



Federal Election Commission

Agency Financial Report

Fiscal Year 2025

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Federal Election Commission
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Message from the Chair



FEDERAL ELECTION COMMISSION WASHINGTON, D.C.

OFFICE OF THE CHAIR

December 18, 2025

I am pleased to present the Federal Election Commission's Agency Financial Report (AFR) for Fiscal Year (FY) 2025. To the best of my knowledge, the AFR reflects accurate and complete data with respect to the agency's program performance and financial activities over the past year. It further demonstrates our continued commitment to administering the *Federal Election Campaign Act of 1971*, as amended.

The Commission provides the public with accurate and accessible information about how candidates raise and spend funds to support their campaigns, civilly enforces the campaign finance laws, and encourages voluntary compliance through timely advice and educational outreach.

The Commission continues to seek opportunities to make its systems and processes more efficient and effective, including efforts to redesign the FEC website and to migrate data to a cloud environment. These efforts have helped the Commission accommodate a steep rise in the number of financial transactions reported to the agency over the last several years. At the same time, the Commission has continued to prioritize improving the customer service it provides and ensuring that the campaign finance information within its jurisdiction is readily available to the public.

With respect to the agency's FY 2025 financial statements, the Commission received an unmodified opinion from its independent auditors. This unmodified opinion reflects the continued commitment by the Commissioners and Commission staff to ensure that the agency's financial statements fairly present the agency's fiscal position.

Management, which consists of senior managers including the Chief Financial Officer, Acting General Counsel and Staff Director, continue their efforts to respond to risks included in the agency Risk Profile (see Section I) and challenges identified by the Inspector General (see Section III).

The efforts described in this report were only made possible through the work and dedication of the agency's staff, all of whom strive to fulfill the FEC's mission in the most efficient manner possible.

On behalf of the Commission,



Shana M. Broussard
Chair

How to Use This Report

This Agency Financial Report presents financial information, as well as relevant performance information, on the Federal Election Commission's operations. The report was prepared pursuant to the Accountability of Tax Dollars Act of 2002 and Office of Management and Budget (OMB) Circular A-136, revised, Financial Reporting Requirements, and covers activities from October 1, 2024 through September 30, 2025.

The FEC places a high importance on keeping the public informed of its activities. To learn more about the FEC and what the agency does to serve the American public, visit the FEC's website <https://www.fec.gov/about/reports-about-fec/strategy-budget-and-performance/>.

The FY 2025 Agency Financial Report is organized into three primary sections:

Section I – Management's Discussion and Analysis (MD&A) provides an overview of the FEC. It describes our mission, organizational structure and regulatory responsibilities. It also includes relevant performance information related to the FEC's strategic goals and objectives to provide a forward-looking discussion of future challenges.

Section II – Financial Information, including the Independent Auditor's Report, detailing the FEC's financial performance by 1) highlighting the agency's financial position and audit results and 2) describing the FEC's compliance with key legal and regulatory requirements.

Section III – Other Information includes our Inspector General's (IG) assessment of the FEC's management challenges and the FEC's response.

SECTION I – Management’s Discussion and Analysis

Section I.A: Mission and Organizational Structure

The Federal Election Commission is an independent regulatory agency responsible for administering, enforcing, defending and interpreting the Federal Election Campaign Act of 1971, as amended (the FECA or the Act).¹ Congress created the FEC to administer, enforce and formulate policy with respect to the FECA. The Act reflects a belief that democracy works best when voters can make informed decisions in the political process—decisions based in part on knowing the sources of financial support for Federal candidates, political party committees and other political committees. Public confidence in the political process also depends on the knowledge that participants in Federal elections follow clear and well-defined rules and face consequences for non-compliance.

Under the Act, all Federal political committees, including the committees of Presidential, Senate and House candidates, must file reports of receipts and disbursements. The FEC makes disclosure reports, and the data contained in them, available to the public through the Commission’s internet-based public disclosure system on the Commission’s website, as well as in a public records office at the Commission’s Washington, D.C. headquarters. The FEC also has exclusive responsibility for civil enforcement of the Act and has litigating authority independent of the Department of Justice in U.S. district court and the courts of appeals. Additionally, the Commission promulgates regulations implementing the Act and issues advisory opinions responding to inquiries regarding interpretation and application of the Act and the Commission’s regulations.

Additionally, the Commission is responsible for administering the Federal public funding programs for presidential campaigns. This responsibility includes certifying and auditing all participating candidates and committees and enforcing the public funding laws.

The FEC has chosen to produce an Agency Financial Report (AFR) and Annual Performance Report (APR) pursuant to the Government Performance and Results Act of 1993, as amended. The FEC will include its FY 2025 Annual Performance Report with its Congressional Budget Justification and will post it on the FEC website at <https://www.fec.gov/about/reports-about-fec/strategy-budget-and-performance/> in 2026.

¹ The Commission’s primary responsibilities pertain to the Federal Election Campaign Act of 1971, Public Law 92-225, 86 Stat. 3 (1972) as amended (*codified at* 52 U.S.C. §§ 30101-30145) (formerly at 2 U.S.C. §§ 431-55) (the Act or the FECA). The Commission’s responsibilities for the Federal public funding programs are contained in the Presidential Election Campaign Fund Act, Public Law 92-178, 85 Stat. 562 (1971) (*codified at* 26 U.S.C. §§ 9001-13) and the Presidential Primary Matching Payment Account Act, Public Law 93-443, 88 Stat. 1297 (1974) (*codified at* 26 U.S.C. §§ 9031-42).

Mission Statement

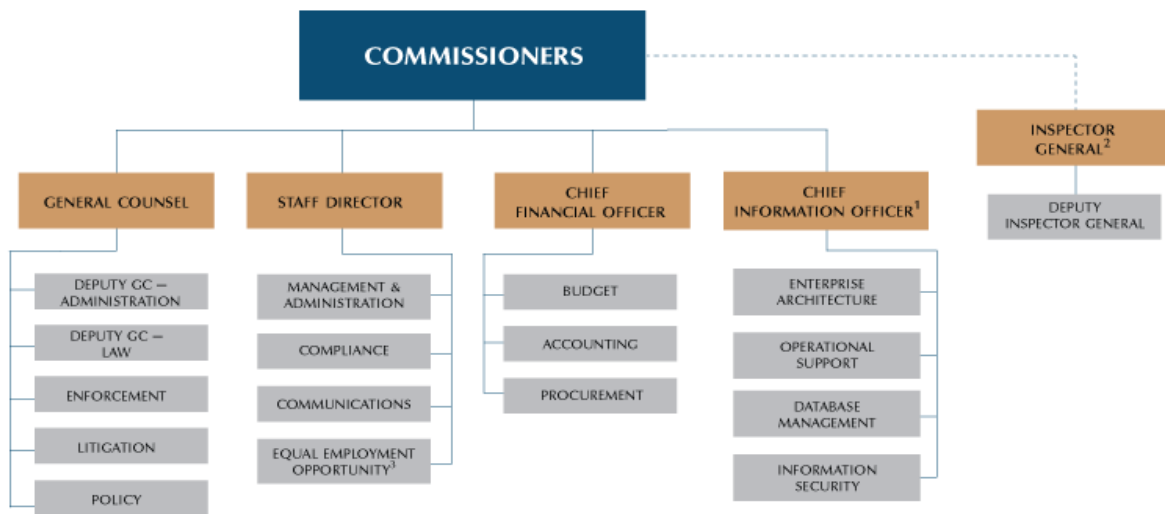
The FEC's mission is to protect the integrity of the Federal campaign finance process by providing transparency and fairly enforcing and administering Federal campaign finance laws.

Organizational Structure

To accomplish its legislative mandate, the FEC is directed by six Commissioners, who are appointed by the President with the advice and consent of the Senate. By law, no more than three Commissioners can be members of the same political party. Each member serves a six-year term, and two seats are subject to appointment every two years. Commissioners may serve beyond their six-year terms until new Commissioners are confirmed. The Chairmanship of the Commission rotates among the members, with no member serving as Chair more than once during his or her six-year term. The Commissioners are responsible for administering and enforcing the Act and meet regularly to formulate policy and to vote on significant legal and administrative matters. The Act requires the affirmative vote of four members of the Commission to approve official actions, thus requiring bipartisan decision-making. On May 1, 2025, the FEC lost its quorum of four Commissioners, limiting the types of official actions the Commission can take.² The FEC has its headquarters in Washington, D.C. and does not have any regional offices.

As noted in Figure 1, the offices of the Staff Director, General Counsel, Chief Information Officer and Chief Financial Officer support the agency in accomplishing its mission. The Office of the Inspector General, established within the FEC in 1989 under the 1988 amendments to the Inspector General Act, is independent and reports both to the Commissioners and to Congress. The specific roles and responsibilities of each office are described in greater detail below.

² Information regarding those actions the Commission can take in the absence of a quorum is detailed in [Commission Directive 10, Rules of Procedure of the Federal Election Commission Pursuant to 2 U.S.C. 437c\(e\)](#).



¹ The position of Chief Information Officer normally reports directly to the Staff Director who, in turn, reports to the Commission itself. At present, however, the same individual is serving in both the position of the Staff Director and the position of the Chief Information Officer, pursuant to an authorization by the Commission and based, in part, on an advance decision from the Comptroller General. Accordingly, the organizational chart reflects both positions – the Staff Director and the Chief Information Officer – as reporting directly to the Commission.

² The Office of the Inspector General (OIG) independently conducts audits, evaluations, and investigations. OIG keeps the Commission and Congress informed regarding major developments associated with their work.

³ The Director for Equal Employment Opportunity reports to the Staff Director on administrative issues but has direct reporting authority to the Commission on all EEO matters. See 29 CFR 1614.102(b)(4).

Figure 1: FEC Organizational Chart

➤ Office of the Staff Director (OSD)

The Office of the Staff Director consists of four offices: 1) Management and Administration; 2) Compliance; 3) Communications; and 4) Equal Employment Opportunity. The Office of Management and Administration is responsible for the FEC’s strategic planning and performance and works with the Commission to ensure the agency’s mission is met efficiently. In addition, this office houses the Commission Secretary, the Office of Human Resources (OHR) and the Administrative Services Division (ASD). The primary responsibilities of the Office of Compliance are the processing and review of campaign finance reports and filing assistance, audits, administrative fines and alternative dispute resolution. The Office of Communications includes divisions charged with making campaign finance reports available to the public, encouraging voluntary compliance with the Act through educational outreach and training and ensuring effective communication with Congress, executive branch agencies, the media and researchers and the general public. The Equal Employment Opportunity Office promotes the establishment of a workplace environment free from harassment and discrimination by monitoring and analyzing the Commission’s personnel policies, practices and procedures; offering EEO Counseling or ADR services; processing informal and formal allegations of discrimination; facilitating the accommodation process for employees with disabling conditions and providing EEO-related staff education and required training. The EEO Officer reports to the Staff Director on administrative issues but has direct reporting authority on all EEO matters. *See* 29 CFR 1614.102(b).

➤ **Office of General Counsel (OGC)**

The Office of General Counsel consists of five organizational units: (1) the Deputy General Counsel - Administration; (2) the Deputy General Counsel - Law; (3) the Policy Division; (4) the Enforcement Division; and (5) the Litigation Division. The Deputy General Counsel - Administration directly supervises the Administrative Law Team, the Law Library and all OGC administrative functions. The Deputy General Counsel - Law has the primary responsibility for assisting the General Counsel in all of the substantive aspects of the General Counsel's duties and shares in the management of all phases of OGC programs, as well as directly supervising the agency's ethics program. The Policy Division drafts for Commission consideration advisory opinions and regulations interpreting the Federal campaign finance law, provides legal advice to the FEC's compliance programs and assists the Commission and Audit Division in the administration of the public financing statutes. The Enforcement Division recommends to the Commission appropriate action to take with respect to administrative complaints and apparent violations of the Act. Where authorized, the Enforcement Division investigates alleged violations and negotiates conciliation agreements, which may include civil penalties and other remedies. If an enforcement matter is not resolved during the administrative process, the Commission may authorize suit in district court, at which point the matter is transferred to the Litigation Division. The Litigation Division represents the Commission before the Federal district and appellate courts in all civil litigation involving campaign finance statutes. This Division assists the Department of Justice's Office of the Solicitor General when the Commission's FECA cases are before the Supreme Court.

➤ **Office of the Chief Information Officer (OCIO)**

The Office of the Chief Information Officer (OCIO) consists of four units: (1) Enterprise Architecture; (2) Operational Support; (3) Data Administration; and (4) IT Security. The OCIO provides secure, stable and robust technology solutions for Commission staff and the public. OCIO both develops and maintains the systems that serve as the public's primary source of information about campaign finance data and law. OCIO ensures agency employees have access to the tools and technology platforms that allow them to perform their day-to-day responsibilities administering and enforcing campaign finance law. In addition, OCIO provides a vision and leads the implementation of projects to ensure the FEC continues to modernize strategic systems in order to support the exponential growth in campaign finance transactions.

➤ **Office of the Chief Financial Officer (OCFO)**

The Office of the Chief Financial Officer consists of three offices: (1) Budget; (2) Accounting; and (3) Procurement. The OCFO is responsible for complying with all financial management laws and standards, and all aspects of budget formulation, budget execution and procurement.

Sources of Funds

Figure 2 shows the agency's appropriation and total obligations from FY 2021 to FY 2025.

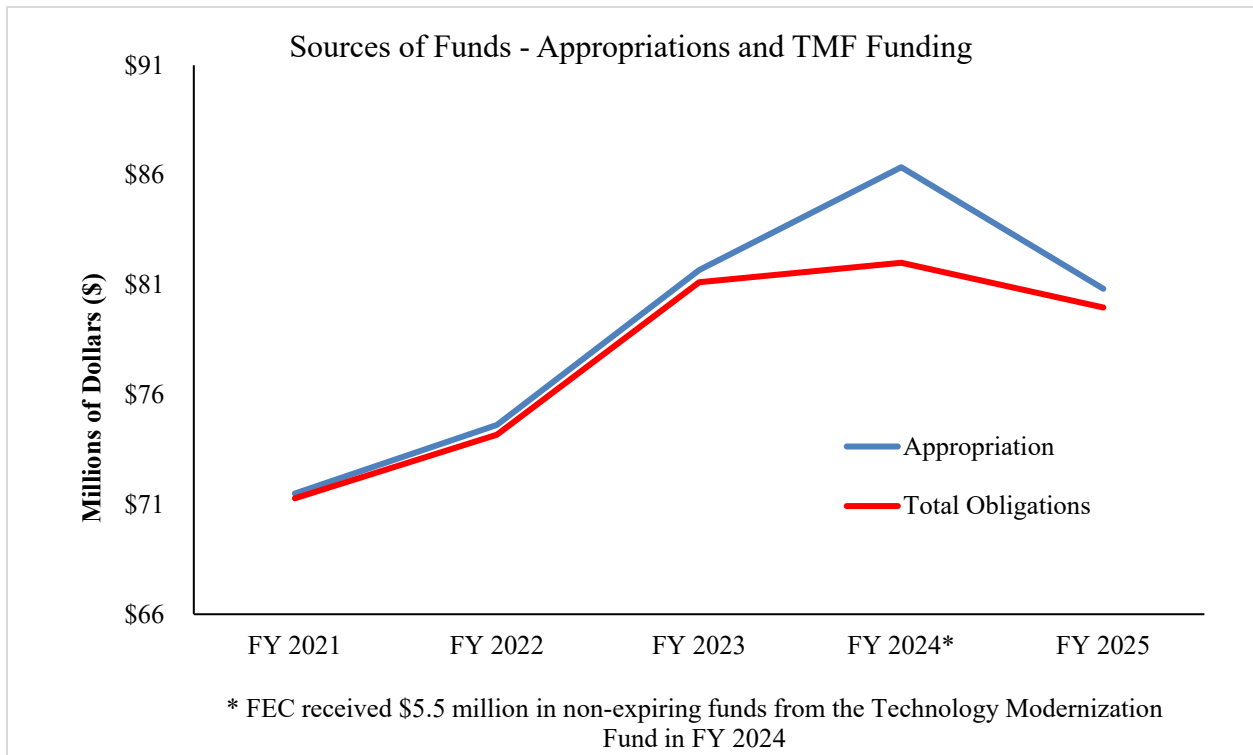


Figure 2: Summary of Funding (in millions of dollars)

The FEC also has the authority to collect fees from attendees of agency-sponsored educational seminars and webinars. The Commission may use those fees to defray the costs of conducting those programs. Registration fees for FY 2025 were \$25,500.

Personnel vs. Non-Personnel Costs

Figure 3 represents the Commission's FY 2025 obligations by personnel and non-personnel costs. Personnel costs, which are primarily composed of salaries and employee benefits, accounted for 70.3 percent of the FEC's costs. The remaining 29.7 percent of the Commission's costs was spent on non-personnel items, such as infrastructure and support, software and hardware, office rent, building security and other related costs.

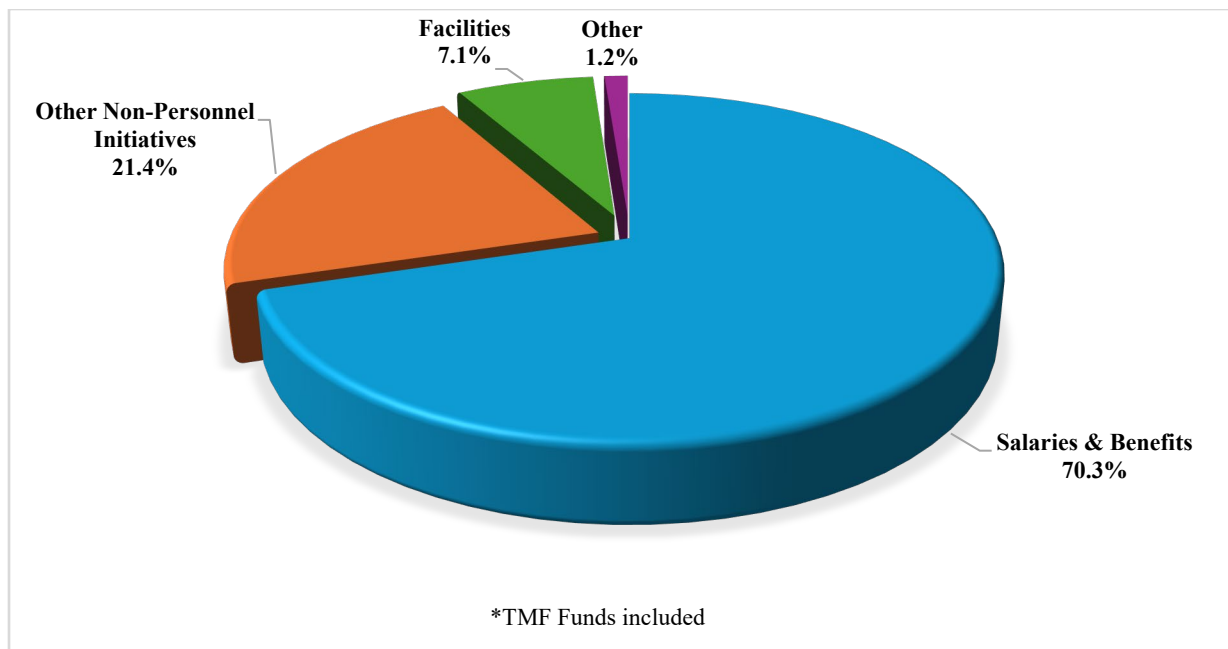


Figure 3: Fiscal Year 2025 by Major Category

Risk Identification and Mitigation

In Fiscal Year (FY) 2017, the FEC formed a Senior Management Council (SMC) to manage internal control and Enterprise Risk Management (ERM) efforts in response to new requirements outlined in OMB Circular A-123. The SMC delivered to OMB an agency-wide Risk Profile to assist in the effective management of risk areas impacting FEC strategic, operational, reporting, and compliance objectives. In FY 2018, the SMC took further steps toward effective management of risk by updating Commission Directive 53 *Implementation of OMB Circular A-123: Internal Control Program* to comply with ERM requirements. Since FY 2018, the SMC has submitted an updated Risk Profile to OMB each year and will continue to do so annually.

As part of the annual Internal Control Review (ICR) process, program offices rated each risk from the Risk Profile, detailed how the risk affects their operations and identified mitigating activities in place to respond to the risk. The current Agency-wide Risk Profile is shown below and further discussion on risk is included in the remaining MD&A sections.

Federal Election Commission - FY 2025 ERM Risk Profile

| Identified Significant Risk | Impact | Risk Owner | Inherent Risk Rating | Current Risk Response | Residual Risk Rating | Proposed Additional Action | Proposed Implementation/ Monitoring Process |
|--|---|----------------------------|----------------------|---|----------------------|--|---|
| Risks Impacting Strategic Objectives Relating to Primary Mission Areas: Engage and Inform the Public About Campaign Finance Data; Promote Compliance with the FECA and Related Statues; Interpret the FECA and Related Statutes | | | | | | | |
| Limited IT Modernization in an Environment of Increasing Federal Election Campaign Activity | Outdated legacy systems and databases are costly to maintain and create costly operational inefficiencies. Current systems are increasingly unable to support the volume of data received and processed and are becoming incompatible with modern technology. Potential FY26 IT budget constraints will detrimentally limit modernization efforts and impact ability to timely disclose campaign finance data and promote/enforce compliance with the nation's federal campaign finance laws. | OCFO/ OCIO/OSD | Very High | Reduction: prioritizing vulnerabilities and available resources; modernizing skillset of OCIO staff. Infrastructure improvements: legacy application support and maintenance, web hosting, cloud hosting and legacy eFiling contracts. Moving applications to new platforms. Commission approved Legislative Recommendation calling for conduit reporting threshold to reduce transaction volume. | High | Technology workforce assessments, upskilling, and workforce optimization planning. Prioritize resources to maintain IT infrastructure and increase workforce optimization efforts to support 2026 election activity. | Quarterly reports on modernization projects to Commission; Agency Performance Reports |
| Absence of Quorum/Confirmation of Commissioners | Official FECA actions requiring the affirmative vote of four Commissioners are held until quorum restored. As of May 1, 2025, the Commission lacks a quorum. | OGC/ Congressional Affairs | Very High | Reduction: Directive 10 provides procedure to allow limited operational actions. Track and monitor backlog. | Very High | Prioritize backlog post-restoration. | Quarterly Status Reports to Commission |
| Reliance on Contractors to Comply with Statutory Disclosure and Compliance Requirements | Disruptions or modifications to existing IT Services, data cloud hosting, website hosting, legacy eFiling and other contracts due to potential funding limitations or contractual performance issues would significantly impact ability to timely disclose campaign finance data and promote/enforce compliance with the nation's federal campaign finance laws. | OCIO/ OCFO/ OSD/CORs | Very High | Reduction: Prioritizing contract funding. Documenting all supported programs and services. | High | Continue to prioritize contract funding. Workforce and contract optimization planning. | Finance and IT Committee Meetings; OCIO Performance/ Monitoring Reports |

| Identified Significant Risk | Impact | Risk Owner | Inherent Risk Rating | Current Risk Response | Residual Risk Rating | Proposed Additional Action | Proposed Implementation/ Monitoring Process |
|---|---|--|----------------------|---|----------------------|--|---|
| Risks Impacting Strategic Objectives Relating to Primary Mission Areas: Engage and Inform the Public About Campaign Finance Data; Promote Compliance with the FECA and Related Statutes; Interpret the FECA and Related Statutes | | | | | | | |
| Significant and Substantive Amendments to FECA/Pending Judicial Opinions | Require modifications to existing external guidance, agency policies, operations, systems, and workforce management. | OGC/ Congressional Affairs | High | Acceptance: monitoring | Medium | Conduct impact analysis of new enactments/judgments. Modify external guidance, agency policies, operations, systems, and align resources as needed. | Monthly Litigation Status Reports to Commission; Quarterly Congressional Affairs Status Reports |
| Risks Impacting Operational Objective: Manage Human Capital Efficiently and Effectively | | | | | | | |
| Vacant Mission Critical/Statutorily Required Staff Positions | Decreased staffing levels and gaps in leadership increase risk of diminished agency performance and operational failures, including the agency's ability to timely disclose campaign finance data and promote/enforce compliance with the nation's federal campaign finance laws. | OHR/OCFO/ Personnel Committee/ Finance Committee | Very High | Reduction: Temporarily fill positions when possible; submitted hiring freeze exemption request to OPM for three (3) specific critical positions; succession planning and cross-training to reduce institutional knowledge gaps. | High | Workforce optimization planning, including review of operations to prioritize essential functions and align resources. Mitigate institutional knowledge gaps through cross-training, succession planning, and documenting procedures. Evaluate opportunities for efficiency and innovation. Continuous monitoring of hiring freeze and budget in order to fill critical positions when possible. | Staffing reports; Personnel and Finance Committee meetings |

| Identified Significant Risk | Impact | Risk Owner | Inherent Risk Rating | Current Risk Response | Residual Risk Rating | Proposed Additional Action | Proposed Implementation/ Monitoring Process |
|--|---|--------------|----------------------|---|----------------------|--|---|
| Risks Impacting Operational Objective: Manage Information Security Risks | | | | | | | |
| Data Protection and Information Security Threats | Rapidly evolving technologies require adopting new solutions to secure data. Disruptions or modifications to the existing cybersecurity contracts due to potential funding limitations would significantly impact the agency's ability to protect its systems and data from cybersecurity threats. The FEC is also heavily reliant on additional cybersecurity tools and services provided by CISA. Reduction or elimination of CISA's services would significantly impact the agency's ability to protect its systems and data from cybersecurity threats. | OCIO | Very High | Reduction: corrective actions and internal controls, training, reviewing and updating security policies. Obtained Authority-to-Operate (ATO) for cloud infrastructure and environment. POAMs for implementing corrective actions are updated following ATO assessment and authorizations. Prioritizing contract funding. Documenting all supported programs and services. | High | Continue to implement and enhance corrective actions, conduct training, enhance internal controls, and continuously review and update security policies. Obtaining Authority-to-Operate (ATO) for new electronic filing platform. Continue to prioritize contract funding. | Internal Controls and OCIO Monitoring Reports; Corrective Action Plans and POAMs; Finance and IT Committee Meetings |
| Risks Impacting Compliance Objective: Manage Programs in Compliance with Applicable Law | | | | | | | |
| Pending Updates to Policies, Procedures, and Commission Directives | Policy and procedural documentation which does not fully align with current guidance and operating procedures increases risk of non-compliance, and hinders operational efficiency and transparency. | OGC/OSD/OCFO | Medium | Reduction: Reviewing, revising, and implementing essential policies, procedures, and Directives. | Medium | Continue to update policies, procedures, and Directives as needed. | Annual Internal Control Review |

Section I.B: Performance Goals, Objectives and Results

This section provides a summary of the results of the FEC's key performance objectives, which are discussed in greater detail in the FEC's FY 2025 APR.³ This report will be part of the FEC's FY 2027 Congressional Budget Justification, which will be available at <https://www.fec.gov/about/reports-about-fec/strategy-budget-and-performance/> in 2026.

Strategic Goal

The strategic goal of the Federal Election Commission is to fairly, efficiently and effectively administer and enforce the Federal Election Campaign Act, promote compliance and engage and inform the public about campaign finance data and rules, while maintaining a workforce that delivers results.

Strategic Objectives

The Act reflects a belief that democracy works best when voters can make informed decisions in the political process—decisions based in part on knowing the sources of financial support for Federal candidates, political party committees and other political committees. As a result, the FEC's first strategic objective is to inform the public about how Federal campaigns and committees are financed. Public confidence in the political process also depends on the knowledge that participants in Federal elections follow clear and well-defined rules and face consequences for non-compliance. Thus, the FEC's second strategic objective focuses on the Commission's efforts to promote voluntary compliance through educational outreach and to enforce campaign finance laws effectively and fairly. The third strategic objective is to interpret the FECA and related statutes, providing timely guidance to the public regarding the requirements of the law. The Commission also understands that organizational performance is driven by employee performance and that the agency cannot successfully achieve its mission without a high-performing workforce that understands expectations and delivers results. Consequently, the FEC's fourth strategic objective is to foster a culture of high performance in order to ensure that the agency accomplishes its mission efficiently and effectively.

Objective 1: Engage and Inform the Public about Campaign Finance Data

The FEC protects the integrity of federal campaigns by providing transparency and fairly enforcing and administering federal campaign finance laws. Full disclosure of the sources and amounts of campaign funds and fair enforcement of federal campaign finance laws allow the public to make informed decisions in the political process. Transparency requires that information is not only kept by the FEC, but also provided to the public in an easily accessible way. In order to make certain that campaign finance disclosure information is quickly available and easily accessible to the public, the agency has developed application programming interfaces (APIs) and other tools to improve access to campaign finance data. The agency is also committed to providing excellent customer service to help the public find and understand campaign finance information.

³ The FEC has identified senior-level staff and key managers to serve as goal leaders for each area of the strategic and performance plans. In addition, each strategic activity in the Strategic Plan has been assigned one or more program managers, who are responsible for the delivery and performance reporting of that activity. These managers serve as measure managers and data quality leads to ensure the completeness, consistency and accuracy of the reported data of their respective strategic activity.

Performance Goal 1-1: Improve the public’s access to information about how campaign funds are raised and spent.

| Key Indicator: Percent of reports processed within 30 days of receipt. | | | | | | | | |
|---|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| FY 2020 Actual | FY 2021 Actual | FY 2022 Actual | FY 2023 Actual | FY 2024 Actual | FY 2025 Target | FY 2025 Actual | FY 2026 Target | FY 2027 Target |
| 98% | 89% ⁴ | 98% | 93% ⁵ | 99% | 65% | 88% | 65% | 65% |

Objective 2: Promote Compliance with the FECA and Related Statutes

Helping the public understand its obligations under the Act is an essential component of voluntary compliance. The FEC places a significant emphasis on encouraging compliance. The FEC measures its progress in meeting this Objective through two performance measures, discussed separately below. The first measures the agency’s efforts to encourage voluntary compliance through educational outreach and information and the second measures the FEC’s efforts to seek adherence to FECA requirements through fair, effective and timely enforcement and compliance programs.

Encourage voluntary compliance with FECA requirements through educational outreach and information.

Helping those subject to the Commission’s jurisdiction understand their obligations under federal campaign finance laws is an essential component of voluntary compliance. The FEC’s education and outreach programs provide information necessary for compliance with campaign finance laws and give the public the context necessary to interpret the campaign finance data filers disclose.

The Commission encourages voluntary compliance by hosting interactive training programs for candidates, parties and political action committees. Online discussions of campaign finance topics, webinars and in-person seminars address recent changes in the law and focus on fundraising, methods of candidate support and reporting regulations.

Another online training service enables political committees, reporters, students and other groups to schedule live, interactive online training sessions with FEC staff. This on-demand service allows the FEC to provide tailored, distance learning presentations and training to the public in a manner that significantly increases the availability of FEC staff to serve the public. The service also offers an efficient and effective way for alternative dispute resolution and other enforcement respondents to satisfy the terms of their agreements with the agency.

⁴ The agency’s ability to meet its target for this performance goal during FY 2021 was negatively impacted by staff shortages and an unprecedented volume of filings received during the 2020 election cycle.

⁵ The agency’s ability to meet its target for this performance goal during FY 2023 was negatively impacted by staff shortages and the volume of filings received during the 2022 election cycle.

Seek adherence to FECA requirements through fair, effective and timely enforcement and compliance programs.

The FEC has formed strategies for ensuring that its enforcement and compliance programs are fair, effective and timely. The Commission's statutory obligation is to administer, interpret and enforce the Federal Election Campaign Act, which serves the compelling governmental interest in deterring corruption and the appearance of corruption in financing elections. In doing so, the Commission remains mindful of the First Amendment's guarantees of freedom of speech and association, and the practical implication of its actions on the political process.

The FEC has exclusive jurisdiction over civil enforcement of federal campaign finance laws. It consults with the U.S. Department of Justice, as appropriate, on matters involving both civil and criminal enforcement of the Act. Commission enforcement actions, which are handled primarily by the Office of General Counsel (OGC), originate from a number of sources, including external complaints, referrals from other government agencies and matters generated by information ascertained by the Commission in the normal course of carrying out its supervisory responsibilities. Enforcement matters are handled by OGC pursuant to the requirements of the FECA. If the Commission cannot settle or conciliate a matter involving an alleged violation of the Act, the Commission may initiate civil litigation by filing and prosecuting a civil action in Federal district court to address the alleged violation. Closed enforcement matters are available on FEC.gov.

To augment OGC's traditional enforcement role, the Office of Compliance manages several programs that seek to remedy alleged violations of the Act and encourage voluntary compliance. These programs include: 1) the Alternative Dispute Resolution Program, 2) the Administrative Fine Program and 3) the Audit Program. The Commission's Alternative Dispute Resolution Program is designed to resolve matters more swiftly by encouraging the settlement of less-complex enforcement matters with a streamlined process that focuses on remedial measures for candidates and political committees, such as training, internal audits and hiring compliance staff. Violations involving the late submission of, or failure to file, disclosure reports are subject to the Administrative Fine Program. This Program is administered by the Reports Analysis Division (RAD) and the Office of Administrative Review (OAR), which assess monetary penalties and handle challenges to the penalty assessments. The Audit Program conducts "for cause" audits in those cases where political committees have failed to meet the threshold requirements for demonstrating substantial compliance with the Act and conducts mandatory audits under the public funding statutes. Commission-approved threshold requirements used by RAD and the Audit Division are available on FEC.gov, subject to limited redactions.

Performance Goal 2-1: Encourage voluntary compliance with FECA requirements through educational outreach and information.

| Key Indicator: Educational outreach programs and events achieve targeted satisfaction rating on user surveys. | | | | | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|------------------------------|-----------------------|------------------------------|------------------------------|
| FY 2020 Actual | FY 2021 Actual | FY 2022 Actual | FY 2023 Actual | FY 2024 Actual | FY 2025 Target | FY 2025 Actual | FY 2026 Target | FY 2027 Target |
| 4.51 | 4.36 | 4.55 | 4.49 | 4.38 | 3.5 or higher on a 5.0 scale | 4.56 | 3.5 or higher on a 5.0 scale | 3.5 or higher on a 5.0 scale |

Performance Goal 2-2: Seek adherence to FECA requirements through fair, effective and timely enforcement and compliance programs.

| Key Indicator: Of the enforcement matters resolved during the fiscal year, the percentage that was resolved within 15 months of the date of receipt. | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| FY 2020 Actual | FY 2021 Actual | FY 2022 Actual | FY 2023 Actual | FY 2024 Actual | FY 2025 Target | FY 2025 Actual | FY 2026 Target | FY 2027 Target |
| 62% | 34% ⁶ | 22% ⁷ | 54% | 41% ⁸ | 35% | 61% | 35% | 35% |

Objective 3: Interpret the FECA and Related Statutes

Commission initiatives, Congressional action, judicial decisions, petitions for rulemaking or other changes in campaign finance law may necessitate that the Commission update or adopt new regulations. Consequently, the FEC undertakes rulemakings either to write new Commission regulations or revise existing regulations. The Commission also provides guidance on how the Act applies to specific situations through the advisory opinion process and represents itself in most litigation before the federal district and appellate courts. The Commission’s three primary means for providing interpretive guidance for the Act and related statutes are discussed below.

Regulations

The Policy Division of OGC drafts various rulemaking documents, including Notices of Proposed Rulemaking (NPRMs), for Commission consideration. NPRMs provide an opportunity for the public to review proposed regulations, submit written comments to the Commission and, when appropriate, testify at public hearings at the FEC. The Commission considers the comments and testimony and deliberates publicly regarding the adoption of the final regulations and the corresponding Explanations and Justifications, which provide the rationale and basis for the new or revised regulations.

⁶ The agency’s performance under this measure was negatively impacted by the lack of a quorum for most of FY 2020.

⁷ The agency’s performance under this measure was negatively impacted by the lack of a quorum for most of FY 2020.

⁸ In FY 2024, the Enforcement Division was severely understaffed compared to previous fiscal years. The lack of adequate staffing contributed to a decrease in some of the key metrics.

Advisory Opinions

Advisory opinions (AO) are official Commission responses to questions regarding the application of Federal campaign finance law to specific factual situations. The Act generally requires the Commission to respond to AO requests within 60 days. For AO requests from candidates in the two months leading up to an election, the Act requires the Commission to respond within 20 days. On its own initiative, the Commission also makes available an expedited process for handling certain time-sensitive requests that are not otherwise entitled to expedited processing under the Act. The Commission strives to issue these advisory opinions in 30 days.

Defending Challenges to the FECA & Bringing Suit to Enforce the FECA

The Commission represents itself in most litigation before the federal district and appellate courts and before the Supreme Court with respect to some cases involving publicly financed presidential candidates. It also has primary responsibility for defending the Act and Commission regulations against court challenges. In addition, the Act authorizes the Commission to institute civil actions to enforce the Act.

Performance Goal 3-1: Provide timely legal guidance to the public.

| Key Indicator: Percent of legal guidance provided within statutory and court-ordered deadlines. | | | | | | | | |
|--|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| FY 2020 Actual | FY 2021 Actual | FY 2022 Actual | FY 2023 Actual | FY 2024 Actual | FY 2025 Target | FY 2025 Actual | FY 2026 Target | FY 2027 Target |
| 88% | 100% ⁹ | 100% ¹⁰ | 100% ¹¹ | 100% ¹² | 100% | 100% ¹³ | 100% | 100% |

⁹ The Commission obtained extensions to consider five advisory opinion requests in FY 2021; one of those extensions was lengthened by the lack of a Commission quorum during the first quarter of FY 2021.

¹⁰ The Commission obtained extensions to consider eleven advisory opinion requests in FY 2022.

¹¹ The Commission obtained extensions to consider four advisory opinion requests in FY 2023.

¹² The Commission obtained extensions to consider seven advisory opinion requests in FY 2024.

¹³ The Commission obtained extensions to consider two advisory opinion requests in FY 2025.

Objective 4: Foster a Culture of High Performance

One of the objectives from the FEC's FY 2022-2026 Strategic Plan Foster a Culture of High Performance, cuts across the organization and reflects the agency's strategic priorities for improving the efficiency and effectiveness of its workforce and management processes. The FEC's primary measure of success in developing and maintaining a results-driven workforce is at the program level: a workforce that delivers results will meet the internal performance targets set by the Commission.

Performance Goal 4-1: Foster a workforce that delivers results.

| Key Indicator: Commission-required quarterly updates meet targeted performance goals. | | | | | | | | |
|--|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| FY 2020 Actual | FY 2021 Actual | FY 2022 Actual | FY 2023 Actual | FY 2024 Actual | FY 2025 Target | FY 2025 Actual | FY 2026 Target | FY 2027 Target |
| 73% ¹⁴ | 87% ¹⁵ | 87% ¹⁶ | 67% ¹⁷ | 80% | 65% | 93% | 65% | 65% |

¹⁴ The agency's performance under this measure was negatively impacted by the lack of a quorum for most of FY 2020.

¹⁵ The agency's ability to meet its target for this performance goal during FY 2021 was negatively impacted by staff shortages and an unprecedented volume of filings received during the 2020 election cycle.

¹⁶ The agency's ability to meet its target for this performance goal during FY 2022 was negatively impacted by the lack of a quorum for most of 2020 and staffing shortages during FY 2022.

¹⁷ Although this target was met, the agency's performance toward this target during FY 2023 was negatively impacted by staff shortages and the volume of filings received during the 2022 election cycle.

Section I.C: Analysis of FEC Financial Statements and Stewardship Information

The FEC's FY 2025 financial statements and notes are presented in the required format in accordance with OMB Circular A-136, as revised, *Financial Reporting Requirements*. The FEC's current-year financial statements and notes are presented in a comparative format in Section II of this report.

The following table summarizes the significant changes in the FEC's financial position during FY 2025:

| Net Financial Condition | FY 2025 | FY 2024 | Increase (Decrease) | % Change |
|-------------------------|---------------|---------------|---------------------|----------|
| Assets | \$ 27,588,258 | \$ 27,956,131 | \$ (367,873) | -1% |
| Liabilities | \$ 12,189,678 | \$ 15,077,119 | \$ (2,887,441) | -19% |
| Net Position | \$ 15,398,580 | \$ 12,879,012 | \$ 2,519,568 | 20% |
| Net Cost | \$ 82,802,002 | \$ 83,223,297 | \$ (421,295) | -1% |
| Budgetary Resources | \$ 86,229,213 | \$ 87,688,424 | \$ (1,459,211) | -2% |
| Custodial Revenue | \$ 2,053,408 | \$ 369,680 | \$ 1,683,728 | 455% |

The following is a brief description of the nature of each required financial statement and its relevance. The effects of some significant balances or conditions on the FEC's operations are explained.

Balance Sheet

The Balance Sheet presents the total amounts available for use by the FEC (assets) against the amounts owed (liabilities) and amounts that comprise the difference (Net Position). As a small independent agency, all of the FEC's assets consist of Fund Balance with Treasury (FBWT), Property and Equipment (P&E) and Accounts Receivable. Fund Balance with Treasury (i.e., cash) is available through the Department of Treasury accounts, from which the FEC is authorized to make expenditures (i.e., obligations) and payments. FBWT decreased by approximately \$2.02 million thousand or 9 percent, from the prior year.

Accounts Receivable primarily represent amounts due from the public for fines and penalties assessed by the FEC and referred to Treasury for collection, as deemed appropriate. In compliance with the *Debt Collection Improvement Act of 1996* (DCIA), the OCFO takes into consideration the most appropriate approach to debt management. These amounts are not available for FEC operations and are sent to the U.S. Treasury as miscellaneous receipts. Net accounts receivable decreased by approximately \$502 thousand, or 31 percent, from the prior year.

Total assets decreased by \$368 thousand from the prior year to \$27.6 million. Total liabilities decreased by approximately \$2.9 million from the prior year to \$12.2 million.

Statement of Net Cost

The Statement of Net Cost presents the annual cost of operating the FEC program. Gross costs are used to arrive at the total net cost of operations. The FEC's total gross costs in administering the *FECA* experienced a 1% decrease from the prior year.

Statement of Changes in Net Position

The Statement of Changes in Net Position presents in greater detail the net position section of the Balance Sheet, including Cumulative Results of Operations and Unexpended Appropriations. This statement identifies the activity that caused the net position to change during the reporting period. Total Net Position increased by 20 percent, or approximately \$2.52 million.

Statement of Budgetary Resources

The Statement of Budgetary Resources provides information on the source and status of budgetary resources made available to the FEC during the reporting period. It presents the relationship between budget authority and budget outlays, as well as the reconciliation of obligations to total outlays. Total Budgetary Resources and Status of Budgetary Resources decreased by approximately \$1.46 million, or 2 percent, from the prior year.

Statement of Custodial Activity

The Statement of Custodial Activity represents an accounting of revenue and funds collected by the FEC that are owed to the U.S. Treasury's general fund. These monies are not available for the FEC's use. Collection and revenue activity primarily result from enforcement actions that come before the Commission during the fiscal year. Revenue and collections on the Statement of Custodial Activity consist of collections on new assessments, prior year(s) receivables and miscellaneous receipts. In FY 2025, the total custodial revenue and collections increased by approximately \$1.7 million from the prior year. In FY 2025, the FEC assessed \$1.64 million in enforcement fines.

The chart below displays the assessment history for the past 10 years.

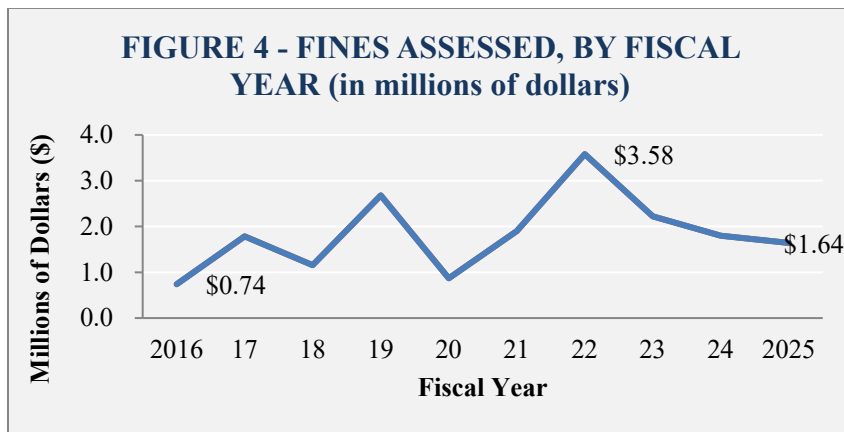


Figure 4: Fines Assessed, by Fiscal Year (in millions of dollars)

Section I.D: Analysis of FEC's Systems, Controls and Legal Compliance

I.D.i – FEC Integrated Internal Control Framework and Legal Compliance

The Commission is subject to numerous legislative and regulatory requirements that promote and support effective internal controls. The FEC complies with the following laws and regulations:

Annual Appropriation Law – establishes the FEC's budget authority;

The Antideficiency Act of 1884, as amended;

Inspector General Act of 1978, as amended;

Federal Managers' Financial Integrity Act of 1982;

Federal Civil Penalties Inflation Adjustment Act of 1990;

Government Performance and Results Act of 1993, as amended;

Federal Financial Management Improvement Act of 1996;

Clinger-Cohen Act of 1996;

Debt Collection Improvement Act of 1996, as amended; and

Chief Financial Officers Act, as amended by the *Accountability of Tax Dollars Act of 2002*

The proper stewardship of Federal resources is a fundamental responsibility of the FEC. These laws help the FEC improve the management of its programs and financial operations and assure that programs are managed in compliance with applicable law.

I.D.ii – Management Assurances

The *Federal Managers' Financial Integrity Act of 1982 (FMFIA)* is implemented by OMB Circular A-123, revised, *Management's Responsibility for Enterprise Risk Management and Internal Control*, with applicable appendices. The FEC management is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the *FMFIA* and for performing a self-assessment under the guidance of its Directive 53, *Implementation of OMB Circular A-123, Internal Control Review*. Directive 53 outlines the process and describes roles and responsibilities for conducting risk assessments and internal control reviews.

Section 2 of the *FMFIA* requires Federal agencies to report, based on annual assessments, any material weaknesses that have been identified in connection with their internal and administrative controls. The reviews that took place during FY 2025 provide unqualified assurance that FEC systems and management controls comply with the requirements of the *FMFIA*.

Section 4 of the *FMFIA* requires that agencies annually provide assurance on programmatic internal controls and financial management systems, and effectiveness of internal control over financial reporting. The FEC evaluated its financial management systems in accordance with the

FMFIA, OMB Circular A-123, as applicable, and reviewed the Statements on Standards for Attestation Engagements, Reporting on Controls at a Service Organization (SSAE 18) reports received from its shared service providers. The results of management reviews provided that the FEC's financial systems controls generally conform to the required principles and standards as per Section 4 of the *FMFIA*.

Enterprise Risk Management

In the current fiscal year, the FEC, led by the Senior Management Council (SMC), updated its Enterprise Risk Management (ERM) Risk Profile which captures enterprise level risks, as required by the revised OMB Circular A-123. The SMC identified a total of thirteen enterprise level risks the agency faces when seeking to achieve strategic, operational, and compliance objectives and rated these risk as being a medium or high inherent risk. The Risk Profile was delivered to the Office of the Inspector General (OIG) and OMB. The SMC looks forward to continuing to work closely with OIG to remediate any weaknesses which the OIG may deem to be at the level of a material weakness.

Prompt Payment Act

The *Prompt Payment Act (PPA)* requires Federal agencies to make timely vendor payments and to pay interest penalties when payments are late. The FEC's on-time payment rate for FY 2025 was 0.02 percent of all invoices paid after the date required by the *PPA*.

Improper Payments

The *Improper Payments Information Act (IPIA)* of 2002, as amended by the *Improper Payments Elimination and Recovery Act (IPERA)* of 2010, *Improper Payments Elimination and Recovery Improvement Act (IPERIA)* of 2012, and the *Payment Integrity Information Act (PIIA)* of 2019 and OMB guidance require agencies to identify programs that are susceptible to significant improper payments and determine an annual estimated amount of improper payments made in their operations. The FEC reviewed all of its programs and activities to identify those susceptible to significant improper payments. Approximately 70 percent of the FEC's obligations pertain to salaries and benefits, which represents a low risk for improper payments, based on established internal controls. The FEC also reviewed all of its FY 2025 non-personnel procurements, charge card, and payroll costs to verify their accuracy and completeness. Accordingly, the FEC is unaware of any improper payments. The FEC continues to monitor its payment and internal control process to ensure that the risk of improper payments remains low.

Annual Assurance Statement on Internal Control



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C.

Annual Assurance Statement on Internal Control

The Federal Election Commission (FEC) is responsible for managing risks and maintaining effective internal control to meet the objectives of Sections 2 and 4 of the *Federal Managers' Financial Integrity Act*. The FEC conducted its assessment of risk and internal control in accordance with OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. Based on the results of the assessment, the Agency can provide reasonable assurance that internal control over operations, reporting, and compliance were operating effectively as of September 30, 2025.

A handwritten signature in blue ink, reading "Shana M. Broussard".

Shana M. Broussard
Chair

Section I.E: Limitations of the Financial Statements

The principal financial statements have been prepared to report the financial position and results of operations of the FEC pursuant to the requirements of 31 U.S.C. §3515(b). While the statements have been prepared from the books and records of the FEC in accordance with United States generally accepted accounting principles (GAAP) for Federal entities and the formats prescribed by the OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources which are prepared from the same books and records.

The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity.

SECTION II – Auditor’s Report and Financial Statements

Message from the Chief Financial Officer

December 18, 2025

I am pleased to present the Commission’s financial statements for Fiscal Year (FY) 2025. These statements are an integral component of the Agency Financial Report and reflect the Commission’s continued commitment to sound financial management. For the sixteenth consecutive year, the Commission received an unmodified (clean) audit opinion from the independent auditor. The agency also continued to strengthen its internal control environment by closing several prior-year recommendations.

During FY 2025, the FEC made progress in addressing management challenges and long-standing recommendations from independent oversight bodies. Through the work of the Senior Management Council, the agency reduced open Inspector General recommendations older than six months to two. The FEC continues to evaluate areas of potential improvement identified during audits and will develop and implement corrective action plans where necessary.

The agency also continued to pursue opportunities to modernize and upgrade its business systems to enhance operational efficiency, reliability, and transparency. These efforts, together with the Commission’s strong internal controls and disciplined stewardship of appropriated funds, support our ability to deliver timely, accurate, and trusted financial information.

We remain confident that the dedication of FEC employees will allow us to build on our financial management successes in the year ahead. The Office of the Chief Financial Officer looks forward to supporting the Commission’s mission and advancing continued improvements in financial operations.

Sincerely,



John Quinlan
Chief Financial Officer


OIG Transmittal Letter



Federal Election Commission Office of the Inspector General

MEMORANDUM

TO: The Commission

FROM: Susan L. Ruge-Hudson 
Inspector General

SUBJECT: Transmittal of the Federal Election Commission's Fiscal Year 2025
Financial Statement Audit Report

DATE: December 17, 2025

ENCL: *Independent Auditor's report on the FEC's FY 2025 Financial Statements*

Pursuant to the Chief Financial Officers Act of 1990, as amended, this memorandum transmits the Independent Auditor's Report issued by Brown & Company Certified Public Accountants and Management Consultants, PLLC (Brown & Company) for the fiscal year (FY) ending September 30, 2025. Enclosed you will find the Independent Auditor's final audit report on the Federal Election Commission (the "FEC" or "Commission") FY 2025 Financial Statements. The final audit report is additionally included in Section II of the FEC's FY 2025 Agency Financial Report.

The audit was performed under a contract with, and monitored by, the Office of the Inspector General (OIG) in accordance with generally accepted government auditing standards, the Comptroller General's *Government Auditing Standards*, and applicable provisions of Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*.

In Brown & Company's opinion, the FEC financial statements present fairly, in all material respects, the financial position, net cost, changes in net position, and budgetary resources for the year ending September 30, 2025, in accordance with U.S. generally accepted accounting principles.

Additionally, due to the Commission's position that it is legally exempt from the Federal Information Systems Management Act (FISMA), the OIG requires an assessment of the agency's Information Technology (IT) systems security controls. Accordingly, the audit included an examination of the Commission's IT security controls in comparison to government-wide best practices. The OIG acknowledges that the independent auditors are required only to explicitly opine on internal controls that have a material impact on agency financial statement reporting.

Brown & Company did not report any material weaknesses. However, they did report one significant deficiency related to ineffective implementation of a new inventory system, which resulted in five recommendations. There were no recommendations from the prior year. Management was provided a draft copy of the audit report for review and comment. The official management response is included in Exhibit C.

The OIG reviewed Brown & Company's report and related documentation and provided the required oversight throughout the course of the audit. Our review ensures the accuracy of the audit conclusions but may not express an opinion of the results. The OIG's review determined that Brown & Company complied with applicable required Government Auditing Standards.

We appreciate the collaboration and support from FEC staff and the professionalism that Brown & Company exercised throughout the course of the audit. If you have any questions concerning the enclosed report, please contact Ms. Shellie Purnell-Brown at (202) 694-1019.

cc: John Quinlan, Chief Financial Officer
Alec Palmer, Staff Director/Chief Information Officer
Lisa Stevenson, Acting General Counsel
James Gerber, Director of Budget
Greg Baker, Deputy General Counsel
Dayna Brown, Deputy Staff Director for Management and Administration



Independent Auditor's Report

Inspector General
Federal Election Commission
Washington, D.C.

In our audits of the fiscal year 2025 financial statements of the Federal Election Commission (FEC), we found:

- FEC's financial statements as of and for the fiscal year ended September 30, 2025, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- no material weaknesses in internal control over financial reporting based on the limited procedures¹⁸, we performed; and
- no reportable noncompliance for fiscal year 2025 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

The following sections discuss in more detail (1) our report on the financial statements, which includes a section on required supplementary information (RSI)¹⁹ a section on and other information included with the financial statements²⁰; (2) our report on internal control over financial reporting; and (3) our report on compliance with laws, regulations, contracts, and grant agreements.

Report on the Financial Statements

Opinion

In accordance with U.S. generally accepted government auditing standards we have audited FEC's financial statements. FEC's financial statements comprise the balance sheets as of September 30, 2025, the related statements of net cost, changes in net position, budgetary resources, and statement of custodial activity for the fiscal years then ended; and the related notes to the financial statements. In our opinion, FEC's financial statements present fairly, in all material respects, FEC's financial position as of September 30, 2025, and its net costs of operations, changes in net position, budgetary resources, and statement of custodial activity for the fiscal years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with U.S. generally accepted government auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit

¹⁸A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

¹⁹The RSI consists of Management's Discussion and Analysis and the Statement of Budgetary Resources, which are included with the financial statements.

²⁰Other information consists of information included with the financial statements, other than the RSI and the auditor's report.

of the Financial Statements section of our report. We are required to be independent of FEC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

FEC management is responsible for:

- the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles;
- preparing, measuring, and presenting the RSI in accordance with U.S. generally accepted accounting principles;
- preparing and presenting other information included in FEC's Agency Financial Report (AFR) and ensuring the consistency of that information with the audited financial statements and the RSI; and
- designing, implementing, and maintaining effective internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to (1) obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and (2) issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of the financial statements conducted in accordance with U.S. generally accepted government auditing standards will always detect a material misstatement or a material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered to be material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. generally accepted government auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to our audit of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of FEC's internal control over financial reporting. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Perform other procedures we consider necessary in the circumstances.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the financial statement audit.

Required Supplementary Information

U.S. generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) require that the RSI be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required under standards issued by FASAB, which considers it to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context.

We have applied certain limited procedures to the RSI in accordance with U.S. generally accepted government auditing standards. These procedures consisted of (1) inquiring of management about the methods used to prepare the RSI and (2) comparing the RSI for consistency with management’s responses to our inquiries, the financial statements, and other knowledge we obtained during the audit of the financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit, and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

Other Information

FEC’s other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. Management is responsible for the other information included in FEC’s agency financial report. The other information comprises the following sections: a detailed statement of management assurances and other information that is applicable. Other information does not include the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Internal Control over Financial Reporting

In connection with our audits of FEC’s financial statements, we considered FEC’s internal control over financial reporting, consistent with our auditor’s responsibilities discussed below.

Results of Our Consideration of Internal Control over Financial Reporting

Our consideration of internal control was for the limited purpose described below, and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies²¹

²¹ A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

or to express an opinion on the effectiveness of FEC's internal control over financial reporting. Given these limitations, during our 2025 audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

During our FY 2025 audit, we identified one finding and made five recommendations related to FEC's internal control over financial reporting which is considered to be a significant deficiency. For more details see below and Exhibit A.

- IT Finding 2025-01: FEC OCIO Ineffective Implementation of IT Inventory System

Basis for Results of Our Consideration of Internal Control over Financial Reporting

We performed our procedures related to FEC's internal control over financial reporting in accordance with U.S. generally accepted government auditing standards and Office of Management and Budget audit guidance.

Responsibilities of Management for Internal Control over Financial Reporting

FEC management is responsible for designing, implementing, and maintaining effective internal control over financial reporting relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Consideration of Internal Control over Financial Reporting

In planning and performing our audit of FEC's financial statements as of and for the fiscal year ended September 30, 2025, in accordance with U.S. generally accepted government auditing standards, we considered FEC's internal control relevant to the financial statement audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of FEC's internal control over financial reporting. Accordingly, we do not express an opinion on FEC's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel. The objectives of internal control over financial reporting are to provide reasonable assurance that:

- transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and
- transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.



Intended Purpose of Report on Internal Control over Financial Reporting

The purpose of this report is solely to describe the scope of our consideration of FEC's internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of FEC's internal control over financial reporting. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering internal control over financial reporting. Accordingly, this report on internal control over financial reporting is not suitable for any other purpose.

Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

In connection with our audits of FEC's financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditor's responsibilities discussed below.

Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance for fiscal year 2025 that would be reportable under U.S. generally accepted government auditing standards. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to FEC. Accordingly, we do not express such an opinion.

Basis for Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards.

Responsibilities of Management for Compliance with Laws, Regulations, Contracts, and Grant Agreements

FEC management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to FEC.

Auditor's Responsibilities for Tests of Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our responsibility is to test compliance with selected provisions of laws, regulations, contracts, and grant agreements applicable to FEC that have a direct effect on the determination of material amounts and disclosures in FEC's financial statements, and to perform certain other limited procedures. Accordingly, we did not test compliance with all provisions of laws, regulations, contracts, and grant agreements applicable to FEC. We caution that noncompliance may occur and not be detected by these tests.

Intended Purpose of Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

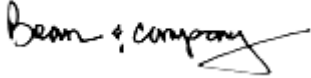
The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements is not suitable for any other purpose.

Management's Response to the Auditor's Report

Management has provided a response to the finding identified in this report. Management's response is presented in its entirety in Exhibit B. We did not audit the response and, accordingly, express no opinion on it.

Evaluation of Management's Response to the Auditor's Report

In response to the draft report, the FEC provided its planned corrective actions and concurred with the recommendations to improve inventory controls. Management's comments are included in their entirety in Exhibit B. Our evaluation of management's response is presented in Exhibit C



Greenbelt, Maryland
December 17, 2025

Exhibit A - Significant Deficiencies
Effectiveness of Information System Controls Over Financial Reporting
Finding and Recommendations

IT Finding 2025-01: FEC OCIO Ineffective Implementation of IT Inventory System
Significant Deficiency

Condition:

The FEC Office of the Chief Information Officer (OCIO) implemented a new IT asset management system (ServiceNow). However, FEC OCIO did not provide sufficient evidence to validate the completeness of the IT inventory records. Issues noted include incomplete data migration, inability to produce inventory reports, and lack of reconciliations between the system and physical inventory. Also, policies and procedures were not developed for governing the use of the new IT inventory system. As a result, the system cannot currently be relied upon for reporting on IT assets.

Criteria:

NIST SP 800-53, Revision 5.1.1, *Security and Privacy Controls for Information Systems and Organizations*:

Control Family: Configuration Management (CM)

CM-8 System Component Inventory

- a. Develop and document an inventory of system components that:
 - 1. Accurately reflects the system;
 - 2. Includes all components within the system;
 - 3. Does not include duplicate accounting of components or components assigned to any other system;
 - 4. Is at the level of granularity deemed necessary for tracking and reporting; and
 - 5. Includes the following information to achieve system component accountability: [Assignment: organization-defined information] ; and
- b. Review and update the system component inventory [Assignment: organization-defined frequency].

Office of Management and Budget (OMB) Circular A-130, *Managing Information as a Strategic Resource*, dated 7/28/2016, states:

...

5. Policy

a) Inventories

Agencies shall:

- i. Maintain an inventory of the agency's major information systems, information holdings, and dissemination products, at the level of detail that OMB and the agency determine is most appropriate for overseeing and managing the information resources.

General Accounting Office (GAO) Green Book – Principle 10 (Design Control Activities): Management should design control activities to achieve objectives and respond to risks, including maintaining accurate and complete asset records.

...

Attributes

The following attributes contribute to the design, implementation, and operating effectiveness of this principle:

- Response to Risks
- Design of Appropriate Types of Control Activities
- Design of Automated and Manual Control Activities
- Design of Preventive and Detective Control Activities
- Design of Control Activities at Various Levels
- Segregation of Duties

Cause:

The FEC OCIO did not develop an adequate project plan for the implementation of the new IT inventory system. Contributing factors include insufficient system testing, incomplete data migration processes, lack of automated reporting capabilities, and limited staff training on system functionality.

Effect:

- The agency may not be able to rely on the IT inventory system to provide accurate and complete information about IT assets.
- Increased risk of security vulnerabilities due to unknown or untracked assets.
- Heightened risk of financial misstatement from inaccurate accounting of IT assets, including capitalized costs and depreciation.
- Increased risk of operational inefficiencies due to reliance on manual workarounds, limiting management's ability to make informed IT decisions.

Recommendation 1:

Develop and implement a remediation plan to address incomplete data migration and ensure all IT assets are captured accurately.

Recommendation 2:

Configure the system to generate standardized inventory reports for audit, compliance, and management review.

Recommendation 3:

Establish a process to perform regular reconciliations between procurement records, physical assets, and system data.

Recommendation 4:

Provide user training to staff responsible for entering, maintaining, and reviewing asset records.

Recommendation 5:

Develop and issue formal policies and procedures governing the use of the new IT inventory system, including asset entries, updates, retirements, and reconcilia

Exhibit B - Management's Response to the Auditor's Report



THE FEDERAL ELECTION COMMISSION
Washington, DC 20463

December 17, 2025

On behalf of the Federal Election Commission (FEC) Management, thank you for providing the FY 2025 Financial Statement Audit Report.

We acknowledge the unmodified opinion rendered, which appropriately reflects the sustained efforts and ongoing process improvements implemented by the FEC staff. These results are a testament to the diligence required to meet audit standards and maintain financial accountability.

On Behalf of Management,

A handwritten signature in black ink that reads "John Quinlan". The signature is written in a cursive style.

John Quinlan
Chief Financial Officer

Management Response to the Audit Report

We acknowledge the finding and refer to management's response in the section below. However, we would like to provide additional commentary regarding the significant deficiency. While the IT inventory system was not fully operational during the audit period, there isn't a reasonable possibility of a meaningful financial misstatement. That is because OCFO maintains compensating controls over financial reporting, including controls over capitalization thresholds, expensing policies, procurement and payment records, and general ledger recording, and reconciliation of assets. These controls remain in place and operating.

There were no IT inventory purchases made during this accounting year and the previous year (2025 and 2024). Standard property plant and equipment reconciliation procedures were performed by FEC based on the data provided by the Federal Share Service Provider (FSSP). The last purchase of laptop inventory occurred in September 2023 (FY 2023) and FEC received an unmodified (clean) opinion on its financial statements from the independent auditor. Combined with the lack of purchases in 2024 and 2025, it seems unlikely that there is any significant potential for misstatement relative to the financial statements.

OCIO Management Response to the Notice of Finding and Recommendations:

IT Finding 2025-01: FEC OCIO Ineffective Implementation of IT Inventory System Significant Deficiency

Management concurs with the finding and recommendations.

OCIO Management acknowledges that the implementation of the new inventory system into the agency's ServiceNow environment did not go as smoothly as originally planned. Due to the expiration date of the contract for the previous inventory system, there was a limited time period for the migration of the data, which meant that the initial move to ServiceNow had to be done as a minimum viable product. That meant that OCIO and the agency's ServiceNow contractors continued to work on the migration on an iterative agile basis to refine and improve the system and correct data migration issues.

OCIO agrees that the recommendations listed here are good steps to take to ensure that the final implementation of the system is successful. Since the initial data migration, OCIO staff developed a plan, as noted in the first recommendation, to ensure data accuracy and are currently reconciling the data that was migrated from the old system. While the data exists correctly in the new system, generating accurate inventory reports has been more complex than in the prior system, requiring multiple iterations to validate completeness and accuracy. Due to time lost during the government shutdown, competing priorities (Windows 10 patching efforts), and reduced staff availability, OCIO will not issue a yearly inventory report this year as we continue refining the system with the contractor. OCIO will continue refining the reporting system to ensure a complete and accurate inventory report for the next reporting period. Once the initial data reconciliation is finished, the OCIO plans to perform regular reconciliations of data in the system with other records such as procurement records, as suggested by the third recommendation.

Moreover, OCIO believes that it has completed the fourth and fifth recommendations. In regard to training, our contractor has held many working sessions with OCIO Operations staff and the COR in which the use of the system was demonstrated. As required by the contract, the contractor also is currently preparing knowledge articles for system documentation and future reference. In regard to inventory policies and procedures, OCIO has also updated its formal policies and procedures to reflect the use of the new IT inventory system, including asset entries, updates, retirements, and reconciliation, and has submitted evidence of this today to the auditors

Exhibit C – Evaluation of Management’s Response to the Auditor’s Report

FEC Management concurs with the condition but disagrees with the classification of the finding as a significant deficiency, citing the existence of compensating controls, the absence of IT inventory purchases in fiscal years 2024 and 2025, and the agency’s prior unmodified audit opinion. While these factors may reduce the likelihood of a material misstatement in the current period, they do not fully mitigate the control deficiency. Effective internal control requires systems capable of producing complete and accurate inventory information to support asset accountability and financial reporting, regardless of transaction volume.

The inability of the new system to generate reliable inventory reports represents a control design and operational deficiency that limits management’s ability to detect errors or omissions on a timely basis and increases reliance on manual or alternative controls. Accordingly, management’s response provides relevant context but does not fully address the underlying issue. The recommendation remains open until corrective actions are fully implemented and management demonstrates that the system can reliably produce complete and accurate inventory reports on an ongoing basis.

We have reviewed the FEC management’s response to the significant deficiency identified in IT Finding 2025-02: Ineffective Implementation of IT Inventory System. Our evaluation focuses on the adequacy, timeliness, and completeness of management’s corrective actions relative to the auditor’s recommendations. Management appropriately acknowledged the finding and provided context regarding the challenges faced during the transition to the ServiceNow IT inventory system. The explanation of time constraints, contract expiration, and reliance on an agile approach demonstrates transparency and a commitment to remediation.

This page marks the end of the Independent Auditor's Report

Financial Statements
BALANCE SHEETS
As Of September 30, 2025

| | <u>2025</u> |
|--|-----------------------------|
| Assets: | |
| Intragovernmental Assets: | |
| Fund Balance With Treasury (Note 3) | \$ 20,629,170 |
| Advances and Prepayments | 52,017 |
| Total Intragovernmental Assets | <u>\$ 20,681,187</u> |
| Other Than Intragovernmental Assets: | |
| Accounts Receivable, net (Note 4) | 1,103,791 |
| Property, Plant and Equipment, net (Note 5) | 5,803,280 |
| Total Other than Intragovernmental Assets | <u>6,907,071</u> |
| Total Assets (Note 2) | <u>\$ 27,588,258</u> |
| Liabilities: | |
| Intragovernmental Liabilities: | |
| Accounts Payable | \$ 191,473 |
| Other Liabilities (Note 7) | 3,960,088 |
| Total Intragovernmental Liabilities | <u>\$ 4,151,561</u> |
| Other Than Intragovernmental Liabilities: | |
| Accounts Payable | 739,584 |
| Federal Employee Salary, Leave, and Benefit Payable | 4,548,533 |
| Other Liabilities (Note 7) | 2,750,000 |
| Total Other than Intragovernmental Liabilities | <u>8,038,117</u> |
| Total Liabilities (Note 6) | <u>\$ 12,189,678</u> |
| Commitments and Contingencies (Note 8) | |
| Net Position: | |
| Unexpended Appropriations – All Other Funds (Consolidated Totals) | \$ 15,538,739 |
| Cumulative Results of Operations – All Other Funds (Consolidated Totals) | (140,159) |
| Total Net Position – All Other Funds (Consolidated Totals) | <u>15,398,580</u> |
| Total Net Position | <u>\$ 15,398,580</u> |
| Total Liabilities and Net Position | <u>\$ 27,588,258</u> |

The accompanying notes are an integral part of these statements.

STATEMENTS OF NET COST

For The Fiscal Year Ended September 30, 2025

| | <u>2025</u> |
|-------------------------------|-----------------------------|
| Program Costs: | |
| Gross Costs | <u>\$ 82,802,002</u> |
| Net Program Costs | <u>82,802,002</u> |
| Net Cost of Operations | <u><u>\$ 82,802,002</u></u> |

The accompanying notes are an integral part of these statements.

STATEMENT OF CHANGES IN NET POSITION
For The Fiscal Year Ended September 30, 2025

| | 2025 (CY) | |
|---|--|-------------------------------|
| | All Other Funds (Consolidated Totals) | Consolidated Total |
| Unexpended Appropriations: | | |
| Beginning Balance | \$ 17,573,897 | \$ 17,573,897 |
| Appropriations received | 80,857,000 | 80,857,000 |
| Other Adjustments (+/-) | (1,162,750) | (1,162,750) |
| Appropriations used | <u>(81,729,408)</u> | <u>(81,729,408)</u> |
| Net Change in Unexpended Appropriations | <u>(2,035,158)</u> | <u>(2,035,158)</u> |
| Total Unexpended Appropriations | <u>\$ 15,538,739</u> | <u>\$ 15,538,739</u> |
| Cumulative Results from Operations | | |
| Beginning Balances | \$ 4,694,885) | \$ (4,694,885) |
| Appropriations used | 81,729,408 | 81,729,408 |
| Imputed Financing (Note 10) | 5,627,320 | 5,627,320 |
| Other (+/-) | - | - |
| Net Cost of Operations | <u>(82,802,002)</u> | <u>(82,802,002)</u> |
| Net Change in Cumulative Results of Operations | <u>4,554,726</u> | <u>4,554,726</u> |
| Total Cumulative Results of Operations | <u>\$ (140,159)</u> | <u>\$ (140,159)</u> |
| Net Position | <u>\$ 15,398,580</u> | <u>\$ 15,398,580</u> |

The accompanying notes are an integral part of these statements.

STATEMENTS OF BUDGETARY RESOURCES
For The Fiscal Years Ended September 30, 2025

| | 2025 |
|--|-----------------------------|
| | <u>Budgetary</u> |
| Budgetary Resources: | |
| Unobligated balance from prior year budget authority, net (discretionary and mandatory) (Note 11) | \$ 5,372,213 |
| Appropriations (discretionary and mandatory) | <u>80,857,000</u> |
| Total Budgetary Resources | <u>\$ 86,229,213</u> |
| Status of Budgetary Resources: | |
| New obligations and upward adjustments (total) | \$ 83,391,817 |
| Unobligated balance, end of year: | |
| Apportioned, unexpired account | 1,425,128 |
| Unapportioned, unexpired accounts | <u>195,523</u> |
| Unexpired unobligated balance, end of year | 1,620,651 |
| Expired unobligated balance, end of year | <u>1,216,745</u> |
| Unobligated balance, end of year (total) | <u>2,837,396</u> |
| Total Budgetary Resources | <u>\$ 86,229,213</u> |
| Outlays, net: | |
| Outlays, net (total) (discretionary and mandatory) | <u>\$ 81,713,381</u> |
| Agency outlays, net (discretionary and mandatory)(Note 14) | <u>\$ 81,713,381</u> |

The accompanying notes are an integral part of these statements.

STATEMENTS OF CUSTODIAL ACTIVITY
For The Fiscal Years Ended September 30, 2025

| | <u>2025</u> |
|--|----------------------------|
| Revenue Activity: | |
| Sources of Cash Collections: | |
| Miscellaneous | <u>\$ 1,551,081</u> |
| Total Cash Collections | 1,551,081 |
| Accrual Adjustments | <u>502,327</u> |
| Total Custodial Revenue (Note 13) | <u><u>\$ 2,053,408</u></u> |
| Disposition of Collections: | |
| Transferred to Others (by Recipient) | <u>\$ 1,551,081</u> |
| (Increase)/Decrease in Amounts Yet to be Transferred (+/-) | <u>502,327</u> |
| Total Disposition of Collections | <u><u>\$ 2,053,408</u></u> |
| Net Custodial Activity | <u><u>\$ -</u></u> |

The accompanying notes are an integral part of these statements.

Notes to the Financial Statements

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The Federal Election Commission (FEC or Commission) was created in 1975 as an independent regulatory agency with exclusive responsibility for administering, enforcing, defending, and interpreting the *Federal Election Campaign Act of 1971* (FECA), 2 U.S.C. 431 et seq., as amended (“the Act”). The Commission is also responsible for administering the public funding programs (26 U.S.C. §§ 9001- 9039) for Presidential campaigns, which include certification and audits of all participating candidates and committees, and enforcement of public funding legislation.

The financial activity presented relates to the execution of the FEC’s Congressionally approved budget. Consistent with Federal Accounting Standards Advisory Board’s (FASAB) *Statement of Federal Financial Accounting Concept No. 2, “Entity and Display,”* the Presidential Election Campaign Fund is not a reporting entity of the FEC. Financial activity of the fund is budgeted, apportioned, recorded, reported and paid by the U.S. Department of Treasury (Treasury). The accounts of the Presidential Election Campaign Fund are therefore not included in the FEC’s financial statements.

Basis of Accounting and Presentation

As required by the *Accountability of Tax Dollars Act of 2002*, the accompanying financial statements present the financial position, net cost of operations, changes in net position, budgetary resources and custodial activity of the FEC. While these financial statements have been prepared from the books and records of the FEC in accordance with U.S. generally accepted accounting principles (GAAP) for the Federal Government and in accordance with the form and content for entity financial statements specified by the Office of Management and Budget (OMB) in Circular A-136, as revised, *Financial Reporting Requirements*, as well as the accounting policies of the FEC, the statements may differ from other financial reports submitted pursuant to OMB directives for the purpose of monitoring and controlling the use of the FEC’s budgetary resources.

These financial statements reflect both accrual and budgetary accounting transactions. Under the accrual method of accounting, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting is designed to recognize the obligation of funds according to legal requirements. Budgetary accounting is essential for compliance with legal constraints and controls over the use of federal funds.

Throughout these financial statements, assets, liabilities, revenues, and costs have been classified according to the type of entity with which the transactions are associated. Intragovernmental assets and liabilities are those resulting from transactions with other federal entities. Intragovernmental earned revenues are collections or accruals of revenue from other federal entities and intragovernmental costs are payments or accruals to other federal entities. These statements should

be read with the understanding that they are for a component of the Federal Government, a sovereign entity.

Assets

Assets that an entity is authorized to use in its operations are termed entity assets, whereas assets that are held by an entity and are not available for the entity's use are termed non-entity assets. Most of the FEC's assets are entity assets and are available for use in carrying out the mission of the FEC as appropriated by Congress. The FEC also has non-entity assets which primarily consist of receivables from fines and penalties. These custodial collections are not available to the FEC to use in its operations and must be transferred to Treasury.

Fund Balance with Treasury

The FEC does not maintain cash in commercial bank accounts. Treasury processes cash receipts and disbursements. Fund Balance with Treasury consists of appropriated funds and custodial collections. With the exception of the custodial collections, these funds are available to pay current liabilities and finance authorized purchase commitments. Custodial collections, which are not available to finance FEC activities, are classified as non-entity assets.

Accounts Receivable

The FEC's Accounts Receivable mainly represents amounts due from the public for fines and penalties assessed by the FEC and referred to Treasury for collection. The FEC establishes an allowance for the estimated loss on accounts receivable from the public that are deemed uncollectible accounts. This allowance is included in Accounts Receivable, net on the balance sheet. The allowance is a percentage of the overall receivable balance, based on the collection rate of past balances.

General Property and Equipment

General Property and Equipment (P&E) is reported at acquisition cost and consists of items that are used by the FEC to support its mission. Depreciation or amortization on these assets is calculated using the straight-line method with zero salvage value. Depreciation or amortization of an asset begins the day it is placed in service. Maintenance, repairs and minor renovations are expensed as incurred. Expenditures that materially increase the value, capacity or useful life of existing assets are capitalized. Refer to Note 5 *General Property and Equipment, Net* for additional details.

Liabilities

Liabilities represent amounts that are likely to be paid by the FEC as the result of transactions or events that have already occurred; however, no liabilities are paid by the FEC without an appropriation. Intragovernmental liabilities arise from transactions with other federal entities. Liabilities classified as not covered by budgetary resources are liabilities for which appropriations have not been enacted (e.g., annual leave benefits and actuarial liability under the

Federal Employees Compensation Act), or those resulting from the agency's custodial activities. The FEC has an intragovernmental liability to Treasury for fines, penalties and miscellaneous receipts which are due from the public but have not yet transferred. These funds may not be used to fund FEC operations.

Accounts Payable

Accounts Payable consists of liabilities to other entities or persons for amounts owed for goods and services received that have not yet been paid at the end of the fiscal year. Accounts Payable also consists of disbursements in-transit, which are payables that have been recorded by the FEC and are pending payment by Treasury. In addition to accounts payables recorded through normal business activities, unbilled payables are estimated based on historical data.

Accrued Payroll and Employer Contribution

Accrued payroll and benefits represent salaries, wages and benefits earned by employees, but not yet disbursed as of the statement date. Accrued payroll and Thrift Savings Plan contributions are not classified as intragovernmental. Employer contributions and payroll taxes payable are classified as intragovernmental.

Annual, Sick and Other Leave

Annual leave is recorded as a liability when it is earned by FEC employees; the liability is reduced as leave is taken. On a quarterly basis, the balance in the accrued leave account is adjusted to reflect the current leave balances and pay rates. Accrued annual leave is paid from future funding sources and is reflected as a liability not covered by budgetary resources. Sick leave and other types of non-vested leave are expensed as taken.

Federal Employee Benefits

A liability is recorded for estimated and actual future payments to be made for workers' compensation pursuant to the *Federal Employees Compensation Act*. The liability consists of the net present value of estimated future payments calculated by the Department of Labor (DOL) and the actual unreimbursed cost paid by DOL for compensation paid to recipients under the *Federal Employee's Compensation Act*. The future workers' compensation estimate is generated by DOL through an application of actuarial procedures developed to estimate the liability for the *Federal Employee's Compensation Act*, which includes the expected liability for death, disability, medical and miscellaneous costs for approved compensation cases. The liability is calculated using historical benefit payment patterns related to a specific incurred period to estimate the total payments related to that period. These projected annual benefits payments are discounted to present value.

Employee Retirement Plans

Each fiscal year, the Office of Personnel Management (OPM) estimates the Federal Government service cost for all covered employees. This estimate represents an annuity dollar amount which,

if accumulated and invested each year of an employee's career, would provide sufficient funding to pay for that employee's future benefits. As the Federal Government's estimated service cost exceeds the amount of contributions made by employer agencies and covered employees, this plan is not fully funded by the FEC and its employees. As of September 30, 2025, the FEC recognized approximately \$5,627,320 as an imputed cost and related financing source, for the difference between the estimated service cost and the contributions made by the FEC and its employees.

FEC employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS), which became effective on January 1, 1987. For employees participating in CSRS, the FEC withheld 7% of base pay earnings and provided a matching contribution equal to the sum of the withholding. For employees covered by FERS, the FEC withheld .8% of base pay earnings and provided the agency contribution. The majority of FEC employees hired after December 31, 1983, are automatically covered by FERS.

Effective January 1, 2013, the *Middle Class Tax Relief and Job Creation Act of 2012* created a new FERS retirement category, Revised Annuity Employees (RAE) for new federal employees hired in calendar year (CY) 2013 or thereafter. In FY 2025, the FERS-RAE employee contribution rate was 3.1%.

Effective January 1, 2014, the *Bipartisan Budget Act of 2013* introduced a new FERS retirement category, Further Revised Annuity Employees (FRAE) for new federal employees hired in CY 2014 and thereafter. In FY 2025, the FERS-FRAE employee contribution rate was 4.4%.

FERS contributions made by employer agencies and covered employees are comparable to the Federal Government's estimated service costs. For FERS-Regular covered employees, the FEC made contributions of 18.4% of basic pay for FY 2025. For both FERS-RAE and FERS-FRAE covered employees, the FEC made contributions of 16.5% of basic pay for FY 2025.

Employees participating in FERS are covered under the *Federal Insurance Contribution Act (FICA)*, for which the FEC contributed 6.2% to the Social Security Administration in FY 2025. Effective in FY 2012 FERS and CSRS – Offset employees were granted a 2% decrease in Social Security for tax year (CY) 2012 under the *Temporary Payroll Tax Cut Continuation Act of 2011*; and *H.R. 3630, the Middle-Class Tax Relief and Job Creation Act of 2012*. During FY 2013, employees contributed 4.2% to Social Security through December 31, 2012. Effective January 1, 2013, the employee contribution rate is 6.2%.

Thrift Savings Plan

The Thrift Savings Plan (TSP) is a retirement savings and investment plan for employees covered by either CSRS or FERS. The TSP is administered by the Federal Retirement Thrift Investment Board on behalf of federal agencies. For employees belonging to FERS, the FEC automatically contributes 1% of base pay to their account and matches contributions up to an additional 4%. For employees belonging to CSRS, there is no governmental matching contribution.

The FEC does not report on its financial statements CSRS and FERS assets, accumulated plan benefits or unfunded liabilities, if any, which may be applicable to FEC employees. Reporting

such amounts is the responsibility of the Office of Personnel Management. The portion of the current and estimated future outlays for CSRS and FERS not paid by the FEC is in accordance with *Statement of Federal Financial Accounting Standards (SFFAS) No. 5, Accounting for Liabilities of the Federal Government*, and is included in the FEC's financial statements as an imputed financing source.

Commitments and Contingencies

A contingency is an existing condition, situation or set of circumstances involving uncertainty as to possible gain or loss. The uncertainty will ultimately be resolved when one or more future events occur or fail to occur. SFFAS No. 5, as amended by SFFAS No. 12, *Recognition of Contingent Liabilities Arising from Litigation*, contains the criteria for recognition and disclosure of contingent liabilities. A contingency is recognized in the financial statements when a past event or exchange transaction has occurred, a future outflow or other sacrifice of resources is probable and the future outflow or sacrifice of resources is measurable. A contingency is disclosed in the footnotes when any of the conditions for liability recognition are not met and the chance of the future confirming event or events occurring is more than remote but less than probable. In other words, contingent losses that are assessed as probable and measurable are accrued in the financial statements. Losses that are assessed to be at least reasonably possible are disclosed in the notes.

According to OMB Circular A-136, as revised, in addition to the contingent liabilities required by SFFAS No. 5, the following commitments should be disclosed: 1) an estimate of obligations related to cancelled appropriations for which the reporting entity has a contractual commitment for payment; and 2) amounts for contractual arrangements which may require future financial obligations. The FEC does not have commitments related to cancelled appropriations or amounts for contractual arrangements that would require future financial obligations.

Revenues and Other Financing Sources

Annual Appropriation

As a component of the Government-wide reporting entity, the FEC is subject to the Federal budget process, which involves appropriations that are provided annually and appropriations that are provided on a permanent basis. The financial transactions that are supported by budgetary resources, which include appropriations, are generally the same transactions reflected in agency and the Government-wide financial reports.

The FEC received all of its funding through an annual appropriation as provided by Congress. Additionally, the FEC received funding through reimbursement for services provided to other Federal agencies. Services performed for other Federal agencies under reimbursable agreements are financed through the account providing the service and reimbursements are recognized as revenue when earned.

The FEC's budgetary resources reflect past congressional action and enable the entity to incur budgetary obligations, but they do not reflect assets to the Government as a whole. Budgetary obligations are legal obligations for goods, services, or amounts to be paid based on statutory

provisions (e.g., Social Security benefits). After budgetary obligations are incurred, Treasury will make disbursements to liquidate the budgetary obligations and finance those disbursements in the same way it finances all disbursements, using some combination of receipts, other inflows, and borrowing from the public (if there is a budget deficit).

Imputed Financing Sources

In accordance with OMB Circular A-136, as revised, all expenses should be reported by agencies whether or not these expenses would be paid by the agency that incurs the expense. The amounts for certain expenses of the FEC, which will be paid by other federal agencies, are recorded in the Statement of Net Cost (SNC). A corresponding amount is recognized in the “Statement of Changes in Net Position” as an “Imputed Financing Source.” These imputed financing sources primarily represent unfunded pension costs of FEC employees, as described above.

Statement of Net Cost

Net cost of operations is the total of the FEC’s expenditures. The presentation of the statement is based on the FEC’s strategic plan, which presents one program that is based on the FEC’s mission and strategic goal. The program that reflects this strategic goal is to administer and enforce the *Federal Election Campaign Act* efficiently and effectively.

Net Position

Net position is the residual difference between asset and liabilities and consists of unexpended appropriations and cumulative results of operations. Unexpended appropriations include the portion of the FEC’s appropriations represented by undelivered orders and unobligated balances. Unobligated balances associated with appropriations that expire at the end of the fiscal year remain available for obligation adjustments, but not for new obligations, until that account is cancelled, five years after the appropriations expire. Cumulative results of operations represent the excess of financing sources over expenses since inception.

Statement of Custodial Activity

The Statement of Custodial Activity summarizes collections transferred or transferable to Treasury for miscellaneous receipts, fines and penalties assessed by the FEC. These amounts are not available for FEC operations, and accordingly, are reported as custodial revenue.

Use of Estimates

The preparation of the accompanying financial statements in accordance with GAAP requires management to make certain estimates and assumptions that directly affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from these estimates.

Classified Activities

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information. The FEC has no classified activities.

Note 2 Non-Entity Assets

Non-entity assets, which primarily represent amounts due to the FEC for fines and penalties on those that violated the requirements of the *Federal Election Campaign Act*, consisted of the following as of September 30, 2025:

| | 2025 |
|--|----------------------|
| Intragovernmental Assets | |
| Fund Balance with Treasury | \$ 20,629,170 |
| Other: Advances and Prepayments | 52,017 |
| Total Intragovernmental Assets | \$ 20,681,187 |
| Other than Intragovernmental Assets | |
| Accounts Receivable - Custodial | \$ 1,103,791 |
| Total non-entity assets | 1,103,791 |
| Total entity assets | 26,484,467 |
| Total Assets | \$ 27,588,258 |

Note 3 Fund Balance with Treasury

Fund Balance with Treasury consisted of the following as of September 30, 2025:

| | <u>2025</u> |
|----------------------|-----------------------------|
| Fund Balances | |
| Appropriated Funds | \$ 20,629,170 |
| Total | <u>\$ 20,629,170</u> |

| | <u>2025</u> |
|---|-----------------------------|
| Status of Fund Balance with Treasury | |
| Unobligated Balance | \$ 2,837,396 |
| Obligated Balance not yet Disbursed | <u>17,791,774</u> |
| Total | <u>\$ 20,629,170</u> |

Available unobligated balances represent amounts that are apportioned for obligation in the current fiscal year. Unavailable unobligated balances represent amounts that are not apportioned for obligation during the current fiscal year and expired appropriations that are no longer available to incur new obligations. Obligated balances not yet disbursed include amounts designated for payment of goods and services ordered but not received, or goods and services received but for which payment has not yet been made.

Note 4 - Accounts Receivables, Net

Accounts receivable consist of the following as of September 30, 2025:

| | 2025 | | |
|--------------------------------|------------------------------|--------------------------|----------------------------|
| | Gross Accounts Receivable | Allowance | Net Accounts Receivable |
| Intragovernmental | | | |
| Intragovernmental | \$ - | \$ - | \$ - |
| Total Intragovernmental | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| With the Public | | | |
| Fines and Penalties | \$ 1,641,532 | \$ 537,741 | \$ 1,103,791 |
| Total Non-Entity | <u>\$ 1,641,532</u> | <u>\$ 537,741</u> | <u>\$ 1,103,791</u> |
| Total | <u><u>\$ 1,641,532</u></u> | <u><u>\$ 537,741</u></u> | <u><u>\$ 1,103,791</u></u> |

Non-Entity receivables consist of civil penalties and administrative fines assessed by the FEC through its enforcement processes or conciliation agreements reached with parties. The FEC has three offices that administer the penalties: the Office of General Counsel (OGC); the Office of Administrative Review (OAR); and the Office of Alternative Dispute Resolution (ADR). Each office has a distinct role in the enforcement and collection process. The allowance is based on the historical rate of collection and an overall assessment of the debtor's willingness and ability to pay. Delinquent debts are referred to Treasury in accordance with the *Debt Collection Improvement Act of 1996*. The terms of the agreement between the FEC and the parties establish the conditions for collection. The "intragovernmental accounts receivable" is primarily attributed to the Deputy Inspector General servicing a Federal agency on a reimbursable basis pursuant to the Inspector General Act.

Note 5 General Property and Equipment, Net

General Property and Equipment (P&E) is reported at acquisition cost. The capitalization threshold is established at \$25,000 and a useful life of two or more years. For bulk purchases, items are capitalized when the individual useful lives are at least two years and have an aggregate value of \$250,000 or more. Acquisitions of P&E that do not meet the capitalization criteria are recorded as operating expenses.

General P&E consists of items that are used by the FEC to support its mission. Depreciation or amortization on these assets is calculated using the straight-line method with no salvage value. Depreciation or amortization begins the day the asset is placed in service. Maintenance, repairs and minor renovations are expensed as incurred. Expenditures that materially increase values, change capacities or extend useful lives are capitalized.

Effective FY 2017, the estimated useful life of assets such as office furniture and motor vehicles is five years. The estimated useful life of assets such as office equipment, IT equipment, IT software, telecommunications equipment, and audio/visual equipment is three years.

The office building in which the FEC operates is leased through the General Services Administration (GSA) under an occupancy agreement, which manages the lease agreement between the Federal Government and the commercial leasing entity. The FEC is billed by GSA for the leased space based upon estimated lease payments made by GSA plus an administrative fee. The cost of the office building is not capitalized. The costs of any leasehold improvements, which are managed through GSA, are financed with FEC appropriated funds. Construction costs of \$25,000 or more are accumulated as construction in progress until completion and then are transferred and capitalized as a leasehold improvement. Leasehold improvements are amortized over the lesser of five years or the remaining life of the lease term.

The internal use software development and acquisition cost capitalization threshold changed as a result of a new policy that was implemented in FY 2011. Internal use software development and acquisition costs of \$250,000 or more are capitalized as software in development until the development stage is complete and the software is tested and accepted. At acceptance, costs of software in development are reclassified as internal use software costs and amortized using the straight-line method over an estimated useful life of three years. Purchased commercial software that does not meet the capitalization criteria is expensed. In addition, enhancements which do not add significant new capability or functionality are also expensed.

The general components of capitalized property and equipment, net of accumulated depreciation or amortization, consisted of the following as of September 30, 2025:

| 2025 | Software | Computers and peripherals | Leasehold Improvements | Software-in- Development | Total |
|--|-----------------|--|-----------------------------------|-------------------------------------|---------------------|
| Service Life (years) | 3 | 3 | 5 | n/a | |
| Cost balance, beginning of the year | \$ 17,522,904 | \$ 3,240,659 | \$ 10,125,947 | \$ 3,254,159 | \$ 34,143,668 |
| Capital Acquisitions | - | - | - | 2,346,581 | 2,346,581 |
| Dispositions | - | (548,207) | - | - | (548,207) |
| Cost balance, end of year | 17,522,904 | 2,692,452 | 10,125,947 | 5,600,740 | 35,942,042 |
| Accumulated depreciation | (17,522,904) | (2,489,912) | (10,125,947) | - | (30,138,762) |
| Net Book Value | \$ - | \$ 202,539 | \$ - | \$ 5,600,740 | \$ 5,803,280 |

Note 6 Liabilities Not Covered by Budgetary Resources

Liabilities Not Covered by Budgetary Resources consisted of the following as of September 30, 2025:

| | <u>2025</u> |
|---|------------------------------------|
| Intragovernmental: | |
| Custodial Fines and Civil Penalties | \$ 1,103,791 |
| Deferred Rent | <u>2,508,017</u> |
| Total Intragovernmental | \$ 3,611,808 |
| Other than Intragovernmental: | |
| Unfunded Annual Leave | \$ 3,444,077 |
| Total With Other than Intragovernmental | <u>\$ 3,444,077</u> |
| Total Liabilities Not Covered by Budgetary Resources | \$ 7,055,885 |
| Total Liabilities Covered by Budgetary Resources | <u>\$ 5,133,793</u> |
| Total Liabilities | <u><u>\$ 12,189,678</u></u> |

Liabilities not covered by budgetary resources require future congressional action whereas liabilities covered by budgetary resources reflect prior congressional action. Regardless of when the congressional action occurs, when the liabilities are liquidated, Treasury will finance the liquidation in the same way that it finances all other disbursements, using some combination of receipts, other inflows, and borrowing from the public (if there is a budget deficit). Liabilities that do not require the use of budgetary resources are covered by monetary assets that are not budgetary resources to the entity.

Beginning FY 2018, the FEC entered into a new lease agreement for its office building that provided a rent abatement of \$8,943,504, which covers the equivalent of 22 months of rent. Consistent with generally accepted accounting principles, the FEC has recorded rent abatement as deferred rent, which is amortized over the life of the ten-year lease.

Note 7 Other Liabilities

As of September 30, 2025, components of amounts reported on the Balance Sheet as Other Intragovernmental Liabilities and Other Liabilities along with a categorization of current versus long-term.

| | 2025 | | |
|---|---------------------|---------------------|---------------------|
| | Non-Current | Current | Total |
| Other Intragovernmental Liabilities: | | | |
| Employer Contributions and Payroll | | | |
| Taxes Payable | \$ - | \$ 344,780 | \$ 344,780 |
| Other Post Employment Benefits Due and Payable | - | 3,500 | 3,500 |
| Other Liabilities Without Related Budgetary Obligations | - | 2,508,017 | 2,508,017 |
| Custodial Liability | 1,103,791 | - | 1,103,791 |
| Total Other Intragovernmental Liabilities: | \$ 1,103,791 | \$ 2,856,297 | \$ 3,960,088 |
| Other than Intragovernmental Liabilities | | | |
| Other Liabilities Without Related Budgetary Obligations | - | 2,750,000 | 2,750,000 |
| Total Other than Intragovernmental Liabilities | - | \$ 2,750,000 | \$ 2,750,000 |
| Total Other Liabilities | \$ 1,103,791 | \$ 5,606,297 | \$ 6,710,088 |

Note 8 Commitments and Contingencies

As of September 30, 2025, in the opinion of FEC management and legal counsel, the FEC was party to actions which could result in losses that are at least probable. Furthermore, there are no cases where amounts have not been accrued or disclosed because the amounts of the potential loss cannot be estimated, or the likelihood of an unfavorable outcome is considered remote.

As of September 30, 2025, the following table includes the status of Commitments and Contingencies.

Contingent Loss Table

| | Accrued Liabilities | Estimated Range of Loss | |
|--|---------------------|-------------------------|-----------|
| | | Lower End | Upper End |
| As of September 30, 2025 Legal Contingencies: | | | |
| Probable | \$ 0 | \$ 4,083 | \$ 4,083 |
| Reasonably Possible | \$ 0 | \$ 0 | \$ 0 |

Note 9 Leases

The FEC did not have any capital leases as of September 30, 2025. The FEC has a non-cancellable operating lease for its office space through November 30, 2032.

As contained in the FEC's Occupancy Agreement with the General Services Administration (GSA), as amended February 06, 2023, future payments under the operating lease are as follows:

Future Payments Due for Non-Cancelable Operating Lease - Building

| 2025 | |
|-----------------|----------------------|
| Fiscal Year | Lease Payment |
| 2026 | 5,507,778 |
| 2027 | 5,572,186 |
| 2028 | 5,771,843 |
| 2029 | 5,866,837 |
| 2030 | 5,937,217 |
| 2031 through 32 | 13,039,833 |
| Total | \$ 41,695,694 |

These transactions are not subject to any interest.

As per the terms of the lease agreement, the FEC was granted a total of \$8,943,503, or 22 months, in free rent from the lessor. Per the FEC's policy, the total free rent will be amortized as deferred rent over the life of the lease.

The table above represents the actual cash outlays for rent payments, as contained in the FEC's Occupancy Agreement with GSA, and does not include the amortized Deferred Rent referenced above.

Note 10 Inter-Entity Costs

The FEC recognizes certain inter-entity costs for goods and services that are received from other Federal entities at no cost or at a cost less than the full cost. Consistent with accounting standards, certain costs of the providing entity that are not fully reimbursed are recognized as imputed cost [in the Statement of Net Cost] and are offset by imputed revenue [in the Statement of Changes in Net Position]. Such imputed costs and revenues relate to employee benefits and claims to be settled by the Treasury Judgement Fund. The FEC recognizes as inter-entity costs the amount of accrued pension and post-retirement benefit expenses. However, unreimbursed costs of goods and services other than those identified above are not included in our financial statements for current employees. The assets and liabilities associated with such benefits are the responsibility of the administering agency, OPM. For the periods ended September 30, 2025, inter-entity costs were as follows:

| | <u>2025</u> |
|---------------------------------|----------------------------|
| Office of Personnel Management | <u>\$ 5,627,320</u> |
| Total Imputed Financing Sources | <u><u>\$ 5,627,320</u></u> |

Note 11 Statement of Budgetary Resources

The Statement of Budgetary Resources (SBR) compares budgetary resources with the status of those resources. For the year ended September 30, 2025, budgetary resources were \$86,229,213 and net outlays were \$81,713,381.

Apportionment Categories of Obligations Incurred

The FEC receives apportionments of its resources from OMB. Apportionments are for resources that can be obligated without restriction, other than to be in compliance with legislation for which the resources were made available.

For the years ended September 30, 2025 and, direct obligations incurred amounted to \$83,391,817.

Comparison to the Budget of the United States Government

SFFAS No. 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting, requires an explanation of material differences between budgetary resources available, the status of those resources and outlays as presented in the Statement of Budgetary Resources to the related actual balances published in the Budget of the United States Government (Budget). The Budget that will include FY 2025 actual budgetary execution information is scheduled for publication in February 2026, which will be available through OMB's website at <http://www.whitehouse.gov/omb/budget>. Accordingly, information required for such disclosure is not available at the time of publication of these financial statements. Balance reported in the FY 2025 SBR and related President's Budget reflect the following:

| FY 2024 | Budgetary Resources | New Obligations & Upward Adjustments | Distributed Offsetting Receipts | Net Outlays |
|--|--------------------------------|---|--|----------------------|
| Statement of Budgetary Resources | \$ 87,688,424 | \$ 82,540,300 | \$ - | \$ 83,659,856 |
| Difference 1 - Expired Unobligated Balances | (772,906) | | | |
| Difference 2 - Rounding (+/-) | (915,518) | (1,540,300) | - | (659,856) |
| <i>Budget of the U.S. Government</i> | \$ 86,000,000 | \$ 81,000,000 | \$ - | \$ 83,000,000 |

The difference between the Statement of Budgetary Resources and the *Budget of the United States Government* for budgetary resources is primarily due to expired unobligated balances and rounding. The differences for obligations incurred and net outlays are due to rounding.

Net Adjustments to Unobligated Balance, Brought Forward, October 1

The Unobligated Balance Brought Forward from the prior fiscal year has been adjusted for recoveries of prior year paid and unpaid obligations and other changes such as canceled authority. The Adjustments to Unobligated Balance Brought Forward, October 1, as of September 30, 2025:

| | 2025 |
|--|---------------------|
| Unobligated Balance Brought Forward From Prior Year, October 1 | \$ 5,148,124 |
| Recoveries of Prior Year Obligations | 1,386,839 |
| Other Changes in Unobligated Balances | (1,162,750) |
| Unobligated Balance From Prior Year Budget Authority, Net | \$ 5,372,213 |

Note 12 Custodial Revenues and Liability

The FEC uses the accrual basis of accounting for the collections of fines, penalties and miscellaneous receipts. The FEC's ability to collect fines and penalties is based on the responsible parties' willingness and ability to pay:

| Custodial Revenue | 2025 |
|---|---------------------------|
| Fines, Penalties, and Other Miscellaneous Revenue | <u>\$2,053,408</u> |
| Custodial Liability | |
| Receivable for Fines and Penalties | \$1,641,532 |
| Less: Allowance for Doubtful Accounts | <u>(\$537,741)</u> |
| Total Custodial Liability | <u>\$1,103,791</u> |

The Custodial Liability account represents the amount of custodial revenue pending transfer to Treasury. Accrual adjustments reflected on the Statement of Custodial Activity represent the difference between the FEC's opening and closing accounts receivable balances. Accounts receivable are the funds owed to the FEC (as a custodian) and ultimately to Treasury. The accrual adjustment for civil penalties is composed of a net increase of approximately \$38,104.98 for FY 2025. The accrual adjustment for administrative fines is composed of a net decrease of approximately \$539,694.80 in FY 2025.

Note 13 Undelivered Orders at the End of the Period

For Fiscal Year 2025, Unpaid Undelivered orders were \$15,407,981, of which \$1,986,552 were Federal and \$13,421,429 were non-Federal. As of September 30,2025, there were \$52,017 in Paid Undelivered Orders.

Note 14 - Reconciliation of Net Operating Cost to Net Budgetary Outlays

Budgetary and financial accounting information differ. Budgetary accounting is used for planning and control purposes and relates to both the receipt and use of cash, as well as reporting the federal deficit. Financial accounting is intended to provide a picture of the government's financial operations and financial position, so it presents information on an accrual basis. The accrual basis includes information about costs arising from the consumption of assets and the incurrence of liabilities. The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information. The reconciliation serves not only to identify costs paid for in the past and those that will be paid in the future, but also to assure integrity between budgetary and financial accounting. The analysis below illustrates this reconciliation by listing the key differences between net cost and net outlays.

FY 2025 Reconciliation of Net Operating Cost & Net Budgetary Outlays

| | Intragovernmental | With the Public | Total |
|---|-----------------------------|-----------------------------|-----------------------------|
| Net Cost | <u>\$ 26,344,832</u> | <u>\$ 56,457,169</u> | <u>\$ 82,802,002</u> |
| Components of net cost not part of the budgetary outlays | | | |
| Property, plant, and equipment depreciation | - | (245,014) | (245,014) |
| Increase/(Decrease) in Assets: | | | |
| Advances and prepayments | 52,017 | - | 52,017 |
| (Increase)/Decrease in Liabilities: | | | |
| Accounts payable | (8,298) | 95,051 | 86,753 |
| Federal employee salary, leave, and benefits payable | - | (48,666) | (48,666) |
| Other Liabilities | 2,322,027 | 25,000 | 2,347,027 |
| Financing Sources: | | | |
| Imputed Cost | <u>(5,627,320)</u> | - | <u>(5,627,320)</u> |
| Total Components of net operating cost not part of the budgetary outlays | <u>(3,261,574)</u> | <u>(173,628)</u> | <u>(3,435,202)</u> |
| Acquisition of capital assets | - | 2,346,581 | 2,346,581 |
| Total Net Outlays (Calculated Total) | <u>(23,083,258)</u> | <u>58,630,123</u> | <u>81,713,381</u> |
| Budgetary Agency Outlays, net (SBR 4210) | | | |
| Budgetary Agency Outlays, net | | | <u>\$ 81,713,381</u> |

SECTION III – Other Information

Federal Election Commission Office *of the* Inspector General

Management and Performance Challenges Facing the FEC for FY 2025

December 15, 2025



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Introduction and Approach

Why do we publish this report?

In accordance with the Reports Consolidation Act of 2000, the Federal Election Commission (FEC or Commission) Office of the Inspector General (OIG) identifies the most serious management and performance challenges facing the Commission and provides a brief assessment of the Commission's progress in addressing those challenges. By statute, this report is required to be included in the FEC's Agency Financial Report.

What are management challenges?

The Government Performance and Results Modernization Act of 2010 identifies major management challenges as programs or management functions that are vulnerable to waste, fraud, abuse, and mismanagement, and where a failure to perform well could seriously affect the ability of the agency to achieve its mission objectives. Each challenge area is related to the agency's mission and reflects both continuing vulnerabilities and emerging issues. The FEC OIG identified the top management and performance challenges facing the Commission as the following:

- Loss of Quorum and Loss of Bipartisan Membership
- Resource Management
- Modernization of Information Systems and Cybersecurity
- Growth of Election Contributions
- Outdated Statutory Pay Structure

How did we identify these challenges?

We identified the Commission's major management and performance challenges by recognizing and assessing key themes from OIG audits, special reviews, hotline complaints, investigations, and an internal risk assessment, as well as reports published by external oversight bodies, such as the Office of Personnel Management (OPM) and the Government Accountability Office (GAO). Additionally, we reviewed previous Management and Performance Challenge Reports to determine if those challenges remain significant for this submission. Finally, we considered publicly available information and internal Commission records. As a result, we identified the five key management and performance challenges discussed herein.

Management and Performance Challenge: Loss of Quorum and Loss of Bipartisan Membership

Background

The Federal Election Commission requires a quorum of four members to exercise its duties and powers under the Federal Election Campaign Act of 1971 (FECA) as amended.²²

The FEC has been without a quorum since April 30, 2025, when Commissioner Allen J. Dickerson resigned, leaving the agency with only three commissioners. On October 3, 2025, Commissioner James E. Trainor III stepped down, leaving the FEC with only two Commissioners belonging to the same political party – an unprecedented situation.

FEC's Rules Require Bipartisanship

FEC Directive 10, last amended in December 2007, contains rules governing the business the Commission may conduct when it has fewer than four members. If all remaining Commissioners are present, Directive 10 lists 20 specific categories of matters upon which the remaining Commissioners may act. For example, the remaining Commissioners may issue notices of filing dates, including filing dates for special elections; make acting appointments for certain senior FEC positions; approve budget estimates for the President and Congress; issue non-filer notices; approve debt settlement plans; approve systems of records notices pursuant to the Privacy Act; conduct the agency head review of labor-management agreements; approve the FEC Management Plan; and approve contracts.

Directive 10, however, specifically limits the Commission's ability to perform these duties without a quorum by requiring approval of all such actions on a bipartisan basis. Specifically, the directive states:

Notwithstanding any provision of this directive, approval of any motion or appeal properly before the Commission under this section L shall require the affirmative vote of a majority of the Members of the Commission. However, if such majority comprises exclusively the affirmative votes of Members affiliated with the same political party (or Members whose positions are aligned for the purpose of

²² Commission Directive 10, "Rules of Procedure of the Federal Election Commission Pursuant to 2 U.S.C. 437c(e)" (June 8, 1978; amended Dec. 20, 2007).

nomination by the President), then the motion or appeal shall be deemed not approved.²³

Conclusion

The FEC's ability to meet its mission is significantly impaired when it has fewer than four members.²⁴

The Commission is unable to perform some of its most important functions, such as issuing advisory opinions to filers who request guidance; holding hearings; approving enforcement actions and audits; authorizing new investigations or making referrals to other enforcement agencies; making, amending, or repealing rules; and initiating litigation or defending the agency in certain litigation. Additionally, the agency is unable to conduct crucial administrative business, including hiring permanent staff for senior positions and adopting new agency-wide policies, which makes it very difficult, and in some cases impossible, for the agency to ensure compliance with all directives issued by the new Administration.

The fact that the agency has also lost bipartisan membership greatly compounds these challenges. Although there have been times in the past when the Commission lacked a quorum, never before in the FEC's history has it lacked bipartisan membership. The OIG applauds the Commissioners for working to proactively address as many upcoming matters as possible prior to Commissioner Trainor's departure. However, it is unavoidable that pressing issues will soon arise that require Commission action, and the remaining two Commissioners will be unable to address them. It is imperative that a quorum be restored as soon as possible. If that is not possible in the near future, then it is critical that at least bipartisan membership be restored until quorum is reestablished.

²³ Commission Directive 10, § L.4.

²⁴ We note that there is still work that the agency is able to accomplish without a quorum. For example, FEC staff can continue to help filers and the public understand their obligations to comply with the law, process and review committee reports, provide public access to campaign finance data, and litigate ongoing court cases, process new enforcement complaints and responses, and investigate matters previously authorized by the Commission.

Management and Performance Challenge: Resource Management

Background

The new Administration has adopted several policies aimed at streamlining government operations and reducing government spending. These policies have resulted in a significant reduction in FEC staff over the course of the fiscal year. Additionally, a government-wide hiring freeze was in place for most of calendar year 2025, affecting the agency's ability to bring new staff on board. This creates a resource management challenge for the Commissioners and FEC Management.

Changes in the FEC Workforce

Due to the U.S. Office of Personnel Management's (OPM's) deferred resignation program (DRP) and other efforts to reduce the size of the workforce, combined with natural attrition, there were 52 separations or anticipated separations from the FEC between the beginning of FY 2025 (October 1, 2024) and December 31, 2025.²⁵ We note that this separation is nearly double the average separation rate for recent years.²⁶ Table 1 lists separations by vehicle and type, and Table 2 shows the seniority levels of the separated employees.

Table 1. Separations by Vehicle and Type

| Separation Vehicle | Retirements | Transfers to Another Agency | Leaving Federal Service | Total |
|-------------------------------------|-------------|-----------------------------|-------------------------|-------|
| DRP and DRP with VERA ²⁷ | 9 | N/A | 6 | 15 |
| VSIP ²⁸ | 6 | N/A | 0 | 6 |
| Standard Separations | 11 | 4 | 16 | 31 |
| Total | 26 | 4 | 22 | 52 |

Source: OIG analysis of FEC separation data

²⁵ This figure is as of November 30, 2025. The initial OPM DRP permitted the agency to allow a participating employee to stay through December 31, 2025, so we extended our analysis to cover a 15-month period, as opposed to analyzing separations that occurred only during FY 2025.

²⁶ The average separation rate for FY 2020 through FY 2024 was 24.4 separations per year.

²⁷ Voluntary Early Retirement Authority (VERA) provides agencies with the option to offer voluntary early retirement when the agency is seeking to restructure or downsize.

²⁸ Similar to VERA, Voluntary Separation Incentive Payments (VSIP) authority, also known as buyout authority, allows agencies that are restructuring or downsizing to offer employees lump-sum payments up to \$25,000 as an incentive to voluntarily separate.

Table 2. Seniority Level of Separated Employees

| Level | Number of Separations |
|--------------------|-----------------------|
| Executive Level IV | 4 |
| GS-15 | 14 |
| GS-14 | 12 |
| GS-13 | 7 |
| GS-12 | 4 |
| GS-11 | 3 |
| GS-9 | 5 |
| GS-8 | 1 |
| GS-7 | 2 |

Source: OIG analysis of FEC separation data

Nearly every office at the FEC has lost staff. Table 3 breaks down the separations by FEC office.

Table 3. Separations by FEC Office

| Office | Number of Separations |
|---|-----------------------|
| Offices of the Commissioners | 14 |
| Office of the Chief Financial Officer | 2 |
| Office of the Chief Information Officer | 4 |
| Office of Compliance | 13 |
| Office of General Counsel | 13 |
| Office of the Staff Director | 6 |

Source: OIG analysis of FEC separation data²⁹

The most notable impact of staff departures is in the Offices of the Commissioners, where the majority of staff on board during FY 2025 have separated from the agency, largely due to the separations of four of the FEC's six Commissioners.³⁰ The Office of General Counsel and the Office of Compliance also saw high levels of separations.

²⁹ The Office of Compliance is located within the Office of the Staff Director. Given the Office of Compliance's size and role in the conducting campaign finance oversight activities, we broke it out so that policymakers could more clearly see the impact on it.

³⁰ When a Commissioner leaves the agency, the staff in their office transfer to another Commissioner's office, remain on staff with the Office of the Staff Director temporarily while closing the former Commissioner's office, or leave the FEC. Commissioners usually employ between 2-4 professional staff, depending on the Commissioner's leadership position.

OIG's Annual Risk Assessment

In the OIG's annual risk assessment survey, the most common concern raised by employees was the lack of resources and staffing.³¹ For example, in response to the open-ended question "What do you believe are the biggest risks currently facing the organization?", 75 percent of respondents mentioned budgetary concerns, lack of resources, and/or staffing concerns. When asked specifically whether staffing levels in their division were sufficient to complete work assignments, 45 percent of respondents answered that they were not. Many staff expressed concern about workload capacity and talent retention, and most of those interviewed flagged attrition, retirement, and insufficient operational redundancy as major concerns within the agency. Some staff expressed concerns over additional work assignments due to attrition, procurement bottlenecks, and gaps in IT expertise. We note that the rapid reduction in staffing levels could weaken the control environment and increase agency risk.

Conclusion

The FEC has long struggled with declining resources, which the OIG has specifically identified as management challenges for the last three years. Given that the FEC workforce has undergone such a significant change, it is crucial for the Commissioners and managers at all levels to think strategically and creatively about how the FEC can continue to achieve its mission with these more severe staffing constraints. In particular, it is more important than ever for senior leaders and program managers to approach staffing concerns strategically by realigning processes, planning for succession, and providing focused training to address skills gaps. We note that the current situation may be particularly challenging given the loss of so much institutional knowledge at one time. With the departure of 52 employees between October 2024 and December 2025, the FEC lost 811 years' worth of institutional knowledge and government experience.

This significant change in the FEC's workforce presents both challenges and opportunities. As the Commissioners and Management strategically examine FEC's operations and seek to reimagine how best to achieve the agency's goals, there is the risk of an increasing workload on remaining employees, which may increase staff burnout while potentially diminishing the quality of work. Such a situation increases the risk that the FEC may not be able to provide the level of service that Congress and the public expect of it, and that its ability to ensure the integrity of its operations and security posture could be hindered.

³¹ The OIG sent its annual risk assessment survey to all FEC employees in July 2025. We received 72 responses, which constitutes approximately 26 percent of employees. The OIG also conducted eight risk assessment interviews with specific FEC employees from various offices, selected based upon risk factors.

Management and Performance Challenge: Modernization of Information Systems & Cybersecurity

Background

Protecting data, IT systems, and networks from threats remains a top challenge. The FEC was established to protect the integrity of federal campaign finance system by providing transparency and administering and enforcing federal campaign finance laws. In doing so, the FEC makes campaign finance data available to the public, resulting in significant traffic to its website from stakeholders and the general public. In its efforts to streamline transparency initiatives and improve business processes, the Commission is increasingly reliant on technology, as is society as a whole; as such, it is imperative that the Commission continue to prioritize cybersecurity.

We note that there is a close link between the FEC's ability to improve its IT infrastructure and cybersecurity practices and the resources – both funding and staffing – that must be in place to do so. The OIG agrees with the following point made by the FEC in its FY 2025 *Congressional Budget Justification*:

Amidst the escalating frequency and sophistication of cyber threats, failing to allocate the necessary resources to bolster our cybersecurity workforce would leave the FEC's vital systems and sensitive data increasingly vulnerable.³²

Recent OIG Oversight Work

As discussed in last year's *Management and Performance Challenges Report*, in FY 2024, the OIG contracted with an independent public accountant (IPA) to audit and assess the effectiveness of the agency's patch management policy and procedures. The IPA found that the FEC Office of the Chief Information Officer (OCIO) has established, maintained, and implemented policies and procedures for its information systems security programs that are generally effective and comply with the applicable requirements, standards, and guidelines.

While the IPA determined that the security controls in place are working as intended, it concluded that these controls are insufficient to reduce the risk of potential security breaches to an acceptable level. The IPA noted that the agency's reliance on legacy systems prevents the agency from promptly patching known vulnerabilities. Additionally, the IPA observed that the FEC has faced significant budget and resource constraints for several years, which have contributed to its inability to remediate vulnerabilities and apply patches to legacy systems and applications. The IPA also reported that, based on the agency's risk-based approach to system security, there are instances that justify not implementing all the standard government-wide system controls outlined in related Office of Management and Budget information system policy and guidance. The audit report contains eight findings and ten related recommendations to improve the FEC's programs.³³

³² FEC's FY 2025 Congressional Budget Justification (CBJ), at page 14.

³³ Management fully concurred with nine recommendations and partially concurred with one recommendation.

The issue of budget and resource constraints was a concerning theme throughout the audit. In its responses to the IPA's findings and recommendations, Management repeatedly agreed that the issues raised by the IPA were important and should be addressed, but noted that the agency's ability to do so is significantly constrained by budget and resource limitations.³⁴ For example, the OCIO's personnel level has decreased by close to ten percent in recent years and is currently at the level it was in FY 2019. This is despite the significant increase in demands on the OCIO due to both increased campaign spending activity as well as the initiation of several IT modernization efforts, including those aimed at improving the electronic filing system, the campaign finance data pipeline, and the legacy applications recently migrated to the cloud. It is our understanding that the Commission has recognized the need to increase OCIO resources and that the Personnel Committee has approved hiring for six OCIO positions. The OIG was informed that, unfortunately, most of these positions have not been filled due to budget restrictions and/or the hiring freeze implemented for most of calendar year 2025. We confirmed that the FEC recently posted vacancy announcements for two critical IT security positions.

During the OIG's annual risk assessment, FEC staff also raised concerns about IT challenges at the agency.³⁵ In the OIG's annual risk assessment survey, when asked "What do you believe are the biggest risks currently facing the organization?", more than one-third of respondents specifically mentioned IT issues. During interviews, IT concerns were repeatedly raised. For example, FEC staff reported that the 20 to 30-year-old systems increase the agency's cybersecurity vulnerabilities. Other responses indicated that FEC staff increasingly fear outages of critical systems during key campaign finance filing deadlines and are also concerned that the new modernization investments risk obsolescence before the agency even implements them. Furthermore, some staff expressed concern that if these vulnerable systems remain in service, hackers may eventually compromise them, potentially requiring the agency to request emergency funding from Congress to either mitigate the impact or hastily replace the affected system. Overall, it is clear that FEC's IT challenges are acutely felt by its staff.

Positive Progress

In FY 2024, the FEC was awarded a grant from the General Services Administration's Technology Modernization Fund to help fund the modernization of a critical legacy system, FECFile. FECFile is the agency's free electronic filing software used by over 16,000 political committees and other filers.³⁶ The current version of FECFile is almost 30 years old and is a desktop application that runs only on computers using Windows. In contrast, the new version under

³⁴ Management has noted that the OCIO has regularly made budget requests over numerous past budget cycles to address the agency's needs in this area.

³⁵ The OIG sent its annual risk assessment survey to all FEC employees in July 2025. We received 72 responses, which constitutes approximately 26 percent of employees. The OIG also conducted eight risk assessment interviews with specific FEC employees from various offices selected based upon risk factors.

³⁶ FEC FY 2026 CBJ, at page 4.

development, called FECfile+, is cloud-based and can be accessed from any computer – an important change that will significantly improve the experience of FEC filers.

The agency continued its work to develop FECfile+ in FY 2025, including receiving an Authority to Operate Assessment and Authorization. This is a key step in the development process because it confirms that a system meets the agency’s security and privacy standards. The OCIO continued development testing, working closely with the Reports Analysis Division. The OCIO had hoped to introduce FECfile+ to its first outside users this fall, but the government shutdown unfortunately delayed those plans. The OCIO has informed the OIG that it is working to determine a new launch date.

As discussed in detail in our IT security audit, many of the agency’s IT challenges are directly attributable to the agency’s reliance on legacy systems. The agency made some progress in reducing its dependence on those systems in FY 2025. For example, the agency retired the legacy advisory opinion search application and replaced it with an online tool accessible on the FEC’s website. The agency is now working to replicate that success by similarly transitioning two other legacy search applications: those for rule-making and rule-making comment entries. The agency is also working to develop modernized solutions for several mission-critical legacy applications used by the Commissioners’ offices and Management to conduct crucial agency business.

Lastly, there are two mission-essential legacy applications used daily by both FEC staff and Commissioners that are not compatible with the most modern, secure operating systems. As a result, much of the agency is forced to use outdated, soon-to-be unsupported operating systems simply because it is beholden to these two tools. Older IT systems often have issues, and recently, the FEC’s operations were significantly disrupted when a vendor made a licensing error that prevented the release of critical and high security patches required to protect this older operating system. The good news is that the agency is actively working with a contractor to determine the best way to migrate those critical agency functions to modern, more secure solutions, which would also allow the agency to switch to the most up-to-date operating system offered by the agency’s vendors.

Conclusion

The most significant challenge to the success of the above IT modernization efforts at the FEC is funding. Although the TMF grant helped fund progress on the FECfile+ project, that funding expires in FY 2027. Without additional funding, the FEC is at risk of losing the momentum the original grant helped to provide.

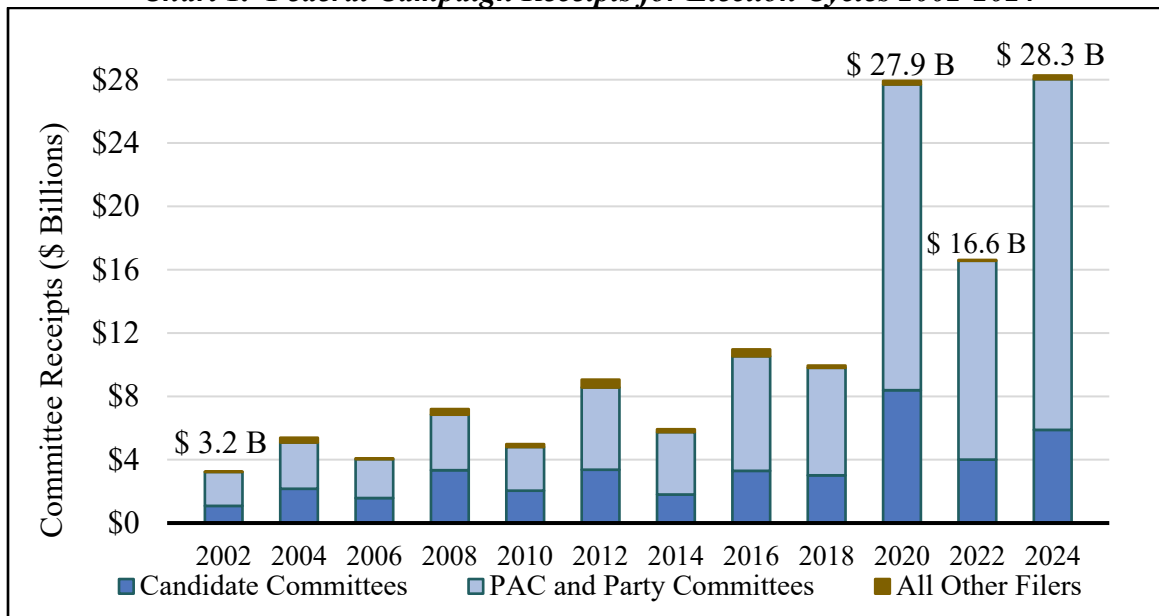
Additionally, the continued reliance on legacy systems remains a significant challenge. The inability to modernize agency systems in a sustainable and timely manner undermines current risk mitigation, security, and mission-critical operations, thereby weakening the agency's control environment.

Management and Performance Challenge: Growth of Election Contributions

Background

Much has changed in the 50 years since the FEC was first created by Congress. In 1976, the first presidential election cycle after the FEC was established, federal campaigns raised and spent approximately \$300 million. In stark contrast, during the 2024 presidential election cycle, total campaign committee receipts were approximately \$28.3 billion – a more than 9,000 percent increase.

Chart 1. Federal Campaign Receipts for Election Cycles 2002-2024



Source: *OIG analysis of FEC filings. Contributions are segmented by candidate, party/PAC, and “other” committee types.*

The total number of transactions subject to FEC regulation and oversight has also dramatically increased, especially in recent years. Transactions are reported in mandatory filings with the FEC and are comprised of itemized details of receipts (including contributions), disbursements (including expenditures), and other financial activity. Some highlights of transaction growth, which are further illustrated on the following page, include:

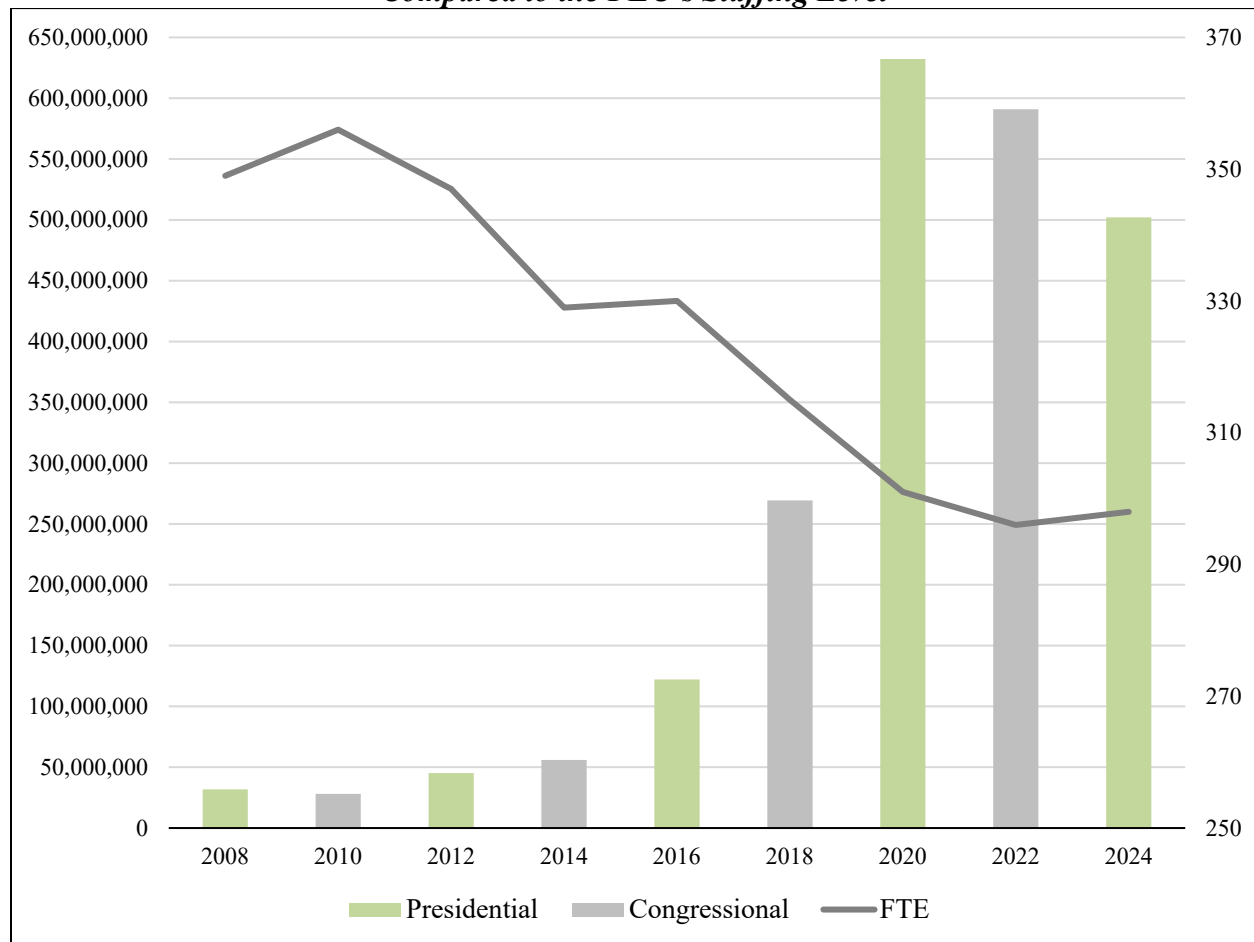
- Between 1978 and 2000, the total number of transactions subject to FEC regulation and oversight increased from approximately 340,000 to nearly 2.0 million per election cycle.
- By the 2024 election cycle, the number of transactions handled by the FEC had grown to 502.7 million – a nearly 1,500-fold increase since 1978 and an over 250-fold increase since 2000.

- The 2020 election cycle had the highest number of transactions in FEC’s history – over 630 million transactions for the 2020 election cycle, followed by the 2022 election cycle with 590 million transactions.

Impact on FEC Staff and IT Infrastructure

The significant growth in campaign finance activity directly affects both the FEC staff and its IT infrastructure. When combined with the fact that the FEC’s workforce has been shrinking over the last decade, this growth in reportable activity presents a unique challenge for the agency. Chart 2, which the FEC published as part of its FY 2026 *Congressional Budget Justification*, shows the increase in transactions for recent election cycles, as well as the decreasing number of FEC full-time equivalents (FTEs):

Chart 2. Number of Transactions Reported to the FEC by Election Cycle Compared to the FEC’s Staffing Level

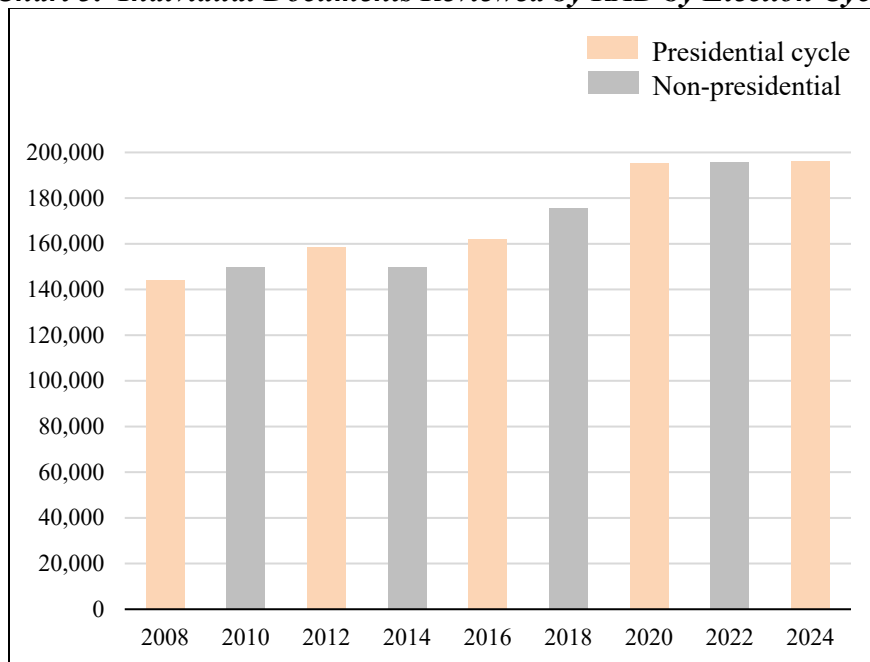


Source: FEC’s FY 2026 Congressional Budget Justification.

One division directly impacted by the increase in campaign election activity is the Office of Compliance’s Reports Analysis Division (RAD). Nearly every report submitted to the FEC must be reviewed by RAD to determine whether all forms and applicable schedules are complete and properly disclose the required information, the appropriate parties have signed all submissions, the calculations included are correct, and no contribution limits have been exceeded.

Unsurprisingly, RAD’s workload has increased significantly in the last decade. Chart 3 shows the number of individual documents RAD reviewed by election cycle. These documents include the reports of receipts and disbursements prepared by political committees and other filers, statements of organization, and miscellaneous documents such as responses to FEC requests for additional information, filer requests for changes in filing frequency, and disavowal responses. During the 2008 presidential election cycle, RAD reviewed 144,166 individual documents, but by the 2024 presidential cycle, that number grew to 196,175 – a 36 percent increase.

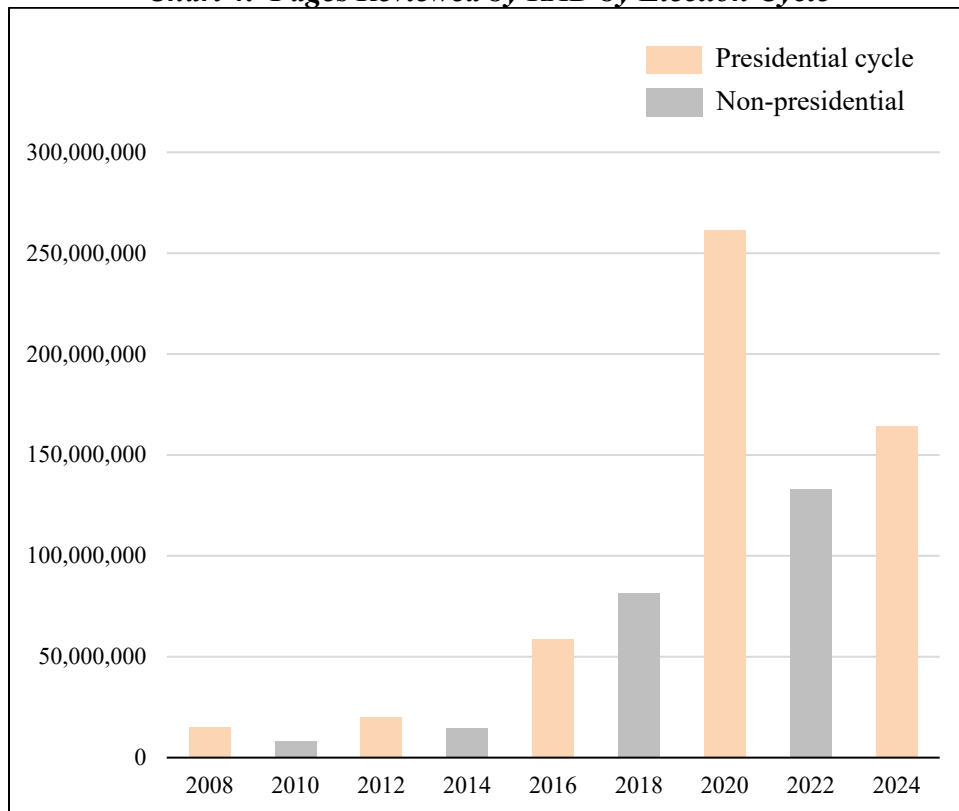
Chart 3. Individual Documents Reviewed by RAD by Election Cycle



Source: RAD analysis provided to the OIG.

Chart 4 provides an even more in-depth picture of RAD’s workload, breaking down the number of pages RAD had to review for each election cycle. During the 2008 presidential election cycle, RAD reviewed 15,034,325 pages of information. By 2024, RAD’s workload had increased by nearly 1,000 percent, when it had to review 164,502,936 pages. The 2020 election cycle in particular presented a significant challenge to RAD, when the division had 261,585,475 pages to review.

Chart 4. Pages Reviewed by RAD by Election Cycle



Source: RAD analysis provided to the OIG.

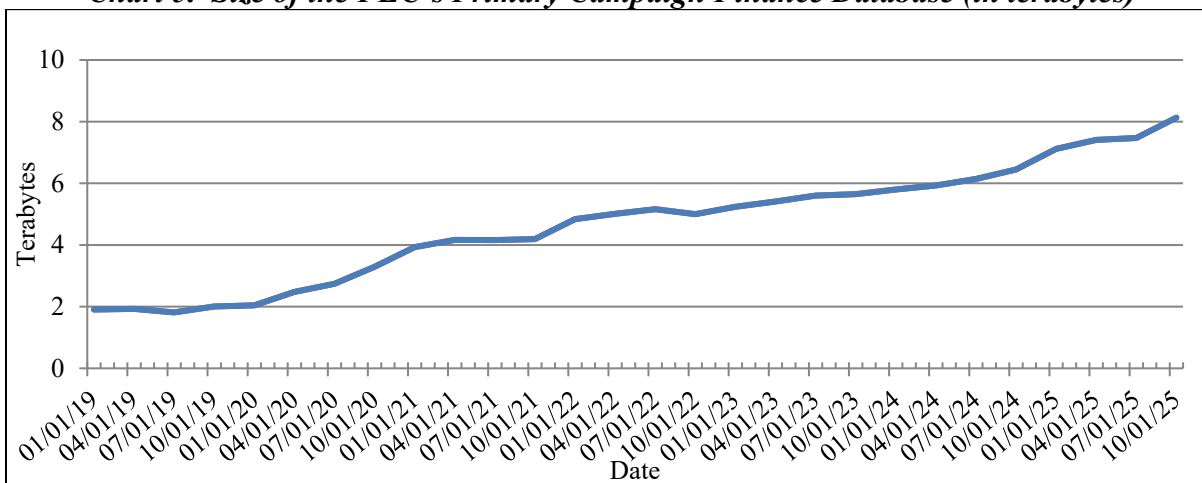
Another area where the increase in reportable transactions is straining the FEC's resources is its IT infrastructure. Every single reportable transaction must be made publicly available on the FEC's website. As the FEC explained in its FY 2026 *Congressional Budget Justification*:

The FEC provides the public access to this reported campaign finance data on FEC.gov and directly through the FEC's Application Programming Interface (API), which permits users to customize their own data searches. Public interest in the FEC's campaign finance data continues to grow, with the FEC's campaign finance data API receiving over **648 million hits during the 2024 cycle** representing a **59 percent increase** over the number of API hits received during the 2020 presidential election cycle. These trends in the public's interest in campaign finance activity illustrate both how crucial it is for the agency to continue efforts to support and secure access to this data and how challenging it is to do so without additional funding tools to help receive and process campaign finance reports, review them for accuracy and compliance and ensure the resulting data continues to be readily available to meet the public's needs despite the significant growth in the volume of data maintained by the agency.³⁷ (emphasis added)

³⁷ FEC FY 2026 CBJ, at page 5 (internal citations omitted).

The growth in reportable transactions means that the FEC must store enormous quantities of data both to conduct its FECA-related compliance and enforcement work and to meet its statutory requirement to make certain data available to the public. Chart 5 shows the increase in the size of the FEC’s primary campaign finance database, which is used by the Office of General Counsel and the Office of Compliance to conduct their FECA-related work. In January 2019, FEC needed only 1.91 terabytes to store its data; by October 2025, its need increased over 425 percent to 8.13 terabytes.

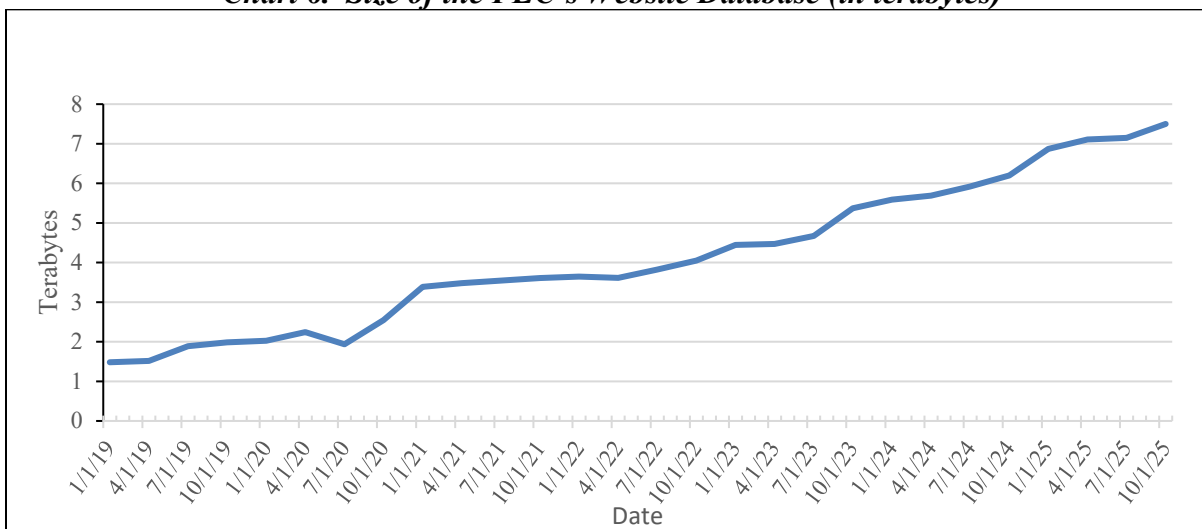
Chart 5. Size of the FEC’s Primary Campaign Finance Database (in terabytes)



Source: OCIO analysis provided to the OIG.

Chart 6 shows the increase in the amount of data that the FEC must make available on its website. In January 2019, the FEC hosted 1.48 terabytes of data on its website. That number grew to 7.5 terabytes by October 2025 – a more than 500 percent increase.

Chart 6. Size of the FEC’s Website Database (in terabytes)



Source: OCIO analysis provided to the OIG.

As the volume of campaign data continues to grow, the associated costs of cloud hosting and data processing inevitably increase. While the OIG is informed that the OCIO is actively optimizing the cloud environment and implementing a range of cost-saving measures – such as prepaying for services to secure vendor discounts and leveraging newer, more efficient technologies – the growth of data remains persistent and often unpredictable, particularly during peak election years. If additional resources are needed to process and manage this expanding data load, the FEC may face difficult tradeoffs in the future. Despite its best efforts to control costs, the FEC may ultimately need to limit spending in other critical IT areas, such as long-overdue modernization initiatives, in order to meet its escalating database and storage requirements.

Conclusion

The exponential growth of campaign spending presents an additional challenge for the FEC as agency leadership seeks to manage a significantly reduced workforce and limited budget extremely carefully, as discussed in the Resource Management Top Challenge above.

Management and Performance Challenge: Outdated Statutory Pay Structure

Background

Executive-level compensation remains an issue for the agency. The Federal Election Campaign Act (FECA) specifies the level of pay for Commissioners, the Staff Director, and the General Counsel. Because of a long-standing pay freeze, the pay for Commissioners is well below that of many line FEC employees. FEC Commissioners serve a term of six years, which is longer than traditional political appointees working in a presidential administration. As discussed below, because of the increased time commitment, Congress may want to consider exempting FEC's Commissioners, as well as other similar commissioners or board members, from the pay freeze for political appointees.

The General Schedule (GS) has outpaced even the *unfrozen* salary levels of the Executive Schedule, which means the Staff Director and the General Counsel would similarly be paid less than many of the employees they oversee. This may have contributed to difficulty in permanently filling these positions, given that the FEC has not had a permanent General Counsel since 2013, and the Staff Director has been dual-hatted since 2011.

Commissioner Pay

The FECA states that FEC Commissioners are to be paid equivalent to level IV of the Executive Schedule. Executive Schedule pay for political appointees has been largely frozen since 2010, with one adjustment of 1.9% in 2019.³⁸ As a result, FEC Commissioners receive a salary of only \$158,500, which is less than the salaries paid to FEC's Senior Level (SL) staff and most GS staff at levels 14 and 15. Specifically, during FY 2025, 103 of the agency's staff received higher salaries than the Commissioners. Currently, all ten SLs, all GS-15s, and 58 of the agency's 68 GS-14s earn more than the Commissioners.

We note that the much higher compensation available in the private sector can make it difficult for an Administration to recruit qualified individuals who are willing to take a substantial pay cut (for six years) compared to what they could make in the private sector. For example, long-term occupational projections completed by the District of Columbia Department of Employment Services predict that chief executive compensation in the District of Columbia will average \$411,286 between 2022 and 2032.³⁹ That same study estimates that the salary of an experienced lawyer will average \$312,603 during the same period.

³⁸ The most recent U.S. Office of Personnel Management (OPM) memorandum on the pay freeze for certain appointed political officials can be found at <https://www.opm.gov/chcoc/latest-memos/continued-pay-freeze-for-certain-senior-political-officials.pdf>.

³⁹ These projections are available at: https://does.dc.gov/sites/default/files/dc/sites/does/publication/attachments/DC%202022-2032%20Long%20Term%20Occupational%20Projections_.pdf

The issue of non-competitive pay is exacerbated by the high costs of living and working in the Washington, D.C. metro area, which is routinely ranked among the top ten most expensive cities in the United States. Indeed, one 2024 study found that \$100 in the Washington-Arlington-Alexandria metro area would buy goods and services worth only \$89.85.⁴⁰ Considering this, the real value of Executive Schedule pay – which does not provide for a locality pay adjustment – in the Washington, D.C. metro area is roughly 10% lower than the nominal value.

One possible solution would be to simply remove the freeze on commissioner salaries in favor of the annual published schedule pay rates that apply to non-political Executive Schedule employees. At the FEC, where all Commissioners are paid at the EX-IV rate, Commissioner pay would increase from \$158,500 to \$195,200, using the most recently published schedule.⁴¹ The full cost for all six Commissioners would increase by only \$220,200 from \$951,000 to \$1,171,200. This would not entirely address the pay issue, as senior leaders in the agency would still make more than the Commissioners, but it would at least be a start at addressing the pay disparity.⁴²

The FEC is not the only agency affected by the freeze on commissioner pay. The OIG identified 15 other agencies led by commissions or boards that face a similar problem.⁴³ Table 4 lists these agencies and calculates the estimated cost of moving to the 2025 published Executive Schedule pay rates. As shown, if the pay freeze were lifted for all 15 agencies plus the FEC, the estimated cost to adjust the salaries of these 73 commissioners/board members would be approximately \$2.7 million.

⁴⁰ The Tax Foundation, “Purchasing Power: Real Value of \$100 by Metropolitan Area, 2024”, available at:

<https://taxfoundation.org/data/all/state/purchasing-power-real-value-100/>

⁴¹ The 2025 Executive Schedule pay rates can be found on the OPM website at <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2025/EX.pdf>.

⁴² General Schedule staff are salary limited at the rate of pay for Executive Schedule Level IV. At this rate, Commissioner pay would be greater than or equal to the salaries of all FEC staff other than SL senior leadership.

⁴³ The OIG identified these agencies by examining all agencies led by a board or commission that have an Inspector General. We then removed from our list those agencies where the commissioners/board members were not all full-time Federal employees or where some commissioners/board members served in other capacities, such as Cabinet Secretaries or State Governors. We also removed from our list any agencies that had special pay structures in place for their board members, such as the Federal Reserve or the National Science Foundation. Therefore, please be aware that due to these exclusions, this list does not represent all commissioners/board members with frozen Executive Schedule pay. According to OPM’s Fedscope website, as of September 2024 (the most recent period for which data is available), there were approximately 45 Federal employees paid at the EX-II level, 100 Federal employees paid at the EX-III level, 253 Federal employees paid at the EX-IV level, and 19 Federal employees paid at the EX-V level.

Table 4. Select Agencies With Similar Leadership Pay Caps⁴⁴

| Agency | Board Members at EX-II | Board Members at EX-III | Board Members at EX-IV | Board Members at EX-V | Estimated Salaries at Current (Frozen) Level | Estimated Salaries at Published (Non-Frozen) Level | Estimated Cost of Unfreezing Pay |
|---|------------------------|-------------------------|------------------------|-----------------------|--|--|----------------------------------|
| Commodity Future Trading Commission | | 1 | 4 | | \$802,400 | \$988,300 | \$185,900 |
| Consumer Product Safety Commission | | 1 | 4 | | \$802,400 | \$988,300 | \$185,900 |
| Election Assistance Commission | | | 4 | | \$634,000 | \$780,800 | \$146,800 |
| Equal Employment Opportunity Commission | | 1 | 4 | | \$802,400 | \$988,300 | \$185,900 |
| Farm Credit Administration | | 1 | 2 | | \$485,400 | \$597,900 | \$112,500 |
| Federal Communications Commission | | 1 | 4 | | \$802,400 | \$988,300 | \$185,900 |
| Federal Election Commission | | | 6 | | \$951,000 | \$1,171,200 | \$220,200 |
| Federal Labor Relations Authority | | | 1 | 2 | \$455,500 | \$561,400 | \$105,900 |
| Federal Maritime Commission | | 1 | 4 | | \$802,400 | \$988,300 | \$185,900 |
| Federal Trade Commission | | 1 | 4 | | \$802,400 | \$988,300 | \$185,900 |
| National Credit Union Administration | | 1 | 2 | | \$485,400 | \$597,900 | \$112,500 |
| National Labor Relations Board | | 1 | 4 | | \$802,400 | \$988,300 | \$185,900 |
| Nuclear Regulatory Commission | 1 | 4 | | | \$856,700 | \$1,055,700 | \$199,000 |
| Railroad Retirement Board | | 1 | 2 | | \$485,400 | \$597,900 | \$112,500 |
| Securities and Exchange Commission | | 1 | 4 | | \$802,400 | \$988,300 | \$185,900 |
| U.S. International Trade Commission | | 1 | 5 | | \$960,900 | \$1,183,500 | \$222,600 |
| Total | 1 | 16 | 54 | 2 | \$11,733,500 | \$14,452,700 | \$2,719,200 |

We note that the vast majority of these commissioners/board members have terms of five or more years, showing that Congress intended them to serve longer than other traditional appointees in a presidential administration. See Table 5. In addition, all of the statutes establishing these agencies provide that commissioners/board members may be reappointed, held over (where the individual continues serving for a specified period after their term expired), or both. As a result, these individuals are often making a significant time commitment well over the four or fewer years that traditional political appointees tend to serve during a presidential administration. Consequently, Congress may want to consider exempting them from the pay freeze to which most political appointees are subject.

⁴⁴ We note that this chart contains only estimates based on the statutory provisions establishing the pay for these positions. In some situations, if a political appointee is a member of of the Senior Executive Service (SES), they may be able to keep their SES base pay instead of converting to the Executive Schedule, and this chart does not take that into account. Moreover, this chart does not take any other direct or indirect costs into account, such as contributions to retirement programs.

Table 5. Commissioner Terms for Select Agencies

| Agency | Term (years) | Agency | Term (years) |
|---|--------------|--------------------------------------|--------------|
| Commodity Future Trading Commission | 5 | Federal Maritime Commission | 5 |
| Consumer Product Safety Commission | 7 | Federal Trade Commission | 7 |
| Election Assistance Commission | 4 | National Credit Union Administration | 6 |
| Equal Employment Opportunity Commission | 5 | National Labor Relations Board | 5 |
| Farm Credit Administration | 6 | Nuclear Regulatory Commission | 5 |
| Federal Communications Commission | 5 | Railroad Retirement Board | 5 |
| Federal Election Commission | 6 | Securities and Exchange Commission | 5 |
| Federal Labor Relations Authority | 5 | U.S. International Trade Commission | 9 |

Staff Director and General Counsel

The FECA sets the Staff Director's pay at level IV of the Executive Schedule and the General Counsel's pay at level V of the Executive Schedule. Both the Staff Director and General Counsel positions supervise personnel at the GS-15 and SL pay levels, most of whom earn salaries higher than those at levels IV or V of the Executive Schedule. This disparity creates significant challenges in the recruitment and retention of talent for two of the most senior career positions at the FEC. For example, the senior leadership roles of the Staff Director and Chief Information Officer (CIO) have been occupied by the same individual since August 2011. Without a fully dedicated CIO to address technological issues, allocate and utilize resources effectively, and establish adequate processes for the agency's protection and security, the agency will remain at risk.

Similarly, the Deputy General Counsel for Law is concurrently serving as the Acting General Counsel and has been doing so since September 2016. This has the potential to put the agency at risk of not effectively and efficiently meeting its mission requirements, as robust internal dialogue and diversity of opinion are essential to ensuring the agency considers competing legal theories and courses of action.

Management previously reported that the Commission adopted legislative recommendations and urged Congress to remove the statutory references to the Executive Schedule in FECA with respect to the FEC Staff Director and General Counsel positions. The removal of that reference would ensure the two positions are compensated under the same schedule as the Commission's other senior managers and would promote balance and effectiveness in administering and enforcing the federal campaign finance law.

Conclusion

Frozen executive compensation combined with the rigorous appointment process may deter many qualified applicants from seeking to serve as Commissioners. Similarly, the low pay levels may create recruitment challenges for the agency as it seeks to fill its most important career positions. The OIG supports the FEC's legislative proposals designed to address these problems.



Federal Election Commission
Office of the Inspector General

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Friday, excluding federal holidays.

Or you may call toll free at 1-800-424-9530 (press 0; then dial 1015). You may also file a complaint by completing the Hotline Complaint Form (<http://www.fec.gov/oig>) and mailing it to: 1050 First Street, N.E., Suite 1010, Washington DC 20463.

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

Together we can make a difference!

Management's Response to the Office of Inspector General's Statement on the Federal Election Commission's Management and Performance Challenges ⁴⁵

December 15, 2025

Challenge 1: Loss of Quorum and Loss of Bipartisan Membership

Following the April 30 departure of Commissioner Allen J. Dickerson from the agency, the FEC on May 1, 2025, began working without a quorum of four Commissioners. The Federal Election Campaign Act of 1971, as amended (FECA or the Act), requires an affirmative vote of at least four Commissioners to make key decisions in many areas, including regulations, advisory opinions, audits, and enforcement matters. However, there are matters on which the Commission may continue to act during a lapse in quorum long as it has bipartisan representation. These are enumerated in [Commission Directive 10](#), Section L, and include approval of notices of filing dates, non-filer notices, debt settlement plans, administrative terminations, and appeals under the Freedom of Information and Privacy Acts.

FEC Management concurs with the Office of Inspector General that the agency's ability to meet its mission is significantly impaired when it has fewer than four members on the Commission. When Commissioner James E. "Trey" Trainor III, departed the Commission on October 3, 2025, the Commission lost bipartisan representation as well. Thus, the Commission is no longer able to perform any of the administrative tasks outlined in Directive 10, including the approval of notices of filing dates, debt settlement plans, administrative terminations, and other core Commission functions that are vital to political committees' ability to comply with the FECA and Commission regulations.

All of the requirements of the FECA and Commission regulations remain fully in effect despite the Commission's loss of quorum and bipartisan representation. Thus, political committees and other filers must continue to disclose their campaign finance activity to the FEC on the regular schedule and individuals, committees, and other groups remain subject to the limitations and prohibitions of the Act.

Agency staff remain ready to help committees and the public understand and comply with the law. For example, the FEC's Reports Analysis Division, Audit Division, Information Division, and Information Technology Division, among others, are still performing all their duties, answering questions, maintaining the agency's website, conducting ongoing audits, and processing and reviewing disclosure reports and other filings. While the Commission cannot take action on many legal matters, FEC's Office of General Counsel staff continues to litigate ongoing court cases, process new enforcement complaints and responses, and investigate matters previously authorized by the Commission. Documents recommending actions continue to be prepared by agency staff for Commission consideration, even though decisions must be delayed until a quorum is restored when new Members join the Commission.

⁴⁵ Management consists of the agency's senior managers, including the Staff Director, Acting General Counsel and Chief Financial Officer.

Despite FEC staff's ongoing work, the agency's current lack of bipartisan representation poses significant internal senior management challenges that are unprecedented in the history of the agency. These challenges include internal management decisions such as the inability to approve budget estimates, including concurrent budget submissions to the President and Congress, as well as the inability to approve personnel actions at the senior management level.

Challenge 2: Resource Management

Over the past decade, the FEC has been challenged to recruit and retain talent necessary to meet the agency's workload and hiring goals, in part as a result of the FEC's relatively flat funding levels over this period. Between FY 2014 and FY 2024, the FEC's overall staffing levels were reduced by nearly 11 percent. From October 1, 2024 through December 31, 2025, staffing levels were reduced an additional 17 percent. This rapid reduction in staffing levels, in addition to reductions made over previous fiscal years, presents a challenge to Management as they continue work to ensure the agency fulfills its mission.

Management agrees with the OIG's conclusion that during this period of organizational change the agency must take a strategic approach to workforce planning and staffing, ensure effective knowledge management practices are in place, and assess and remediate any skills gaps that are identified. As a small agency with limited resources, the FEC performs informal and formal workforce assessments, skill gap analyses, and staffing planning on an ongoing basis. Hiring managers, division directors, and Senior Level (SL) managers evaluate the ability of their workforce to complete outstanding work, project future workload, and monitor attrition trends, and then use that information to make recommendations to agency leadership regarding staffing levels for their respective offices/divisions. Due to the agency's relatively small size, this evaluation includes reviewing each position as well as the division's needs in order to decide whether to backfill a position, request a different or updated position that better assists the office/division in meeting emerging needs, or decide the position is no longer needed. The Staff Director, Acting General Counsel, and Chief Financial Officer, in conjunction with other senior management, evaluate the priority of these staffing requests in light of the number of FTE that the agency's budget is able to support, as determined by the Office of the Chief Financial Officer. Through this coordination, agency leadership assesses how best to allocate limited FTE positions, as supported by the budget, across the agency to achieve the FEC's mission. The position prioritization is presented to the Commission's Personnel Committee on an ongoing basis. The Personnel Committee assesses the prioritization of positions and has the ultimate decision-making authority to approve, modify, or disapprove positions for hiring.

Similarly, Management focuses its succession planning and training efforts on strategies that cut across offices and divisions, thus facilitating a wholistic strategy for ensuring the agency continues to foster a culture of high individual and organizational performance in order to meet its mission requirements and protect the integrity of its operations and security posture.⁴⁶ These strategies include:

⁴⁶ Management's efforts to protect the integrity of its operations and security posture are discussed more fully in Management's Response to Management Challenge 3.

- **Creating a talent pipeline** – To ensure employees are prepared and able to step into critical roles, employees receive training and cross train, the Office of Human Resources works with managers to bridge grade level gaps within offices when creating new or updated position descriptions, and detail/acting positions are selected through competitive processes. The FEC is able to regularly fill detail/acting positions from internal candidate pools, demonstrating that internal talent is prepared to bridge staffing gaps realized through attrition. Supervisors are also required to engage in talent management activities for which they are evaluated in their annual performance appraisals.
- **Preparing to fill a position** – Positions to be filled are prioritized by leadership and approved by the Personnel Committee on an ongoing basis. Hiring managers are advised to keep hiring documents as up-to-date as possible, evaluate what their office/division needs regarding staffing, establish relationships with recruitment outlets, and move quickly if/when approval is received.
- **Knowledge management** – Managers engage in knowledge management, including the creation of how-to manuals, policies, procedures, references, guides, wikis, etc., that are stored in centralized locations and accessible to the pertinent parties, as a part of their regular management practice as well as a part of succession planning. This is covered under the supervisory performance standard “Business Acumen.” This strategy is particularly useful for foreseeable retirements and unique positions that lack organizational or personnel redundancy. The FEC also maintains effective, decentralized training programs, with individual offices determining the necessary trainings for their highly specialized subject-matter experts. In these cases, skills gaps are identified at the division level and training plans are developed at the division level.

Challenge 3: Modernization of Information Systems & Cybersecurity

The federal government continues to issue numerous cybersecurity-related initiatives to defend against the escalation of cyber-attacks, the increased activity of ransomware compromises and the attacks to widespread use of software systems. In response to these ever-growing cybersecurity threats, the FEC continually works to improve its security posture to protect its information systems through a combination of implementation of cybersecurity strategy and training, undertaking modernization projects for legacy applications when possible, and meeting mandated requirements and remediation measures. However, the reductions in staffing levels over the past several year has left only a small number of employees who are able to work on modernization projects and information security mandates and remediation measures. As a result, the Commission must rely on outside vendors to help meet these requirements. As discussed below, even with vendor support the agency is not confident it will be able to fully remediate vulnerabilities in its legacy systems or finish work to replace and decommission these systems within recommended timeframes unless greater resources become available.

Cybersecurity Strategy

The Office of the Chief Information Officer (OCIO) secures the Commission’s IT infrastructure against the threats of data misuse, destruction and inappropriate disclosures, while ensuring continuity of operations in the event of a disaster. The Commission actively works to secure its IT infrastructure, including implementing cybersecurity directives from the Cybersecurity and

Infrastructure Security Agency (CISA) of the Department of Homeland Security (DHS) as well as implementing mandatory security awareness training programs for its employees and contractors. In addition, the FEC continues to develop strategies and initiatives relating to risk assessments of operations, disaster recovery and continuity of operations in the event of a disaster. The FEC recognizes that perfect security is not feasible; rather, it is a continuing process of detecting risks, making process improvements and hardening defenses. For that reason, the benchmark of the FEC's approach to cybersecurity has always been practicability and continuous improvement. The FEC's cybersecurity strategy, noted in the FEC IT Strategic Plan, outlines an approach of securing its infrastructure and preventing intrusions through a holistic cybersecurity program led by the Chief Information Security Officer (CISO). The strategy implements leading practices for a comprehensive cybersecurity from the National Institute for Standards and Technology's (NIST) Cyber Security Framework (CSF) and industry best practices.

Security Risks Posed by Legacy Applications

To address the security risks posed by legacy applications, the OCIO continues to conduct architecture research and assessments as it undertakes a multi-year effort to modernize legacy applications, actively refining strategies to ensure readiness once funding and staffing are available.

The OIG conducted an audit of the Commission's Security Patches and Vulnerabilities Management Programs covering FY 2024. Overall, the audit found that the OCIO has established, maintained and implemented policies and procedures for its information systems security programs that are generally effective and comply with the applicable Office of Management and Budget (OMB) requirements and NIST standards and guidelines. However, the auditors also determined that while system security controls in place are working as intended, they are not sufficient to reduce the risk of potential security breaches to an acceptable level. This is partially due to the FEC's reliance on legacy systems. Moreover, the audit noted that the FEC has had significant budget and resource constraints for several years that have contributed to its inability to remediate vulnerabilities and patches related to legacy systems and applications.

The Commission can confirm that the agency's systems have shown no evidence of compromise. However, this success has been achieved within the constraints of an increasingly austere budget environment, and OCIO management has made significant trade-offs in order to secure the FEC's systems within its limited staffing levels and project funding. Moreover, given the agency's current funding outlook, the Commission does not anticipate that OCIO will be able to remediate many of the findings included in this audit in the near future. Thus, as the results of this audit show, the FEC will be challenged to continue to safeguard its IT systems absent additional staffing, tools and funding. The Commission has made clear in its most recent Congressional Budget Justification that without sufficient funding for IT systems and projects the agency's mission is at risk. The findings of this audit serve to provide further evidence that the FEC needs additional funding to modernize the rest of its legacy systems as well as to hire additional staff to perform the job of securing the FEC's environment.

OCIO updated its IT Strategic Plan to outline activities conducted by OCIO to continue to handle the agency's responsibilities with insufficient staffing and budget levels. The plan outlines OCIO's strategic activities that focus on IT modernization, security, privacy and a results-driven workforce. OCIO has demonstrated that the agency's focus on IT modernization has been successful, but its work is not complete. It is essential to continue working on these activities to ensure the 21st century FEC delivers results and effectively serves its 21st century constituents. The FEC is undertaking several multi-year IT modernization projects to update the agency's systems and data processing capabilities to use cloud-native architecture, improve services provided to the public and better ensure the security of the FEC's networks, systems and data. It also has begun working with a contractor to determine the best modern solution for its legacy case management and document management systems. The FEC agrees with the OIG's recommendation to prioritize addressing the security challenges posed by legacy applications and is working, within the agency's limited resources, to achieve this outcome through the cybersecurity strategy described in its IT Strategic Plan, as well as planned and current modernization projects.

Security Mandates and Remediations

The Commission continuously improves its security architecture. The Commission's security operation, along with continuous diagnostics and mitigation, allows the agency to identify and remediate vulnerabilities. In partnership with DHS and other strategic partners, the FEC identifies, protects, detects, responds to and recovers from the impact of known and potential security threats. In recent years, the FEC has worked with DHS to complete a security architecture review, a risk vulnerability assessment, two threat hunts, and two remote penetration tests. Of note, the penetration tests performed on FEC.gov found no major vulnerabilities. Through the engagement with the DHS, the FEC has recently implemented various cybersecurity tools, including vulnerability scanning tools and mobile threat defense. These engagements with DHS enable the FEC to identify and address cybersecurity gaps and thus improve its overall security posture. The FEC also works with vendors to ensure security and performance in its internal network. For example, in 2025, it completed an Office 365 Network Performance Assessment. With only a small number of employees who are able to work on information security mandates and remediation measures, the assistance of outside vendors and DHS is essential to help meet these requirements.

Challenge 4: Growth of Election Contributions

As illustrated in the OIG's description of this management challenge, increases in the amount of money raised and spent in federal elections, and changes in the way political committees raise and report contributions, have resulted in a steep growth in the number of campaign finance transactions reported to the FEC. Campaign finance disclosure data must be received, processed and made available to the public within tight deadlines for public disclosure, and it must be safeguarded to ensure the integrity and accessibility of the information. Each of these transactions represents a data element that must be received by the FEC, added to our database and disclosed and made searchable on the FEC website and via the FEC campaign finance Application Programming Interface (API).

The FEC receives campaign finance reports, statements and other disclosure documents from more than 16,000 political committees and other filers. During the 2024 election cycle, the FEC received campaign finance reports with 502.7 million transactions disclosing \$28.3 billion in receipts and 28.0 billion in disbursements, a 1.3 percent and 3.0 percent, increase respectively, over the last presidential election cycle. Nearly every report submitted to the FEC must be reviewed to ensure that the public record provides a full and accurate representation of reported campaign finance activity. For the 2024 cycle, 196,175 documents totaling 164,502,936 pages were reviewed, a 36 percent and 1,000 percent increase, respectively, when compared to the 2008 presidential election cycle.

The FEC provides the public access to reported campaign finance data on the agency's website and directly through the FEC's API, which permits users to customize their own data searches.⁴⁷ Public interest in the FEC's campaign finance data continues to grow, with the FEC's campaign finance data API receiving over 648 million hits during the 2024 cycle, representing a 59 percent increase over the number of API hits received during the 2020 presidential election cycle. These trends in the public's interest in campaign finance activity illustrate both how crucial it is for the agency to continue efforts to support and secure access to this data and how challenging it is to do so without additional funding for staff and tools necessary to receive and process campaign finance reports, review the reports for accuracy and compliance and ensure the resulting data continues to be readily available to meet the public's needs despite the significant growth in the volume of data maintained by the agency.

The FEC is undertaking several multi-year IT modernization projects to update the agency's systems and data processing capabilities to use cloud-native architecture, improve services provided to the public and better ensure the security of the FEC's networks, systems and data. Specifically, three IT modernization projects in particular are indispensable components of the FEC's long-term strategy to meet the increase in both reported transactions and public demand for this data:

- eFiling modernization, which includes efforts to modernize the FEC's eFiling software (FECfile+) as well as the completed migration of the eFiling System Infrastructure to the cloud.
- The modernization of the campaign finance data pipeline; and
- The modernization of legacy applications migrated to the cloud during previous fiscal years, including those that support the critical tasks of data review, management workflow and the voting and certifications system used by the Commission.

Modernizing and refactoring the agency's legacy applications, systems and data pipeline will help the FEC streamline the processing of information provided to the public while at the same time improving the systems and tools used by agency staff to provide services to the public and ensure compliance with the campaign finance law.

⁴⁷ The FEC's API, OpenFEC, also supports the data access available through FEC.gov.

In 2024, the FEC completed its transition from physical data centers to a cloud-based environment, enhancing system performance and resilience while significantly reducing costs. Without this migration, processing and managing the agency's rapidly growing data assets would have been far more expensive. The FEC is proactively managing these cloud hosting costs through strategies such as reserved instances and pre-paid savings plans, ensuring adequate funding for timely data processing and application operations. As data volumes continue to grow, overall cloud hosting costs are expected to rise. If cloud hosting costs for data and legacy application support exceed available funding and staffing, the agency may face challenges in processing data on time to meet statutory requirements or may need to make difficult decisions regarding the modernization of legacy systems that are 20 to 30 years old.

Challenge 5: Outdated Statutory Pay Structure

Commissioner Pay

As identified by the OIG, the FEC Commissioners are currently compensated at level IV of the Executive Schedule (EX) as specified in FECA. The full compensation for this level in 2025 is \$195,200. However, the compensation for certain political appointees, including Members of the FEC, has been frozen. A pay freeze has been in effect since 2014, which set commissioner pay at 2013 levels. As a result of the Obama Administration's action, those 2013 levels were frozen at 2010 rates. A small adjustment was made in 2019, which set the frozen pay level at \$158,500, or 18.8 percent less than the full amount. EX salaries are uniform nationwide, while the General Schedule (GS) salaries include locality adjustments. The relatively high cost of living in the Washington, D.C. region means that salaries at the top of the GS scale applicable to FEC employees have outpaced frozen salaries on the EX scale. Thus, the pay freeze exacerbates a salary discrepancy where commissioners receive less compensation than FEC employees in Senior Level (SL) positions, and less compensation than some agency employees in the GS-14 and GS-15 positions, including many of their direct reports. Under these circumstances, it may be difficult to find individuals willing to serve as FEC commissioners in the future, and recruitment will be limited to a smaller pool of potential commissioners due to this salary constraint. While FEC Management is not responsible for recruiting potential commissioners, the lack of quorum that results from three or more vacant commissioner seats is identified as a very high risk for the FEC in the agency's FY 2025 Enterprise Risk Management Risk Profile. Indeed, the FEC lost its quorum of four commissioners on May 1, 2025, and with the departure of an additional commissioner on October 3, 2025 lost its bipartisan representation and is no longer able to perform any of the administrative tasks outlined in the FEC's Directive 10, Rules of Procedure of the Federal Election Commission Pursuant to 2 U.S.C. 437c(e) from 2007.⁴⁸

The Commission approved a Legislative Recommendation in 2024 proposing to amend FECA to increase Commissioners' compensation to Executive Schedule Level II.

⁴⁸ Challenges posed by the loss of quorum are discussed in greater detail in Managements' response to Challenge 1: Loss of Quorum and Loss of Bipartisan Membership.

Salary Structure (Staff Director and General Counsel)

Section 306 of FECA links salaries to Level IV and Level V of the Executive Schedule for the Staff Director and General Counsel. Both positions supervise personnel at the GS-15 and Senior Level pay scales, which often provide higher salaries than Levels IV and V of the Executive Schedule. The Commission approved a Legislative Recommendation in 2024 proposing to remove the statutory references to the Executive Schedule and amend FECA to specify that the Staff Director and General Counsel would be compensated under the same schedule as the Commission's other senior managers. This revision would remedy the current situation where the Commission's top managers are compensated at a lower rate than many of their direct reports and will ensure that the Commission can retain highly qualified individuals to serve in those positions as well as enable it to remain competitive in the marketplace for Federal executives when vacancies arise.

Management continues to fully support the Commission's ongoing efforts to change the salary structure for key leadership positions of Staff Director and General Counsel. Meanwhile, the Commission has implemented interim solutions for these positions that, very importantly, have allowed the Commission to maintain consistency and needed stability in its two most senior staff leadership positions. Moreover, the Commission has been able to continue to receive the services of agency leaders who were selected for these positions after substantial experience working in positions of significant responsibility for the FEC. Instability in these positions has been the subject of prior management challenges identified by the OIG, and the Commission attributes the stability in these positions that has been achieved to the use of the interim solutions.

Payment Integrity

The *Improper Payments Information Act (IPIA)* of 2002, as amended by the *Improper Payments Elimination and Recovery Act (IPERA)* of 2010, *Improper Payments Elimination and Recovery Improvement Act (IPERIA)* of 2012, and the *Payment Integrity Information Act (PIIA)* of 2019 requires agencies to review all programs and activities they administer and identify those which may be susceptible to significant improper payments. The FEC preforms risk assessments at least once every three years. The FEC does not have any programs or activities that are susceptible to significant improper payments and is only required to perform an improper payment risk assessment.

Risk Assessment

In FY 2024, the FEC performed a systematic review of its program and related activities to identify processes which may be susceptible to “significant improper payments.” “Significant improper payments” are defined as gross annual improper payments (i.e., the total amount of overpayments and underpayments) in the program exceeding (1) both 1.5 percent of program outlays and \$10 million or (2) \$100 million. The review was performed for the FEC’s only program area which is to administer and enforce the *Federal Election Campaign Act (FECA)*. For FY 2021, the FEC considered risk factors that may significantly increase the risk of improper payments as outlined in OMB Circular A-123, Appendix C, *Transmittal of Appendix C to OMB Circular No. A-123, Requirements for Payment Integrity Improvement*. Based on the systematic review performed, the FEC concluded that it is not susceptible to these risk factors and none of its program activities are susceptible to significant improper payments at or above the threshold level set by OMB. Thus, the agency’s only program (*FECA*) is considered to be in Phase 1 and are not likely have an annual amount of improper payments (IP) plus an annual unknown payments (UP) above the statutory threshold. Information about agency improper payment risk assessments, recoveries, and other agency-wide reporting requirements can be found at <https://paymentaccuracy.gov>. Per PIIA reporting requirements, as a small agency with outlays greater than \$10 million, the FEC is on a three-year cycle for performing a systematic review. The next review will be performed in FY 2027.

Recapture of Improper Payments Reporting

The FEC has determined that the risk of improper payments is low; therefore, implementing a payment recovery audit program is not applicable to the agency.

| PIIA Requirements | Agency Response |
|--|--|
| Improper Payment Risk Assessment | Reviewed as noted above. See also Section I.D.ii, Improper Payments |
| Statistical Sampling | Not Applicable. * |
| Corrective Action Plan | Not Applicable. * |
| Improper Payment and Unknown Payment Estimate | Not Applicable. * |
| Recovery of Improper Payments Reporting | Not Applicable. * |
| High Dollar Overpayment and High-Priority Program Report | Not Applicable. * |
| *The FEC does not have programs or activities that are susceptible to significant improper payments. | |

Reporting on Internal Control Assurances

The FEC is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the *Federal Managers' Financial Integrity Act of 1982 (FMFIA)*, as implemented by OMB Circular A-123, revised, *Management's Responsibility for Enterprise Risk Management and Internal Control*. Internal control is an integral component of management to provide reasonable assurance that (1) programs operate effectively and efficiently, (2) financial reports are reliable, and (3) programs comply with applicable laws and regulations. The FEC conducted its evaluation of internal control in accordance with OMB Circular A-123. Based on the results of the Fiscal Year 2024 internal control review, the FEC reported no material weaknesses under the FMFIA and is able to provide an unqualified statement of assurance that the internal controls and financial management systems meet the objectives of the FMFIA.

The Annual Assurance Statement on Internal Control which was signed by the FEC Chair in accordance with OMB Circular A-123 and provided in "Section I.D: Analysis of FEC's Systems, Controls and Legal Compliance" is supported by detailed assurances from each of the FEC's assessable units.

The assessable units that participated in the internal control review process and provided assurances were as follows:

- Office of Communications
- Office of Compliance
- Office of Equal Employment Opportunity
- Office of Management and Administration
- Office of the Chief Financial Officer
- Office of the Chief Information Officer
- Office of the General Counsel

Detailed assurances from each of these assessable units were provided to support the single assurance statement signed by the FEC Chair.

Civil Monetary Penalties Adjustment for Inflation

The following is the FEC's table of Civil Monetary Penalties Adjustment for Inflation for FY 2025.

| US Code | Statutory Authority; Public Law | Year of Enactment/ Adjustment Other Than Pursuant to IAA | Name/ Description of Penalty | Latest Annual Inflation of Adjustment | Section in Title 11 of CFR for Penalty Update Detail | Current Penalty or Penalty Formula |
|-------------------------------|--|--|---|--|--|------------------------------------|
| 52 U.S.C. 30109(a)(5)(A), (6) | Federal Election Campaign Act Amendments of 1976, PL 94-283 sec. 109 | 1976 | Violations of FECA or chapters 95 or 96 of title 26 of U S Code | Civil Monetary Penalties Annual Inflation Adjustments, 83 Fed. Reg. 66593 (Dec. 27, 2018), https://sers.fec.gov/foers/showpdf.htm?docid=401529 . | 111.24(a)(1) | 24,885 |
| 52 U.S.C. 30109(a)(5)(B) | Federal Election Campaign Act Amendments of 1976, PL 94-283 sec. 109 | 1976 | Knowing and willful violations of FECA or chapters 95 or 96 of title 26 of U S Code | Civil Monetary Penalties Annual Inflation Adjustments, 83 Fed. Reg. 66593 (Dec. 27, 2018), https://sers.fec.gov/foers/showpdf.htm?docid=401529 . | 111.24(a)(2)(i) | 53,088 |
| 52 U.S.C. 30109(a)(5)(B) | Bipartisan Campaign Reform Act of 2002, PL 107-155 sec. 312(a) | 2002 | Knowing and willful contributions in the name of another | Civil Monetary Penalties Annual Inflation Adjustments, 83 Fed. Reg. 66593 (Dec. 27, 2018), | 111.24(a)(2)(ii) | 87,056 |

| US Code | Statutory Authority; Public Law | Year of Enactment/ Adjustment Other Than Pursuant to IAA | Name/ Description of Penalty | Latest Annual Inflation of Adjustment | Section in Title 11 of CFR for Penalty Update Detail | Current Penalty or Penalty Formula |
|---------------------------|---|---|--|---|---|---------------------------------------|
| | | | | https://sers.fec.gov/fores/showpdf.htm?docid=401529 . | | |
| 52 U.S.C. 30109(a)(12) | Federal Election Campaign Act Amendments of 1976, PL 94- 283 sec. 109 | 1980 | Making public an investigation without consent | Civil Monetary Penalties Annual Inflation Adjustments, 83 Fed. Reg. 66593 (Dec. 27, 2018), https://sers.fec.gov/fores/showpdf.htm?docid=401529 . | 111.24(b) | 7,445 |
| 52 U.S.C. 30109(a)(12) | 94-283 sec. 109 | 1980 | Knowingly and willfully making public an investigation without consent | Civil Monetary Penalties Annual Inflation Adjustments, 83 Fed. Reg. 66593 (Dec. 27, 2018), https://sers.fec.gov/fores/showpdf.htm?docid=401529 . | 111.24(b) | 18,610 |

| US Code | Statutory Authority; Public Law | Year of Enactment/ Adjustment Other Than Pursuant to IAA | Name/ Description of Penalty | Latest Annual Inflation of Adjustment | Section in Title 11 of CFR for Penalty Update Detail | Current Penalty or Penalty Formula |
|--------------------------|--|--|---|--|---|---|
| 52 U.S.C. 30109(a)(4)(C) | Treasury and General Government Appropriations Act, 2000, PL 106-58 sec. 640 | 2003 | Late and Non-Filed Reports | Civil Monetary Penalties Annual Inflation Adjustments, 83 Fed. Reg. 66593 (Dec. 27, 2018), https://sers.fec.gov/foser/showpdf.htm?docid=401529 . | 111.43(a) | Penalty formula that accounts for (a) level of activity in late or non-filed report; and (b) if report was filed late, (i) the number of days late and (ii) the number of previous violations; or (c) if the report was not filed, the number of previous violations) |
| 52 U.S.C. 30109(a)(4)(C) | Treasury and General Government Appropriations Act, 2000, PL 106-58 sec. 640 | 2003 | Election Sensitive Late and Non-Filed Reports | Civil Monetary Penalties Annual Inflation Adjustments, 83 Fed. Reg. 66593 (Dec. 27, 2018), https://sers.fec.gov/foser/showpdf.htm?docid=401529 . | 111.43(b) | Penalty formula that accounts for (a) level of activity in late or non-filed report; and (b) if report was filed late, (i) the number of days late and number of previous violations; or (c) if the report was not filed, the number of previous violations) |

| US Code | Statutory Authority; Public Law | Year of Enactment/ Adjustment Other Than Pursuant to IAA | Name/ Description of Penalty | Latest Annual Inflation of Adjustment | Section in Title 11 of CFR for Penalty Update Detail | Current Penalty or Penalty Formula |
|-----------------------------|--|--|--|--|---|---|
| 52 U.S.C. 30109(a)(4)(C) | Treasury and General Government Appropriations Act, 2000, PL 106-58 sec. 640 | 2000 | Late or Non-Filed Reports where Commission cannot calculate amount of activity | Civil Monetary Penalties Annual Inflation Adjustments, 83 Fed. Reg. 66593 (Dec. 27, 2018), https://sers.fec.gov/foia/showpdf.htm?docid=401529 . | 111.43(c) | 9,978 |
| 52 U.S.C. 30109(a)(4)(C) | Treasury and General Government Appropriations Act, 2000, PL 106-58 sec. 640 | 2000 | Late or Non-Filed 48 hour notices | Civil Monetary Penalties Annual Inflation Adjustments, 83 Fed. Reg. 66593 (Dec. 27, 2018), https://sers.fec.gov/foia/showpdf.htm?docid=401529 . | 111.44 | Penalty formula is $183 + (.10 \times \text{amount of contribution(s) not timely reported})$, subject to a 25% increase for each prior violation |

APPENDIX

List of Acronyms

| | |
|--------|--|
| AFR | Agency Financial Report |
| AO | Advisory Opinion |
| APR | Annual Performance Report |
| ASD | Administrative Services Division |
| CFR | Code of Federal Regulations |
| CSRS | Civil Service Retirement System |
| CY | Calendar Year |
| DCIA | Debt Collection Improvement Act of 1996 |
| DOL | Department of Labor |
| EEO | Equal Employment Opportunity |
| ERM | Enterprise Risk Management |
| FAR | Financial Audit Report |
| FASAB | Federal Accounting Standards Advisory Board |
| FBWT | Fund Balance with Treasury |
| FEC | Federal Election Commission |
| FECA | Federal Election Campaign Act |
| FERS | Federal Employees' Retirement System |
| FMFIA | Federal Managers' Financial Integrity Act |
| FRAE | Further Revised Annuity Employees |
| FRDAA | Fraud Reduction and Data Analytics Act |
| FY | Fiscal Year |
| GAAP | Generally Accepted Accounting Principles |
| GSA | General Services Administration |
| IG | Inspector General |
| IPERA | Improper Payments Elimination and Recovery Act |
| IPERIA | Improper Payments Elimination and Recovery Improvement Act |
| IPIA | Improper Payments Information Act |
| MD&A | Management's Discussion and Analysis |
| NPRM | Notices of Proposed Rulemaking |
| NTEU | National Treasury Employee Union |
| OAR | Office of Administrative Review |
| OCFO | Office of the Chief Financial Officer |

| | |
|-------|---|
| OCIO | Office of the Chief Information Officer |
| OGC | Office of General Counsel |
| OHR | Office of Human Resources |
| OMB | Office of Management and Budget |
| OPM | Office of Personnel Management |
| OSD | Office of the Staff Director |
| P&E | Property and Equipment |
| PIIA | Payment Integrity Information Act of 2019 |
| PPA | Prompt Payment Act |
| RAD | Reports Analysis Division |
| RAE | Revised Annuity Employees |
| SBR | Statement of Budgetary Resources |
| SCA | Statement of Custodial Activity |
| SFFAS | Statement of Federal Financial Accounting Standards |
| SMC | Senior Management Council |
| SNC | Statement of Net Cost |
| SSAE | Statements on Standards for Attestation Engagements |
| TSP | Thrift Savings Plan |