted resources this past FY to audit follow-up with the goal of closing outstanding audit recommendations. I am pleased to report the FEC has been able to implement some of the outstanding OIG recommendations, but a considerable amount of work remains to ensure weaknesses cited by the OIG are addressed.

In addition to the accomplishments in the audit program, the investigative program accomplished much of the work planned for 2012, to include responding to hotline complaints, OIG briefings to new employees, oversight of the OIG's hotline service, among other projects. My office also completed our first voluntary investigative peer review of another federal OIG. In addition to the investigative program, the OIG staff was actively involved in several professional working groups during the FY, to include the Council of the Inspectors General on Integrity and Efficiency Professional Development Committee, the Inspector General (IG) Candidate Recommendations Panel Committee, the IG Council of Counsels, among others. At the start of FY 2013, the OIG is fully staffed with six professional staff members, and therefore, I anticipate the OIG will successfully complete the FY 2013 work plan that follows.

The U.S. Federal Election Commission's (FEC) mission statement is "to prevent corruption in the Federal campaign process by administering, enforcing and formulating policy with respect to Federal campaign finance statutes."<sup>1</sup> The OIG is committed to ensuring the integrity of FEC programs and operations. The development and continual updating of the OIG's work plan is a critical aspect of accomplishing the OIG's objectives to promote economy and efficiency in FEC programs and to detect and prevent fraud, waste and abuse. Effective work planning ensures that audit and investigative resources

<sup>1</sup> Federal Election Commission, *Fiscal Year 2013 Congressional Budget Justification* (Washington, DC, February 13, 2012), 3.

are used effectively and efficiently. I look forward to a successful year of providing the highest quality of audit and investigative support and service to our stakeholders.

A handwritten signature in black ink that reads "Lynne A. McFarland". The signature is written in a cursive, flowing style.

Lynne A. McFarland  
Inspector General  
Federal Election Commission

October 3, 2012

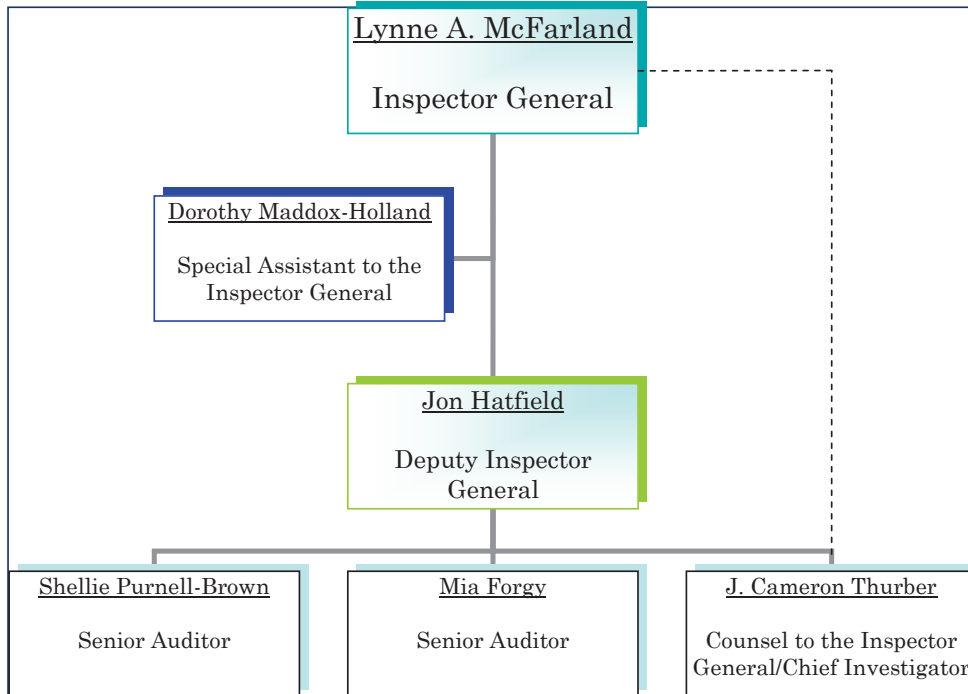
### *The Federal Election Commission*

In 1975, Congress created the Federal Election Commission (FEC) to administer and enforce the *Federal Election Campaign Act* (FECA). The duties of the FEC, an independent regulatory agency, are to disclose campaign finance information; enforce the provisions of the law; and oversee the public funding of Presidential elections.

The Commission is made up of six members, who are appointed by the President and confirmed by the Senate. Each member serves a six-year term, and two seats are subject to appointment every two years. By law, no more than three Commissioners can be members of the same political party, and at least four votes are required for any official Commission action. The Chairmanship of the Commission rotates among the members each year, with no member serving as Chairman more than once during his or her term. Currently the FEC has a full complement of Commissioners – Chair Caroline C. Hunter; Vice-Chair Ellen L. Weintraub; Cynthia L. Bauerly; Matthew S. Petersen; Steven T. Walther; and Donald F. McGahn, II.

### *Office of Inspector General*

*The Inspector General Act of 1978* (P.L. 100-504), as amended, states that the Inspector General is responsible for: 1) conducting and supervising audits and investigations relating to the Federal Election Commission's programs and operations; 2) detecting and preventing fraud, waste, and abuse of agency programs and operations while providing leadership and coordination; 3) recommending policies designed to promote economy, efficiency, and effectiveness of the establishment; and 4) keeping the Commission and Congress fully and currently informed about problems and deficiencies in FEC agency programs and operations, and the need for corrective action. The OIG budget request for FY 2013 was \$ 1,144,237, an amount necessary to cover salaries and related expenses for six staff members, to include audit contracts and training. Exhibit 1 on the following page contains the OIG's organizational chart.

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

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

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

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

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

### *Annual Planning and Methodology Strategies*

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

In the summer of 2012, the OIG conducted our fifth annual planning process that involved a series of OIG planning meetings to discuss the upcoming fiscal year and OIG work assignments. In addition to planning based on risk, the OIG planning process is also designed to yield work assignments that will identify opportunities for economy, efficiency and effectiveness in FEC programs and operations; and detect and prevent fraud, waste, abuse and mismanagement. The priority for conducting work assignments is based on (1) mandatory legislative requirements; (2) emphasis by the President, Congress, and the Commission; (3) a program's susceptibility to fraud, manipulation, or other irregularities; (4) dollar magnitude or resources involved in the proposed area; (5) management needs identified through consultation with primary organization heads; (6) newness, changed conditions, or sensitivity of an organization; (7) the extent of outstanding issues resulting from prior audit coverage or review by the OIG or other oversight body; and (8) the adequacy of internal control systems in place for the program or other factors.

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

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

## ***OIG 2013 Work Plan***

### **AUDITS/INSPECTIONS/REVIEWS**

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

For fiscal year 2013, the following assignments are planned:

#### **1. Audit of the Federal Election Commission's 2012 and 2013 Financial Statements.**

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

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

*Planned period of audit: May 2012 – November 2012;  
May 2013 – November 2013.*

## **2. Audit of the Federal Election Commission's Human Resources Office.**

The OIG will conduct a performance audit of the FEC's Human Resources (HR) Office during the first part of fiscal year (FY) 2013. The HR Office is a critical component of the agency and is responsible for several important functions, to include recruitment and retention of qualified staff; employee-employer relations; administration of employee benefits; maintenance and processing of personnel records; training; among other responsibilities. The OIG audit will focus on two main areas, customer service and the efficient and effective use of automated processes by the agency for human resource functions. As part of the customer service assessment, the OIG will conduct an agency-wide survey of FEC staff to seek feedback on their satisfaction level of service provided by the FEC HR Office.

*Planned period of audit: July – December 2012.*

## **3. Audit of the Federal Election Commission's Budget and Financial Management Process**

The OIG will conduct a performance audit of the FEC's budget and financial management process. The audit will have three primary objectives: (1) to determine whether the Office of the Chief Financial Officer provides FEC management with timely, accurate and real-time financial information to enable managers to effectively monitor and manage FEC programs; (2) to assess the benefits and costs of the FEC's financial line of business with the General Services Administration; and (3) assess year-end spending.

*Planned period of audit: January – April 2013.*

## **4. On-Going Audit Follow-up.**

An important responsibility of the OIG is to follow-up on previously issued audit reports with outstanding audit recommendations. At the beginning of FY 2013, there were 143 outstanding audit recommendations representing five audits and one inspection. On-going audit follow-up during FY 2013 will consist of the following responsibilities: (1) review implemented audit recommendations to ensure the audit finding has been resolved; (2) review and comment on management's corrective action plans that detail plans for resolving outstanding audit recommendations; and (3) conduct regular meetings throughout the FY with management to discuss progress to implement audit recommendations.

*Planned period of audit followup: On-going throughout FY 2013.*



## **5. Audit Peer Review.**

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

*Planned period of audit peer review: Fiscal year 2013.*

## **6. Limited Scope Inspections.**

The OIG is planning to conduct two to four limited scope, or short-term, inspections of FEC programs during FY 2013. The goal of the short-term inspections will be to focus OIG resources on high-risk areas and provide rapid, up-to-date information to FEC management and the Commission on the efficiency and effectiveness of FEC programs.

- An inspection related to the Office of Equal Employment Opportunity was started in late FY 2012 and is expected to be completed by December 2012.
- A second inspection is expected to begin in October 2012 on the implementation of the agency's disaster recovery plan and continuity of operations plans. The inspection is expected to be completed in December 2012.
- An inspection on the FEC's compliance with the *Federal Managers' Financial Integrity Act* (FMFIA) is planned to begin in the early part of calendar year 2013 and is expected to be completed by April 2013.
- Additional inspections on the FEC's civil penalties program, FEC's information technology planning process, leasehold improvements and the agency printing program may be performed, time permitting.

## **7. Additional Work Assignments.**

Additional work assignments may be undertaken during FY 2013 based on available OIG resources, benefit to the agency, and other relevant factors. Priorities may be adjusted to reflect emerging issues during the FY.

## INVESTIGATIVE PROGRAM

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

For fiscal year 2013, the following investigative assignments are planned:

### **1. Manage Hotline Complaints and Investigation Caseload.**

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

### **2. Proactive Investigative Initiatives.**

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

### **3. Investigative Peer Review.**

The FEC OIG participates in the Council of Inspectors General on Integrity and Efficiency voluntary peer review program for smaller OIGs, and the FEC OIG is expected to be peer reviewed during FY 2013. The objective of the peer review is to determine whether internal control systems are in place and operating effectively to provide reasonable assurance that professional investigative standards are being followed. Specifically, the external peer review team will analyze FEC OIG existing policies and procedures, conduct interviews with selected OIG management officials and the investigator, and sample closed investigative files and other administrative records, as warranted.

*Planned period of investigative peer review: Fiscal year 2013.*

#### 4. Outreach.

In FY 2011, the OIG conducted a series of OIG briefings with FEC division management and staff. The briefings were intended to educate FEC staff about the mission and authority of the OIG, and how to report fraud, waste, abuse or mismanagement to the OIG. In FY 2012, the OIG worked with the Office of the Chief Financial Officer to identify the contractor personnel for the agency. The OIG plans to provide fraud briefings to the contractor personnel in FY 2013. Discussion and education on fraud will help contractors to identify and report suspected fraud and help reduce the number of fraud cases. The briefings will also discuss the OIG's hotline service and how contract personnel can report fraud, waste and abuse to the OIG.

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

#### SPECIAL PROJECTS

In addition to the OIG's audit and investigative responsibilities, the OIG will be responsible for numerous additional projects and activities during FY 2013. For example, as required by the *Inspector General Act of 1978*, as amended, all legislation compiled by the Commission's Congressional Affairs Office is reviewed by the Inspector General. The Inspector General and staff also participate in several federal Inspectors General community working groups on topics related to law, audits, and investigations. All of these activities contribute to the success and mission of the OIG. Additional special projects will arise throughout the FY and the OIG will prioritize our workload to respond to the additional requirements.

For fiscal year 2013, the following are examples of the special projects and activities planned by the OIG:

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

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

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

**2. Semiannual and Quarterly Reporting.**

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

**3. Professional Development and Training.**

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

**4. Update Audit and Investigative Manuals.**

The OIG will update the office's audit and investigative manuals in FY 2013. The updated audit manual will incorporate recent changes to the Government Auditing Standards, and the investigative manual update will reflect changes and additions to the OIG's investigative program.

FEC / OIG Strategic Plan - Fiscal Years 2010 - 2015

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

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

**Strategy:**

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

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

**Strategy:** Perform work that supports;

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

Focus OIG attention in the following areas of emphasis:

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

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

**Strategy:**

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

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

**Strategy:**

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

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

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

**Objective A:** Maintain a dynamic strategic planning process.

**Strategy:**

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

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

**Strategy:**

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

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

**Strategy:**

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

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

**Strategy:**

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

**Objective E:** Establish a positive and productive working environment.

**Strategy:**

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

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

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

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

**Strategy:**

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

**Objective B:** Provide training and developmental opportunities to employees.

**Strategy:**

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

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

**Strategy:**

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

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

**Strategy:**

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

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

# Federal Election Commission Office of Inspector General



## Fraud Hotline 202-694-1015

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

Fax us at 202-501-8134 or e-mail us at [oig@fec.gov](mailto:oig@fec.gov)

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

**Individuals including FEC and FEC contractor employees are encouraged to alert the OIG to fraud, waste, abuse, and mismanagement of agency programs and operations.** Individuals who contact the OIG can remain anonymous. However, persons who report allegations are encouraged to provide their contact information in the event additional questions arise as the OIG evaluates the allegations. Allegations with limited details or merit may be held in abeyance until further specific details are reported or obtained. Pursuant to the Inspector General Act of 1978, as amended, the Inspector General will not disclose the identity of an individual who provides information without the consent of that individual, unless the Inspector General determines that such disclosure is unavoidable during the course of an investigation. To learn more about the OIG, visit our Website at: <http://www.fec.gov/fecig/fecig.shtml>

**Together we can make a difference.**