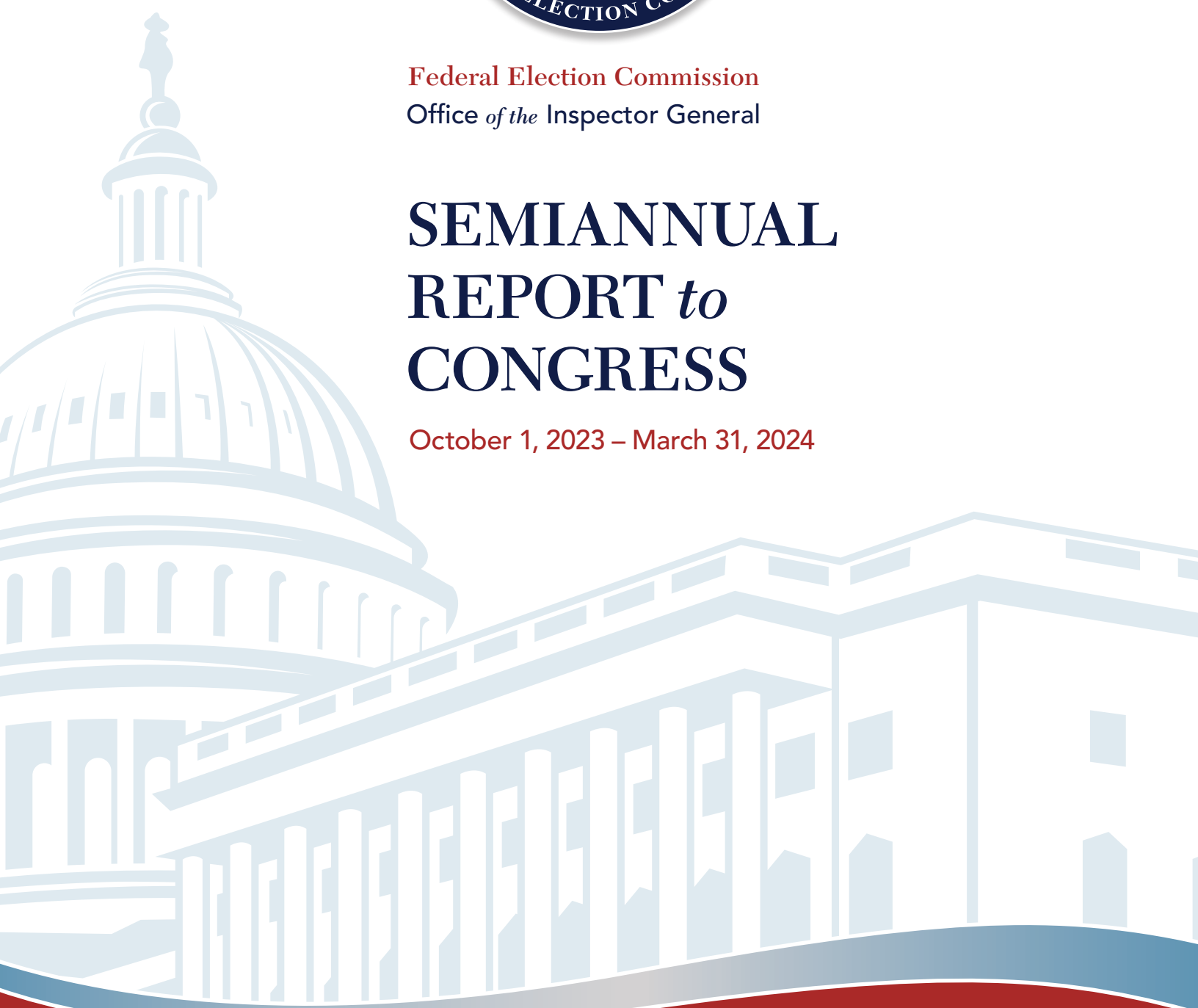




Federal Election Commission
Office *of the* Inspector General

SEMIANNUAL REPORT *to* CONGRESS

October 1, 2023 – March 31, 2024



May 2024



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

OFFICE OF THE CHAIRMAN

May 15, 2024

The Honorable J. Michael Johnson
Speaker of the House of Representatives
H-209 Capitol Building
Washington, D.C. 20515

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

Dear Mr. 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, 2023 through March 31, 2024.

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, 2023 and 2022, and the related Statements of Net Costs, Changes in Net Position, Budgetary Resources, and Custodial Activity for the years then ended. This marks the fifteenth consecutive year with no material weaknesses identified. The auditors raised an issue pertaining to Information Technology security that does not rise to the level of a material weakness, but nonetheless merits attention by the Commission. The response of FEC management to that issue appears in the report, which was issued on November 14, 2023.

The FEC's OIG also completed an evaluation report concerning Staffing, Hiring, and Retention at the FEC during the reporting period. Management's response about those issues appears in that report, which was issued on February 9, 2024.

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 handwritten signature in black ink that reads "Sean J. Cooksey". The signature is written in a cursive, flowing style.

Sean J. Cooksey
Chairman

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Message *from the* Deputy Inspector General



It is with great pleasure that I present the Federal Election Commission (FEC) Office of the Inspector General (OIG) Semiannual Report to Congress for the period of October 1, 2023, to March 31, 2024. This report reflects the exceptional work of the FEC OIG team and their commitment to the critical mission of the OIG.

During the reporting period, the audit team completed and published the [Independent Auditor's Report on the FEC's FY 2023 Financial Statements](#). Additionally, the OIG completed and published an evaluation report concerning [Staffing, Hiring, and Retention at the FEC](#). Work continues on the audit of the FEC's Equal Employment Opportunity (EEO) and Diversity, Equity, Inclusion, and Accessibility (DEIA) programs with completion expected on or around June 30, 2024. The OIG also initiated an evaluation of FEC's A-123 Internal Control and Enterprise Risk Management programs.

The investigative team continues to respond to hotline complaints and conduct investigations. During the reporting period, the OIG received 69 new hotline complaints and closed 62 complaints, two of which were from the prior reporting period. The reporting period ended with nine open hotline complaints, including one remaining from the prior reporting period. In addition, the investigative team closed an investigation into [Alleged Misuse of Government Resources to Access Inappropriate Material](#).

The previous reporting period identified 11 recommendations outstanding for more than six months from five engagements (one inspection, one investigation, one audit, and two special reviews). Ten additional recommendations from the prior reporting period became subject to statutory follow-up requirements during the current reporting period. These 10 stemmed from one special review and one audit, bringing the total number of recommendations (outstanding over six months) to 21. FEC staff were able to close four recommendations (one from the Special Review of the FEC Travel and Purchase Card Programs and all three from the Financial Statement Audit for FY 2022) with the result that there were 17 total open recommendations outstanding over six months as of March 31, 2024. The OIG will continue to work with FEC leadership to address open recommendations.

The OIG also recently said farewell to two members of its leadership team. Inspector General Christopher Skinner accepted an appointment as the Inspector General for the Commodity Futures Trading Commission. In addition, Senior Counsel Carla Smith accepted an appointment to serve as Counsel to the Inspector General of the U.S. Ability One Commission. Mr. Skinner and Ms. Smith both left indelible and positive impacts on the FEC OIG; their respective agencies are truly fortunate to have gained their talents and expertise.

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

Dennis E. Phillips

Dennis E. Phillips
Deputy Inspector General

OIG Personnel Updates

Additions:

None during this reporting period.

Farewells:

Mr. Christopher Skinner was appointed Inspector General for the Commodity Futures Trading Commission and departed in April 2024 after having successfully led the FEC OIG for nearly five years.

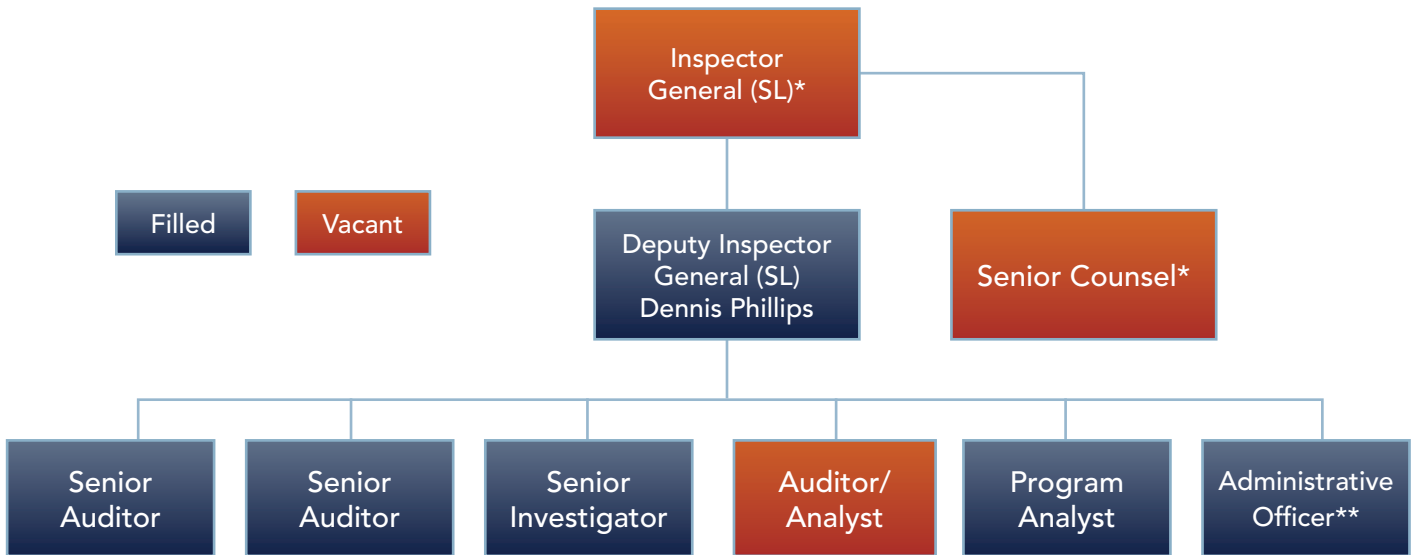
Ms. Carla Smith, Senior Counsel, accepted an appointment as Counsel to the Inspector General for the U.S. Ability One Commission and departed in March 2024 after nine years of outstanding service to the FEC OIG.

Vacancies:

The OIG currently has three vacant positions.



FEC Office *of the* Inspector General Organization Chart



* The Inspector General and Senior Counsel departed in, respectively, March and April 2024.

** 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: April 2024

Core Values

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 “Commission”) and the Congress fully and currently informed of problems relating to the administration of FEC programs and operations through regular reports. Additionally, IGs are required to report to their respective establishments particularly serious or flagrant problems, abuses, or deficiencies relating to the administration of agency programs and operations.

This semiannual report provides the major accomplishments of the FEC OIG, as well as relevant information regarding additional OIG activities. The executive summary highlights the most significant completed activities of the OIG from October 1, 2023, to March 31, 2024. Additional details pertaining to each activity (e.g., audits, evaluations, 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 Council of the Inspectors General on Integrity and Efficiency (CIGIE) standards to ensure the integrity of all FEC OIG work products.

OIG Audit, Special Review, and Other Activity

FY 2023 Financial Statement Audit

The OIG entered into a five-year Blanket Purchase Agreement (BPA) with Brown & Company, PLLC to perform Professional Audit Services. The FEC’s FY 23 financial statement (FS) audit is the first FS audit called against the BPA. The exit conference was held on November 13, 2023 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 final report was issued on November 14, 2023.

Audit of FEC’s Equal Employment Opportunity & Diversity, Equity, Inclusion, and Accessibility Programs

This performance audit commenced during the prior reporting period. We are wrapping up internal control testing and are currently in the field work testing phase. The plan is to complete testing by the end of April and issue the report by June 30, 2024. The two objectives for this audit are: (1) to assess FEC’s EEO compliance with statutory requirements, applicable EEOC and OPM guidance, best practices, as well as applicable agency policies and procedures; and (2) to analyze FEC’s implementation of diversity and inclusion efforts related to the workforce to promote racial, ethnic, and gender diversity in the workforce.

Evaluation of Staffing, Hiring, and Retention

The FEC’s full-time staffing level fell from 354 full-time staff in September 2012 to 293 in September 2022. This decline, along with its adverse impact on certain agency performance benchmarks, provided the rationale for this evaluation. The evaluation was initiated in January 2023 with the primary purpose of evaluating trends in FEC

staffing levels, as well as the causes and effects of attrition. This evaluation report was issued on February 9, 2024 and is the first evaluation product to be produced under the FEC OIG’s new Inspection and Evaluation Program, which was formalized in September 2023.

Evaluation of FEC’s A-123 Internal Control and ERM program(s)

The primary purpose of this evaluation is to follow-up on FEC’s implementation of the Office of Management and Budget (OMB) Circular A-123 Internal Control and Risk Management (A-123) revised guidance that became effective in June 2016. The entrance conference was held on February 1, 2024 and we are currently in the planning phase. We expect to complete the evaluation and issue the report during the next reporting period.

OIG Recommendations Follow-up Activity

The OIG has the responsibility to perform follow-up assessments to ensure that management has effectively implemented OIG recommendations. The OIG follows up on all FEC recommendations that have been outstanding for more than six months and identifies the progress management has made in addressing such recommendations to date. The OIG continues to follow up with management to address outstanding recommendations. As of March 31, 2024, there were 17 outstanding recommendations greater than six months old (see complete details in Table III: Summary of Audit, Review, Inspection, and Investigative Reports with Corrective Actions Outstanding).

OIG Hotline Activity and Investigations

The OIG manages its complaints primarily through the online hotline portal, through which members of the public and agency employees may submit matters to the OIG. During this reporting period, the OIG received 69 new hotline complaints and closed 62 complaints, two of which were from the prior reporting period. The reporting period ended with nine open hotline complaints, including one remaining from the prior reporting period.

The OIG previously reported one investigation as of September 30, 2023. During the reporting period, no new investigations were opened, and one investigation was closed. The OIG [published a summary](#) of that investigation on December 21, 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 provide a brief assessment of the Commission’s progress in addressing those challenges. Each challenge area is related to the FEC’s mission and reflects continuing vulnerabilities and emerging issues. The following identifies the FEC’s most significant management and performance challenges in our [FY 2024 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. Continuity of operations
4. Human capital management
5. Cybersecurity

OIG Audit, Evaluation, Special Review, and Other Activity

Title:	FY 2023 Financial Statement Audit
Assignment Number:	OIG-23-01
Status:	Complete

During this reporting period, the independent public accountants (IPA), Brown & Company, completed final testing and issued the agency's FY 2023 Financial Statement (FS) audit report. The exit conference was held on November 13, 2023 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 final report was issued on November 14, 2023.

As in prior years, the IPA was 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 performed follow-up on outstanding recommendations related to IT controls. Based on the internal control and follow-up reviews, the two remaining prior year's recommendations were closed. Currently there is only one control deficiency and recommendation that supersedes a prior year recommendation. Accordingly, there is one open recommendation.

The OIG exercised the second option year with the independent public accountants (IPA), Brown & Company, to complete the FY 2024 financial statement audit. The entrance conference is scheduled for April 11, 2024, with field work and interim testing to commence in June 2024. Year-end testing should be completed by October 2024. The OIG anticipates completion of the final draft report and exit conference in early November 2024.

Title:	Evaluation of Staffing, Hiring, and Retention
Assignment Number:	IE-23-01
Status:	Complete

During this reporting period, the Evaluation of Staffing, Hiring, and Retention at the FEC was completed and issued. This marks the first evaluation product produced under the OIG's newly established Inspection and Evaluation Program, which was finalized in the prior reporting period. The completed evaluation, along with FEC Management Response, was published on February 9, 2024.

The primary purpose of this evaluation was to examine potential causes for the decline in FEC staffing levels that has occurred for over a decade, with the result that certain agency benchmarks have been adversely impacted. In addition to identifying primary and contributing causes for the staffing decline, the evaluation developed additional observations and statistics on shifts in the FEC workforce related to costs, workforce composition, retirement eligibility,

and demographic equity. The evaluation supports the need to proactively secure sufficient budgetary resources to meet the challenges presented by sharply increasing federal campaign finance activity.

The goal of this product was ultimately to provide context and perspective on approaches going forward. As a result, the report did offer three recommendations to FEC management pertaining to areas where adjustment or further evaluation may be helpful. The evaluation also identified trends that corroborated the value in pursuing the OIG’s audit of FEC’s Equal Employment Opportunity & Diversity, Equity, Inclusion, and Accessibility Programs.

Title:	Audit of FEC’s Equal Employment Opportunity & Diversity, Equity, Inclusion, and Accessibility Programs
Assignment Number:	OIG-23-02
Status:	In Progress

This performance audit commenced during the prior reporting period. This audit will be conducted under the 5-year BPA that was awarded to Brown & Company. The two objectives for this audit are:

1. To assess FEC’s EEO compliance with statutory requirements, applicable EEOC and OPM guidance, best practices, as well as applicable agency policies and procedures; and
2. To analyze FEC’s implementation of diversity and inclusion efforts related to the workforce to promote racial, ethnic, and gender diversity in the workforce.

Brown & Company is in the process of wrapping up internal control testing and other testing is under way to determine the operational effectiveness of the applicable EEO and DEIA policies, procedures, and practices. The plan is to complete testing and issue the report by June 30, 2024.

Title:	Evaluation of the FEC’s A-123 Internal Controls and Risk Management Program(s)
Assignment Number:	IE-24-01
Status:	In progress

This evaluation was initiated during this reporting period. The entrance conference was held on February 1, 2024. As outlined in the OIG’s FY 2024 Work Plan, this program was selected based on the results of the OIG annual risk assessment. The primary purpose of this evaluation is to follow-up on FEC’s implementation of the Office of Management and Budget (OMB) Circular A-123 Internal Control and Risk Management (A-123) revised guidance that became effective in June 2016. The overall objectives of this evaluation are to:

- Assess FEC’s compliance with OMB A-123;
- Assess the operational effectiveness of FEC’s A-123 program(s);
- Determine the maturity level of FEC’s risk management program; and
- Identify areas of improvement and provide management with recommendations to help strengthen the internal control/risk management function.

We are currently in the planning phase of this evaluation and plan to report the results in the next reporting period.

OIG Recommendations Follow-up Activity

Title:	OIG Recommendations Follow-up Activity
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 recommendations less than six months old.

The previous reporting period identified 11 recommendations outstanding for more than six months from five engagements (one inspection, one investigation, one audit, and two special reviews). Ten additional recommendations from the prior reporting period became subject to statutory follow-up requirements during the current reporting period. These 10 stemmed from one special review and one audit, bringing the total number of recommendations subject to OIG follow-up (outstanding over six months) to 21. Four of these 21 recommendations were closed by FEC staff during the reporting period ending March 31, 2024. Three closed recommendations related to the Financial Statement audit for FY 2022, and the fourth was from the Special Review of the FEC's Travel and Purchase Card Programs. After closing these four recommendations, 17 recommendations (outstanding over six months) remained open as of March 31, 2024.

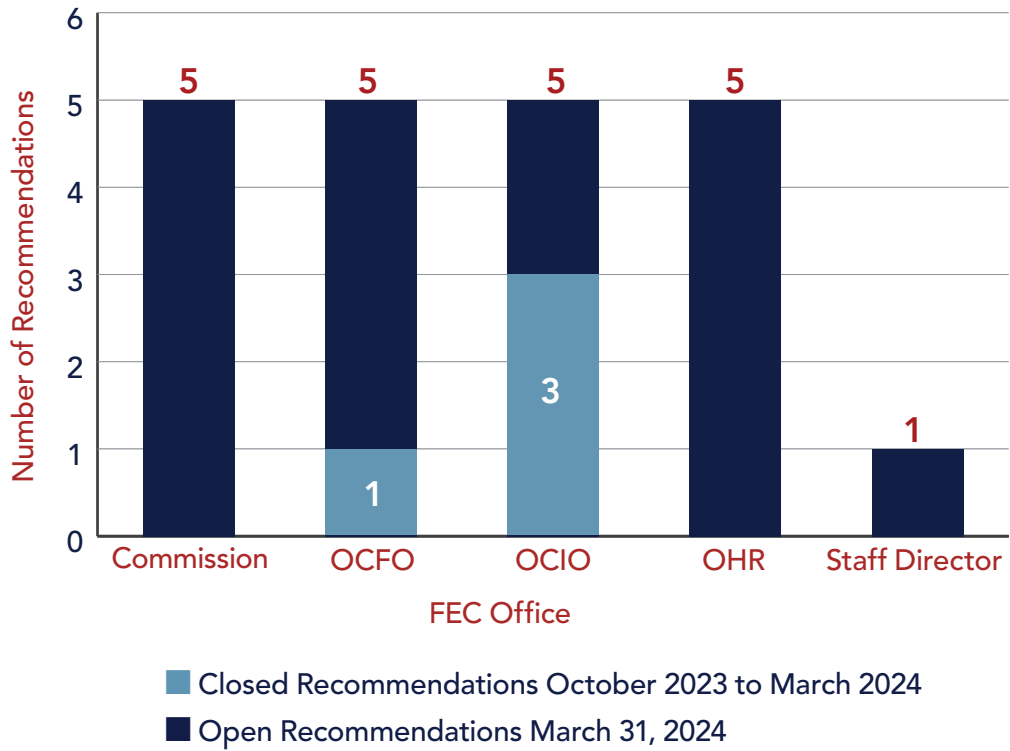
The 17 open recommendations as of March 31, 2024, stem from the following inspection, investigation, special reviews, and audit:¹

1. Inspection of the FEC's Disaster Recovery Plan and Continuity of Operations Plans (outstanding 11 years)
2. Investigation I21INV00037: Allegations of Bias Against Federal Election Commission Personnel Reviewing the 58th Presidential Inaugural Committee Reports (outstanding two years eight months)
3. OIG Special Review of the Federal Election Commission (FEC) Contracting Officers Representative (COR) Program (outstanding one year 10 months)

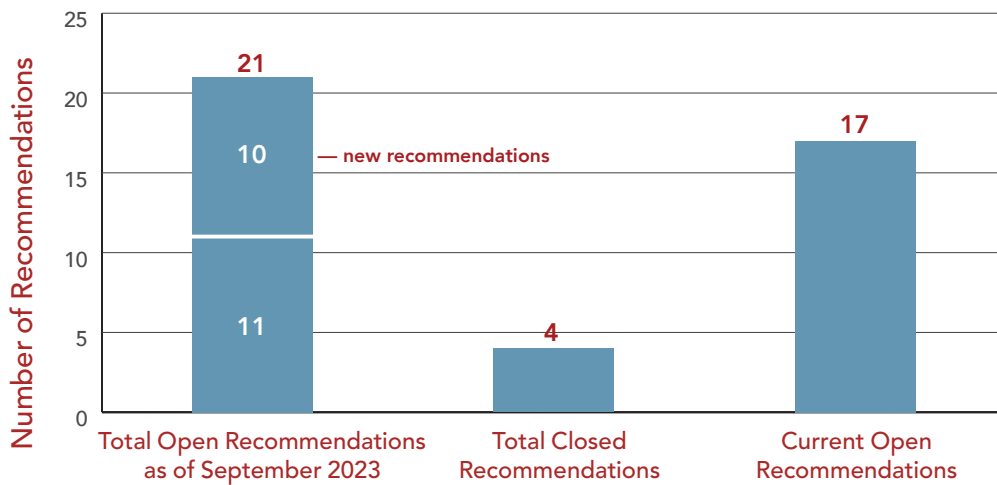
¹ During the October 2023 to March 2024 reporting period, one audit, one investigation, and one evaluation were published that included a total of seven recommendations. One of these recommendations was closed leaving six "new" open, in-period recommendations. These six recommendations fall outside the statutory reporting parameters for the Semiannual Report to Congress as they are less than six months outstanding. If these six were included, the total number of outstanding recommendations, regardless of age, would be 23 as of March 31, 2024.

4. **OIG Review of Commission Directive 06, Handling of Internally Generated Matters** (outstanding one year five months)
5. **OIG Audit of the FEC's Human Capital Management for FY 2022** (outstanding 11 months)
6. **OIG Special Review of the FEC Travel and Purchase Card Programs** (outstanding seven months)

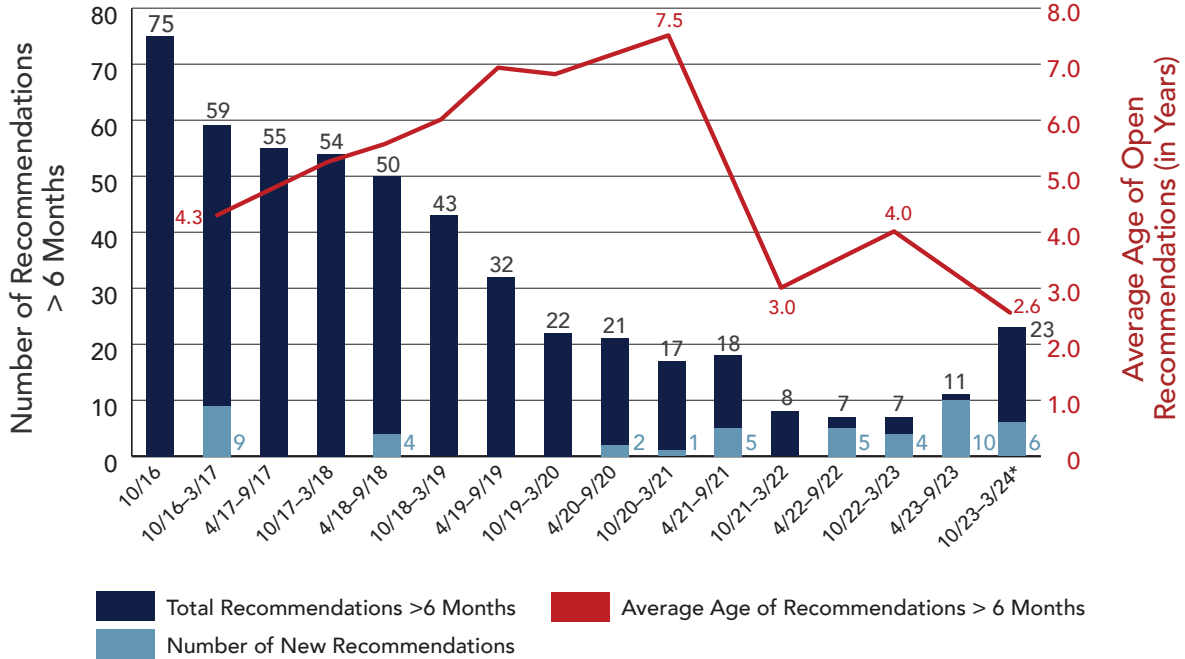
Recommendations Activity by FEC Office from October 2023 to March 2024 (> 6 months old)



Progress Report from October 2023 to March 2024



Open and New Recommendations Oct 2016 - Mar 2024 (> 6 Months) Average Age of Open Recommendations (> 6 Months)



* "Total Recommendations" for 10/23 to 3/24 includes 6 still-open new recommendations (< 6 months). There were 17 open recommendations (> 6 months) as of March 31, 2024 for a total of 23.

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.

This reporting period, the OIG received 69 new hotline complaints and closed 62 complaints, two of which were from the prior reporting period. The reporting period ended with nine open hotline complaints, with one remaining from the prior reporting period.²

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

- **Opened for investigation** – Issue involves an FEC employee, program/process, and alleges a violation of an applicable law, rule, or regulation.
- **OIG referral to management for action** – Issue is more suitably handled by management; OIG refers to management for action deemed appropriate.
- **OIG referral to another existing FEC program/process (i.e., OGC, EEO, HR)** – Existing process exists to resolve the issue; OIG refers the matter to relevant program/process for action deemed appropriate.
- **OIG referral to external agency** – Issue is best handled by another agency that has cognizance over the matter and/or it warrants criminal investigation/prosecution. OIG refers to relevant agency for action deemed appropriate.
- **OIG referral to the OIG audit, evaluation, 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.

² 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 61 OIG Contacts.

OIG Course of Action - Hotlines Closed	
Opened for investigation	0
OIG referral to FEC management	0
OIG referral to existing FEC program/process	2
OIG referral to external agency	8
OIG referral to OIG audit/special review	0
Assist complainant	26
Closed with no action	26
Total Hotlines Closed	62

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 one investigation as of September 30, 2023. During the current reporting period, no new investigations were opened, and one investigation was closed.

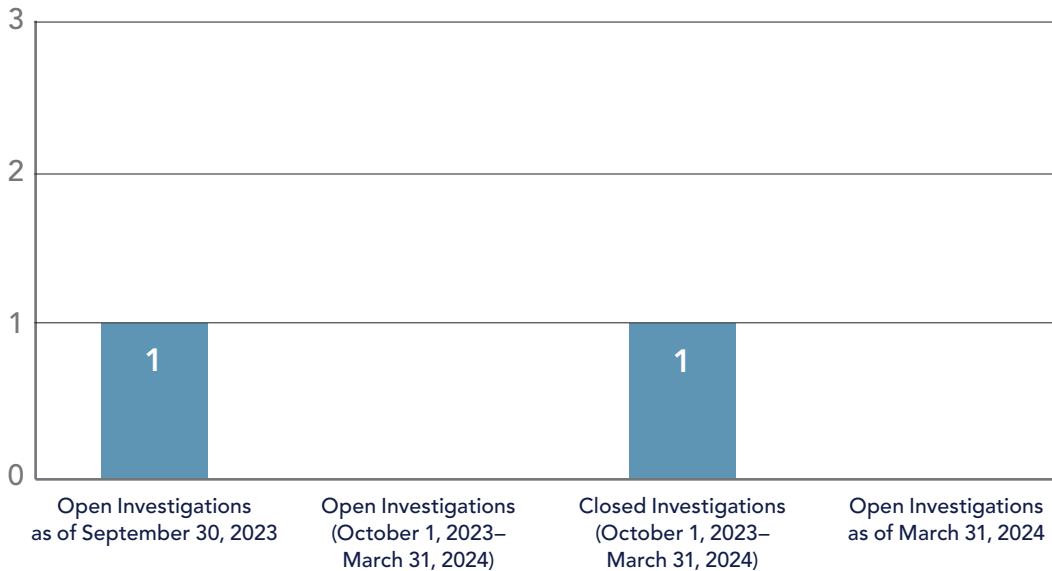
During the reporting period, the investigative team [closed one investigation](#) in which the OIG issued a final report to the Commission. The OIG previously issued an internal report to the Commission on August 10, 2022 and withheld publication of a public summary pending criminal investigation. The OIG initiated the investigation on January 26, 2022, based on a referral from the agency's Staff Director and the Office of General Counsel alleging that a file folder in an FEC shared drive contained videos depicting a nude person. After an extensive investigation that involved review of multiple FEC drives and devices, the OIG found that an FEC paralegal specialist violated federal regulation and agency policy concerning the use of government-issued information technology resources by downloading, copying, and/or viewing inappropriate material on their FEC-issued laptops and an FEC shared drive between 2018 and 2022.

In addition, OIG investigators identified evidence of sexually explicit images that were potentially unlawful. Accordingly, the OIG referred the matter promptly to external law enforcement agencies for possible criminal charges. During the OIG investigation, the agency took prompt action to remove the subject's access to FEC information systems and the subject resigned on or about June 30, 2022. On December 11, 2023, external law enforcement reported to the OIG that the criminal case was closed due to insufficient evidence.

The OIG made two recommendations for the Commission to consider in efforts to reduce the potential for employees to misuse government-issued resources.

Closed Investigations - Courses of Action (October 1, 2023 – March 31, 2024)	# 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

FEC OIG Status of Investigations
(October 1, 2023 – March 31, 2024)



Top Management Challenges

In accordance with the *Reports Consolidation Act of 2000*, in early FY 2023 we identified the most serious management and performance challenges facing the Commission and provided a brief assessment of the Commission's progress in addressing those challenges. Each challenge area is related to the FEC's mission and reflects continuing vulnerabilities and emerging issues. The following summarizes FEC's most significant management and performance challenges in [our latest report](#), which is based on our experience and observations from our oversight work:

- 1. Growth of elections spending** – The FEC was established nearly fifty years ago to provide oversight of federal campaign finance. In recent years, federal campaign fundraising and spending have increased dramatically, particularly since the U.S. Supreme Court's decision in *Citizens United v. FEC* in 2010. The rapid growth of contributions to campaigns and committees, both in total dollars and in the number of contributions, has not been met with corresponding budgetary resources for the FEC to provide campaign finance oversight. Total spending on federal election campaigns during presidential years increased from \$3.1 billion in 2000 to approximately \$14.4 billion for the 2020 election cycle, nearly a 5-fold increase. Spending on the 2022 mid-term elections reached \$8.9 billion, setting an all-time record for spending on congressional races and exceeding the 2018 mid-term total by more than 50%.
- 2. Identifying and regulating unlawful foreign contributions** – Identifying and regulating unlawful foreign contributions pose a significant challenge to the FEC. As committee expenditures and the number of transactions subject to FEC regulation and oversight increase, potential contributions by foreign nationals also increase, which demands greater scrutiny by agency regulators. However, a recent OIG report found that the FEC's practice of relying on filers' self-certifications concerning potential foreign contributions poses a national security risk and provides insufficient oversight of possible illegal foreign donations. Indeed, numerous recent cases highlight the risk of unlawful foreign influence in U.S. elections.
- 3. Continuity of Operations** – Recent and dramatic changes in workplace dynamics due to the COVID-19 pandemic pose many management and performance challenges for the FEC. Federal agencies, including the FEC, have implemented various return-to-office policies after the expiration of evacuation orders that mandated remote work during the height of the pandemic. However, substantial uncertainty remains regarding how the post-pandemic work environment will look for the FEC, how the FEC's telework policies will affect retention and recruitment, and how the agency would respond to a future pandemic or similar event that disrupts operations.
- 4. Human Capital Management** – Human capital management is the process of acquiring, training, managing, and retaining employees to effectively execute the agency's mission. In prior management challenge reports the OIG identified, among other things, the unusual salary structure of certain senior leaders at the Commission (including Commissioners), the practice of agency personnel serving in acting positions for extended periods of time, and the Commission's attempt to address these issues through repeated legislative recommendations to Congress. These challenges have a direct impact on the

Commission's management of human capital. For example, the problems brought about by the challenged senior salary structure, coupled with declining staffing levels and increased workload, appear to have contributed to the recent 29th out of 29 ranking among small agencies that the FEC received in the Partnership for Public Service's 2021 Best Places to Work in the Federal Government report.

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

Prior to his departure, Mr. Christopher Skinner, the Inspector General, attended CIGIE monthly meetings as well as CIGIE sponsored conferences and professional development seminars. Mr. Skinner was an active member of the CIGIE Technology, Legislative, and Budget Committees. He served on the IG Candidate Panel, reviewing candidates interested in presidential appointment, needing Senate confirmation (PAS), or for Designated Federal Entity (DFE) Inspector General positions.

Mr. Dennis Phillips, the Deputy Inspector General, participates in CIGIE quarterly meetings and various CIGIE meetings.

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

Ms. Shellie Purnell-Brown, Senior Auditor, participates in the Enterprise Risk Management working group and she served as the Chair of the Federal Audit Executive Council Annual Conference Planning Committee, which was held on February 15, 2024.

List of Trainings, Meetings & Conferences

The chart below provides a list of trainings, meetings, programs, seminars, and/or conferences attended by the IG and the OIG staff for the period October 1, 2023 to March 31, 2024.

Trainings, Meetings, Conferences, Etc.	
Host / Sponsor	Topic / Subject
Association of Inspectors General Institute® (AIGI)	2024 AIG Certified Inspector General Inspector/Evaluation Institute 2024 AIG Certified Inspector General® Institute
Congress	FEC IG Call w/ Bipartisan Rules Committee
	10th Annual CIGIE Leadership Forum 2023 Federal Audit Executive Council (FAEC) Procurement Conference 2024 Federal Audit Executive Council (FAEC) Annual Conference Audit Peer Review Training Budget Committee Candidate Review Panel Congressional Update with GAI at Georgetown Connect, Collaborate, and Learn (CCL): Risk Assessment for Annual Audit Planning
Council of the Inspectors General on Integrity and Efficiency (CIGIE)	CIGIE CCL Event: Quick Response Audits, Inspections and Evaluations Deputy IG for Audit Meeting Cybersecurity Working Group Training & Information Session Diversity, Equality, and Inclusion Monthly Meeting DEIA Huddle Workshop: Equity Toolkit DEIA Virtual Vendor Day ERM Working Group Quarterly Meeting FAEC Procurement Planning Meetings IG Candidate Review Panel IG Discussion: Organizational Productivity IG Discussion Forum: Telework/Remote Work

LIST OF TRAININGS, MEETINGS & CONFERENCES

Trainings, Meetings, Conferences, Etc.	
Host / Sponsor	Topic / Subject
Council of the Inspectors General on Integrity and Efficiency (CIGIE) (Cont.)	Legislation Committee Leading, Inspiring, and Fostering Talent (LIFT) (PDC) CIGIE 102 Monthly Member Meeting Quality Management Committee Quarterly Meeting Tech Tuesdays
Department of Defense (DoD)	Quarterly Hotline Working Group
DC Bar	Artificial Intelligence (AI) and Legal Ethics: A Risk-Benefit Analysis 2024 Legislation Around AI – What’s Here and What’s Coming Leveraging ChaptGPT: Practical Training for Attorneys
eCornell University	Exploring Data Online Extracting Insights from Data Fundamentals of Database Design Integrating Data from Multiple Tables Introduction to Scalability and Automation Leading Remote Teams
Eventbrite.com	Workforce of the Future Playbook: Skills-Based and Pooled Hiring
Federal Election Commission	2023 No FEAR Act Training 2023 Mandatory Workplace Safety Training 2023 Workplace Harassment Prevention for Federal Employees 2.0 Anti-Human Trafficking – Blue Campaign Human Trafficking Bringing Our Seat to the Table: Reflections on the Past, Present, and Future of Black Women Leaders Budget Committee Commission Meeting – Executive Session A Deep Dive into Data and Resources Director’s Meeting

Trainings, Meetings, Conferences, Etc.	
Host / Sponsor	Topic / Subject
Federal Election Commission (Cont.)	FECNet/InfoWeb Training Finance Committee Meeting Financial Statement Audit and Bi-Weekly Status Meetings Mandatory Occupant Emergency Training Occupant Emergency Team Training OIG New Hire Orientation OIG Weekly Staff Sync OSHA Workplace Quarterly Update to the Commission Seminar for Candidate and Political Party Committees
Fed Insider	2023 Generative AI in Government
Fed News Network	Artificial Intelligence (AI) and Data Exchange Forum
GovExec	Cyber Defenders
Management Concepts	Leading Organizational Change How to Present Data Analytics Findings Effectively to Stakeholders
National Science Foundation	Joint Financial Management Improvement Program Conference (JFMIP)
NetGov	Generative Artificial Intelligence (AI) Workshop
NJCPA Education Foundation CPE Program	NJ Law and Ethics Webinar
Department of Justice - Procurement Collusion Strike Force (PCSF)	PCSF Presents: The Many Wonders of SAM PCSF Webinar – Operation Powersurge Case Debrief PCSF Webinar – Strategic Petroleum Reserve Case Presentation

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

IG Act	DESCRIPTION	PAGE
Section 5(a)(17), (18)	Investigative Reports Table and Metrics (Table IV)	28
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, Review, Inspection, and Investigative Reports with Corrective Actions Outstanding

Report Title	Report Number	Date Issued	Total Rec's	Closed	Open	Cost Savings
Inspection of the Federal Election Commission's Disaster Recovery Plan and Continuity of Operations Plans	OIG-12-06	01/2013	2	0	2	0
Investigation I21INV00037	I21INV00037	08/2021	4	0	4	0
Special Review of the FEC Contracting Officers Representative (COR) Program	SR-22-01	05/2022	1	0	1	0
OIG Review of Commission Directive 06	2023-10-001	10/2022	1	0	1	0
Independent Audit Report of FEC's FY 22 Financial Statements	OIG-22-01	11/2022	3	3	0	0
Audit Report of the FEC's Human Capital Management for FY2022	OIG-22-02	04/2023	5	0	5	0
Review of the FEC Travel and Purchase Card Programs	Special Review 23-02	08/2023	5	1	4	0
Totals			21	4	17	0

Table IV: Summary of Investigative Reports and Actions³

FEC OIG Investigations Courses of Action (Oct 1, 2023 – Mar 31, 2024)	Number
Total number of investigative reports issued	1
Total number of persons referred to DOJ for criminal prosecution	0
Total number of persons referred to state and local prosecuting authorities for criminal prosecution	0
Total number of indictments and criminal information resulting from any prior referral to prosecuting authorities	0
Total Investigations Closed	1

³ Metrics Used for Developing Data for Table IV:

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

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

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

Appendix A: Peer Review Results

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

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



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!

