



FEDERAL MARITIME COMMISSION

FISCAL YEAR 2025

PERFORMANCE AND ACCOUNTABILITY REPORT

December 2025

Contents

A Message from the Commission	3
Management’s Discussion and Analysis	4
Commission Background	5
Priorities Reflecting Ocean Shipping Industry Conditions	9
Increased Investigations and Enforcement	9
Compliance	9
Increased Consumer Assistance – Helping Exporters and Importers	9
FY 2025 Performance Highlights	9
Ensuring a Competitive Ocean Transportation System	9
FMC Compliance Program	10
Informal Dispute Assistance.....	11
Ocean Shipping Reform Act of 2022	12
Ensuring Fair Competition Through Rigorous Review and Extensive Monitoring of Shipping Act Agreements.....	13
Tariffs and Service Contracts	13
Maritime Supply Chain Analytics	13
FY 2025 Trends	13
Compliance Pilots	14
Ensuring Industry Compliance.....	14
Ocean Transportation Intermediary Licensing.....	14
Ocean Transportation Intermediary Financial Responsibility	14
Passenger Vessel Operators.....	14
International Collaboration	15
Litigation Before the Commission	15
Organizational Management.....	16
IT Advancement and Enterprise Transformation.....	16
Cybersecurity, Compliance, and Operational Resilience	17
Data Governance, Analytics, and Responsible AI	17

Enterprise Governance, and Workforce Readiness.....	17
Program Performance Overview	18
Achieving Strategic Goal Results	18
Strategic Management of Human Capital	18
Financial Performance Overview	19
Financial Statement Highlights	21
Analysis of Systems, Control, and Legal Compliance	23
Management Assurances	23
DATA Act – USA Spending Reconciliation.....	25
Limitations of the Financial Statements	25
Federal Managers’ Financial Integrity Act Statement of Assurance.....	26
Annual Performance Report	27
Financial Information	37
Message from the Chief Financial Officer	38
Principal Financial Statements	39
Financial Statements & Independent Auditor Report	40
Other Required Information	64
Inspector General’s Statement on Management and Performance Challenges	65
Comments on Inspector General’s Statement on the Federal Maritime Commission’s Management and Performance Challenge	69
Financial Statement Audit Summary	70
Management Assurances Summary.....	70
Fraud Reduction Report	71
Civil Monetary Penalty Adjustment for Inflation.....	71
Biennial Review of User Fees	72

A Message from the Commission



December 18, 2025

The Federal Maritime Commission's (FMC or Commission) Fiscal Year 2025 (FY 2025) Performance and Accountability Report (PAR) provides a comprehensive representation of the Commission's efforts to ensure a competitive, reliable, and export-focused system for the carriage of cargo and passengers by water in the foreign commerce of the United States over the past fiscal year. The performance and financial data in this report are complete and reliable under the Office of Management and Budget guidelines.

The Commission evaluated its management controls and financial management system pursuant to the Federal Managers' Financial Integrity Act of 1982 prior to preparing this report. No material weaknesses were identified, and the financial management system conforms to all federal requirements. In accordance with OMB Circular A-123, Appendix C, reporting requirements, the Commission identified improper payments in FY 2024 (the most recent data available) totaling less than .09% of its appropriated budget. These improper payments were detected and resolved promptly through the Commission's robust internal control environment, which includes routine audits, reconciliations, and system controls designed to ensure accuracy and accountability. The effectiveness of these controls enabled timely identification and full recovery of the improper payments.

This report contains the results of an independent audit of the Commission's financial statements, internal controls, and management systems indicating that they conform to Generally Accepted Accounting Principles, laws, regulations, and other requirements. Our statement of assurance appears on page 26, and the independent auditor's report appears on page 41. For the 22nd consecutive year, the Commission's financial statements have earned an unmodified opinion.

This report provides highlights of the Commission's activities in FY 2025, guided by its Strategic Plan. The FMC is committed to maintaining a competitive and reliable international ocean transportation supply system, facilitating the Nation's commerce, and protecting U.S. shippers while ensuring proper operational oversight, transparency, and accountability to the American public in achieving its mission. This report is available online at: <https://www.fmc.gov/about-the-fmc/performance-and-accountability-reports/>.

Sincerely,

Rebecca F. Dye
Commissioner

Daniel B. Maffei
Commissioner

Max M. Vekich
Commissioner

MANAGEMENT'S DISCUSSION AND ANALYSIS



Commission Background

The Federal Maritime Commission (FMC or Commission) is the independent federal agency responsible for regulating U.S. international ocean transportation for the benefit of U.S. exporters, importers, and consumers. The FMC has jurisdiction over competition, practices, and service in the ocean shipping industry, and protects U.S. maritime commerce and the U.S.-flagged merchant marine from unreasonable laws or practices by foreign governments and carriers through civil law enforcement, economic monitoring, and rigorous licensing requirements. The Commission's essential functions include oversight of agreements by ocean common carriers and marine terminal operators, enforcement of the Shipping Act and related laws, licensing of ocean transportation intermediaries, administration of financial responsibility requirements for cruise lines, and dispute resolution services. These vital efforts help maintain a level playing field for U.S. businesses and consumers.

Mission Statement

Ensure a competitive and reliable international ocean transportation supply system that supports the U.S. economy and protects the public from unfair and deceptive practices.

Statutory Authority

The Federal Maritime Commission administers Subtitle IV (Parts A through D) of Title 46, United States Code, including the various amendments to Title 46 implemented by the Ocean Shipping Reform Act of 2022 (OSRA 2022) and section 834 of the Frank LoBiondo Coast Guard Authorization Act of 2018 (LoBiondo Act).

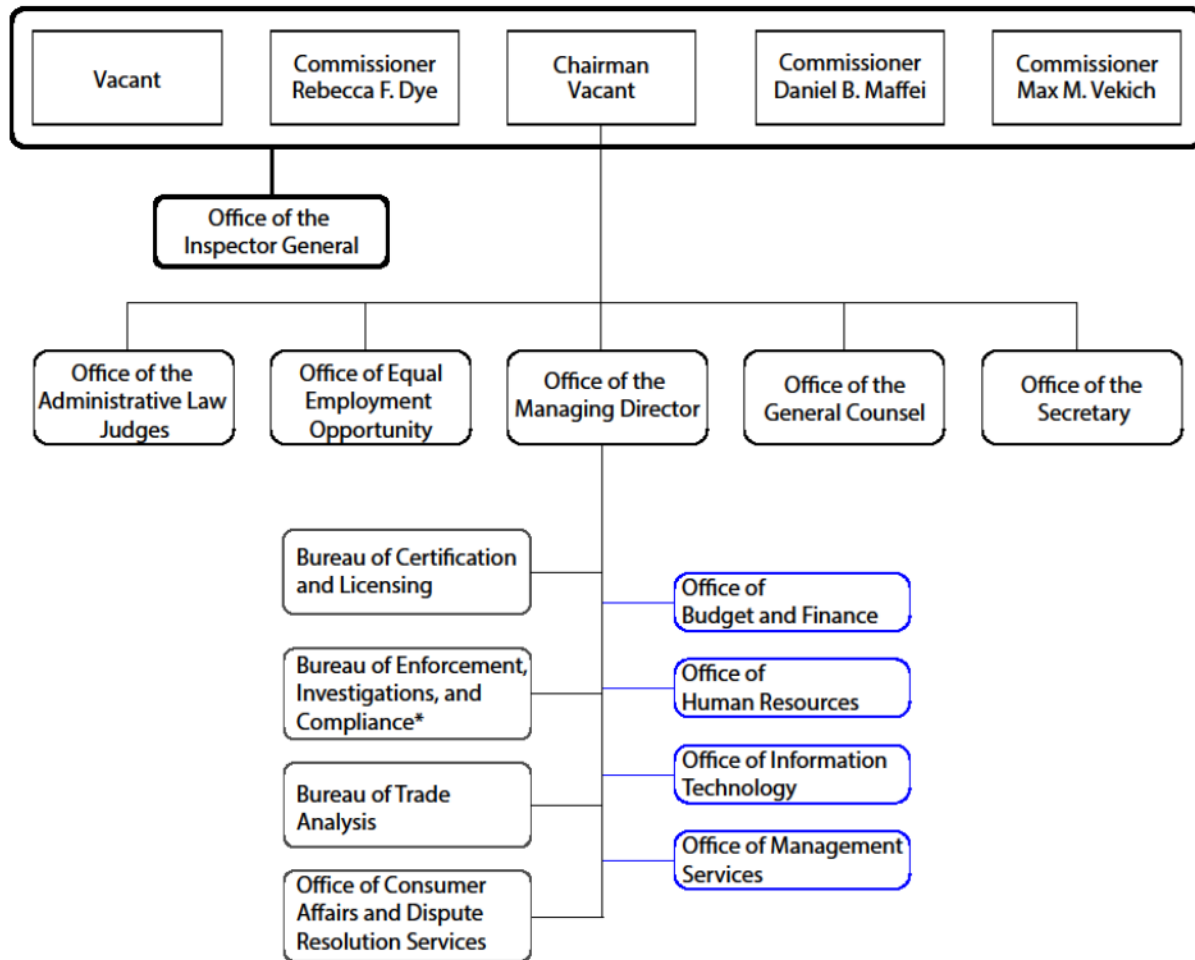
Parts A and B of Subtitle IV govern the regulation of ocean shipping and were formerly known as the Shipping Act of 1984 (the Shipping Act), as amended, the Foreign Shipping Practices Act of 1988 (FSPA) and Section 19 of the Merchant Marine Act, 1920. The Commission also administers Part C of Subtitle IV, formerly sections 2 and 3 of P.L. 89-777, and section 3503(b)(1)(C) of Title 46, United States Code. Part C and section 3503 mandate financial responsibility requirements of cruise line operators towards passengers of such vessels. Part D of Subtitle IV addresses the Commission generally, including its organization and authority to prescribe regulations. Part D also contains various provisions or amendments that were in the Shipping Act, FSPA, and the LoBiondo Act.

Organizational Structure

The Commission is a bipartisan body composed of five Commissioners nominated by the President and confirmed by the United States Senate, each serving a staggered five-year term. No more than three members of the Commission may be of the same political party. One Commissioner is designated by the President to serve as the Chairman. The Chairman is the chief executive and administrative officer of the Commission.

The Commission staff is comprised mainly of economists, attorneys, investigators, and other experts in ocean transportation, located at the Commission's headquarters in Washington, D.C.

Organization Chart



Commission Bureaus and Offices

Office of the General Counsel (OGC)

OGC provides legal services to the Commission and staff; prepares final decisions, orders, and regulations for Commission approval and issuance; represents the Commission in litigation before the courts; provides technical and policy assistance to other government agencies engaged in international negotiations or discussions on shipping matters; and provides legal opinions to the Commission, its staff, and the general public in appropriate instances. OGC also monitors rates of government-controlled carriers, reviews agreements and monitors the concerted activities of ocean common carriers and marine terminal operators, is responsible for competition oversight, and oversees the Commission's international affairs activities. The General Counsel serves as the Chief Legal Officer.

Office of the Managing Director (OMD)

OMD implements the policy and administrative directives of the Chairman and Commission, manages and coordinates program offices and bureaus, and oversees the administrative offices, including the Offices of Budget and Finance, Human Resources, Information Technology, and Management Services. The Managing Director serves as the Chief Operating Officer.

Program offices and bureaus include:

Bureau of Certification and Licensing (BCL)

BCL protects the public from financial harm through its ocean transportation intermediary (OTI) licensing, registration, and surety bonding programs. It also protects the public by requiring passenger vessel operators (PVOs) to maintain adequate financial coverage to reimburse cruise cancellations or to cover liability in the event of death or injury at sea.

Bureau of Enforcement, Investigations, and Compliance (BEIC)

BEIC investigates and prosecutes civil violations of laws and regulations under the Commission's authority and seeks compliance with its laws and regulations from regulated entities. BEIC is comprised of the Office of Enforcement, the Office of Investigations, and the Office of Compliance.

The *Office of Enforcement* serves as the Commission's prosecutorial arm. Attorneys participate as trial counsel in formal Commission proceedings; work closely with the Office of Investigations in pursuing potential violations of the Shipping Act and Commission regulations; negotiate settlements and informal compromises of civil penalties; and may act as investigative officers in formal fact-finding investigations initiated under the Shipping Act.

The *Office of Investigations* focuses on investigating potential violations of the Shipping Act and Commission regulations. The investigators review complaints, gather evidence, interview parties, and collect facts to assess whether regulated entities (such as ocean carriers, marine terminal operators, or freight intermediaries) have violated applicable laws or regulations.

The *Office of Compliance* administers the vessel-operating common carrier, non-vessel-operating common carrier, and ocean freight forwarding review program; the ocean transportation intermediaries (OTIs) compliance program; the internal review process for noncompliant OTIs; and conducts preliminary review of requests for enforcement action. It also provides research and analytical assistance for cases under the Shipping Act and other statutes.

Bureau of Trade Analysis (BTA)

BTA processes common carrier tariff registrations; reviews carrier published tariffs and marine terminal operator schedules for compliance with 46 CFR parts 520, 525, 530, 531, and 532; and is responsible for market analysis.

Office of Consumer Affairs and Dispute Resolution Services (CADRS)

CADRS aids shippers, OTIs, cruise operators and passengers, truckers, MTOs, and carriers by providing alternative dispute resolution (ADR) services, ombuds assistance, mediation, and facilitation to resolve disputes involving cargo shipments, household goods shipments, and cruises.

Office of Administrative Law Judges (OALJ)

OALJ independently presides over administrative hearings and resolves cases involving alleged violations of the Shipping Act initiated by private parties or by the Commission.

Office of the Secretary (OS)

OS serves as the focal point through which all filings are made in Commission proceedings. OS prepares and maintains agenda matters and actions taken by the Commission; maintains official files and records of formal proceedings; ensures compliance with the Freedom of Information, Government in the Sunshine, and Privacy Acts; responds to information requests from the public; issues publications and authenticates instruments and documents; maintains a public reference/law library and a docket library; and oversees the organization and content of the Commission's website.

Office of the Inspector General (OIG)

OIG is an independent oversight office created within the FMC by the Inspector General Act of 1978 (as amended) to conduct and supervise audits, reviews, and investigations relating to the FMC's programs; to detect and prevent waste, fraud, and abuse; to promote economy, efficiency, and effectiveness; to keep the Chairman, Commissioners, and Congress fully informed of serious problems and deficiencies and recommend corrective actions; and, as appropriate, to report violations of law to the U.S. Attorney General.

Office of Equal Employment Opportunity (OEEO)

OEEO advises and assists the Commission in carrying out its responsibilities relative to Titles VI and VII of the Civil Rights Act of 1964 (as amended), other laws, executive orders, and regulatory guidelines implementing affirmative employment, and the processing of Equal Employment Opportunity complaints.

Priorities Reflecting Ocean Shipping Industry Conditions

During this performance year, the Commission focused on maintaining the integrity and competitiveness of the ocean shipping industry in three areas: increased investigations and enforcement, compliance, and enhanced consumer assistance.

Increased Investigations and Enforcement

The FMC protected the public through investigation and enforcement programs aimed at deterring violations of the law by the entities it regulates. OSRA 2022 identified additional areas of attention for the Commission's enforcement and compliance activities. Enforcement priorities focus on unlawful practices that negatively impact significant portions of the maritime industry or appear to cause market distortion. The enforcement program has been successful in legal actions, collecting approximately \$1,350,000 in civil penalties for violations of the law in FY 2025.

Compliance

The Commission's statutory and regulatory authorities are applicable to international waterborne commerce as well as passenger vessel operations calling at U.S. ports. Vigilant oversight of industry activity by FMC program offices includes compliance, in addition to investigations and enforcement. By ensuring that regulated entities understand their legal obligations and focusing FMC's compliance resources to address noncompliance in the areas with highest impact, the Commission proactively protects the public from unfair and deceptive practices.

Increased Consumer Assistance – Helping Exporters and Importers

The FMC provides vital ocean shipping consumer assistance to support the public and maritime industry. Several ongoing programs directly help U.S. importers, exporters, and other stakeholders resolve shipping disputes, including informational assistance services, informal dispute resolution, and the adjudication of formal complaints before the Commission. The Commission also engages with the National Shipper Advisory Committee to better understand the evolving needs and concerns of our Nation's importers and exporters.

FY 2025 Performance Highlights

Ensuring a Competitive Ocean Transportation System

The Commission's competition program ensures oversight of agreements filed by ocean common carriers and marine terminal operators. These agreements help maintain stability and reliability in the ocean shipping supply chain, benefitting American importers and exporters. The Commission closely monitors agreements to ensure that they do not cause unreasonable increases in transportation costs or unreasonable reductions in transportation services. Monitoring is conducted by reviewing meeting minutes filed by agreement parties, holding semi-annual discussions with certain agreement parties at FMC headquarters, and tracking global trade data to detect and address effects on the supply and cost of shipping services. The Commission also monitors the level of market

concentration within the shipping industry, and the impacts of ocean common carrier collaboration on concentration levels.

There are currently 380 agreements on file with the Commission. In FY 2025, the Commission consolidated the competition program, which had been spread across two agency offices, into the Office of the General Counsel. With this realignment, the economists, trade analysts, and lawyers in the program are now unified in a single team, enabling improved oversight.

The Commission's controlled carrier program monitors the rates of ocean common carriers that are owned or controlled by foreign governments, to ensure that they do not abuse their subsidized position and distort the shipping market by engaging in unreasonable below-cost pricing. There are currently seven controlled carriers operating in U.S. foreign commerce; six are from the People's Republic of China, and one is from the Republic of Korea.

The Commission's international affairs program identifies and recommends action to address laws or regulations by foreign governments, or practices by foreign-flag carriers, that create unfavorable conditions in U.S. shipping, or discriminate against U.S.-flag carriers. This oversight ensures that U.S. carriers and shippers benefit from full and fair access to the global shipping market. In FY 2025, the Commission concluded one proceeding concerning ballast water regulations of the Government of Canada, after Canada agreed to exempt U.S.-flag carriers from the applicability of these regulations. The Commission also initiated three new proceedings in FY 2025. The first is directed to allegations that the Government of Spain has discriminated against U.S.-flag carriers by denying entry to its ports, including denying entry to U.S.-flag vessels in the Maritime Security Program. The second is a nonadjudicatory investigation of possible unfavorable shipping conditions caused by transit constraints at certain key maritime chokepoints, including the Panama Canal, Suez Canal, Strait of Gibraltar, and the Straits of Malacca and Singapore. The third is a nonadjudicatory investigation of possible unfavorable shipping conditions created by flags of convenience in global shipping.

FMC Compliance Program

The FMC Compliance program includes the collection of qualitative and quantitative data related to carrier detention and demurrage and includes regular meetings with ocean common carrier representatives. The program helps address data gaps by capturing key supply chain indicators not currently collected by the FMC, other federal agencies, or available publicly. Without this information, the agency may face delays in assessments and decision-making, potentially impacting U.S. importers and exporters in making key shipping decisions.

In addition to data collection, the program provides a forum for focused conversations between senior Commission staff and representatives from ocean common carriers concerning the global supply chain, latest industry trends, and compliance with shipping laws and regulations. Under this program, the Commission has tracked trends, policies, and procedures related to detention and demurrage billing and identified best practices for carriers related to communicating their practices to the shipping public. This program

strengthens the work of the Commission and its ability to ensure industry compliance with applicable laws and regulations.

Informal Dispute Assistance

The Office of Consumer Affairs and Dispute Resolution Services (CADRS) has experienced analysts and attorneys on staff to assist the public in finding solutions to their commercial disputes without having to bring formal legal action. When assistance is requested, staff works with parties to identify solutions to move cargo whenever possible. Resolving disputes amicably helps eliminate delays or increased costs to shippers. CADRS also offers mediation services by trained mediators with industry experience. All CADRS assistance is provided without charge, and all communications are confidential.

In FY 2025, CADRS staff conducted 39 mediations and preliminary conference mediations, an increase from 33 conducted in FY 2024. Several mediations in FY 2025 involved disputes with millions of dollars in contested demurrage and detention charges, reflecting both the complexity and significance of the matters brought before the office. Through CADRS' efforts, over \$1,700,000 in disputes have been successfully resolved in FY 2025. The number of informal disputes handled by CADRS also continued to grow from past fiscal years. In FY 2025, staff handled 372 informal disputes, an increase from 272 cases handled during FY 2024.

Prosecuting Violations of Shipping Laws

The Commission investigates and negotiates settlements and informal compromises of civil penalties in relation to potential violations of the Shipping Act and Commission regulations. Recently, the Commission completed two compromise agreements resulting in the payment of \$1,350,000 of civil penalties. These agreements, described below, were reached with a vessel-operating common carrier (VOCC) and a non-vessel-operating common carrier (NVOCC).

One compromise agreement was reached with Hyundai Glovis, Co. Ltd. (Hyundai Glovis), a VOCC headquartered in Seoul, South Korea, that operates in the U.S.-foreign trades and globally. The compromise agreement resolved allegations that Hyundai Glovis violated the Shipping Act through activities that included: (1) providing service in the liner trade that was not in accordance with the rates, charges, classifications, rules, and practices contained in Hyundai Glovis' tariff, and (2) providing services as a common carrier without publishing the appropriate tariffs showing all its active rates and charges. FMC staff alleged that these practices persisted for over a year and involved numerous shipments. Hyundai Glovis agreed to pay \$1,300,000 in compromise of these allegations.

The second compromise agreement was reached with NVOCC Olympiad Line LLC (Olympiad) for allegations that Olympiad violated the Shipping Act by providing service in the liner trade that was not in accordance with the rates, charges, classifications, rules, and practices contained in its published tariff. Olympiad agreed to pay \$50,000 in compromise of these allegations.

The parties compromised and agreed to the payment of civil penalties but did not admit to violations of the Shipping Act or Commission regulations.

Penalty payments are deposited into the U.S. General Fund of the United States. The Federal Maritime Commission receives no portion of these payments.

In FY 2025, the Commission centralized its investigative workforce by reassigning remote investigators to its Washington, D.C. headquarters. This action aligned with government-wide directives to return to in-person work, strengthened integration of investigative functions with the Commission's enforcement strategy, and enhanced collaboration among enforcement staff.

Ocean Shipping Reform Act of 2022

By the end of FY 2025, the majority of the Ocean Shipping Reform Act of 2022's (OSRA 2022) enhanced authority and provisions for revised regulations were implemented and fully integrated in support of FMC's mission. Key rulemakings completed in FY 2023 and FY 2024 included: (1) the Final Rule on Demurrage and Detention Billing Requirements; (2) the Final Rule on the Definition of Unreasonable Refusal To Deal or Negotiate With Respect to Vessel Space Accommodations Provided by an Ocean Common Carrier; and (3) the Final Rule on Civil Penalty Amendments to Rules of Practice and Procedure. Work to complete additional rulemakings required under OSRA 2022 are expected to advance in FY 2026 and FY 2027.

Section 10 of OSRA 2022 established a new process that allows shippers to submit complaints to the Commission regarding charges assessed by common carriers and to receive a refund or waiver for non-compliant charges under 46 U.S.C. § 41310. In response, the FMC promptly developed an interim procedure and posted guidance to its website. In the three years since the enactment of OSRA 2022, more than \$6.1 million in fees have been voluntarily waived or refunded under the new charge complaint process, including \$2.89 million in refunded, waived, or cancelled charges during FY 2025. In FY 2025, the FMC received a total of 296 charge complaints, of which 164 met the criteria for the charge complaint process and were assigned for investigation.

While most charge complaints were voluntarily resolved during the investigation phase, the FMC's process also provides for fast resolution of non-compliant charges disputed by the parties through a proceeding before the Commission where the carrier is ordered to demonstrate the lawfulness of a charge. This temporary process has provided valuable insights, which the Commission will incorporate into a forthcoming rulemaking to establish a permanent Charge Complaint procedure. A rulemaking regarding the Charge Complaint process will begin in FY 2026 and will continue into FY 2027, reflecting the Commission's commitment to transparency, due process, and regulatory certainty for industry stakeholders.

The Commission has also made significant progress in meeting legislative requirements to conduct specific data collections and studies. The requirement to collect and publish information from VOCCs on import tonnage and volumes, as well as empty container metrics is ongoing. Data published on the Commission's website is designed to provide

valuable insights into shipping trends, support policy decisions, and enhance transparency in the industry. This initiative underscores our commitment to fulfilling legislative mandates while contributing to a more informed and efficient maritime industry.

Ensuring Fair Competition Through Rigorous Review and Extensive Monitoring of Shipping Act Agreements

The FMC enforces competition in the marketplace for ocean transportation services in the U.S. with the goal of ensuring efficiency and reliability in the supply chain for American exporters and importers. The FMC's competition program consists of careful analysis of agreements when they are filed and ongoing monitoring of actions that are taken under these agreements.

The FMC's statutory authority and regulations require that agreements, which allow coordination among ocean common carriers or marine terminal operators (MTOs), be filed with the Commission. Commission staff analyze these agreements upon filing for potential anticompetitive effects, and then monitor all activity on an ongoing basis. Conduct or activities among agreement parties inconsistent with the terms of an agreement are illegal.

Tariffs and Service Contracts

The Bureau of Trade Analysis (BTA) oversees compliance with 46 CFR Parts 520 (Carrier Automated Tariffs), 530 (Service Contracts), 531 NVOCC Service Arrangements), and 532 (NVOCC Negotiated Rate Arrangements) of the Commission's regulations.

BTA utilizes risk management principles, directing resources to the greatest impact. This includes utilizing automated solutions to flag compliance issues—moving away from transactional and subjective procedures which are costly to the Commission. In addition, BTA continues interfacing directly with thousands of VOCCs, NVOCCs and MTOs under its regulated authority to ensure that service contracts are timely filed, that ocean common carriers review NVOCCs for compliance with FMC regulations when entering into service contracts, and that all common carriers maintain proper tariffs.

Maritime Supply Chain Analytics

In FY 2025, BTA supported the FMC's competition program through analytic tools that improve visibility into maritime supply chain conditions, including port congestion and key geographic transit chokepoints. These tools provided the Commission with timely insights into areas of potential supply chain stress and key port efficiency indicators.

FY 2025 Trends

In FY 2025, the shipping market continued to stabilize, with 384,811 original service contracts filed—approximately 2,000 fewer than the prior year—and 996,803 contract amendments, an increase of 148,000. This shift suggests that shippers relied more heavily on amending existing contracts and redirected some volume to the spot market, contributing to a reduction in new original contract filings.

At the same time, non-vessel-operating common carrier (NVOCC) activity continued to increase, with approximately 400 additional NVOCCs operating in FY 2025. The number of

NVOCCs offering service in the United States has grown substantially since 2020. BTA is responsible for reviewing and accepting tariff locations published on the Commission's website ([FMC.gov](https://www.fmc.gov)).

Compliance Pilots

To strengthen tariff compliance, BTA implemented various pilot initiatives that introduced automated compliance checks for major carriers, significantly reducing manual transactional reviews and saving hundreds of analyst hours while improving overall efficiency. In collaboration with the Office of Information Technology, BTA also developed an assistant bot that uses AI and machine learning to support analysts by providing consistent, regulation-specific responses to common compliance questions. In FY 2025, BTA continued working with BCL to identify entities that were out of compliance with tariff or financial requirements, with a publicly available list of noncompliant NVOCCs maintained and updated weekly on the Commission's website.

Ensuring Industry Compliance

The Commission's statutory and regulatory authorities apply to international waterborne commerce as well as passenger vessel operations calling at U.S. ports. Strong oversight of industry activity ensures compliance with U.S. shipping laws.

Ocean Transportation Intermediary Licensing

The Commission administers 46 C.F.R. Parts 515 (Licensing, Registration, Financial Responsibility Requirements, and General Duties for Ocean Transportation Intermediaries) and 540 (Passenger Vessel Responsibility). There are over 9,600 ocean transportation intermediaries (OTIs) regulated by the Commission, including approximately 5,100 licensed entities based in the United States. More than 4,400 foreign-based NVOCCs are registered with the Commission. More than 600 new and amended OTI applications were received during the fiscal year, and approximately 1,300 OTI licenses were renewed, with most renewals being reviewed and processed within 48 hours of submission. The Commission is responsible for ensuring that applicants for OTI licenses employ a Qualifying Individual with the necessary character and a minimum of three years of shipping experience in the U.S. Additionally, OTI applicants must demonstrate financial responsibility by means of a bond, insurance, or other Commission-approved financial instrument. The Commission maintains a triennial renewal program to ensure that OTIs are regularly required to review and update their information on file with the Commission.

Ocean Transportation Intermediary Financial Responsibility

The Commission provides oversight for approximately \$1.4 billion in surety bonds, ensuring that OTIs have sufficient financial resources to operate responsibly. In FY 2025, this included processing over 2,500 bond termination notices, 1,300 OTI bond riders, and 2,400 new or replacement bonds.

Passenger Vessel Operators

The Commission also oversees a program to ensure financial responsibility for passenger vessel operators (PVOs), commonly referred to as cruise lines, that have berth or stateroom

accommodations for 50 or more passengers and embark passengers at U.S. ports and territories. The FMC ensures PVOs demonstrate adequate financial responsibility in case of nonperformance of voyages or death or injury occurring to passengers, and prevents unscrupulous or financially unstable operators from serving U.S. ports. In FY 2025, the Commission's Passenger Vessel Operator (PVO) program was comprised of 303 cruise vessels and 48 cruise line operators, with aggregate evidence of financial responsibility coverage of over \$826 million for non-performance and \$748 million for casualty. In reference to the non-performance of transportation, two PVOs with financial instruments totaling \$39 million ceased operations. The surety provider initiated reimbursements for the non-performance of transportation.

Current rules and regulations of the PVO program mandate that passengers be compensated for damages, within 180 days, of all fees, including ancillary fees, paid to the PVO. The Commission has expanded technology systems resources for this program to conduct ongoing monitoring and compliance work, and to perform outreach. Additionally, the Commission has dedicated resources to facilitate communication between PVOs facing possible bankruptcy proceedings or have filed for bankruptcy, their financial providers, and passengers to ensure that adequate refund processes are established for timely distribution to passengers. The Commission continues to strengthen processes for monitoring and maintaining compliance to ensure cruise passengers are protected from nonperformance of cruise lines.

In FY 2025, the Commission enhanced its licensing and certification systems to improve data accuracy, streamline processing, and strengthen oversight. These improvements will continue to support more efficient application reviews, renewals, and compliance monitoring.

International Collaboration

In FY 2025, the Commission continued its engagement with competition authorities in the United Kingdom (U.K.) and the European Union (E.U.) through Commission visits and staff-level discussions. Due to the U.K.'s exit from the E.U., the Commission now engages separately with the U.K. Competition Authority on an as-needed basis to ensure a solid understanding of the dynamics affecting the U.S. and European trade lanes.

Litigation Before the Commission

The Commission's Office of Administrative Law Judges (OALJ) operates independently under the Administrative Procedure Act, 5 U.S.C. Subchapter III, to resolve cases involving alleged violations of the statutes administered by the Commission.

Adjudicatory proceedings at the FMC have increased dramatically in recent years, both in number and complexity. In FY 2025, OALJ received a record 44 new cases, issued hundreds of orders, and closed a record 44 cases. Many of these cases were brought by large household name companies that import significant amounts of goods, seeking tens of millions of dollars in reparations.

Formal: In FY 2025, OALJ received 19 new formal cases, many of which were complex proceedings. In addition, OALJ had 34 cases pending from the prior year.

OALJ continued to prioritize older cases on a first in, first out approach designed to avoid a backlog. Even with this focus on resolving the oldest and most complex cases, OALJ closed more formal cases than it has in any year since 2006. OALJ issued dispositive orders closing 27 formal proceedings, a 17% increase from the prior year.

Informal: In FY 2022, new small claims cases filed at the Commission doubled from historical averages. In FY 2025, new small claims were more than double the FY 2022 record.

FY 2025 began with 5 pending small claims cases and there were a record 25 new informal proceedings filed. In FY 2025, a record 17 informal cases were closed, including one that became a more formal proceeding under Subpart T.

Cases continue to be more complex and involve a larger number of filings than cases in prior years.

The Office of the Secretary receives all filings made in Commission proceedings and processed 1,754 filings in FY 2025. In comparison, the total number of filings in FY 2024 was 1,265, and in FY 2023 filings totaled 918. The increased rate of filings underscores the increased workload associated with cases being adjudicated by the OALJ.

Information on specific proceedings can be searched in the [FMC Reading Room](#) on the FMC's website.

Organizational Management

To be successful, the Commission's efforts require appropriate alignment and assistance from its administrative support programs, including information technology services, human resources, budget and financial planning, and procurement of goods and services. Effective, performance-oriented management and prudent employment of all allocated resources are required to accomplish the Commission's mission. As detailed below, the Commission has taken concerted steps to accomplish these goals.

IT Advancement and Enterprise Transformation

Over the past year, the Commission advanced efforts to strengthen its technology foundation, enhance service delivery, and better position the organization to meet mission demands. This work began with a comprehensive assessment of legacy systems and the creation of a modernization roadmap that now guides multiyear transformation efforts. Several modernization components reached key milestones, including successful system testing and preparatory steps for phased deployment.

The Commission also laid critical groundwork for future capabilities, including early planning for a potential e-filing and adjudication system. By evaluating requirements and engaging with peer agencies, staff ensured that future decisions will be informed, strategic, and aligned with broader government best practices.

Across the enterprise, modernization initiatives focused on improving reliability, security, and user experience. These efforts helped streamline operations, reduce technical debt, and create a more agile and responsive IT environment that supports where the Commission is today with the future in mind.

Cybersecurity, Compliance, and Operational Resilience

Cybersecurity remained a central priority during FY 2025, with the Commission making measurable progress in strengthening defenses, meeting federal requirements, and building resilience across its systems. The Commission's cybersecurity posture improved significantly through enhanced authentication measures, strengthened endpoint protections, and the modernization of core security infrastructure.

Support for audits, including the Federal Information Security Modernization Act (FISMA) and vulnerability assessments, was proactive and thorough, resulting in the closure of open recommendations and enhanced transparency with oversight bodies.

To support long-term operational stability, the Commission is maturing its disaster recovery and monitoring program to ensure that critical systems remain reliable and available, consistently meeting performance expectations and federal directives.

Data Governance, Analytics, and Responsible AI

The Commission made significant progress in elevating data as a strategic asset. A formal Data Governance Committee (DGC) was established to coordinate data stewardship across program offices and strengthen enterprise-wide data practices. This body created much-needed structure around how the Commission manages, uses, and protects its information resources.

The Commission also expanded its use of analytics and automation to support oversight responsibilities and improve operational efficiency. Advanced analytical tools were developed in close partnership with mission offices, enabling the Commission to review large volumes of regulatory data more effectively and to derive insights at a scale not previously possible.

To ensure that this progress is sustainable, the Commission is implementing stronger frameworks for maintaining analytical tools and formalized key practices for managing data-related code and development activities.

In alignment with government-wide transparency and AI requirements, the Commission drafted an Open Data Plan and foundational AI governance policies. These efforts positioned the Commission at the forefront of responsible AI adoption in the federal sector, ensuring that future uses of automation and machine learning are secure, ethical, and mission-aligned.

Enterprise Governance, and Workforce Readiness

The Commission strengthened IT governance and improved coordination across internal and external stakeholders. Leadership received regular updates on IT priorities through

structured governance forums, ensuring transparency and alignment with organizational goals.

The Commission also invested in workforce development by updating performance plans to include measurable goals and training requirements, ensuring that staff have the skills needed to support a modern technology environment.

Program Performance Overview

The Commission provides a performance plan to Congress, pursuant to the Government Performance and Results Act (GPRA). The FMC's [Strategic Plans - Federal Maritime Commission](#) are posted on FMC.gov. The FY 2025 Annual Performance Report is presented in section two of this Report.

Achieving Strategic Goal Results

The Commission's Strategic Plan provides the foundation for planning and budgeting activities. The plan sets goals and objectives for each fiscal year and contains targets and measures linked to objectives via strategies. These objectives, strategies, targets, and measures drive the agency's budgetary process, and are discussed in detail in section two of this Report. During FY 2025, the Commission met or exceeded seven of its ten performance targets and five of its seven stewardship goals.

Strategic Management of Human Capital

In FY 2025, the agency experienced increased turnover, with 28 separations, including three retirements, thirteen resignations, two removals, and ten transfers to other federal agencies. This turnover highlighted the need to strengthen strategic hiring and succession planning efforts. To support these goals, the FMC's Office of Human Resources was authorized to fill five full-time positions. The agency continued to use USA Hire to enhance candidate assessment and applied Direct Hire authorities to expedite onboarding for critical roles.

The Commission will continue to promote a range of hiring authorities and flexibilities while expanding the use of the Pathways Program and STEM initiatives to attract early-career talent. To further support and develop supervisors, the agency will implement a "Roadmap to Success," which will include the Office of Personnel Management's mandatory supervisory training and the launch of an enhanced coaching and mentorship program. These efforts will ensure supervisors have the resources needed to strengthen their leadership skills and effectively guide their teams. The Commission will continue to utilize OPM's automated USA Hire tool, enabling the use of skill and competency-based assessments to evaluate candidates' ability to perform job duties, thereby enhancing the agency's multi-hurdle approach to candidate assessment.

Additionally, the FMC will continue succession planning efforts to identify and ensure that gaps in knowledge, skills, and abilities are remediated and addressed through recruitment or workforce development, and that resources are properly allocated throughout the organization. These efforts include assessment of staffing needs with hiring managers, participating in government-wide strategic initiatives, creation of career path resources for

mission critical occupations, evaluation of leadership development programs, performance management training, supervisory training, and career and leadership development job rotational opportunities.

Competitive Sourcing

The FMC submitted its FY 2025 Federal Activities Inventory Reform Act (FAIR Act) inventory to OMB in June 2025. The inventory identified 65 of the agency's 127 positions as commercial activity positions. No challenges to the Commission's commercial inventories were received.

Financial Performance Overview

The FMC received an unmodified opinion on its FY 2025 financial statements and will continue efforts to improve operations and achieve unmodified audit opinions in the future.

The Commission's financial condition as of September 30, 2025, is sound. Internal controls are in place to ensure that funds are used efficiently and effectively, and that the budget authority is not exceeded. The FMC's accounting services provider, the Department of Treasury's Bureau of the Fiscal Service (BFS), prepared the financial statements as required by the Accountability of Tax Dollars Act of 2002. The statements have been prepared from, and are fully supported by, the books and records of the FMC in accordance with Federal Generally Accepted Accounting Principles (GAAP), standards approved by the Federal Accounting Standards Advisory Board (FASAB), and OMB Circular A-136, *Financial Reporting Requirements*.

The principal financial statements provided in this document are prepared to report the financial position and results of the operations of the FMC, pursuant to the requirements of 31 U.S.C. § 3515(b). Reports used to monitor and control budgetary resources are prepared from the same books and records.

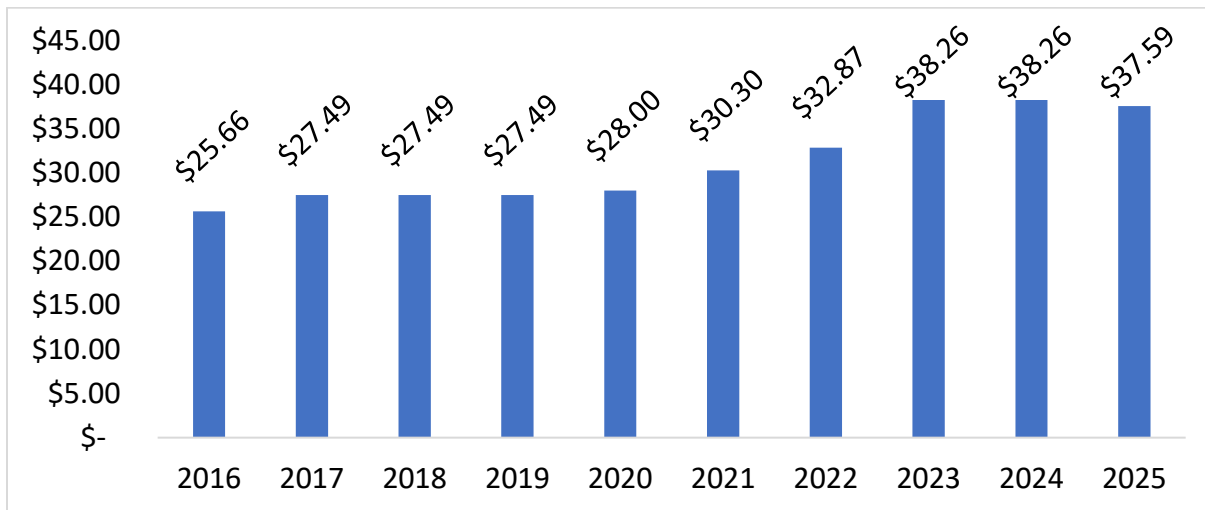
Source of Funds

The FMC has a single source of funding for salaries and expenses, provided by annual appropriation available for commitments and obligations incurred during the fiscal year in which the authority was granted. Congress approved FY 2025 appropriations for the FMC in the amount of \$40,000,000, of which \$2,000,000 is multi-year funding, through P.L. 119-4. There was no increase over the FY2024 appropriation level. Additionally, the Commission received reimbursements of \$138,557.26 for work performed by FMC's employees supporting other government agencies.

The FMC collects remittances for user fees and penalties; however, it is not authorized to offset any of its budget authority by using these funds. Collections are deposited directly into the U.S. Treasury General Fund. This information is captured in the Statement of Custodial Activity found in the *Financial Information* section of this report.

Budget Execution History

Budget Execution History Fiscal Years 2016-2025 (Dollar amount in Millions)

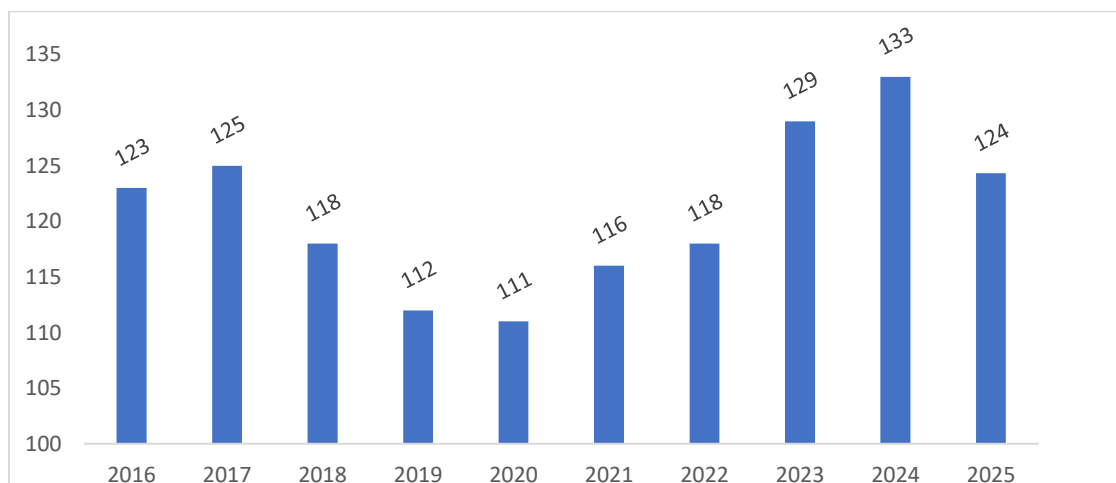


Full-time Equivalent History

The FMC's Full-time Equivalent (FTE) level is largely driven by its annual appropriation level. The FMC currently has three of five statutorily authorized Commissioners on board.

The continued fast pace of retirements and separations in FY 2025 resulted in a lower than anticipated FTE level, at 124 FTEs, with 115 employees on board at the fiscal year's end. The Commission endeavors to balance appropriate staffing levels with other available resources to ensure effective accomplishment of its mission.

Number of Employees in Fiscal Years 2016-2025



Uses of Funds

During FY 2025, obligations against the FMC's \$40,000,000 appropriation totaled \$37,585,395, representing 93.96 percent of the appropriation. Salaries and benefits are the single largest expense category at \$26.4 million, making up 65.98 percent of the total

budget. The second largest category is other contractual services at \$6,384,458.84, which is 15.96 percent of the total budget. Other administrative expenses comprise the remaining 18.06 percent of the budget.

Audit Results

The FMC again received an unmodified opinion on its FY 2025 financial statements from the auditing firm of Harper, Rains, Knight & Company, under contract through the FMC's Office of the Inspector General. The financial statements may be found in the *Financial Information* section of this report.

Financial Statement Highlights

The financial statements were prepared to report the financial position and results of operations of the Commission pursuant to the requirements of 31 U.S.C. § 3515(b). The statements were prepared from the books and records of the Commission in accordance with the formats prescribed by OMB.

The FMC's financial statements summarize the financial position and financial activity of the agency. The financial statements, footnotes, and the remainder of the required supplementary information appear in their entirety in the *Financial Information* section of this report. A brief analysis of the principal statements follows.

Summary of Assets

The FMC's assets were \$18,067,040 as of September 30, 2025. This represents a decrease of \$284,949 from FY 2024. The FMC's assets reported on the balance sheet are summarized in the table to the right.

	FY 2025
Fund Balance with Treasury	\$17,899,553
Advances	\$95,141
Accounts Receivable	\$72,346
Capital Assets	\$0
Other	\$0
Total Assets	\$18,067,040

The Fund Balance with Treasury of \$17,899,553 represents the FMC's largest asset and comprises 99.07 percent of the agency's total assets. The Fund Balance with Treasury is comprised only of annual appropriations maintained by the U.S. Department of the Treasury to address current liabilities.

Accounts Receivable, as of September 30, 2025, totaled \$72,346 for outstanding receivables billed to both Federal and non-Federal entities. This accounts for 0.4 percent of the FMC's assets.

Capital Assets, also known as Property, Equipment, and Software, account for 0.0 percent of the FMC's total assets as of September 30, 2025. The net value of \$0 accounts for the depreciation of all assets and represents the current book value of those assets.

Summary of Liabilities

	FY 2025
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The FMC's liabilities totaled \$3,834,353 as of September 30, 2025, an increase of \$1,005,499 from FY 2024. The FMC's assets reported on the balance sheet are summarized in the table to the right.

The FMC's Accounts Payable, as of September 30, 2025, was \$825,198. This represents the funds owed for goods and services received from vendors. The Federal Employee Salary Leave and Benefits is comprised of accrued funded payroll and leave, employer contributions on payroll taxes payable, and unfunded leave totaling \$2,740,230.

Accounts Payable	\$825,198
Employer Contributions and Payroll Taxes Payable	\$197,035
Federal Employee Salary, Leave and Benefits	\$2,740,230
Custodial Liabilities	\$70,568
Pension, Post-Employment and Veterans Benefit Payable	\$1,215
Other Liabilities	\$107
Total Liabilities	\$3,834,353

Analysis of Changes in Net Position Summary

The Changes in Net Position Summary is a summary of two factors, Unexpended Appropriations and Cumulative Results of Operations. The total net position for FY 2025 is the result of a \$1,331,301 decrease from FY 2024.

	FY 2025
Unexpended Appropriations	\$15,932,791
Cumulative Results of Operations	(\$1,700,104)
Total Net Position	\$14,232,687

Unexpended Appropriations represent the amount of unobligated and unexpended budget authority for the 5-year period ending on September 30, 2025. Unobligated budget authority is the amount of appropriations or other authority remaining after deducting the cumulative obligations from the amount available for obligation for the same period. The Cumulative Results of Operations (the cumulative excess of financing resources over expenses) is the net result of FMC's operations for all active fiscal years.

Analysis of Net Cost Summary

The Net Cost Summary represents the net cost of FMC's Programs as identified in the Annual Report.

The agency's two programs are Operational and Administrative and Office of the Inspector General. The

	FY 2025
Operational and Administrative	\$40,663,215
Office of the Inspector General	\$560,943
Multi-Year	\$1,361,220
Total Net Cost	\$42,585,378

Statement of Net Costs shows the net cost of operations for the agency as a whole and its sub-organizations. Net Costs compared to Budgetary Resources can be found in the *Financial Information* section of this report. The table above reflects costs attributable to all active fiscal years (2021-2025).

Analysis of the Statement of Budgetary Resources

	FY 2025
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The Statement of Budgetary Resources (SBR) shows the source of the agency's budgetary resources, the status of those resources at the end of the reporting period, and the relationship between the two. Total budgetary resources should equal the status of budgetary resources at all times. A more detailed SBR can be found in the *Financial Information* section of this report. During FY 2025, the FMC had a total of \$44,055,431 available, representing an increase in budgetary resources of \$537,586 from FY 2024. The budgetary resources represent financial activity during the accounting period for the five currently active fiscal years (2021-2025).

Incurred	\$39,295,602
Unobligated Balance Unavailable	\$2,317,801
Unobligated Balance Available	\$2,442,028
Total Status of Budgetary Resources	\$44,055,431

Analysis of Systems, Control, and Legal Compliance

The Commission's internal controls are fundamental to the systems and processes used to manage its operations and achieve its strategic goals. The Commission's *Statement of Assurance* in the following section notes that there are no material weaknesses or instances of nonconformance to report for FY 2025.

Additionally, in accordance with the requirements of OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, the Commission's Enterprise Risk Management Committee meets regularly and identifies, measures, and assesses risk points across the agency. The Committee's risk profile is used in conjunction with existing internal controls to improve the Commission's accountability and effectiveness.

Management Assurances

The Federal Managers' Financial Integrity Act (FMFIA or Act) mandates that agencies establish controls that reasonably ensure that:

- obligations and costs comply with applicable laws;
- assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and
- revenues and expenditures are properly accounted for and recorded.

This Act encompasses program, operational, and administrative areas, as well as accounting and financial management. FMFIA requires that the Chairman provide a statement assuring the adequacy of management controls and conformance of financial systems with Government-wide standards; that the Commission's managers are held accountable for efficient and effective performance of their duties in compliance with applicable laws and regulations; and that maintenance of the integrity of management activities is achieved through the use of controls.

In the absence of a Chairman, the Commissioners have provided an annual assurance statement in this report based on various sources, including their knowledge of the daily operation of Commission programs and activities; regular discussions with the Managing

Director and the Deputy Managing Director, the Directors of the Offices of Budget and Finance and Management Services; audits of the financial statements; and implementation of the Commission's Strategic Plan. The Commissioners receive recommendations from the Senior Executive Service Leadership Team and regularly receive reports from the Inspector General and the Equal Employment Opportunity Director. Deficiencies identified in management control would be addressed at the Commission's highest management levels.

The Office of the Inspector General (OIG) identified no significant deficiencies in FY 2025, and there were no significant management decisions made on which the OIG disagreed. Management and the OIG reached agreement on all audit recommendations. Management resolved or worked to address a number of recommendations during the year.

Debt Collection Improvement Act of 1996

The Debt Collection Improvement Act of 1996 (DCI) enhanced the ability of the government to service and collect debts, as it centralized the collection of non-tax delinquent debt owed to the government. Federal agencies are required to refer delinquent accounts in excess of 180 days to the U.S. Department of the Treasury for collection. Collection of the Commission's delinquent debts is conducted by the Bureau of the Fiscal Service through the Cross-Servicing Program and Treasury Offset Program, where the names and taxpayer identification numbers (TIN) of the delinquent entities are matched against the TINs of recipients of government payments. The balance owed to the government is deducted or offset from the payment to the entity to satisfy the debt. The goal is to minimize the amount of delinquent debt owed to the government. During FY 2025, the FMC effectively managed debt collection in accordance with the DCI and delinquent accounts were timely submitted to the U.S. Treasury.

Prompt Payment Act of 1982

The Prompt Payment Act requires agencies to make timely payments to vendors for supplies and services, to pay interest penalties when payments are made after the due date, and to take cash discounts when they are economically justified. In FY 2025, the FMC maintained a 99.3 percent on-time payment rate and paid \$78 in interest payments.

Performance Measure Summary

The Commission does not have an in-house financial accounting system and, therefore, does not receive a Performance Measure Summary from the U.S. Department of the Treasury. The Commission acquires travel, procurement, accounting, and financial services from the Bureau of the Fiscal Service and verifies and reconciles all financial statements and reports prior to submission.

Payment Integrity Information Act

The FMC reports its compliance with the Payment Integrity Information Act of 2019 through OMB's annual data call on payment integrity. The FMC's information is provided at www.paymentaccuracy.gov.

Inspector General Act and Inspector General Reform Act

Section 5(b) of the Inspector General Act of 1978 requires agencies to report on final actions taken on OIG audit recommendations. Action was taken to close all audit recommendations during the year. No significant deficiencies or material weaknesses were identified.

Inspector General-Issued Audits – FY 2025		
A25-01: Independent Auditor’s Report of the FMC’s FY 2024 Financial Statements		
<u>Date Issued</u>	<u>Recommendations</u>	<u>Remediated in FY 2025</u>
November 2024	0	n/a
A25-02: Audit of the FMC’s User Fees Methodology		
<u>Date Issued</u>	<u>Recommendations</u>	<u>Remediated in FY 2025</u>
April 2025	6	0
A25-03: Audit of the FMC’s Compliance with the Federal Information Security Modernization Act, FY 2025		
<u>Date Issued</u>	<u>Recommendations</u>	<u>Remediated in FY 2025</u>
September 29, 2025	0	n/a

DATA Act – USA Spending Reconciliation

The FMC has implemented its plan to ensure data completeness and accuracy on www.USASpending.gov by using control totals with financial statement data and comparing samples of financial data to actual award documents. The prime Federal award financial data reported on www.USASpending.gov is correct at the reported percentage of accuracy, and the FMC has adequate internal controls over the underlying spending.

Limitations of the Financial Statements

The financial statements report the financial position, financial condition, and results of operations of the Commission, consistent with the requirements of 31 U.S.C. § 3515(b). The statements are prepared from records of Federal entities in accordance with Federal generally accepted accounting principles (GAAP) and the formats prescribed by OMB. Reports used to monitor and control budgetary resources are prepared from the same records. Users of the statements are advised that the statements are for a component of the U.S. Government.

Federal Managers' Financial Integrity Act Statement of Assurance

The Federal Maritime Commission is responsible for managing risks and maintaining effective internal control and financial management systems to meet the objectives of Sections 2 and 4 of the Federal Managers' Financial Integrity Act. This includes conducting assessments to determine the effectiveness of internal control and conformance with financial system requirements. The Commission conducted its annual assessments in accordance with OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*.

These assessments considered the effectiveness of internal control over operations, enterprise risk management, financial reporting, and compliance with applicable laws and regulations. The objectives are to ensure the effectiveness and efficiency of operations, the reliability of reporting for internal and external use, and compliance with applicable laws and regulations.

Based on the results of this assessment, in the absence of a Chairman, we, the Commissioners, can provide reasonable assurance that internal control over operations, risk management, financial reporting, and compliance were operating effectively as of September 30, 2025. No material weaknesses were found in the design or operation of internal control over financial reporting.

The Commission assessed its financial management systems' conformance with financial system requirements, in accordance with the requirements of OMB Circular No. A-123, Appendix D. Based on this assessment, we can provide reasonable assurance that the FMC's financial management systems conform to these requirements and that no material non-conformances or instances of noncompliance were identified.

/s/

Rebecca F. Dye
Commissioner

Daniel B. Maffei
Commissioner

Max M. Vekich
Commissioner

December 18, 2025

ANNUAL PERFORMANCE REPORT



Introduction

The FMC's performance management system includes specific strategic goals, performance measures, and targets. The goals outlined in the Strategic Plan covering FY 2022-2026 represent the FMC's mission and reflect the outcomes and objectives the agency strives to achieve. This report describes progress achieved in FY 2025 towards meeting performance targets in furtherance of the Commission's mission to ensure a competitive and reliable international ocean transportation supply system that supports the U.S. economy and protects the public from unfair and deceptive practices.

Current strategic goals and objectives are as follows.

Strategic Goal 1: Maintain a Competitive and Reliable International Ocean Transportation Supply System.

- Ensure no unreasonable increases in transportation costs or decreases in transportation service are attributed to anticompetitive practices under FMC-filed agreements.
- Ensure competition is preserved in the purchase of certain covered services (46 U.S.C. § 40102(5)) through 46 U.S.C. § 40307 authorities.

Strategic Goal 2: Protect the Public from Unlawful, Unfair, and Deceptive Ocean Transportation Practices.

- Identify and take action to end unlawful, unfair, and deceptive practices.
- Prevent public harm through licensing and financial responsibility requirements.
- Enhance public awareness of agency resources, remedies, and regulatory requirements through education and outreach.
- Impartially and timely resolve international shipping disputes through alternative dispute resolution and adjudication.

Stewardship Objective: Advance the FMC's Performance Through Excellence in Organizational Management.

- Strengthen infrastructure and effective resource management.
- Foster a high performing, engaged, and diverse workforce where staff understand how their efforts contribute to the goals of the Commission.

Each measure, target, and actual result is reported in Table 1 and includes a description of the data used to measure performance and an explanation of the procedures in place to validate and ensure integrity of the reported result. Ten performance measures in support of the strategic goals and seven stewardship objectives were quantitatively measured during the fiscal year.

The Commission met or exceeded 7 of its 10 FY 2025 strategic goal targets. The first target under Strategic Goal 1 was unmet and must be adjusted due to the increasing number of agreements and amendments to agreements that are being received by the Office of the General Counsel for review within 32 days. The first target under Strategic Goal 2 was unmet

as the goal, measure, and validation criteria predate OSRA 2022 and BEIC's establishment. As such, the numeric goal is not reflective of the significantly more complex enforcement priorities, nor the additional statutory responsibilities included in OSRA 2022. The final target under Strategic Goal 2 was unmet due to the record numbers of formal complaints received during the past several fiscal years, significantly increasing the overall docket of cases being adjudicated. The Commission is continuing to review its strategic goals and measures to reflect OSRA 2022 requirements.

Five of the seven stewardship goals were met or exceeded. Two goals are no longer applicable (the Employee Engagement Index (EEI) benchmarking and Federal Employee Viewpoint Survey (FEVS) results goals) as OPM cancelled the FEVS for FY 2025. The cybersecurity goal was unmet as modernizing the authentication method is not feasible given the system's outdated platform and its reliance on legacy protocols. This technical limitation is a key reason the FMC has not achieved full compliance with the mandate. The measure for the percentage of staff with specific, measurable, achievable, realistic, and timely (SMART) goals in their performance plans was not met due to the OPM Deferred Resignation Program and other staff attrition from the federal service.

Table 2 presents the Commission's five-year performance trend data. The Commission's commitment to continuously improve and streamline processes is evidenced in its year-over-year positive performance results.

Table 3 presents the third year of performance data for the Commission's stewardship objectives. The Commission's commitment to organizational excellence will guide its efforts and ensure that its mission is efficiently and effectively carried out, and that it serves the public.

This Performance and Accountability Report (inclusive of this Annual Performance Report) has been forwarded to the President, OMB Director, appropriate Congressional committees, and others as dictated by OMB Circular A-136, Revised. Additionally, this report has been placed on the FMC's public website to ensure that it is accessible to interested parties. All Commission employees have been advised to review this report.

Table 1: Summary of Performance Measure Results – FY 2025

Strategic Goal No. 1: Maintain a competitive and reliable international ocean transportation supply system.		
Objectives, Performance Measures, and Validations	FY 2025 Target	FY 2025 Actual
Objective 1.1: Ensure no unreasonable increases in transportation costs or decreases in transportation services are attributed to anticompetitive practices under FMC-filed agreements.		
Measure: Percentage of newly filed vessel sharing agreements and amendments to agreements analyzed and presented to the Commission within 32 days. Validation: This outcome goal is measured using data from the eAgreements electronic filing system and tracking the time elapsed between the agreement submission and review. Explanation: This goal must be adjusted due to the increasing number of agreements and amendments to agreements that are being received by the Office of the General Counsel for review within 32 days.	85%	64.00%
Measure: Percentage of agreement monitoring reports reviewed within 30 days of receipt to detect actionable information, including market-distorting behavior. Validation: This outcome goal is measured using data contained in the eMonitoring system used for the electronic filing of agreement monitoring submissions. Performance is measured by comparing the file receipt date to the date that the filing was reviewed by staff analyst.	80%	80.24%
Objective 1.2: Ensure competition is preserved in the purchase of certain covered services (46 U.S.C. § 40102(5)) through 46 U.S.C. § 40307 authorities.		
Measure: Percentage of alternative agreement reports indicating joint contracting/ procurement of covered services analyzed and escalated to regular monitoring status within 30 days of receipt to ensure systematic analysis of data for actionable information. Validation: This outcome goal is measured using regulated entities' data. Performance is measured by reviewing information received and identifying whether reports indicating covered services are moved from this system to the eMonitoring system within 30 days.	>98%	100%
Strategic Goal No. 2: Protect the public from unlawful, unfair, and deceptive ocean transportation practices.		
Objectives, Performance Measures, and Validations	FY 2025 Target	FY 2025 Actual
Objective 2.1: Identify and take action to end unlawful, unfair, and deceptive practices.		
Measure: Percentage of enforcement actions taken under the Shipping Act successfully resolved through compliance audits, judgments, settlements, compromise agreements, or issuance of default judgments, that are favorable to the FMC's enforcement program. Validation: This outcome goal is measured by examining enforcement case inventory and counting the number of cases resolved. Explanation: This goal, measure, and validation criteria predate OSRA 2022 and BEIC's establishment. As such, the numeric goal is not reflective of the significantly more complex enforcement priorities, nor the additional statutory responsibilities included in OSRA 2022 including the processing of charge complaints. This objective will be revised in FY 2026.	77.5%	45.90%

Table 1: Summary of Performance Measure Results – FY 2025 (continued)

Objectives, Performance Measures, and Validations	FY 2025 Target	FY 2025 Actual
<p>Measure: Percentage of contacted unlicensed OTIs that submit license applications within one year after pre-enforcement contact and education from an area representative.</p> <p>Validation: This outcome goal is measured by correlating prior fiscal year area representatives' approved pre-enforcement case inventories with the current fiscal year data and notices on the status of Ocean Transportation Intermediary licenses. This data is collected and maintained by the Bureau of Certification and Licensing on the Regulated Persons Index and the list of FMC Licensed & Bonded OTIs.</p> <p>Explanation: This performance measure will be reviewed during the Commission's FY 2025 strategic planning effort to reflect investigative program changes, including the conversion of Area Representative (AR) positions to Investigators.</p>	20%	N/A
Objective 2.2: Prevent public harm through licensing and financial responsibility requirements.		
<p>Measure: Percentage of decisions on completed OTI license applications rendered within 60 calendar days of receipt, facilitating lawful operation of OTIs with appropriate character and experience requirements.</p> <p>Validation: This outcome goal is measured by comparing the total number of OTI applications assigned to an analyst (X) and the number of applications completed by an analyst on or before the 60th calendar day following assignment (Y) during a specific time period. The outcome goal is calculated as $(Y / X) \times 100 = \%$.</p>	75%	88.20%
<p>Measure: Percentage of license renewals completed on or prior to the 3-year renewal deadlines to timely verify regulatory compliance.</p> <p>Validation: The Completion Status Report, generated in the license renewal system, provides the total number of renewals completed (X) and the number of renewals completed on or before the renewal deadline (Y) during a specific time period. The outcome goal is calculated as $(Y / X) \times 100 = \%$.</p>	75%	93.60%
<p>Measure: Percentage of PVOs examined during the year that have the full financial coverage required by regulation to protect against loss from nonperformance or casualty.</p> <p>Validation: This outcome goal is measured by comparing reported financial coverage amounts against required coverage amounts. Operators covered by this program file semi-annual, monthly, and weekly unearned passenger revenue reports. This information is used to compare reported coverage against required coverage amounts.</p>	95%	96.00%
Objective 2.3: Enhance public awareness of agency resources, remedies, and regulatory requirements through education and outreach.		
<p>Measure: Percentage of Commission issuances, orders, and reports available through the Commission's website within 5 working days of receipt.</p> <p>Validation: This outcome goal is measured by reviewing the workflow processes for posting documents to the Commission's website docket activity logs. The date that each docket activity log is updated with new filings or issuances is compared to the date the document is filed with or issued by the Commission in a particular proceeding.</p>	92%	99.84%

Table 1: Summary of Performance Measure Results – FY 2025 (continued)

Objectives, Performance Measures, and Validations	FY 2025 Target	FY 2025 Actual
Objective 2.4: Impartially and timely resolve international shipping disputes through alternative dispute resolution and adjudication.		
Measure: Percentage of dispute resolution matters closed within 6 months of request for assistance. Validation: This outcome goal is measured using data maintained by the Commission on each dispute resolution matter opened. Cases are opened upon the request of the public for assistance and are subject to the normal fluctuations in businesses and consumers seeking help from the Commission. Cases are closed upon resolution, voluntary termination by the parties, refusal to participate or failure to respond by a party, or when the CADRS mediator determines that particular issues prevent the possibility for successful resolution.	75%	100%
Measure: Percentage of formal complaints or Commission-initiated orders of investigation completed within 2 years of filing or Commission initiation. Validation: This outcome goal is measured by using docket activity logs maintained by the Commission and used for docket management, and monthly and annual reporting purposes. Explanation: This measure was unmet due to the record numbers of formal complaints received during the past several fiscal years, significantly increasing the overall docket of cases being adjudicated. This measure will be reviewed during the Commission's upcoming strategic planning effort.	72%	55.00%
Stewardship Objective – Advance the FMC's performance through excellence in organizational management.		
Objectives, Performance Measures, and Validations	FY 2025 Target	FY 2025 Actual
Stewardship Sub-objective 1: Strengthen infrastructure and effective resource management.		
S.1.1 Manage risks and continue mission essential operations.		
Measure: COOP activities, including annual training, notification exercises, and an annual COOP exercise are conducted throughout the year consistent with the FMC COOP Plan. Validation: Complete and document all activities between July 1 and June 30. Sources include annual training materials, sign-in sheets/confirmation emails, and after-action reports.	100%	100%
S.1.2 FMC's financial management systems and practices demonstrate fiscal responsibility and proper accounting.		
Measure: Achieve an unmodified (clean) opinion from the independent auditor on the Commission's fiscal year end financial statements. (Data: Office of the Inspector General Independent Auditor's Report.) Validation: This outcome goal is an unmodified (clean) opinion by the Office of the Inspector General based on the findings from the independent auditor's review of the FMC's annual financial statements and internal controls over financial reporting. Each year, the independent auditor reviews approximately 75 processes, documents, procedures, checklists, transaction types, and reports that are all considered in the overall assessment.	100%	100%

Table 1: Summary of Performance Measure Results – FY 2025 (continued)

S.1.3 Information Technology is optimized and IT systems are protected.		
Measure: Percentage of overall cybersecurity compliance with mandates that are issued. Validation: This objective is measured through the report card from the Cybersecurity and Infrastructure Security Agency (CISA). Explanation: The FMC is compliant with all current mandates with the exception of OMB M-21-31, logging tier EL-3, as identified in the FY 2024 FISMA audit.	100%	99.9%
S.1.4 Maintain the Commission's cloud-based website to allow industry access to FMC resources and applications.		
Measure: FMC website uptime percentage. Validation: This objective is measured through the Commission's Azure server uptime report.	99.5%	99.7%
Stewardship Sub-objective 2: Foster a high performing and engaged workforce where staff understand how their efforts contribute to the goals of the Commission.		
S.2.1 Management promotes a culture that is open, diverse, inclusive, and engaged.		
Measure: Benchmarking EEI index is above the average for small agencies; no more than 10% drop from the prior year. Validation: Annual employee responses from the Federal Employee Viewpoint Survey (FEVS).	>-10%	-1.00%
S.2.2 Management promotes a results-oriented performance culture.		
Measure: Benchmarking FEVS results tied to results-oriented performance culture. Validation: Annual employee responses from the FEVS.	>75%	N/A
Measure: Percent of staff with the majority of (3 or more expectations per performance element) performance goals rated as meeting the characteristics of a specific, measurable, achievable, realistic, and timely (SMART) goal. Targets are for non-SES/non-supervisory staff. SES and supervisor targets will exceed listed staff targets. Validation: Review of performance plans each performance year. Explanation: Achievement of this goal was impacted by the departure of leadership which caused delay in the updating and submission of performance plans. This measure will be reviewed during FY 2026.	>98%	77.39%

Table 2: Performance Measure Trends, FY 2021-2025

Strategic Goal No. 1: Maintain a competitive and reliable international ocean transportation supply system.					
Performance Measure	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Measure: Percentage of newly filed vessel sharing agreements and amendments to agreements analyzed and presented to the Commission within 32 days.*					
TARGET	N/A	85%	85%	85%	85%
ACTUAL	N/A	100%	100%	94.5%	64%
TARGET MET/UNMET	N/A	MET	MET	MET	UNMET
Measure: Percentage of agreement monitoring reports reviewed within 30 days of receipt to detect actionable information, including market-distorting behavior.					
TARGET	68%	80%	80%	80%	80%
ACTUAL	85%	100%	97%	97.3%	80.24%
TARGET MET/UNMET	MET	MET	MET	MET	MET
Measure: Percentage of alternative agreement reports indicating joint contracting/procurement of covered services analyzed and escalated to regular monitoring status within 30 days of receipt to ensure systematic analysis of data for actionable information.					
TARGET	N/A	>95%	>98%	>98%	>98%
ACTUAL	N/A	100%	100%	100%	100%
TARGET MET/UNMET	N/A	MET	MET	MET	MET
Measure: Percentage of FMC-filed agreements reviewed at Commission level which are modified through negotiation to mitigate anticompetitive effects.**					
TARGET	53%	N/A	N/A	N/A	N/A
ACTUAL	20%	N/A	N/A	N/A	N/A
TARGET MET/UNMET	UNMET	N/A	N/A	N/A	N/A
Strategic Goal No. 2: Protect the public from unlawful, unfair and deceptive ocean transportation practices.					
Measure: Percentage of enforcement actions taken under the Shipping Act successfully resolved through compliance audits, judgments, settlements, compromise agreements, or issuance of default judgments, that are favorable to the FMC's enforcement program.***					
Performance Measure	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
TARGET	N/A	77.5%	77.5%	77.5%	77.5%
ACTUAL	N/A	77.8%	100%	75%	45.90%
TARGET MET/UNMET	N/A	MET	MET	UNMET	UNMET
Measure: Percentage of contacted unlicensed OTIs that submit license applications within one year after pre-enforcement contact and education from an area representative.****					
TARGET	N/A	10%	N/A	N/A	N/A
ACTUAL	N/A	0%	N/A	N/A	N/A
TARGET MET/UNMET	N/A	UNMET	N/A	N/A	N/A
Measure: Percentage of decisions on completed OTI license applications rendered within 60 calendar days of receipt, facilitating lawful operation of OTIs with appropriate character and experience requirements.					
TARGET	75%	75%	75%	75%	75%
ACTUAL	98.8%	96%	78%	92.8%	88.20%
TARGET MET/UNMET	MET	MET	MET	MET	MET
Measure: Percentage of license renewals completed on or prior to the 3-year renewal deadlines to timely verify regulatory compliance.					
TARGET	N/A	75%	75%	75%	75%
ACTUAL	N/A	87%	92%	94.3%	93.60%
TARGET MET/UNMET	N/A	MET	MET	MET	MET
Measure: Percentage of PVOs examined during the year that have the full financial coverage required by regulation to protect against loss from nonperformance or casualty.					
TARGET	95%	95%	95%	95%	95%
ACTUAL	97.9%	96%	96%	96.5%	96.00%
TARGET MET/UNMET	MET	MET	MET	MET	MET

Table 2: Performance Measure Trends, FY 2021-2025 (continued)

Performance Measure	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Measure: Percentage of Commission issuances, orders, and reports available through the Commission's website within 5 working days of receipt.					
TARGET	88%	90%	90%	90%	92%
ACTUAL	99%	91%	96%	100%	99.84%
TARGET MET/UNMET	MET	MET	MET	MET	MET
Measure: Percentage of dispute resolution matters closed within 6 months of request for assistance.					
TARGET	N/A	67%	70%	70%	75%
ACTUAL	N/A	100%	100%	100%	100%
TARGET MET/UNMET	N/A	MET	MET	MET	MET
Measure: Percentage of formal complaints or Commission-initiated orders of investigation completed within 2 years of filing or Commission initiation. ****					
TARGET	70%	72%	72%	72%	72%
ACTUAL	75%	86%	88%	79.8%	55.00%
TARGET MET/UNMET	MET	MET	MET	MET	UNMET
Measure: Percentage of enforcement actions taken under the Shipping Act successfully resolved through favorable judgment, settlement, issuance of default judgment, or compliance letter or notice. *****					
TARGET	77.5%	N/A	N/A	N/A	N/A
ACTUAL	90.3%	N/A	N/A	N/A	N/A
TARGET MET/UNMET	MET	N/A	N/A	N/A	N/A
Measure: Percentage of Ombuds and ADR matters closed within 6 months of request for assistance. *****					
TARGET	65%	N/A	N/A	N/A	N/A
ACTUAL	100%	N/A	N/A	N/A	N/A
TARGET MET/UNMET	MET	N/A	N/A	N/A	N/A

* This measure must be reviewed and adjusted due to the increasing number of agreements and amendments to agreements that are being received by the Office of the General Counsel for review within 32 days.

** This measure was replaced by the first 2 new measures listed under Strategic Goal No. 1 in the Commission's FY 2018-2022 Strategic Plan. For additional historical data on this measure, see Commission PARs posted on its website.

*** FY 2025 the Bureau of Enforcement, Investigations, and Compliance shifted its operational focus to emerging priorities, which reduced the resources available for case resolution activities tied to this metric.

**** This metric was below target because the Commission has received record numbers of formal complaints in the past several fiscal years, significantly increasing the overall docket of cases being adjudicated.

***** These measures are no longer applicable to the newly reorganized Bureau of Enforcement, Investigations, and Compliance. It will be adjusted to align with revised priorities and organizational changes when the Strategic Plan is reviewed in FY 2026.

Table 3: Stewardship Objective Trends, 2022-2026

Stewardship Objective: Advance the FMC's performance through excellence in organizational management.					
Performance Measure	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Measure: COOP activities, including annual training, notification exercises, and an annual COOP exercise are conducted throughout the year consistent with the FMC COOP Plan.					
TARGET	100%	100%	100%	100%	100%
ACTUAL	100%	100%	100%	100%	
TARGET MET/UNMET	MET	MET	MET	MET	
Measure: Achieve an unmodified (clean) opinion from the independent auditor on the Commission's fiscal year's end financial statements. (Data: Office of the Inspector General Independent Auditor's Report.)					
TARGET	100%	100%	100%	100%	100%
ACTUAL	100%	100%	100%	100%	
TARGET MET/UNMET	MET	MET	MET	MET	
Measure: Percentage of overall cybersecurity compliance with mandates that are issued.*					
TARGET	100%	100%	100%	100%	100%
ACTUAL	100%	100%	99.8%	99.90%	
TARGET MET/UNMET	MET	MET	UNMET	UNMET	
Measure: FMC website uptime percentage.					
TARGET	99.5%	99.5%	99.5%	99.5%	99.5%
ACTUAL	99.5%	99.5%	99.9%	99.70%	
TARGET MET/UNMET	MET	MET	MET	MET	
Measure: Benchmarking EEI index is above the average for small agencies; no more than 10% drop from the prior year.**					
TARGET	>-10%	>-10%	>-10%	>-10%	>-10%
ACTUAL	2%	5%	-5%	N/A	
TARGET MET/UNMET	MET	MET	MET	N/A	
Measure: Benchmarking FEVS results tied to a results-oriented performance culture.					
TARGET	>75%	>75%	>75%	>75%	>75%
ACTUAL	93%	88%	89%	N/A	
TARGET MET/UNMET	MET	MET	MET	N/A	
Measure: Percent of staff with the majority of (3 or more expectations per performance element) performance goals rated as meeting the characteristics of a specific, measurable, achievable, realistic, and timely (SMART) goal. Targets are for non-SES/non-supervisory staff. SES and supervisor targets will exceed listed staff targets.**					
TARGET	25%	>50%	>98%	>99%	>99%
ACTUAL	30%	62%	60.5%	73.9%	
TARGET MET/UNMET	MET	MET	UNMET	UNMET	

* Modernizing the authentication method is not feasible given the system's outdated platform and its reliance on legacy protocols. This technical limitation is a key reason the FMC has not achieved full compliance with the mandates.

** The EEI index and FEVS results goals are no longer applicable as OPM cancelled the FEVS for FY 2025.

***The measure for the percentage of staff with SMART goals in their performance plans was not met due to the OPM Deferred Resignation Program and other staff attrition from the federal service.

FINANCIAL INFORMATION



Message from the Chief Financial Officer

This report presents the Federal Maritime Commission's Financial Information for FY 2025, the twenty-second consecutive year that an independent auditor has rendered an unmodified opinion on the Commission's financial statements. The auditor's tests for compliance with selected provisions of applicable laws, regulations and contracts identified no deficiencies in internal control over financial reporting considered to be material weaknesses nor disclosed any instances of noncompliance for FY 2025 reportable under U.S. generally accepted government auditing standards. This demonstrates the Commission's long-held and consistent record as a diligent steward of taxpayer dollars, maintaining high standards for the financial management of the resources entrusted to it.

The financial statements and related notes were prepared in conformity with accounting principles generally accepted in the U.S., and requirements of OMB Circular A-136, *Financial Reporting Requirements*, revised July 14, 2025, and fairly present the Commission's financial position.

The Federal Maritime Commission's (FMC) financial condition remains strong, supported by robust internal controls that ensure budget authority is not exceeded and that appropriated funds are managed efficiently and effectively. Key accomplishments during FY 2025 continue to affirm the effectiveness and integrity of the Commission's acquisition, financial management, and internal control functions.

The FMC sustained its longstanding record of no material weaknesses, significant deficiencies, or nonconformances under the Federal Managers' Financial Integrity Act (FMFIA) and all other applicable statutes and regulations. Civil enforcement actions and user-fee collections generated \$2,257,723 in recoveries, reinforcing the Commission's commitment to safeguarding public resources. The agency further advanced its enterprise risk management posture in alignment with OMB Circular A-123, providing decision makers with concise, reliable, and transparent budget information.

The FMC also maintained its record of accurate and timely issuance of financial statements pursuant to the Accountability of Tax Dollars Act of 2002. These statements were fully supported by the agency's official accounting records and prepared in accordance with Generally Accepted Accounting Principles, Federal Accounting Standards Advisory Board guidance, and OMB Circular A-136. Additionally, the successful implementation of the Digital Accountability and Transparency Act (DATA Act) continues to ensure public visibility into the agency's financial stewardship through comprehensive reporting on USAspending.gov.

I am confident that this high standard of financial management will continue. The FMC remains committed to strengthening internal controls, improving operational efficiency, and upholding its responsibility to protect the interests of the American shipping public.

/s/

Earl Taylor

Chief Financial Officer

December 18, 2025

Principal Financial Statements

The principal financial statements presented include:

- Balance Sheet – Presents the combined amounts the agency had to use or distribute (assets) versus the amounts the agency owed (liabilities), and the difference between the two (net position);
- Statement of Net Cost – Presents the annual cost of agency operations determined by reducing gross cost by any offsetting revenue;
- Statement of Changes in Net Position – Presents the accounting activities that caused the change in net position during the reporting period;
- Statement of Budgetary Resources – Presents how budgetary resources were made available and the status of those resources at fiscal year-end; and
- Statement of Custodial Activity – Presents collections and their disposition by the agency on behalf of the Treasury General Fund. The FMC acts as custodian and does not have use of these funds.

Limitations of the Financial Statements

As stated in the previous section, the principal financial statements have been prepared to report the financial position and results of operations of the FMC, pursuant to the requirements of 31 U.S.C. § 3515(b). While the statements have been prepared from the books and records of the agency in accordance with GAAP for Federal entities and the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The statements should be read with the understanding that they are for a component of the U.S. Government, a sovereign entity. Therefore, liabilities not covered by budgetary resources cannot be liquidated without the enactment of an appropriation, and the payment of all liabilities other than for contracts can be abrogated by the sovereign entity. Other limitations are included in the footnotes to the principal statements. The accompanying notes are an integral part of these statements.

The Federal Maritime Commission's financial statements were audited by Harper, Rains, Knight & Company, under contract to the FMC's Office of the Inspector General.

Financial Statements & Independent Auditor Report



FEDERAL MARITIME COMMISSION
Washington, DC 20573

December 17, 2025

Office of Inspector General

Dear Commissioners Dye, Maffei, and Vekich:

I am pleased to provide the attached audit report required by the Accountability for Tax Dollars Act of 2002 (ATDA), which presents an unmodified opinion on the Federal Maritime Commission's (FMC) fiscal year (FY) 2025 financial statements. The Office of Inspector General (OIG) commends the FMC for the noteworthy accomplishment of attaining an unmodified opinion.

The OIG contracted with the independent certified public accounting firm Harper, Rains, Knight & Company (HRK) to perform the audit of the FMC's financial statements for fiscal year ending September 30, 2025; consider internal control over financial reporting; and test the agency's compliance with certain provisions of applicable laws, regulations, and contracts that could have a direct and material effect on the financial statements. The OIG contract required that the audit be performed in accordance with U.S. Generally Accepted Government Auditing Standards and Office of Management and Budget (OMB) audit guidance.

In connection with the OIG's contract, the OIG reviewed HRK's report and related documentation and inquired of its representatives. Our review, as differentiated from an audit in accordance with U.S. Generally Accepted Government Auditing Standards, was not intended to enable the OIG to express, and we do not express, opinions on FMC's financial statements or internal control, or conclusions on compliance with laws and regulations. HRK is responsible for the attached auditors' report dated December 17, 2025, and the conclusions expressed in the report. However, our review disclosed no instances where HRK did not comply, in all material respects, with Generally Accepted Government Auditing Standards.

The OIG would like to thank FMC staff; especially the Office of Budget and Finance, for their assistance in helping HRK and the OIG meet the audit objectives.

Respectfully submitted,

/s/
Jon Hatfield
Inspector General

Attachment

cc: Office of the Managing Director
Office of the General Counsel
Office of Budget and Finance

Independent Auditor's Report



Harper, Rains, Knight & Company

Independent Auditors' Report

The Commission
Federal Maritime Commission

Report on the Audit of the Financial Statements

Opinion

In accordance with the Accountability of Tax Dollars Act, we have audited the financial statements of the Federal Maritime Commission (FMC). FMC's financial statements comprise the balance sheet as of September 30, 2025, and the related statement of net cost, changes in net position, budgetary resources, and custodial activity for the fiscal year then ended, and the related notes to the financial statements.

In our opinion, FMC's financial statements present fairly, in all material respects, FMC's financial position as of September 30, 2025, and its net cost of operations, changes in net position, budgetary resources, and custodial activity for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAGAS), issued by the Comptroller General of the United States and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-02 are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of FMC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Certified Public Accountants • Consultants • hrkcpa.com

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The Commission
Federal Maritime Commission (continued)

Responsibilities of Management for the Financial Statements

FMC's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; preparing, measuring, and presenting the Required Supplementary Information (RSI) in accordance with accounting principles generally accepted in the United States of America; preparing and presenting other information included in documents containing the audited financial statements and auditors' report, and ensuring the consistency of that information with the audited financial statements and the RSI; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to (1) obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and (2) issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore, is not a guarantee that an audit conducted in accordance with GAAS, GAGAS and OMB Bulletin No. 24-02 will always detect a material misstatement or a material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually, or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, GAGAS, and OMB Bulletin No. 24-02, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of FMC's internal control over financial reporting. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Perform other procedures we consider necessary in the circumstances.

The Commission
Federal Maritime Commission (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America issued by the Federal Accounting Standards Advisory Board (FASAB) require that the information in the Management's Discussion and Analysis be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by FASAB who considers this information to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with GAAS, which consisted of (1) inquiries of management about the methods of preparing the RSI and (2) comparing the information for consistency with management's responses to the auditors' inquiries, the financial statements, and other knowledge we obtained during the audit of the financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit, and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on FMC's financial statements. The information in A Message from the Commission, Annual Performance Report, Message from the Chief Financial Officer, and Other Required Information sections contain a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. Management is responsible for the Other Required Information. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

The Commission
Federal Maritime Commission (continued)

Other Reporting Required by *Government Auditing Standards*

Report on Internal Control over Financial Reporting

In planning and performing our audit of FMC's financial statements as of and for the year ended September 30, 2025, in accordance with GAGAS, we considered FMC's internal control relevant to the financial statement audit as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of FMC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of FMC's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies or to express an opinion on the effectiveness of FMC's internal control over financial reporting. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses. However, material weaknesses and significant deficiencies may exist that have not been identified.

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, and contracts, noncompliance with which could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

The Commission
Federal Maritime Commission (continued)

Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

As part of obtaining reasonable assurance about whether FMC's financial statements are free from material misstatement, we performed tests of its compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, that have a direct effect on the determination of material amounts and disclosures in FMC's financial statements, and to perform certain other limited procedures, but not for the purposes of expressing an opinion on FMC's compliance with applicable laws, regulations, contracts, and grant agreements. Accordingly, we do not express such an opinion. We did not test compliance with all laws, regulations, contracts, and grant agreements applicable to FMC. FMC management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to the entity.

Our tests of compliance with these selected provisions of applicable laws, regulations, and contracts, and grant agreements disclosed no instances of noncompliance for the year ended September 30, 2025, that would be reportable under GAGAS or OMB Bulletin No. 24-02. We caution that noncompliance may occur and not be detected by these tests.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Other Reporting Required by GAGAS is solely to describe the scope of our testing of internal control and compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on the effectiveness of FMC's internal control or compliance. These reports are an integral part of an audit performed in accordance with GAGAS and OMB Bulletin No. 24-02 in considering the entity's internal control and compliance. Accordingly, these reports are not suitable for any other purpose.

Harper, Raina, Knight & Company, P.A.

December 17, 2025
Washington, D.C.

Comments on Audit Report



Federal Maritime Commission
Washington, DC 20573

Office of the
Managing Director

December 18, 2025

Matthew N. Farage, CPA, CISA, CITP, CGFM
Harper, Rains, Knight & Company
1425 K Street, NW, Suite 1120
Washington, DC 20005

Dear Mr. Farage:

I have reviewed the financial statements audit report for the Federal Maritime Commission for FY 2025. I concur with the audit report's findings that the financial statements fairly present the Commission's financial position during the fiscal year ending September 30, 2025, and that the financial statements are in conformity with U.S. Generally Accepted Accounting Principles; that the FMC has maintained, in all material respects, effective internal control over financial reporting; and that there were no instances of reportable noncompliance with laws and regulations tested by the auditors.

The Commission appreciates HRK's work over the past fiscal year.

Sincerely,

/s/

Earl Taylor
Chief Financial Officer

Financial Statements



FEDERAL MARITIME COMMISSION
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

TABLE OF CONTENTS

BALANCE SHEET.....48

STATEMENT OF NET COST.....49

STATEMENT OF CHANGES IN NET POSITION.....50

STATEMENT OF BUDGETARY RESOURCES.....51

STATEMENT OF CUSTODIAL ACTIVITY.....52

NOTES TO THE FINANCIAL STATEMENTS.....53-63

FEDERAL MARITIME COMMISSION
BALANCE SHEET
AS OF SEPTEMBER 30, 2025
(In Dollars)

		2025
Assets		
Intragovernmental Assets		
Fund Balance with Treasury (Note 2)	\$	17,899,553
Advances and Prepayments		95,141
Total Intragovernmental Assets		17,994,694
		-
Other than Intragovernmental Assets		
Accounts Receivable, Net (Note 3)		72,346
Total Other than Intragovernmental Assets		72,346
Total Assets	\$	18,067,040
Liabilities		
Intragovernmental Liabilities		
Accounts Payable	\$	513,610
Other Liabilities (Note 6)		267,603
Other Liabilities (Without Reciprocals)		74,550
Liability to the General Fund of the U.S. Government for Custodial and		
Other Non-Entity Assets		70,568
Other Current Liabilities - Benefit Contributions Payable		122,485
Total Intragovernmental Liabilities		781,213
		-
Other than Intragovernmental Liabilities		
Accounts Payable		311,588
Federal Employee Salary, Leave, and Benefits Payable		2,740,230
Pension, Post-Employment, and Veterans Benefits Payable (Note 5)		1,215
Other Liabilities (Note 6)		107
Total Other than Intragovernmental Liabilities		3,053,140
Total Liabilities	\$	3,834,353
Net Position		
Unexpended Appropriations		
Funds from Other than Dedicated Collections	\$	15,932,791
Cumulative Results of Operations		
Funds from Other than Dedicated Collections		(1,700,104)
Total Net Position	\$	14,232,687
Total Liabilities and Net Position	\$	18,067,040

The accompanying notes are an integral part of these financial statements.

FEDERAL MARITIME COMMISSION
STATEMENT OF NET COST
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025
(In Dollars)

		2025
Gross Program Costs		
Operational and Administrative:		
Gross Costs	\$	40,800,726
Less: Earned Revenue		(137,511)
Net Program Costs	\$	40,663,215
Office of Inspector General		
Gross Costs	\$	560,943
Net Program Costs	\$	560,943
Multi Year Operational & Administrative		
Gross Costs	\$	1,361,220
Net Program Costs	\$	1,361,220
Net Cost of Operations	\$	42,585,378

The accompanying notes are an integral part of these financial statements.

FEDERAL MARITIME COMMISSION
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025
(In Dollars)

	2025
Unexpended Appropriations	
Beginning Balance	\$ 17,207,967
Appropriations Received	40,000,000
Other Adjustments	(1,283,048)
Appropriations Used	(39,992,128)
Net Change in Unexpended Appropriations	(1,275,176)
Total Unexpended Appropriations	\$ 15,932,791
Cumulative Results of Operations	
Beginning Balance	\$ (1,684,832)
Appropriations Used	39,992,128
Imputed Financing (Note 9)	2,577,978
Net Cost of Operations	(42,585,378)
Net Change in Cumulative Results of Operations	(15,272)
Total Cumulative Results of Operations	\$ (1,700,104)
Net Position	\$ 14,232,687

The accompanying notes are an integral part of these financial statements.

FEDERAL MARITIME COMMISSION
STATEMENT OF BUDGETARY RESOURCES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025
(In Dollars)

	2025
Budgetary Resources	
Unobligated Balance From Prior Year Budget Authority, Net (Note 10)	\$ 3,917,920
Appropriations	40,000,000
Spending Authority From Offsetting Collections	137,511
Total Budgetary Resources	\$ 44,055,431
Status of Budgetary Resources	
New Obligations and Upward Adjustments (Total)	\$ 39,295,602
Unexpired, Unobligated Balance, End of Year	2,442,028
Expired, Unobligated Balance, End of Year	2,317,801
Unobligated Balance, End of Year (Total)	4,759,829
Total Budgetary Resources	\$ 44,055,431
Outlays, Net and Disbursements, Net	
Outlays, Net (Total)	\$ 39,048,029
Distributed Offsetting Receipts	(2,733,714)
Agency Outlays, Net	\$ 36,314,315

The accompanying notes are an integral part of these financial statements.

**FEDERAL MARITIME COMMISSION
STATEMENT OF CUSTODIAL ACTIVITY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025
(In Dollars)**

	2025
Total Custodial Revenue	
Miscellaneous	\$ 2,257,812
Total Cash Collections (Note 13)	2,257,812
Accrual Adjustments (+/-)	(3,802)
Total Custodial Revenue	2,254,010
Disposition of Collections	
Transferred to Others (by Recipient)	\$ 2,257,812
(Increase)/Decrease in Amounts Yet to be Transferred (+/-)	(3,802)
Total Disposition of Collections	2,254,010
Custodial Revenue Less Disposition of Collections	\$ -

The accompanying notes are an integral part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Federal Maritime Commission (FMC or Commission) was established as an independent regulatory agency on August 12, 1961. The FMC is responsible for the regulation of oceanborne transportation in the foreign commerce of the United States. The principal statutes or statutory provisions administered by the Commission Subtitle IV (Parts A through D) of Title 46, United States Code, including the various amendments to Title 46 implemented by the Ocean Shipping Reform Act of 2022 and section 834 of the Frank LoBiondo Coast Guard Authorization Act of 2018.

Parts A and B of Subtitle IV govern the regulation of ocean shipping and were formerly known as the Shipping Act of 1984, as amended, the Foreign Shipping Practices Act of 1988 and Section 19 of the Merchant Marine Act, 1920. The Commission also administers Part C of Subtitle IV, formerly sections 2 and 3 of P.L. 89-777, and section 3503(b)(1)(C) of Title 46, United States Code. Part C and section 3503 mandate financial responsibility requirements of cruise line operators towards passengers of such vessels. Part D of Subtitle IV addresses the Commission generally, including its organization and authority to prescribe regulations. Part D also contains various provisions or amendments that were in the Shipping Act, the Foreign Shipping Practices Act, and the LoBiondo Act.

The Commission monitors the activities of ocean common carriers, marine terminal operators (MTOs), agreements among ocean common carriers and/or MTOs, ports and ocean transportation intermediaries (non-vessel-operating common carriers and ocean freight forwarders) operating in the U.S. foreign commerce to ensure they maintain just and reasonable practices; maintains trade monitoring, enforcement and dispute resolution programs designed to assist regulated entities in achieving compliance and to detect and remedy malpractices and violations of the 1984 Act; monitors the laws and practices of foreign governments which could have a discriminatory or otherwise adverse impact on shipping conditions in U.S. trades, and imposes remedial action, as appropriate, pursuant to section 19 of the 1920 Act or FSPA; enforces special regulatory requirements applicable to carriers owned or controlled by foreign governments; processes and reviews agreements, service contracts, and service arrangements pursuant to the 1984 Act for compliance with statutory requirements; and reviews common carriers' privately published tariff systems for accessibility and accuracy, as required by OSRA.

The FMC also issues licenses to qualified ocean transportation intermediaries (OTIs) in the U.S., ensures that all OTIs are bonded or maintain other evidence of financial responsibility, and ensures that passenger vessel operators (PVOs) demonstrate adequate financial responsibility in case of nonperformance of voyages or death or injury occurring to passengers.

The FMC is composed of five Commissioners appointed for five-year terms by the President with the advice and consent of the Senate. The President designates one of the Commissioners to serve as Chairman, who is the chief executive and administrative officer of the FMC.

The FMC reporting entity is comprised of General Funds and General Miscellaneous Receipts. General Funds are accounts used to record financial transactions arising under congressional appropriations or other authorizations to spend general revenues. General Fund Miscellaneous Receipts are accounts established for receipts of non-recurring activity, such as fines, penalties, fees and other miscellaneous receipts for services and benefits.

The FMC makes custodial collections and holds custodial receivables that are non-entity assets and are transferred to Treasury at fiscal year-end. The FMC has rights and ownership of all assets reported in these financial statements. FMC does not possess any non-entity assets.

B. Basis of Presentation

The financial statements have been prepared to report on the financial position and results of operations of the FMC. The Balance Sheet presents the financial position of the agency. The Statement of Net Cost presents the agency's operating results; the Statement of Changes in Net Position displays the changes in the agency's equity accounts. The Statement of Budgetary Resources presents the sources, status, and uses of the agency's resources and follows the rules for the Budget of the United States Government.

The statements are a requirement of the Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994 and the Accountability of Tax Dollars Act of 2002. They have been prepared from, and are fully supported by, the books and records of the FMC in accordance with the hierarchy of accounting principles generally accepted in the United States of America, standards issued by the Federal Accounting Standards Advisory Board (FASAB), Office of Management and Budget (OMB) Circular A-136, Financial Reporting Requirements, as amended, and the FMC's accounting policies which are summarized in this note. These statements, with the exception of the Statement of Budgetary Resources, are different from financial management reports, which are also prepared pursuant to OMB directives that are used to monitor and control the FMC's use of budgetary resources. The financial statements and associated notes are presented on a singular basis. Unless specified otherwise, all amounts are presented in dollars.

C. Basis of Accounting

Transactions are recorded on both an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates the control and monitoring of federal funds as well as compliance with legal requirements on the use of those funds.

D. Fund Balance with Treasury

Fund Balance with Treasury is an asset of a reporting entity and a liability of the General Fund. It is the aggregate amount of the FMC's funds with Treasury in expenditure, receipt, revolving, and deposit fund accounts. Appropriated funds recorded in expenditure accounts are available to pay current liabilities and finance authorized purchases.

The FMC does not maintain bank accounts of its own, has no disbursing authority, and does not maintain cash held outside of Treasury. When the reporting entity seeks to use Fund Balance with Treasury or investments in Government securities to liquidate budgetary obligations, Treasury will finance the disbursements in the same way it finances all other disbursements, which are to borrow

from the public if there is a budget deficit (and to use current receipts if there is a budget surplus). Funds are disbursed for the agency on demand.

E. Accounts Receivable

Accounts receivable consists of amounts owed to the FMC by other federal agencies and the general public. Amounts due from federal agencies are considered fully collectible. Accounts receivable from the public include reimbursements from employees. An allowance for uncollectible accounts receivable from the public is established when, based upon a review of outstanding accounts and the failure of all collection efforts, management determines that collection is unlikely to occur considering the debtor's ability to pay.

F. Property, Equipment, and Software

Property, equipment, and software represent furniture, fixtures, equipment, and information technology hardware and software which are recorded at original acquisition cost and are depreciated or amortized using the straight-line method over their estimated useful lives. Major alterations and renovations are capitalized, while maintenance and repair costs are expensed as incurred. The FMC's capitalization threshold is \$25,000 for individual purchases. Property, equipment, and software acquisitions that do not meet the capitalization criteria are expensed upon receipt. Applicable standard governmental guidelines regulate the disposal and convertibility of agency property, equipment, and software. The useful life classifications for capitalized assets are as follows:

<u>Description</u>	<u>Useful Life (years)</u>
Building	5
Leasehold Improvements	5
Office Furniture	5
Computer Equipment	5
Office Equipment	5
Software	5

G. Advances and Prepaid Charges

Advance payments are generally prohibited by law. There are some exceptions, such as reimbursable agreements, subscriptions and payments to contractors and employees. Payments made in advance of the receipt of goods and services are recorded as advances or prepaid charges at the time of prepayment and recognized as expenses when the related goods and services are received.

H. Liabilities

Liabilities represent the amount of funds likely to be paid by the FMC as a result of transactions or events that have already occurred.

The FMC reports its liabilities under two categories, Intragovernmental and Other than Intragovernmental. Intragovernmental liabilities represent funds owed to another government agency. Liabilities other than intragovernmental represent funds owed to any entity or person that is not a federal agency, including private sector firms and federal employees. Each of these categories may include liabilities that are covered by budgetary resources and liabilities not covered by budgetary resources.

Liabilities covered by budgetary resources are liabilities funded by a current appropriation or other funding source. These consist of accounts payable and accrued payroll and benefits. Accounts payable represent amounts owed to another entity for goods ordered and received and for services rendered except for employees. Accrued payroll and benefits represent payroll costs earned by employees during the fiscal year which are not paid until the next fiscal year.

Liabilities not covered by budgetary resources are liabilities that are not funded by any current appropriation or other funding source. These liabilities consist of accrued annual leave, actuarial Federal Employees' Compensation Act (FECA), and the amounts due to Treasury for collection and accounts receivable of civil penalties and FOIA request fees.

I. Annual, Sick, and Other Leave

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. The balance in the accrued leave account is adjusted to reflect current pay rates. Liabilities associated with other types of vested leave, including compensatory, restored leave, and sick leave in certain circumstances, are accrued at year-end, based on latest pay rates and unused hours of leave. Funding will be obtained from future financing sources to the extent that current or prior year appropriations are not available to fund annual and other types of vested leave earned but not taken. Nonvested leave is expensed when used. Any liability for sick leave that is accrued but not taken by a Civil Service Retirement System (CSRS)-covered employee is transferred to the Office of Personnel Management (OPM) upon the retirement of that individual. Credit is given for sick leave balances in the computation of annuities upon the retirement of Federal Employees Retirement System (FERS)-covered employees.

J. Accrued and Actuarial Workers' Compensation

The Federal Employees' Compensation Act (FECA) administered by the U.S. Department of Labor (DOL) addresses all claims brought by the FMC's employees for on-the-job injuries. The DOL bills each agency annually as its claims are paid, but payment of these bills is deferred for two years to allow for funding through the budget process. Similarly, employees that the FMC terminates without cause may receive unemployment compensation benefits under the unemployment insurance program also administered by the DOL, which bills each agency quarterly for paid claims. Future appropriations will be used for the reimbursement to DOL. The liability consists of (1) the net present value of estimated future payments calculated by the DOL, and (2) the unreimbursed cost paid by DOL for compensation to recipients under the FECA.

K. Retirement Plans

The FMC's employees participate in either the CSRS or the FERS. The employees who participate in CSRS are beneficiaries of the FMC's matching contribution, equal to seven percent of pay, distributed to their annuity account in the Civil Service Retirement and Disability Fund.

Prior to December 31, 1983, all employees were covered under the CSRS program. From January 1, 1984, through December 31, 1986, employees had the option of remaining under CSRS or joining FERS and Social Security. Employees hired as of January 1, 1987, are automatically covered by the FERS program. Both CSRS and FERS employees may participate in the federal Thrift Savings Plan (TSP). FERS employees receive an automatic agency contribution equal to one percent of pay and the FMC matches any employee contribution up to an additional four percent of pay. For FERS participants, the FMC also contributes the employer's matching share of Social Security.

FERS employees and certain CSRS reinstatement employees are eligible to participate in the Social Security program after retirement. In these instances, the FMC remits the employer's share of the required contribution.

The FMC recognizes the imputed cost of pension and other retirement benefits during the employees' active years of service. OPM actuaries determine pension cost factors by calculating the value of pension benefits expected to be paid in the future and communicate these factors to the FMC for current period expense reporting. OPM also provides information regarding the full cost of health and life insurance benefits. The FMC recognized the offsetting revenue as imputed financing sources to the extent these expenses will be paid by OPM.

The FMC does not report on its financial statement's information pertaining to the retirement plans covering its employees. Reporting amounts such as plan assets, accumulated plan benefits, and related unfunded liabilities, if any, is the responsibility of the OPM, as the administrator.

L. Other Post-Employment Benefits

The FMC's employees are eligible to participate in the Federal Employees' Health Benefits Plan (FEHBP) and the Federal Employees' Group Life Insurance Program (FEGlIP) may continue to participate in these programs after their retirement. The OPM has provided the FMC with certain cost factors that estimate the true cost of providing the post-retirement benefit to current employees. The FMC recognizes the current cost for these and Other Retirement Benefits (ORB) at the time the employees' services are rendered. The ORB expense is financed by OPM and offset by the FMC through the recognition of an imputed financing source.

M. Use of Estimates

The preparation of the accompanying financial statements in accordance with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

N. Contingencies

Liabilities are deemed contingent when the existence or amount of liability cannot be determined with certainty pending the outcome of future events. The FMC recognizes contingent liabilities in the accompanying balance sheet and statement of net cost, when it is both probable and can be reasonably estimated. The FMC discloses contingent liabilities in the notes to the financial statements when the conditions for liability recognition are not met or when a loss from the outcome of future events is more than remote. In some cases, once losses are certain, payments may be made from the Judgment Fund maintained by the U.S. Treasury rather than from the amounts appropriated to FMC for agency operations. Payments from the Judgment Fund are recorded as an "Other Financing Source" when made.

O. Classified Activities

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

NOTE 2. FUND BALANCE WITH TREASURY

Fund Balance with Treasury account balances as of September 30, 2025, were as follows:

		2025
Status of Fund Balance With Treasury		
Unobligated Balance	\$	4,759,829
Obligated Balance Not Yet Disbursed		13,139,724
Total Fund Balance With Treasury	\$	17,899,553

No discrepancies exist between the Fund Balance reflected on the Balance Sheet and the balances in the Treasury accounts.

Unobligated balances may include amounts that are not available for current use and are restricted to future use.

The obligated balance not yet disbursed includes accounts payable, accrued expenses, and undelivered orders that have reduced unexpended appropriations but have not yet decreased the fund balance on hand.

NOTE 3. ACCOUNTS RECEIVABLE, NET

Accounts receivable balances as of September 30, 2025, were as follows:

		2025
With the Public		
Miscellaneous Accounts Receivable	\$	72,331
Interest Receivable		15
Total Accounts Receivable	\$	72,346

The accounts receivable is primarily made up of services provided to the public. Historical experience has indicated that the majority of the receivables are collectible. There are no material uncollectible accounts as of September 30, 2025.

NOTE 4. PROPERTY, PLANT, AND EQUIPMENT, NET

Schedule of General Property, Plant, and Equipment, Net as of September 30, 2025:

	Acquisition Cost	Accumulated Depreciation and Amortization	Net Book Value
2025			
Major Class:			
Leasehold Improvements	\$ 225,000	\$ 225,000	\$ -
Furniture and Equipment	316,289	316,289	-
Total	\$ 541,289	\$ 541,289	\$ -

NOTE 5. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities for the FMC as of September 30, 2025, include liabilities not covered by budgetary resources. Congressional action is needed before budgetary resources can be provided. Although future appropriations to fund these liabilities are likely and anticipated, it is not certain that appropriations will be enacted to fund these liabilities.

	2025
Unfunded Leave	\$ 1,727,382
Actuarial FECA	1,215
Total Liabilities Not Covered by Budgetary Resources	\$ 1,728,597
Total Liabilities Covered by Budgetary Resources	2,035,188
Liabilities Not Requiring Budgetary Resources	70,568
Total Liabilities	\$ 3,834,353

The FMC records actuarial liability for future workers compensation claims based on the liability to benefits paid (LBP) ratio provided by DOL and multiplied by the average of benefits paid over three years.

Unfunded leave represents a liability for earned leave and is reduced when leave is taken. The balance in the accrued annual leave account is reviewed quarterly and adjusted as needed to accurately reflect the liability at current pay rates and leave balances. Accrued annual leave is paid from future funding sources and, accordingly, is reflected as a liability not covered by budgetary resources. Sick and other leave is expensed as taken.

Liabilities not requiring budgetary resources represent the custodial liabilities of fines, penalties, and fees to be collected and transferred to Treasury. FMC being a collecting agency recognizes fines, penalties, and fees as a custodial liability and receivable. Once the funds are collected, they are then transferred to Treasury at the end of each fiscal year.

NOTE 6. OTHER LIABILITIES

Other liabilities account balances as of September 30, 2025, were as follows:

	Current	Non-Current	Total
2025			
Intragovernmental Other Liabilities			
Employer Contributions and Payroll Taxes Payable (without reciprocals)	\$ 74,550	\$ -	\$ 74,550
Custodial Liability (to the general fund)	-	70,568	70,568
Employer Contributions and Payroll Taxes Payable	122,485	-	122,485
Total Intragovernmental Other Liabilities	\$ 197,035	\$ 70,568	\$ 267,603
Other than Intragovernmental Other Liabilities			
Other Liabilities w/Related Budgetary Obligations	\$ 107	\$ -	\$ 107
Total Other than Intragovernmental Other Liabilities	\$ 107	\$ -	\$ 107
Total Other Liabilities	\$ 197,142	\$ 70,568	\$ 267,710

NOTE 7. LEASES

FMC occupies office space in one location, of which the lease agreement is considered an intra-governmental lease per SFFAS 54 lease requirement for FY25. The total lease expense for the period ended September 30, 2025, is \$3,214,906.16.

The lease location and term is listed below:

Location	Term	Lease Expiration Date
Washington DC	15 Years	10/31/2037

The operating lease does not include estimated payments for lease with annual renewal options.

Below is a schedule of future payments for the term of the lease:

	Office Space	Total Federal
Fiscal Year		
2026	\$ 3,245,441	\$ 3,245,441
2027	3,373,190	3,373,190
2028	3,423,109	3,423,109
2029	3,466,383	3,466,383
2030	3,510,955	3,510,955
2031-2035	18,392,798	18,392,798
2036-2037	8,127,092	8,127,092
Total	\$ 43,538,968	\$ 43,538,968

NOTE 8. COMMITMENTS AND CONTINGENCIES

The FMC records commitments and contingent liabilities for legal cases in which payment has been deemed probable and for which the amount of potential liability has been estimated, including certain judgments that have been issued against the agency. There were no contingent liabilities as of September 30, 2025.

NOTE 9. INTER-ENTITY COSTS

The FMC recognizes certain inter-entity costs for goods and services that are received from other federal entities at no cost or at a cost less than the full cost. Certain costs of the providing entity that are not fully reimbursed are recognized as imputed cost and are offset by imputed revenue. Such imputed costs and revenues relate to employee benefits and claims to be settled by the Treasury Judgement Fund. The FMC recognizes as inter-entity costs the amount of accrued pension and post-retirement benefit expenses for current employees.

The assets and liabilities associated with such benefits are the responsibility of the administering agency, OPM. For the fiscal year ended September 30, 2025, respectively, inter-entity costs were as follows:

	2025
Office of Personnel Management	\$ 2,577,978
Total Imputed Financing Sources	\$ 2,577,978

NOTE 10. UNOBLIGATED BALANCE FROM PRIOR YEAR BUDGET AUTHORITY, NET

The Unobligated Balance Brought Forward from the prior fiscal year has been adjusted for recoveries of prior year paid and unpaid obligations and other changes such as canceled authority. The Adjustments to Unobligated Balance Brought Forward, October 1, as of September 30, 2025, consist of the following:

	2025
Unobligated Balance Brought Forward from Prior Year, October 1	\$ 4,027,789
Recoveries of Prior Year Obligations	1,173,179
Other Changes in Unobligated Balances	(1,283,048)
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory)	\$ 3,917,920

NOTE 11. UNDELIVERED ORDERS AT THE END OF THE PERIOD

Budgetary resources obligated for undelivered orders as of September 30, 2025, were as follows:

	Intragovernmental	Other than Intragovernmental	Total
2025			
Paid Undelivered Orders	\$ 95,142	\$ -	\$ 95,142
Unpaid Undelivered Orders	5,526,477	5,578,059	11,104,536
Total Undelivered Orders	\$ 5,621,619	\$ 5,578,059	\$ 11,199,678

NOTE 12. EXPLANATION OF DIFFERENCES BETWEEN THE STATEMENT OF BUDGETARY RESOURCES AND THE BUDGET OF THE U.S. GOVERNMENT

The President's Budget that will include fiscal year 2025 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2026 and can be found at the [Office of Management and Budget – The White House](#) website. The Fiscal Year 2026 Budget of the United States Government, with the "Actual" column completed for 2024, has been reconciled to the Statement of Budgetary Resources and there were no material differences.

(In Millions)

	Total Budgetary Resources	New Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary Resources	\$ 44	\$ 39	\$ -	\$ 38
Unobligated Balance Not Available	(3)	-	-	-
Difference Due to Rounding	(1)	-	-	-
Budget of the U.S. Government	\$ 40	\$ 39	\$ -	\$ 38

NOTE 13. CUSTODIAL REVENUES

The FMC is an administrative agency collecting for another entity or the General Fund. As a collecting entity, the FMC measures and reports cash collections and refunds. These collections are reported as custodial activity on the "Statement of Custodial Activity." The type of cash collected is fines, penalties and administrative fees. A small portion is for interest on the past due fines. Another component of the custodial revenue is general proprietary receipts (User Fees) for the application of licenses issued to qualified Ocean Transportation Intermediaries (OTI's) in the U.S. FMC reviews petitions, status changes and special permission fees. FMC believes that all fines, penalties, administrative fees and user fees will be collected in full. There are no material uncollectible accounts as of September 30, 2025. Custodial collections are reported on the Statement of Custodial Activity. The miscellaneous receipts are broken out in the general receipt funds as follows:

	2025
Fines, Penalties, and Forfeitures	\$ 1,405,388
General Fund Proprietary Receipts-UserAdmin Fees	852,317
Interest	107
Total Custodial Revenues	\$ 2,257,812

NOTE 14: RECONCILIATION OF NET OPERATING COST & NET BUDGETARY OUTLAYS

The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information.

The reconciliation of Net Cost to Net Outlays as of September 30, 2025:

	Intragovern- mental	Other than Intragovern- mental	Total
Net Operating Cost (Revenue) Reported on \$	14,380,466	\$ 28,204,912	\$ 42,585,378
Statement of Net Cost			
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Increase/(Decrease) in Assets Not Affecting Budgetary Outlays:			
Accounts Receivable, Net	-	1,042	1,042
Advances and Prepayments	48,888	-	48,888
(Increase)/Decrease in Liabilities Not Affecting Budgetary Outlays:			
Accounts Payable	(456,581)	(37,127)	(493,708)
Federal Employee Salary, Leave, and Benefits Payable	-	(477,830)	(477,830)
Pension, Other Post-Employment, and Veterans Benefits Payable	-	46	46
Other Liabilities	(37,702)	(107)	(37,809)
Financing Sources:			
Imputed Cost	(2,577,978)	-	(2,577,978)
Total Components of Net Operating Cost Not Part of the Budgetary Outlays	\$ (3,023,373)	\$ (513,976)	\$ (3,537,349)
Misc Items			
Distributed Offsetting Receipts (SBR 4200)	-	(2,733,714)	(2,733,714)
Custodial/Non-Exchange Revenue	2,254,010	(2,254,010)	-
Total Other Reconciling Items	\$ 2,254,010	\$ (4,987,724)	\$ (2,733,714)
Total Net Outlays (Calculated Total)	\$ 13,611,103	\$ 22,703,212	\$ 36,314,315
Budgetary Agency Outlays, net			\$ 36,314,315

OTHER REQUIRED INFORMATION



Inspector General's Statement on Management and Performance Challenges



FEDERAL MARITIME COMMISSION
Washington, DC 20573

December 5, 2025

Office of Inspector General

TO: Commissioner Dye
Commissioner Maffei
Commissioner Vekich

FROM: Inspector General

SUBJECT: Inspector General's Statement on the Federal Maritime Commission's Management and Performance Challenge

The Reports Consolidation Act of 2000 (Public Law 106-531) requires inspectors general to provide a summary and assessment of the most serious management and performance challenges facing Federal agencies, and their progress in addressing these challenges. The attached document responds to the requirements and provides the annual statement to be included in the Federal Maritime Commission's (FMC) Performance and Accountability Report (PAR) for fiscal year (FY) 2025.

This year, the Office of Inspector General (OIG) has identified one management and performance challenge, ***organizational changes***, and is providing an update on a prior year challenge, ***information technology (IT) security***. This assessment is based on information derived from a combination of sources, including OIG audit and review work; Commission reports; Federal government reports; and a general knowledge of the Commission's programs.

The Reports Consolidation Act of 2000 (Public Law 106-531) permits agency comment on the inspector general's statements. Agency comments, if applicable, are to be included in the final FMC PAR, with the deadline extended to December 18, 2025, because of the 2025 government shutdown.

Jon Hatfield

Attachment

cc: Office of the Managing Director
Office of the General Counsel
Office of Information Technology
Office of Human Resources

Office of Inspector General (OIG)
Fiscal Year 2025 – FMC Management Challenge

Organizational Changes - Management Challenge and Agency Progress

Organizational change continues to be a management challenge identified by the Office of Inspector General (OIG) at the Federal Maritime Commission (FMC), a relatively small agency charged with regulating international ocean transportation — a sector tied to trillions of dollars in trade. In FY 2021, OIG reported high turnover in senior staff. In FY 2022, the implementation of the Ocean Shipping Reform Act of 2022 (OSRA) was highlighted, and in FYs 2023 and 2024, broader organizational change was noted. In FY 2025, OIG again cites organizational change, emphasizing that continued turnover in senior and staff positions, which began during the coronavirus (COVID-19) pandemic, has persisted even after the official end of the public health emergency in May 2023. While FMC benefits from a core of talented and experienced staff who remain committed to the agency’s mission, ongoing turnover in senior and staff roles — particularly challenging for a small agency with few management layers — underscores the difficulty of sustaining leadership continuity and operational capacity.

In FY 2021, OIG first highlighted the impact of high turnover in senior management positions due to retirements and separations. For a small organization like the FMC, the loss of multiple senior leaders in a short period of time was particularly challenging because its bureaus and offices lack multiple management layers to draw upon when turnover occurs. Although the FMC acted quickly to fill these positions with highly qualified and competent individuals, the departure of many talented and experienced leaders resulted in the loss of institutional knowledge and expertise that had taken years to develop.

In FY 2022, OIG identified the implementation of the Ocean Shipping Reform Act of 2022 (OSRA) as a major management and performance challenge for the FMC. The magnitude of the legislation’s requirements — including numerous new provisions, tight timeframes, and significant resource demands — placed substantial pressure on the agency’s limited staff capacity. At the end of FY 2022, the FMC employed 122 staff, including two reemployed annuitants brought back specifically to assist with OSRA implementation.

In FYs 2023 and 2024, OIG again identified organizational change as a management challenge, with staffing shortfalls and recruitment difficulties continuing to affect the FMC. For FY 2023, the agency was authorized to have 164 employees but ended the year with 129 staff onboard — 35 fewer than authorized. The Office of Human Resources (OHR) successfully onboarded 28 new employees, yet 19 employees separated during the same period. To strengthen recruitment capacity, OHR added a staffing specialist to support hiring and onboarding goals, and the agency reported substantial progress in implementing many requirements of OSRA. In FY 2024, staffing pressures persisted: as of September 2024, the FMC had 132 personnel onboard. Recruitment challenges were evident in repeated announcements for key leadership positions. For example, the Deputy General Counsel and Director of the Bureau of Trade Analysis were each advertised twice and remained unfilled at the end of FY 2024.

In FY 2025, the Office of Human Resources (OHR), the Office of the Managing Director (OMD), the Bureau of Certification & Licensing, and the Office of Consumer Affairs and Dispute

Resolution Services (CADRS) had vacancies or departures in the most senior positions. In FY 2025, FMC saw the departure of two of the five Commissioners, including the Chairman position, with two new Commissioners nominated but not yet confirmed as of the end of November 2025.

The Office of Human Resources (OHR) oversees FMC's recruitment and itself experienced turnover during FY 2025. A new staffing specialist was onboarded in October 2024, but the Director position became vacant in December 2024 before being successfully filled in March 2025. In addition, following the hiring freeze implemented on January 20, 2025, the FMC prioritized filling only the positions most critical to the FMC's mission. During FY 2025, the FMC requested six exceptions to the hiring freeze, of which three were approved. At the end of FY 2025, FMC had 115 positions filled and 22 vacancies. Although FMC reported fewer vacancies compared to FY 2024, overall staffing levels declined, reflecting reduced hiring activity.

Employee recruitment and retention strategies both play a critical role in ensuring the agency has the workforce to successfully accomplish its mission. According to the Office of Personnel Management (OPM), many organizations' strategies focus primarily on monetary benefits to retain and engage high-quality employees. However, OPM reports that employees cite multiple reasons for job and employer satisfaction. OPM's annual Federal Employee Viewpoint Survey (FEVS) provides agency leadership with employee perspectives on many critical areas including leadership, communication, pay, innovation, and work-life balance. In the most recent OPM FEVS for 2024, agency employees were asked if they were considering leaving the agency in the next year, and if so, to indicate the main reason(s). For the 59.7% of employees indicating they were considering leaving the agency, the top two reasons cited were better career opportunities (37.4%, or 21 out of 60 respondents) and lack of growth potential (35.2% or 18 out of 60 respondents), indicating that FMC should focus on providing opportunities for advancement to existing employees. The fact that 59.7% of employees are considering leaving the agency in the next year, coupled with the large reduction in staff during FY 2025, suggests that organizational change will continue to be a challenge for management in the near future.

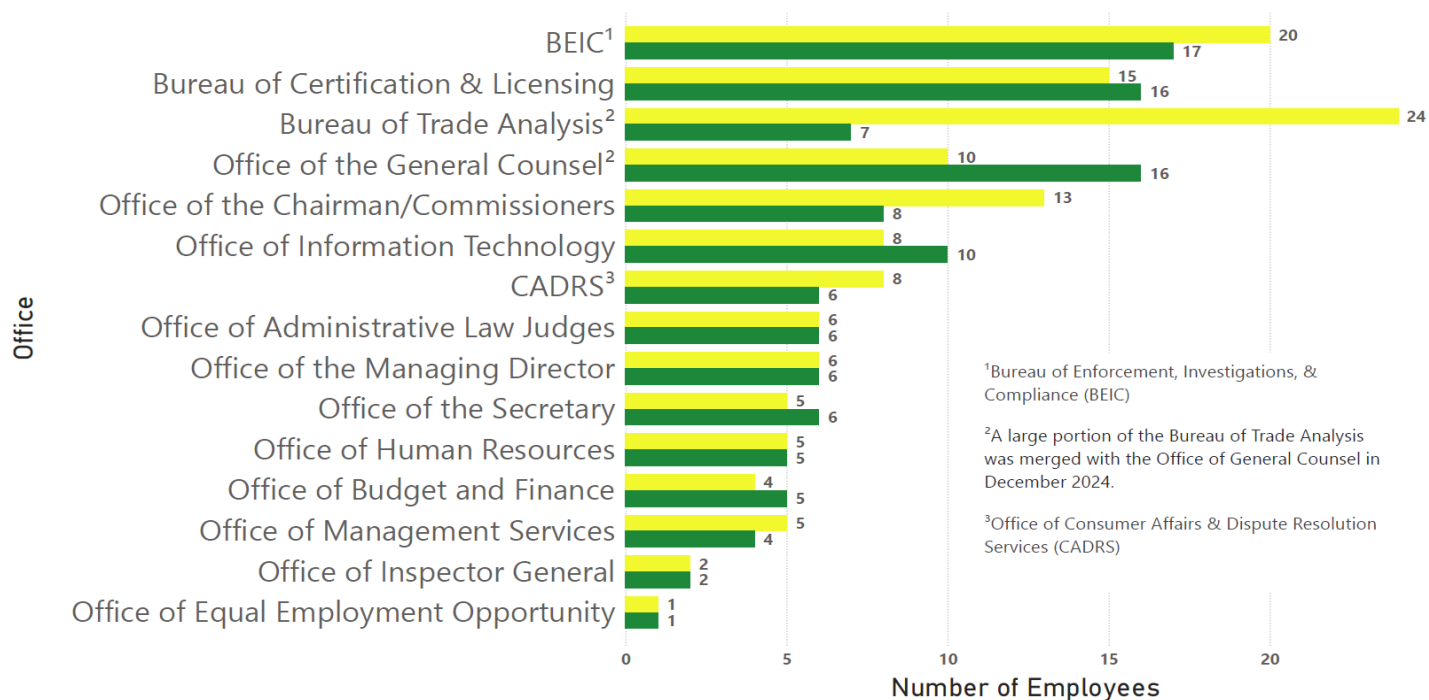
Five of the 15 standalone offices and bureaus at FMC lost staff as of September 2025 compared with September 2024. One of these, the Bureau of Trade Analysis (BTA), had a large portion of their employees merged with the Office of the General Counsel (OGC), resulting in higher staffing levels for OGC and few employees remaining in BTA. Overall, the FMC's staff onboard decreased by 23 employees between the end of FY 2024 and the end of FY 2025. With significant challenges to hiring additional staff, the FMC will continue facing challenges in managing turnover among existing personnel.

To illustrate these staffing shifts, the chart on the next page shows office and bureau changes from September 2024 to September 2025. Note: Figures as of September 2025 include employees who resigned under the Deferred Resignation Program earlier in 2025 but remained on

the payroll through September or December 2025; these individuals were not physically present in the workforce during this period.

Staffing Changes Across Offices (Sept 2024 vs Sept 2025)

Year ● September 2024 ● September 2025



Update on a Previous Management Challenge - Information Technology (IT) Security

Each year, the Inspector General identifies the key management challenges facing the agency. Following the FY 2025 Federal Information Security Modernization Act (FISMA) audit and corrective action on prior recommendations, ***Information Technology Security is no longer designated as a Management Challenge for FY 2025.*** FISMA requires each agency's inspector general (IG), or an independent external auditor, to conduct an annual evaluation to determine the effectiveness of the agency's information security program and practices. Each year, these independent assessments are based on metrics (IG FISMA Metrics) developed by the Council of the Inspectors General on Integrity and Efficiency (CIGIE) in coordination with the Office of Management and Budget (OMB), the Department of Homeland Security (DHS), the Federal Chief Information Officers (CIO) Council, and other stakeholders.

In the OIG's *Audit of the FMC's Compliance with the Federal Information Security Modernization Act (FISMA) FY 2025*, the OIG determined that FMC's information security program is consistently implemented and effective. FMC resolved six prior-year audit recommendations and made progress toward implementing the remaining two open recommendations. The FY 2025 FISMA audit did not result in any new findings. In addition, our follow-up on recommendations issued during the FMC's 2023 Information Technology

Vulnerability Audit confirmed that seven recommendations have been resolved, with progress underway on the final open recommendation.

Government-wide, the Government Accountability Office (GAO) designated information security as a high-risk area in 1997. In 2003, GAO expanded this area to include computerized systems supporting the nation's critical infrastructure and, in 2015, GAO further expanded this area to include protecting the privacy of personally identifiable information. In June 2024, and reaffirmed in 2025, GAO identified urgent actions needed to strengthen federal IT systems and protect the nation's critical infrastructure.

Although Information Technology Security is not considered a management challenge for FMC in FY 2025, the rapid pace of technological change and evolving cyber threats require the agency to remain vigilant. Continued attention to emerging risks and proactive monitoring will be essential to sustain the effectiveness of FMC's information security program in future years.

Comments on Inspector General's Statement on the Federal Maritime Commission's Management and Performance Challenge

The Commission acknowledges the organizational challenges identified by the Office of Inspector General and continues to prioritize actions that strengthen leadership continuity, workforce stability, and mission capacity. While staffing turnover and hiring constraints—including those associated with the 2025 hiring freeze—affected several offices, the Commission made targeted progress in filling critical positions and refining internal workforce planning processes. The Office of Human Resources is enhancing recruitment outreach, expanding retention strategies, and supporting career development initiatives to address concerns. The Commission remains committed to maintaining a capable, resilient workforce and continuing its progress on statutory and regulatory responsibilities.

The Commission has worked diligently to ensure that its critical information security program is consistently implemented and effective, and that the Inspector General's annual audit recommendations are remediated in a timely manner. The Commission also appreciates the OIG's reminder that the rapid pace of technological change and evolving cyber threats require the agency to remain vigilant. We will continue to give attention to emerging risks and proactive monitoring in the coming years.

The Commission appreciates the Inspector General's assessment of the serious management and performance challenges facing it and the Federal government in general.

Financial Statement Audit Summary

Table 1 is a summary of the results of the independent audit of the FMC's financial statements by the agency's auditors in connection with the FY 2025 audit.

Table 1. Summary of Financial Statement Audit					
Audit Opinion	Unmodified				
Restatement	No				
Material Weaknesses	Beginning balance	New	Resolved	Consolidated	Ending Balance
None	n/a	n/a	n/a	n/a	n/a
Total Material Weaknesses	None	None	n/a	n/a	None

Management Assurances Summary

Table 2 is a summary of the effectiveness of internal control over the FMC's financial reporting and operations and its conformance with financial management system requirements under Sections 2 and 4 of the Federal Financial Management Improvement Act (FFMIA). This table summarizes compliance with FFMIA, which is not applicable to the FMC.

Table 2. Summary of Management Assurances						
Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)						
Statement of Assurance	Unmodified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Material Weaknesses	None	n/a	n/a	n/a	n/a	None
Effectiveness of Internal Control over Operations (FMFIA § 2)						
Statement of Assurance	Unmodified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
[name of weakness]	None	n/a	n/a	n/a	n/a	None
Total Material Weaknesses	None	n/a	n/a	n/a	n/a	None
Compliance with Federal Financial Management System Requirements (FMFIA § 4)						
Statement of Assurance	Unmodified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
[name of noncompliance]	None	n/a	n/a	n/a	n/a	None
Total noncompliance	None	n/a	n/a	n/a	n/a	None
Compliance with Section 803(a) of the Federal Financial Management Improvement Act (FFMIA)						
	Agency				Auditor	
1. Federal Financial Management System Requirements	FFMIA does not apply to the FMC				n/a	
2. Applicable Federal Accounting Standards	FFMIA does not apply to the FMC				n/a	
3. USSGL at Transaction Level	FFMIA does not apply to the FMC				n/a	

Fraud Reduction Report

The FMC has a low appetite for fraud. The FMC complies with the *Fraud Risk and Data Analytics Act of 2015* and follows the Standards for Internal Control in the Government through its enterprise risk management program and financial accounting practices. The FMC's Risk Committee, tasked with managing risk enterprise-wide, considers fraud risks on a regular basis.

Financial stewardship is an important part of the FMC's risk management strategy. Internal controls and financial and accounting data are subject to multiple levels of monthly or annual review performed internally by the FMC and externally by the BFS. The most recent OIG risk assessment of the purchase card program, completed in 2024, considered several factors, including: effectiveness of internal controls; training requirements; policies and procedures; any prior problems with the program; and previous audits and reviews. The OIG concluded the risk of illegal, improper, or erroneous use in the FMC's purchase card program is "low," and as a result, the OIG anticipates performing another risk assessment of the purchase card program in 2026.

In addition, for the OIG's most recent annual review of the FMC's compliance with reporting and performance requirements regarding improper payments, for FY 2024, the OIG concluded that the FMC complied with all the requirements that are applicable to the agency for improper payment reporting. During the OIG's review, two issues were noted where the FMC could improve its improper payment reporting process. The OIG concluded that neither issue affected compliance nor altered the payment integrity information reported by the FMC.

The Commission's acquisitions policy protects the integrity of the contracting process and includes ethical requirements and standards of conduct in accordance with the *Procurement Integrity Act* and Federal Acquisition Regulations.

The FMC does not oversee or have responsibility for any credit, grant, or loan programs. No new programs were initiated in FY 2025, and no current programs are at high risk for fraud, abuse, or exposure to waste.

Civil Monetary Penalty Adjustment for Inflation

The *Federal Civil Penalties Inflation Adjustment Act of 1990*, Pub. L. 104-410, as amended by the *Debt Collection Improvement Act of 1996*, Pub. L. 104-134, and the *Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015*, Pub. L. 114-74, requires agencies to make regular and consistent inflationary adjustments of civil monetary penalties to maintain their deterrent effect.

The following table shows the civil penalties that the FMC may impose, authority for imposing the penalty, dates of inflation adjustments, and current penalty levels. The Federal Register notice (FR Doc. 2025-00630) may be viewed at: [Federal Register : Inflation Adjustment of Civil Monetary Penalties](#).

Penalty	Statutory Authority	Date of Previous Adjustment	Date of Current Adjustment	Maximum Penalty
Adverse impact on U.S. carriers by foreign shipping practices	46 U.S.C. 42304	January 15, 2024	January 15, 2025	\$2,626,135
Knowing and Willful violation / Shipping Act of 1984, or Commission regulation or order	46 U.S.C. 41107(a)	January 15, 2024	January 15, 2025	\$74,943
Violation of Shipping Act of 1984, Commission regulation or order, not knowing and willful	46 U.S.C. 41107(a)	January 15, 2024	January 15, 2025	\$14,988
Operating in foreign commerce after tariff suspension	46 U.S.C. 41108(b)	January 15, 2024	January 15, 2025	\$149,887
Failure to provide required reports, etc. / Merchant Marine Act of 1920	46 U.S.C. 42104	January 15, 2024	January 15, 2025	\$11,823
Adverse shipping conditions / Merchant Marine Act of 1920	46 U.S.C. 42106	January 15, 2024	January 15, 2025	\$2,364,503
Operating after tariff or service contract suspension / Merchant Marine Act of 1920	46 U.S.C. 42108	January 15, 2024	January 15, 2025	\$118,225
Failure to establish financial responsibility for non-performance of transportation*	46 U.S.C. 44102	January 15, 2024	January 15, 2025	\$29,864 \$996
Failure to establish financial responsibility for death or injury*	46 U.S.C. 44103	January 15, 2024	January 15, 2025	\$29,864 \$996
Program Fraud Civil Remedies Act / makes false claim	31 U.S.C. 3802(a)(1)	January 15, 2024	January 15, 2025	\$14,308
Program Fraud Civil Remedies Act / giving false statement	31 U.S.C. 3802(a)(2)	January 15, 2024	January 15, 2025	\$14,308

*These amounts are based on the penalties established in § 44104 for violations of §§ 44102 and 44103: \$5,000, plus \$200 for each passage sold. These penalties were established in 1966 and, applying the statutory inflation adjustment formula, amount to \$29,864 plus \$996 for each passage sold, in current dollars.

Biennial Review of User Fees

Agencies are required by the *Chief Financial Officers Act of 1990* to conduct biennial reviews of fees and other charges that they impose and to revise these fees and charges to cover program and administrative costs incurred, as necessary. In order to remain compliant with the Chief Financial Officers Act of 1990, the Federal Maritime Commission is currently conducting a comprehensive reassessment of its user fee program to determine whether existing fees adequately recover the full programmatic and administrative costs incurred. This review will help ensure that FMC's fees remain aligned with statutory requirements and reflect the true cost of providing services

