United States
International Trade Commission

Agency Financial Report

Fiscal Year 2023

November 2023

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Message from the Chairman

I am pleased to transmit the *FY 2023 Agency Financial Report* for the United States International Trade Commission. This report documents the Commission's financial performance for the fiscal year and discusses our accomplishments and challenges. The report also provides an overview of the agency's programmatic performance. Moreover, I am pleased to report that management's assessment of risks and review of financial controls and financial systems disclosed no material weaknesses, and that the financial and performance data presented here is reliable and complete (see Statement of Assurance, p. 14).

Statutory Mandates

The Commission has three long-standing, important statutory mandates: (1) investigate and make determinations in proceedings involving unfairly traded imports claimed to injure a domestic industry or violate U.S. intellectual property rights; (2) provide independent analysis and information on tariffs, trade, and competitiveness to the Congress and the President; and (3) maintain the Harmonized Tariff Schedule of the United States.

In carrying out these mandates, the Commission independently and objectively investigates unfair trade complaints, impartially administers the relevant trade laws, and helps the President and Congress make informed policy decisions by providing accurate, timely, and insightful analysis on an evolving range of international trade matters.

The Commission reviews its strategic goals and objectives annually within the context of our statutory mandates. During the year, the Commission also continued to apply enterprise-risk-management principles in its planning and budget-formulation processes to improve the efficiency and effectiveness of its decision-making in these areas.

Program Accomplishments

I would like to highlight the following accomplishments during the last fiscal year. The Commission made substantial progress toward achieving its strategic objectives in FY 2023; it met or exceeded most of its annual performance goals and improved upon agency performance in other areas. This year, the agency commenced 117 new investigations and completed 135 investigations in the areas of import injury, intellectual property, and industry and economic analysis.

Investigate and Decide

During the year, the Commission conducted import injury and unfair import investigations in an objective manner, met statutory deadlines, produced sound determinations, and provided relief, when warranted, under the relevant statutes. In FY 2023, import injury investigations covered a variety of products across several industry sectors including: white grape juice concentrate, preserved mushrooms, barium chloride, lemon juice, emulsion styrene-butadiene rubber, steel nails, superabsorbent polymers, oil country tubular goods, and sodium nitrite. Similarly, unfair import investigations covered a broad range of products including: LED lighting devices, wireless electronic and semiconductor devices, photovoltaic connectors, fitness devices, blood flow restriction devices, light detection and ranging devices, Wi-Fi routers, portable battery jump starters, dermatological treatment devices, laptops, desktops, mobile phones, tablets, active matrix organic light-emitting diode display panels, integrated circuits, cabinet x-ray and optical camera systems, automated retractable vehicle steps, video processing devices, high-density fiber optic equipment, smart thermostat hubs, hazelnuts, smart televisions, and automated storage and retrieval systems.

Trade Policy Support and Information

To support the development of well-informed trade policy, the Commission also provided the President and the U.S. Trade Representative (USTR), by delegation, and Congress with high-quality economic analysis and technical support. Intended to fill critical information gaps for policy makers, the Commission's factfinding investigations covered a variety of topics in FY 2023, such as USMCA automotive rules of origin, the economic impact of Section 232 and 301 tariffs on U.S. industries, U.S.-Haiti trade, the African Growth and Opportunity Act, and U.S. foreign trade zones in Canada and Mexico. Commission staff met with USTR and Congressional staff to discuss topics such as statutory reports, potential factfinding investigations, trade policy support, draft legislation, tariff affairs, and other issues. The Commission also compiled the FY 2023 basic edition of the Harmonized Tariff Schedule (HTS) and issued 11 additional Revisions to the HTS to reflect policy changes implemented during the fiscal year.

Organizational Excellence

The Commission also made steady progress on many of its management and administrative goals during FY 2023, particularly in the areas of data management, ongoing operational improvements, and information technology. The agency continued to strengthen its strategic planning and performance-management processes, improve internal controls, and incorporate enterprise-risk-management principles into its planning, administrative, and budgeting processes. The Commission also continued to strengthen the security and effectiveness of its information systems, which helps enhance the productivity and efficiency of staff.

Moreover, in FY 2023 the Commission continued to make strides in improving its data governance activities, by updating and expanding the agency guidance on data governance and leveraging technology to make information available to decision makers in the form they need. In January, the Commission deployed and enabled for public use its Investigations Database System (IDS), an innovative new data management tool which captures, manages, and displays investigation-related information. The Commission also continued to develop and deploy cutting edge controls to ensure data are protected from creation through destruction.

The performance information presented herein is complete and accurate. The Commission's Annual Performance Report will fully describe the extent to which the USITC met its FY 2023 performance goals and made progress on its strategic objectives when it is published in February 2024.

FY 2023 Agency Financial Report

The Commission's FY 2023 financial statement audit resulted in an unmodified opinion by the independent accounting firm Harper, Rains, Knight & Company, monitored by the Inspector General. The independent auditors identified no material weaknesses, significant deficiencies, or instances of non-compliance with laws and regulations. During FY 2023, the Commission continued to assess and improve internal controls in accordance with Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control.* Senior management meets regularly to strengthen oversight of and further improve Commission operations. The Commission complies with the provisions of the Federal Managers' Financial Integrity Act of 1982 (FMFIA).

I am providing an unmodified statement of assurance that our internal controls over operations meet the objectives of FMFIA, as of September 30, 2023. Additionally, I can provide reasonable assurance that, as of September 30, 2023, the Commission's internal controls over financial reporting were in compliance with FMFIA and OMB Circular A-123, Appendix A, and no material weaknesses were found in the design or operations of the financial internal controls. Furthermore, as required by the Government Charge Card Abuse Prevention Act of 2012 and OMB Circular A-123, Appendix B, I can provide reasonable assurance that, as of September 30, 2023, the appropriate controls were in place to mitigate the risk of fraud and inappropriate charge card practices.

The financial information presented herein is complete and accurate, and in accordance with law and OMB guidance.

Looking Forward

Trade has become a larger part of the U.S. and global economies, with changes in supply chains, policies, and technologies shaping these trade flows. These dynamics in international trade continue to increase the complexity of the Commission's analyses. The Commission endeavors to remain at the forefront of informing trade policy, through its analysis of trade and competitiveness-related industry, economic, legal, and nomenclature issues.

The Office of Inspector General (OIG) identified three significant management and performance challenges this year: Internal Control, Data Management, and Human Capital Management. These challenges continue to require attention and Commission management agrees that these are important challenges and concurs with the OIG's assessment of these challenges. For more details regarding the Management and Performance Challenges, see p. 47.

Working with the President, the USTR, and Congress, as well as U.S. industries, workers, and the public, the agency will continue to execute its mission with independence, integrity, trust, and transparency.

As Chairman, I assure you that Commission employees are committed to the agency's mission, and I applaud their efforts during yet another challenging year.

David S. Johanson
Chairman
November 15, 2023

Management's Discussion and Analysis

Introduction

The United States International Trade Commission (Commission or USITC) Fiscal Year 2023 Agency Financial Report (AFR) presents the results of the Commission's financial performance and demonstrates to the President, Congress, and the public the USITC's commitment to its mission and accountability for the resources entrusted to it. This report is available at www.usitc.gov. The USITC will issue its FY 2023 Annual Performance Report, which fully describes its performance for the fiscal year, when it issues its Congressional Budget Justification for FY 2025.

About the USITC

The USITC is an independent, quasi-judicial federal agency with broad investigative responsibilities on matters of trade. The USITC was established by Congress on September 8, 1916, as the United States Tariff Commission before it was renamed the United States International Trade Commission by section 171 of the Trade Act of 1974.

The Commission has specific responsibilities in the application of U.S. trade laws. The agency investigates the effects of allegedly dumped and subsidized imports on domestic industries and conducts global safeguard investigations when domestic industries allege serious injury by increased imports. It also adjudicates cases involving imports that allegedly infringe intellectual property rights or otherwise unfairly injure a domestic industry. The Commission also, by law, provides the House Committee on Ways and Means, the Senate Committee on Finance, and the President or, by delegation, the U.S. Trade Representative with objective and thorough analysis and information on trade policy and U.S. competitiveness matters. The Commission also has the responsibility of maintaining the Harmonized Tariff Schedule (HTS) of the United States, the official legal document that sets out the tariff rates and statistical categories for all merchandise imported into the United States. In addition, the United States-Mexico-Canada Agreement Implementation Act (USMCA), which entered into force on July 1, 2020, requires the Commission to conduct investigations and make determinations in response to any petitions alleging material harm to the U.S. long-haul trucking industry due to increased competition from cross-border services provided by Mexican trucking firms in the United States.

The Commission is committed to transparency, making most of its information and analysis available to the public through its website to promote a better understanding of international trade issues.

Mission

The Commission investigates and makes determinations in proceedings involving imports claimed to injure a domestic industry or violate U.S. intellectual property rights; provides independent analysis and information on tariffs, trade, and competitiveness; and maintains the U.S. tariff schedule.

Organization

Commissioners

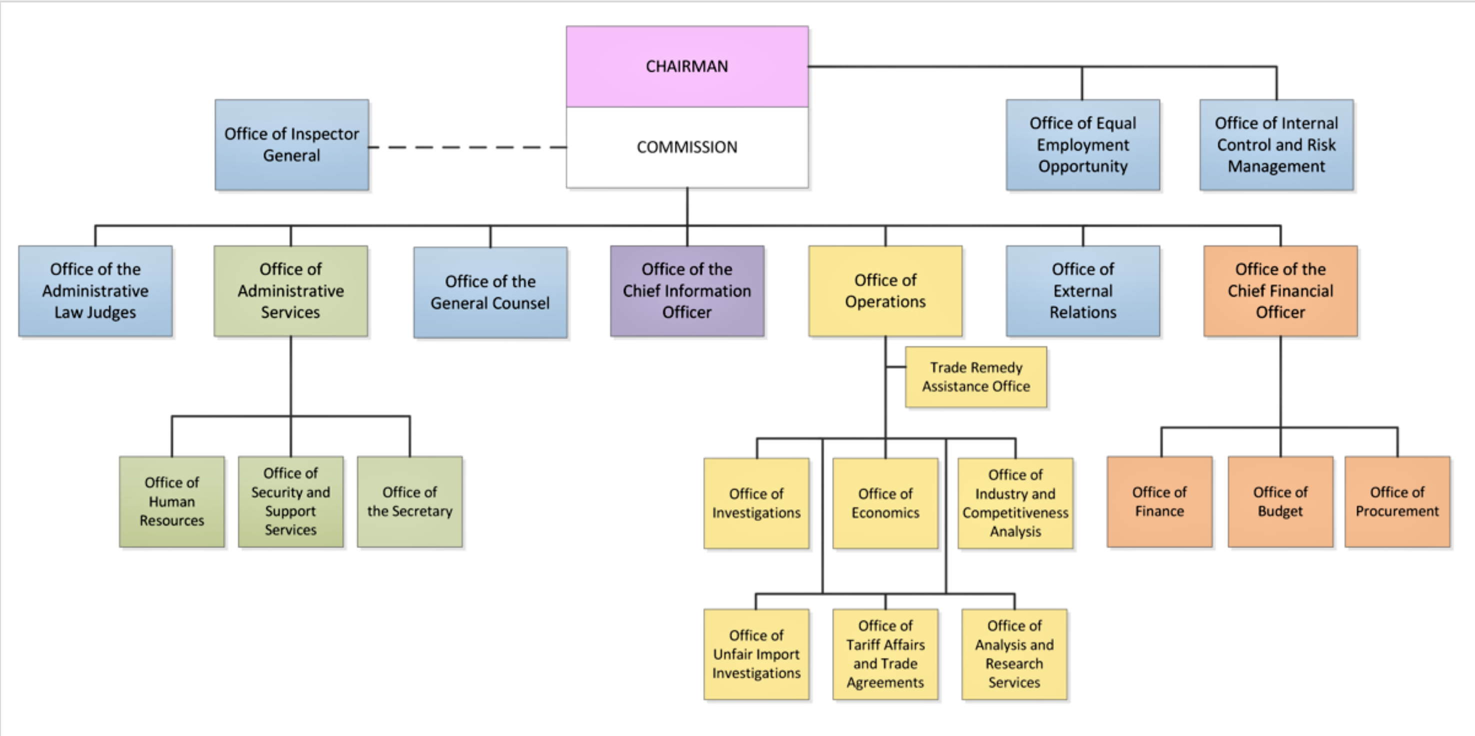
The USITC is headed by six Commissioners, who are nominated by the President and confirmed by the U.S. Senate. David S. Johanson, a Republican, is serving as Chairman of the Commission for a term ending June 16, 2024. Other Commissioners currently serving are, in order of seniority, Rhonda K. Schmidtlein, Jason E. Kearns, and Amy A. Karpel. As of November 15, 2023, there are two vacancies on the Commission.

Each Commissioner serves a term of nine years, unless appointed to fill an unexpired term. The terms are set by statute and are staggered so that a different term expires every 18 months.[1] A Commissioner who has served for more than five years is ineligible for reappointment. A Commissioner may, however, continue to serve after the expiration of his or her term until a successor is appointed.

No more than three Commissioners may be members of the same political party. The Chairman and the Vice Chairman are designated by the President and serve for a statutory two-year term. The Chairman may not be of the same political party as the preceding Chairman, nor may the President designate two Commissioners of the same political party to serve as Chairman and Vice Chairman. If the President does not name a new Chairman, the most senior Commissioner of a political party other than the outgoing Chairman becomes the new Chairman by operation of law.[2] Currently, three Democrats and one Republican serve as Commissioners.

[1] 19 U.S.C. § 1330, Organization of Commission.
[2] If the President does not name a Vice Chairman, the position remains unfilled.

Office-Level Organizational Chart



USITC Staff

USITC staff is organized into offices designed to support the mission of the agency. These include the:

- Office of Administrative Services (OAS), and its subordinate Offices of the Secretary (OSE), Human Resources (OHR), and Security and Support Services (OSSS);
- Office of Equal Employment Opportunity (OEEO).
- Office of External Relations (OER);
- Office of Inspector General (OIG);
- Office of Internal Control and Risk Management (OICRM);
- Office of Operations (OP), and its subordinate Offices of Investigations (OINV), Industry and Competitiveness Analysis (OICA), Economics (EC), Tariff Affairs and Trade Agreements (TATA), Unfair Import Investigations (OUII), Analysis and Research Services (OARS), and Trade Remedy Assistance (TRAO);
- Office of the Administrative Law Judges (OALJ);
- Office of the Chief Financial Officer (OCFO), and its subordinate Offices of Budget (OB), Finance (FIN), and Procurement (PR);
- Office of the Chief Information Officer (OCIO);
- Office of the General Counsel (OGC);

Appendix A provides additional information on the individual offices of the USITC.

Strategic Planning and Performance Reporting

The Commission issues a Strategic Plan, an Annual Performance Plan, and an Annual Performance Report in accordance with the Government Performance and Results Act of 1993 (GPRA), as amended by the GPRA Modernization Act of 2010. The Strategic Plan establishes strategic goals, strategic objectives, and long-term performance goals for the Commission. To ensure the effectiveness of strategic planning and budget development, the Commission aligns its budget formulation and execution with its Annual Performance Plan, which establishes performance goals for each fiscal year. The Annual Performance Report provides a detailed review of agency performance in carrying out the agency's Annual Performance Plan.

The Commission's current Annual Performance Plan, through FY 2024, sets out annual measures that correspond to the broader strategic goals, strategic objectives, performance goals, and strategies identified in the Strategic Plan. The Commission's Congressional Budget Justification, on the other hand, describes the operational, human capital, technology, and informational resources required to meet the performance goals. The Commission's current Strategic Plan, for fiscal years 2022–2026, identifies three strategic goals, each with corresponding objectives.

Goals	Objectives
Strategic Goal 1 Investigate: Conduct reliable and thorough investigations	S1.1 Reliable: Conduct expeditious and transparent proceedings S1.2 Thorough: Engage the public, including stakeholders and experts, and collect all relevant data to inform and support investigations
Strategic Goal 2 Inform: Develop sound and informed analyses and determinations	S2.1 Sound: Apply innovative analysis and make objective determinations S2.2 Informed: Provide clear, relevant, and accurate information in Commission work products

Goals	Objectives
Strategic Goal 3 Perform: Execute and advance organizational excellence	S3.1 People: Attract, develop, and retain a skilled, diverse, and versatile workforce S3.2 Money: Ensure good stewardship of taxpayer funds S3.3 Technology: Implement reliable and secure systems that promote resilience, innovation, and efficiency S3.4 Data: Manage and leverage data as an asset S3.5 Ongoing Operational Improvements: Evaluate and improve processes and communications

The Commission's strategic goals directly relate to its mission and support organizational excellence related to five priority areas: human resources, financial management, information technology, data, and operational effectiveness. The Commission aims for high performance and goal attainment in each area to fulfill its mission and to support government-wide initiatives.

For each strategic objective, the Commission's Annual Performance Plan identifies strategies to meet these objectives and specific performance goals.

The Commission expects to publish its Annual Performance Plan for FY 2024–2025, its Annual Performance Report for FY 2023, and its Congressional Budget Justification for FY 2025 in February 2024. The Annual Performance Report will fully describe the extent to which the USITC met its FY 2023 performance goals and made progress on its strategic objectives.

Management Assurances

The Federal Managers' Financial Integrity Act of 1982 (FMFIA) establishes management's responsibility to assess and report on internal controls. Such controls include program, operational, and administrative areas, as well as accounting and financial management. The FMFIA requires federal agencies to establish controls that reasonably ensure obligations and costs are in compliance with applicable law; funds, property, and other assets are safeguarded against waste, loss, unauthorized use, and misappropriation; and revenues and expenditures are properly recorded and accounted for to maintain accountability over the assets.

The FMFIA requires the head of the agency, based on the agency's internal evaluation, to provide an annual Statement of Assurance on the effectiveness of their management, administrative, and financial controls. The Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, implements the FMFIA and defines management's responsibility for enterprise risk management (ERM) and internal control in Federal agencies. Federal leaders and managers are responsible for establishing goals and objectives around operating environments, ensuring compliance with relevant laws and regulations, and managing both expected and unexpected or unanticipated events.

FMFIA Section 2 requires agencies to establish internal controls and systems in accordance with standards prescribed by the Comptroller General who heads the Government Accountability Office (GAO). The GAO *Standards for Internal Control in the Federal Government* (the "Green Book") provides an overall framework for establishing and maintaining an effective internal control system. The Green Book defines internal control as a process effected by an entity's oversight body, management, and other personnel that provides reasonable assurance that the objectives of an entity will be achieved. These objectives and related risks can be broadly classified into one or more of the following three categories:

- effectiveness and efficiency of operations;
- reliability of reporting for internal and external use; and
- compliance with applicable laws and regulations.

OMB Circular A-123 requires agencies to submit a single assurance statement consistent with the original requirement of the FMFIA. In addition, OMB Circular A-136, *Financial Reporting Requirements*, requires a separate assessment of the effectiveness of the internal controls over financial reporting as a subset of the overall FMFIA assurance. Agencies must also provide assurances on their process to identify risks and establish controls or integrate existing controls to identified risks. The Chairman's FMFIA assurance statement is primarily based on individual assurance statements from component and assessable unit directors. The individual statements assessed internal controls and risks related to the effectiveness and efficiency of programs and operations, internal and external reporting, and compliance with laws and regulations based on the following elements:

- agency risk profile;
- internal control assessments (entity and office level);
- specific program level assessments (e.g., acquisition, financial, information technology, privacy); and
- OIG and external oversight reviews, audits, and evaluations.

FMFIA Section 4 requires that agencies annually evaluate and report on whether financial management systems conform to government-wide requirements. The Commission reviewed, evaluated and assessed the *Suitability of the Design and Operating Effectiveness of Its Controls* (SOC 1 – Type 2) reports received from the Department of the Interior (DOI), Interior Business Center (IBC), which is the Commission's shared services provider for financial and payroll management systems.

Appendix A of OMB Circular A-123 also calls for the agency head to provide assurance on the effectiveness of internal control over financial reporting. The Commission assessed internal control at the entity, process, and transaction levels. The assessment of the effectiveness of process-level controls related to the agency's financial reporting was obtained through detailed test procedures. As part of this effort, the agency performed a review of:

- significant financial reports;
- significant line items and accounts;
- transactions;
- reporting and regulatory requirements; and
- existing deficiencies and corrective action plans.

Chairman's Statement of Assurance

Statement of Unmodified Assurance

U.S. International Trade Commission management is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of Sections 2 and 4 of the Federal Managers' Financial Integrity Act of 1982 (FMFIA).

The Commission conducted its assessment of the effectiveness of its risk management framework and system of internal control for Fiscal Year 2023 in accordance with OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. Based on the results of that assessment, I am providing an unmodified statement of assurance that our internal controls over operations meet the objectives of FMFIA, as of September 30, 2023. The agency is committed to monitoring the programmatic, financial, and administrative controls to ensure effective and efficient operations, reliable internal and external reporting, and compliance with laws and regulations.

With respect to the financial systems, the Commission can provide reasonable assurance that it is meeting the objectives of Section 4 of FMFIA. The agency uses a federal shared-services provider, the U.S. Department of the Interior, Interior Business Center (IBC), to process its financial data and payroll. The Commission assessed the Report on the U.S. Department of the Interior's Description of Its Oracle Federal Financials System and the Suitability of the Design and Operating Effectiveness of Its Controls (SOC 1 – Type 2 Report) and the Report on the U.S. Department of the Interior's Description of Its Federal Personnel and Payroll System and the Suitability of the Design and Operating Effectiveness of Its Controls (SOC 1 – Type 2 Report). The IBC systems are compliant with Federal financial management system requirements, standards promulgated by the Federal Accounting Standards Advisory Board, and the U.S. Standard General Ledger at the transaction level.

The Commission also assessed the effectiveness of its internal control over financial reporting, which includes the safeguarding of assets and compliance with applicable laws and regulations, in accordance with OMB Circular A-123. Based on the results of this evaluation, the Commission can provide reasonable assurance that, as of September 30, 2023, its internal control over financial reporting was operating effectively and it had found no material weaknesses in the design or operations of the internal control over financial reporting.

David S. Johanson
Chairman
November 15, 2023

Forward-Looking Information

The increasing complexity of trade investigations has brought challenges to the ability of the USITC to meet its timeliness goals. In recent years the complexity of all investigations has increased, whether it is the number of countries involved in an import injury investigation, the types of allegations and technology presented in an unfair import investigation, or the questions presented for factfinding investigations.

Because the USITC's workload is unpredictable and varies in scope and complexity the agency must develop and maintain expertise to respond quickly and effectively to policymakers and to petitions filed with the USITC. To ensure that the USITC's staff and work product remain at the forefront of research, the strategies for meeting these goals include identifying priority research areas and strategic investment in analytic tools and staff skills based on anticipated policy priorities and trade needs. The USITC will also continue to meet its workload challenges by deploying multidisciplinary teams of investigators, economists, industry and financial analysts, statisticians, and attorneys drawn from across the USITC, leveraging diverse skills and backgrounds, expertise, and innovative approaches to problem solving.

Looking forward, a substantial portion of the agency's workforce will be eligible to retire. Approximately ten percent of the agency's workforce turns over every year. To accomplish its mission, the USITC requires staff with highly specialized knowledge in areas including trade analysis; nomenclature systems; analytic methods; and government policies, laws, and regulations affecting trade. USITC staff must also be flexible and adaptable, with the ability to perform in different roles to meet fluctuations in the composition and volume of workload. Further, the number of employees must be adequate to perform the heightened workload. To support the agency's strategic and management goals the USITC will focus on efficient and effective recruitment of diverse and flexible human capital. The USITC will also need robust succession planning and training in the necessary workforce skills that develop exceptionally competent, engaged, and diverse managers, team leaders, and staff. Finally, in an environment of increasing management and reporting requirements and the prospect of new statutory obligations, it is critical to implement accurate, innovative, and efficient human capital management systems and processes that help support the agency's strategic goals. When considering strategies to carry out this objective, the agency faces internal and external challenges that shape the business environment in which the USITC carries out its mission. These challenges include budget constraints, difficulty in attracting qualified candidates in specific occupations due to disparities between public- and private-sector pay, and adjusting to changing working environments due to the pandemic. These challenges pose a risk to mission accomplishment.

Overview of Financial Results

Overview of Financial Statements

The following is a brief description of the USITC's principal financial statements, along with their relevance and a description of certain significant balances. The principal financial statements are the:

- Balance Sheet;
- Statement of Net Cost;
- Statement of Changes in Net Positio; and
- Statement of Budgetary Resources.

BALANCE SHEET

The Balance Sheet presents resources owned and managed by the USITC that have future economic benefits (assets) and amounts owed by the agency that will require future payments (liabilities). The difference between assets and liabilities is the residual amount retained by the USITC (net position) that is available for future programs and operational requirements.

Assets

What We Own and Manage

Assets are the amount of current and future economic benefits owned or managed by the USITC to achieve its mission. Total assets were $40.2 million at September 30, 2023, compared to $28.3 million at September 30, 2022. Fund Balance with Treasury (FBWT) and Property, Plant, and Equipment (PP&E) account for 84 percent and 15 percent, respectively, of overall agency assets in FY 2023. The FBWT represents monies held within Treasury that are available for appropriated purposes to make future expenditures and pay liabilities. PP&E is comprised of tangible assets, such as information technology (IT) hardware, internal-use software, furniture, and leasehold improvements.

FBWT increased by $11 million from FY 2022 to FY 2023, while PP&E increased by $1 million. The increase to FBwT was due to the larger congressional appropriation for FY 2023 and the increase in PP&E was due to additional assets acquired and placed into service during the current fiscal year.

Accounts receivable decreased from $2,583 to $713 as the USITC collected on amounts owed from employee debts and sponsored travel. The ITC deemed $916 as uncollectible and wrote off that amount as a bad debt expense.

Liabilities

What We Owe

Liabilities are amounts owed by the USITC for goods and services it has received but not yet paid for—specifically, monies owed to the public and other federal agencies. Total liabilities increased modestly in 2023, from $15.4 millon in 2022, to $15.5 million. The USITC's two most significant liabilities are unfunded leave ($6.3 million) and the unamortized portion of the rent abatement ($4.2 million) the USITC received when it signed its lease agreement with the GSA for its headquarters building.

Other liabilities of note include payroll liabilities (accrued funded payroll, employer contributions and payroll taxes payable) of $1.5 million and accounts payable of $3.1 million.

Net Position

What We Have Done Over Time

Net position comprises Unexpended Appropriations and Cumulative Results of Operations. The net position of the USITC increased by $11.9 million from FY 2022 to FY 2023.

STATEMENT OF NET COST

The Statement of Net Cost presents the annual cost of operating the USITC's programs. It is comprised principally of salaries and associated benefits, rent, and information technology expenditures. Overall cost of operations increased from $109.8 million in FY 2022 to $116.2 million in FY 2023.

STATEMENT OF CHANGES IN NET POSITION

The Statement of Changes in Net Position provides details on the changes to the two components of the changes in net position – total unexpended appropriations and cumulative net results of operations – during FY 2023. The USITC's net position increased by $11.9 million from $12.8 million in FY 2022 to $24.7 million in FY 2023. Total unexpended appropriations increased by $10.3 million from $18.5 million in FY 2022 to $28.8 million in FY 2023. Cumulative results of operations increased by $1.56 million, from negative $5.65 million at the end of FY 2022 to negative $4.09 million in FY 2023 as financing resources exceeded net cost of operations.

STATEMENT OF BUDGETARY RESOURCES

The Statement of Budgetary Resources summarizes how varying sources of budgetary funding were made available during the fiscal year and their status by the end of the fiscal year. The USITC ended FY 2023 with budgetary resources of $126.8 million, a $15.8 million increase from the previous year. A $12.4 million increase in the USITC's appropriation from FY 2022 to FY 2023 explains the majority of this increase, along with a $3.4 million increase in the unobligated balance brought forward from FY 2022.

Limitations on Financial Statements

The USITC's financial statements were prepared in conformity with the hierarchy of accounting principles approved by the Federal Accounting Standards Advisory Board (FASAB) and OMB Circular No. A-136, *Financial Reporting Requirements*.

The principal financial statements have been 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 have been prepared from the books and records of the USITC in accordance with U.S. Generally Accepted Accounting Principles (GAAP) for federal entities and the formats prescribed by OMB and 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 realization that they are for a component of the U.S. Government, a sovereign entity.

Management Controls and Compliance with Laws and Regulations

Federal Managers' Financial Integrity Act

The Federal Managers' Financial Integrity Act of 1982 requires federal agencies to establish internal accounting and administrative controls consistent with standards prescribed by the Comptroller General that reasonably ensure that obligations and costs comply with applicable law; all assets are safeguarded against waste, loss, unauthorized use, and misappropriation; and revenues and expenditures applicable to agency operations are recorded and accounted for properly so that accounts and reliable financial and statistical reports may be prepared and accountability of the assets may be maintained. The FMFIA also requires federal agencies to assess and report on their internal accounting and administrative controls following guidelines established by the Office of Management and Budget. OMB guidance provides that agencies should assess (1) the effectiveness of the organization's internal controls to support effective and efficient programmatic operations, reliable financial reporting, and compliance with applicable laws and regulations (FMFIA § 2) and (2) whether financial management systems comply with Federal financial management systems requirements (FMFIA § 4).

In accordance with the Accountability of Tax Dollars Act of 2002 (ATDA), the agency's financial information is audited annually. Additionally, at the end of each fiscal year, management reviews the operating units' performance data to ensure that performance results can be properly supported.

For FY 2023, the Commission evaluated the internal controls over the effectiveness and efficiency of operations and compliance with applicable laws and regulations in accordance with OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. In addition, the Commission evaluated the effectiveness of internal control over financial reporting in accordance with the requirements of Appendix A of OMB Circular A-123, assessed the charge card program in accordance with Appendix B of OMB Circular A-123, and tested for improper payments in accordance with Appendix C of OMB Circular A-123. Based on these evaluations, the Commission provides unmodified assurance that its internal controls were operating effectively.

OMB Circular A-123 was updated in 2016, incorporating ERM as a management responsibility, which reinforces the purpose of the FMFIA. The Commission used its ERM framework to address the full spectrum of the organization's external and internal risks by understanding the combined impact of risks as an interrelated portfolio.

Government Performance and Results Act, as amended by the GPRA Modernization Act

The Government Performance and Results Act of 1993 (GPRA) requires a recurring cycle of performance reporting for federal agencies that includes five-year strategic plans, annual performance plans, and annual program performance reports. The GPRA Modernization Act of 2010 updates the Federal Government's performance management framework, retains and amplifies some aspects of the GPRA, reconfirms the requirements of the original GPRA legislation, and requires quarterly performance reporting.

The USITC complied with these legal requirements and followed the guidance provided in OMB Circular A-11, *Preparation, Submission and Execution of the Budget.*

Prompt Payment Act

The Prompt Payment Act of 1982, as amended, provides government-wide guidelines for establishing due dates on commercial invoices and provides for interest payment on invoices paid late. The USITC made late payments resulting in interest penalties of $953 in FY 2023.

Debt Collection Improvement Act

The Debt Collection Improvement Act of 1996 requires agencies to review and report annually on their internal standards and policies regarding compromising, writing down, forgiving, or discharging debt. The USITC refers debts to the Treasury Offset Program (TOP) after agency internal due diligence procedures.

Payment Integrity Information Act

The Payment Integrity Information Act of 2019 amends government-wide improper payment reporting requirements by repealing and replacing the Improper Payments Information Act of 2002 (IPIA), the Improper Payments Elimination and Recovery Act of 2010 (IPERA), the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA), and the Fraud Reduction and Data Analytics Act of 2015.

The USITC's formal, written improper payment identification and recovery plan includes analysis of receivables, analysis of payroll transactions, and sample testing of both payroll and non-payroll disbursements to identify improper payments. In addition, the USITC participates in the Do Not Pay (DNP) initiative through IBC, its shared service provider.

Accountability of Tax Dollars Act

The Accountability of Tax Dollars Act requires the preparation of financial statements by federal agencies that are exempt from the Chief Financial Officers Act of 1990. OMB Circular A-136, *Financial Reporting Requirements*, enables agencies to produce a consolidated Performance and Accountability Report or a separate Agency Financial Report. The USITC has chosen to produce an Agency Financial Report. This report meets the requirements of the ATDA.

The USITC's financial statements are audited each year. The USITC received an unmodified opinion for FY 2023 (see Independent Auditors' Report, p. 25).

Financial Section

Message from the Chief Financial Officer

I am pleased to present the United States International Trade Commission's FY 2023 financial statements. The independent accounting firm of Harper, Rains, Knight, & Company, monitored by the Inspector General, issued an unmodified opinion on the Commission's FY 2023 financial statements, again with no significant deficiencies or material weaknesses. These results were possible because of the efforts of the financial management and business professionals across the Commission, whose commitment to promoting financial integrity and applying effective controls ensures high quality, accurate, and reliable information for all our customers.

The Commission's key accomplishments during the year were:

- Implementing the processing and submission of auditable financial statements directly from the Oracle Federal Financials system.
- Again meeting its small business procurement and socio-economic goals.
- Enhancing our Budget Nexus reporting tool and associated processes to provide a more user-friendly method for managers to plan and execute their expenditure plans.

Looking forward to FY 2024, in addition to sustaining its audit readiness, the Commission will:

- Implement an integrated PRISM/Oracle interface that automatically enters contract data into the Oracle accounting system.
- Continue working with our governmental trading partners that were not able to implement G-Invoicing by the October 1, 2022 date, so that we will be ready to create Intragovernmental transactions with them by using the G-Invoicing system in the future.

We remain committed to ensuring a sound financial management environment. The accomplishments in FY 2023 and the past few years were the result of efforts across the entire organization. The CFO team looks forward to working closely with internal and external stakeholders to make continued improvements to the Commission's financial management operations in FY 2024.

John M Ascienzo

John M. Ascienzo
Chief Financial Officer
November 15, 2023

Inspector General's Transmittal Letter of Independent Auditors' Report

OFFICE OF INSPECTOR GENERAL

UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, DC 20436

November 15, 2023 IG-VV-015

Commissioners:

We contracted with the independent certified public accounting firm, Harper, Rains, Knight & Company, P.A., to conduct an audit of the financial statements of the U.S. International Trade Commission (USITC or Commission) as of and for the fiscal years ended September 30, 2023 and 2022, and to provide a report on internal control over financial reporting and compliance and other matters. This memorandum transmits the results of the audit (OIG-AR-24-02). The contract required that the audit be performed in accordance with U.S. generally accepted government auditing standards.

My office has policies and procedures designed to assure that work performed by non-Federal auditors complies with auditing standards. These procedures follow the GAO/CIGIE Financial Audit Manual (FAM670) guidelines. In connection with this contract, we reviewed Harper, Rains, Knight & Company's draft and final report and related documentation and made inquiries of its representatives. Our involvement in the audit process included monitoring audit activities, participating in discussions, reviewing audit plans, and inspecting selected documentation, conclusions, and results.

Our involvement and review of Harper, Rains, Knight & Company's work disclosed no instances where they did not comply, in all material respects, with the U.S. generally accepted government auditing standards; however, this review cannot be construed as an audit and is not intended to enable us to express, and we do not express, any opinion on the Commission's financial statements or internal control over financial reporting, or conclusions on compliance and other matters. Harper, Rains, Knight & Company is solely responsible for the audit report dated November 14, 2023, and the conclusions expressed in the report.

Thank you for the cooperation and courtesies extended to Harper, Rains, Knight & Company and my staff during this audit.

Sincerely,

Rashmi Bartlett
Inspector General

Independent Auditors' Report

Harper, Rains, Knight & Company

Independent Auditors' Report

Inspector General
U.S. International Trade 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 U.S. International Trade Commission (USITC). USITC's financial statements comprise the balance sheets as of September 30, 2023, and 2022, and the related statements of net cost, changes in net position, and budgetary resources for the fiscal years then ended, and the related notes to the financial statements.

In our opinion, USITC's financial statements present fairly, in all material respects, USITC's financial position as of September 30, 2023, and 2022, and its net cost of operations, changes in net position, and budgetary resources for the fiscal years 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. 24-01, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-01 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 USITC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

USITC'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 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 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. 24-01, 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 USITC's internal control. 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.

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 USITC's financial statements. The information in the Message from the Chairman, Message from the Chief Financial Officer, Other Accompanying Information, Payment Integrity, and Appendices 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 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.

Other Reporting Required by *Government Auditing Standards*

Report on Internal Control over Financial Reporting

In planning and performing our audit of USITC's financial statements as of and for the year ended September 30, 2023, in accordance with GAGAS, we considered USITC'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 USITC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of USITC'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 USITC'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, contracts, and grant agreements, 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.

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

As part of obtaining reasonable assurance about whether USITC'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 USITC's financial statements, and to perform certain other limited procedures, but not for the purposes of expressing an opinion on USITC'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 USITC. USITC 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, 2023, that would be reportable under *Government Auditing Standards* or OMB Bulletin No. 24-01. 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 *Government Auditing Standards* 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 USITC's internal control or compliance. These reports are an integral part of an audit performed in accordance with GAGAS and OMB Bulletin No. 24-01 in considering the entity's internal control and compliance. Accordingly, these reports are not suitable for any other purpose.

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

November 14, 2023
Washington, DC

Principal Financial Statements

U.S. INTERNATIONAL TRADE COMMISSION
BALANCE SHEETS
As of September 30, 2023 and 2022
(in dollars)

	2023	2022
Assets:		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	$ 33,858,183	$ 22,891,193
Total Intragovernmental	$ 33,858,183	$ 22,891,193
With the Public:		
Accounts Receivable (Note 3)	$ 713	$ 2,583
Property, Plant, and Equipment, net (Note 4)	6,370,521	5,363,334
Total with the Public	$ 6,371,234	$ 5,365,917
Total Assets	**$ 40,229,417**	**$ 28,257,110**
Liabilities:		
Accounts Payable (Note 7)	$ 505,898	$ 441,765
Other (Note 6)	4,580,241	5,027,023
Total Intragovernmental	$ 5,086,139	$ 5,468,788
With the Public:		
Accounts Payable (Note 7)	$ 2,622,364	$ 1,917,812
Federal Employee and Veteran Benefits Payable (Note 5)	6,300,789	6,369,926
Other (Note 6)	1,495,261	1,688,009
Total with the Public	$ 10,418,414	$ 9,975,747
Total Liabilities	**$ 15,504,553**	**$ 15,444,535**
Net Position:		
Unexpended Appropriations	$ 28,817,508	$ 18,462,249
Cumulative Results of Operations	(4,092,644)	(5,649,674)
Total Net Position	$ **24,724,864**	**$ 12,812,575**
Total Liabilities and Net Position	**$ 40,229,417**	**$ 28,257,110**

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

U.S. INTERNATIONAL TRADE COMMISSION
STATEMENTS OF NET COST
For the years ended September 30, 2023 and 2022
(in dollars)

	2023	2022
Program Costs:	$ 116,223,180	$ 109,762,108
Total Program Costs	**$ 116,223,180**	**$ 109,762,108**

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

U.S. INTERNATIONAL TRADE COMMISSION
STATEMENTS OF CHANGES IN NET POSITION
For the years ended September 30, 2023 and 2022
(in dollars)

	2023	2022
Unexpended Appropriations:		
Beginning balance	$ 18,462,249	$ 14,413,966
Appropriations received	122,400,000	110,000,000
Appropriations used	(112,044,741)	(105,951,717)
Net Change in Unexpended Appropriations	10,355,259	4,048,283
Total Unexpended Appropriations	**$ 28,817,508**	**$ 18,462,249**
Cumulative Results of Operations:		
Beginning balance	$ (5,649,674)	$ (5,905,354)
Appropriations used	112,044,741	105,951,717
Imputed Financing	5,735,469	4,066,071
Net Cost of Operations	(116,223,180)	(109,762,108)
Net Change in Cumulative Results of Operations	1,557,030	255,680
Total Cumulative Results of Operations	**$ (4,092,644)**	**$ (5,649,674)**
Net Position	**$ 24,724,864**	**$ 12,812,575**

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

U.S. INTERNATIONAL TRADE COMMISSION
STATEMENTS OF BUDGETARY RESOURCES
For the years ended September 30, 2023 and 2022
(in dollars)

	2023	2022
Budgetary Resources:		
Unobligated Balance from Prior Year Budget Authority, net	$ 4,441,621	$ 1,000,532
Appropriations (discretionary and mandatory)	122,400,000	110,000,000
Total Budgetary Resources	**$ 126,841,621**	**$ 111,000,532**
Status of Budgetary Resources:		
New Obligations and Upward Adjustments (total)	$ 115,149,080	$ 108,600,253
Unobligated Balance, end of year:		
Apportioned, Unexpired accounts	11,692,541	2,400,279
Unobligated Balance, end of year (total)	11,692,541	2,400,279
Total Budgetary Resources	**$ 126,841,621**	**$ 111,000,532**
Outlays, net and Disbursements, net		
Outlays, net (total) (discretionary and mandatory)	$ 111,433,010	$ 108,781,026

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

Financial Statement Footnotes

United States International Trade Commission
Notes to Financial Statements
September 30, 2023 and 2022

Note 1. Significant Accounting Policies

A. Reporting Entity

The United States International Trade Commission (USITC) is an independent agency of the U.S. Government created by an act of Congress and is headed by six commissioners, appointed by the President, and confirmed by the U.S. Senate for nine-year terms. The President designates the chairman and vice chairman, each of whom serve two-year terms. The USITC's budget constitutes a single program in the Budget of the United States. Accordingly, the USITC receives a lump sum appropriation. The appropriated funds are no-year funds and may be obligated for goods and services that are provided in subsequent fiscal years.

The Commission conducts investigations and reports findings relating to imports, the effect of imports on industry, and unfair import practices. The USITC advises the President on the probable economic effect of proposed trade agreements with foreign countries. The USITC also conducts analytical studies and provides reports on issues relating to international trade and economic policy to Congress and the President.

B. Basis of Accounting and Presentation

The USITC's financial statements conform to Generally Accepted Accounting Principles (GAAP) as promulgated by the Federal Accounting Standards Advisory Board (FASAB). The American Institute of Certified Public Accountants (AICPA) recognizes FASAB Standards as GAAP for federal reporting entities. These principles differ from budgetary reporting principles. The differences relate primarily to the capitalization and depreciation of property, plant, and equipment, as well as the recognition of other long-term assets and liabilities. The statements were prepared in conformity with OMB Circular No. A-136, *Financial Reporting Requirements*.

The financial statements have been prepared from the books and records of the USITC and include all accounts of all funds under the control of the USITC. Accounting principles generally accepted in the United States of America encompass both accrual and budgetary transactions. 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 compliance with legal constraints and controls over the use of federal funds. The accompanying financial statements, as of September 30, 2023, are prepared on the accrual basis of accounting and allow for comparison to the year ended September 30, 2022.

Accounting Policies: Beginning in FY 2024, per SFFAS No. 54, *Leases,* Federal agency lessors are required to report a right-to-use lease asset and a corresponding lease liability for material non-intragovernmental, non-short-term contracts when the reporting entity has a right to control the use of real property, equipment, or other asset. The USITC does not foresee that it will report any lease assets or liabilities but will report lessee lease expenses, as those expenses are incurred throughout the remaining fiscal years of its operating lease with the General Services Administration (GSA).

Assets: Intragovernmental assets are those assets that arise from transactions with other federal entities. Funds with the U.S. Treasury represent intragovernmental assets on the USITC's balance sheet. Fiduciary assets are not assets of the USITC and are not recognized on the balance sheet. The USITC holds cease and desist bonds, which are held for nonfederal parties that the USITC does not have the authority to use in its operations. See Note 12, Fiduciary Activities, for additional disclosures.

Financing Sources: The USITC has received no-year appropriations for operations since fiscal year 1993. Appropriations are recognized as a financing source and expensed when related operating expenses are incurred. Differences between appropriations received and those expensed are included as unexpended appropriations. Congress appropriated $122,400,000 to the USITC for salaries and expenses in fiscal year 2023 and $110,000,000 in fiscal year 2022.

Fund Balance with the U.S. Treasury: Cash receipts and disbursements are processed by the Treasury. The fund balance with the U.S. Treasury represents appropriated entity funds in the custody of the U.S. Treasury and is available to pay current liabilities and to finance authorized purchase commitments. The USITC's obligated and unobligated fund balances are carried forward until goods or services are received and payments are made, or until such time as funds are deobligated.

C. Property, Plant, and Equipment, Net

The USITC's portfolio of assets includes IT-related equipment, furniture, software, and leasehold improvements. For financial statement reporting purposes, the USITC does not own heritage assets as defined in the FASAB Statements of Federal Financial Accounting Standard (SFFAS) No. 6, *Accounting for Property, Plant, and Equipment*. The USITC therefore reports only the above-mentioned property and equipment in its financial statements. The USITC's headquarters are housed in a leased structure in Washington, DC. The USITC has a 15-year operating lease agreement with GSA for this facility that houses the day-to-day mission operations.

The USITC capitalizes all equipment and furniture when an asset acquisition costs $50,000 or more and when the acquired asset has a useful life of two or more years. Depreciation expense for equipment and furniture is calculated using the straight-line method over an estimated economic useful life. Maintenance and license fees associated with equipment are expensed in the accounting period that purchased maintenance and licenses are received.

The USITC capitalizes internal use software (IUS) using the standards defined and prescribed in the SFFAS No. 10, *Accounting for Internal Use Software*. Accordingly, the USITC begins to accumulate IUS development costs for equipment integral to the functioning and operation of the software, as well as costs for development work associated with an IUS project. When the combined accumulated equipment and IUS development costs reach $250,000, the IUS project is classified for financial statement reporting purposes as a capital asset and reported in the financial statements as an "in development" capital asset. Equipment integral to the functioning and operation of the software is not depreciated until the software is placed in service. Upon completion and user acceptance testing, IUS and its associated equipment are reclassified as IUS equipment and software. The equipment is depreciated, and the software is amortized using the straight-line (S/L) method over an estimated economic useful life. Maintenance and license fees associated with an IUS capital asset are accrued, expensed, and allocated between accounting periods based on period-of-performance timeframes specified in contractual agreements. Commercial software costs that do not meet the capitalization criteria and thresholds are expensed in the accounting period that the purchased software is received.

The USITC capitalizes all leasehold improvement costs that are $100,000 or more and that have a useful life of two or more years. The USITC applies the same accounting treatment and standards to leasehold improvements as it does for IUS when the leasehold improvement involves multiple stages of completion before work acceptance. For financial reporting purposes, all accumulated costs are captured in an "in development" account and reported on the financial statements. Upon completion and acceptance of work, the costs are reclassified and reported on the financial statements as a leasehold improvement subject to amortization. Leasehold improvements are amortized over either the remaining life of lease term or the estimated economic useful life of the leasehold improvement, whichever is less.

D. Accrued Funded Payroll and Leave

A liability for accrued funded payroll and leave is accrued as annual leave is earned and is paid when annual leave is taken. At year-end, the balance in the accrued funded payroll and leave account is adjusted to reflect the liability at current pay rates and leave balances.

E. Benefits and Retirement Plans

Federal employee benefits consist of the actuarial portion of future benefits earned by federal employees, but not yet due and payable. These costs include pensions, other retirement benefits, and other post-employment benefits, excluding workers compensation. These benefits are administered by the Office of Personnel Management (OPM) and not the USITC. Since the USITC does not administer the benefit plans, it does not recognize any liability on the Balance Sheet for pensions, other retirement benefits and other postemployment benefits.

USITC employees participate in either the Civil Service Retirement System (CSRS), the Federal Employees Retirement System (FERS), which became effective on January 1, 1987, the Federal Employees Retirement System-Revised Annuity Employees (FERS-RAE), which became effective on January 1, 2013, or the Federal Employees Retirement System-Further Revised Annuity Employees (FERS-FRAE), which became effective on January 1, 2014. Most federal employees hired after December 31, 1983, are automatically covered by FERS, FERS-RAE, or FERS-FRAE and Social Security. For employees covered by CSRS, the USITC withholds 7.0 percent of base pay earnings. The USITC matches this withholding, and the sum of the withholding and the matching funds is transferred to the CSRS.

FERS, FERS-RAE, and FERS-FRAE contributions made by employer agencies and covered employees are comparable to the U.S. Government's estimated service costs. For FERS, FERS-RAE and FERS-FRAE covered employees, the USITC made contributions of 22.4 percent, 22.9 and 23.2 percent, respectively, of basic pay. Employees participating in FERS, FERS-RAE or FERS-FRAE are covered under the Federal Insurance Contribution Act (FICA) for which both the USITC and employees contribute 6.2 percent of salaries up to $160,200 and $147,000 during calendar years 2023 and 2022, respectively, into the Old-Age, Survivors, and Disability Insurance (OASDI) program. Both the USITC and employees contribute 1.45 percent of salaries to Medicare's Hospital Insurance (HI) program.

The Thrift Savings Plan under FERS, is a savings plan in which the USITC automatically contributes one percent of base pay and matches any employee contributions up to an additional four percent of base pay. The USITC's contributions are recognized as current operating expenses.

F. Imputed Financing

The amounts remitted to OPM for employees covered by the federal civilian benefit programs generally do not cover the actual cost of the benefits those employees will receive after they retire. Consequently, the USITC has recognized an "imputed financing" equal to the difference between the cost of providing benefits to USITC's employees and the contributions the USITC remitted for them. The amount of imputed financing is calculated based on a formula provided by OPM.

G. Net Position

Net position is the residual difference between assets and liabilities and is composed of unexpended appropriations and the cumulative results of operations. Unexpended appropriations represent the amount of unobligated and unexpended budget authority. Unobligated balances are the amounts of appropriations or other authority remaining after deducting the cumulative obligations from the amount available for obligation. Cumulative results of operations are the net result of the USITC's operations since inception.

H. Intragovernmental Activities

The USITC records and reports only those government-wide financial matters for which it is responsible and identifies only those financial matters that the USITC has been granted the budget authority and resources to manage.

I. Use of Estimates

The financial statements are based on the selection of accounting policies and the application of certain accounting estimates, some of which require management to make significant assumptions. Further, the estimates are based on current conditions that may change in the future. Actual results could differ materially from the estimated amounts. The financial statements include information to assist in understanding the effect of changes in assumptions to the related information.

Note 2. Fund Balance with Treasury

Fund Balance with Treasury is an intragovernmental asset. The USITC fund balance represents funds appropriated by Congress for use by the USITC. No funds are restricted; however, in accordance with Section 605, Title 5 of Public Law 105-277, congressional approval is required under certain reprogramming or transfer actions.

Fund Balance with Treasury	2023	2022
Status of Fund Balance with Treasury		
Unobligated balance available	11,692,541	2,400,279
Obligated balance not yet disbursed	22,165,642	20,490,914
Total	**$ 33,858,183**	**$ 22,891,193**

Note 3. Accounts Receivable

The balance of accounts receivable was $713 and $2,583 as of September 30, 2023 and 2022, respectively. The accounts receivable for both years represent transactions related to sponsored travel and employee debts. All amounts due may be reported to the Department of the Treasury, Treasury Offset Program if not collected within prescribed collection terms.

Note 4. Property, Plant, and Equipment, Net

Depreciation and amortization expense was $2,179,027 and $1,779,502 as of September 30, 2023 and 2022, respectively, and is included in overall accumulated depreciation.

Comparative tables summarized by class of property appear below:

Property, Plant, and Equipment as of September 30, 2023

Class of Property	Depreciation/ Amortization Method	Capitalization Threshold for Individual Purchases	Service Life (Years)	Acquisition Cost	Accumulated Depreciation/ Amortization	Book Value
Equipment and Furniture	S/L	$ 50,000	5	12,711,246	9,258,892	3,452,354
Software	S/L	250,000	5	8,319,858	7,957,717	362,141
Software in Development	-	-	-	774,138	-	774,138
Leasehold Improvements	S/L	100,000	Varies	8,187,353	7,791,563	395,790
Leasehold Improvements (In Progress)	-	-	-	1,386,098	-	1,386,098
Total				**$ 31,378,693**	**$ 25,008,172**	**$ 6,370,521**

Property, Plant, and Equipment as of September 30, 2022

Class of Property	Depreciation/ Amortization Method	Capitalization Threshold for Individual Purchases	Service Life (Years)	Acquisition Cost	Accumulated Depreciation/ Amortization	Book Value
Equipment and Furniture	S/L	$ 50,000	5	10,713,810	8,132,566	2,581,244
Software	S/L	250,000	5	8,319,858	7,236,927	1,082,931
Software in Development	-	-	-	721,138	-	721,138
Leasehold Improvements	S/L	100,000	Varies	8,121,353	7,459,652	661,701
Leasehold Improvements (In Progress)	-	-	-	316,320	-	316,320
Total				**$ 28,192,479**	**$ 22,829,145**	**$ 5,363,334**

Note 5. Liabilities Not Covered by Budgetary Resources

Liabilities not covered by budgetary authority are not charged to the USITC's appropriation. These liabilities include unfunded Federal Employees' Compensation Act (FECA) liability, other liabilities, unfunded leave, and actuarial FECA liability.

Unfunded FECA Liability: The FECA program is administered by the Department of Labor (DOL). DOL pays valid claims against the USITC and subsequently seeks reimbursement. Reimbursements are paid by the USITC out of current funds. Unfunded FECA liability balances were $0 and $69 September 30, 2023 and 2022, respectively.

Other Liabilities: During FY 2017, USITC signed a 15-year lease with GSA for the headquarter building. The lease had several initial months of rent abatement. This liability account established the FY 2017 and FY 2018 free rent less amortization, which began during the third quarter of FY 2018 and will continue through the remaining term of the scheduled lease payments. Additional information on other liabilities is discussed in Note 6.

Unfunded Leave: Unfunded leave is paid from future funding sources and accordingly is reflected as a liability not covered by budgetary resources. Each quarter the balance in the accrued leave account is adjusted to reflect current leave balances and pay rates. Sick leave and other types of non-vested leave are expensed as taken. Unfunded leave balances were $6,245,928 and $6,244,272 as of September 30, 2023 and 2022, respectively.

Actuarial FECA Liability: This represents an estimated liability for future workers compensation claims based on data provided from DOL. DOL calculates the estimate based principally on benefit payments made over the prior 12 quarters. USITC has no calculated actuarial liability as of September 30, 2023.

Liabilities Covered by Budgetary Resources: In contrast to the liabilities identified above, all other liabilities are charged to the USITC's appropriation and thus are covered by budgetary resources. These liabilities include accounts payable, employer contributions and benefits payable, payroll taxes payable, and accrued funded payroll and leave.

Liabilities Not Requiring Budgetary Resources: This represents liabilities that have not in the past required and will not in the future require the use of budgetary resources. These liabilities include those in clearing accounts and non-fiduciary deposit funds. The USITC does not have any liabilities not requiring budgetary resources to report for fiscal years 2023 and 2022.

Liabilities Not Covered by Budgetary Resources	2023	2022
Intragovernmental		
Unfunded FECA Liability	-	69
Other Liabilities	4,217,949	4,695,453
Total Intragovernmental	4,217,949	4,695,522
Unfunded Leave	6,245,928	6,244,272
Actuarial FECA Liability	-	75,796
Total Liabilities Not Covered by Budgetary Resources	10,463,877	11,015,590
Total Liabilities Covered by Budgetary Resources	5,040,676	4,428,945
Total Liabilities Not Requiring Budgetary Resources	-	-
Total Liabilities	**$ 15,504,553**	**$ 15,444,535**

Note 6. Other Liabilities

The amounts reported on the Balance Sheet for other liabilities represent amounts owed by the USITC to other federal agencies (intragovernmental) and amounts payable to other nonfederal entities.

The other intragovernmental liabilities is representative of three categories of liabilities - the amortized balance of the rent abatement ($4,217,949 and $4,695,453), employee contributions and payroll taxes payable ($362,292 and $331,501) and unfunded FECA liability ($0 and $69). These balances are as of September 30, 2023 and 2022, respectively. The rent abatement is discussed in more detail in Note 8.

Accrued funded payroll and leave liabilities are recognized as nonfederal and amount to $1,495,261 and $1,688,009 as of September 30, 2023 and 2022, respectively.

Note 7. Accounts Payable

The amounts reported on the balance sheet for accounts payable represent amounts owed by the USITC to other federal agencies (intragovernmental) and to nonfederal entities for goods and services received but not paid in support of mission operations.

Intragovernmental accounts payable were $505,898 and $441,765 as of September 30, 2023 and 2022, respectively. Amounts payable to commercial vendors were $2,622,364 and $1,917,812 as of September 30, 2023 and 2022, respectively.

Note 8. Leases

The USITC has an operating lease for its headquarters building that houses day-to-day mission operations. The USITC extended the current operating lease with the GSA for a period of 180 months commencing on August 11, 2017. In accordance with the terms of the occupancy agreement, the USITC received total free rent in the amount of $6.8 million, as well as a broker commission credit totaling $591 thousand. The full-service free rent was abated in its entirety from the commencement date of the new lease and was fully exhausted in the third quarter of fiscal year 2018. The USITC has no capital leases.

While the leases with the GSA are cancellable, the ITC's intention is to stay in the currently leased space and disclose the amounts that will be paid in the future to the GSA utilizing annual lease agreements.

Future minimum lease payments due as of September 30, 2023 are as follows:

Fiscal Year	Annual Amount
2024	10,202,965
2025	10,275,611
2026	10,350,438
2027	10,427,509
2028	10,506,892
Thereafter	41,049,234
Total Future Minimum Lease Payments	**$ 92,812,649**

Note 9. Commitments and Contingencies

The USITC has certain claims and lawsuits pending against it. Agency policy is to include provisions in the financial statements for any losses considered probable and estimable. Management believes that losses from certain other claims and lawsuits are reasonably possible but are not material to the fair presentation of the USITC's financial statements, and provisions for these losses are not included in the financial statements.

Note 10. Undelivered Orders

Undelivered orders consist of goods and services ordered and obligated that have not been received. Undelivered orders may be indicative of obligations to cover future delivery of goods and services or may represent potential deobligations. Since the USITC has no year funds, it often funds contracts, particularly service contracts, on a calendar year or other annual basis, rather than on a fiscal year basis. Undelivered orders were $17,124,967 and $16,061,969 as of September 30, 2023 and 2022, respectively. Federal undelivered orders amounted to $4,533,709 while $12,591,258 were classified as nonfederal as of September 30, 2023. Federal undelivered orders amounted to $4,195,813 while $11,866,156 were classified as nonfederal as of September 30, 2022. All undelivered orders are considered unpaid at the end of the fiscal year.

Note 11. Explanation of Differences between the Statement of Budgetary Resources and the Budget of the United States Government

The Budget of the United States Government with actual amounts for the year ended September 30, 2023 has not been published as of the issue date of these financial statements. This document will be available in February 2024 at OMB's website.

For fiscal year 2022, there were no material differences between amounts reported in the Commission's Statement of Budgetary Resources and the actual amounts reported on the President's Budget.

Note 12. Fiduciary Activities

Fiduciary activities are the collection or receipt, and the management, protection, accounting, investment, and disposition by the federal government of cash or other assets in which non-federal individuals or entities have an ownership interest that the federal government must uphold.

Fiduciary cash and other assets are not assets of the federal government and accordingly are not recognized on the balance sheet.

Fiduciary Bond Fund 34X6340 was authorized by 35 U.S.C. §2513, which authorized the USITC to collect cease and desist bonds on behalf of the federal government.

	2023	2022
	Fiduciary Fund 34X6340	Fiduciary Fund 34X6340
Fiduciary net assets, beginning of year	961,317	967,322
Cash collections from cease-and-desist bonds	5,146,941	148,245
Cash disbursements to beneficiaries	(74,995)	(154,250)
Fiduciary Net Assets, end of year	**$ 6,033,263**	**$ 961,317**

	2023	2022
	Fiduciary Fund 34X6340	Fiduciary Fund 34X6340
Fiduciary Assets		
Fund Balance with Treasury	6,033,263	961,317
Total Fiduciary Net Assets	**$ 6,033,263**	**$ 961,317**

Note 13. Reconciliation of Net Cost of Operations to Budget

Budgetary and financial accounting information differ. Budgetary accounting is used for planning and control purposes and relates to both the receipt and use of cash, as well as reporting the federal deficit. Financial accounting is intended to provide a picture of the government's financial operations and financial position, so it presents information on an accrual basis. The accrual basis includes information about costs arising from the consumption of assets and the incurrence of liabilities. 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 serves not only to identify costs paid for in the past and those that will be paid in the future, but also to assure integrity between budgetary and financial accounting. The analysis below illustrates this reconciliation by listing the key differences between net cost and net outlays.

Reconciliation of Net Operating Cost & Net Budgetary Outlays for the Years Ending September 30, 2023 and 2022 (in dollars)	2023			2022		
	Intra-governmental	With the Public	Total FY2023	Intra-governmental	With the Public	Total FY2022
Net Operating Cost (SNC)	36,598,764	79,624,416	116,223,180	34,848,827	74,913,281	109,762,108
Components of Net Operating Cost Not Part of the Budgetary Outlays						
Property, plant, and equipment depreciation	-	(2,179,027)	(2,179,027)	-	(1,779,502)	(1,779,502)
Increase/(Decrease) in Assets not affecting Budget Outlays:						
Accounts receivable	-	(1,867)	(1,867)	-	(748)	(748)
(Increase)/Decrease in Liabilities not affecting Budget Outlays:						
Accounts payable	(64,133)	(704,552)	(768,685)	30,580	(39,677)	(9,097)
Salaries and benefits	(30,792)	187,746	156,954	567,093	2,271,313	2,838,406
Other liabilities (Rent abatement, Unfunded leave, Unfunded FECA)	477,571	74,139	551,710	759,906	113,021	872,927
Other Financing Sources:						
Federal employee retirement benefit costs paid by OPM and imputed to agency	(5,735,470)	-	(5,735,470)	(4,066,071)	-	(4,066,071)
Total Components of Net Operating Cost Not Part of the Budget Outlays	(5,352,824)	(2,623,560)	(7,976,384)	(2,708,492)	564,407	(2,144,085)
Components of the Budget Outlays Not Part of Net Operating Cost						
Acquisition of capital assets	-	3,186,214	3,186,214	-	1,163,003	1,163,003
Total Components of the Budgetary Outlays Not Part of Net Operating Cost	-	3,186,214	3,186,214	-	1,163,003	1,163,003
Other Temporary Timing Differences	-	-	-	-	-	-
Net Outlays	31,245,940	80,187,070	111,433,010	32,140,335	76,640,691	108,781,026
Related Amounts on the Statement of Budgetary Resources						
Outlays, net			111,433,010			108,781,026
Distributed offsetting receipts						
Agency Outlays, Net			111,433,010			108,781,026

Other Accompanying Information

Inspector General's Summary of Management and Performance Challenges

UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, DC 20436

October 26, 2023

IG-VV-013
OIG-MR-24-01

Chairman Johanson:

In accordance with the Reports Consolidation Act of 2000, the U.S. International Trade Commission (USITC or Commission), Office of Inspector General (OIG) identifies the most serious management and performance challenges facing the Commission and provides a brief assessment of the Commission's progress in addressing those challenges. This summary is known as the Top Management Challenges. By statute, this report is required to be included in the Commission's Agency Financial Report.

Congress left the determination and threshold of what constitutes a most serious management and performance challenge to the discretion of the Inspector General. The Government Performance and Results Modernization Act of 2010 identifies major management challenges as programs or management functions that are vulnerable to waste, fraud, abuse, and mismanagement. A failure to perform well in these areas could seriously affect the Commission's ability to achieve its mission objectives. Each challenge area is related to the USITC's mission and reflects continuing vulnerabilities and emerging operational issues.

Management challenges were identified this year based on oversight work by the Office of Inspector General, knowledge of the Commission's programs and operations, the Commission's strategic plan, annual management plan, enterprise risk management assessments, statements of assurance, and observations and discussions with senior leaders. For Fiscal Year 2024 (FY 2024), we have three top management and performance challenges:

- Internal Controls
- Data Management
- Human Capital Management

Two management challenges are long-standing. The OIG first identified data management, initially known as managing data, as a challenge for the Commission in the October 2017 report, *USITC Management and Performance Challenges*. The internal controls management challenge is over eleven years old.

The new management challenge for FY 2024 is human capital management.

Internal Controls

The Government Accountability Office (GAO) publishes the *Standards for Internal Control in the Federal Government* (The Green Book), which provides federal government managers with the criteria for designing, implementing, and operating an effective internal control system. It defines internal control as "a continuous built-in component of operations, effected by people" and identifies five components for internal control:

1. Control Environment
2. Risk Assessment
3. Control Activities
4. Information and Communication
5. Monitoring

For an effective system of internal control, all five components must be properly designed and implemented. In addition, these components must work together in an integrated manner. The overall success of a system of internal control relies on the organization's people, processes, and technology.

The control environment is the keystone of an internal control system. The GAO's Green Book states that one requirement of the control environment is for management to establish an organizational structure, assign responsibility, and delegate authority to meet the agency's objectives. In September 2015, we issued our report, *Audit of Directives Management*. The audit found that the Commission's policy directives were not current and contained outdated assignments of responsibility and delegations of authority. This year, we started a new audit of the Commission's internal rules, which we expect to issue in FY 2024.

The Commission defines an internal rule as a formal rule, which establishes or provides for internal governance, organizational structure, delegations, designations, and/or internal operating policies and procedures for the Commission. The Commission assigns target dates for issuance of the internal rules. It has a general goal of issuing or updating three to four internal rules each quarter, amounting to an annual target of 12-16 internal rules each year.

As of October 2023, the Commission has 87 directives. Of these directives, nearly 40% were issued more than ten years ago. Thirty-nine historical directives in the Commission's internal rules system have not been formally updated or rescinded, representing about 45% of the total directives. Based on an analysis of internal rules issued in the past two years, we noted only 20% of the internal rules met the target issuance date. In FY 2023, the Commission issued or updated six directives, falling short of its annual target of 12-16 rules annually.

In addition to the delay in internal rule updates, the OIG – through audits and reviews - has found instances where controls are in place but not fully operational. For instance, as part of the OIG's review of the Commission's vehicle fleet program in FY 2023, we found the Commission had policies and procedures around its vehicle fleet program; however, the requirements of applicable federal fleet regulations were not adequately addressed. In the review of the Commission's charge cards, we identified areas in the purchase, travel, and fleet service card programs where controls need to be added or strengthened to ensure oversight and monitoring follow a risk-based approach, required and proper procedures are followed, and greater transparency over spending is implemented. The FY 2022 financial statement audit found issues with internal controls over the accounting for property, plant & equipment for the second year in a row. The external audit firm raised a more general concern about the Commission's internal control over financial reporting after finding multiple issues with the presentation and disclosure of the balance sheet items.

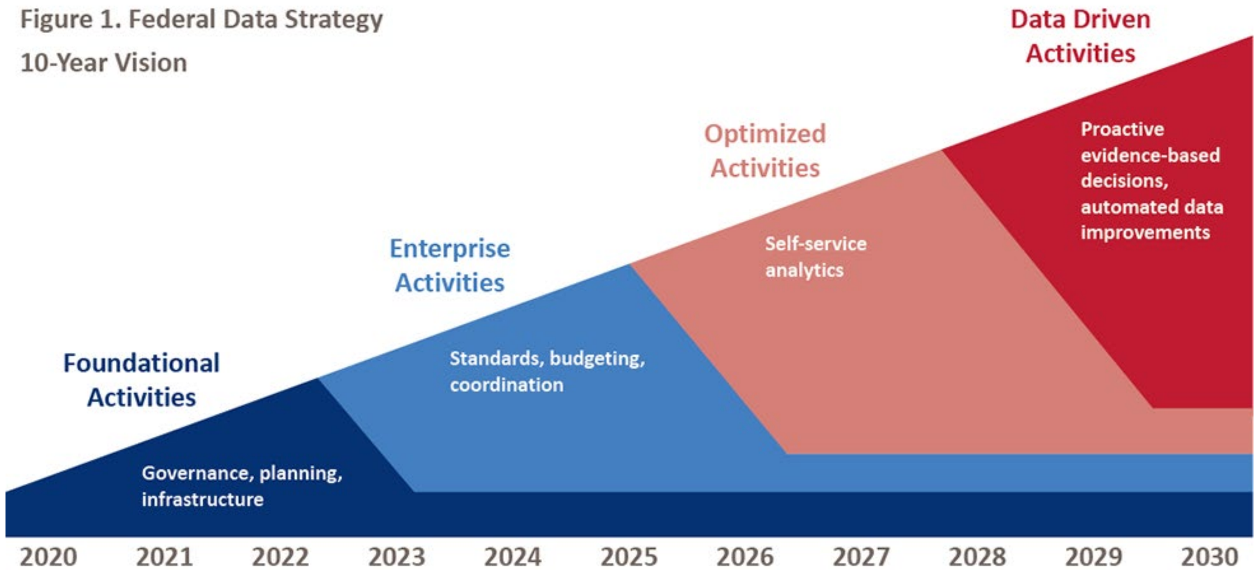
The Commission has been diligent and timely in addressing recommendations related to internal controls. However, the OIG is concerned that continued delays in updating the agency directives and repeat audit findings are symptomatic of either weak internal controls or a lack of monitoring of internal controls. Occasionally, we have found that Commission staff and leadership deem internal control findings insignificant or expected due to staffing limitations and, therefore, unavoidable. It is important for the Commission to design internal controls that are sustainable and appropriate for its size. Otherwise, internal controls will be less reliable and effective, and there is a risk that a preventable lapse in internal control could occur.

Data Management

The White House Office of Management and Budget (OMB) issued a memorandum (M-19-18)[3] outlining the Federal Data Strategy (FDS)[4] in June 2019. The FDS was also included in the 2018 President's Management Agenda. The FDS provides a framework of operating principles and best practices to help agencies achieve a consistent data infrastructure and strong data governance over the next decade. This strategy is a government-wide vision for how agencies should manage and use federal data by 2030. The FDS calls for the federal government to replicate, accelerate, and scale leading practices related to government data.

Annual action plans are issued as part of the FDS that follow an incremental maturity ladder that generally moves from **Foundational Activities** of governance, planning, and infrastructure (~2020-2022), to **Enterprise Activities** of standards, budgeting, and coordination (~2023-2025), to **Optimized Activities** of self-service analytics (~2026-2028), and finally, to **Data-Driven Activities** of proactive, evidence-based decisions and automated data improvements (~2029 and forward) (*see Figure 1*). Agencies implement the FDS by meeting required Action Steps in the yearly Action Plans following OMB guidance.

[3] https://www.whitehouse.gov/wp-content/uploads/2019/06/M-19-18.pdf
[4] https://strategy.data.gov/



Source : https://strategy.data.gov/2021/action-plan/

Using Figure 1 as an illustration, the Commission is currently involved in the **Foundational Activities** area of governance, planning, and infrastructure. The Commission is behind the projected timeline in the FDS and has not begun implementing the **Enterprise Activities**, including setting standards, budgeting, and coordinating.

The Commission's Chief Data Officer (CDO) is responsible for data governance and lifecycle data management. The CDO's portfolio of data work includes policies, guidelines, best practices, and an implementation approach aligned with the Commission's Strategic Plan as well as federal data strategies and requirements where applicable.

The CDO manages data and data assets at every stage of the data lifecycle by establishing effective standards and controls to ensure data quality, accuracy, access, and protection. For example, managing data has been added to the Commission's statements of assurance that office directors write to collect additional information about office-level activities. The office-level activities in the assurance statements largely capture standard operating procedures and asset identification/certification activities for non-core data assets.

The data management process includes a broad range of functions, such as:

- Governing how data is used and accessed;
- Collecting, processing, validating, and storing data;

- Integrating different types of data from disparate sources, including structured and unstructured data;
- Ensuring data quality and availability, and
- Protecting and securing data and ensuring data privacy.

The Commission's work to date has focused on the Foundational Activities of the Federal Data Strategy as shown in Table 1.

Table 1. USITC's Data-Related Activities and Status as of October 2023

Start Date	Activity	Status
2018	Inventory and documentation of core agency applications and administrative data systems	In Process – FY 2026
2019	Data Governance Manual	In Process – FY 2024
2020	Data Governance Policy	Complete – FY 2023
2022	Schedule of data systems to be documented	In Process – No estimated completion date provided

Source: Chief Data Officer

The Commission made some incremental progress in data management in FY 2023. It completed the Data Governance Policy that was started in 2020. The Commission also recertified the inventory. Data assets were reviewed for designation as core assets. Several data systems were documented, including the Investigations Database System, Trade, Enterprise Risk Management, Customs Net Import, and Export Files.

We are encouraged by the Commission's progress toward implementing the FDS. However, the Commission has not yet developed a multiyear data strategy, nor does it have a timeline that projects out from the present day until all activities of the FDS are implemented to determine feasibility in achieving data strategy goals with the assigned resources and pace of work. Areas with existing gaps include:

- data management processes and governance that are not embedded into operational processes
- establishment of expectations around data availability, maintenance, performance, as well as the related policies and processes, and
- controls to ensure accountability for data quality

To make data management an enterprise-wide, shared responsibility, users will need to be trained on how the data policies and procedures relate to their day-to-day responsibilities.

Human Capital Management

Since 2001, GAO has identified strategic human capital management as a high-risk area for the federal government. In its April 2023 report, *High-Risk Series: Efforts Made to Achieve Progress Need to Be Maintained and Expanded to Fully Address All Areas* (GAO-23-106203), [5] GAO explained that the strategic human capital management challenge has existed as a government-wide risk area for over two decades because of the ongoing need to address pervasive skill gaps. GAO's overview of skills gaps identified examples such as skills, staffing, workforce planning, and employee engagement that contribute to the government-wide strategic human capital management challenge.

The Commission's FY 2022-2026 strategic plan emphasized human capital management under Strategic Objective 3.1: Attract, develop, and retain a skilled, diverse, and versatile workforce. The Commission also acknowledged in its Strategic Plan that succession and training plans are needed to develop world-class technical, leadership, management, and communication skills. The human capital management challenge has three essential elements: hiring, retention, and succession planning. Outside the USITC's control, the Commissioner vacancies and expired terms can impact human capital management by creating uncertainty for senior managers and staff.

Hiring

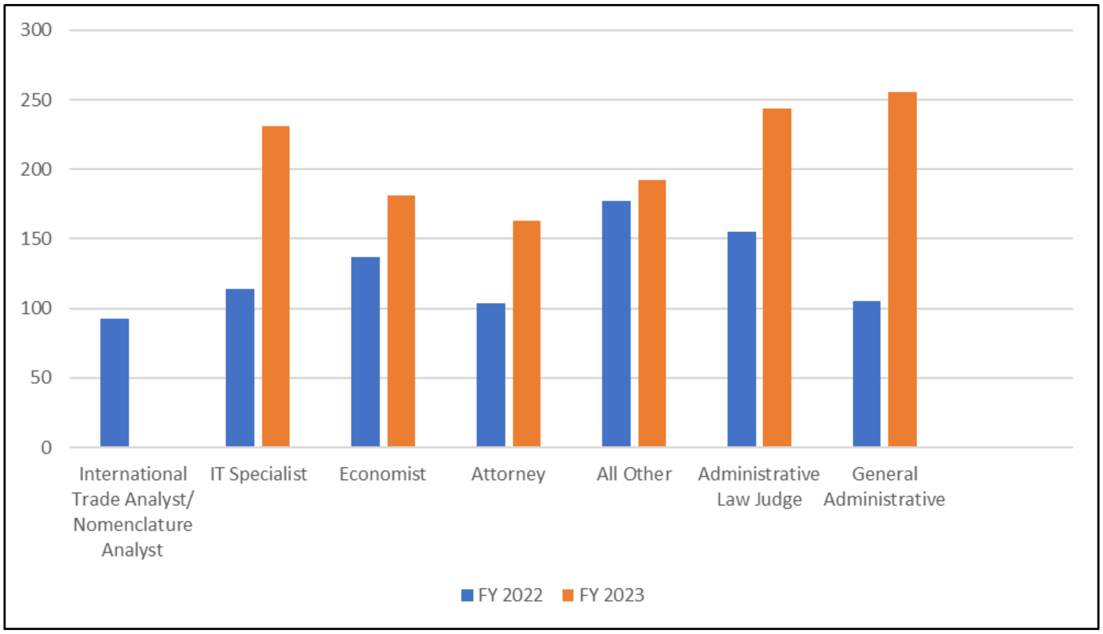
The Commission has experienced a surge in workload in recent years but has maintained stable staffing levels. To mitigate the impact of the greater workload on staff satisfaction, the Commission requested and received funds in FY 2023 to increase the number of full-time employees through recruitment and hiring efforts. However, filling vacated and new positions to meet increased organizational goals was a challenge for the Commission due to the time it takes to onboard new employees, an under-resourced human resource office, and the Commission's use of a stop-and-start reactive approach to hiring staff as departures occur and

[5] *High-Risk Series: Efforts Made to Achieve Progress Need to Be Maintained and Expanded to Fully Address All Areas* (GAO-23-106203)

funds were available rather than a smooth, rolling cycle of hiring new staff to address workload and office needs.

The United States Office of Personnel Management (OPM) established a suggested 80-day goal for government-wide hiring.[6] The Commission's hiring process fell short of the OPM goal by almost double. In FY 2023, the Commission took an average of 197 days to hire new staff from the Chairman's approval of a position to onboarding, exceeding OPM's suggested 80-day framework. As shown in Figure 2, the average time to hire varies by occupation, however, in every job series tracked, the Commission took more time to hire in FY 2023 compared to FY 2022.

Figure 2. Average Days to Hire by Occupational Series in FY 2022 and FY 2023



Source: USITC Human Resources

The Commission started FY 2023 with 403 employees. 106 recruitment actions were processed during the year, yielding a net gain of eight employees. When temporary hires are considered, the net gain is nine employees.

[6] See OPM's End-to-End Hiring Initiative, p.27. According to OPM, the number of days for each step within the 80-day Standard is based on agencies using end-to-end (E2E) Roadmap as an integrated strategy and agency best practices. Agencies may need to adjust the number of days for each step within the 80-days based on their particular practices and procedures.

Table 2 shows the information on hiring and departure activities during FY 2023. The Commission made 43 external selections for permanent and term appointment positions and 10 internal selections for permanent and term appointments. However, there were 35 permanent and term appointment departures. Positions filled by internal hires (10) did not impact the overall number of Commission staff. Temporary hires, temporary departures, and internal detail assignments were not included in the overall employee counts.[7]

Table 2. USITC Human Capital Activity During FY 2023

Activity	Number of Employees
Employees at the Beginning of FY 2023	403
Add: New Hires	43
Less: Departures/ Turnover	35
Employees at the End of FY 2023	**411**

Source: USITC Human Resources

The Commission's extended hiring timeline could create challenges in securing top talent for the small agency, especially at the senior level, as candidates often pursue multiple opportunities. The Commission's 106 hiring actions in FY 2023 resulted in a net gain of eight employees. In addition to establishing a year-round hiring process that considers attrition and hiring times, the Commission may also focus improvement efforts on recruiting for positions in hard-to-fill job series.

Succession Planning

Succession planning is a proactive and systematic process where organizations identify those positions considered to be at the core of the organization – i.e., too critical to be left vacant or filled by any but the best-qualified persons – and then create a strategic plan to fill those positions with qualified and capable employees. Under 5 U.S.C 412.101, agency heads are to establish "a comprehensive management succession program to provide training to employees to develop managers for the agency". In 2017, the U.S. Office of Personnel Management issued

[7] In FY 2023, the Commission had four external temporary hires and three external temporary departures. It also used existing agency employees to fill four positions on temporary detail assignments.

guidance to help agencies implement and enhance an annual leadership talent management and succession planning (TM&SP) process[8].

The Commission's strategic plan noted "that over the next five years, a substantial portion of the agency's workforce will be eligible to retire. Approximately ten percent of the agency's workforce turns over every year." Currently, there are 61 employees who are eligible to retire. In five years, that number will grow to 109 or approximately 25% of the current workforce level. Two of the Commission's five executives[9] are eligible for retirement now, and four of five executives can retire by the end of FY 2028.

The potential for large numbers of retirements in key positions poses a risk to staffing and knowledge transfer. Knowledge transfer is particularly challenging because specialized and executive-level positions can be difficult to fill. In addition, obtaining institutional expertise on how the Commission operates can take quite some time. An influx of new executive management will particularly impact the Commission.

The potential for significant change at USITC is not limited to staff and the executive team. By statute, there are to be six presidentially appointed, Senate-confirmed Commissioners, and no more than three Commissioners can be from one political party. The Commissioners' terms are set at nine years and are staggered such that a different term expires every 18 months. Commissioners on expired terms may remain in their position until new Commissioners are nominated by the President and confirmed by the Senate. USITC currently has four Commissioners, three of whom are on expired terms. The timing of nomination and confirmation of new Commissioners is outside of the agency's control.

Due to the small size of the Commission, departures at any level could have an impact. Several essential functions are performed by a single staff person without support. The Commission has not extensively studied workload distribution and staffing balance among offices Commission-wide. Absent a large pipeline of experienced employees, the departure of mission-critical and seasoned staff creates a loss of institutional knowledge. Although it will be a challenge as a

[8] https://www.chcoc.gov/content/guidance-establishing-annual-leadership-talent-management-and-succession-planning-process

[9] The Commission's five executive management team members are the Director of Operations, Chief Financial Officer, Chief Information Officer, Chief Administrative Officer (CAO), and General Counsel. A new CAO joined the Commission in September 2023.

small agency, it will be important to cross-train elements of key roles and develop talent as part of a succession plan where feasible.[10]

The Commission will have to remain focused on human capital management to meet its mission, navigate the challenges of inevitable staffing changes at all levels, and maintain a flexible, high-performing, and engaged workforce.

Retention

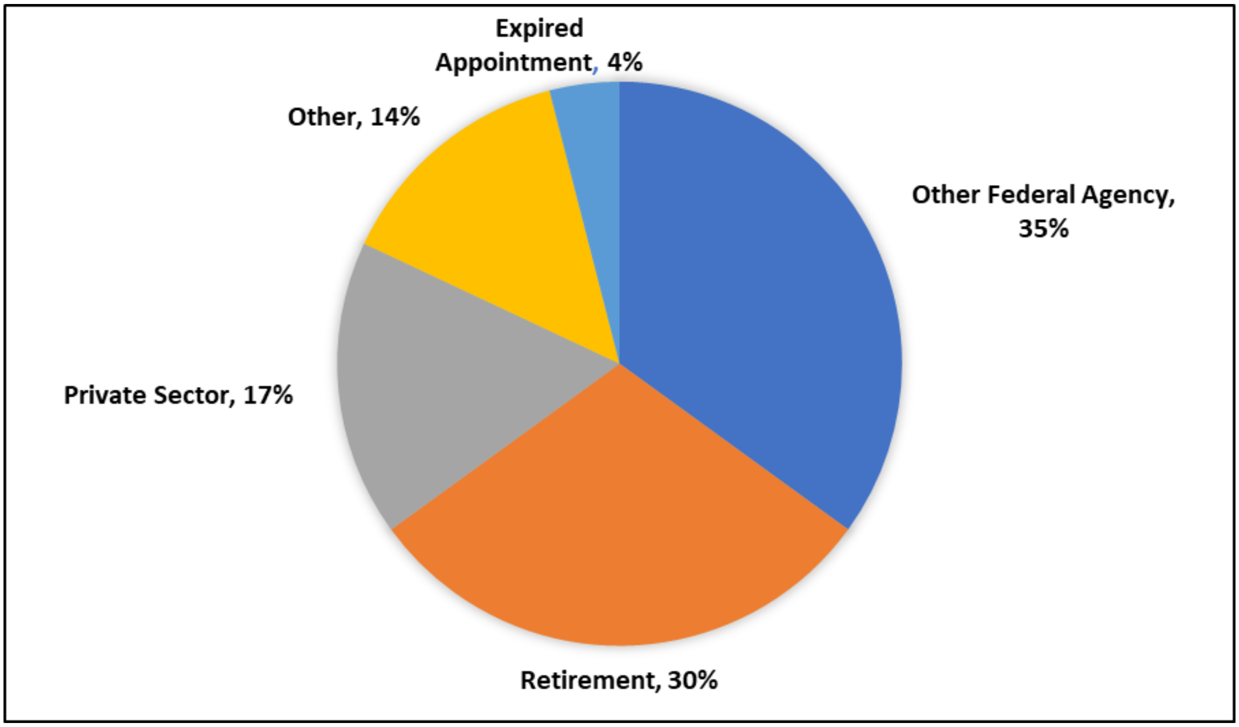
In 2017, OPM issued *Guidance on Establishing an Annual Leadership Talent Management and Succession Planning Process.* OPM defines talent management as a system that promotes a high-performing workforce, identifies and closes skills gaps, and implements and maintains programs to attract, acquire, develop, promote, and retain quality and diverse talent. Retention strategies are ultimately an investment in employees that can not only lower turnover but also improve engagement and commonly include:

- Advancement opportunities
- Training and development
- Recognition/ rewards for performance
- Workplace flexibilities
- Work-life balance

Along with hiring and succession planning, it is important for the Commission to continuously assess drivers of employee retention and refine its human capital strategy when warranted. Although the retirement tsunami predicted for many years has not materialized, agencies still face a large and ever-increasing pool of retirement-eligible employees. In addition to retirement, accomplishing more work with the same number of staff has impacted some departing staff at the Commission.

[10] Federal Workforce: OPM Advances Efforts to Close Government-wide Skills Gaps but Needs a Plan to Improve Its Own Capacity | U.S. GAO

Figure 3. Reasons for Departure FY 2018 – FY 2023

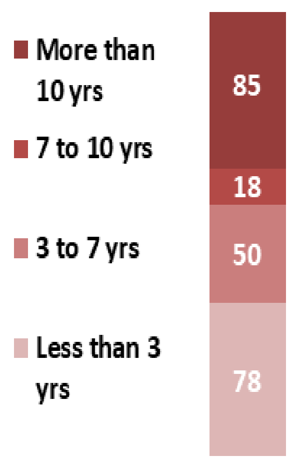


Source: USITC Human Resources

Between FY 2018 and 2023, 231 employees left the Commission. Seventy percent of former employees left the Commission for reasons other than retirement. As shown in Figure 3, the top three reasons over the last six fiscal years for leaving USITC are for a position at a different federal agency (35%), retirement (30%), and a position in the private sector (17%). Peaks of attrition occur in the first three years and after ten years of employment, as shown in Figure 4.

While retirement may play a role in the departures after ten years, many employees stayed at the agency for a shorter period before leaving. Between FY 2018 and FY 2023, over half of the turnover was among employees with less than seven years of tenure. 78 employees departed after less than three years. 128 out of 231 employees departed the Commission after less than seven years. According to USITC human resources, 41% of the departures in FY 2023 were at the GS-14 and GS-15 levels, leaving the Commission vulnerable to losing critical mission area knowledge and supervisory expertise. Additional analysis on why employees with a shorter tenure or at more senior levels leave USITC will help the Commission develop strategies to retain and build a skilled and knowledgeable workforce.

Figure 4. Tenure at Departure FY 2018 – FY 2023



Source: USITC Human Resources

Conclusion

We monitor the Commission's efforts to address the management challenges we identify each year. Our monitoring includes following up on open recommendations and conducting related audits. For information on our ongoing and planned audit work, please see the Fiscal Year 2024 Annual Audit Plan. If you have any questions or wish to discuss our views on the challenges in greater detail, please contact me at (202) 539-9462.

Rashmi Bartlett

Rashmi Bartlett
Inspector General

Chairman's Response to the Inspector General's Summary of Management and Performance Challenges

UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, DC 20436
COMMENTS ON MANAGEMENT CHALLENGES IDENTIFIED BY THE INSPECTOR GENERAL

Management Challenge: Data Management

The Commission agrees, as noted by the Inspector General, that having a multiyear data strategy is important to ensuring the maturing of data governance at the Commission. That is why the Commission has taken a multipronged approach to meet the goals of the Federal Data Strategy. More importantly, the Commission needs to be able to rely on the quality and integrity of its data across systems, applications, and databases and employees need to understand the importance of the data they are using. The Commission also believes that high-quality information relies on a strong governance structure—including defined data ownership and accountability that ensures accuracy, completeness, timeliness, and integrity of data. For these reasons, the Commission will continue to take a thoughtful, enterprise-wide approach to managing data to ensure that relevant, complete, and available data inform strategic and operational decisions while minimizing enterprise risks.

In FY 2023, the Commission continued to take steps to strengthen its data governance practices by: issuing an updated data governance directive; identifying and releasing information that answers priority questions; identifying and documenting core agency data assets; and ensuring publicly available applications are continually maintained and updated. In FY 2023, the Commission used business intelligence tools to make data more readily available such as in the Investigations Database System (IDS). We updated, documented, and redeployed the legacy mission administrative systems as we consolidated duplicative reporting systems to make information more readily and reliably available. Together, these actions strengthen data governance at the Commission while reinforcing a culture of treating data as a strategic asset.

Moreover, during FY 2024, processes that began in FY 2022 continued, such as annual certification of data assets by data owners and documentation standards of new systems. The Commission will continue to identify and inventory new database systems and as they are identified, and we will capture important meta data describing those systems, including purpose, sensitivity, data types, data owner, and whether the database system had a data dictionary or data quality plan. We will continue to make a concerted effort to use an authoritative data source mentality when developing new systems. This mentality and the documentation practices described above ensure that users understand and can trust the data that they are querying.

The Commission is committed to strengthening agency-wide data governance by establishing enterprise-wide strategies, objectives, and policies for managing data; advancing the Commission's strategic use of data to leverage insights from data and analytics that drive better policy, program, and operational decision-making; and improving data access, transparency, and protection. To achieve these goals, the Commission agrees that there must be dedicated resources. More importantly, these efforts align with the Office of Management and Budget's Appendix A to Circular A-123—Reporting and Data Integrity Risk; the Open Data Act; and the Foundations for Evidence-based Policy Making Act. These efforts further the Commission's implementation of best data governance strategies as described in the President's Management Agenda and the resulting Federal Data Strategy, and they also correspond to several annual performance goals in the Commission's Strategic Plan.

Management Challenge: Internal Control

As the Office of Inspector General (OIG) notes, the Commission has recognized the importance of having strong internal controls and has consistently acknowledged and responded to internal control weaknesses. Since it was first identified as a management challenge, the Commission has been committed to improving and strengthening its system of internal controls and has made significant strides in this critical area. The Commission will continue to improve and refine its internal controls and has undertaken several multi-year corrective action initiatives to ensure that controls are in place and working effectively on a continuous basis.

One ongoing, high priority corrective action initiative is the redesign of the Commission's system of internal rules, which includes the USITC's policy directives and related procedural documents. As noted by OIG in its management challenges, the Commission implemented a new system of internal rules and chartered the Internal Administration Committee (IAC) to oversee the development of internal rules in FY 2018 in response to a 2015 OIG audit of the agency's Directives.

The Commission agrees with OIG's finding that the timeliness of internal rule development and issuance under this new system could be further improved. It should be noted, however, that the USITC has issued 49 Directives under the new system since January 1, 2018. This is 14 more Directives than the 35 Directives that were issued or updated in the 18-year period between January 1, 2000, and December 31, 2017. The Commission attributes this dramatic improvement both to the extensive resources it has committed to developing and managing internal rules, which has improved rule development times, as well as to the construction of the new system, which, among other improvements, eliminated the option of issuing "interim" rules such as Administrative Orders and Notices. Further, the Directives issued since the implementation of the new system have been more consistent in content and format than Directives issued before 2018, addressing a major finding in the FY 2015 audit.

The Commission remains committed to addressing this management challenge, and we appreciate OIG's efforts to identify areas of improvement. We recognize that, though increased resources will substantially improve the efficiency of rule development, the Commission must find a way to gain efficiencies even in the absence of agency-wide staffing increases. To that end, the Commission is planning to take several actions during FY 2024 to further optimize internal rule development and management:

i. The IAC is partnering with OCIO to develop an advanced rule development tracking application and dashboard, which it intends to implement during Q2. Internal rules development is a highly collaborative process requiring extensive coordination across Commission offices. The time intensiveness of comprehensively coordinating, tracking, and reporting out to the Chairman on rule development while also extensively participating in rule development, has exceeded the bandwidth of the Interna Rules Program Manager (IRPM) and IAC members. This application automates most tracking tasks, provides real time information on rule development, and maintains the historical data needed for the IAC and the Chairman to identify and address inefficiencies in the rule development process.

ii. The IAC Charter will be updated to include the authority to rescind certain rules issued before 2018. This update is in its final stages and will be completed by the end of Q1. The IAC has already identified over 100 rules issued before 2018 at that may be rescinded and intends to complete the rescission of those rules by the end of Q1.

iii. The Commission has approved the hiring of a temporary employee in the Office of

Administrative Services (OAS) that will, among other things, augment support for the IAC so that the IRPM and other OAS officials may further automate and streamline process related to rule development and internal rules management. The Commission expects this temporary increase in resources will result in a long-term gain in efficiency that will further improve the timeliness of rule development.

Finally, the Commission agrees that consistently following internal policies and procedures remains a challenge, though, as with updating internal rules, the Commission has made significant progress in and dedicated significant resources to identifying and implementing internal controls and testing their effectiveness. The Chairman, the IAC, and the Performance Management and Strategic Planning Committee (PMSPC) work closely with the Director of Internal Control and Risk Management (ICRM) to evaluate the comprehensiveness and effectiveness of our internal controls. The Office of ICRM regularly performs internal control reviews of internal rules and the Commission's various functions to identify any issues. The Commission believes that these efforts will further improve compliance with internal controls and refine agency-wide management efforts.

Management Challenge: Human Capital Management

The Commission agrees that strategic human capital management is a risk area for the USITC. As the Inspector General notes, the Commission's FY 2022-2026 Strategic Plan emphasizes human capital management under "Strategic Objective 3.1: Attract, develop, and retain a skilled, diverse, and versatile workforce," since the Commission's mission is entirely accomplished by and dependent on its people.

Hiring

The Commission requested and received additional funds in FY 2023 to increase staffing levels and added 43 new permanent or term employees during the fiscal year, as OIG notes. The number of new hires in FY 2023 was more than double the FY 2022 figure and reflects the highest number of arrivals since 2019. Though the Commission has previously determined that its recruitment needs do not match up well with the OPM-suggested 80-day hiring model, the Commission agrees that its current average time-to-hire poses a significant challenge to achieving its annual staffing targets. The Commission intends to pursue several strategies to address this issue.

First, the Commission agrees with OIG's recommendation to establish a year-round hiring process that considers attrition and hiring times. The Commission intends to do so with a currently in-progress effort to establish two recruitment tracks:

i. An “automatic” recruitment track for certain higher priority positions in the Commission Staffing Plan. Budget permitting, these positions will begin recruitment as soon as they vacate. This will help the Commission achieve the smoother, year-round approach to recruitment recommended by OIG.
ii. A “strategic” recruitment track for Staffing Plan positions that either do not meet the criteria for automatic backfill or for the recruitment of positions that are not included in the Staffing Plan. These recruitments will require the approval by the Human Capital Committee (HCC) and the Chairman and will be prioritized by the HCC.

In FY 2024, the Commission will also begin using open, continuous vacancy announcements for certain difficult-to-fill positions to expedite the hiring process.

Second, during FY 2024, the Commission intends to prioritize recruitments that are more likely to positively impact staffing levels over the long term. As noted by OIG, certain recruitments, such as those for temporary appointments and those that result in internal selection, do not positively impact overall Commission staffing levels in the long term. The effort to prioritize higher-impact recruitments will include: prioritizing recruitments that could result in the selection of multiple candidates to fill vacant Staffing Plan positions; prioritizing recruitment actions that are open to all sources or all federal employees over recruitment actions that are limited to USITC employees; and when projecting a surplus and where otherwise appropriate, prioritizing the recruitment of positions at higher grade levels.

Third, the Commission intends to immediately increase contract support for the Office of Human Resources staffing function to help achieve the USITC’s staffing target for FY 2024. This action will address both the current shortage of Recruitment Specialists in OHR and the temporary need for additional bandwidth to address the planned surge in recruitment activity beginning during Q1.

Finally, the Commission will work to immediately finalize updated position descriptions for senior level positions, so those positions can be filled more quickly upon becoming vacant. The Commission recently completed an update to all its General Schedule position descriptions. In FY 2024, the Commission intends to complete the next phase in this process by finalizing and approving updated position descriptions for senior level positions.

Succession Planning

The Commission agrees with OIG that it is critical to plan for retirements in key positions, particularly those at the Senior Executive level. To that end, the Commission intends to take the following actions to optimize succession management practices: continue to train highly graded members of its General Schedule staff for senior leadership positions; and for Senior Executive and Office Director positions, begin recruitment up to 4-6 months before the SES or Office Director departs or, at a minimum as soon as a retirement is announced.

The Commission agrees with OIG that gaining a comprehensive understanding of its current and historical workload distribution will aid in identifying which functional areas require the most intensive succession management strategies. To that end, the Commission has tasked the OAS, in consultation with the HCC, with conducting a study of workload distribution and staffing balances among Commission offices. This effort will both build upon and address shortcomings in previous workload studies by tying workload more closely to actual and required work products rather than relying on an analysis of recorded labor hours.

Beginning in FY 2024, the Commission will prioritize the cross-training of critical processes and procedures in each office, to develop talent as part of succession planning. To do so, the Commission will require Office Directors to identify their most critical processes and procedures and to document them in Desk Procedures to be recorded in the System of Internal Rules.

Office Directors will further be required to use these Desk Procedures to cross-train employees with the goal of ensuring general competency across all critical functions. The Commission will also promote a peer-to-peer cross-training strategy so that employees can work together to support each other during absences or in the event of a departure.

Retention

The Commission agrees with OIG that it is important to continuously assess the drivers of employee retention and refine the Commission’s human capital strategy when warranted. The Commission is particularly concerned with the recent increase in attrition among employees with shorter tenure at the Commission. The address this challenge, the Commission intends to take a number of actions.

First, the Commission will task OAS with assessing the drivers of employee retention. To do so, OAS will leverage its historical turnover model to identify areas of retention risk; evaluate existing exit interview data to identify common themes; and gather data regarding interventions that may reduce attrition among more recently tenured employees. Similarly, the Commission will look to expand on the agency’s current use of Federal Employee Viewpoint Survey data to evaluate employee engagement and satisfaction by developing agency-specific items for the survey targeted at reasons why employees are considering leaving and options that might change their minds. The Commission also plans to implement a new employee survey offered by OPM, collecting responses for employees after one-month, six-month, and one-year intervals, as well as a new exit survey offered by OPM to standardize and improve data collected from departing employees.

Second, the Commission will further evaluate other potential strategies for improving retention mentioned by OIG, such as expanding training and development opportunities, advancement opportunities, and recognition and rewards for good performance, and maintaining workplace flexibilities while improving work-life balance.

David S. Johanson
Chairman
November 8, 2023

Summary of Financial Statement Audit and Management Assurances

Table 1: Summary of Financial Statement Audit

Audit Opinion: Unmodified					
Restatement: No					
Material Weaknesses	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Ending Balance**
Total Material Weaknesses	0	0	0	0	0

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	0	0	0	0	0	0
Effectiveness of Internal Control over Operations (FMFIA § 2)						
Statement of Assurance: Unmodified						
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Risk in the agency system of internal rules also known as the directive management system	0	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0	0
Conformance with Federal Financial Management System Requirements (FMFIA § 4)						
Statement of Assurance: Federal System conforms[11]						
Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Non-Conformances	0	0	0	0	0	0

Compliance with Section 803(a) of the FFMIA[12]		
	Agency	**Auditor**
1. Federal Financial Management System Requirements	Not applicable	Not applicable

[11] The Commission uses IBC, a federal shared-services provider, for its financial systems.

[12] The FFMIA applies only to Chief Financial Officers Act agencies. The Commission is not a CFO Act agency, so it is not subject to the FFMIA's requirements.

2. Applicable Federal Accounting Standards	Not applicable	Not applicable
3. USSGL at Transaction Level	Not applicable	Not applicable

Payment Integrity

The Payment Integrity Information Act of 2019 (PIIA) was enacted to prevent and reduce improper payments and improve the integrity of the Federal government's payments and the efficiency of its programs and activities. OMB issued Memorandum M-21-19, Appendix C to OMB Circular No. A-123, *Requirements for Payment Integrity Improvement,* which modified previous guidance related to improper payments and payment integrity beginning with the Improper Payment Information Act of 2002. OMB Circular A-123 Appendix C contains requirements in the areas of improper payment identification and reporting. It requires agencies to review all programs and activities, identify those that may be susceptible to significant improper payments, estimate annual improper payments in susceptible programs and activities, and report the results of their improper payment activities. Additionally, it defines significant improper payments as annual improper payments in a program that exceed both 1.5 percent of program annual payments and $10 million, or that exceed $100 million, regardless of the error rate. Once those highly susceptible programs and activities are identified, agencies are required to estimate and report the annual amount of improper payments. Generally, an improper payment is any payment that should not have been made or that was made in an incorrect amount under a statutory, contractual, and administrative or other legally applicable requirement.

The USITC has completed the Annual Data Call required by OMB and its results are included in the comprehensive improper payment data and information on PaymentAccuracy.gov, in accordance with the reporting requirements under the Payment Integrity Information Act of 2019.

Appendix A

U.S. International Trade Commission Staff Offices

Office of the Administrative Law Judges

The Commission's **Administrative Law Judges (ALJs)** hold hearings and make initial determinations in investigations under section 337 of the Tariff Act of 1930. If, after receipt of a complaint, the Commission decides to institute an investigation, the matter is referred to this office. The Chief ALJ assigns each case on a rotational basis to one of our ALJs. After a discovery process, a formal evidentiary hearing is held in accordance with the Administrative Procedure Act (APA) (5 U.S.C. § 551 et seq.). The ALJ considers the evidentiary record and the arguments of the parties and makes an initial determination (ID), including findings of fact and conclusions of law. The ID becomes the Commission's determination unless the Commission determines to review it. Upon review, the Commission may affirm, reverse, modify, set aside or remand the matter back to the ALJ for further proceedings. Temporary relief may be granted under the statute.

Office of the General Counsel

The **General Counsel** serves as the Commission's chief legal advisor. The Office of the General Counsel (GC) provides legal advice and support to the commissioners and staff on investigations and research studies, represents the Commission in court and before dispute resolution panels and administrative tribunals, and provides assistance and advice on all general administrative-law matters, including personnel, ethics, and contractual issues.

Office of Operations

The Commission's core of investigative, industry, economic, nomenclature, and technical expertise is found within the **Office of Operations (OP)**. The following seven offices are under the supervision of the Director of Operations:

The **Office of Economics (EC)** conducts investigations primarily under section 332 of the Tariff Act of 1930, section 131 of the Trade Act of 1974, and section 105 of the Bipartisan Congressional Trade Priorities and Accountability Act of 2015. EC also provides expert economic analysis for import injury investigations, as well as other industry and economic analysis products.

The **Office of Industry and Competitiveness Analysis (ICA)** conducts investigations primarily under section 332 of the Tariff Act of 1930, section 131 of the Trade Act of 1974, and section 105 of the Bipartisan Congressional Trade Priorities and Accountability Act of 2015. ICA maintains technical expertise related to the performance and global competitiveness of industries and the impact of international trade on those industries for these studies and for import injury investigations.

The **Office of Investigations (INV)** supports the Commission's mandate to conduct import injury investigations, including those specified in the Tariff Act of 1930, the Trade Act of 1974, the North American Free Trade Agreement (NAFTA) Implementation Act of 1993, the USMCA Implementation Act, and the Uruguay Round Agreements Act (URAA) of 1994.

The **Office of Tariff Affairs and Trade Agreements (TATA)** implements the Commission's responsibilities with respect to the Harmonized Tariff Schedule of the United States and the International Harmonized System.

The **Office of Unfair Import Investigations (OUII)** participates in adjudicatory investigations, usually involving patent and trademark infringement, conducted under section 337 of the Tariff Act of 1930, both during the pre-institution phase and as a party with no commercial interest in the outcome.

The **Office of Analysis and Research Services (OARS)** provides research and analytical support to multiple Commission mission areas by providing editorial, statistical, and research services. It comprises the Commission's libraries, as well as editorial and statistical services.

The **Trade Remedy Assistance Office (TRAO)** provides information about the benefits and remedies available under U.S. trade laws and assists small businesses seeking relief under those laws.

Office of External Relations

The **Office of External Relations (ER)** develops and maintains liaison between the Commission and our external customers and is our point of contact with USTR and other executive branch agencies, Congress, foreign governments, international organizations, the public, and the media.

Office of the Chief Information Officer

The **Office of the Chief Information Officer (OCIO)** provides information technology leadership, a comprehensive services and applications support portfolio, and a sound technology infrastructure to the Commission and our customers. The OCIO seeks to promote, deliver, and manage the secure and efficient application of technology to our business activities. OCIO comprises a front office and five divisions: Cybersecurity, Service Delivery, Systems Engineering, Network Support, and Data Management.

Office of the Chief Financial Officer

The **Office of the Chief Financial Officer (OCFO)** compiles the Commission's annual budget, prepares the appropriation and authorization requests, and closely monitors budget execution. The OCFO also provides support for acquisitions and is responsible for financial reporting. Component offices include the Office of Budget, Office of Procurement, and the Office of Finance.

Office of Administrative Services

The **Office of Administrative Services (OAS)** provides human resource services—including collective bargaining with union representatives; management of the system of internal rules; cost center management for personnel, facilities, security, support services and administrative services; information and document management; management of work-life issues; and facilities management services. In addition, it is responsible for all of our physical and personnel security matters. Component offices include the Office of Human Resources, Office of Security and Support Services, and the Office of the Secretary.

Office of Internal Control and Risk Management

The **Office of Internal Control and Risk Management (OICRM)** provides internal control and risk management oversight. The mission of ICRM is to safeguard the Commission through minimizing risks, protecting assets, promoting operational efficiency, and supporting adherence to laws, regulation, rules, and policies. The ICRM reports to the Chairman.

Office of Inspector General

The **Office of Inspector General (OIG)** conducts audit, evaluation, inspection, and investigative activities covering all Commission programs and strategic operations. The mission of the OIG is to promote and preserve our effectiveness, efficiency, and integrity of the USITC. The OIG independently plans and conducts activities in accordance with applicable legal regulations, receiving only broad guidance from the Chairman.

Office of Equal Employment Opportunity

The **Office of Equal Employment Opportunity (OEEO)** administers the Commission's equal employment opportunity (EEO) program. The Director advises the Chairman, the commissioners, and USITC managers on all EEO issues; manages and coordinates all EEO activities in accordance with relevant EEO laws and Commission regulations; evaluates the sufficiency of our EEO programs and recommends improvements or corrections, including remedial and disciplinary action; encourages and promotes diversity, equity, and inclusion outreach; and monitors recruitment activities to assure fairness in agency hiring practices.

Appendix B

Abbreviations and Acronyms

Acronyms	Terms
AFR	Agency Financial Report
AICPA	American Institute of Certified Public Accountants
ALJ	Administrative Law Judges
APP	Annual Performance Plan
APR	Annual Performance Report
ATDA	Accountability of Tax Dollars Act
Commission	United States International Trade Commission
CSRS	Civil Service Retirement System
DNP	Do Not Pay
DOI	Department of Interior
DOL	Department of Labor
EC	Office of Economics
EEO	Equal Employment Opportunity
ER	Office of External Relations
ERM	Enterprise Risk Management
FASAB	Federal Accounting Standards Advisory Board
FECA	Federal Employees’ Compensation Act
FERS	Federal Employees Retirement System
FERS-RAE	Federal Employees Retirement System — Revised Annuity Employees
FERS-FRAE	Federal Employees Retirement System-Further Revised Annuity Employees
FFMIA	Federal Financial Management Improvement Act
FICA	Federal Insurance Contribution Act
FIN	Office of Finance

Acronyms	Terms
FMFIA	Federal Managers' Financial Integrity Act
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GAO	Government Accountability Office
GC	General Counsel
GPRA	Government Performance and Results Act
GSA	General Services Administration
HCC	Human Capital Committee
HI	Hospital Insurance
HR	Office of Human Resources
HTS	Harmonized Tariff Schedule
IBC	Interior Business Center
ICA	Office of Industry and Competitiveness Analysis
ICRM	Internal Control and Risk Management
IDS	Investigations Database System
INV	Office of Investigations
IPERA	Improper Payments Elimination and Recovery Act
IPERIA	Improper Payments Elimination and Recovery Improvement Act
IPIA	Improper Payments Information Act
IT	Information Technology
IUS	Internal Use Software
NAFTA	North American Free Trade Agreement
OARS	Office of Analysis and Research Services
OAS	Office of Administrative Services
OASDI	Old-Age, Survivors, and Disability Insurance
OB	Office of Budget
OCFO	Office of the Chief Financial Officer
OCIO	Office of the Chief Information Officer
OIG	Office of Inspector General
OMB	Office of Management and Budget

Acronyms	Terms
OP	Office of Operations
OPM	Office of Personnel Management
OUII	Office of Unfair Import Investigations
PR	Office of Procurement
SE	Office of the Secretary
SFFAS	Statement of Federal Financial Accounting Standards
S/L	Straight-Line
SSAE	Statement on Standards for Attestation Engagements
SSS	Office of Security and Support Services
TATA	Office of Tariff Affairs and Trade Agreements
TOP	Treasury Offset Program
TRAO	Trade Remedy Assistance Office
URAA	Uruguay Round Agreements Act
USITC	United States International Trade Commission
USSGL	United States Standard General Ledger
USTR	United States Trade Representative

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UNITED STATES INTERNATIONAL TRADE COMMISSION