

Federal Election Commission
Office of Inspector General



Fiscal Year 2016
Work Plan

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Inspector General

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FEC OIG Strategic Plan – Fiscal Years 2016 - 2020



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

Office of Inspector General

A Message from the Inspector General

I am pleased to present the Federal Election Commission (FEC) Office of Inspector General's (OIG) fiscal year (FY) 2016 Annual Work Plan. This work plan includes a description of audit, inspection, investigative and special projects planned for FY 2016. The plan also sets forth the OIG's formal strategy for identifying priority issues and managing its workload and resources for FY 2016. Successful execution of this plan will enable the OIG to provide the highest quality work products to our stakeholders and to assist the FEC in ensuring their resources are being expended in a responsible and reasonable manner and their programs are being run in an efficient and effective way.

The OIG substantially completed the work planned for FY 2015 in the audit and investigative programs, as well as special projects; some of the assignments are in process and span FY 2015 and 2016. Among the audits and inspection completed by OIG in FY 2015 were the *Audit of the FEC's Fiscal Year 2014 Financial Statements*, and the *Inspection of FEC's Travel and Purchase Card Programs*. The OIG also began an audit of the FEC's Telework/Flexiplace program. The audit and inspection program yielded a number of recommendations to improve FEC operations. The OIG devoted resources this past FY to audit follow-up and working with agency management toward the goal of closing outstanding Inspector General recommendations.

The OIG completed an investigative peer review of the National Credit Union Administration's (NCUA) OIG. The OIG found the NCUA OIG's investigative program to be in compliance with Council of the Inspectors General on Integrity and Efficiency (CIGIE) standards for investigative operations.

The investigative program accomplished much of the work planned for 2015, which included responding to hotline complaints, OIG briefings to new employees, and oversight of the OIG's hotline service. In FY 2015, seven hotline complaints and two investigations were opened, and five hotline complaints were closed, as was one investigation.

The OIG staff was actively involved in several professional working groups during FY 2015, including the CIGIE Professional Development Committee and Leadership Development Subcommittee, the Council of Counsels to Inspectors General, the CIGIE Leadership Community of Practice, and the DATA Act working group. I continued as a member of the CIGIE Executive Committee and served as CIGIE Vice Chair through December, and I also became Vice Chair of the newly created CIGIE Budget Committee.

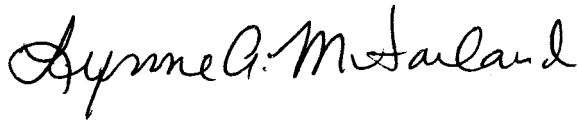
Carla Smith was hired as the new Counsel to the Inspector General and Chief Investigator in February 2015. Carla previously served as Investigative Counsel with

another OIG, and is a Certified Fraud Examiner and Certified Inspector General Investigator.

Based on the results of the OIG's planning process, as described in the Annual Planning and Methodology Strategies section, the OIG's annual work plan is divided into four primary categories:

- (1) Audits/Inspections/Reviews;
- (2) Investigative Program;
- (3) Special Projects; and
- (4) Additional Requirements/Professional Commitments

The development and continual updating of the OIG's work plan is a critical aspect of accomplishing the OIG's objectives to promote economy and efficiency in FEC programs and to detect and prevent fraud, waste and abuse. Effective work planning ensures that all OIG resources, including audit and investigative resources, are used effectively and efficiently. I look forward to another successful year of providing the highest quality support and service to our stakeholders.



Lynne A. McFarland
Inspector General
Federal Election Commission

October 1, 2015

AUDITS/INSPECTIONS/REVIEWS

The term “audit” is used to describe work performed by auditors in examining financial statements, as well as work performed in reviewing compliance with applicable laws and regulations, the economy and efficiency of operations, and the effectiveness in achieving program results. Audits are prepared in accordance with generally accepted government auditing standards and vary in scope and complexity. Inspections and reviews are conducted in accordance with quality standards issued by the federal Inspector General community.

The following audit, inspection, and review assignments are planned for FY 2016:

1. Audit of the Federal Election Commission’s 2015 and 2016 Financial Statements.

In accordance with the *Accountability of Tax Dollars Act of 2002*, the FEC is required to prepare annual financial statements in accordance with Office of Management and Budget (OMB) Circular No. A-136, *Financial Reporting Requirements*. The *Chief Financial Officers Act of 1990*, as amended, requires the FEC Inspector General, or an independent external auditor selected by the IG, to audit the agency financial statements.

We will oversee the FY 2015 and 2016 audits conducted by the OIG’s independent public accounting firm Leon Snead & Company. The OIG is responsible for 1) reviewing the auditor’s 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. 07-04, *Audit Requirements for Federal Financial Statements*, as revised; and 5) other procedures the OIG deems necessary to oversee the contract and audit.

*Planned periods of audit: May 2015 – November 2015;
May 2016 – November 2016.*

2. Audit of Contract Management and Oversight by the Federal Election Commission’s Operational Units.

The OIG will conduct an audit of contract management and oversight by the FEC’s operational units. This audit will concentrate on the larger dollar amount contracts. The audit will focus on multiple phases of agency operational unit involvement, roles, and responsibilities in the contract process, with an emphasis

on acquisition planning, contract implementation and management, and oversight by agency components.

Planned period of audit: January 2016 – May 2016.

3. Study to Determine the Causes of Low Morale at the FEC.

Results from the Federal Employee Viewpoint Survey revealed a serious morale problem at the FEC, which could have an impact on the ability of the FEC to achieve its mission in an effective and efficient manner. This study will focus on determining the root causes of the agency's morale problems and be completed by a contractor in the first half of FY 2016.

Planned period of study: September 2015 – January 2016.

4. On-Going Audit Follow-up.

An important responsibility of the OIG is to follow-up on previously issued audit reports with outstanding audit recommendations. Over the years, there have been numerous outstanding recommendations relating to audits and inspections. The OIG has implemented an ongoing audit process to work with management to close recommendations in a timely manner. On-going audit follow-up during FY 2016 will consist of the following responsibilities: 1) review implemented audit recommendations to ensure the audit finding has been resolved; 2) review and comment on management's corrective action plans that detail plans for resolving outstanding audit recommendations; 3) conduct regular meetings throughout the FY with management to discuss progress in implementing audit recommendations; and 4) provide semi-annual reports to the Commission detailing progress made by management and any ongoing OIG concerns.

Planned period of audit follow-up: On-going throughout FY 2016.

5. Limited Scope Inspections.

The OIG is planning to complete several limited scope, or short-term, inspections of FEC programs during FY 2016. The goal of the short-term inspections will be to focus OIG resources on very specific areas and provide timely, up-to-date information to FEC management and the Commission on the efficiency and effectiveness of FEC programs.

- An inspection related to the Office of Equal Employment Opportunity was started in a prior period and is expected to be completed in early FY 2016.
- An inspection of FEC's invitational travel program is planned for the first half of FY 2016.
- Additional inspections may be performed, time permitting.

INVESTIGATIVE PROGRAM

The OIG's investigative program is intended to add value to the agency's programs and operations by identifying and investigating allegations of fraud, waste, abuse, and misconduct leading to criminal, civil, and administrative penalties and recoveries. Investigations typically originate as hotline complaints and may result in formal investigations if warranted, based on OIG criteria. The OIG's investigative program also provides for initiatives designed to monitor specific high-risk areas within FEC programs and operations in order to proactively identify vulnerabilities in order to prevent fraud, waste and abuse.

The following investigative assignments are planned for FY 2016:

1. Manage Hotline Complaints and Investigation Caseload.

The OIG will respond to hotline complaints, assess the information provided and decide on course of action. Investigations will be opened when warranted. Existing matters will continue to be investigated and brought to a resolution. When an investigation is closed, appropriate reports will be issued. The identities of complainants and witnesses will be protected pursuant to *The Inspector General Act of 1978, as amended* (IG Act).

2. Proactive Investigative Initiatives.

The OIG will initiate proactive reviews involving high-dollar and high-risk programs and operations of the agency. In addition, the OIG plans to conduct two fraud risk assessments.

3. Outreach.

The OIG has recently developed Skillport training for new and current employees. This training provides information on IG authorities, when and how to contact the OIG, and fraud indicators. The OIG will also be looking at further ways to provide additional information to FEC staff.

The OIG will continue participating in the new employee orientation program to meet with all new employees to discuss the purpose and mission of the OIG. Periodic communications to FEC staff on various topics, such as what to report to the OIG and what to expect when contacted by the OIG, are planned. Lastly, the OIG will review and revise, as necessary, the OIG's FECNet (intranet) site, public Web site, OIG brochure, fraud poster, and other outreach initiatives.

SPECIAL PROJECTS/OTHER WORK ASSIGNMENTS

A strategic goal of the OIG is to add value to the agency. One way the OIG can add value is to take a proactive approach to initiatives that are facing the FEC in the near future by performing special projects. Special projects will be conducted in accordance with the appropriate quality standards issued by the federal Inspector General community.

The following special projects/other work assignments are planned for FY 2016:

1. Management Challenges.

The OIG reports annually on the important new and existing issues and challenges facing the agency, and on efforts by the agency to meet these challenges.

2. Purchase and Travel Card Reporting.

The OIG conducts annual risk assessments of FEC purchase and travel cards pursuant to the Charge Card Abuse Prevention Act of 2012, Public Law 112-194, and OMB Memorandum M-13-21. The OIG is required to file a report with OMB by January 31st of each year reporting on any audit recommendations from the previous FY concerning audits of purchase or travel card programs.

3. Improper Payments Reporting.

The OIG is required to annually review the FEC's compliance with OMB Memorandum M-15-02, which provides statutory and executive order implementation guidance, for the Improper Payments Information Act of 2002, as amended, the Improper Payments Elimination and Recovery Act of 2010, the Improper Payments Information Improvement Act of 2012, and Executive Order 13520. The OIG is required to assess agency compliance with M-15-02, and to report the results to Congress, the Comptroller General, and OMB.

4. Responses to Congressional Requests

The Chairman of the Senate Judiciary and Homeland Security and Governmental Affairs committees have requested semiannual reports on audits, evaluations and investigations conducted by the OIG, and on whether the OIG has been provided with access to all information needed to accomplish its duties and responsibilities. The OIG will respond to other Congressional requests as appropriate.

5. Peer Review of the National Endowment for the Arts (NEA) OIG.

Audit programs of Federal OIG's are required to be peer reviewed once every three years. Under the program the CIGIE has developed to ensure compliance with this requirement, each OIG undertakes a peer review of another Federal OIG.

During the second half of FY 2016, the audit program of the NEA OIG will be reviewed by the FEC OIG.

Additional special projects/work assignments may be undertaken during FY 2016 based on available OIG resources, benefit to the agency, and other relevant factors. Priorities may be adjusted to reflect emerging issues during the FY.

ADDITIONAL REQUIREMENTS/PROFESSIONAL COMMITMENTS

In addition to the OIG's audit and investigative responsibilities, the OIG has numerous other requirements, activities, and professional commitments during FY 2016. For example, as required by the IG Act, all legislation compiled by the Commission's Congressional Affairs Office is reviewed by the Inspector General. The Inspector General and staff also participate in several Federal Inspectors General community working groups on topics related to law, audits, and investigations. All of these activities contribute to the success and mission of the OIG. Additional special projects will arise throughout the FY and the OIG will prioritize our workload to respond to the additional requirements.

The following are examples of the activities and commitments planned by the OIG for FY 2016:

1. Participate in and Attend Professional Working Group and Other Meetings.

The Inspector General or OIG staff will regularly attend the following CIGIE professional working group meetings: monthly CIGIE meetings; Executive Council of CIGIE; CIGIE Professional Development Committee; Budget Committee; CIGIE Leadership Community of Practice; Council of Counsels to the Inspector General; Assistant Inspector General for Investigations; Federal Audit Executive Council; and Financial Statement Audit Network Group.

In addition to CIGIE professional working group meetings, the Inspector General or staff will regularly attend FEC director level meetings, and management and FEC town-hall meetings, and the Institute of Internal Auditors (IIA) DC Chapter meetings throughout during the FY.

2. Semiannual and Quarterly Reporting.

In accordance with the IG Act, the OIG will prepare and transmit to the Congress semiannual reports on the activities of the OIG. Semiannual reports summarize OIG activities during the immediately preceding six-month periods ending March 31st and September 30th of each year. OIG semiannual reports are provided to the Commission. The OIG will also report on a quarterly basis to the Commission on the activities of the office.

3. Professional Development and Training.

The goal of the OIG's training program is to provide cost effective training to increase professional knowledge and proficiency, and ensure staff meet continuing professional educational requirements. As a result, the OIG staff will attend professional training during the FY to maintain and improve their knowledge, skills and abilities.

The Federal Election Commission

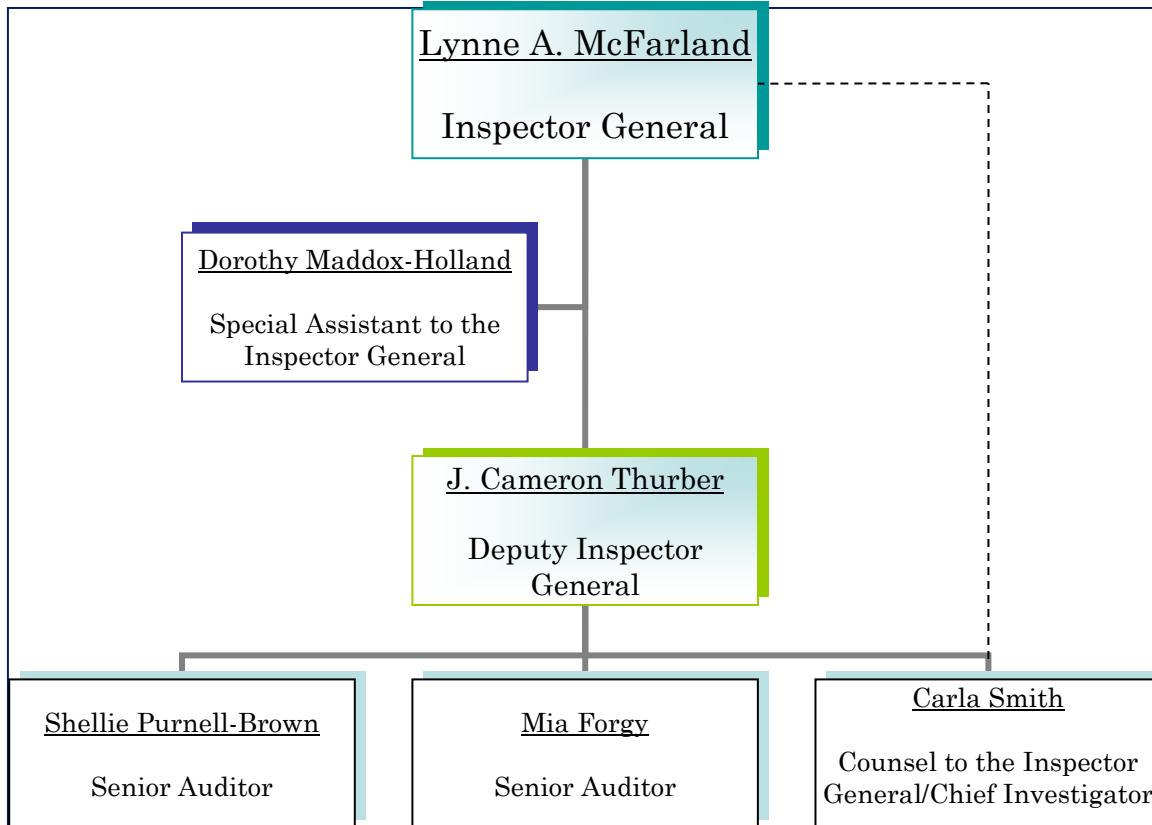
In 1975, Congress created the FEC to administer and enforce the *Federal Election Campaign Act of 1971, as amended*. The duties of the FEC, an independent regulatory agency, are to disclose campaign finance information, enforce the provisions of the law, and oversee the public funding of Presidential elections.

The Commission 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 calendar year, with no member serving as Chair more than once during his or her term. The FEC has a full complement of six Commissioners serving on the Commission – Chair Ann Ravel; Vice Chair Matthew S. Petersen; and Commissioners Lee Goodman, Caroline C. Hunter, Steven T. Walther, and Ellen L. Weintraub.

Office of Inspector General

The IG Act 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, mismanagement, and abuse of agency programs and operations while providing leadership and coordination; 3) recommending policies designed to promote economy, efficiency, and effectiveness of the agency; 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. The OIG budget request for FY 2016 was \$1,279,816, an amount necessary to cover salaries and related expenses for six current and one new staff members, as well as audit contracts and training. See the OIG's organizational chart at Exhibit 1 on the following page.

Exhibit 1: FEC - OIG Organizational Chart



* One (1) additional position is allocated for FY'16.

OIG Strategic Planning

To enhance the effectiveness of the OIG and to ensure effective audit and investigative coverage of the Commission's programs and operations, the OIG has a strategic plan that covers the period 2016 through 2020. Three major categories of OIG-wide goals and objectives are included in the strategic plan, which are as follows:

- **IMPACT:** OIG products and services will be designed to positively impact FEC policies, programs, and operations by promoting integrity, efficiency, and effectiveness.
- **QUALITY:** OIG products and services provided to the FEC will be of the highest quality and meet or exceed applicable standards.
- **EXCELLENCE:** OIG will maintain a skilled and motivated work force and empower employees to maximize their professional and personal potential by fostering accountability, communication, teamwork, and constant growth and development.

In addition, strategies and performance measures for each objective are included in the strategic plan. A detailed version of the OIG's current strategic plan can be found as an attachment of this annual work plan.

Annual Planning and Methodology Strategies

The planning methodology adopted by the OIG is based on a formal risk assessment process. The purpose of the risk assessment process is to better align OIG resources to areas that will provide the most value to the FEC. A risk assessment is a process to identify, assess, respond to, and report on opportunities and threats that affect the achievement of objectives. The OIG also solicits feedback and ideas from stakeholders throughout the year. The annual work plan will, of course, require periodic updates to reflect changes, such as new priorities, as well as any changes in OIG resources.

In the spring of 2015, the OIG conducted our annual planning process that involved OIG planning meetings to discuss the upcoming FY and OIG work assignments. In addition to risk base planning, the OIG's work plan is also designed to yield work assignments that will identify opportunities for economy, efficiency and effectiveness in FEC programs and operations, and detect and prevent fraud, waste, abuse and mismanagement. The priority for conducting work assignments is based on: 1) mandatory legislative requirements; 2) emphasis by the President, Congress, and the Commission; 3) a program's susceptibility to fraud, manipulation, or other irregularities; 4) dollar magnitude or resources involved in the proposed area; 5) management needs identified through consultation with primary organization heads; 6) newness, changed conditions, or sensitivity of a program or operation; 7) the extent of outstanding issues resulting from prior audit coverage or review by the OIG or other oversight body; and 8) the adequacy of internal control systems in place for the program or other factors.