



**Federal Election Commission**  
**Office of Inspector General**

**Final Report**

**Review of Outstanding  
Recommendations as of  
February 2015**

**March 2015**

**Assignment No. OIG-15-02**

# Office of Inspector General's Review of Outstanding Recommendations as of February 2015

The Office of Inspector General (OIG) semiannually provides to the Federal Election Commission (FEC) the status of outstanding recommendations. The OIG has recently revised its policies and procedures to provide these status reports in February and August of each year. This revision will provide sufficient time for management to include any updates from the OIG in their semiannual corrective action plans to the Commission in May and November. Since the June 2014 report was issued, the *Inspection of FEC's Compliance with FMFIA/OMB<sup>1</sup> Circular A-123* report (which was released in June 2014) has been included in the audit follow-up process because the recommendations have been outstanding for more than six months. For this reporting period, we reviewed six (6) audits and inspections that had a total of 95 recommendations outstanding as of June 2014. The OIG was able to collectively close fourteen (14) recommendations from four (4) of the six (6) audits and inspections (See table on page 2).

## Noteworthy Accomplishments

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- The Office of Human Resources (OHR) closed an additional six (6) audit recommendations from the *Audit of the Federal Election Commission's Office of Human Resources*, implementing more than half of the outstanding recommendations within the first year of the follow-up process. The OIG appreciates the dedication management is putting forth to improve the agency's Human Resource processes.

## OIG Concerns

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- The OIG continues to be concerned with the agency's position to operate with two Co-Chief Privacy Officers (the Deputy Chief Information Officer (CIO) of Operations and Deputy General Counsel) to oversee the agency's privacy programs.
- FEC needs to improve the accountability of management officials to ensure compliance with all aspects of Directive 50: Audit Follow-up.

For further details, please see page 7.

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<sup>1</sup> FMFIA stands for the *Federal Managers' Financial Integrity Act*, and OMB stands for the Office of Management and Budget.

## Table Summary of Results

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The table below summarizes the progress made by FEC management since the OIG's last reporting period and the total outstanding recommendations as of February 2015.

<i>Title &amp; Report Date of OIG Audits/Inspection</i>	<i>Total Outstanding Recommendations as of June 2014</i>	<i>Total Closed and Verified by OIG</i>	<i>Total Open as of February 2015<sup>2</sup></i>
Audit of the Commission's Property Management Controls (3/2010)	2	1	1
2010 Follow-up Audit of Privacy and Data Protection (3/2011)	29	1 <sub>3</sub>	28
2010 Follow-up Audit of Procurement and Contract Management (6/2011)	9	6	3
Inspection of the FEC's Disaster Recovery Plan and Continuity of Operations Plans (1/2013)	30	0	30
Audit of the FEC's Office of Human Resources (7/2013)	17	6	11
Inspection of FEC's Compliance with FMFIA-OMB A-123 (6/2014)	8	0	8
<b>Total Outstanding Recommendations</b>			81

<sup>2</sup> "Total Open as of February 2015" column includes recommendations that management has disagreed with or has not adequately implemented, and the OIG concludes that these recommendations are still open.

<sup>3</sup> Recommendation was closed based on a duplicate recommendation in the FEC's annual financial statement audit that was closed during the FY 2014 audit.

# Audit Follow-up Meetings/Communications

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## Closed Audits

The Office of Inspector General did not close any audits for this review period.

## Open Audits

### A. Audit of the Commission's Property Management Controls

The OIG's *Review of Outstanding Recommendations as of June 2014* report identified two open recommendations for the *Audit of the FEC's Property Management Controls* (Property Audit):

- **Recommendation 2a:** *“All unassigned Blackberry devices should be suspended or service should be terminated if the device cannot be immediately transferred to another user (no active spares kept in ITD)”* and
- **Recommendation 2f:** *“Blackberry user information should be kept up to date and adjusted in a timely manner on the ITD master Blackberry listing and the AT&T Premier website for employee separations and new assignment of devices.”*

For this current follow-up review, management identified that corrective actions had been made to adequately close both recommendations. Management provided the OIG with the Information Technology Division's (ITD) iPhone inventory list<sup>4</sup> as of January 7, 2015, along with the AT&T Premier Billing Statement for November and December 2014. During the audit follow-up meeting for the Property Audit, the Deputy CIO of Operations identified two known inventory recording errors that management needed to correct. The OIG excluded the two known errors, and compared the most recent agency iPhone inventory list to the billing statements for November and December to ensure the accuracy of ITD's inventory data.

The OIG's review identified that corrective actions had been made by management to resolve recommendation 2a, as the number of active spare devices have been reduced. In addition, the specific issues the OIG outlined in our prior report (as of June 2014) regarding recommendation 2f had also been resolved. However, beyond the two issues that were identified by the Deputy CIO of Operations regarding the accuracy of the agency's iPhone inventory data, the OIG identified several other inaccuracies with the current inventory listing.

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<sup>4</sup> The FEC upgraded from Blackberry phones to iPhones in 2014.

Some of the issues that were identified included:

- active iPhone devices on the billing statement not recorded on the agency's iPhone inventory listing;
- users assigned to more than one iPhone on the inventory listing; and
- telephone numbers on the billing statement and the inventory list for the same user do not match.

The OIG provided the Deputy CIO of Operations with our review results and comments, noting the inaccuracies found. Thus, the OIG continues to report recommendation 2f as an outstanding recommendation for this reporting period.

## **B. 2010 Follow-up Audit of Privacy and Data Protection**

For the *2010 Follow-up Audit of Privacy and Data Protection*, the OIG's June 2014 report identified 29 open recommendations. FEC management noted that no progress has been made to address any of the open findings for this review period. Specifically, the Office of General Counsel has had to focus significant resources on responding to recent Congressional request, along with completing normal FEC business in regards to the agency's mission. However, management has committed to fully revising and updating management's responses to the next corrective action plan (CAP) to be submitted to the Commission in May 2015 to provide an accurate status update of the open recommendations.

Also, in reviewing the prior CAP submitted by management, the OIG noted that one of the open recommendations was the same recommendation included in the FEC's annual financial statement audit, which was verified and closed during FY 2014. Therefore, the OIG has closed recommendation 6a: *Modify the Federal Election Commission Mobile Computing Security Policy to require all mobile devices, including Blackberrys [iPhones] be encrypted.* However, recommendation 6e: *Include a record in the inventory listing of whether the device is encrypted or not,* remains open as management has yet to provide adequate documentation that ensures all FEC devices are encrypted in accordance with policy.

See the OIG Concerns section on page 7 for further details regarding recommendations from this audit.

### **C. 2010 Follow-up of Procurement and Contract Management**

The OIG's *Review of Outstanding Recommendations as of June 2014* report identified nine open recommendations for the *2010 Follow-up Audit of Procurement and Contract Management*. In November 2014, the OIG met with the Acting Chief Financial Officer (CFO) and the Director of Procurement to discuss the status of outstanding recommendations. The OIG then reviewed supporting documentation to support corrective actions by the Office of the Chief Financial Officer (OCFO) to determine if certain recommendations could be closed.

Based on the OIG's review, six of the nine outstanding recommendations have been closed, leaving only three open recommendations as of February 2015.

### **D. Inspection of the FEC's Disaster Recovery Plan and Continuity of Operations Plans**

The *Inspection of the FEC's Disaster Recovery Plan and Continuity of Operations Plans (COOP Inspection)* report was released in January 2013. The OIG contacted the Deputy Chief Information Officer of Operations to provide a status of the open recommendations. The Deputy CIO notified the OIG that there have been no significant changes to the status of the thirty (30) outstanding recommendations; however, management is currently working on a few tasks to address the agency's COOP. Management identified that:

- management received approval to purchase computer hardware for FEC employees to use for purposes of the COOP and the hardware (tablets) are scheduled to be distributed by December 2014;
- revisions are being made to the COOP by management to have one overall agency plan, and the draft plan is scheduled to be completed by the end of January 2015; and
- testing of the revised COOP is scheduled for February 2015.

The OIG recognizes that management is making strides to satisfy this government requirement; however, as distribution of the hardware has yet to be completed, which delays testing of a revised plan, the FEC is still not in compliance with the required Presidential Directive: *Homeland Security Presidential Directive (HSPD-20), section 19(d)*.<sup>5</sup> Therefore, the FEC would not be able to properly respond in the event of a localized emergency or disaster to the FEC building (i.e., fire, flooding, etc.). The OIG encourages management to properly plan and staff this project to be completed in a

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<sup>5</sup> "Heads of executive departments and agencies shall execute their respective department or agency COOP plans in response to a localized emergency and shall: (d) "Plan, conduct and support annual tests and training...."

timely manner to ensure the agency's mission can still be achieved in the event of an unforeseen disruption to the FEC's normal course of business.

#### **E. Audit of the FEC's Office of Human Resources**

The *Audit of the Federal Election Commission's Office of Human Resources (OHR)* report was issued in July 2013. The OIG's *Review of Outstanding Recommendations as of June 2014* report identified 17 open recommendations for the OHR audit report.

In December 2014, the OIG met with the Director of Human Resources to discuss corrective actions taken to address the outstanding recommendations. The OIG then reviewed the updated OHR CAP and requested supporting documentation required to close certain recommendations. Based on the OIG's review of documentation to support corrective actions by the OHR, the OIG closed six of the 17 outstanding recommendations. Therefore, the OHR audit has 11 open audit recommendations as of February 2015.

#### **F. Inspection of FEC's Compliance with FMFIA/OMB Circular A-123**

The *Inspection of FEC's Compliance with FMFIA/ OMB Circular A-123* was released in June 2014. The OIG's June 2014 inspection report identified eight outstanding recommendations. In December 2014, the OIG contacted the OCFO to provide a status of the open recommendations. Per discussion with the Acting CFO and the Director of Accounting, the OIG was informed that Management still plans to wait until OMB releases new guidance on internal controls before making any major changes to the annual internal control review (ICR) process. However, OCFO did state that corrective action has been made related to two of the recommendations:

- **Recommendation 1:** *“The Office of the Chief Financial Officer (OCFO) should ensure sufficient information is included in the internal control review (ICR) packages submitted by program offices by making the ICR report mandatory.”*
- **Recommendation 2:** *“As a best practice, the ICR report should be standardized....”*

Until OIG can review a sample of FY 2014 ICR packages to confirm that corrective action has been adequately implemented to address the two applicable recommendations, these recommendations cannot be closed. Therefore, all eight recommendations remain open.

# OIG Concerns

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## **FEC Privacy Program**

Many of the critical outstanding recommendations from the *2010 Follow-up Audit of Privacy and Data Protection* have not been implemented since the release of the report in March 2011 due to the full time responsibilities of each Co-Chief Privacy Officer and their office staff. The Information Technology Division and the Office of General Counsel are two offices that are critical to the agency's mission and require their staffing resources to be dedicated to achieving the mission of the agency. In recent months, the OGC has had to balance their full-time responsibilities while responding to multiple Congressional requests.

The OIG encourages management to reconsider their position<sup>6</sup> to the outstanding recommendation 1a of the Privacy Audit:

*Assign privacy roles and responsibilities to one individual CPO [Chief Privacy Officer] with high level sponsorship in the Commission, to ensure any sensitive data and/or personally identifiable information within the agency is properly recorded, safeguarded, and distributed.*

The lack of one fully dedicated Privacy Officer has delayed progress in improving the agency's overall Privacy Program. The agency is at high risk of not being up to date with required government privacy requirements, ensuring that proper privacy protocols and processes are enforced within the agency, and meeting deadlines for privacy reporting requirements.

## **FEC Directive 50: Audit Follow-up**

FEC needs to improve the accountability of management officials to ensure compliance with all aspects of Directive 50: Audit Follow-up. It is essential that the Commission not only requires management to report on semi-annual basis the status of outstanding recommendations, but also develops a process to ensure the Audit Follow-up Officials are being held accountable for implementing outstanding recommendations in a timely manner that are beneficial to the agency's mission and will improve agency programs. The Office of Management and Budget Circular No. A-50 states:

*Agency heads are responsible for (2) Assuring that management officials throughout the agency understand the value of the audit process and are responsive to audit recommendations.*

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<sup>6</sup> "Management does not concur with this audit recommendation."



Without accountability necessary to ensure that corrective actions are taken by management, the agency is consistently operating under weaker controls that can increase cost, expose the agency to risks, and increase the potential of fraud waste, and abuse to agency programs.

# Background

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As required by the Inspector General Act of 1978, as amended, the Office of Inspector General is responsible for conducting audits of the Federal Election Commission's programs and operations. In addition to conducting and supervising audits, the OIG also has the responsibility to conduct audit follow-ups to ensure that management has effectively implemented OIG recommendations. Audit follow-up, including the timely implementation of audit recommendations by FEC management, is required by Office of Management and Budget Circular A-50, *Audit Follow-up*, as revised, and FEC Directive 50: *Audit Follow-up*.

At the conclusion of each OIG audit and inspection, it is management's responsibility to develop a corrective action plan. The CAP identifies the plan management has developed to address the OIG's findings and recommendations. The CAP should detail the following:

1. assignment of Audit Follow-up Official, who is responsible for overseeing the corrective action;
2. OIG finding(s);
3. OIG recommendation(s);
4. detailed corrective action to implement the OIG's recommendation(s);
5. FEC staff person with responsibility to implement each task; and
6. expected completion dates.

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

FEC Directive 50 requires management to:

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

In order to work effectively with FEC management in adhering to FEC Directive 50, and to ensure continuous monitoring and adequate and timely audit resolution, the OIG communicates with management at least semiannually to discuss the status of outstanding OIG recommendations. If management has implemented any corrective action(s), the OIG schedules a meeting with management to discuss the implementation of the corrective action(s), and the OIG then reviews evidence of the corrective action (i.e. new/updated policies, procedures, and processes to improve internal controls).

To provide management with timely feedback and the results of our review prior to management's reporting deadlines to the Commission in May and November, the OIG reports on our review of outstanding recommendations in February and August. The semiannual meetings are also intended to assist the audit follow-up official in following provisions 4 through 6 of Directive 50, which are listed as follows:

- (4) Respond in a timely manner to all audit reports;*
- (5) Engage in a good faith effort to resolve all disagreements; and*
- (6) Produce semi-annual reports that are submitted to the agency head.*

The official status (open/closed) of OIG recommendations is determined by the OIG once the OIG has verified that management has adequately implemented the corrective actions. The Inspector General can also make a decision to close recommendations or seek resolution from the Commission for recommendations where the OIG and management disagree. Lastly, the number of outstanding recommendations is also reported to the Commission and Congress in the OIG's Semiannual Reports to Congress.

# Federal Election Commission Office of Inspector General



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