

OFFICE OF INSPECTOR GENERAL

Review of Outstanding Recommendations as of February 2020

MARCH 25, 2020

FEDERAL ELECTION COMMISSION

Office of Inspector General



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Report Objective

Per Commission Directive 50: *Audit Follow-up*, the Office of Management and Budget's Circulars A-50, *Audit Follow Up*, and A-123, *Management's Responsibility for Enterprise Risk Management and Internal Controls (as revised)*, FEC management is required to implement corrective actions to address findings identified in OIG reports in a timely manner. Since fiscal year (FY) 2012, the Office of Inspector General (OIG) has provided the FEC Commission with semiannual reports outlining the status of management's corrective actions for deficiencies that have been outstanding for more than six months. The objective of issuing such reports is to provide governance with an understanding of the risks that exist in the FEC's environment and ensure that management is held accountable for sufficiently addressing operational risk in a timely manner.

Report Revisions

As reported in August 2018, the OIG revised the follow-up reporting process and as a result, the OIG publishes one report in March of each year. However, due to the lack of an Inspector General (IG) and Deputy IG from November 2018 to April 2019, the OIG did not issue an annual report in 2019. In March 2019, the OIG provided the FEC Commission with an informal status update on all open recommendations. As consistent in previous reports, this report will include the OIG's review of FEC's recommendations that have been outstanding for more than six months and identify any progress management has made in addressing the recommendations to date. The OIG will continue to conduct an informal follow-up assessment on outstanding recommendations semiannually (or more frequently at a program managers' request).

Report Highlights

The previous formal status report, *Review of Outstanding Recommendations as of August 2018*, identified 50 outstanding recommendations from five audits and two inspections. The OIG acknowledges that the increased collaboration efforts by both the OIG and FEC management, has resulted in significant progress in reducing 56% of the open recommendations since August 2018. The complete details of the review are included in this report as well as graphical illustrations which include, an open recommendations progress report, recommendations activity by program office, and the age of outstanding recommendations (see appendices A-C).

Table 1. Summary of Open Recommendations by Project

<i>OIG Audits/Inspections</i>	<i>Total Outstanding Recommendations as of August 2018</i>	<i>Total Closed since August 2018</i>	<i>Total Open as of February 28, 2020¹</i>
2010 Follow-up Audit of Privacy and Data Protection <i>9 years outstanding</i>	23	14	9
2010 Follow-up Audit of Procurement and Contract Management <i>7 years outstanding</i>	1	1	0
Inspection of the FEC's Disaster Recovery Plan and Continuity of Operations Plans <i>7 years outstanding</i>	7	0	7
Audit of the FEC's Office of Human Resources <i>6.5 years outstanding</i>	3	1	2
Inspection of FEC's Compliance with FMFIA/OMB A-123 <i>5.5 years outstanding</i>	4	4	0
Audit of the FEC Telework Programs <i>3.5 years outstanding</i>	9	8	1
2017 Required Review Under the DATA Act ² <i>2 years outstanding</i>	3	0	3
Totals	50	28	22

¹ Figures may include recommendations that management has disagreed with or has not adequately implemented; however, the OIG concludes that these recommendations remain open.

² The three recommendations identified in the 2017 DATA Act audit were repeated and superseded in the 2019 Data Act audit. As a result, we consider the recommendations from the 2017 DATA Act audit as open.

Audit Follow-up Meetings/Communications

Closed Audits/Inspections³

The OIG closed the following audit and inspection recommendations this review period.

A. 2010 Follow-up Audit of Procurement and Contract Management

The *2010 Follow-up Audit of Procurement and Contract Management* was issued in June 2011. The OIG's previous *Review of Outstanding Recommendations as of August 2018* report identified one (1) open recommendation related to updating Commission Directive 66, which is the overarching agency policy for procurement and acquisitions. Since then, the agency has updated all applicable procurement policies and standard operating procedures in efforts to comply with the Federal Acquisition Regulations (FAR). As a result, the OIG has closed this recommendation.

B. Inspection of FEC's Compliance with Federal Managers' Financial Integrity Act (FMFIA)/OMB Circular A-123

The *Inspection of FEC's Compliance with FMFIA/OMB Circular A-123* (A-123 Inspection) was released in June 2014. The OIG's *Review of Outstanding Recommendations as of August 2018* report identified four (4) open recommendations. Since then, the OIG conducted follow-up inquiries with the Office of the Chief Financial Officer (OCFO) and reviewed the revised annual internal control review (ICR) process that was implemented in FY 2019. As a result, the OIG confirmed that the updated ICR process incorporates the applicable requirements included in the revised OMB A-123 guidance issued in June 2016. Therefore, the OIG has closed all four (4) outstanding recommendations.

Open Audits/Inspections

C. The 2017 Required Review Under the Digital Accountability and Transparency (DATA) Act

The *FEC OIG's Required Review under the DATA Act* (DATA Act Audit) was released in November 2017. The OIG's *Review of Outstanding Recommendations as of March 2018* report identified three (3) open recommendations. Since the previous follow-up report, the second mandated audit of FEC's DATA Act program was completed in November 2019. Three (3) recommendations identified in the 2017 DATA Act Audit were repeated and superseded in the recent 2019 Data Act Audit. As a result, we consider

³ An audit or inspection is closed once the OIG determines that all applicable recommendations have been adequately addressed and/or management has determined that it will accept the risk of not implementing the recommendation.

the recommendations from the 2017 DATA Act as revised but open and attached to the 2019 DATA Act Audit.⁴

D. 2010 Follow-up Audit of Privacy and Data Protection

For the *2010 Follow-up Audit of Privacy and Data Protection* (Privacy Audit), the OIG's *Review of Outstanding Recommendations as of August 2018* report identified 23 open recommendations. Since the previous reporting period, the OIG met with the FEC's Office of General Counsel (OGC) Privacy Team on several occasions to collaborate and address the outstanding recommendations. The OIG acknowledges the efforts of the Privacy Team Leader, who provided supporting documentation of corrective actions implemented to date. As a result, we closed 14 of the 23 open recommendations. Therefore, nine (9) recommendations remain open for this reporting period.

E. Inspection of the FEC's Disaster Recovery Plan (DRP) and Continuity of Operations Plans (COOP)

The *Inspection of the FEC's Disaster Recovery Plan and Continuity of Operations Plans* (COOP Inspection) report was released in January 2013. The OIG's *Review of Outstanding Recommendations as of August 2018* report identified seven (7) outstanding recommendations. The OIG reviewed management's May and November 2019 corrective action plan (CAP) and determined that all seven (7) recommendations remain open. The Office of the Chief Information Officer (OCIO) has recently awarded a contract for COOP consulting services, which will include a review and update to the existing FEC DRP. Once the DRP is complete, the agency will develop a test plan for implementation. The estimated completion date is the end of the third quarter of FY 2020. As a result, all seven (7) recommendations remain open for this reporting period.

F. Audit of the FEC's Office of Human Resources

The *Audit of the Federal Election Commission's Office of Human Resources* (OHR Audit) report was issued in July 2013. The OIG's *Review of Outstanding Recommendations as of August 2018* report identified three (3) open recommendations related to this audit report. The Director of OHR resigned in October 2018. Since then, the OIG has worked with the Acting OHR Director to address the status of the open recommendations. The FEC OHR, in conjunction with the Office of Personnel Management HR Solutions Team, continues to make progress in updating, receding, and developing personnel-related policies and procedures for the agency. As a result, one (1) recommendation was closed for this reporting period.

FEC OHR has improved its response time to staff inquiries. However, it has not implemented an adequate mechanism to track and continuously monitor staff inquiries as

⁴ The *2019 DATA Act Audit* is not included in this review as the review excludes recommendations that have been open for less than six months.

recommended. Therefore, two (2) of the three (3) outstanding recommendations remain open for this reporting period.

G. Audit of the FEC's Telework Programs

The *Audit of the FEC's Telework Programs* (Telework Audit) was released in June 2016. The OIG's *Review of Outstanding Recommendations as of August 2018* report identified nine (9) open recommendations related to this audit. Since the last reporting period, FEC management revised the Non-Bargaining Unit (NBU) Telework Policy, and in June 2019, it implemented the annual telework control review policy and procedures. The telework control review policy describes how the OHR will monitor the FEC telework programs for compliance and effectiveness. Telework control reviews (pilot) were conducted in June and December 2019. In February 2020, additional control procedures were implemented and incorporated into the annual telework control review process to ensure episodic telework is used for intended purposes. The OIG reviewed the applicable telework policies and procedures, the results of the telework control reviews, and as a result, closed eight (8) of the nine (9) open recommendations.

Additionally, management has drafted NBU policy language to address the remaining recommendation related to the agency's position and criteria for approving special telework accommodations. The OIG will close this recommendation once the policy is signed and finalized. Thus, there is one (1) outstanding recommendation attached to this audit for the reporting period.

Background

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 and provide guidance as required. FEC management is required to implement timely corrective actions as codified in the OMB Circular A-50, *Audit Follow-up*, as revised, and FEC Directive 50: *Audit Follow-up*.

The audit follow-up process includes the following sub-processes:

Corrective Action Plan Process

At the conclusion of each OIG audit, inspection, or special review, it is management's responsibility to develop a corrective action plan (CAP) within 30 days. The CAP provides management's plan to address the OIG's findings and recommendations. The CAP should entail the following:

- Assignment of Audit Follow-up Official (the responsible party for overseeing the corrective action);
- OIG finding(s);
- OIG recommendation(s);
- Comprehensive corrective action required to implement and satisfy the OIG's finding(s) and recommendation(s);
- FEC employee responsible for implementing each task; and
- Expected completion dates and timelines.

Once management drafts a CAP, the OIG reviews and provides comments to management regarding the adequacy of the scheduled corrective actions to address the findings and recommendations. Management then reviews the OIG's comments, finalizes the CAP, and provides a final CAP to the Commission with a courtesy copy to the OIG.

Audit Follow-up Process

FEC Directive 50 requires management to:

(3) Conduct regular meetings with the Inspector General throughout the year to follow-up on outstanding findings and recommendations, and include reports of these meetings in the written corrective action plan and semi-annual reports required to be presented to the Commission...;

The OIG communicates with management no less than semiannually in February and August of each year to discuss the status of OIG recommendations that have been outstanding for more than six months. The purpose of such meetings is to:

- ensure continuous monitoring of open recommendations;
- ensure adequate and timely audit resolution;
- collaborate and engage in a good faith effort to resolve any issues/disagreements; and
- provide management with timely feedback prior to management's CAP reporting requirements to the Commission in May and November of each year.

Once management implements corrective action(s), the OIG must subsequently review the supporting documentation (e.g., new/updated policies, procedures, reports, processes to improve internal controls, etc.) to verify that management has adequately implemented the recommendation(s). The OIG will determine the official status (open or closed) of outstanding recommendations. Further, the OIG is required to report all outstanding recommendations in the OIG's Semiannual Reports to Congress in April and November of each year.

Recommendation Resolution Process

In 2014, we implemented a formal recommendation resolution process as an alternative method to address outstanding recommendations where the OIG and FEC management disagree. The recommendation resolution process can be initiated at the discretion of the OIG if any of the following actions occur:

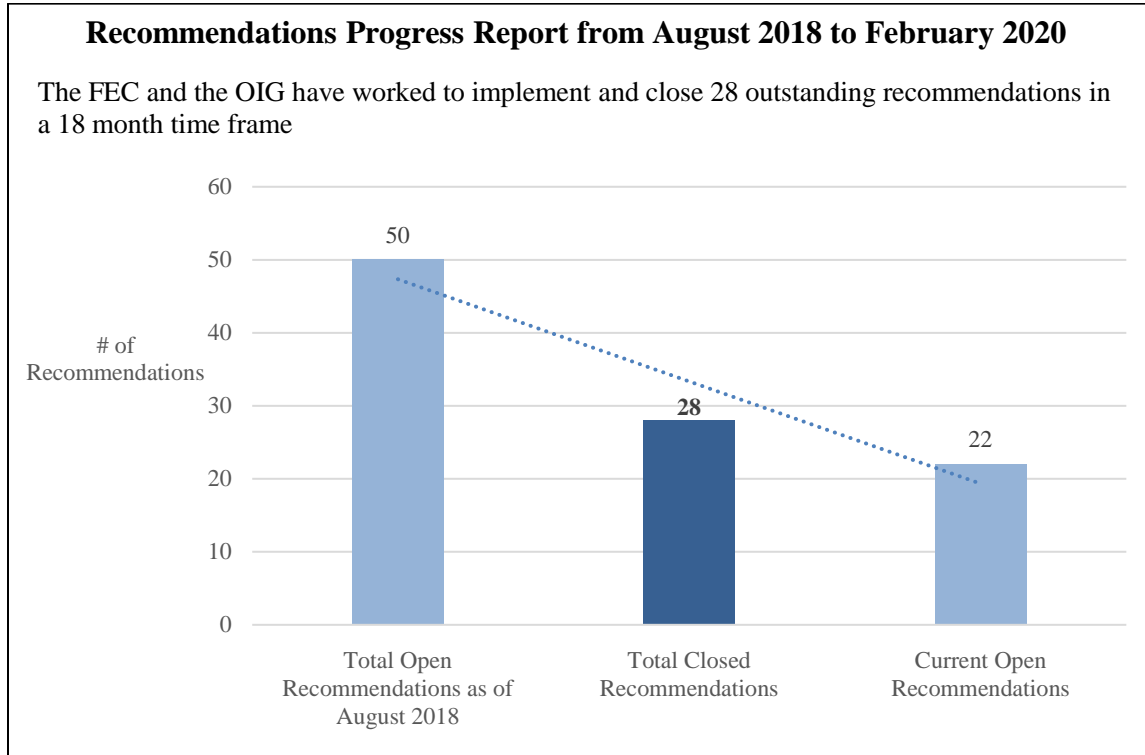
- Management disagrees with a reported finding or recommendation;
- Management is consistently non-responsive to OIG follow-up inquiries; or
- OIG determines that corrective actions will not satisfy the intent of the reported finding and/or recommendation.

The recommendation resolution process can be executed in one of two methods:

1. Management can document a memorandum indicating that management is willing to accept the risk of not implementing a corrective action in efforts to officially close the recommendation. The memorandum shall explain where the program office disagrees with the OIG, why it disagrees, and the details to justify the decision to accept the risk. The memorandum must be signed by the appropriate senior leader; or
2. The OIG can consult directly with the Commission and request that the Commission make a final decision on whether management is required to implement a corrective action.

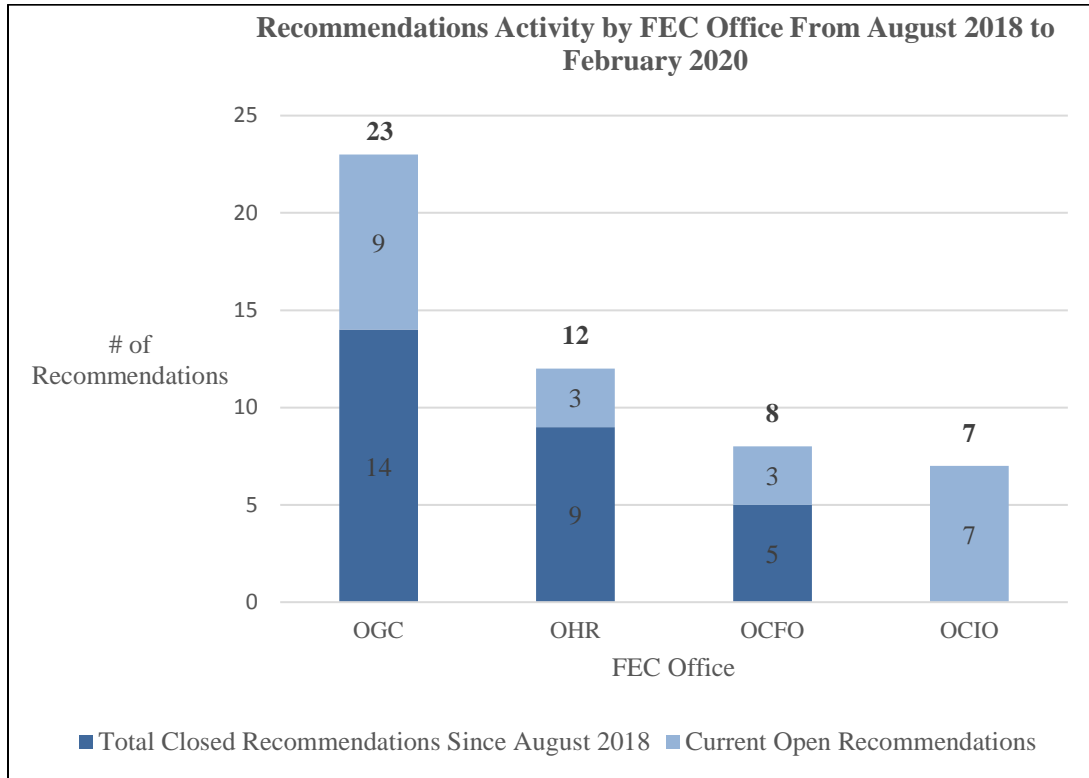
Appendix A

Figure 1. Recommendations Progress Report from August 2018 to February 2020



Appendix B

Figure 2. Recommendations Activity by FEC Office From August 2018 to February 2020



Appendix C

Figure 3. Age of Outstanding Recommendations

