



Federal Election Commission  
Office of the Inspector General

# SEMIANNUAL REPORT *to* CONGRESS

October 1, 2020 – March 31, 2021

May 2021



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

OFFICE OF THE CHAIR

May 28, 2021

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

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

Dear Madam Speaker and Madam President:

Pursuant to the Inspector General Act of 1978, as amended, the Federal Election Commission submits the Office of Inspector General's *Semiannual Report to Congress*. The report summarizes the activity of the FEC Office of Inspector General ("OIG") from October 1, 2020 through March 31, 2021.

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, 2020 and 2019, and the related Statements of Net Costs, Changes in Net Position, Budgetary Resources, and Custodial Activity for the years then ended. This marks the twelfth consecutive year with no material weaknesses identified. The auditors raised issues pertaining to Information Technology security that do not rise to the level of a material weakness, but nonetheless merit attention by the Commission. The response of FEC management to those issues appears in the report, which was issued on November 16, 2020.

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 blue ink that reads "Shana M. Broussard".

Shana M. Broussard  
Chair

Enclosure

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## Message *from the* Inspector General



It is with great pleasure that I present the Federal Election Commission (FEC) Office of Inspector General (OIG) Semiannual Report to Congress for the period of October 1, 2020 to March 31, 2021. This report reflects the exceptional work of the FEC OIG team and their commitment to the critical mission of the OIG. We are pleased to announce that Mr. Hung Huynh has joined the FEC OIG team as our investigator. We are pleased to have him on the team and trust that he will prove to be a great asset to the OIG and to the Commission.

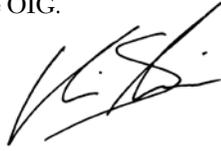
During the reporting period the OIG audit team completed and issued the agency's FY20 Financial Statement audit report. Additionally, we have initiated the FY21 Financial Statement and Digital Accountability and Transparency Act of 2014 (DATA Act) audits. The investigative team continues to respond to hotline complaints and investigate allegations of wrongdoing. Moreover, in accordance with the Inspector General Act of 1978, as amended (IG Act), OIG's are required to report to Congress, as applicable, results of any peer reviews it received or conducted during the reporting period. Peer reviews are required for OIG audit operations, are voluntary for investigative operations, and are scheduled on three-year cycles. The Election Assistance Commission (EAC) OIG completed an audit peer review of our audit operations during the reporting period. Additionally, we have initiated an audit peer review of the Export-Import Bank of the United States (EXIM) OIG.

The FEC OIG team developed its **Strategic Plan for Fiscal Years 2021 through 2025**, which articulates our vision for the next five years. We created this plan through a collaborative process, which included a candid internal assessment of our strengths and areas for improvement, as well as robust and candid discussions regarding the role of the OIG. This Strategic Plan provides the roadmap in building and supporting a high-performing team in providing oversight and recommending improvements to FEC programs and operations.

During the reporting period, the President nominated, and the Senate confirmed, the appointment of three FEC Commissioners, ending a six-month period with no quorum. In addition, pending legislation before Congress would significantly modify the structure and authorities of the Commission. Accordingly, my team is closely monitoring that proposed legislation and its potential impacts on the economy and efficiency of FEC operations and programs.

Continued concern remains regarding the current state of the nation due to the COVID-19 pandemic. I'm exceptionally grateful to lead the FEC OIG team as they have adjusted to this crisis with professionalism and exuded a strong commitment to the mission. I look forward to continuing to work with the FEC OIG team, the Commission,

members of Congress, and my IG colleagues to provide oversight to the FEC on behalf of the American taxpayers. This Semiannual Report reflects the exceptional work of the FEC OIG team and their commitment to the critical mission of the OIG.

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

Christopher Skinner  
Inspector General

## OIG Personnel Updates

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### **Additions:**

We are pleased to announce the addition of Mr. Hung Huynh to the FEC OIG team as our Inspector General Investigator. Mr. Huynh brings more than twenty years of federal government experience to the FEC OIG; ten of which were with other federal OIGs. Mr. Huynh completed his undergraduate degree at the University of Maryland at College Park and his master's degree at the University of Maryland, University College. We are pleased to have him on the team and trust that he will prove to be a great asset to the OIG and to the Commission.

### **Farewells:**

None during this reporting period.

### **Vacancies:**

The OIG currently has a vacant auditor position: This position will be a top priority to fill in FY 2022, pending availability of funding.



# FEC Office *of the* Inspector General Organization Chart

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

Updated: March 2021

## Core Values

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### Commitment

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

### Respect

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

### Service

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

### Honesty

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

### Collaboration

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

### Balance

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

## Executive Summary

The Inspector General Act of 1978, as amended (IG Act), states that the Inspector General (IG) is responsible for conducting audits and investigations; recommending policies and procedures that promote economy, efficiency, and effectiveness of agency resources and programs; and preventing fraud, waste, abuse, and mismanagement. The IG Act requires that the IG provide a means for keeping the head of its respective establishment (i.e., the “FEC” or “Commission”) and the Congress fully and currently informed of problems relating to the administration of FEC programs and operations, through regular reports. Additionally, IG’s are required to report to their respective establishments particularly serious or flagrant problems, abuses, or deficiencies relating to the administration of agency programs and operations.

This semiannual report provides the major accomplishments of the FEC OIG, as well as relevant information regarding additional OIG activities. The executive summary highlights the most significant completed activities of the OIG from October 1, 2020 to March 31, 2021. Additional details pertaining to each activity (e.g., audits, hotline, investigations, and special reviews) can be found in subsequent sections of this report. The FEC OIG staff rely and act 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.

### Audits and Reviews

#### ***FY 2020 Financial Statement Audit***

During this reporting period, the independent public accountants (IPA), Brown and Company completed final testing and issued the agency’s FY 2020 financial statement audit report. The IPA determined that the FEC’s financial statements were presented fairly, in all material respects. The IPA did not identify any material weaknesses that could have an impact on financial reporting. The report was issued on November 16, 2020.

The IPA is required by the FEC OIG’s contract to conduct additional testing on information systems (IT) controls, as the FEC is exempt from the Federal Information Systems Management Act (FISMA) and is not required to perform the annual FISMA audit. As part of this engagement, the IPA also performs follow-up on outstanding recommendations related to IT controls. Based on the internal control and follow-up reviews, there are currently five control deficiencies (two new and three repeat findings) and six open recommendations.

#### ***Travel Program Audit***

The audit of the FEC’s travel program commenced during the previous reporting period. Due to the planned changes in the FEC travel procedures, specifically, the implementation of an online booking portal, the OIG has deferred this engagement until the new procedures are established.

### ***Use of Transit Benefits Special Review***

The report concluded that 30 employees used more than 20% of their January 2019 TRANServe benefits during a time when the federal government was shut down. The OIG issued a final report on July 31, 2020 with the following recommendations:

1. That the FEC regularly request, retrieve, and review monthly TRANServe subsidy benefit reports from the Department of Transportation in efforts to monitor benefit usage and prevent fraud, waste, and/or abuse of government funds.
2. That FEC management incorporate guidance into Commission Directive 54 that addresses transit benefits for furloughed and non-furloughed employees in the event of a government shutdown.
3. That FEC management include specific guidance related to the use of transit benefits during a government shutdown within the annual transit recertification application and within the agency PowerPoint training.

Currently, the OIG continues to follow up with management to address the three outstanding recommendations from this special review.

### **OIG Audit/Review Follow-up Activity**

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

The OIG continues to follow up with management to address outstanding audit recommendations despite competing priorities and the current environment due to the COVID-19 pandemic. As a result, four recommendations were closed during this reporting period. There are five open audits and inspections, containing 17 outstanding recommendations as of March 2021 (see complete details in the OIG Audit Follow-up Activity section of this report).

### **Hotlines and Investigations**

The OIG's preferred method of managing its complaints is through the online hotline portal in which members of the public and agency employees may submit matters to the OIG. During this reporting period, the OIG received and closed 48 new hotline complaints, ending this reporting period with zero open hotline complaints. No outstanding hotline complaints remained from the prior reporting period.

All hotline complaints are evaluated to determine if an investigation is warranted. OIG investigations involve a detailed analysis of the issues presented. That analysis includes, but is not limited to, reviewing pertinent agency records, leveraging information technology resources, and interviewing witnesses and subjects.

The OIG previously reported one investigation as of September 30, 2020. During the reporting period, three new investigations were opened, zero investigations were closed, and four investigations remain open.

### **Peer Reviews**

The Election Assistance Commission (EAC) OIG conducted a modified peer review of the FEC OIG Audit Program for the reporting period ended September 30, 2019. The EAC OIG completed the modified peer review, which concluded that certain audit policies and procedures warranted updates to conform to the 2018 version of Generally Accepted Government Auditing Standards (Yellow Book). The OIG is actively revising its audit manual in accordance with the 2018 Yellow Book.

## EXECUTIVE SUMMARY

The FEC OIG plans to conduct a peer review of the Export-Import Bank (EXIM) OIG Audit Program for the reporting period ended March 31, 2020. The entrance conference was held on February 24, 2021. We are currently in the planning phase of the peer review. Based on preliminary planning, the FEC OIG will perform an External Peer Review of the EXIM OIG Audit Program.

## OIG Audit Activity

Title:	<i>FY 2020 Financial Statement Audit</i>
Assignment Number:	<b>OIG-20-01</b>
Status:	Complete

During this reporting period, the independent public accountants (IPA), Brown and Company completed final testing and issued the agency's FY 2020 financial statement (FS) audit report. The exit conference was held on November 12, 2020 to discuss the draft report and audit findings. The IPA determined that the FEC's financial statements (FS) were presented fairly, in all material respects. The IPA did not identify any material weaknesses that could have an impact on financial reporting. The report was issued on November 16, 2020.

As in prior years, the IPA is required by the FEC OIG's contract to conduct additional testing on information systems (IT) controls, as the FEC is exempt from the Federal Information Systems Management Act (FISMA) and is not required to perform the annual FISMA audit. As part of this engagement, the IPA also performs follow-up on outstanding recommendations related to IT controls. Based on the internal control and follow-up reviews, there are currently five (5) control deficiencies (two new and three repeat findings) and six (6) open recommendations.

The IPA also issued a management letter on December 2, 2020. The management letter contained two matters and suggestions for improvement that were not considered to be material weaknesses or significant deficiencies. These matters did not affect the FY 2020 FS Audit report issued in November 2020.

Title:	<i>Travel Program Audit</i>
Assignment Number:	OIG-20-03
Status:	Deferred

The audit of the FEC's travel program commenced during the previous reporting period. The primary objectives of this audit are to: (1) assess travel card policies and procedures to ensure internal controls in place are adequate to comply with Federal Travel Regulations (FTR), OMB Circular A-123 – Appendix B, and the Government Charge Card Abuse Prevention Act of 2012; (2) test travel card reimbursements and charges to ensure compliance with the FTR, and determine if fraud, waste, abuse, or misuse has occurred; and (3) assess the travel card program and processes to determine if there are opportunities to improve the efficiency and effectiveness of the program. Due to the planned changes in the FEC travel procedures, specifically, the implementation of an online booking portal, the OIG has deferred this engagement until the new procedures are established.

## Special Reviews

Title:	<i>Use of TRANServe Benefits during the FY19 Government Shutdown (December 22, 2018 – January 25, 2019)</i>
Assignment Number:	<b>SR 19-01</b>
Status:	Complete

The OIG received information via the OIG hotline that alleged FEC employees violated the FEC Transit (TRANServe) Program by utilizing their transit benefits for personal use during scheduled telework days. The OIG opened an investigation into the matter on May 22, 2019. Based on the documentary evidence obtained, the investigation did not determine whether the employees were using their TRANServe benefits for personal use; however, it identified irregularities in TRANServe benefit usage during the FY19 government shutdown (December 22, 2018 through January 25, 2019). The 35-day shutdown consumed four out of five weeks in January 2019. Specifically, FEC employees were permitted to use their TRANServe benefits on four out of 21 (19%) working days in January 2019; thus, any TRANServe usage over 20% indicate potential abuse. Accordingly, the OIG conducted a special review of the program, which found that 30 employees used more than 20% of their January 2019 TRANServe benefits.

The OIG issued a final report on July 31, 2020 with the following recommendations:

1. That the FEC regularly request, retrieve, and review monthly TRANServe subsidy benefit reports from the Department of Transportation in efforts to monitor benefit usage and prevent fraud, waste, and/or abuse of government funds.
2. That FEC management incorporate guidance into Commission Directive 54 that addresses transit benefits for furloughed and non-furloughed employees in the event of a government shutdown.
3. That FEC management include specific guidance related to the use of transit benefits during a government shutdown within the annual transit recertification application and within the agency PowerPoint training.

Currently, the OIG continues to follow up with management to address the three outstanding recommendations from this special review.

# OIG Audit/Review Follow-up Activity

Title:	Audit Follow-Up
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 performs follow 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.

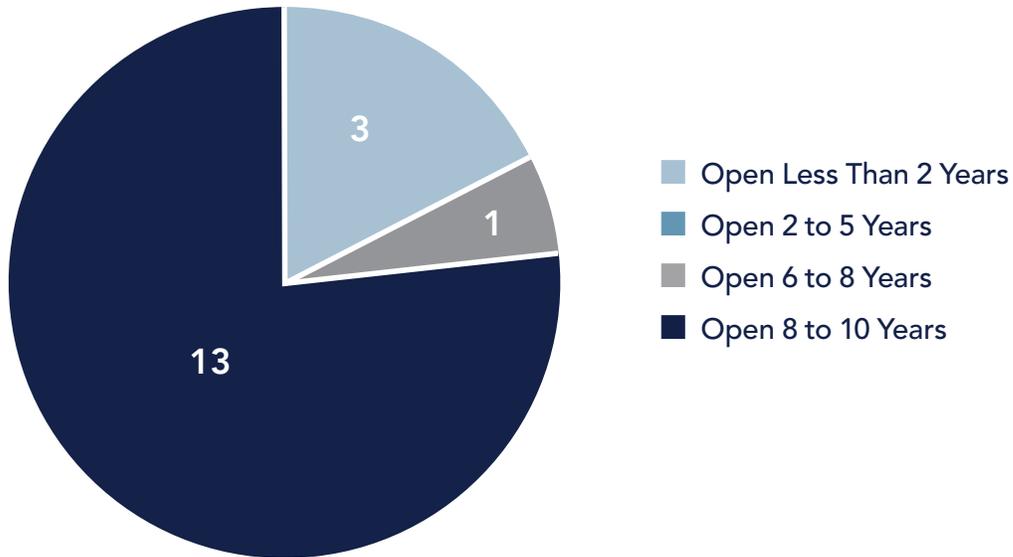
The previous reporting period identified 22 outstanding recommendations from five audits and inspections. Since the last reporting period, the OIG has added three recommendations identified in the TranServe Special Review and closed the remaining two open recommendations related to the FY 2019 DATA Act Audit. The OIG continues to follow-up with management to address outstanding audit recommendations despite competing priorities and the current environment due to the COVID-19 pandemic. Based on follow-up activity, a total of five recommendations were closed during this reporting period.

There are three audits and two inspections/special reviews containing 17 outstanding recommendations as of March 31, 2021. The list of audits, inspections, and special reviews is detailed below:

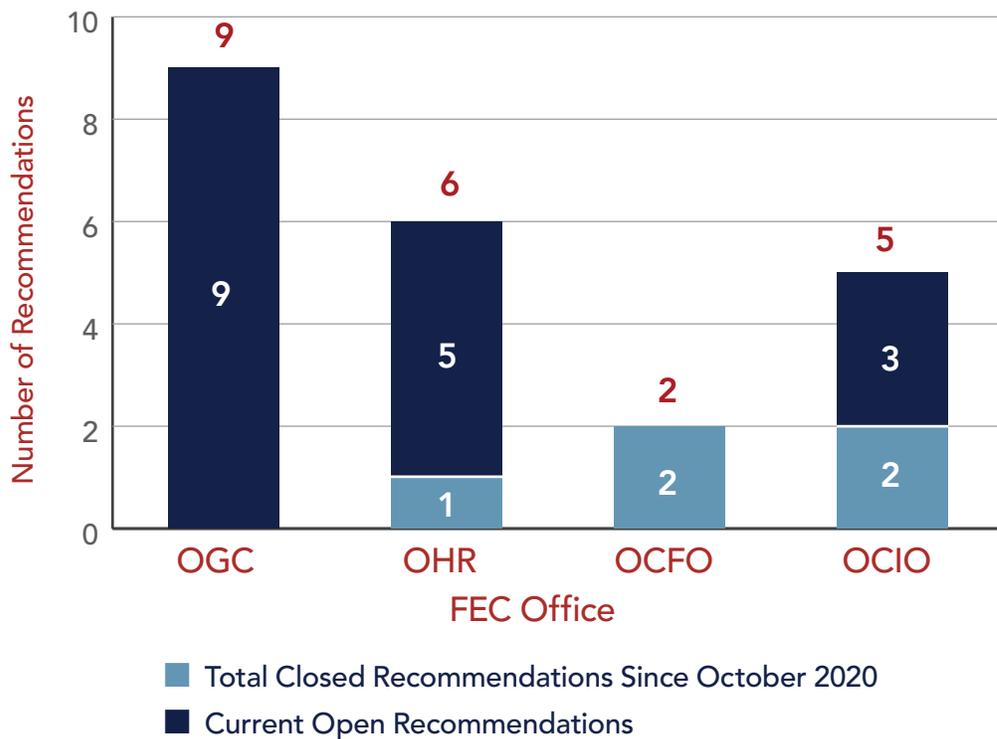
1. 2010 Follow-up Audit of Privacy and Data Protection (outstanding 10 years)
2. Inspection of the FEC’s Disaster Recovery Plan and Continuity of Operations Plans (outstanding 8 years)
3. Audit of the FEC’s Office of Human Resources (outstanding 7.8 years)
4. Audit of the FEC Telework Programs (outstanding 4.9 years)
5. TranServe Special Review (outstanding 8 months)

### Age of Outstanding Recommendations

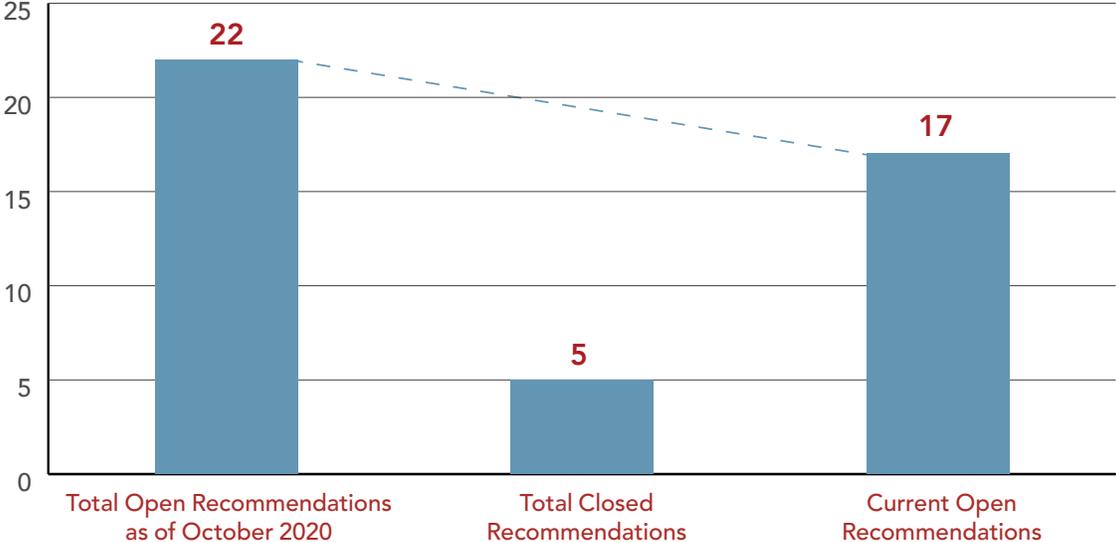
13 (76.5%) of the outstanding recommendations are more than eight years old



### Recommendations Activity by FEC Office from October 2020 to March 2021



Progress Report from October 2020 to March 2021



## OIG Hotline Activity

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

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

During this reporting period, the OIG received and closed 48 new hotline complaints, ending this reporting period with zero open hotline complaints. No outstanding hotline complaints remained from the prior reporting period.<sup>1</sup>

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

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

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<sup>1</sup> The OIG also receives communications that do not rise to the level of complaints because they are not OIG specific and/or fail to state a complaint; we classify those as OIG Contacts for reporting purposes. During the reporting period, the OIG received and responded to 78 OIG Contacts.

OIG Course of Action - Hotlines Closed	
Opened for investigation	3
OIG referral to FEC management	0
OIG referral to existing FEC program/process	4
OIG referral to external agency	6
OIG referral to OIG audit/special review	1
Assist complainant	17
Closed with no action	17
<b>Total Hotlines Closed</b>	<b>48</b>

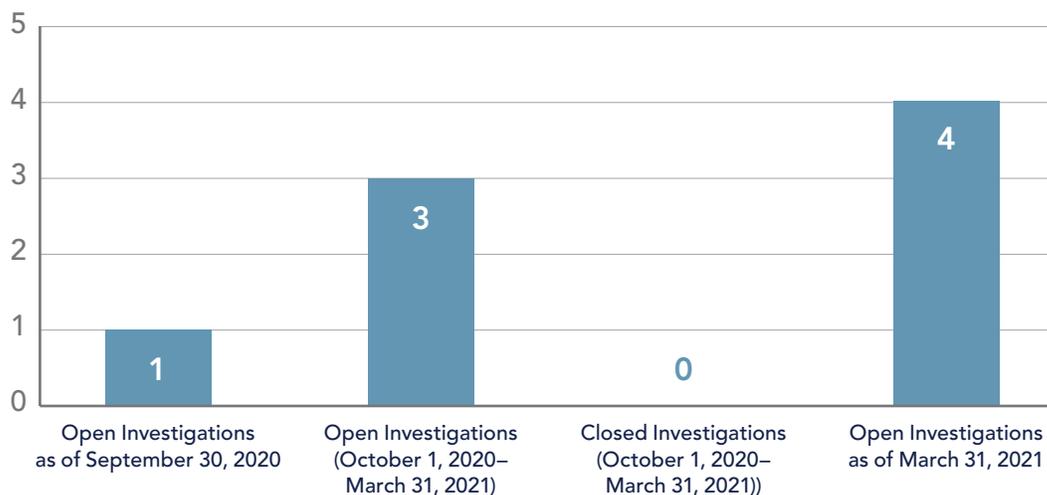
## OIG Investigative Summaries

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 deficiency 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, 2020. During the reporting period, three new investigations were opened, zero investigations were closed, and four investigations remain open.

**FEC OIG Status of Investigations**  
(October 1, 2020 – March 31, 2021)



In accordance with the IG Empowerment Act of 2016, OIG's are required to report on each investigation conducted involving a senior government employee where allegations of misconduct were substantiated, including a detailed description of the facts and circumstances of the investigation and the status and disposition of the matter. Accordingly, the OIG reports this reporting period there were no investigation in which allegations of misconduct by a senior FEC employee were substantiated.

Closed Investigations - Courses of Action (October 1, 2020 – March 31, 2021)	# of Investigations
Investigations closed with ROI released to Commissioners	0
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	0

## Other Matters - Review of Legislation

The IG Act directs each IG to, among other things, “review existing and proposed legislation and regulations relating to programs and operations” of their respective agencies and to make recommendations in their respective semiannual reports “concerning the impact of such legislation or regulations on the economy and efficiency in the administration of programs and operations administered or financed by such establishment or the prevention and detection of fraud and abuse in such programs and operations.”

### Proposed Legislation

#### *H.R. 1 / S. 1 (“For the People Act of 2021”)*

Pending legislation before Congress proposes substantial changes to the structure of the Commission and to the laws it enforces. Among other things it would:

1. Modify the composition of the Commission from six to five members, with no more than two from a single political party.
2. Redefine “quorum” as a “majority of the number of members of the Commission who are serving at the time.”
3. Increase the authorities of the Chair to include, inter alia, appointing certain senior Commission personnel, establishing the Commission budget, and compelling testimony and the production of evidence by subpoena.
4. Limit donations to presidential inaugural committees to \$50,000 total per donor.
5. Prohibit donations to presidential inaugural committees from entities that are not individuals and prohibit donations in the name of another person.
6. Prohibit indirect donations to inaugural committees by foreign nationals (current law prohibits donations by foreign nationals but makes no express distinction between direct and indirect donations). See 36 U.S.C. § 510.
7. Prohibit conversions of donations to inaugural committees to personal use.
8. Require that presidential inaugural committees report disbursements and otherwise heighten the reporting standards that apply to presidential inaugural committees. Current law does not impose disbursement reporting obligations on inaugural committees and imposes only limited reports concerning donations. See 36 U.S.C. § 510.

The foregoing proposed legislation would have significant potential impacts on the economy and efficiency of the administration of the Commission’s programs and operations. Specifically:

1. Modifying the composition of the Commission by reducing the number of Commissioners and redefining quorum may mitigate the potential for periods of Commission inactivity due to a lack of quorum, as has occurred on multiple occasions in the past, often for extended periods. The FEC OIG previously identified the lack of Commission quorum as a top management and performance challenge facing the Commission because a lack of quorum in the past has undermined the Commission's ability to conduct essential business, including enforcement matters, rulemaking, and certain administrative matters. Among other things, Congress should consider whether a quorum should also require at least two Commissioners from different political parties (or one independent Commissioner) to preserve the bipartisan character of the Commission in the event the Commission ever consists of only two members from a single party.
2. Similarly, increasing the authorities of the Commission Chair may further mitigate the adverse impacts of any future periods without a quorum by allowing the Chair to conduct certain business unilaterally. While doing so would potentially improve the efficiency of Commission operations, Congress should carefully balance the benefits and risks of reallocating authorities normally reserved to the full Commission to its Chair.
3. Increasing the Commission's oversight of presidential inaugural committees, requiring disbursement reports, and prohibiting certain donations would bring the oversight of inaugural committees more in line with that of political committees. Congress should also consider whether additional oversight measures warrant the appropriation of additional personnel, information technology, and other resources for the FEC in light of the strain already placed on the FEC staff by dramatic increases in campaign fundraising and spending and the largely static budget of the Commission over the past decade. The FEC OIG previously identified the foregoing concern as a top management and performance challenge facing the Commission.

## Top Management Challenges

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

1. Growth of campaign spending - The FEC was established nearly fifty years ago to provide oversight of federal campaign finance. Since then, federal campaign fundraising and spending have increased dramatically, particularly after the U.S. Supreme Court's decision in *Citizens United v. FEC* in 2010. Indeed, total spending on federal election campaigns has increased from \$1.6 billion in 1998 to roughly 14 billion in 2020. However, the FEC's budget has remained largely static over the past decade or more (and even decreased when accounting for inflation). That dynamic has placed great strain on the FEC staff and creates significant risks to the FEC.
2. Lack of quorum - During this reporting period, the Commission was restored with a quorum ending a 6-month period with no quorum. Previous periods in which the Commission lacked a quorum undermined the ability of the Commission to engage in essential business.
3. Coronavirus (COVID-19) pandemic - The ongoing COVID-19 pandemic has forced the FEC, and many other agencies, to operate in a remote status since March 2020. As Federal workers begin returning to their offices in more significant numbers, their health and safety remains a top concern.
4. Lack of full-time support to Chief Information Officer (CIO) and General Counsel Positions - Currently, the senior leadership roles of the Staff Director and CIO are occupied by the same individual and have been since August 2011. Similarly, the Deputy General Counsel for Law is concurrently serving as the Acting General Counsel and has been doing so since September 2016. Filling the CIO and General Counsel Positions with full-time incumbents would help ensure the FEC is effectively and efficiently supporting its overall mission objectives.
5. Cybersecurity - Protecting data, systems, and networks from threats remains a top challenge. The FEC was established to protect the integrity of federal campaign finance by providing transparency and enforcing and administering federal campaign finance laws. In doing so, the FEC discloses campaign finance data to the public and as a result, encounters large volumes of webpage traffic from stakeholders and members of the public. In efforts to streamline transparency initiatives and improve business processes, the Commission is more technology reliant today, as is society; as such, it is imperative that the Commission continue to prioritize cybersecurity.

## Council of the Inspectors General on Integrity and Efficiency

**M**r. Christopher Skinner, the Inspector General, attended CIGIE monthly meetings as well as CIGIE sponsored Conferences and Professional Development Seminars. Mr. Skinner participates on the CIGIE Technology Committee meetings to stay abreast to the effective information technology (IT) audits, evaluations, and investigations by Inspectors General.

Mr. Dennis Phillips, the Deputy Inspector General, participates on recommended CIGIE meetings and trainings as a new senior leader in the CIGIE community.

Ms. Carla Smith, Senior Counsel, participates on the following recurring meetings: CIGIE Legislative Committee, Counsel to the OIG, Counsel to the small OIG, and Freedom of Information Act (FOIA).

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

## List of Training, Meetings & Conferences

The chart below provides a list of trainings, meetings, programs, seminars, and/or conferences attended by the IG and the OIG staff for the period October 1, 2020 to March 31, 2021.

Trainings, Meetings, Conferences, Etc.	
Host / Sponsor	Topic / Subject
American University	Oversight and Accountability Symposium
AINS	15th Annual User Conference
Association of Certified Fraud Examiners	2020 Government Anti-Fraud Conference Washington Metro Chapter Fraud Risk Management via Enterprise Risk Management Training
Auditnet.org	Adding Keyword Searches to Your Analytical Techniques and Are Your Audit Exceptions Agnostic
Center for Audit Excellence (CAE)	Reviewing Draft Reports and Providing Effective Feedback Understanding and Assessing Internal Controls in Audit
Council of the Inspectors General on Integrity and Efficiency (CIGIE)	7th Annual Inspectors General Leadership Forum 23rd Annual CIGIE Awards Ceremony Audit Peer Review Training Business Diversity Subgroup Meeting CIGIE & Interagency Suspension and Debarment Committee Suspension & Debarment Workshop Congressional Meeting Congressional Update-New Congress Seminar Convercent - Ethics and Compliance Council of the Inspectors General on Integrity and Efficiency (CIGIE) 2020 Annual IG Conference FOIA Meeting GAO 2021 Coordination Meeting Integrity Committee Policies and Procedures Meeting Investigations Committee / Assistant Inspector General for Investigations Committee (IC/AIGI) Quarterly Meeting

Trainings, Meetings, Conferences, Etc.	
Host / Sponsor	Topic / Subject
Council of the Inspectors General on Integrity and Efficiency (CIGIE)	Investigative Writing Seminar Maintaining Your Resilience, Leading, Inspiring, and Fostering Talent Monthly Meeting Counsel Reviewing Draft Reports and Providing Effective Feedback Small/Unique OIG Quarterly Meeting Technology Committee and PDC Meeting Town Hall Understanding and Assessing Internal Controls in Audit
Department of Defense (DoD)	Quarterly Hotline Working Group
Federal Acquisition Institute (FAI)	Contracting Officer Representative
Federal Election Commission	2020 Annual Ethics Training Administrative Liaison Meeting Audit Touch Point Commissioner Update CWTSato Travel Arranger Training Workshop CWTSato Travel Online Booking Tool Director's Meeting Finance Committee Meeting OIG New Hire Orientation Workplace Wellness - CareFirst BCBS 101
Government Accounting Office (GAO)	Data Act Working Group (DAWG) Coordination Meeting
Institute of Internal Auditors	2020 International Conference Fraud Awareness Training
KnowBe4	2020 Kevin Mitnick Security Awareness Training 2020 Mandatory Ethics Training Basics of Phishing Fundamentals
Management Concepts	COR Refresher
Skillsoft	Compliance Considerations to Prepare for Returning to the Office

LIST OF TRAINING, MEETINGS & CONFERENCES

Trainings, Meetings, Conferences, Etc.	
Host / Sponsor	Topic / Subject
Wolters Kluwer	Key Benefits of Agility in Auditing TeamMate Analytics

# 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	18-19
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)	28
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)	26
Section 5(a)(9)	Recommendations that Funds be Put To Better Use (Table II)	27
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	30

Reporting requirements required by the IG Act, as amended, continued:

IG Act	DESCRIPTION	PAGE
Section 5(a)(17), (18)	Investigative Reports Table and Metrics (Table IV)	14-17, and 29
Section 5(a)(19)	Investigations Involving a Senior Government Employee with Substantiated Misconduct	None
Section 5(a)(20)	Instances of Whistleblower Retaliation	None
Section 5(a)(21)	Attempts by the Agency to Interfere with OIG Independence	None
Section 5(a)(22)	Undisclosed Inspections, Evaluations, Audits, and Investigations	None

Table I: Inspector General Issued Reports with Questioned Costs

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

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

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

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

Report Title	Report Number	Date Issued	Total Rec's	Closed	Open	Cost Savings
2010 Follow-up Audit of Privacy and Data Protection	OIG-10-03	03/11	9	0	9	0
Inspection of the Federal Election Commission's Disaster Recovery Plan and Continuity of Operations Plans	OIG-12-06	01/13	5	2	3	0
Audit of the Federal Election Commission's Office of Human Resources	OIG-12-05	07/13	2	1	1	0
Audit of the FEC's Telework Programs	OIG-15-03	06/16	1	0	1	0
Required Review Under the DATA Act	OIG-19-02	11/19	2	2	0	0
TranServe Special Review	SR-19-01	07/21	3	0	3	0
Totals			22	5	17	0

Table IV: Summary of Investigative Reports and Actions<sup>2</sup>

FEC OIG Investigations Courses of Action (Oct 1, 2020 – Mar 31, 2021)	Number
Total number of investigative reports issued	0
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	0

<sup>2</sup> Metrics Used for Developing Data for Table IV:

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

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

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

## Appendix A: Peer Review Results

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.

### OIG Peer Review Activity

Title:	<b>Peer Review of the FEC OIG Audit Program</b>
Assignment Number:	N/A
Status:	Complete

In accordance with the CIGIE Audit Peer Review schedule, the Election Assistance Commission (EAC) OIG was tasked to conduct a modified peer review of the FEC OIG Audit Program for the reporting period ended September 30, 2019. Due to the unforeseen conditions related to the COVID-19 pandemic, an extension for this peer review period was granted to December 31, 2020. EAC OIG completed the modified peer review and issued the final report on December 30, 2020. A modified peer review does not express an opinion and does not issue a grade (i.e. pass, fail). The main purpose of a modified peer review is to assess whether policies and procedures submitted for review were current and consistent with applicable professional standards. The modified peer review report contained one finding and recommendation. The finding is related to the policies and procedures were not up to date to conform to the 2018 version of Generally Accepted Government Auditing Standards (Yellow Book). It was recommended that the FEC OIG should perform a comprehensive review of its audit manual and revise its policies and procedures. Personnel turnover and the extended vacancies (since 2017) of several senior OIG positions, including the IG, the Deputy IG, and senior auditor, posed resource challenges to the OIG in recent years, including updating the OIG audit manual. Now that these key positions have been filled and workload demands are stabilizing, the OIG is currently working on revisions to the audit manual to conform to the 2018 Yellow Book.

Title:	<i>Peer Review of the EXIM OIG Audit Program</i>
Assignment Number:	N/A
Status:	Ongoing

In accordance with the CIGIE Audit Peer Review schedule, the FEC OIG is tasked with conducting a peer review of the Export-Import Bank (EXIM) OIG Audit Program for the reporting period ended March 31, 2020. The EXIM OIG was granted an extension for this peer review until June 30, 2021. The entrance conference was held on February 24, 2021. We are currently in the planning phase of the peer review and have issued the engagement letter and the Memorandum of Understanding. Based on preliminary planning, the FEC OIG will perform an External Peer Review which will be completed by the next reporting period.

## Appendix B: Mission Statements

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

#### 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.

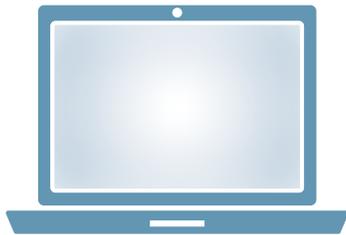
Our vision is to serve as trusted agents in driving positive change and promoting integrity in FEC programs and operations.



Federal Election Commission  
Office *of the* Inspector General

# REPORT FRAUD, WASTE, & ABUSE

**OIG Hotline Portal**  
<https://fecoirg.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!**