

Office of Inspector General



***Independent Auditor's Report on
Compliance with Laws and Regulations for
2009 Financial Statements***

November 6, 2009

OIG-AR-03-10

United States International Trade Commission

500 E Street, SW, Washington, DC 20436 : Phone 202.205.2000 : TDD 202.205.1810

**Independent Auditor's Report on
Compliance with Laws and Regulations**

Acting Inspector General
U.S. International Trade Commission

We were engaged to audit the financial statements of the U.S. International Trade Commission (ITC) as of and for the year ended September 30, 2009, and have issued our report thereon dated November 6, 2009. The report states that because of the matters discussed therein, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the balance sheet as of September 30, 2009, and the related statements of net cost, changes in net position, budgetary resources, and the statement of custodial activity for the fiscal year then ended.

The management of ITC is responsible for complying with laws and regulations applicable to ITC. We performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, and certain other laws and regulations specified in the Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended, including the requirements referred to in the Federal Managers' Financial Improvement Act of 1982 (FMFIA). We limited our tests of compliance to these provisions, and we did not test compliance with all laws and regulations applicable to ITC.

The results of our tests of compliance with applicable laws and regulations, and government-wide polices described in the preceding paragraph disclosed an instance of reportable noncompliance that is required to be reported under *Government Auditing Standards* or OMB guidance and is described in the following paragraphs.

The Federal Managers' Financial Integrity Act (FMFIA) requires agencies to establish management controls over their programs and financial systems. OMB Circular A-123, *Management's Responsibility for Internal Control*, is issued under the authority of the FMFIA. OMB Circular A-123 states that management is responsible for establishing and maintaining internal control to achieve the objectives of effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations. Management shall consistently apply the internal control standards to meet each of the internal control objectives and to assess the internal control effectiveness.

The ITC has not fully complied with certain requirements of the FMFIA. See details in our Independent Auditor's Report on Internal Control. The key items we identified include:

- Inadequate financial statement preparation and reporting controls;
- Insufficient controls surrounding Property, Plant and Equipment; and
- Insufficient controls surrounding accounts payable, expenditures, and obligations

Because we could not complete our audit, we were unable to determine whether there were other instances of noncompliance with laws and regulations that are required to be reported. Providing an opinion on compliance with certain provisions of laws and regulations, and government-wide policies was not an objective of our audit, and, accordingly, we do not express such an opinion.

This report is intended solely for the information and use of management and the Office of Inspector General of ITC, OMB, Government Accountability Office, and Congress, and is not intended to be and should not be used by anyone other than these specified parties.

Castro & Company, LLC

November 6, 2009
Alexandria, VA