



SEMIANNUAL REPORT TO CONGRESS  
APRIL 1, 2014 – SEPTEMBER 30, 2014

NOVEMBER 2014

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



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

OFFICE OF THE CHAIRMAN

November 19, 2014

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

Dear Mr. Speaker:

Pursuant to the Inspector General Act of 1978, as amended, the Federal Election Commission submits the Office of Inspector General's *Semiannual Report to Congress*. The report summarizes the activity of the FEC Office of Inspector General ("OIG") from April 1, 2014 through September 30, 2014.

During this reporting period, the FEC's OIG released two reports: in June 2014, *Inspection of FEC's Compliance with FMFIA/OMB Circular A-123* was released, and in July 2014, *Review of Outstanding Recommendations as of June 2014* was released. The response of FEC management to the issues raised in the reports appears in the reports.

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

On behalf of the Commission,

A handwritten signature in black ink, appearing to read "Lee E. Goodman".

Lee E. Goodman  
Chairman

enclosure

MANAGEMENT REPORT ON  
INSPECTOR GENERAL ISSUED REPORTS  
WITH QUESTIONED COSTS  
FOR THE SIX-MONTH PERIOD ENDING SEPTEMBER 30, 2014

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

MANAGEMENT REPORT ON  
INSPECTOR GENERAL ISSUED REPORTS WITH  
RECOMMENDATIONS TO PUT FUNDS TO BETTER USE  
FOR THE SIX-MONTH PERIOD ENDING SEPTEMBER 30, 2014

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



## FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

Office of Inspector General

### A MESSAGE FROM THE INSPECTOR GENERAL

This has been a time of change for the Office of Inspector General (OIG) as we said goodbye to a long-time OIG employee. Jon Hatfield, Deputy Inspector General, accepted the Inspector General position at the Federal Maritime Commission. Jon had been an employee in the OIG for twenty years, starting as an auditor and rising to the position of Deputy Inspector General. He will be greatly missed, but we all know he will have nothing but success as he assumes the role of Inspector General. J. Cameron Thurber was selected to be the Deputy Inspector General, a new role for him in the OIG, as he had previously served as the Counsel to the Inspector General/Chief Investigator. I look forward to working with Cam in his new capacity as I am positive he will bring the same dedication and thoroughness to his new position as he displayed in his previous one. Once we have filled the vacancy in the Counsel position, the office will be back to full strength.

Even with the gaps in staffing, the OIG had a successful six months, as evidenced by the attached Semiannual Report to Congress. We continued to place emphasis on the outstanding recommendations from previous audit and inspection reports, started the FY 2014 Financial Statement Audit, and closed a joint investigation conducted with the Office of Special Counsel to just highlight a few accomplishments.

The staff of the OIG continues to be dedicated to the mission of the office and worked diligently to ensure there were no gaps due to staffing shortages. As always, each and every staff person performed a variety of duties outside of their areas of expertise which enables the office to provide a wider range of coverage to the Federal Election Commission. I am honored to work beside these committed people.

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

Lynne A. McFarland  
Inspector General  
Federal Election Commission

October 30, 2014

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## EXECUTIVE SUMMARY

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

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

On April 21, 2014, Leon Snead & Company LSC provided the engagement letter detailing the IPA and FEC management roles and responsibilities regarding the audit process. As in prior years, the IPA is required by the FEC OIG's contract to conduct additional testing on information technology (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. The fieldwork phase of the audit began on May 5, 2014. LSC will begin final testing in October and the audit is scheduled to be completed November 14, 2014. For detailed information pertaining to the *Audit of the FEC's Fiscal Year 2014 Financial Statements* (OIG-14-04), see the section titled **OIG Audit Activity** (starting on page 3).

During this semiannual reporting period, the OIG released the report titled *Review of Outstanding Recommendations as of June 2014 (OIG-14-07)* to the Commission. The OIG semiannually provide the Commission with the status of outstanding recommendations detailing the follow-up work conducted by the OIG and the status of the outstanding OIG audit and inspection recommendations.

For this reporting period, we reviewed five (5) audits and inspections that had a total of 102 outstanding recommendations. The OIG was able to collectively close fifteen (15) recommendations from three (3) of the five (5) audits and inspections. Three (3) of the fifteen (15) recommendations were closed due to management providing the OIG with written documentation noting their decision to accept the risk of not implementing corrective actions. A noteworthy accomplishment, the Office of Human Resources closed nine (9) of twenty-six (26) audit recommendations from the *Audit of the Federal Election Commission's Office of Human Resources* within the first six (6) months of the follow-up period. For additional information, see the section titled **OIG Audit Follow-up Activity** (starting on page 4).

The inspection of the FEC's compliance with the *Federal Managers' Financial Integrity Act* (FMFIA) requirements, as prescribed by Office of Management and Budget (OMB) Circular A-123, was completed during this reporting period. According to the FMFIA, "...management is responsible for establishing and maintaining internal control to achieve the objectives of effective and efficient management operations, reliable financial reporting and compliance with applicable laws and regulations..."

The primary objectives of the inspection were to 1) assess whether the FEC is complying with the annual assessment requirement of FMFIA; 2) determine if the FEC's annual internal control review

(ICR) process is adequately designed and operating effectively to meet the requirements of FMFIA/OMB Circular A-123; and 3) identify any process improvements. Based on the results of work performed, OIG concludes the FEC is generally in compliance with FMFIA/OMB A-123 annual internal control assessment requirements. However, we have identified that all program managers are not maintaining sufficient documentation nor providing the Office of the Chief Financial Officer (OCFO) with adequate documentation to ensure ICRs were properly conducted and in compliance with FEC internal control policies and procedures. The OIG published the final inspection report June 2014. For detailed information pertaining to OIG inspections, see the section titled **OIG Inspections** (starting on page 5).

The inspection of the FEC's travel and purchase card program commenced during this reporting period. The primary objectives are to 1) ensure card holders and approvers are complying with applicable charge card policies, procedures, and regulations; and 2) assess whether the Federal Election Commission's travel and purchase card programs are adequately designed to meet the requirements of OMB Circular A-123 – Appendix B (Improving the Management of Government Charge Card Programs, as revised) and the *Government Charge Card Abuse Prevention Act of 2012* (Public Law 112-194). Fieldwork was completed during this reporting period and the OIG discussed potential findings with program managers. The OIG expects to publish the final inspection report December 2014 (see page 6).

During this semiannual reporting period, five (5) new hotline complaints were opened and five (5) hotline complaints were closed, one (1) of which was merged into an ongoing investigation. The OIG has two (2) open hotline complaints as of the close of this reporting period, both of which were opened prior to the beginning of this reporting period. The OIG received two (2) hotline inquiries, one (1) of which required no further action. The other consisted of a misdirected complaint; the individual was referred to the proper entity.

No new investigations were opened and one (1) investigation was closed during this reporting period. Four (4) investigations were open at the end of the

reporting period. For detailed information pertaining to hotline complaints and investigations, see the sections titled **OIG Hotline Information** (starting on page 8) or **OIG Investigative Information** (starting on page 10).

# OIG AUDIT ACTIVITY

## **Audit of the FEC's Fiscal Year 2014 Financial Statements**

*Assignment Number:* OIG-14-04

*Status:* In Progress

On April 21, 2014, Leon Snead & Company (LSC) provided the engagement letter to the Inspector General, FEC Commissioners and management detailing the IPAs and FEC management roles and responsibilities regarding the audit process. The entrance conference was subsequently held on April 23, 2014.

As in prior years, the IPA is required by the FEC OIG's contract to conduct additional testing on information technology (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. The fieldwork phase of the audit began on May 5, 2014 and interim testing began on July 14, 2014.

In addition to the normal process of testing internal controls, LSC held separate status meetings, as well as contractual bi-weekly status meetings with management. As required by the audit process, LSC held a meeting to communicate the status of the audit process with those charged with governance (Chair and Vice-Chair) over the agency. This meeting provided governance with the approach and scope of the annual audit, the status of FY 2013 findings, and the status of the current (FY 2014) audit. LSC will start final testing in October, and the audit is scheduled to be completed November 14, 2014.



## OIG AUDIT FOLLOW-UP ACTIVITY

### Office of Inspector's General Review of Outstanding Recommendations as of June 2014

Assignment Number: OIG-14-07

Status: Released July 2014

<http://www.fec.gov/general/documents/ReviewofOutstandingRecommendationsasofJune2014.pdf>

The OIG semiannually provides the Commission with the status of outstanding recommendations detailing the follow-up work conducted by the OIG and the status of the outstanding OIG audit and inspection recommendations. Since the last follow-up report, released December 2013, the OIG added the *Audit of the Federal Election Commission's Office of Human Resources* report (released July 2013) to the audit follow-up process because the recommendations have been outstanding for more than six (6) months.

For this reporting period, we reviewed the following five (5) audits and inspections that contained a combined total of 102 outstanding recommendations:

- Audit of the Commission's Property Management Controls;
- 2010 Follow-up Audit of Privacy and Data Protection;
- 2010 Follow-up Audit of Procurement and Contract Management;
- Inspection of the FEC's Disaster Recovery Plan and Continuity of Operations Plans; and
- Audit of the FEC's Office of Human Resources.

The OIG was able to collectively close fifteen (15) recommendations from three (3) of the five (5) audits and inspections. Three (3) of the fifteen (15) recommendations closed this period were closed due to management providing the OIG with written documentation noting their decision to accept the risk of not implementing corrective

actions for outstanding recommendations contained in the *Audit of the Commission Property Management Controls* report.

A noteworthy accomplishment identified during the most recent audit follow-up review was that the Office of Human Resources closed nine (9) of twenty-six (26) audit recommendations from the *Audit of the Federal Election Commission's Office of Human Resources* within the first six (6) months of the follow-up period.

The OIG continues to have concerns regarding the following areas:

- FEC needs to improve the accountability of management officials necessary to ensure compliance with all aspects of Directive 50: Audit Follow-up;
- FEC's IT inventory records are consistently inaccurate to include the recently purchased iPhones for FEC staff; and
- OIG is concerned with the lack of progress in addressing the outstanding recommendations for the Inspection of the *FEC's Disaster Recovery Plan and Continuity of Operations Plan* report. Thirty (30) recommendations were contained in the report, issued January 2013. Approximately twenty (20) months have passed and all thirty (30) recommendations remain open. The lack of attention to these recommendations may put the agency at risk in the event of a local disaster.

# OIG INSPECTIONS

## **Inspection of FEC's Compliance with FMFIA/OMB Circular A-123**

*Assignment Number:* OIG-14-01

*Status:* Released June 2014

<http://www.fec.gov/fecig/documents/FEC-A-123InspectionReport-Final06-17-14-assessed.pdf>

The inspection of the FEC's compliance with the *Federal Managers' Financial Integrity Act* (FMFIA) requirements, as prescribed by Office of Management and Budget (OMB) Circular A-123 was completed during this reporting period. According to the FMFIA, "...management is responsible for establishing and maintaining internal control to achieve the objectives of effective and efficient management operations, reliable financial reporting and compliance with applicable laws and regulations..." The FEC's Office of the Chief Financial Officer (OCFO) oversees the agency's internal control program and has operational responsibility for FEC's annual internal control assessment process (the ICR process).

The primary objectives of the inspection were to 1) assess whether the FEC is complying with the annual assessment requirement of FMFIA; 2) determine if the FEC's annual internal control review process is adequately designed and operating effectively to meet the requirements of FMFIA/OMB Circular A-123; and 3) identify any process improvements.

The inspection fieldwork was completed during the prior reporting period. The scope of the inspection included a review of FEC's FMFIA and A-123 compliance procedures performed during FYs 2012 and 2013. The inspection fieldwork included the following:

- Reviewed FEC's policies and procedures for compliance with FMFIA and OMB A-123

requirements to ensure adequate management processes and controls are in place;

- Reviewed all fifteen (15) program offices' ICR packages submitted for FY 2012 and FY 2013; and
- Interviewed five (5) program offices to discuss their annual internal control review process.

Based on the results of work performed, OIG concludes that the FEC is generally in compliance with FMFIA/OMB A-123 annual internal control assessment requirements. However, we have identified that all program managers are not maintaining sufficient documentation nor providing the OCFO with adequate documentation to ensure ICRs were properly conducted and in compliance with FEC internal control policies and procedures. In addition, there is an opportunity to enhance the effectiveness of the risk assessments by applying and evaluating specific objectives at the program level opposed to using general control objectives for all programs.

The OIG published the final inspection report June 2014. The report included three (3) findings and eight (8) recommendations to improve the FEC annual A-123 internal control review process. Management generally agreed with all recommendations.

### **Inspection of the FEC's Travel and Purchase Card Program**

*Assignment Number:* OIG-14-05

*Status:* In Progress

The inspection of the FEC's travel and purchase card program commenced during this reporting period. The primary objectives of this inspection are to 1) ensure that card holders and approvers are complying with applicable charge card policies, procedures, and regulations; and 2) assess whether the Federal Election Commission's travel and purchase card programs are adequately designed to meet the requirements of OMB Circular A-123 – Appendix B (Improving the Management of Government Charge Card Programs, as revised) and the *Government Charge Card Abuse Prevention Act of 2012* (Public Law 112-194).

On May 9, 2014, the OIG distributed an inspection notification to management; on May 21, 2014, two (2) meetings were held to discuss the purpose of the inspection and the preliminary scope of the inspection. A meeting was held with members of the Office of the Chief Financial Officer (CFO), including the Acting CFO and the Acting Accounting Director; and a meeting was held with the Administrative Services Division (program office responsible for the management and distribution of the physical travel cards).

To gain an understanding of the travel and purchase card programs, the OIG reviewed applicable FEC policy and procedures and researched all applicable laws, regulations, and guidance. OIG also performed observations of the travel and purchase card processes. Fieldwork included testing a sample of travel vouchers for the top ten (10) travelers and a sample of purchase card transactions. For selections made, the supporting documentation was reviewed to ensure the transactions were properly approved and processed in compliance with applicable regulations and internal policies and procedures.

We also assessed the controls over the distribution of physical travel cards and reviewed the FEC's charge card management program to determine whether it is aligned with regulations and guidance over charge cards.

Fieldwork was completed during this reporting period and the OIG discussed potential findings with program managers. Once OIG receives and reviews follow-up responses related to the potential findings, the draft report will be completed and distributed for management review. The OIG expects to publish the final inspection report in December 2014.

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### **Inspection of the FEC's Office of Equal Employment Opportunity (OEEO)**

*Assignment Number:* OIG -12-07

*Status:* In Progress

The OIG is conducting an inspection of the FEC's Office of Equal Employment Opportunity (OEEO). The OEEO administers and implements anti-discrimination, prohibited personnel practice and affirmative action statutes and regulations, as well as related policies, procedures and guidance (collectively, "EEO laws") for the FEC. These statutes include: Title VII of the *Civil Rights Act of 1964*, as amended; the *Notification and Federal Employment Anti-Discrimination and Retaliation Act of 2002* (No FEAR Act); the *Age Discrimination in Employment Act of 1967* (ADEA); the *Americans with Disabilities Act of 1990* (ADA); the *Equal Pay Act of 1963*; and the *Rehabilitation Act of 1973*.

The OEEO's general responsibilities are twofold – to advise and educate employees and managers of their rights and responsibilities under the EEO laws; and to process complaints of alleged violations of EEO laws. The OEEO is also responsible for record-keeping and reporting, especially complaint statistics, as required by EEO laws.

The inspection has two goals. The first goal is to analyze the OEEO complaint process and statistics. This goal has three objectives: 1) to ensure the OEEO is procedurally compliant, both in process and practice, with the statutes and regulations governing complaints; 2) to evaluate the effectiveness of OEEO educational and outreach efforts concerning the complaint process and practice; and 3) provide FEC management with an understanding of trends in reported allegations of violations of EEO laws.

The second goal is to review OEEO-sponsored training and post-training survey results from participants. This goal is intended to measure the OEEO's performance in providing training to FEC employees.

The field work for the OEEO inspection has been completed, but high priority investigations have required a reassignment of resources and delayed the drafting of the report. Once the investigations are complete and resources can be tasked back to the inspection, the report will be published.

## OIG HOTLINE INFORMATION

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

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

During this semiannual reporting period, five (5) new hotline complaints were opened and five (5) hotline complaints were closed, one (1) of which was merged into an ongoing investigation. The OIG has two (2) open hotline complaints as of the close of this reporting period, both of which were opened prior to the beginning of this reporting period.

Preliminary inquiries were conducted of all hotline complaints received. The inquiries included reviews

of relevant documents and information, legal research, and interviews. In those instances where a preliminary inquiry found that the complaint’s allegations were unsubstantiated, lacked merit, did not include enough information to proceed, or had already been addressed, the hotline complaint was rated low priority and closed. One hotline complaint was closed because an investigation into the allegation had already been initiated, and another was closed after assistance to another federal law enforcement agency was provided. Other hotline complaint topics included conflict of interest, Privacy Act violations, and improper termination.

The OIG frequently receives reports and allegations which are misdirected complaints that should have been routed to the Office of Complaints and Legal Administration within the Office of General Counsel (OGC), are outside the jurisdiction of the OIG or the FEC, or are facially unsubstantiated, meritless or invalid. For example, Section 437g of the Federal Election Campaign Act of 1971, as amended (FECA), sets forth strict requirements for reporting alleged violations of FECA, and FEC regulations direct that such complaints be filed directly by the complainant and processed through OGC. Still, the OIG regularly receives complaints of alleged FECA violations, many of which are not legally compliant.

Form responses with information about properly filing a complaint with OGC are sent to complainants alleging FECA violations, as the OIG does not route FECA complaints to OGC due to legal requirement. In other cases of misdirected complaints, a response is sent to the individual referring him or her to the proper office or other agency. In some limited instances where a misdirected communication does not concern a FECA violation but falls under the purview of another FEC component or government agency, such as a candidate with a question about filing a report with the FEC, the inquiry may

be redirected and sent to the appropriate office or agency directly from the OIG. Reviewing and, where appropriate, responding to these reports and allegations when aggregated can entail a significant amount of staff time and effort, despite the fact that they are not valid hotline complaints.

In order to capture and document these hotline contacts, the OIG created a category for “hotline inquiries” that do not meet the criteria for hotline complaints. Hotline contacts that are misdirected complaints, facially unsubstantiated, meritless or invalid, and thus do not meet the criteria for classification as a hotline complaint, are categorized as hotline inquiries. For this reporting period, the OIG received two (2) hotline inquiries, one (1) of which required no further action. The other consisted of a misdirected complaint, and the individual was referred to the proper entity.



## OIG INVESTIGATIVE INFORMATION

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

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

No new investigations were opened and one (1) investigation was closed during this reporting period. Four (4) investigations were open at the end of the reporting period.

The closed matter consisted of a joint investigation with the Office of Special Counsel (OSC) concerning Hatch Act violations, and potential ethics and criminal violations arising, but separate, from the Hatch Act violations. The subject of the investigation entered into a settlement agreement with OSC, in which the employee admitted to Hatch Act violations, and agreed to resign from the FEC with a two (2) year debarment from Federal service. Prosecution was declined. Subsequently the case was closed.



## ADDITIONAL OIG ACTIVITY

Besides conducting audits, inspections, and investigations, the OIG performs and is involved in an array of additional projects and activities. As required by the *Inspector General Act of 1978*, as amended, all legislation compiled by the Commission's Congressional Affairs Office is reviewed by the Inspector General (IG). In addition, the IG routinely reads all Commission agenda items for Commission meetings.

The IG also reviews and provides comments, when appropriate, on legislation provided by the Council of Inspectors General on Integrity and Efficiency (CIGIE) Legislative Committee. Listed below are examples of the OIG's additional activities during this reporting period:

- An IG staff member conducted a presentation for Florida State University Law Students - topic of discussion included an overview of the legal aspects of the Office of Inspector General.
- The OIG held its annual planning session to discuss the work plan for FY 2015 during this reporting period. OIG personnel also discussed several office procedures that no longer pertain to the day-to-day operation of the OIG. The OIG policy and procedures manual will be updated to reflect the changes resulting from the session.



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

The Inspector General continues to serve as Vice Chair of the Council of the Inspectors General on Integrity and Efficiency (CIGIE). In this capacity, the IG supports the Chair, reviews various documents, attends weekly meetings with the Chair and CIGIE executive staff, and provides input into various issues that come before CIGIE.

As Vice Chair, the IG is a member of the Executive Council of CIGIE. The Executive Council is composed of the CIGIE's Chair, Vice Chair, the past Vice Chair of the PCIE, and all Committee Chairs. The Executive Council provides guidance on CIGIE initiated projects, the operating plans for each fiscal year, and the general business of CIGIE. The Council meets monthly to discuss issues that will affect CIGIE and its members.

The IG is also Chair of the Inspector General Recommendation Panel. This panel is charged with making recommendations of qualified candidates to the White House and heads of various federal agencies to be considered for vacant Inspector General positions.



## OIG CONTACTS

The table below indicates the total amount of contacts received by the Office of Inspector General for the past six months – April 1, 2014 through September 30, 2014.

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

Total Contacts	OIG Action	No Action Necessary	Forwarded for Action
5,051	29	5,016	6



# LIST OF TRAINING, MEETINGS AND CONFERENCES

The chart listed below depicts training, meetings, programs, seminars, and/or conferences attended by the Inspector General and/or the OIG staff for the period April 1, 2014 – September 30, 2014:

## MEETINGS:

Host / Sponsor	Topic / Subject
<b>Council of Inspectors General on Integrity and Efficiency</b>	Weekly Chair/Vice Chair Meetings Monthly Meetings Monthly Executive Council Meetings Professional Development Committee's Leadership Development Subcommittee Meetings Public Media Meeting
<b>Council of Counsels to the Inspectors General</b>	Monthly Meetings Small OIG Working Group Meeting
<b>Assistant Inspector General for Investigations</b>	Quarterly Meetings
<b>Department of Transportation</b>	Federal User Group TeamMate Meeting
<b>Federal Election Commission</b>	Bi-monthly Directors' Meetings Finance Committee Meetings Managers' Meeting New Employee Orientation
<b>FEC / Office of Inspector General</b>	Bi-weekly Staff Meetings

## TRAINING/CONFERENCES:

Host / Sponsor	Topic / Subject
<b>Association of Government Accountants</b>	2014 Professional Development Conference – Challenges, Collaboration, Shared Solutions Fraud Prevention – You Found Outliers; New What?
<b>Assistant Inspector General for Investigations</b>	Annual Conference
<b>CIGIE Training Institute</b>	Leadership Forum Introduction to Suspension and Debarment

Host / Sponsor	Topic / Subject
<b>CIGIE / General Accountability Office</b>	Financial Statement Audit Conference
<b>CIGIE / Federal Law Enforcement Training Center</b>	Essentials of Inspector General Investigations (EIGI) IG Adjunct Instructor's Course Video Surveillance Law HIPPA and the LEO Webinars
<b>CIGIE / Federal Audit Executive Council</b>	FAEC Annual Conference MIS Solutions for Customized Project Status Reports Auditing Acquisitions for Fraud FAEC Procurement Audit Conference
<b>CCH TeamMate</b>	CCH TeamMate Conference
<b>GAO – General Accountability Office</b>	20th Biennial Forum of Government Auditors
<b>I-Sight</b>	Mastering Challenging Investigation Interview Subjects Conducting a Procedurally Fair Investigation Closing out the Procedurally Fair Investigation and Dealing with the Aftermath
<b>OGE – Office of Government Ethics</b>	National Ethics Summit Introduction to Impartiality in Performing Official Duties
<b>IIA – Institute of Internal Auditors</b>	State of the Institute of Internal Auditing IIA 2014 District Workshop
<b>Federal Bar Association</b>	Ethics and the Government Lawyer – 2014 Annual Symposium
<b>Federal Executive Institute Alumni Association</b>	Executive Forum 2014 – Leadership Readiness for New Realities
<b>Graduate School USA</b>	Federal Budgeting for Non-Budgeting Personnel

# REPORTING REQUIREMENTS

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

IG ACT	DESCRIPTION	PAGE
Section 4(a)(2)	Review of Legislation	11
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)	19
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	3
Section 5(a)(8)	Questioned and Unsupported Costs (Table I)	17
Section 5(a)(9)	Recommendations that Funds be put to Better Use (Table II)	18
Section 5(a)(10)	Summary of Audit Reports issued before the start of the Reporting Period for which no Management Decision has been made	N/A
Section 5(a)(11)	Significant revised Management Decisions	N/A
Section 5(a)(12)	Management Decisions with which the Inspector General is in Disagreement	None

## TABLE I

### Inspector General issued reports with questioned costs (dollar value in thousands)

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

## TABLE II

### Inspector general issued reports with recommendations that funds be put to better use

	Number	Dollar Value (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 for more than six months

Report Title	Report Number	Recommendations			
		Issue Date	Number	Closed	Open
Audit of the Commission's Property Management Controls	OIG-09-02	03/10	36	34 <sup>1</sup>	2
2010 Follow-up Audit of Procurement and Contract Management	OIG-10-02	06/11	29	20	9
2010 Follow-up Audit of Privacy and Data Protection	OIG-10-03	03/11	45	16	29
Inspection of the Federal Election Commission's Disaster Recovery Plan and Continuity of Operations Plans	OIG-12-06	01/13	30	0	30
Audit of the Federal Election Commission's Office of Human Resources	OIG-12-05	07/13	26	9	17

**Cumulative Total Of Outstanding Recommendations      87**

<sup>1</sup> A total of five (5) recommendations were closed this semiannual period. Three (3) of the five (5) recommendations were closed based on management accepting the risk of not implementing corrective action to adequately address the recommendations. The remaining two (2) recommendations were closed due to recent changes (January 2014) to the agency's policies.

## APPENDIX A

### The Federal Election Commission

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

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

Currently the FEC has a full complement of Commissioners – Lee E. Goodman, Chair; Ann M. Ravel, Vice Chair; Commissioners Carolyn C. Hunter; Matthew S. Petersen; Steven T. Walther; and Ellen L. Weintraub.

### Office of Inspector General

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

## APPENDIX B

### Peer Review Activity

In accordance with the *Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010* (Section 989C of P.L. 111-203), which amended Section 5 of the *Inspector General Act of 1978*, OIGs are required to include in their semiannual reports (SAR) to Congress the results of peer reviews of their offices, as well as outstanding and not fully implemented recommendations from peer reviews the OIG received from another OIG, and outstanding and not fully implemented recommendations the OIG made in any peer review it performed for another OIG.

The FEC OIG completed an audit peer review of the National Endowment for the Humanities (NEH) OIG during the prior reporting period and issued the final system review report on September 30, 2013. The results of our peer review of the NEH OIG resulted in one (1) recommendation for improvement. Consistent with the requirements of Section 989C of P.L. 111-203, the FEC OIG is required to include in our semiannual report a list of any outstanding and not fully implemented recommendations by the NEH OIG.

The FEC OIG contacted the NEH IG on October 1, 2014, to obtain the status of the recommendation contained in the system review report (peer review report). According to the NEH IG, corrective action has been fully implemented to address this recommendation.

# Federal Election Commission Office of Inspector General



## Fraud Hotline 202-694-1015

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

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

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

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

**Together we can make a difference.**