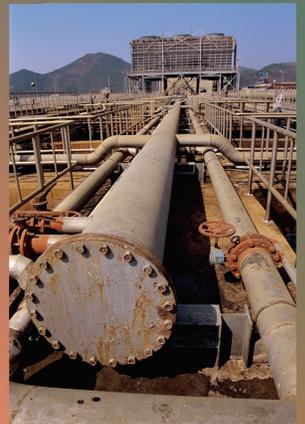


# U.S. International Trade Commission

*Inspector General Fiscal Year 2013 Annual Audit Plan*



**September 28, 2012**



Office of Inspector General

*The U.S. International Trade Commission is an independent, nonpartisan, quasi-judicial federal agency that provides trade expertise to both the legislative and executive branches of government, determines the impact of imports on U.S. industries, and directs actions against certain unfair trade practices, such as patent, trademark, and copyright infringement. USITC analysts and economists investigate and publish reports on U.S. industries and the global trends that affect them. The agency also maintains and publishes the Harmonized Tariff Schedule of the United States.*

*Commissioners*

*Irving A. Williamson, Chairman*

*Daniel R. Pearson*

*Shara L. Aranoff*

*Dean A. Pinkert*

*David S. Johanson*

*Meredith M. Broadbent*



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## UNITED STATES INTERNATIONAL TRADE COMMISSION

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WASHINGTON, DC 20436

September 28, 2012

OIG-KK-015

Chairman Williamson:

This memorandum transmits the Office of Inspector General Fiscal Year 2013 Annual Audit Plan. This document describes the fourteen reviews we plan to perform over the next twelve months to promote and preserve the efficiency, effectiveness, and integrity of the U.S. International Trade Commission.

Each review area has an individual audit plan that describes the background, criteria, objectives, benefits, and scope. The individual audit plans will be used to initiate communication with you, the Commissioners and responsible Office Directors. The plans may be revised as a result of these discussions to ensure that the work of this office is relevant and responsive to the priorities of the Commission.

I look forward to working with you in the upcoming fiscal year as we implement this plan.

Philip M. Heneghan  
Inspector General



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## 1.0 Introduction

This annual plan outlines the anticipated reviews to be performed by the Office of Inspector General (OIG) for fiscal year 2013. The annual plan is based on the Office of Inspector General Five Year Strategic Plan that was issued in fiscal year 2010, and addressed fiscal years 2011-2015. The annual planning process provides an opportunity for the Inspector General to update the reviews planned for the upcoming fiscal year to address the changing needs and priorities of the Commission.

This document begins by identifying the mandatory reviews required to be performed by the Inspector General, followed by planned reviews of the Commission's strategic operations. The third section identifies the internal control reviews, and the last section contains the information technology reviews. There are individual plans within each section that provides background information, proposed objectives, criteria, scope and benefits.

A listing of all the planned individual reviews is provided in Table 1.

While this document outlines the planned activities, the OIG also recognizes that new initiatives, programs, issues, or other concerns may arise that require adjustments to the objective, priority, or schedule of the reviews.

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## 2.0 Mandatory Reviews

This section identifies audits required by law, statute, or other regulation authority that the OIG must perform.

### 2.1 Audit of the Commission's FY 2013 Financial Statement

#### Background:

The Accountability of Tax Dollars Act of 2002 requires all executive agencies with budget authority in excess of \$25 million to prepare audited financial statements and subject those statements to an independent audit. These audited statements are required to be submitted to the Congress and the Office of Management and Budget (OMB). In order to comply with these requirements, the Commission needs a system to prepare a complete set of financial statements on a timely basis in accordance with U.S. generally

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accepted accounting principles. The statements are to result from an accounting system that is an integral part of an integrated financial management system containing sufficient structure, effective internal control, and reliable data. Financial reporting also consists of the policies and procedures related to the processing and summarizing of accounting entries, and the preparation of financial statements.

## Proposed Objective(s)

The objectives are:

- To render an opinion on whether the USITC's consolidated financial statements are presented fairly in all material respects;
- To issue conclusions based on the testing of internal controls; and
- To determine the extent of the Commission's compliance with laws and regulations.

## Criteria

- OMB Bulletin 07-04, Audit Requirements for Federal Financial Statements
- OMB Circular A-136, Financial Reporting Requirements
- OMB Circular A-123, Management Accountability and Control
- GAO Government Auditing Standards
- GAO Standards for Internal Control in the Federal Government
- GAO/CIGIE Financial Audit Manual

## Benefit(s)

To provide reasonable assurance to the Commission that it is properly managing and reporting financial transactions, and can accurately produce end of year financial statements and ensure that the transactions and adjustments reported are properly supported.

## Scope

The OIG will contract with an independent auditor to conduct an audit of, and report on the USITC's consolidated financial statements for FY2013. The OIG will provide continuous monitoring and oversight of the work performed.

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## 2.2 Federal Information Security Management Act (FISMA) Review

### Background

The Federal Information Security Management Act of 2002 (FISMA) requires federal agencies to establish agency-wide risk-based information security programs that include periodic risk assessments, use of controls and techniques to comply with information security standards, training requirements, periodic testing and evaluation, reporting, plans for remedial action, security incident response, and continuity of operation.

The Office of Management and Budget dictates the format, contents, and submission requirements of the FISMA report each year.

### Proposed Objective(s)

Assess the adequacy of controls over information security and compliance with information security policies, procedures, standards, and guidelines as identified by OMB policy memorandum.

### Criteria

- FISMA
- OMB Policy Memoranda

### Benefit(s)

To provide assurance to the Commission that the controls implemented to protect its information security are effective, and that the description of the Commission's information systems being provided to the Office of Management and Budget by the Office of the CIO is comprehensive and accurate.

### Scope

The OIG will select elements from the policies, guidelines, and standards identified in the criteria and determine the extent of effectiveness of the security controls tested.

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## 3.0 Strategic Operation Reviews

This section will identify the planned audits of the strategic operations of the Commission.

### 3.1 Review of Quality Control Procedures for Commission Publications

#### Background

The USITC conducts research and analysis to support trade negotiators and policy decision makers. The studies and investigations are generally initiated by a request from the U.S. Trade Representative, the U.S. House of Representatives' Committee on Ways and Means, or the U.S. Senate's Committee on Finance. The resulting reports provide the Commission's findings and independent analyses on the particular subject being investigated. General fact finding investigation reports are subsequently released to the public, unless classified for national security reasons.

#### Proposed Objective(s)

The objective of this review is to determine if the Commission has proper quality controls in place to validate the accuracy of the data used in studies, investigations, and other staff publications.

#### Criteria

- Section 332 of the Tariff Act of 1930
- Section 131 of the Trade Act of 1974
- Section 2104(b) of the Trade Act of 2002
- Section 2104(f) of the Trade Act of 2002
- Section 1205 of the Omnibus Trade and Competitiveness Act of 1988

#### Benefit(s)

To provide assurance of the integrity of the data being provided by the Commission to policymakers, other federal agencies, and the general public.

#### Scope

The review will select a sample of reports, studies, and staff publications issued in fiscal years 2011 and 2012. Questionnaires will be used to obtain information regarding the teaming arrangements, drafting process, obtaining authoritative sources, data validation

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process, clearance process, and approval process. This will be followed by a review of working documents and staff interviews. All information will be analyzed and reported.

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## **3.2 Review of Costs for Statutory Investigations, Recurring Reports and Research Studies**

### Background

The Commission work products result from statutory investigations, recurring reports, research and self-initiated studies. Most of the work products are approved by the Commission through the Action Jacket Process. The Action Jacket contains an initiation memorandum that provides background information regarding the work product, estimates the anticipated number of staff required to complete the task and associated costs.

### Proposed Objective(s)

The objective of this audit will be compare the projected costs against the labor cost code in the time and attendance system to identify any variance between the projected staff and costs and the actual staff and costs recorded in the Labor Cost Code System.

### Criteria

- Estimated costs as identified on the Initiation Memoranda approved by the Commission through the Action Jacket process.
- Estimated staff as identified on the Initiation Memoranda approved by the Commission through the Action Jacket process.
- Actual staff charging time as reported in the Labor Cost Code System.
- Actual salaries of staff charging time as reported in the Labor Cost Code System.

### Benefit(s)

This audit will provide the Commissioner's with cost and resource information, to better understand any variances in order to make informed decisions when approving the resource allocations in the Action Jackets.

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## Scope

The scope of the audit will include:

- Action Jackets Approved in 2008, 2009, 2010, 2011, 2012
  - Statutory and Non-Statutory Work (i.e. EBOTS)
  - Work in progress will be included as costs to date;
  - Labor Cost Code reports from 2008-2012
- 

## **3.3 Review of Commission Responses to Website Inquiries**

### Background

The Commission communicates with the general public in many different ways (in person, through telephone inquiries, publications, EDIS, e-mail, and the internet). One of the ways the public can request information is by using the “Contact Us” option on the Commission’s website. The “Contact Us” option allows the public to ask questions or provide any other comments. As more and more people use the internet as a first source of information, there is an increased need to ensure that the Commission addresses the questions and comments being received through this public-facing function. Each response provides an opportunity to gain confidence in the public perspective of the Commission and the Federal government as a whole.

### Proposed Objective(s)

- To determine if the Commission is providing quality responses in a timely manner to questions received through the “Contact Us” option on the public website.
- To determine if the Commission has a process in place to address comments provided by the general public through the “Contact Us” option on the public website.

### Criteria

- “The public deserves competent, efficient, and response service from the Federal Government.” (Executive Order 13571, Streamlining Service Delivery and Improving Customer Service)

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## Benefit(s)

Every time the Commission responds in a helpful manner to a “Contact Us” inquiry, it provides an opportunity to strengthen our reputation and gain public confidence in our knowledge and expertise.

## Scope

- Review the number of inquiries received by the Commission in FY 2012 to determine population to be evaluated;
  - Review how inquiries are electronically routed within the Commission;
  - Processes and procedures for tracking and responding to questions;
  - Processes and procedures for tracking and reviewing comments.
- 

## **4.0 Internal Control Reviews**

Internal control, which includes ongoing oversight, is a fundamental responsibility of management. Previous audits have identified systemic patterns, where management relied on informal systems instead of documented processes. The OIG intends to perform three audits on internal controls to determine the extent that the Commission has reasonable assurance of the effectiveness and efficiency of operations.

### **4.1 Review of Commission’s Intragovernmental Payment and Collection (IPAC) Invoice Process**

#### Background

IPAC is used by the Commission to electronically pay for services and supplies to other federal entities. The system facilitates intra-governmental transactions by transferring funds from one federal agency to another on a real-time basis. The Commission uses IPAC system to pay for services from other entities such as, the Office of Personnel Management for employee benefits, General Services Administration for the lease of the building, National Business Center for financial services support, and Department of Homeland Security for security guards.

The IPAC system is a third party system, owned by the Department of Treasury. It was designed to provide an on-line billing and payment service, it is not an accounting system and it is not intended to be a control over the intra-governmental transactions.

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## Proposed Objective(s)

To determine if the Commission's process for reviewing and approving IPAC payments is effective.

## Criteria

- Federal Intragovernmental Transactions Process (Treasury)
- Business Rules for Intragovernmental Transactions (OMB)
- USITC Accounting Manual

## Benefit(s)

This review will provide the Commission with information to reasonable understand if the IPAC process is working properly and ensure that the Commission has a procedure in place to properly reconcile invoices and resolve differences.

## Scope

- Review of IPAC invoices and supporting documentation from prior fiscal year.
- 

## **4.2 Review of Open Obligations**

### Background

For the past two years, the Commission has experienced problems with open obligations that impact the amount of year-end testing required for the financial statement audit.

### Proposed Objective(s)

The objectives of this review will be:

- To determine if the Commission has identified and de-obligated undelivered orders that are not valid; and
- To determine if the Commission has fully implemented management decisions based on recommendations associated with undelivered orders.

### Criteria

- GAO OMB Circular A-123, Management Accountability and Control
- Prior reports and associated recommendations and management decisions.

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## Benefit(s)

To improve the integrity and reliability of the data maintained in the Commission's financial systems.

## Scope

The OIG will obtain the open obligation report, review files and associated documentation, interview COTR's and other staff as needed, analyze results, and report.

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## **5.0 Information Technology Reviews**

The OIG plans to assess the adequacy and effectiveness of controls over information security, and compliance with information security policies, procedures, standards, and guidelines.

### **5.1 Patching**

#### Background

The protection of the Commission's Information Systems is dependent on maintaining a secure, patched state of applications and operating systems on all networked devices. Because patches are continuously released, an effective patch management program implements a system to continuously monitor patch levels and apply required patches to all networked devices. Systems that remain unpatched present a material risk to the Commission.

#### Proposed Objective(s)

The objective of this audit is to assess the effectiveness of the CIO's patching process for all systems on ITCNet.

#### Criteria

- NIST 800-40 and US-CERT

#### Benefit(s)

To provide assurance to the Commission that its risk due to known exploits is being mitigated through the comprehensive and timely application of software patches.

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## Scope

This audit will encompass all possible nodes on ITCNet to determine the update/patch state of all software, including operating systems and both major and minor applications. The device list shall include but is not limited to all servers, workstations, routers, printers, email gateways, firewalls and any other network or security devices on ITCNet.

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## **5.2 Penetration Testing**

### Background

The external perimeter of a network serves as the primary defense against attack. The perimeter typically consists of border routers, firewalls, web servers, email servers, anti-spam appliances, DNS servers, and other devices. No matter how well a given system may have been developed, the nature of today's complex systems with large volumes of code, complex internal interactions, interoperability with uncertain external components, unknown interdependencies means that exploitable flaws will always be present or surface over time. Accordingly, security testing must fill the gap between the state of the art in system development and actual operation of these systems. Security testing is important for understanding, calibrating, and documenting the operational security posture of an organization. Organizations that have an organized, systematic, comprehensive, on-going, and priority driven security testing regimen are in a much better position to make prudent investments to enhance the security posture of their systems.

### Proposed Objective(s)

Determine the effectiveness of the Commission's security perimeter through external penetration testing of ITCNet.

### Criteria

- NIST SP 800-42, 800-53A (Appendix G), 800-115, 800-81

### Benefit(s)

To provide assurance to the Commission that it is implementing effective controls to protect its perimeter.

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## Scope

This audit will include all externally available nodes on ITCNet. The device list shall include, but is not limited to all servers, workstations, routers, email gateways, and firewalls. The access types attempted will include login attempts for the purposes of information gathering, privilege escalation, and establishment of jumping points to other areas of ITCNet infrastructure.

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## **5.3 Wireless Security**

### Background

The ability to be mobile within the workspace is gaining increased focus and resources. It provides a more flexible work environment, and encourages collaboration. In organizations where external parties are frequently on the premises, these technologies can provide public network access and improve the efficiency of work being performed by these parties. Technologies enabling wireless communications must simultaneously provide performance, reliability, and security. The security of these systems is influenced by a multitude of parameters and technology standards. The end result of these security technologies should be a network that only allows access to corporate data to those with permission to access it, and should not allow external parties to negatively impact the performance of the network to the organization or its staff.

### Proposed Objective(s)

Determine whether the private wireless network is secure, and whether public network access receives a lower priority of bandwidth.

### Criteria

- NIST Special Publications 800-153, 800-120

### Benefit(s)

Provide assurance that wireless network provides benefits to organization staff and the public while securing the assets of the organization.

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## Scope

All private and public wireless resources provided by the Commission.

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## **5.4 COOP**

### Background

Information systems are vital elements in most mission/business functions. Because information system resources are so essential to an organization's success, it is critical that identified services provided by these systems are able to operate effectively without excessive interruption. Contingency planning supports this requirement by establishing thorough plans, procedures, and technical measures that can enable a system to be recovered as quickly and effectively as possible following a service disruption. Contingency planning is unique to each system, providing preventive measures, recovery strategies, and technical considerations appropriate to the system's information confidentiality, integrity, and availability requirements and the system impact level.

### Proposed Objective(s)

Determine if the Commission's Business Continuity of Operations (COOP) Plan follows the guidance as provided in Federal Preparedness Circular 65.

### Criteria

- FISMA
- NIST Special Publications 800-114, 800-34, 800-46
- OMB Circular A-130, Management of Federal Information Resources
- Federal Preparedness Circular 65

### Benefit(s)

To provide assurance to the Commission that it has a tested, viable capability to provide mission-critical applications for its staff to continue their work in the event of a contingency.

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## Scope

The OIG will conduct document and design review as well as interviews to determine the state of the Commission's preparedness to continue all critical operations in the event of a contingency.

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## **5.5 Privacy**

### Background

The E-Government Act of 2002 addresses privacy protections when Americans interact with their government. The guidance directs agencies to conduct reviews of how information about individuals is handled within their agency when they use information technology (IT) to collect new information, or when agencies develop or buy new IT systems to handle collections of personally identifiable information.

### Proposed Objective(s)

To provide assurance that the proper information technology controls are in place to meet requirements contained in M-03-22.

### Criteria

- FISMA
- OMB M-03-22
- Privacy Act of 1974, as amended

### Benefit(s)

To provide assurances to the Commission that the personally identifiable information collected from the public is protected.

## Scope

The OIG will review the systems that collect Personally Identifiable Information, review system documentation, test security controls and interview staff as applicable.

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## 5.6 Help Desk Ticket Processing

### Background

The Office of the Chief Information Office is responsible for ensuring that the IT infrastructure, systems, and applications are running smoothly to support the Commission's business operations. The helpdesk is a service provided by the Office of the Chief Information Officer designed to respond to information technology issues encountered by Commission employees and contractors. The helpdesk is called upon by users experiencing a wide range of technical issues such as; printer problems, forgotten passwords, server access, or other issues associated with individual applications, hardware, and systems.

### Proposed Objective(s)

To determine if the help desk is effectively responding to open help desk tickets.

### Criteria

Resolving problems within established timeframes, service level agreements, or industry standards and taking action to prevent reoccurrence of the same problem.

### Benefit(s)

To ensure the Commission is achieving operational efficiencies through the effective delivery of problem resolution services that are provided by the helpdesk.

### Scope

Review the records of reported incidences from the automated help desk system to assess the types of requests that are received; number and types of requests are escalated, problem resolutions, and the timeframes for resolving reported problems.

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## 5.7 Assess Infrastructure Fault Notification

### Background

The infrastructure composing the Commission's network relies on an interconnected set of hardware and applications from multiple vendors, each with its own specific areas of

# U.S. International Trade Commission

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risk and mitigation. Detection and resolution of failures of this hardware and software are an important aspect of managing the network. The use of automated tools provide a way to immediately alert technicians of failures, which in turn helps to isolate the problem, provide quicker resolution, and minimize disruption to the end users.

## Proposed Objective(s)

To determine if the CIO receives automated system alerts whenever infrastructure services or hardware fails.

## Criteria

Automated systems should alert for failures in infrastructure services or hardware.

## Benefit(s)

To provide assurance of detection and notification for infrastructure faults to ensure that networks are operating as designed and providing optimal services to end users.

## Scope

All infrastructure systems and associated hardware.

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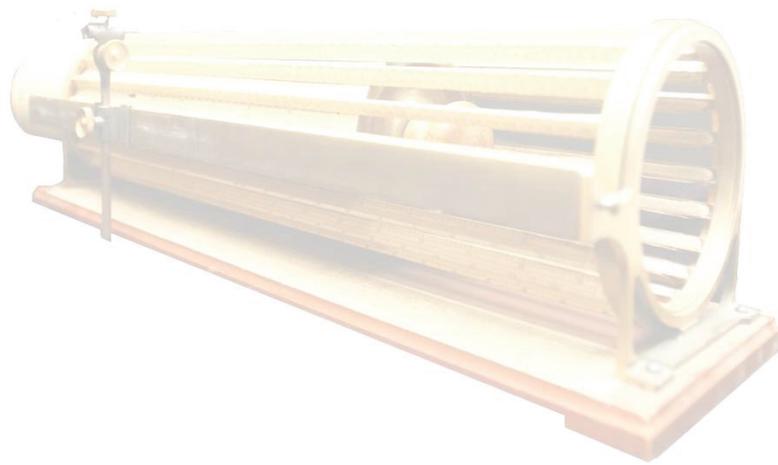
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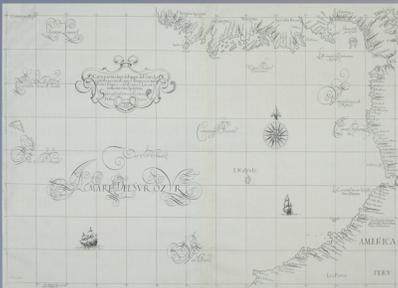
**Table 1: OIG FY 2013 Annual Audit/Review Schedule**

	<b>Office or Operational Area</b>	<b>Proposed Objective</b>
13-01	Finance	Provide an opinion on the agency's financial statements, report on compliance with laws and regulations and report on internal controls.
13-02	CIO	Determine the effectiveness of the Commission's information system security program.
13-03	Commission	Determine if the Commission has proper quality controls in place to validate the accuracy of data in publications.
13-04	Operations	Identify any variance between the Commission's estimated costs and resource allocations.
13-05	Operations	To determine if the Commission is responsive to inquiries received through the "Contact Us" option on the public website.
13-06	Commission	To determine if the Commission's process for reviewing and approving IPAC payments is effective.
13-07	CFO	Determine if the Commission has fully implemented management decisions regarding open obligations.
13-08	CIO	To assess the effectiveness of the CIO's patching process for all systems on ITCNet.
13-09	CIO	Determine the effectiveness of the Commission's security perimeter through external penetration testing of ITCNet.
13-10	CIO	Determine whether the private wireless network is secure, and whether public network access receives a lower priority of bandwidth.
13-11	CIO	Determine if the Commission's Business Continuity of Operations (COOP) Plan follows the guidance as provided in Federal Preparedness Circular 65.
13-12	CIO	To provide assurance that the proper information technology controls are in place to protect PII.
13-13	CIO	To determine if the CIO is effectively responding to open help desk tickets.
13-14	CIO	To determine the extent that the CIO receives automated system alerts when infrastructure services or hardware fail.



*“Thacher’s Calculating Instrument” developed by Edwin Thacher in the late 1870s. It is a cylindrical, rotating slide rule able to quickly perform complex mathematical calculations involving roots and powers quickly. The instrument was used by architects, engineers, and actuaries as a measuring device.*

# To Promote and Preserve the Efficiency, Effectiveness, and Integrity of the U.S. International Trade Commission



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