

***SEMIANNUAL REPORT
TO CONGRESS***



***FEDERAL ELECTION COMMISSION
OFFICE OF THE
INSPECTOR GENERAL***

***999 E STREET, N.W., SUITE 940
WASHINGTON, DC 20463***

APRIL 1, 2007 – SEPTEMBER 30, 2007

NOVEMBER 2007



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 20, 2007

OFFICE OF THE CHAIRMAN

The Honorable Nancy Pelosi
Speaker of the House of Representatives
Washington, D.C. 20515-6501

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, which summarizes the activity of that office over the six-month period April 1, 2007 through September 30, 2007. During this reporting period the FEC's Inspector General commenced an audit of the FEC's fiscal year 2007 financial statements. The audit was completed on time and management issued the final Performance and Accountability Report on November 15, 2007. 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.

Further, pursuant to Section 522 of the Consolidated Appropriations Act, 2005 (Pub. L. 108-447), the Inspector General contracted with an independent third party to review the agency's use of information in an identifiable form, and the agency's privacy and data protection policies. The privacy audit is currently underway. We anticipate that it will provide a baseline that will assist management in working with the IG and with other stakeholders to improve the agency's privacy and data protection management.

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 FEC's oversight committees.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Lenhard", written in a cursive style.

Robert D. Lenhard
Chairman

Enclosure

MANAGEMENT REPORT ON FINAL ACTION
ON AUDITS WITH RECOMMENDATION TO PUT FUNDS TO BETTER USE
FOR THE SIX-MONTH PERIOD ENDING SEPTEMBER 30, 2007

	<u>Number of Audit Reports</u>	<u>Funds to be Put to Better Use</u>
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

MANAGEMENT REPORT ON FINAL ACTION
ON AUDITS WITH QUESTIONED COSTS
FOR THE SIX-MONTH PERIOD ENDING SEPTEMBER 30, 2007

	<u>Number of Audit Reports</u>	<u>Questioned Costs</u>	<u>Unsupported Costs</u>
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]



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

A Message from the Inspector General

This report summarizes the work completed by the Office of Inspector General (OIG) for the semiannual reporting period April 1, 2007 – September 30, 2007.

During this reporting period, Congress has taken steps towards amending the *Inspector General Act*, an effort that has been ongoing for sometime. The House passed H.R. 928, a bill that enhances the independence of Inspectors General, establishes the Council of the Inspectors General on Integrity and Efficiency, and addresses the pay and bonuses of IGs, among other issues. The Senate appears to be moving forward on a similar bill. I am glad to see steps taken to address these issues.

This has also been a very active time for the OIG with the start of the 2007 Financial Statement Audit, the Audit of the FEC's Privacy Practices, and the peer review of another Office of Inspector General. We have also been active in the IG community, and have provided comments to the FEC on several issues.

I am still concerned about the current lack of additional resources, but the Federal Election Commission's fiscal year 2009 budget contains a request for two additional staff positions for the OIG. These positions are critical to the office and our ability to meet all of our responsibilities, and I am hopeful the agency's budget will be approved with the requested resources.

All staff continue to work at maximum capacity to accomplish the work of the OIG. I would like to thank the staff for their continued commitment and the level of professionalism and effort that goes into their work.

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

Lynne A. McFarland
Inspector General
Federal Election Commission

October 31, 2007

