

# Office of Inspector General

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**Semiannual Report to Congress  
Covering the Period**

**October 1, 2025 – March 31, 2026**



**FEDERAL MARITIME COMMISSION**

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**FEDERAL MARITIME COMMISSION**  
Washington, DC 20573

April 30, 2026

*Office of Inspector General*

Dear Chairman DiBella and Commissioners Dye, Maffei, and Vekich:

The following report is submitted in accordance with Section 5 of the Inspector General Act of 1978, as amended. This report summarizes the activities of the Federal Maritime Commission (FMC) Office of Inspector General (OIG) for the period October 1, 2025, to March 31, 2026.

During this reporting period, the OIG completed one audit, issued a management letter on an internal control matter, and continued work on an open investigation. The OIG devoted a substantial portion of its two-person office capacity to a resource-intensive investigation encompassing extensive document review, interviews, and coordination with external entities.

Information on these assignments can be found in subsequent sections of this report. The OIG continues to appreciate the cooperation and commitment to integrity and ethical values demonstrated by FMC's leadership and staff.

Respectfully submitted,

Jon Hatfield  
Inspector General

Enclosure

CC: Office of the Managing Director  
Office of the General Counsel

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Transmittal Letter

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**Pictured: Port of Seattle**

*Picture source: Courtesy of the Port of Seattle.*

## **EXECUTIVE SUMMARY**

This semiannual report summarizes the activities and accomplishments of the Federal Maritime Commission (FMC), Office of Inspector General (OIG) for the six-month reporting period October 1, 2025, to March 31, 2026. During this reporting period, the OIG completed one audit, issued a management letter on an internal control matter, and continued work on an open investigation. Information on these assignments can be found in subsequent sections of this report.

During the reporting period, one new hotline complaint was received, and one hotline complaint was closed. By the end of the period, three hotline complaints and one active investigation were open. The OIG devoted a substantial portion of its two-person office capacity to a resource-intensive investigation encompassing extensive document review, interviews, and coordination with external entities.

## **FEDERAL MARITIME COMMISSION**

The FMC is an independent Federal agency responsible for ensuring a competitive and reliable ocean transportation supply system that supports the U.S. economy and protects the public from unfair and deceptive practices. The agency regulates the international ocean transportation supply system (vessel liner carriers, ocean transportation intermediaries, and marine terminal operators). The FMC is located in Washington, D.C.

The FMC is composed of five Commissioners nominated by the President and confirmed by the Senate, each serving a staggered five-year term. Commissioner DiBella was sworn in on January 6, 2026 and she was nominated by President Donald J. Trump on September 3, 2025, and confirmed by the United States Senate on December 18, 2025. On January 28, 2026, President Trump designated Laura DiBella to serve as Chairman of the Federal Maritime Commission. One Commissioner, designated by the President, serves as the Chairman, Chief Executive, and Chief Administrative Officer of the Commission. One of the five Commissioner positions at the FMC is currently vacant following the resignation of a Commissioner. The Commission is a bipartisan body; no more than three members of the Commission may be of the same political party. The Inspector General reports to all five Commissioners.

## **OFFICE OF INSPECTOR GENERAL**

The OIG was established in 1989 by the Inspector General (IG) Act of 1978, as amended (5 U.S.C. app.). The OIG is an independent audit and investigative unit headed by an IG who reports to the FMC Commissioners and Congress. The OIG is responsible for conducting audits and investigations relating to the programs and operations of the FMC. Audits are conducted for the purpose of detecting and preventing fraud, waste, and abuse, and promoting economy, efficiency, and effectiveness within the agency. OIG investigations seek out facts related to allegations of wrongdoing on the part of FMC employees and individuals, or entities contracting with, or obtaining benefits from, the agency. The IG Act provides that the OIG shall have access to all agency records and may subpoena records from entities outside of the agency in connection with an audit or investigation.

The IG is required by law to prepare this report summarizing OIG audits and investigations during the immediately preceding six-month period. The report is sent to the FMC Commissioners, the President of the Senate, the Speaker of the House, and FMC's Congressional appropriating and authorizing committees. This dual reporting requirement helps to ensure the independence of the OIG.

To aid the FMC in accomplishing its mission, the OIG is provided with two full-time positions, the IG and an auditor. In addition, the OIG has a memorandum of understanding (MOU) with the Treasury Inspector General for Tax Administration for the FMC OIG to obtain legal advice services to carry out the FMC OIG's responsibilities under the Inspector General Act. During this period, the FMC OIG also had an MOU with the Appalachian Regional Commission OIG to obtain investigative services, as needed.

## OFFICE OF INSPECTOR GENERAL ACTIVITIES

### Completed Assignments

#### *Independent Auditors' Report of the FMC's FY 2025 Financial Statements, A25-04.*

The audit report was issued on December 16, 2025. The OIG contracted with Harper, Rains, Knight & Company, PA (HRK) to perform the audit and the OIG actively monitored and reviewed the work and results of the contractor. The audit objectives were to determine whether the FMC's fiscal year (FY) 2025 financial statements followed U.S. Generally Accepted Accounting Principles (GAAP) and presented fairly the financial position of the agency. The auditors also reviewed internal controls over financial reporting and agency compliance with laws and regulations. The statements audited were the balance sheet as of September 30, 2025, and the related statements of net cost, changes in net position, budgetary resources and custodial activity for the year then ended.

The independent auditor opined that the FMC's financial statements were fairly presented, in all material respects, in conformity with GAAP; there were no material weaknesses in internal control over financial reporting (including safeguarding assets); and no reportable noncompliance with laws and regulations tested. Therefore, there were no findings or recommendations in the audit report.

**Management Letter: FMC CADRS.** The Office of Inspector General reviewed the agency's processes for addressing cruise-related consumer inquiries and, in a management letter dated December 15, 2025, identified two opportunities for improvement. The letter identified the need for the Office of Consumer Affairs and Dispute Resolution Services to strengthen written guidance for handling cruise-related complaints and to update internet information so it accurately reflects current practices. FMC management agreed with these matters and committed to implementing updates to both internal procedures and external communications.

### Hotline and Investigations

The Inspector General Act of 1978, as amended, provides that the IG may receive and investigate complaints or information concerning possible allegations of fraud, waste, and abuse occurring within FMC programs and operations by employees or contractors. Matters of possible

wrongdoing are referred to the OIG in the form of allegations or complaints from a variety of sources, including FMC employees, other government agencies and the public.

During the reporting period, one new hotline complaint was received, and one hotline complaint was closed. By the end of the period, three hotline complaints and one active investigation were open. The OIG devoted a substantial portion of its two-person office capacity to a resource-intensive investigation encompassing extensive document review, interviews, and coordination with external entities.

### **Review of Legislation**

As required by the Inspector General Act of 1978, as amended, the OIG routinely reviews proposed legislation and regulations. The purpose of these reviews is to assess whether the proposed legislation or regulation: (1) impacts the economy and efficiency of FMC programs and operations; and (2) contains adequate internal controls to prevent and detect fraud, waste, and abuse.

### **Council of the Inspectors General on Integrity and Efficiency (CIGIE) Activities**

The CIGIE was established by law as an independent entity by the Inspector General Reform Act of 2008 (P.L. 110-409) to:

- address integrity, economy and effectiveness issues that transcend individual government agencies; and
- increase the professionalism and effectiveness of personnel by developing policies, standards, and approaches to aid in the establishment of a well-trained and highly skilled workforce in the Offices of Inspectors General.

CIGIE comprises all Inspectors General that are Presidentially-appointed / Senate confirmed and those that are appointed by agency heads. The FMC OIG remains active in CIGIE operations. Specifically, the OIG is a member of CIGIE, participates in the monthly CIGIE meetings, and periodically assists CIGIE on special projects.

The IG continues to serve in the position of Chair of the CIGIE Audit Peer Review Subcommittee. The subcommittee is responsible for maintaining the CIGIE audit peer review schedule, managing requests for extensions and substitutions, coordinating among dispute resolution panels, as well as answering questions about conducting audit peer reviews. The subcommittee is composed of dedicated volunteers from the CIGIE oversight community. Seth Conner, the OIG's Auditor, is one of these dedicated volunteers and he serves on the subcommittee's frequently asked questions workgroup.

## SUMMARY OF INSPECTOR GENERAL REPORTING REQUIREMENTS

IG Act Reference	Reporting Requirement	Pages
<b>Section 5(a)(1)</b>	Significant problems, abuses and deficiencies	None
<b>Section 5(a)(2)</b>	Recommendations with respect to significant problems, abuses, or deficiencies	None
<b>Section 5(a)(3)</b>	Prior recommendations on which corrective actions have not been completed	7
<b>Section 5(a)(4)</b>	Matters referred to prosecutorial authorities and results	None
<b>Section 5(a)(5)</b>	Summary of instances where information was refused	None
<b>Section 5(a)(6)</b>	List of audit, inspection, and evaluation reports by subject matter, and where applicable, the value of questioned costs, unsupported costs, and funds put to better use	8
<b>Section 5(a)(7)</b>	Summary of each report	3
<b>Section 5(a)(8)</b>	Audit, inspection, and evaluation reports with questioned and unsupported costs	None
<b>Section 5(a)(9)</b>	Audit, inspection, and evaluation report recommendations that funds be put to better use	None
<b>Section 5(a)(10)</b>	Summary of each audit, inspection, and evaluation report issued before the commencement of this reporting period for which no management decision was made by the end of the reporting period; for which comments were not returned within 60 days of report issuance; and for which there are any outstanding unimplemented recommendations	None
<b>Section 5(a)(11)</b>	Description and explanation of significant revised management decisions	None
<b>Section 5(a)(12)</b>	Significant management decisions with which the Inspector General disagrees	None
<b>Section 5(a)(13)</b>	Information under Section 804(b) of the Federal Financial Management Improvement Act (FFMIA) of 1996	None
<b>Section 5(a)(14)(15)</b>	Peer review activity on FMC OIG	11
<b>Section 5(a)(16)</b>	Peer review activity by FMC OIG on another OIG	11
<b>Section 5(a)(17)</b>	Statistical tables on investigative activities (reports, referrals, indictments)	None
<b>Section 5(a)(18)</b>	Description of metrics used for developing the data for the statistical table under Section 5(a)(17)	None
<b>Section 5(a)(19)</b>	Report on each investigation involving a senior Government employee where allegations of misconduct were substantiated	None
<b>Section 5(a)(20)</b>	Description of whistleblower retaliation	None
<b>Section 5(a)(21)</b>	Description of any attempt by the establishment to interfere with the independence of the OIG	None
<b>Section 5(a)(22)</b>	Description of particular circumstances of each inspection, evaluation, and audit conducted that is closed and was not disclosed to the public; and investigation conducted by the OIG involving a senior Government employee that is closed and was not disclosed to the public	None

**TABLE I - Summary of Reports with Corrective Actions Outstanding for More than 6 Months**

Report Title	Report Number	Issue Date	Recommendations		
			Number	Open	Closed
<b><i>Audit of the FMC's User Fees Methodology</i></b>	A25-02	4/30/25	6	6	0
*In a memorandum dated April 8, 2026, the Deputy Managing Director informed the IG that a working group has been formed and is meeting regularly to address all the recommendations.					
<b><i>Audit of the FMC's Compliance with the Federal Information Security Modernization Act, FY 2024</i></b>	A24-02	7/31/24	3	2 *	1
* In a memorandum dated April 8, 2026, the Deputy Managing Director informed the IG that one of the open recommendations has been resolved and management expects the recommendation to be closed in the next OIG FISMA audit. The other open recommendation is anticipated to be implemented by the end of the second quarter of FY 2027.					
<b><i>Information Technology Vulnerability Report</i></b>	A23-04	9/28/23	8	1 *	7
*In a memorandum dated April 8, 2026, the Deputy Managing Director informed the IG that estimated completion date is the second quarter of FY 2027.					

**TABLE II - Listing of Reports Issued**

<b>Report Title</b>	<b>Assignment Number</b>	<b>Issue Date</b>	<b>Questioned Costs</b>	<b>Unsupported Costs</b>	<b>Funds Put to Better Use</b>
Independent Auditors' Report of the FMC's FY 2025 Financial Statements	A25-04	12/16/25	\$0	\$0	\$0

**TABLE III - Reports with Questioned Costs**

	Number of Reports	Questioned Costs	Unsupported Costs
<b>A.</b> For which no management decision has been made by the commencement of the reporting period.	0	\$0	\$0
<b>B.</b> Which were issued during the reporting period.	0	\$0	\$0
<b>Subtotal (A + B)</b>	<b>0</b>	<b>\$0</b>	<b>\$0</b>
<b>C.</b> For which a management decision was made during the reporting period.	0	\$0	\$0
<b>(i) dollar value of disallowed costs; and</b>	<b>0</b>	<b>\$0</b>	<b>\$0</b>
<b>(ii) dollar value of costs not disallowed.</b>	<b>0</b>	<b>\$0</b>	<b>\$0</b>
<b>D.</b> For which no management decision has been made by the end of the reporting period.	0	\$0	\$0
<b>E.</b> Reports for which no management decision was made within six-months of issuance.	0	\$0	\$0

**TABLE IV - Recommendations that Funds be Put to Better Use**

		Number of Reports	Dollar Value
<b>A.</b>	For which no management decision has been made by the commencement of the reporting period.	0	\$0
<b>B.</b>	Which were issued during the reporting period.	0	\$0
<b>Subtotal (A + B)</b>		<b>0</b>	<b>\$0</b>
<b>C.</b>	For which a management decision was made during the reporting period.	0	\$0
	(i) dollar value of recommendations that were agreed to by management; and	0	\$0
	(ii) dollar value of recommendations that were not agreed to by management.	0	\$0
<b>D.</b>	For which no management decision has been made by the end of the reporting period.	0	\$0
<b>E.</b>	Reports for which no management decision was made within six-months of issuance.	0	\$0

## Appendix A - Peer Review Activity

In accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Section 989C of P.L. 111-203), which amended Section 5 of the Inspector General Act of 1978, OIGs are required to include in their semiannual reports (SAR) to Congress the results of peer reviews of their offices, as well as outstanding and not fully implemented recommendations from peer reviews the OIG received from another OIG, and outstanding and not fully implemented recommendations the OIG made in any peer review it performed for another OIG.

An external audit peer review of the FMC OIG audit office was completed during this reporting period on October 29, 2024, by the Federal Labor Relations Authority OIG. A *pass* rating was issued, and there were no recommendations contained in the system review report.

In addition, the OIG completed a modified audit peer review of the Equal Employment Opportunity Commission (EEOC) OIG during a prior reporting period and issued a modified peer review report on November 6, 2023. The FMC OIG concluded the established policies and procedures for the EEOC OIG audit function for the review period ending March 31, 2023, were found to be current and consistent with applicable professional standards.



**Visit [Oversight.gov](https://www.oversight.gov) to find reports from all Federal Inspectors General who are members of the Council of Inspectors General on Integrity and Efficiency (CIGIE).**

# HOTLINE COMPLAINTS

*The success of the OIG mission to prevent fraud, waste and abuse depends on the cooperation of FMC employees and the public.*

Employees and the public are encouraged to contact the OIG regarding any incidents of possible waste, fraud or abuse occurring within FMC programs and operations.

**A COMPLAINT CAN BE REPORTED BY CALLING OUR 24-HR DIRECT LINE:**

(202) 523-5865

**ONLINE COMPLAINT FORM:**

<https://www2.fmc.gov/oigcomplaints/>

**TO PLACE A COMPLAINT IN WRITING PLEASE MAIL TO:**

Federal Maritime Commission  
Office of Inspector General  
Suite 1020  
800 North Capitol Street, NW  
Washington, DC 20573  
*To Be Opened By the IG Only*

THE INFORMATION YOU PROVIDE IS CONFIDENTIAL. YOU CAN CHOOSE TO REMAIN ANONYMOUS; HOWEVER, INDIVIDUALS ARE ENCOURAGED TO ASSIST THE INSPECTOR GENERAL BY SUPPLYING INFORMATION AS TO HOW THEY MAY BE CONTACTED FOR ADDITIONAL INFORMATION.