



SEMIANNUAL REPORT TO CONGRESS
APRIL 1, 2008 – SEPTEMBER 30, 2008

NOVEMBER 2008

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, 2008

The Honorable Nancy Pelosi
Speaker of the House of Representatives
Washington, D.C. 20515

Dear Madam Speaker:

Pursuant to the *Inspector General Act of 1978*, as amended, the Federal Election Commission submits the *Inspector General's Semiannual Report to Congress*. The report summarizes the FEC's Inspector General's activity from April 1, 2008 through September 30, 2008. During this reporting period the FEC's Inspector General commenced an audit of the FEC's fiscal year 2008 financial statements. The audit was completed on time and management issued the final *Performance and Accountability Report* on November 14, 2008. We are pleased to report that the Commission received an unqualified opinion from its outside auditors. We will provide additional comments on this audit in the next Semiannual Report to Congress.

During the semiannual period, the FEC's Office of the Inspector General ("OIG") continued follow-up verification activity for a previous audit of the FEC's employee transit benefit program. This audit was released in February 2007 and resulted in 25 recommendations to improve management of this program. FEC management continues to review these recommendations to identify and implement measures that will improve the management of this program in a cost-effective manner.

The OIG also performed follow-up work on a 2007 audit of the FEC's privacy and data protection practices, which had resulted in seven findings. In response to the audit and with input from the Inspector General, FEC management promptly developed a corrective action plan to implement the audit recommendations and continues to pursue the actions identified in that plan.

The Commission appreciates and shares the Inspector General's commitment to sound financial and management practices, and we anticipate a continued cooperative working relationship as management takes appropriate measures to improve operations of the Commission. Copies of this semiannual report are being provided to the Chairman and Ranking Members of the FEC's oversight committees.

On behalf of the Commission,

A handwritten signature in blue ink, appearing to read "D. McGahn II".

Donald F. McGahn II
Chairman

Enclosure

MANAGEMENT REPORT ON FINAL ACTION
ON AUDITS WITH QUESTIONED COSTS
FOR THE SIX-MONTH PERIOD ENDING SEPTEMBER 30, 2008

	Number of Audit Reports	Questioned Costs	Unsupported Costs
A. Audit reports for which no management decision has been made by commencement of the reporting period	0	0	[0]
B. Audit reports issued during the reporting period	0	0	[0]
Subtotals (A + B)	0	0	[0]
C. Audit 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. Audit Reports for which no management decision has been made by the end of the reporting period	0	0	[0]
E. Audit Reports for which no management decision was made within six months of issuance	0	0	[0]

MANAGEMENT REPORT ON FINAL ACTION
ON AUDITS WITH RECOMMENDATION TO PUT FUNDS TO BETTER USE
FOR THE SIX-MONTH PERIOD ENDING SEPTEMBER 30, 2008

	Number of Audit Reports	Funds to be Put to Better Use
A. Audit reports for which no management decision has been made by the commencement of the reporting period	0	0
B. Audit reports issued during the reporting period	0	0
C. Audit 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. Audit Reports for which no management decision has been made by the end of the reporting period	0	0
E. Audit Reports for which no management decision was made within six months of issuance	0	0

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463
OFFICE OF THE INSPECTOR GENERAL

A Message from the Inspector General

This has been a very dynamic time for the Federal Election Commission. During the past six months, the FEC received five new Commissioners, ending a period where the agency lacked a quorum and was unable to carry out parts of its mission. The past three years has been a period of instability with respect to governance in the FEC. Specifically, there has been a lack of continuity in several key senior leadership positions of the agency. For example, there have been four different Staff Directors, two of which have been "acting" rather than permanently assigned. In addition, there have been four different Chief Financial Officers (CFOs), two of which were also in "acting" positions. There has also been lack of continuity at other vital positions. For example, the head of the Administrative Division retired in 2007 and her replacement was employed at the FEC for only ten months. The current Office of Human Resources Director, in place only fifteen months, is currently detailed to the Deputy Staff Director for Management and Administration position, and therefore is currently serving in both positions. I feel that it is imperative that these senior management positions are filled as soon as possible with well qualified individuals who can assist the Commissioners in ensuring that the mission of the FEC is moved forward.

The OIG has also had a very active six months. We filled our Counsel to the Inspector General/Chief Investigator vacancy, a new position within the office. A new auditor position was also filled. These two new positions represent the first growth the OIG has experienced in fourteen years and will provide the OIG with much needed assistance.

We have continued to work with management on our previously conducted Section 522 Privacy Audit, discussing their Corrective Action Plan (CAP) and the audit follow-up process. The FY 08 Financial Statement Audit is being conducted and we have started an audit of the FEC's procurement and contract management function. We have also seen an increase in hotline complaints and our new counsel is actively working on those issues.

I would like to again thank the staff of the Office of Inspector General for their hard work and dedication. I am honored to work with this intelligent and motivated group of people.

A handwritten signature in blue ink that reads "Lynne A. McFarland".

Lynne A. McFarland
Inspector General
Federal Election Commission

October 31, 2008

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EXECUTIVE SUMMARY

The *Inspector General Act of 1978*, as amended, states that the Inspector General is responsible for conducting audits, inspections, investigations, and recommending policies and procedures that promote economic, efficient, and effective use of agency resources and programs that 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 Office of Inspector General, 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 can be found in subsequent sections of this report.

The *Audit of the FEC's Fiscal Year 2008 Financial Statements – OIG-08-01* commenced during this reporting period. Under a contract monitored by the OIG, Clifton Gunderson LLP (CG-LLP), an independent certified public accounting firm, is performing the audit of the FEC's FY 2008 financial statements. The OIG is responsible for oversight of the financial statement audit. This includes: 1) reviewing the auditors' approach and planning of the audit; 2) evaluating the qualifications and independence of the auditors; 3) monitoring the work of the auditors; 4) examining audit documents and reports to ensure compliance with Government Auditing Standards, and OMB Bulletin No. 08-24 *Audit requirements for Federal Financial Statements*; and 5) other procedures the OIG deems necessary to oversee the contract and audit.

The entrance conference was conducted, at which time management, the OIG, and Clifton Gunderson,

LLP, discussed the audit scope and ways to ensure an efficient and effective audit process for fiscal year 2008. A timeline was established for the audit, along with requests to management for necessary documentation and information concerning the financial statements.

Based on the discussions with management and the OIG's efforts to validate deliverables provided by two former contractors, the OIG decided to conduct an *Audit of the FEC's Contract and Procurement Management Process – OIG-08-02*. The OIG began the process of hiring an auditing firm to conduct the audit. The *Request for Proposal* was submitted to prospective contractors. After completing the reviewing process, the OIG awarded the contract to Regis & Associates PC.

During a prior reporting period, the OIG attempted to conduct a follow-up of the *Audit of the FEC's Employee Transit Benefit Program – OIG-06-01*. The audit was released February, 2007 and can be found on the OIG's Website at <http://www.fec.gov/fecig/transit07.pdf>. The OIG made 23 recommendations to aid in improving management of the transit benefit program. The OIG met with management to discuss the status of the open recommendations, the OIG concluded that no recommendations had been closed during this reporting period.

The OIG conducted audit follow-up work on the *2007 Performance Audit of Privacy and Data Protection – OIG – 07-02*. On December 8, 2005, the President signed the *Transportation, Treasury, Independent Agencies and General Government Appropriations Act 2005*. This annual appropriations bill contained a new section, Division H, Title V, § 522 relating to privacy controls of certain Federal agencies. Section 522 requires certain agencies to assign a Chief Privacy Officer (CPO) who is responsible for identifying and safeguarding personally identifiable


information (PII). Section 522 also required an independent third-party review, contracted by the OIG, of agency use of PII and of its privacy and data protection policies and procedures at least every two years.

The OIG selected Cotton & Company as the independent contractor to conduct the performance audit of privacy and data protection policies and procedures. The audit resulted in seven findings. The OIG conducted the follow-up and concluded that the outstanding recommendations will remain open.

For detailed information regarding the above audits and audit follow-up activity, see the section entitled OIG Audit Activity (starting on page 5), and OIG Audit Follow-up Activity (starting on page 8).

As this reporting period comes to a close, there are sixteen open hotline complaints in various stages (pending, in progress); and there are three open investigations. For more information pertaining to the hotline issues, see the section entitled OIG Hotline Information (located on page 12); for more information on investigations, see the section entitled OIG Investigations (located on page 13).

THE FEDERAL ELECTION COMMISSION



In 1975, Congress created the Federal Election Commission (FEC) 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 is made up 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 – Donald F. McGahn, II, Chairman; Steven T. Walther, Vice Chairman; Cynthia L. Bauerly, Commissioner; Caroline C. Hunter, Commissioner; Matthew S. Petersen, Commissioner; and Ellen L. Weintraub, Commissioner.

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.

OIG AUDIT ACTIVITY

Audit of the Federal Election Commission's Fiscal Year 2008 Financial Statements

Assignment Number: OIG – 08-01

Status: In Progress

The *Chief Financial Officers Act of 1990* (Public Law 101-576, commonly referred to as the “CFO Act”), as amended requires the FEC Office of Inspector General, or an independent external auditor as determined by the Inspector General, to audit the agency financial statements. Under a contract monitored by the OIG, Clifton Gunderson LLP (CG-LLP), an independent certified public accounting firm is performing the audit of the FEC’s FY 2008 financial statements.

The OIG is responsible for oversight of the financial statement audit. This includes: 1) reviewing the auditors’ approach and planning of the audit; 2) evaluating the qualifications and independence of the auditors; 3) monitoring the work of the auditors; 4) examining audit documents and reports to ensure compliance with Government Auditing Standards, and OMB Bulletin No. 08-24 *Audit requirements for Federal Financial Statements*; and 5) other procedures the OIG deems necessary to oversee the contract and audit.

The entrance conference was conducted, at which time management, the OIG, and Clifton Gunderson, LLP, discussed the audit scope and ways to ensure an efficient and effective audit process for fiscal year 2008. A timeline was established for the audit, along with requests to management for necessary documentation and information concerning the financial statements.

The OIG coordinated and participated in audit status meeting, with CG-LLP and management to discuss

the progress of the audit and areas of concern. CG-LLP has started providing management with notice of findings and recommendations (NFR). The NFRs inform management of potential audit findings and allow management the opportunity to respond to the issues before the final audit report is issued.

The OIG participated with the Clifton Gunderson auditors in their fraud brainstorming session for the audit. SAS 109 and SAS 99 were used as the basis for the session. The purpose of this session was to assess how fraud could be committed and concealed within the FEC’s environment, specifically focusing on the risk of material misstatement. We assessed prior years’ risk and analyzed their potential of being a risk of material misstatement to the current year audit and considered any new potential risk that could possibly occur in this year’s audit.

The Inspector General, at the request of the auditors, reviewed all agendas and minutes from the FEC Executive Meetings from October to June to ensure that they did not contain any information that may have an impact in relation to the financial statements. The Inspector General has also met with the auditors to discuss what recommendations contained in last year’s Financial Statement Audit report can be considered closed and which ones still need to be addressed by management.

The IG attended the SAS 99 meeting with the outgoing Staff Director and the Clifton Gunderson auditors to assess the Staff Director’s opinion on possible fraud issues at the FEC.

The Inspector General and CG-LLP have met with the FEC’s Finance Committee, composed of three Commissioners, to discuss the progress of the audit and the steps required to ensure that all of the auditors’ and management’s needs are met. We have found these meetings to be very productive and

are encouraged with the level of interest from the Committee.

Audit of the FEC's Contract and Procurement Management Process

Assignment Number: OIG – 08-02

Status: In Progress

Based on discussions with management and efforts by the OIG to validate the deliverables of two former contractors; the OIG decided to conduct an audit of the procurement and contract management functions of the agency.

The OIG began the process of hiring an auditing firm to conduct the audit. The *Request for Proposal* was submitted to prospective contractors; the OIG received and reviewed the proposals, and following the completion of the reviewing process, the contract was awarded to Regis & Associates PC to conduct the FEC's procurement and contract management audit. A kick-off meeting was held with the contractor at the end of the reporting period. We anticipate the audit to commence shortly and expect the final report to be delivered at the beginning of the new calendar year.

OIG AUDIT FOLLOW-UP ACTIVITY

Audit Follow-up of the FEC's Transit Benefit Program

Assignment Number: OIG – 08-03

Status: In Progress

During a prior reporting period, the OIG conducted the *Audit of the FEC's Employee Transit Benefit Program – OIG-06-01*. The audit was released February, 2007 and can be found on the OIG's Website at <http://www.fec.gov/fecig/transit07.pdf>. The audit was conducted in response to a 2005 OIG hotline complaint alleging that some participants received transit benefits while on extended business travel, which is a violation of FEC policy. The OIG made 25 recommendations to aid in improving management of the transit benefit program.

In December 2007, the OIG initiated audit follow-up verification activity for the Transit Benefit Audit. The OIG met again with management on February 20, 2008 to determine status of the open recommendations. We were unable to get an updated status at that time but eventually received an updated corrective action plan (CAP) from management on March 14, 2008. The OIG attempted to verify whether the actions had been fully implemented and therefore corrected the deficiencies described in the findings. Because management did not provide the CAP by the requested date, the OIG was unable to complete verification activities, prior to cut-off for semiannual reporting, for the three recommendations management put forth as fully implemented.

The FEC OIG reviewed and provided comment on draft policies and procedures as well as clearance forms used to document whether staff claimed excessive transit benefits which require repayment. Based on discussion with the Human Resource staff, the policies have not been communicated to

FEC staff and the revised forms have not yet been placed in use.

The OIG interviewed the Human Resource staff to gain an understanding of former and current operating practices used to manage the program. Records were reviewed of staff who resigned or were placed on administrative leave during the 2007 calendar and fiscal year since the Transit audit report was issued. The OIG obtained copies of transit applications and annual recertification forms submitted by FEC staff. The FEC's Washington Metropolitan Area Transit Authority (WMATA) account representative was contacted to gain an understanding of the system controls and downloadable data available for use in verifying FEC staff compliance with Transit Benefit Program policies.

Detailed testing of the transit benefit program was performed to determine whether the program weaknesses, as a whole, had been addressed and whether the prior OIG recommendations had been implemented and achieved the desired result. This involved reviewing internal documentation from various offices, compiling and analyzing electronic transit information, conducting interviews with staff of HR, Administration and Finance, as well as with external stakeholders such as WMATA customer service representative, and LAZ and MetroPark parking managers. As a result of speaking to the business responsible for managing FEC parking, information on employees who pay for parking has been provided to the FEC Administrative Division and disseminated to Human Resources. This will help ensure that staff who pay to park in the parking garage are not allowed to participate in the transit benefit program.

The results of testing are being compiled and the draft report is in progress and should be completed soon.

2007 Performance Audit of Privacy and Data Protection

Assignment Number: OIG – 07-02

Release Date: December, 2007

Website Address: <http://www.fec.gov/fecig/2007Privacy.pdf>

Audit follow-up work was performed on the *2007 Performance Audit of Privacy and Data Protection – OIG – 07-02*. On December 8, 2005, the President signed the *Transportation, Treasury, Independent Agencies and General Government Appropriations Act 2005*. This annual appropriations bill contained a new section, Division H, Title V, § 522 relating to privacy controls of certain Federal agencies. Section 522 requires certain agencies to assign a Chief Privacy Officer (CPO) who is responsible for identifying and safeguarding personally identifiable information (PII). Section 522 also required an independent third-party review, contracted by the OIG, of agency use of PII and of its privacy and data protection policies and procedures at least every two years. The OIG contracted Cotton & Company to conduct the required audit. The audit resulted in seven findings, two of which did not have management concurrence.

During the previous reporting period, the OIG coordinated a management briefing about the audit and the importance of effective internal controls. The briefing included the two Commissioners serving at that time, the Staff Director, General Counsel and Chief Financial Officer. This reporting period the OIG briefed the Co-Chief Privacy Officers, shared the Cotton & Company presentation, and discussed the context of the slide presentation.


In accordance with Office of Management and Budget (OMB) Circular No. A-50, *Audit Follow-up*, revised, the FEC developed a corrective action plan (CAP) to set forth the specific action planned to implement the recommendations and the schedule for implementation. The OIG met with management to discuss the CAP provided. The OIG provided detailed written comments to management regarding required and suggested elements to reach resolution on the CAP. Management provided the OIG

with a revised CAP, the OIG met with the Co-Chief Privacy Officer and team to discuss the revised plan and resolution process.

It is important to note that management continues to disagree with two of the seven audit findings. As part of the OIG's audit follow-up process, the OIG assess whether actual corrective action taken by management has mitigated or eliminated the two audit findings with non-concurrence. The OIG considers findings "closed" based on the audit follow-up work that involves verification that management's corrective actions have addressed the weaknesses identified during the audit.

The OIG concluded that the seven outstanding recommendations will remain open. The OIG believes that management's implementation of the recommendations will enable the FEC to reach an appropriate level of compliance with respect to privacy practices.

OIG HOTLINE INFORMATION



The Office of Inspector General established a hotline to enable employees and others to have direct and confidential contact with the OIG. The OIG receives complaints through various means such as U.S. mail, telephone, e-mail, and personal visits to the OIG. Once a hotline (HL) complaint has been received, a preliminary inquiry is conducted. When the inquiry has been completed, the hotline complaint can be closed with no further action taken, referred to management for action, or closed and an investigation opened on the issue.

Seven (7) new HL complaints were opened during the fourth quarter. Two (2) of the seven (7) new HL complaints were also closed during the fourth quarter and converted into investigations. There are now sixteen (16) open hotline complaints at the end of the reporting period in various stages (pending, in progress). Eleven (11) of the sixteen (16) open HL complaints have been reviewed during this quarter and discussions have been held to determine what further action, if any, will be taken. The OIG also drafted new hotline complaint procedures and a new hotline complaint form.

OIG INVESTIGATIONS

At the end of the reporting period there were three (3) open investigations. Two (2) new administrative investigations were opened during this quarter. One (1) criminal investigation (OIG-06-03) remained open from previous reporting periods. Approximately nine (9) investigative interviews were conducted in connection with these investigations. Agency records were requested and obtained from the Office of Human Resources and the Office of Administration. Investigative records were also requested and obtained from the Washington Metropolitan Area Transit Authority.

The OIG Investigation Manual was revised and new language was added. In addition, new investigation forms including case initiation; memorandum of interview; memorandum of activity; investigative plan and worksheet; an employee Kalkine advisory form; and an employee Garrity advisory form were created.

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. The Inspector General also reviews and provides comments, when appropriate, on legislation provided by the PCIE/ECIE Legislative Committee. In addition, the Inspector General routinely reads all Commission agenda items. The following are examples of those additional activities:

- During the previous reporting period the OIG worked on finalizing its record retention and disposition schedule to be submitted to the National Archives and Records Administration (NARA) for approval. The purpose of the record retention and disposition schedule is to list the types of records maintained by the OIG and the time period after which destruction or permanent retention is authorized. The record retention schedule will also provide for the transfer of inactive records from the OIG to an off-site records center.

During this reporting period the OIG re-researched the NARA record retention schedule for OIG law enforcement agencies to determine how grand jury records are retained. In addition, the OIG attended a meeting with the FEC's Records Analyst and the NARA representative to gain an understanding of the OIG's ability to classify and process records in an efficient manner. Following the meeting the OIG received a draft records schedule which was reviewed, modified, and forwarded to the FEC Records Officer for formal submission to NARA for consideration and approval by the NARA archivist.

The OIG also conducted an informal debrief session with the FEC's records clerk prior to his departure from the agency. The purpose of the meeting was to identify the various forms required and the boxing method used to transfer records to the Washington Records Center in Suitland. The OIG anticipates composing a procedures guide for the office to ensure a clear and consistent approach to managing OIG records.

- The OIG provided the FEC's Information Systems Security Officer (ISSO) with information pertaining to the FEC's Social Security Number Reduction Program. As part of an agency wide request, the ISSO requested the OIG identify documents containing social security numbers, and any alternative identifiers to using the social security number. The OIG submitted the name and type of every document retained in our office that contained a SSN. This included documents which may not have originated from the OIG but the OIG uses on a regular basis. The OIG determined that we do not collect SSN's directly from employees. However, the Time and Attendance Reports and the leave balance reports come with the SSN's pre printed on the form. The OIG ensures that they are stored under lock and key. The SF-182 training forms only contain the last 4 digits of the employee's SSN, and they are stored under lock and key as well.
- The OIG worked with the FEC's IT division to create an electronic audit follow-up tool that can be used by both the OIG and agency management to record recommendation implementation and verification activities. The tool is designed to provide regular and ad hoc audit recommendation status reporting for the OIG. While the concept is sound and the application

shows promise, there appears to be a compatibility issue between the software version the tool was developed in, and the version running on OIG computers. The OIG plans to revisit the compatibility issue with the IT division and finalize plans to develop and utilize the electronic audit follow-up tool.

- The OIG prepared comments regarding pending legislation – the *Federal Information Infrastructure Response Act of 2008* (FIIRE Act); and the *Government Credit Card Abuse Prevention Act of 2008*. Comments pertaining to Credit Card Abuse prevention were provided to the USDA Counsel to the IG.
- The OIG provided comments to FEC management on the following topics: FEC draft Travel Policy; the FEC Employee Recognition Awards Program; Performance Awards; and the Transit Benefit Subsidy Procedures.
- The OIG completed a Government Accountability Office questionnaire; the purpose of the questionnaire was to evaluate agency governance and the relationship with the Inspector General.
- The OIG acted as an independent assessor and assisted the Federal Housing Finance Board (FHFB) OIG with evaluating proposals for their annual FISMA review. The intent was to provide independent assessment on proposals submitted, reach consensus as a group, and award a contract to the organization that represented the best value for money.
- The OIG met with an audit representative from another OIG to respond to questions about the OIG's responsibility for overseeing the annual financial statement audit of a federal agency. The OIG provided specific examples, forms, and other guidance to educate the OIG representative on the responsibilities for monitoring a financial statement audit.

ECIE AND PCIE ACTIVITY

The President's Council on Integrity and Efficiency (PCIE) and the Executive Council on Integrity and Efficiency (ECIE) were established May 11, 1992 by Executive Order 12805, and are chaired by the Office of Management and Budget, Deputy Director for Management. In addition to the Inspectors General, the councils include representatives from the Office of Personnel and Management, the Office of Government Ethics, the Office of Special Counsel, and the Federal Bureau of Investigations.

The PCIE/ECIE have identical functions and responsibilities to coordinate and enhance governmental efforts to promote integrity and efficiency, and to detect and prevent fraud, waste and abuse in Federal programs. The PCIE is comprised of IGs appointed by the President of the United States and confirmed by the Senate. The ECIE consists of IGs appointed by the heads of their respective agencies.

The Inspector General is an active member of the Executive Council on Integrity and Efficiency and has provided input on a number of initiatives proposed by the Council. The IG participates in joint meetings and activities with the President's Council on Integrity and Efficiency.

As a member of the Executive Council of the PCIE/ECIE, the IG reviewed and scored 18 separate nominations for seven awards that are to be presented at the annual PCIE/ECIE awards ceremony. These awards include the Alexander Hamilton Award, the Glenn/Roth Award for Exemplary Service and the Award for Individual Accomplishment. The IG also represented the ECIE Chair at two PCIE meetings.

In anticipation of pending legislation, the IG community formed the IG Act Implementation Committee. The Inspector General is a member of this committee. The committee is composed of eight Inspectors

General, four from the President's Council on Integrity and Efficiency and four from the Executive Council on Integrity and Efficiency. The Committee devised an implementation plan for the Inspectors General to follow to ensure that the requirements under the new IG act are met. One of the biggest issues was the combining of the two existing Councils into one and electing a Chairman from the membership. The Committee drafted a plan for this transition for consideration by the Councils and a charter under which the new Council would operate. The Committee also devised a nominating and election process to fill the position of Chairman.

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)	17
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	5
Section 5(a)(8)	Questioned and Unsupported Costs (Table I)	15
Section 5(a)(9)	Recommendations that Funds be put to Better Use (Table II)	16
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 REPORTS WITH CORRECTIVE ACTIONS OUTSTANDING FOR MORE THAN SIX MONTHS

FINANCIAL STATEMENT AUDITS

FISCAL YEAR	REPORT NUMBER	RECOMMENDATIONS			
		REPEAT*	NEW	CLOSED	TOTAL
Fiscal Year 2004	OIG-04-01	0	42	12	30
Fiscal Year 2005	OIG-05-01	30	11	15	26
Fiscal Year 2006	OIG-06-02	26	13	10	29
Fiscal Year 2007	OIG-07-01	14	7	11	10

*Repeat column represents recommendations from the prior fiscal year report that are still applicable to the current fiscal year report.

REPORT TITLE	REPORT NUMBER	RECOMMENDATIONS			
		ISSUE DATE	NUMBER	CLOSED	OPEN
Audit of the FEC's Employee Transit Program	OIG-06-01	02/07	22	0	22
2007 Performance Audit of Privacy and Data Protection	OIG-07-02	12/07	7	0	7

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, 2008 through September 30, 2008.

These contacts were made through various sources such as telephone calls, personal visits to the OIG, e-mails, faxes, and U.S. mail – the OIG received a total of 533 contacts, 501 of those contacts were retrieved from the OIG SPAM account and required no additional action; 25 contacts required OIG action; and 7 contacts were forwarded to other agencies or another division within the Federal Election Commission.

TOTAL CONTACTS	OIG ACTION	NO ACTION NECESSARY	FORWARDED FOR ACTION
533	25	501	7

LIST OF TRAINING, MEETINGS AND CONFERENCES

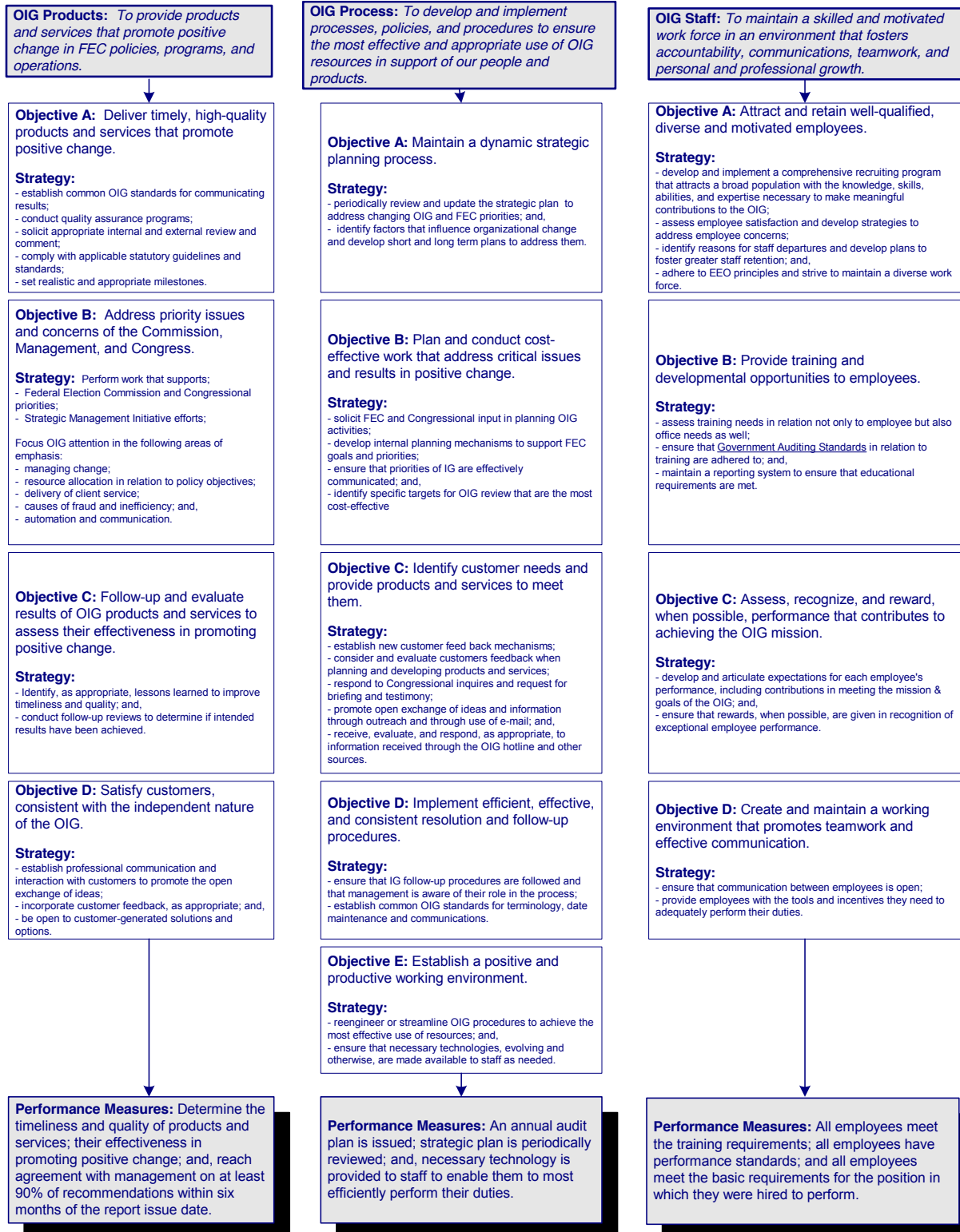
The chart listed below depicts training, meetings, programs, seminars, and/or conferences attended by the Inspector General and/or the OIG staff for the period April 1, 2008 – March 31, 2008.

HOST/SPONSOR	TOPIC/SUBJECT
ECIE	Monthly Meetings
PCIE	Financial Statement Audit Network (FSAN) Meetings
PCIE/ECIE	Committee Meetings
PCIE/ECIE	2008 PCIE/ECIE Annual Training Conference: Transitioning to a New Administration – Role of Inspectors General
Council of Counsels to the Inspectors General	CCIG Meeting
Assistant Inspector General for Investigations	AIGI Quarterly Meetings
Association of Government Accountants	AGA's Third National Internal Control and Fraud Conference AGA's 57th Annual Professional Development Conference
Federal Dispute Resolution Conferences, Inc.	23rd Annual FDR Conference
General Accountability Office	Principles of Appropriations Law Training
American University	Key Executive Leadership – Session Two
USDA Graduate School	Basic Governmental Auditing Fundamentals of Writing
U.S. Postal Service/OIG	Introductory TeamMate Electronic Workpapers National Procurement Fraud Task Force Conference
Association of Certified Fraud Examiners	Certified Fraud Examiners Preparation Training Certified Fraud Examiners Conference
Federal Audit Executive Council	2008 FAEC Conference
Office of Government Ethics	National Government Ethics Conference
Office of Thrift Supervision/Internal Coaching Alliance	Reach Your Full Potential Through Coaching

(Cont.)

HOST/SPONSOR	TOPIC/SUBJECT
Potomac Forum	E-Records in Government
Federal Election Commission	<p>Weekly Senior Level Meetings</p> <p>Annual Ethics Training</p> <p>Annual IT Security Awareness Training</p> <p>Annual Privacy Awareness Training</p> <p>Hatch Act Training</p> <p>ComprizonSuite Training – Submitting Electronic Procurement Requests</p> <p>Project Management Fundamentals (SkillPort)</p> <p>Introduction to Program Management (SkillPort)</p> <p>Government Purchase Card Fraud, Waste, and Abuse Webcast Seminar</p> <p>Accession (Records Management) Training</p> <p>Kronos Automated Time and Attendance Tutorial</p> <p>Presented OIG information in New Employee Orientations</p>

FEC/OIG STRATEGIC PLAN - FISCAL YEARS 2005 – 2010



CONTACTING THE OFFICE OF INSPECTOR GENERAL

The success of the OIG mission to prevent fraud, waste, and abuse depends on the cooperation of FEC employees (and the public). There are several ways to report questionable activity.

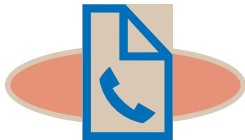


Call us at 202-694-1015 or toll-free 1-800-424-9530. A confidential or anonymous message can be left 24 hours a day/7 days a week.

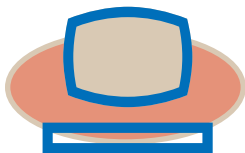


Write or visit us - we are located at: Federal Election Commission

Office of Inspector General
999 E Street, N.W., Suite 940
Washington, D.C. 20463
Mail is opened by OIG staff members only.



You can also **fax us** at **202-501-8134** or contact us by **e-mail at: oig@fec.gov**.



Website address: **<http://www.fec.gov/fecig/fecig.shtml>**

Individuals may be subject to disciplinary or criminal action for knowingly making a false complaint or providing false information.