



Federal Election Commission  
Office *of the* Inspector General

# SEMIANNUAL REPORT *to* CONGRESS

October 1, 2021 – March 31, 2022

May 2022



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

OFFICE OF THE CHAIRMAN

May 26, 2022

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

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

Dear Madam Speaker and Madam President:

Pursuant to the Inspector General Act of 1978, as amended, the Federal Election Commission submits the Office of Inspector General's *Semiannual Report to Congress*. The report summarizes the activity of the FEC Office of Inspector General ("OIG") from October 1, 2021 through March 31, 2022.

During this reporting period, the FEC's OIG completed, with the assistance of contract auditors, the annual audit of the FEC's financial statements. We are pleased to report that the Commission received an unqualified opinion on the required statements: the FEC's Balance Sheet as of September 30, 2021 and 2020, and the related Statements of Net Costs, Changes in Net Position, Budgetary Resources, and Custodial Activity for the years then ended. This marks the thirteenth consecutive year with no material weaknesses identified. The report was issued on November 12, 2021. A management response to the report was not required because there were no current year findings or recommendations.

The FEC's OIG also completed, with the assistance of contract auditors, the Fiscal Year ("FY") 2021 Digital Accountability and Transparency ("DATA") Act of 2014 Audit. We are again pleased to report that the FEC scored 90.15 points out of 100, which is a quality rating of "Higher," based on the results of the statistical and non-statistical testing of the FEC's compliance with the DATA Act during the first quarter of FY 2021. Management's response to the audit finding and recommendations appears in the report, which was issued on November 5, 2021.

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

On behalf of the Commission,

A blue ink signature of Allen J. Dickerson, written in a cursive style.

Allen J. Dickerson  
Chairman

Enclosure

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## Message *from the* Inspector General



It is with great pleasure that I present the Federal Election Commission (FEC) Office of Inspector General (OIG) Semiannual Report to Congress for the period of October 1, 2021 to March 31, 2022. This report reflects the exceptional work of the FEC OIG team and their commitment to the critical mission of the OIG. I am pleased to announce that Mr. David (Marshall) High will be joining the FEC OIG team as our Program Analyst. We are delighted to have him on the team and trust that he will prove to be a great asset to the OIG and to the Commission.

During the reporting period, the OIG audit team published the results of the FY 2021 Financial Statement and *Digital Accountability and Transparency Act of 2014* (DATA Act) audits. Additionally, the OIG audit team has initiated the FY 2022 Financial Statement Audit and plans to conduct at least one audit (via contractual agreement) of FEC operations in FY 2023.

The investigative team continues to respond to hotline complaints and conduct investigations. During the reporting period, the investigative team completed an investigation concerning an incident that involved a potential information systems breach associated with agency-provided employee identification cards. Specifically, an FEC employee logged into the agency's performance management system with a Personal Identity Verification (PIV) card and discovered they were logged into the system under the credentials of another FEC employee. Our investigation found that the issue resulted from a software update conducted by a vendor and was limited to the FEC in which 17 new agency employees were affected and that there was no apparent disclosure of personally identifiable information. As a result of our investigation, we developed five recommendations for the Commission to consider in efforts to prevent a similar issue from occurring.

The FEC OIG proposed that Congress separately articulate the OIG's budget within the FEC's FY 2022 appropriations text, to reinforce the independence and transparency of the OIG's budget, as well as align the FEC's appropriations language with the IG Act, and with similarly situated agencies and OIGs. Indeed, Congress separately articulates most OIG budgets in appropriations bills. Although the draft FY 2022 House bill included a separate articulation of the FEC OIG's budget, that provision was not in the final bill that became law. The FEC OIG intends to continue to work with the Commission, OMB, and Congress to pursue this proposal in FY 2023.

During the COVID-19 pandemic, the OIG team demonstrated effective performance of their mission in a full-time telework environment. Accordingly, in efforts to encourage innovation, creativity, experimentation, and learning in a modern work environment that includes traditional, virtual, and hybrid settings, the FEC OIG will continue to

authorize maximum telework and permit remote work on a case-by-case basis. This work environment will promote a safe, healthy, and effective work setting for OIG personnel and allow for expanded flexibilities in work arrangements similar to modern private sector strategies in efforts to enhance the FEC OIG's ability to recruit and retain top talent.

Going forward, the FEC OIG remains committed to conducting audits and special reviews to strengthen the agency's internal controls, addressing hotline complaints, resolving outstanding investigations and audit recommendations, and ensuring that the FEC and OIG programs evince a high level of integrity. I look forward to continuing to work with the FEC OIG team, the Commission, members of Congress, and my IG colleagues to provide oversight to the FEC on behalf of the American taxpayers. This Semiannual Report reflects the exceptional work of the FEC OIG team and their commitment to the critical mission of the OIG.

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

Christopher Skinner  
Inspector General

# OIG Personnel Updates

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## Additions:

We are pleased to announce that Mr. David (Marshall) High will be joining the FEC OIG team as our Program Analyst. Marshall brings a strong background in data analytics, mathematics and statistics to the OIG and has applied those skills to help implement data-driven management decisions. We are delighted to have him on the team and trust that he will prove to be a great asset to the OIG and to the Commission.

## Farewells:

None during this reporting period.

## Vacancies:

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

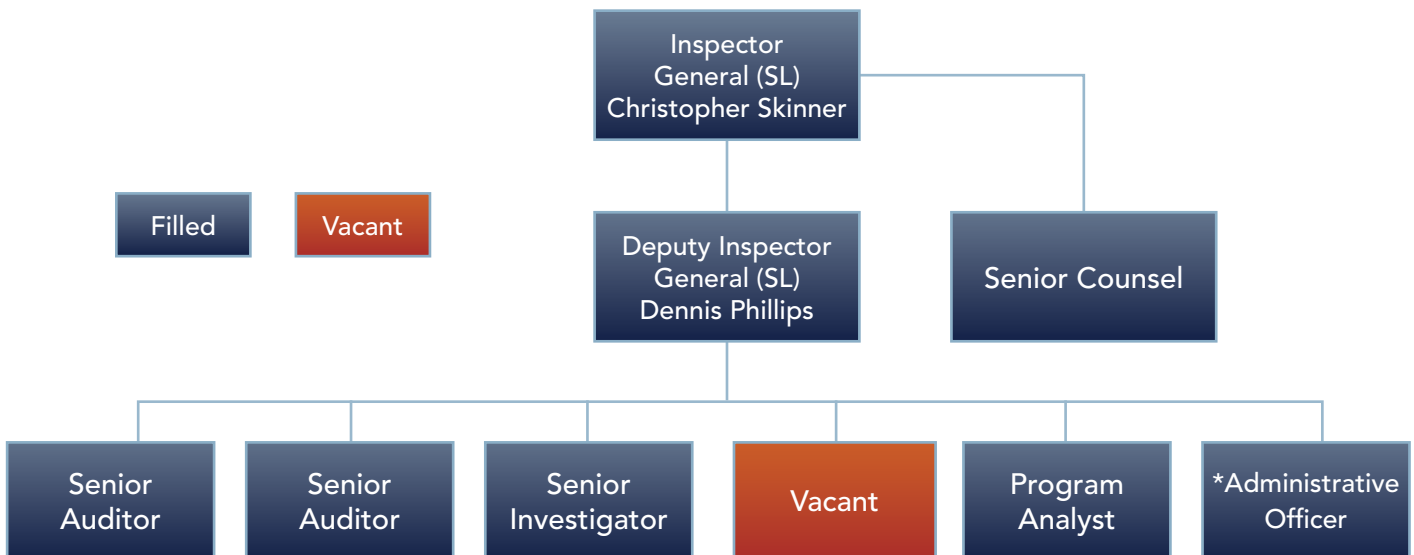
## Other:

Ms. Carla Smith, Senior Counsel, concluded a six-month reimbursable detail as Assistant to the Chair of the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Professional Development Committee (PDC). During her detail she organized and led the first ever PDC Kickoff and created and launched the new PDC Lead and Learn Program. This program promotes awareness of the PDC subcommittees and provides content to assist the OIG community in their professional development and knowledge. In addition, Carla was instrumental in launching the CIGIE mentoring pilot program, which will launch in May 2022. As a result of her hard work, Carla was selected to serve as the Vice-Chair of the PDC Leadership Innovation Subcommittee.



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

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

Updated: March 2022

## Core Values

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### Commitment

We are committed to continually seek personal and operational growth opportunities to preserve the positive reputation of the OIG. We pledge our dedication to persistently enhance our skillsets in efforts to uphold the integrity of the FEC.

### Respect

We are devoted to creating a professional and positive work environment in which all colleagues and stakeholders are treated with the utmost respect. We welcome, value, and embrace the diversity of everyone and behave respectfully to all with whom we interact.

### Service

We pride ourselves in providing a non-confrontational, value-added service to customers through objective, accurate, and timely evaluations of OIG inquiries in support of FEC operations and procedures.

### Honesty

We are honest, fair, and true to ourselves, to each other, and to our customers, which is reflected in our reputation. We behave with the highest levels of integrity, which is fundamental to who we are as a team.

### Collaboration

We strive to collaborate and build key relationships within the OIG community and the FEC in order to improve program operations, efficiencies, and effectiveness. We universally work together to identify potential opportunities to partner with OIG stakeholders in efforts to resolve Government wide concerns and maximize the value to the citizens of the United States.

### Balance

We aim to balance customer needs with the mission of the OIG and FEC while assuring all endeavors of our work reflect transparent and unbiased processes. We apply this practice through our application of due regard for our peers, our beliefs, our family, and our stakeholders.



## Executive Summary

The *Inspector General Act of 1978*, as amended (IG Act), states that the Inspector General (IG) is responsible for conducting audits and investigations; recommending policies and procedures that promote economy, efficiency, and effectiveness of agency resources and programs; and preventing fraud, waste, abuse, and mismanagement.

The IG Act requires that the IG provide a means for keeping the head of its respective establishment (i.e., the “FEC” or “Commission”) and the Congress fully and currently informed of problems relating to the administration of FEC programs and operations, through regular reports. Additionally, IG’s are required to report to their respective establishments particularly serious or flagrant problems, abuses, or deficiencies relating to the administration of agency programs and operations.

This semiannual report provides the major accomplishments of the FEC OIG, as well as relevant information regarding additional OIG activities. The executive summary highlights the most significant completed activities of the OIG from October 1, 2021 to March 31, 2022. Additional details pertaining to each activity (e.g., audits, hotline, investigations, and special reviews) can be found in subsequent sections of this report. The FEC OIG staff relies and acts on its OIG Core Principles (honesty, collaboration, commitment, balance, service, and respect) and the CIGIE standards to ensure the integrity of all FEC OIG work products.

### Audits

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

During the reporting period, the independent public accountants (IPA), Brown & Company completed final testing and issued the agency’s FY 2021 Financial Statement audit report. The exit conference was held on November 10, 2021 to discuss the draft report and audit findings. The IPA determined that the FEC’s financial statements were presented fairly, in all material respects. The IPA did not identify any material weaknesses that could impact financial reporting. The final report was issued on November 12, 2021.

The IPA is required by the FEC OIG’s contract to conduct additional testing on information systems (IT) controls, as the FEC is exempt from the *Federal Information Systems Management Act* (FISMA). Additionally, the IPA conducts a review of outstanding recommendations related to IT controls. Based on the internal control and follow-up reviews, two of the six prior year’s recommendations were closed and there were no new findings. Subsequent to the issuance of the audit report, one additional recommendation was closed. Accordingly, there are three open recommendations.

#### ***Audit of the FEC’s Compliance under the Digital Accountability and Transparency Act of 2014***

The Audit of FEC’s compliance under the *Digital Accountability and Transparency Act of 2014* (DATA Act) was completed during the reporting period. This audit was contracted by Brown & Company. The primary purpose of this audit was to satisfy the OIG’s responsibilities under the DATA Act by assessing the: (1) completeness, timeliness, quality, and accuracy of financial and payment data submitted for publication on USASpending.gov; and (2) the FEC’s implementation and use of Government-wide financial data standards established by the Office of Management and Budget (OMB) and the Department of Treasury (The Treasury).

Based on audit work performed, we concluded that the FEC properly implemented and made proper use of the Government-wide financial data standards. We were able to give reasonable assurance that the internal controls over the FEC's sourced systems were adequate. We also determined that Files A, B, and D1 were complete, accurate, and of quality. However, we found that File C was not accurate or complete. The report includes one (1) finding and two (2) recommendations that should help improve the accuracy, timeliness and completeness of award data included in File C. The report was issued on November 5, 2021.

## OIG Audit/Review Follow-up Activity

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

The OIG continues to follow up with management to address outstanding recommendations. As a result, a total of ten recommendations were closed during this reporting period. There is one audit, one inspection, and one special review containing eight outstanding recommendations as of March 31, 2022. (See complete details in the OIG Audit Follow-up Activity section of this report).

## Hotlines and Investigations

The OIG's preferred method of managing its complaints is through the online hotline portal in which members of the public and agency employees may submit matters to the OIG. During this reporting period, the OIG received 37 new hotline complaints and closed 39, ending the reporting period with zero open hotline complaints. Two of the 39 closed complaints were from the prior reporting period.

During the reporting period, the investigative team completed an investigation concerning an incident that involved a potential information systems breach associated with agency-provided employee identification cards. An [investigative summary](#) was published to our webpage.

Additionally, during this reporting period, the OIG referred one case to both the Department of Justice (DOJ) and to state and local authorities for potential prosecution. That investigation remains pending and is reported on the relevant figures in this SAR in accordance with the IG Act.

## Other Matters – OIG Budget

The FEC OIG proposed that Congress separately articulate the OIG's budget within the FEC's FY 2022 appropriations text, to reinforce the independence and transparency of the OIG's budget, as well as align the FEC's appropriations language with the IG Act, and with similarly situated agencies and OIGs. Indeed, Congress separately articulates most OIG budgets in appropriations bills.

Although the draft FY 2022 House bill included a separate articulation of the FEC OIG's budget, that provision was not in the final bill that became law. The FEC OIG intends to continue to work with the Commission, OMB, and Congress to pursue this proposal in FY 2023.

## Top Management Challenges

In accordance with the *Reports Consolidation Act of 2000*, we identify the most serious management and performance challenges facing the Commission and provides a brief assessment of the Commission's progress in addressing those challenges. Each challenge area is related to the FEC's mission and reflects continuing vulnerabilities

and emerging issues. The following identifies FEC's most significant management and performance challenges in our [latest report](#), which is based on our experience and observations from our oversight work:

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

## OIG Audit Activity

Title:	<a href="#">FY 2021 Financial Statement Audit</a>
Assignment Number:	OIG-21-01
Status:	Complete

During this reporting period, the independent public accountants (IPA), Brown & Company completed final testing and issued the agency's FY 2021 Financial Statement audit report. The exit conference was held on November 10, 2021, to discuss the draft report and audit findings. The IPA determined that the FEC's financial statements were presented fairly, in all material respects. The IPA did not identify any material weaknesses that could have an impact on financial reporting. The report was issued on November 12, 2021.

As in prior years, the IPA is required by the FEC OIG's contract to conduct additional testing on information systems (IT) controls, as the FEC is exempt from the *Federal Information Systems Management Act (FISMA)* and is not required to perform the annual FISMA audit. As part of this engagement, the IPA also performs follow-up on outstanding recommendations related to IT controls. Based on the internal control and follow-up reviews, two of the six prior year's recommendations were closed and there were no new findings. Subsequent to the issuance of the audit report, one additional recommendation was closed. Accordingly, there are three open recommendations.

The IPA also issued a management letter on November 30, 2021. The management letter contained two matters and suggestions for improvement that were not considered to be material weaknesses or significant deficiencies. These matters did not affect the FY 2021 Financial Statement Audit report.

Title:	<a href="#">Audit of the FEC's Compliance under the Digital Accountability and Transparency Act of 2014</a>
Assignment Number:	OIG-21-02
Status:	Complete

The Audit of FEC's compliance under the *Digital Accountability and Transparency Act of 2014* (DATA Act) was completed during this reporting period. This audit was contracted by Brown & Company. The primary purpose of this audit was to satisfy the OIG's responsibilities under the DATA Act by assessing the: (1) completeness, timeliness, quality, and accuracy of financial and payment data submitted for publication on USASpending.gov; and (2) the FEC's implementation and use of Government-wide financial data standards established by the Office of Management and Budget (OMB) and the Department of Treasury (The Treasury). This engagement was conducted as a performance audit in accordance with Generally Accepted Government Auditing Standards (GAGAS), and the Inspectors General Guide to Compliance Under the DATA Act which was updated and released in December 2020.

The audit main objectives included the following:

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

Based on the audit work performed, we concluded that the FEC properly implemented and made proper use of the Government-wide financial data standards. We were able to give reasonable assurance that the internal controls over the FEC's sourced systems were adequate. We also determined that Files A, B, and D1 were complete, accurate, and of quality. However, we found that File C was not accurate or complete. Accordingly, the report includes one (1) finding and two (2) recommendations that should help improve the accuracy, timeliness and completeness of award data included in File C. The report was issued on November 5, 2021.

The OIG acknowledges that the agency implemented a Data Quality Plan and significantly improved their certification and reconciliation processes. Though, there is opportunity to improve collaboration and coordination with FEC's Federal Shared Service Provider (USDA) to ensure any errors or missing records are identified and corrected in a timely manner.

## OIG Audit/Review Follow-up Activity

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

As required by the *Inspector General Act of 1978*, as amended, the OIG is responsible for among other things, conducting and supervising audits, inspections, and special reviews of the FEC's programs and operations. Additionally, the OIG has the responsibility to perform follow-up assessments to ensure that management has effectively implemented OIG recommendations. The OIG follows up on all recommendations that have been outstanding for more than six months and identifies the progress management has made in addressing such recommendations to date. Accordingly, the figures detailed herein do not include any recommendations less than six months old.

The previous reporting period identified 18 outstanding recommendations from five engagements (three audits, one inspection, and one special review). FEC staff made significant progress this reporting period in closing out 10 outstanding recommendations. Accordingly, there is one audit, one inspection, and one special review containing eight outstanding recommendations as of March 31, 2022. The list of audits, inspections, and special reviews is detailed below:

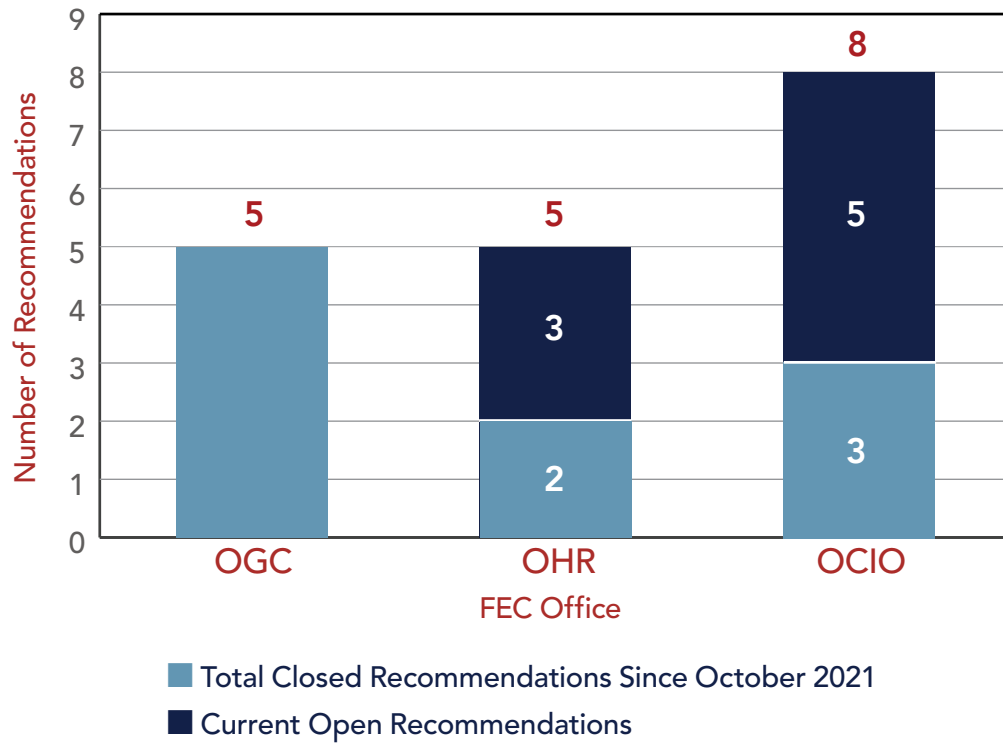
1. Inspection of the FEC's Disaster Recovery Plan and Continuity of Operations Plans (outstanding 8 years)
2. TranServe Special Review (outstanding 2 years)
3. FY 2020-21 FS Audit (outstanding over 2 years)<sup>1</sup>

Additionally, we issued an Open Recommendations Snapshot to the Commission on February 22, 2022, which identified all open OIG recommendations to date, regardless of time open. Additional details of those recommendations can be found [here](#). As of March 31, 2022, the FEC had a total of 20 open recommendations. We anticipate issuing similar Snapshots on a regular basis to apprise the Commission of the status of outstanding recommendations.

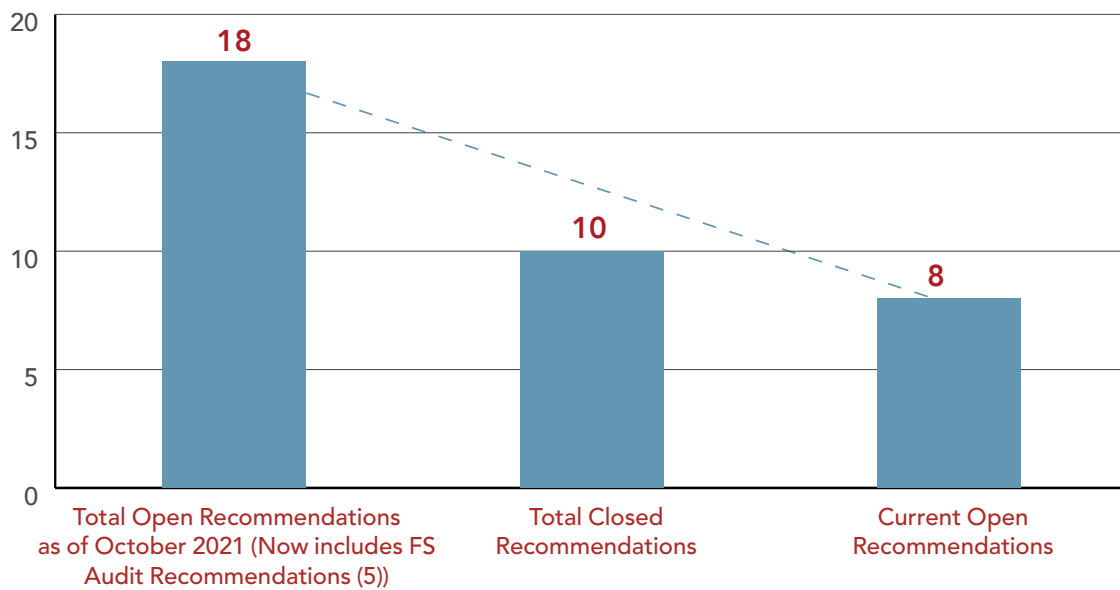
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<sup>1</sup> There are currently three open repeat recommendations for the FY 2021 Financial Statement Audit.

### Recommendations Activity by FEC Office from October 2021 to March 2022 (> 6 months old)



### Progress Report from October 2021 to March 2022



## OIG Hotline Activity

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

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

During this reporting period, the **OIG** received 37 new hotline complaints and closed 39 complaints, ending the reporting period with zero open hotline complaints.<sup>2</sup> Two of the 39 closed complaints remained open from the prior reporting period.

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

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

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<sup>2</sup> The **OIG** also receives communications that do not rise to the level of complaints because they are not **OIG** specific and/or fail to state a complaint; we classify those as **OIG** Contacts for reporting purposes. During the reporting period, the **OIG** received and responded to 14 **OIG** Contacts.



## OIG HOTLINE ACTIVITY

OIG Course of Action - Hotlines Closed	
Opened for investigation	4
OIG referral to FEC management	0
OIG referral to existing FEC program/process	3
OIG referral to external agency <sup>3</sup>	2
OIG referral to OIG audit/special review	1
Assist complainant	22
Closed with no action	8
Total Hotlines Closed	39

<sup>3</sup> One closed complaint was both referred to an FEC program and to an external agency, which resulted in 40 courses of action for 39 closed complaints.

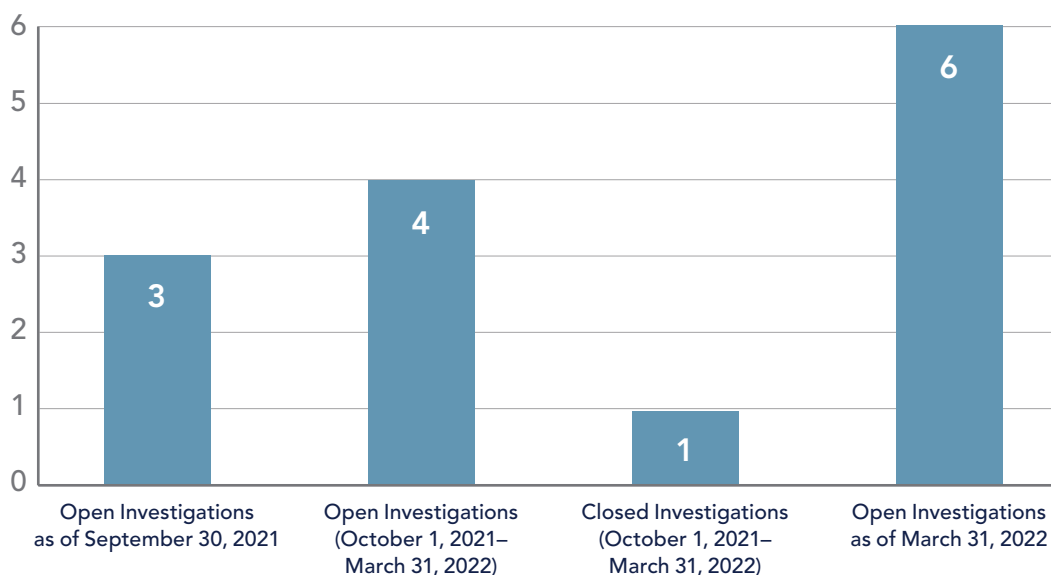
## OIG Investigative Summaries

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

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

If the OIG determines to proceed and prepare an ROI, that report will provide a summary of the complaint, document the specific allegation(s), the law(s) or regulation(s) associated with the allegation(s), the objective description of the case facts, and a conclusion of investigative findings (i.e., substantiated or not substantiated). In addition, where appropriate, the report addresses potential improvements to the economy and efficiency of FEC programs and operations. The OIG previously reported three investigations as of September 30, 2021. During the reporting period, four new investigations were opened, one investigation was closed, and six investigations remain open with one currently put on hold pending OMB guidance.

**FEC OIG Status of Investigations**  
(October 1, 2021 – March 31, 2022)



During the reporting period the investigative team completed an investigation concerning an incident that involved a potential information systems breach associated with agency-provided employee identification cards. Specifically, an FEC employee logged into the agency's performance management system with a Personal Identity Verification (PIV) card and discovered they were logged into the system under the credentials of another FEC employee. Our investigation found that the incident was limited to the FEC in which 17 new agency employees were affected and that there was no apparent disclosure of personally identifiable information. We also found that the FEC did not memorialize a change in the contract with the vendor to offer employee identification card services offsite. As a result, we developed five recommendations for the Commission to consider in efforts to prevent a similar incident from occurring and to reduce the risk of the agency being billed for services that were not memorialized in a contract and/or contract modification.

Closed Investigations - Courses of Action (October 1, 2021 – March 31, 2022)	# of Investigations
Investigations closed with ROI released to Commissioners	1
ROI completed and released to Commissioners and referred to local state authorities	0
Investigations closed with Management Alert Memorandum (requesting management to follow up with actions taken, if any)	0
Investigations closed with Closing Memorandum but not provided to management due to insufficient evidence	0
Investigations closed and referred to OIG audit/special review program	0
Referrals to DOJ for federal prosecution	0
Totals	1

## Other Matters - OIG Budget

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

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

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

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

## Top Management Challenges

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

- 1. Growth of campaign spending** – The FEC was established nearly fifty years ago to provide oversight of federal campaign finance. Since then, federal campaign fundraising and spending have increased dramatically, particularly after the U.S. Supreme Court's decision in *Citizens United v. FEC* in 2010. Indeed, total spending on federal election campaigns has increased from \$1.6 billion in 1998 to roughly \$14.5 billion in 2020. However, the FEC's budget has remained largely static over the past decade or more (and even decreased when accounting for inflation). That dynamic has placed great strain on the FEC staff and creates significant risks to the FEC.
- 2. Identifying and regulating unlawful foreign contributions** – Identifying and regulating unlawful foreign campaign contributions pose a significant challenge to the FEC. As campaign expenditures and the number of transactions subject to FEC regulation and oversight increase, potential contributions by foreign nationals also increase, which demands greater scrutiny by agency regulators. However, a recent [OIG report](#) found that the FEC's practice of relying on filers' self-certifications concerning potential foreign contributions poses a national security risk and provides insufficient oversight of possible illegal foreign donations. Indeed, numerous recent cases highlight the risk of unlawful foreign influence in U.S. elections.
- 3. Coronavirus (COVID-19) pandemic** – The ongoing COVID-19 pandemic has forced the FEC, and many other agencies, to operate in a remote status since March 2020. As federal workers begin returning to their offices in more significant numbers, their health and safety remains a top concern.
- 4. Senior leadership salary structure** – Currently, the senior leadership roles of the Staff Director and CIO are occupied by the same individual and have been since August 2011. Information technology is ever-evolving, which affects all government agencies and without a fully dedicated CIO to focus on technological issues to ensure resources are properly allocated and adequate processes are in place for the protection and safeguards of the agency, the agency will remain at risk. Similarly, the Deputy General Counsel for Law is concurrently serving as the Acting General Counsel and has been doing so since September 2016. This has potential to put the agency at risk and inhibit the agency to effectively and efficiently meet 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. Filling the CIO and General Counsel positions with full-time incumbents would help ensure the FEC is effectively and efficiently supporting its overall mission objectives.

5. **Cybersecurity** - Protecting data, systems, and networks from threats remains a top challenge. The FEC was established to protect the integrity of federal campaign finance by providing transparency and enforcing and administering federal campaign finance laws. In doing so, the FEC discloses campaign finance data to the public and as a result, encounters large volumes of webpage traffic from stakeholders and members of the public. In efforts to streamline transparency initiatives and improve business processes, the Commission is more technology reliant today, as is society; as such, it is imperative that the Commission continue to prioritize cybersecurity.

## Council of the Inspectors General on Integrity and Efficiency

Mr. Christopher Skinner, the Inspector General, attends CIGIE monthly meetings as well as CIGIE sponsored Conferences and Professional Development Seminars. Mr. Skinner is an active member of the CIGIE Technology Committee, the Budget Committee, and serves on the IG Candidate Panel, reviewing candidates interested in Presidential Appointment, needing Senate confirmation (PAS), Inspector General Positions. During the reporting period, Mr. Skinner completed the Association of Inspectors General Certified Inspector General Course.

Mr. Dennis Phillips, the Deputy Inspector General, participates on the Deputy Inspector's General Quarterly meetings and OIG investigative meetings. During the reporting period, Mr. Phillips served in a dual-hatted capacity as the Deputy IG and Acting Senior Counsel. As the Acting Senior Counsel, he was responsible for providing comprehensive legal service, counsel, recommendations, reviews, and opinions to the OIG staff on all matters falling within the purview of the OIG.

Ms. Carla Smith, Senior Counsel, participates on the following recurring meetings: CIGIE Legislative Committee, Counsel to the OIG, Counsel to the small OIG, and *Freedom of Information Act* (FOIA). In addition, Carla completed a six-month reimbursable detail as the first Special Assistant to the CIGIE Professional Development Committee (PDC) chair. During that time, she worked to support and curate professional developmental events that best meet the needs of the CIGIE community. She conducted extensive research to develop content and launch PDC's Lead and Learn Program. This program consists of 1-hour events that promote the PDC subcommittees' mission to generate awareness about the tools and opportunities CIGIE offers to employees to develop their professional skills and knowledge. Carla will continue to serve as the Vice Chair of the Leadership Innovation Subcommittee. In this position, she will assist in developing community-wide forums and events that foster continual innovation and knowledge sharing in leadership development for the OIG community.

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

# List of Training, Meetings & Conferences

The chart below provides a list of trainings, meetings, programs, seminars, and/or conferences attended by the IG and the OIG staff for the period October 1, 2021 to March 31, 2022.

Trainings, Meetings, Conferences, Etc.	
Host / Sponsor	Topic / Subject
AINS	User Conference
Association of Inspectors General Institute (AIGI)	2022 AIG Certified Inspector General Institute
Brookings Institute	Ethics in Action: Leading with Integrity Influence and Information Leadership
Council of the Inspectors General on Integrity and Efficiency (CIGIE)	8th Annual Leadership Forum 2022 – Annual CIGIE/GAO Coordination Meeting Business Diversity Subgroup Meeting Becoming & Leading as a Senior Executive (SES/SL) Brainstorming Session - Return to the Office/Telework/COVID-19 Matters Candidate Panel Review CCL Session on Information Technology Audit Coaching Cybersecurity Working Group Presentation on Zero Trust Deputy Inspector General Quarterly Meeting Diversity, Equity & Inclusion (DE&I) Monthly Meeting ERM Quarterly Working Group Federal Audit Executive Council (FAEC) Fall 2021 Procurement Conference FLRA & ULP Process Freedom of Information Act Meeting Infrastructure Working Group Inspector General Criminal Investigator Academy (IGCIA) - Data Analytics for Positive Case Results Offered Investigations Committee / Assistant Inspector General for Investigations Committee (IC / AIGI) Quarterly Meeting



Trainings, Meetings, Conferences, Etc.	
Host / Sponsor	Topic / Subject
Council of the Inspectors General on Integrity and Efficiency (CIGIE) (continued)	Investigative Peer Review Training
	Jumpstarting Inspections and Evaluations
	Leadership and Mission Support Academy (L&MS) - Congressional Update
	Leading With Intent - How Coaching Can Impact Your Growth as a Leader
	Legislative Committee Meeting
	Monthly Meeting with Inspectors General
	Monthly Meeting with Counsel
	New Inspection and Evaluation Blue Book Standards Virtual Town Hall
	Pandemic Response Accountability Committee – What Cities Need to Know about Pandemic Oversight with PRAC IGs
	Professional Development Committee (PDC) – 2022 Lead and Learn Kickoff
	Periodic Legal Review Training Program
	PRAC -We're Heading to Congress
	Small/Unique OIG Quarterly Meeting
Department of Defense (DoD)	Tech Tuesday's
	Women's History Month Celebration
Department of Justice	Annual Hotline Worldwide Outreach
	Quarterly Hotline Working Group
Department of Justice	Procurement Collusion Strike Force (PCSF) First in the Door: An Overview of the Criminal Antitrust Leniency Program
	Procurement Collusion Strike Force (PCSF) Suspension and Debarment Webinar
Federal Election Commission	Administrative Services – New Hire Orientation
	African American History Month Program - The Importance of Health and Wellness
	AEON Requestor Training
	Director's Meeting
	Emergency Occupant Training
	FERS Late Career Training

Trainings, Meetings, Conferences, Etc.	
Host / Sponsor	Topic / Subject
Federal Election Commission (continued)	Finance Committee Meeting
	Town Hall
	OIG New Hire Orientation
	Workplace Wellness – Navigating Loss
	Workplace Wellness – Return to the Worksite with Ease Webinar
George Washington University	Center for Excellence in Public Leadership – Building a Flexible Framework for Zero Trust
Government Accounting Office (GAO)	Data Act Working Group (DAWG) Coordination Meeting
Graduate School USA	Contracting Officer's Representative: Level 2
Institute of Internal Auditors	Board and Officers Meeting
Wolters Kluwer	TeamMate - Webinar How Best to Start Agile Audit Deliver

# Reporting Requirements

Reporting requirements required by the IG Act, as amended, are detailed below:

IG Act	DESCRIPTION	PAGE
Section 4(a)(2)	Review of Legislation	None
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	None
Section 5(a)(2)	Recommendations with Respect to Significant Problems, Abuses, and Deficiencies	None
Section 5(a)(3)	Recommendations Included in Previous Reports on Which Corrective Action Has Not Been Completed (Table III)	27
Section 5(a)(4)	Matters Referred to Prosecuting Authorities	None
Section 5(a)(5)	Summary of Instances Where Information was Refused-	None
Section 5(a)(7)	Summary of Significant Reports	None
Section 5(a)(8)	Questioned and Unsupported Costs (Table I)	25
Section 5(a)(9)	Recommendations that Funds be Put To Better Use (Table II)	26
Section 5(a)(10) (A)	Summary of Audit Reports issued before the start of the Reporting Period for which No Management Decision has been made	None
Section 5(a)(10) (B)	Summary of Audit Reports Issued Before the start of the Reporting Period for which No Management Comment was Returned Within 60 Days	None
Section 5(a)(10) (C)	Summary of Audit Reports Issued Before the Start of the Reporting Period for which There Are Outstanding Unimplemented Recommendations	None
Section 5(a)(11)	Significant Revised Management Decisions	None
Section 5(a)(12)	Management Decisions with which the Inspector General is in Disagreement	None
Section 5(a)(14)	Peer Review Recommendations	29
Section 5(a)(17), (18)	Investigative Reports Table and Metrics (Table IV)	13–16, and 28

IG Act	DESCRIPTION	PAGE
Section 5(a)(19)	Investigations Involving a Senior Government Employee with Substantiated Misconduct	None
Section 5(a)(20)	Instances of Whistleblower Retaliation	None
Section 5(a)(21)	Attempts by the Agency to Interfere with OIG Independence	None
Section 5(a)(22)	Undisclosed Inspections, Evaluations, Audits, and Investigations	None

Table I: Inspector General Issued Reports with Questioned Costs

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

**Table II: Inspector General Issued Reports with Recommended Actions That Funds Be Spent to Better use**

	Required Reporting	Number of Rec's	Dollar Value (In Thousands)
A.	For which no management decision has been made by the commencement of the reporting period	0	0
B.	Which were issued during the reporting period	0	0
C.	For which a management decision was made during the reporting period	0	0
	(i) dollar value of recommendations were agreed to by management	0	0
	based on proposed management action	0	0
	based on proposed legislative action	0	0
	(ii) dollar value of recommendations that were not agreed to by management	0	0
D.	For which no management decision has been made by the end of the reporting period	0	0
E.	Reports for which no management decision was made within six months of issuance	0	0

**Table III: Summary of Audit and Inspection Reports with Corrective Actions Outstanding**

Report Title	Report Number	Date Issued	Total Rec's	Closed	Open	Cost Savings
2010 Follow-up Audit of Privacy and Data Protection	OIG-10-03	03/11	5	5	0	0
Inspection of the Federal Election Commission's Disaster Recovery Plan and Continuity of Operations Plans	OIG-12-06	01/13	3	1	2	0
Audit of the Federal Election Commission's Office of Human Resources	OIG-12-05	07/13	1	1	0	0
Audit of the FEC's Telework Programs	OIG-15-03	06/16	1	1	0	0
Fiscal Year 20-21 Financial Statement Audit <sup>4</sup>	OIG-21-01	11/21	5	2	3	0
TranServe Special Review	SR-19-01	07/20	3	0	3	0
Totals			18	10	8	0

<sup>4</sup> The FEC's FY 21 annual Financial Statement Audit includes three repeat outstanding recommendations. Prior to the previous SAR, the Financial Statement audit recommendations were not included in this table.

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

<b>FEC OIG Investigations Courses of Action (Oct 1, 2021 – Mar 31, 2022)</b>	<b>Number</b>
Total number of investigative reports issued	1
Total number of persons referred to DOJ for criminal prosecution	1
Total number of persons referred to state and local prosecuting Authorities for criminal prosecution	1
Total number of indictments and criminal information resulting from any prior referral to prosecuting authorities	0
Total Investigations Closed	1

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<sup>5</sup> Metrics Used for Developing Data for Table IV:

Total number of investigative reports issued - reflects the number of all Reports of Investigation (ROI) issued to FEC Commissioners, management alert memorandums, closing memorandums, and other referral memorandums during the reporting period;

Total number of persons referred to DOJ for criminal prosecution and total number of persons referred to state and local prosecuting authorities for criminal prosecution - reflects the total number of referrals for criminal prosecution made by the FEC OIG to the respective criminal prosecuting authorities during the reporting period; and

Total number of indictments and criminal information resulting from any prior referral to prosecuting authorities - includes all indictments and information issued during the reporting period by Federal, State, or local criminal prosecuting authorities based upon any referral by the FEC OIG, whether the referral was made during this reporting period or a prior reporting period.

## Appendix A: Peer Review Results

I accordance with the IG Act, OIGs are required to report to Congress, as applicable, results of any peer reviews it received or conducted during the reporting period. Specifically, OIGs are required to report any outstanding recommendations that resulted from the peer review. The FEC OIG was not peer reviewed during this reporting period.

The FEC OIG was last peer reviewed by the Election Assistance Commission (EAC) OIG and the modified peer review report was issued on December 30, 2020. The modified report contained one finding and one recommendation. The finding specified that the FEC OIG internal policies and procedures did not conform to the 2018 version of Generally Accepted Government Auditing Standards (Yellow Book). Accordingly, we are happy to report that the FEC OIG completed a revision of its audit manual and there are no outstanding recommendations to report.

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



## Appendix B: Mission Statements

### Office of Inspector General

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

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

### The Federal Election Commission

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

In 1975, Congress created the FEC to administer and enforce the *Federal Election Campaign Act of 1971*, as amended. The duties of the FEC, an independent regulatory agency, are to disclose campaign finance information, enforce the provisions of the law, and oversee the public funding of Presidential elections.

The Commission consists of six members who are appointed by the President and confirmed by the Senate. Each member serves a six-year term, and two seats are subject to appointment every two years. By law, no more than three Commissioners can be members of the same political party, and at least four votes are required for any official Commission action. The Chairmanship of the Commission rotates among the members each year, with no member serving as Chairman more than once during his or her term.

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



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

# REPORT FRAUD, WASTE, & ABUSE

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



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

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



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

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

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

## Together we can make a difference!