

# U.S. International Trade Commission

## Inspector General Semiannual Report



**October 1, 2012 - March 31, 2013**



**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*

Chairman



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**UNITED STATES INTERNATIONAL TRADE COMMISSION**

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WASHINGTON, DC 20436

May 31, 2013

**Message from the Chairman**

In accordance with the Inspector General Act of 1978, as amended, 5 U.S.C. App. 3 (the IG Act), the U.S. International Trade Commission (USITC or Commission) hereby transmits the Semiannual Report of the USITC Inspector General for the period October 1, 2012 to March 31, 2013.

The Commission appreciates the work done by the Office of Inspector General in assuring the effectiveness, efficiency, and integrity of Commission programs and operations. Inspector General Philip M. Heneghan and his staff continue to provide invaluable service to the Commission. We look forward to continuing to work with the Inspector General as we address the issues raised in this report.

The Inspector General's Semiannual Report identifies the top management and performance challenges in FY 2012 that require significant attention from the USITC. The Commission concurs with the critical challenges identified by the Inspector General. We continue our efforts to address these challenges to ensure that our internal operations are well managed. The corrective actions that have been both initiated and completed address many of the challenges identified by the Inspector General.

The actions we are taking with respect to the Inspector General's identified broad management challenges on (1) internal control, (2) financial management, and (3) use of information technology to improve staff productivity, are summarized in Part I of this message. Part II of this message addresses the status of specific corrective actions as they relate to the Inspector General's recommendations of individual audits.

## **I. Addressing Management and Performance Challenges**

### **A. Internal Control**

The Commission recognizes that internal control management touches all areas of the organization and affects the administrative, programmatic, information technology, security, compliance, and financial controls at the entity as well as office-level. Due to the complexity of the actions that need to be taken and the limited availability of resources, the Commission remains realistic regarding the timeline to complete remediation actions related to this management challenge. The multi-year effort to transform the management structure and culture of the Commission, which is underway, has the support of the Chairman, the Commissioners, and the members of the agency's Senior Executive Service (SES).

During the past few years the Commission focused much of its efforts on implementing financial controls, as evidenced by the recent unqualified audit opinion. The Commission is now expanding its efforts to establish and implement an effective internal control system that addresses agency-wide processes. To help facilitate this initiative, the agency hired an experienced Internal Control Program Manager, who works with office directors to review, refine and implement stronger systems of internal control. The Commission will also expand its business process mapping efforts throughout the agency in order to continue to establish, implement, and monitor strong and effective internal controls.

### **B. Financial Management**

The Commission received an unqualified audit opinion on the FY 2012 and FY 2011 financial statements, with a significant reduction in the number of control deficiencies identified in FY 2012 as compared to FY 2011. During the past year the Commission has undergone a transformation in how it accounts for and reports on its financial management operations. This transformation accelerated during FY 2012 with the establishment and staffing of the Office of the Chief Financial Officer (CFO). The unqualified opinion in FY 2012 not only represents continued improvement in the Commission's financial management transformation, but is also a testament to the agency's sustained efforts in improving financial management across the Commission.

The Commission has been taking steps to transform its approach to financial management from an accounting exercise to a process that provides transparency and accountability in the formulation, execution, performance, and management of agency budgetary resources. The CFO is making progress in providing agency managers with access to timely, reliable, and practical information concerning the financial affairs of the agency and will continue to expand the reporting portfolio and to work with managers on using this information effectively.

### **C. Using Information Technology to Improve Staff Productivity**

Information technology is integral to the Commission's operations and the productivity of its staff. The Commission recognizes that more needs to be done in this area to support and improve staff productivity, and is committed to doing so.

Staff frequently perform Commission work while off premises, and should be able to do so at all times and especially in the event that the primary data center becomes unavailable. During this reporting period, under the leadership of the Chief Information Officer (CIO), the Commission made operational an alternate/disaster recovery data center and implemented remote access improvements. The Commission recently tested and confirmed the operation of this data recovery center and is now in the process of expanding its capabilities.

Through the Office of the CIO, the Commission is investing significant effort into upgrading the Commission's aged technology platform that supports many of the services delivered to both the public and ITC employees. During this past year, the agency transitioned to open source database technologies, which significantly reduced costs and provided efficiency gains. Additional upgrade work continues on the replacement of obsolete network assets and technology. The Commission recognizes that it must continue to work to ensure that its IT resources are available to staff in a way that enhances their productivity, and the Commission intends to expand the feedback it is obtaining from staff in order to make the appropriate improvements.

As the Commission's operational units continue to document and define their business activities, this knowledge will enable the Commission to plan and deploy technology that will increase these units' efficiency and effectiveness. For example, the Commission is in the process of significantly automating the management of the Harmonized Tariff Schedule so that it can be updated more efficiently and so that it can minimize the risk of human error. Also, the Commission has developed a sophisticated database to assess trends and facilitate its resource planning for its 337 investigations. As additional business processes are evaluated, the Commission will continue to evaluate its commitment of resources towards applying technology to enhance productivity.

The now-operational alternate/disaster recovery data center addresses a number of the deficiencies cited in the Annual Inspector General Cyberscope Fiscal Year 2012 submission. The Commission will make progress on the remaining items by prioritizing and assigning the appropriate resources necessary to address remaining deficiencies.

## **II. Actions on Recommendations**

### **A. Actions on Inspector General Recommendations Made in this Reporting Period**

During this October 1, 2012 to March 31, 2013 semiannual reporting period, the Inspector General issued four new reports that included a total of 22 new recommendations. With regard to the first three reports issued in this reporting period, the Commission issued management decisions on all 16 of its associated recommendations in a timely manner. With regard to the fourth report issued in this period, the Commission also issued management decisions in a timely manner, but these were only issued after the conclusion of the reporting period since the original report was issued in March of 2012. With regard to corrective action on audits from previous reporting periods, the Commission completed final action on the management decisions associated with four such reports, and intends to address and resolve all of its other outstanding management decisions.

## B. Actions on Recommendations Made from Prior Periods

(1) Evaluation of the Commission's Fiscal Year 2005 Information Security Program and Practices Audit Report (OIG-AR-04-05). Management has fully implemented its decisions as of April 2013.

(2) Report on Compliance with Laws and Regulations for 2010 (OIG-AR-11-04). The Report notes that the Commission has not completed final action on a 2010 recommendation to bring its transit program into compliance with applicable laws and regulations. The Commission requested the U.S. Government Accountability Office (GAO) to review its transit program. GAO's decision, rendered on August 3, 2012, identified other factors the Commission should consider in analyzing its transit program, which the Commission will do by July 2013.

(3) Inspection of Physical Security (OIG-SP-11-12 ). Lower staffing levels in the Office of Security Services due in part to reduced hiring in light of budget uncertainties resulted in a delay in implementation of certain management decisions associated with the findings in this IG audit. Nevertheless the outstanding audit follow-up requirements are being addressed. For example, the publication of the Occupant Emergency Plan and associated training modules will be completed this fiscal year, and the upgrade for the physical access controls will begin in the current reporting period.

(4) Report on Internal Control for 2011 (OIG-AR-12-03). To implement the recommendations in the audit, the Commission began a process of creating electronic files for its open obligations and updating its financial management manual. The creation of an open obligation file was a large undertaking that required contractor support to assist with the definition and design of metadata for an internal website to house obligating documents and their associated invoices. The Commission plans to complete this during the current reporting period. Moreover, it plans to replace the accounting manual with a financial management manual that will be published this fiscal year.

(5) Audit of the Title VII Preliminary Investigation Process (OIG-AR-12-06). Management had requested an extended period of time to fully address the recommendations put forth in this audit, as it was determined that the additional time would allow staff to make better informed decisions about how to effectively manage the flow of information the Commission receives for its Title VII investigations. Management has fully implemented its decisions as of May 2013.

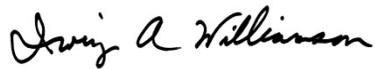
(6) Evaluation of Employee Outprocessing Program (OIG-ER-12-07). During the reporting period, the Commission continued to work on completing actions associated with the IG's report. Management extended the deadlines on several of these management decisions in order to design and implement a comprehensive electronic system for out-processing, details, and transfers, and to design and implement training associated with the new system. System design and process

development have been completed, and the training and implementation phases are scheduled to be completed during the current reporting period.

The statistical tables, required under the IG Act, are included as Appendix A of this report.

### C. Actions on External Reviews

During the reporting period, the Commission completed final actions on all outstanding management decisions stemming from the Office of Personnel Management (OPM) review of the Commission's human capital management. To complete these final actions, the Commission issued several human capital management documents, including a strategic human capital plan, a training plan, a human capital accountability plan, a succession management plan, a diversity and inclusion strategic plan, and a review of the Commission awards program. During the reporting period OPM began a new human capital management evaluation. The Commission is currently awaiting the OPM report and findings associated with that evaluation.



Irving A. Williamson  
Chairman





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## UNITED STATES INTERNATIONAL TRADE COMMISSION

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WASHINGTON, DC 20436

April 30, 2013

OIG-LL-005

Commissioners:

Attached is the Semiannual Report summarizing the activities of the Office of Inspector General (OIG) for the period October 1, 2012, to March 31, 2013.

During this period, we issued eight reports and made 22 recommendations to promote the efficiency, effectiveness, and integrity of the Commission's operations.

I would like to thank you for your commitment to strengthening the operations of the Commission and supporting the work of my office. During this reporting period, the Commission completed final action on 26 Inspector General recommendations and 10 recommendations made by external oversight organizations.

Philip M. Heneghan  
Inspector General



U.S. International Trade Commission  
Inspector General Semiannual Report

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**TABLE OF CONTENTS**

<b>Office of Inspector General.....</b>	<b>1</b>
<b>Semiannual Report Requirements .....</b>	<b>1</b>
<b>Top Management and Performance Challenges.....</b>	<b>2</b>
1. Internal Control.....	2
2. Financial Management.....	3
3. Using Information Technology to Improve Staff Productivity.....	4
<b>Inspector General Reports Issued During this Period .....</b>	<b>4</b>
Audit of Citrix Remote Access, OIG-AR-13-01 .....	5
Audit of 2012 Financial Statement, OIG-AR-13-03.....	6
Report on Internal Control for Fiscal Year 2012, OIG-AR-13-04 .....	6
Report on Compliance with Laws and Regulations for 2012, OIG-AR-13-05 .....	7
Management Letter for 2012 Financial Statement, OIG-AR-13-06.....	7
Inspector General Cyberscope Fiscal Year 2012 Submission, OIG-MR-13-07.....	7
Evaluation of the Purchase Card Program, OIG-ER-13-08.....	8
<b>Significant Recommendations from Prior Periods .....</b>	<b>9</b>
<b>Hotline and Investigations.....</b>	<b>9</b>
Investigations and Inquiries – Overview .....	9
OIG Hotline Contacts .....	10
Investigations and Inquiries .....	10
<b>External Reviews Completed During this Period .....</b>	<b>10</b>
<b>Status of Actions Related to External Reviews Completed During Prior Periods ...</b>	<b>10</b>
Office of Personnel Management – Human Resources Review .....	10
<b>Congressional Activities .....</b>	<b>11</b>
<b>Council on Inspectors General for Integrity and Efficiency Activities.....</b>	<b>11</b>
<b>Federal Financial Management Improvement Act Reporting .....</b>	<b>12</b>
<b>Peer Review .....</b>	<b>12</b>
<b>Tables</b>	
Table 1: Reporting Requirements Index .....	iii
Table 2: Management and Performance Challenges .....	2
Table 3: Reports by Subject Matter .....	5
Table 4: Significant Recommendations from Prior Reports.....	13

# U.S. International Trade Commission

## Inspector General Semiannual Report

---

Table 5: Reports with Questioned or Unsupported Costs.....	13
Table 6: Reports with Recommendations that Funds be Put to Better Use .....	14
Table 7: Reports With Final Action Completed During This Reporting Period .....	15
Table 8: Status of Reports Issued Without Final Action .....	16

### **Appendices**

Appendix A: Chairman’s Statistical Tables.....	A-1
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# U.S. International Trade Commission

## Inspector General Semiannual Report

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Table 1: Reporting Requirements Index

<b>Reporting Requirements Index</b>		
<b>IG Act</b>	<b>Description</b>	<b>Page</b>
Section 4(a)(2)	Review of Legislation	None
Section 5(a)(1)	Description of Significant Problems, Abuses, and Deficiencies	2-4
Section 5(a)(2)	Description of Recommendations for Corrective Action with Respect to Significant Problems, Abuses, and Deficiencies	4-9
Section 5(a)(3)	Significant Recommendations From Prior Reports on Which Corrective Action Has Not Been Completed	13
Section 5(a)(4)	A Summary of Matters Referred to Prosecuting Authorities	None
Section 5(a)(5)	Summary of Instances Where Information or Assistance was Unreasonably Refused	None
Section 5(a)(6)	Listing by Subject Matter of each Report Issued during this Reporting Period	2
Section 5(a)(7)	Summary of Significant Reports	4-9
Section 5(a)(8)	Statistical Table showing Questioned and Unsupported Costs	13
Section 5(a)(9)	Statistical Table showing Recommendations Where Funds Could be Put to Better Use	14
Section 5(a)(10)	Summary of Audit Reports Issued Before the Start of the Reporting Period for Which no Management Decision Has Been Made	None
Section 5(a)(11)	Description of Any Significant Revised Management Decisions	None
Section 5(a)(12)	Information Concerning any Significant Management Decision with Which the Inspector General is in Disagreement	None
Section 5(a)(13)	Information described under section 5(b) of FFMIA	12
Section 5(a)(14)	Results of Peer Review Completed During This Period or Date of Last Peer Review	12
Section 5(a)(15)	List of Any Outstanding Recommendations From Peer Review	None
Section 5(a)(16)	List of any Peer Reviews Conducted of Another Office of Inspector General During this Period	None



# U.S. International Trade Commission

## Inspector General Semiannual Report

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### Office of Inspector General

The U.S. International Trade Commission established the Office of Inspector General pursuant to the 1988 amendments to the *Inspector General Act* (IG Act). The Inspector General provides audit, evaluation, inspection, and investigative services covering all Commission programs and operations. The mission of the Inspector General is to promote and preserve the effectiveness, efficiency, and integrity of the Commission. The Office of Inspector General's activities are planned and conducted based on requirements of laws and regulations, requests from management officials, allegations received from Commission personnel and other sources, and the Inspector General's initiative.

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### Semiannual Report Requirements

The IG Act requires each Inspector General to prepare a report, semiannually, that summarizes the activities of the office. This Semiannual Report covers the period from October 1, 2012, through March 31, 2013. The 17 requirements, shown in Table 1, are specified in the IG Act and must be included in the report. The layout of this Semiannual Report is described below.

This Semiannual Report starts with a description of the Management and Performance Challenges Report, OIG-MR-13-02, which identified three management challenges facing the Commission and the actions management has taken to address these challenges. It then summarizes the results of the eight reports issued during this period, describes significant recommendations from prior reports where final action is not complete, and summarizes the hotline and investigative activities of the Inspector General. The next section provides a summary of other reviews of the Commission conducted by external parties; along with the status of recommendations from those reports. The last sections supply information on other reportable activities such as congressional activity, participation in the Council on Inspectors General for Integrity and Efficiency, other compliance activities, and our Peer Review status. Additional tables at the end of the report detail statistics on Office of Inspector General reports and recommendations.

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# U.S. International Trade Commission

## Inspector General Semiannual Report

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### Top Management and Performance Challenges

The Inspector General is required by statute to identify the most significant management and performance challenges facing the Commission in the coming year. The Inspector General provided the Commission with a report (OIG-MR-13-02) on October 15, 2012. The report identified the challenges based on information learned from audit, evaluation, and inspection work, a general knowledge of the Commission's programs and activities, and input from management regarding challenges facing the agency. The management and performance challenges identified by the Office of Inspector General include the three areas identified in Table 2. Following the table is a short discussion of the three challenges and the efforts the agency has taken to address them.

Table 2: Management and Performance Challenges

<b>Management and Performance Challenges</b>
1. Internal Control
2. Financial Management
3. Using Information Technology to Improve Staff Productivity

#### 1. Internal Control

The Commission's management is responsible for establishing and maintaining a system of internal controls that can ensure effective and efficient operations, reliable financial reporting, and compliance with laws and regulations. The Commission has had a long-standing culture of undocumented and informal processes to complete daily tasks. Documented and consistent processes and procedures are necessary to provide a reasonable level of assurance that offices are operating in an efficient and effective manner.

The Commission has taken steps to address this weakness by establishing a business process mapping team to document the flow of existing business processes. The Commission established a mapping team and introduced training to help the Commission document business processes via mapping techniques. The Process Mapping Team has been working with Commission staff to capture existing business processes to answer questions such as: (1) what conditions affect a given process? and (2) What design or deployment aspects could be enhanced? The team has done process maps in eight different lines of business or services for a total of 153 process maps.

# U.S. International Trade Commission

## Inspector General Semiannual Report

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These process maps will allow the Commission an opportunity to perform an analysis of its processes to look for areas for improvement by identifying redundant and ineffective processes, performance gaps, or areas of risk. It also provides the Commission with a baseline illustrative process that can be used to begin establishing and documenting formal procedures.

In addition, the Chief Financial Officer hired an Internal Control Program Manager to establish a comprehensive program to address organizational internal control. Since coming on board in December 2012, the Internal Control Program Manager has been working one-on-one with office directors and designated representatives to promote awareness of internal controls and develop an effective program in support of specific organizational capabilities, requirements, and limitations.

The Commission is committed to improving and strengthening the internal control environment. At the same time, the Commission understands a sustained effort over a long period of time is needed to achieve a mature and effective internal control program. The Commission will be challenged to manage and drive the cultural changes associated with the development and implementation of an effective organizational internal control program.

## **2. Financial Management**

As a result of its disclaimer on the 2009 financial statements the Commission recognized the importance and necessity of instituting a system of stronger financial controls and has implemented corrective actions to address financial management deficiencies.

For example, the Commission established a new Office of the Chief Financial Officer, and has recruited personnel with the appropriate knowledge and technical skills to fill key financial management positions. The filling of these vacancies has led to improvements in overall financial management. An important example of this are the recent audits of the Commission's financial statements, which received a qualified opinion in 2010, and unqualified opinions in 2011 and 2012.

The management challenge has been to transform financial management from an accounting exercise to a process that ensures that managers will have access to timely, reliable, and practical information that will enable them to make informed decisions. The Office of the Chief Financial Officer has taken steps to address the financial reporting challenges by meeting with operational managers to discuss reporting requirements and developing a reporting tool to provide access to financial reports.

Challenges remain to provide managers with reports to effectively monitor the expenditure of funds, evaluate program performance, and make informed financial decisions on the Commission's programs and operations.

# U.S. International Trade Commission

## Inspector General Semiannual Report

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### **3. Using Information Technology to Improve Staff Productivity**

Knowledge workers require a stable, productive information technology platform to efficiently and effectively perform their work. Skilled staff are expected to perform their mission whether they are on or off premises, and the platform supporting their work should be resilient enough to allow work to continue, even in the absence of the primary data center.

Significant information technology challenges remain that reduce the efficiency and effectiveness of Commission staff. Examples of lost productivity include computers that can take 15 minutes to become operational at boot-up, the multiple and forced reboots during standard working hours, email outages spanning five days, and continued undiagnosed performance problems affecting remote access. Systems should be designed to minimize delays and work-stopping reboots, and to enable the recovery from outages in minutes or hours instead of days.

To improve productivity, the Commission should prioritize the appropriate skills and resources in the right areas to ensure that both basic and enhanced services work well and contribute to a stable, consistent environment to effectively serve its staff regardless of their location, or the situation at the primary data center.

We also reported separately (through the Chairman) to the Office of Management and Budget, deficiencies in 7 of 11 information technology program areas evaluated as part of the annual Inspector General Cyberscope Fiscal Year 2012 submission. One of the areas, Contingency Planning, was first reported as a deficiency by the Inspector General in 2005. The other six program areas needing improvement are: Continuous Monitoring, Configuration Management, Identity and Access Management, Incident Response and Reporting, Risk Management, and Remote Access Management. The Commission faces many challenges implementing information technology solutions to improve staff productivity.

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### **Inspector General Reports Issued During this Period**

The Inspector General issued eight reports with a total of 22 recommendations during this reporting period. The Commission made management decisions on 16 recommendations, and the Inspector General agreed with all the management decisions. Management decisions on the remaining six recommendations were not due until after this reporting period had closed.

# U.S. International Trade Commission

## Inspector General Semiannual Report

The Commission made management decisions on four recommendations issued during the last reporting period that were not due until after the last reporting period had closed. The Inspector General agreed with all the management decisions.

A listing of each report issued during this reporting period, by subject matter, is provided in Table 3.

Table 3: Reports by Subject Matter

Reports by Subject Matter				
Subject Matter	Report Number	Report Title	Date Issued	Number of Recommendations
Administrative	OIG-MR-13-02	USITC Management and Performance Challenges	10/15/2012	0
Administrative	OIG-ER-13-08	Evaluation of the Purchase Card Program	03/20/2013	6
Financial	OIG-AR-13-03	Audit of 2012 Financial Statement	11/09/2012	0
Financial	OIG-AR-13-04	Report on Internal Control for FY 2012	11/09/2012	3
Financial	OIG-AR-13-05	Report on Compliance with Laws and Regulations for FY 2012	11/09/2012	0
Financial	OIG-ML-13-06	Management Letter for FY 2012 Financial Statements	11/19/2012	2
IT Security	OIG-AR-13-01	Audit of Citrix Remote Access	10/19/2012	11
IT Security	OIG-AR-13-07	Inspector General FISMA Cyberscope FY 2012 Submission	11/14/2012	0
<b>Total Recommendations Issued During This Reporting Period</b>				<b>22</b>
<i>NOTE: There were no questioned costs, unsupported costs or funds identified that could be put to better use in any of these reports.</i>				

The title, key findings, and summary information of each report are provided below.

### **Audit of Citrix Remote Access, OIG-AR-13-01**

**RESULT:** The audit determined that the Commission’s Citrix platform did not provide the capabilities necessary for staff to effectively and efficiently perform their work remotely.

We performed an audit of the Commission’s remote access system to determine if it allowed staff to work remotely in a productive manner. We reviewed performance statistics of the system, login duration, session latency, and other characteristics and compared them against other Federal agency implementations. We also interviewed

# U.S. International Trade Commission

## Inspector General Semiannual Report

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Commission staff to obtain information on the quality of user experience when using Citrix remotely.

We found that the Commission's Citrix implementation provided a time-limited web application that required users to individually launch applications as a separate window. The system required redundant data entry and unnecessary delays to login, and each application launch caused additional delay. Standard operations by users resulted in errors due to Citrix configuration or other infrastructure problems, and the data generated by the platform provided only partial information that was insufficient to manage the system. We found that these implementation deficiencies led to a decrease in productivity for Commission staff working remotely.

The report contained 11 recommendations to improve the productivity of the Commission's staff while using the Citrix remote access platform. The Chairman agreed with the findings and made management decisions to implement the recommendations.

### **Audit of 2012 Financial Statement, OIG-AR-13-03**

RESULT: The audit resulted in an unqualified opinion of the Commission's 2012 financial statements.

The Inspector General engaged the services of an independent certified public accounting firm to audit the balance sheet and related statements of net cost, changes in net position, and budgetary resources for fiscal year 2012. The auditors were able to obtain sufficient evidence to assert that the Commission's financial statements for the fiscal year ended September 30, 2012, present fairly in all material respects the financial position of the Commission.

### **Report on Internal Control for Fiscal Year 2012, OIG-AR-13-04**

RESULT: The audit identified one material weaknesses and one significant deficiency.

As part of the financial audit, the independent public accounting firm reviewed the Commission's internal control over financial reporting. The auditors identified one material weakness associated with controls over undelivered orders, accounts payable, and expenditures. They also noted one significant deficiency regarding controls over financial reporting.

Both of these conditions have been previously identified and reported in financial statement audit reports since 2009. However, this is an improvement over 2011, when the auditors identified three material weaknesses and one significant deficiency.

# U.S. International Trade Commission

## Inspector General Semiannual Report

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The report contained three recommendations for the Commission's management. The Chairman agreed with the assessment of the identified weaknesses and made management decisions for all of the recommendations.

### **Report on Compliance with Laws and Regulations for 2012, OIG-AR-13-05**

RESULT: The report did not identify any new instances of noncompliance.

As part of the financial audit, the Inspector General engaged the services of the independent public accounting firm to audit the Commission's compliance with certain laws and regulations. The auditors did not test compliance with all laws and regulations applicable to the Commission. The testing was limited to provisions of laws and regulations that would have a direct and material effect on the determination of financial statement amounts. The results of the testing performed by the audit team did not identify any new instances of noncompliance.

### **Management Letter for 2012 Financial Statement, OIG-AR-13-06**

RESULT: The Management Letter highlighted operational inefficiencies in the cash disbursement process and employee payroll process.

As part of the audit of the Commission's financial statements, the auditors noted operational inefficiencies in the cash disbursement procedures and the employee payroll process. The management letter contained two recommendations to improve internal control for both of the conditions. The Chairman agreed with the deficiencies identified in the report and made management decisions for the recommendations.

### **Inspector General Cyberscope Fiscal Year 2012 Submission, OIG-MR-13-07**

RESULT: Of the 11 program areas evaluated: 10 were established, seven needed improvement, and one had not been established.

The *Federal Information Security Management Act of 2002 (FISMA)*, requires the Office of Inspector General to independently evaluate and report to the Office of Management and Budget on how the Commission has established and implemented information security programs. Each year, the Office of Management and Budget requests input on select programs. For Fiscal Year 2012, the Office of Management and Budget requested an assessment of agency performance in the following areas:

- Continuous Monitoring Management;
- Configuration Management;
- Identity and Access Management;

# U.S. International Trade Commission

## Inspector General Semiannual Report

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- Incident Response and Reporting;
- Risk Management;
- Security Training;
- Plan of Action and Milestones;
- Remote Access Management;
- Contingency Planning;
- Contractor Systems; and
- Security Capital Planning.

In our assessment, we reported that the Commission has established and maintained four programs generally consistent with the National Institute of Science and Technology and the Office of Management and Budget's Federal Information Security Management requirements in the following areas: Security Training; Plan of Action and Milestones; Contractor Systems, and Security Capital Planning. In six areas we reported that the Commission needs to make significant improvements: Continuous Monitoring, Configuration Management, Identity and Access Management, Incident Response and Reporting, Risk Management, and Remote Access Management.

We also reported that the Commission did not yet have a program to perform Contingency Planning. The Commission's lack of Contingency Planning has been reported since 2005, and it is making progress to meet the requirement by the end of the fiscal year.

While the results of our assessment identified deficiencies in 7 of the 11 program areas, no recommendations were issued because this report is provided to the Office of Management and Budget, not the Commission.

### **Evaluation of the Purchase Card Program, OIG-ER-13-08**

**RESULT:** The evaluation determined that the Commission's purchase card program is effective.

We performed a review of the purchase card program to determine if the Commission had achieved the government-wide goals to reduce administrative costs and time for purchasing and paying for goods and services while ensuring effective controls were in place to mitigate the risk of fraud, misuse, and delinquency.

We found that the Commission's purchase card program reduced administrative costs and time for purchasing small, low-cost items under the micro-purchase threshold. The Commission has implemented segregation of duties to mitigate the risk of fraud and misuse, and cardholders maintained documentation to support the items and services acquired. We also found that the Commission's policies were consistent with guidance

# U.S. International Trade Commission

## Inspector General Semiannual Report

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provided in the Office of Management and Budget Circular A-123, Appendix B, Improvement the Management of Government Card Charge Programs.

While we found the Commission's purchase card program to be effective, two areas for improvement were identified: (1) increasing monitoring and oversight of the purchase card program and (2) properly classifying purchase card transactions.

The Inspector General made six recommendations that addressed the areas for improvement. The Chairman agreed with the findings in the report and was in the process of developing management decisions to address the recommendations at the time the reporting period closed.

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### **Significant Recommendations from Prior Periods**

The Inspector General identified one recommendation from prior periods as significant.

The recommendation, associated with having an alternate processing facility, has been repeatedly identified and reported as significant by the Inspector General. A listing that identifies this recommendation along with the report number is provided in Table 4.

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### **Hotline and Investigations**

#### **Investigations and Inquiries – Overview**

In accordance with professional standards and guidelines, the Inspector General conducts investigations and inquiries of criminal, civil, and administrative wrongdoing involving Commission programs, operations, and personnel. Investigations may involve possible violations of regulations regarding employee responsibilities and conduct, Federal criminal law, and other statutes and regulations pertaining to the activities of the Commission.

The Inspector General reviews and analyzes all complaints received to determine the appropriate course of action. In instances where it is determined that something less than a full investigation is appropriate, the Inspector General may conduct a preliminary inquiry into the allegation. If the information obtained during the inquiry indicates that a full investigation is warranted, the Inspector General will commence an investigation of the allegation.

# U.S. International Trade Commission

## Inspector General Semiannual Report

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### **OIG Hotline Contacts**

The OIG maintains a Hotline for reporting information about suspected waste, fraud, abuse, or mismanagement involving Commission programs or operations. Information may be provided by telephone, fax, email, mail, or through a web-based form. Upon request, a provider's identity will be kept confidential. Reports may also be made anonymously.

We receive complaints from employees, contractors, and the public that involve the Commission's areas of responsibility. We examine these complaints to determine whether there is any indication of Commission wrongdoing or misconduct. If the complaint does not relate to the USITC, we refer the complaint to the appropriate agency for response. If the complaint does not have merit, we close the matter.

The OIG has worked to increase awareness of the Hotline throughout the Commission by creating a series of Hotline posters and holding OIG Outreach sessions with Commission offices.

### **Investigations and Inquiries**

The Inspector General did not have any investigation or inquiry activity to report during this reporting period.

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## **External Reviews Completed During this Period**

The Commission did not have any external reviews completed during this reporting period.

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## **Status of Actions Related to External Reviews Completed During Prior Periods**

### **Office of Personnel Management – Human Resources Review**

The Office of Personnel Management completed an external review of the Commission's human resource program on August 26, 2009. The purpose of the review was to evaluate the human capital program at the Commission. This evaluation resulted in 83 recommendations made to the Commission to ensure compliance with laws and to strengthen the management and administration of the Commission's human capital

# U.S. International Trade Commission

## Inspector General Semiannual Report

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program. The Commission made management decisions to implement all of the recommendations. The Commission had completed final action on 73 recommendations in prior reporting periods. The Commission completed final action on the remaining 10 management decisions during this reporting period.

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### **Congressional Activities**

The Inspector General responded to two congressional inquiries this reporting period. The first inquiry was from the Chairman and Ranking Member of the House Committee on Finance, and the Ranking Member of the Senate Committee on Oversight and Government Reform. They were seeking information from the Inspector General community on high-priority recommendations for reducing waste and increasing efficiency.

The second request was received from four co-chairs of the Bicameral Task Force on Climate Change. The task force was seeking information on the Commission's efforts to address climate change.

The Inspector General also transmitted a report that affirmed the Commission's compliance with the Improper Payments Elimination and Recovery Act. The Inspector General's determination was submitted to the Senate Committee on Homeland Security and Governmental Affairs, the House Committee on Oversight and Governmental Reform, the Comptroller General, and the Controller of the Office of Management and Budget's Office of Federal Financial Management.

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### **Council on Inspectors General for Integrity and Efficiency Activities**

The Inspector General has actively participated in meetings and supported the efforts of the Council on Inspectors General for Integrity and Efficiency (CIGIE).

The Office of the Inspector General staff have volunteered to serve as members on various working groups and committees that address cross-cutting issues such as, knowledge management, cloud computing, investigations, cyber security, new media, small agencies concerns, and legislative issues.

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# U.S. International Trade Commission

## Inspector General Semiannual Report

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### **Federal Financial Management Improvement Act Reporting**

The IG Act and the Federal Financial Management Improvement Act of 1996 (FFMIA) require the Inspectors General of certain agencies to report “instances and reasons” when the agency has not met intermediate target dates established in a remediation plan to bring the agency’s financial management system into substantial compliance with the FFMIA. The Commission is not subject to the FFMIA; however, it voluntarily seeks to comply with most of its requirements. During this reporting period, there were no events giving rise to a duty to report under FFMIA.

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### **Peer Review**

During this reporting period, a peer review by the Farm Credit Administration’s Office of Inspector General was conducted on our audit operations. The final report, dated January 16, 2013, determined that the system of quality control for conducting audits had been suitably designed and implemented; and received a peer review rating of pass. All recommendations from the peer review were implemented during this reporting period. The report is posted on our web site.

The peer review schedule is set by the CIGIE; the next peer review of my office will be conducted in two years. We are scheduled to perform a peer review of another Inspector General’s audit operation at the end of this fiscal year.

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# U.S. International Trade Commission

## Inspector General Semiannual Report

Table 4: Prior Significant Recommendations Where Corrective Action Has Not Been Completed

<b>Prior Significant Recommendations Where Corrective Action Has Not Been Completed</b>	
Report Number	Recommendation
OIG-AR-04-05	With respect to each mission-critical application and general support system, determine if an alternate processing facility is necessary and identify the respective facility. At this alternate facility, contingency plans should be tested and arrangements made for its use in the event of a major interruption or disaster.

Table 5: Reports with Questions and Unsupported Costs

<b>Reports with Questioned and Unsupported Costs Section 5(a)8</b>			
Description	Number of Reports	Questioned Costs	Unsupported Costs
Reports for which no management decision has been made by the commencement of the reporting period.	1 <sup>1</sup>	\$0	\$0
Reports issued during the reporting period.	8	\$0	\$0
<b>Subtotals</b>	9	\$0	\$0
Reports for which a management decision was made during the reporting period.	8	\$0	\$0
<ul style="list-style-type: none"> <li>• Dollar value of disallowed costs.</li> </ul>		\$0	\$0
<ul style="list-style-type: none"> <li>• Dollar value of allowed costs.</li> </ul>		\$0	\$0
Reports for which no management decision has been made by the end of the reporting period.	1 <sup>2</sup>	\$0	\$0
<b>Subtotals</b>	9	\$0	\$0

<sup>1</sup>Management decisions were received in response to the TRAO report, OIG-ER-12-11, which was issued at the end of the last reporting period and management decisions were not due until after the reporting period had closed.

<sup>2</sup>The purchase card report, OIG-ER-13-08, was issued during the month of March and management decisions were not due until after this reporting period had closed.

# U.S. International Trade Commission

## Inspector General Semiannual Report

Table 6: Reports w/ Recommendations that Funds be Put to Better Use

<b>Reports with Recommendations that Funds be Put to Better Use Section 5(a)9</b>		
<b>Description</b>	<b>Number of Reports</b>	<b>Funds Put to Better Use</b>
Reports for which no management decision has been made by the commencement of the reporting period.	1 <sup>3</sup>	\$0
Reports issued during the reporting period.	8	\$0
<b>Subtotals</b>	<b>9</b>	<b>\$0</b>
Reports for which a management decision was made during the reporting period.	8	
<ul style="list-style-type: none"> <li>• Dollar value of recommendations agreed to by management.</li> </ul>		\$0
<ul style="list-style-type: none"> <li>• Dollar value of recommendations not agreed to by management</li> </ul>		\$0
Reports for which no management decision has been made by the end of the reporting period.	1 <sup>4</sup>	\$0
<b>Subtotals</b>	<b>9</b>	<b>\$0</b>

<sup>3</sup>Management decisions were received in response to the TRAO report, OIG-ER-12-11, which was issued at the end of the last reporting period and management decisions were not due until after the reporting period had closed.

<sup>4</sup>The purchase card report, OIG-ER-13-08, was issued during the month of March and management decisions were not due until after this reporting period had closed.

# U.S. International Trade Commission

## Inspector General Semiannual Report

Table 7: Reports With Final Action Completed During this Reporting Period

Reports With Final Action Completed During this Reporting Period					
Reports Issued This Reporting Period					
	Report Title	# of Recs.	Mgt. Decisions	Final Action Complete in Prior Periods	Final Action Complete This Period
1	USITC Management and Performance Challenges	0	0	0	0
2	Audit of 2012 Financial Statement	0	0	0	0
3	Report on Compliance with Laws and Regulations for FY 2012	0	0	0	0
4	Inspector General FISMA Cyberscope FY 2012 Submission	0	0	0	0
<b>Totals</b>		0	0	0	0
Prior Reporting Periods					
	Report Title	# of Recs.	Mgt. Decisions	Final Action Complete in Prior Periods	Final Action Complete This Period
1	Audit of Account Management, OIG-AR-11-11	8	8	6	2
2	Audit of Continuous Monitoring, OIG-AR-11-15	4	4	3	1
3	Management Letter for FY 2011 Financial Statement Audit, OIG-ML-12-05	3	3	2	1
4	Evaluation of TRAO, OIG-ER-12-11	3	3	0	3
<b>Totals</b>		18	18	11	7

# U.S. International Trade Commission

## Inspector General Semiannual Report

Table 8: Status of Reports Issued Without Final Action

Status of Reports Issued Without Final Action						
This Reporting Period						
	Report Title	# of Recs.	Mgt. Decisions	Decisions IG Disagrees With	Final Action Complete	Action Not Complete
1	Audit of Citrix Remote Access, OIG-AR-13-01	11	11	0	0	11
2	Report on Internal Control for FY 2012, OIG-AR-13-04	3	3	0	1	2
3	Management Letter for FY 2012 Financial Statements, OIG-ML-13-06	2	2	0	0	2
4	Evaluation of the Purchase Card Program, OIG-ER-13-08	6	0	0	0	6
Subtotal Current Period		22	16	0	10	21
Prior Reporting Periods						
	Report Title	# of Recs.	Mgt. Decisions	Final Action Complete Prior Periods	Final Action Complete This Period	Action Not Complete
1	FISMA FY 2004 Performance Audit, OIG-AR-04-05	14	14	12	1	1
2	Compliance with Laws and Regulations, OIG-AR-11-04	2	2	1	0	1
3	Inspection of Physical Security, OIG-SP-11-12	22	22	8	6	8
4	Report on Internal Control for FY 2011, OIG-AR-12-03	12	12	6	4	2
5	Audit of Title VII Preliminary Process, OIG-AR-12-06	2	2	1	0	1
6	Evaluation of Employee Out-Processing Program, OIG-ER-12-07	11	11	5	3	3
7	Evaluation of Modifications to HTS, OIG-ER-12-08	8	8	5	2	1
8	Evaluation of Controlling CBI/BPI, OIG-ER-12-09	6	6	0	0	6
9	Audit of Software Licensing, OIG-AR-12-10	6	6	0	2	4
Subtotal Prior Period		83	83	38	18	27

# U.S. International Trade Commission

## Appendix A

### Appendix A: Chairman's Statistical Tables

Table A: Reports with Disallowed Costs

<b>Total Number of Reports and the Dollar Value of Disallowed Costs</b>		
<b>Description</b>	<b>Number of Reports</b>	<b>Dollar Value of Disallowed Costs</b>
Reports issued during the period.	8	\$0
Reports for which final action had not been taken by the commencement of the reporting period.	13	\$0
Reports on which management decisions were made during the reporting period.	8	\$0
Reports for which final action was taken during the reporting period.	8	\$0
<ul style="list-style-type: none"> <li>• Dollar value of disallowed costs, recovered by management.</li> </ul>		\$0
<ul style="list-style-type: none"> <li>• Dollar value of disallowed costs written off by management.</li> </ul>		\$0
Reports for which no final action has been taken by the end of the reporting period.	13	\$0

Table B: Reports with Recommendations that Funds be Put to Better Use

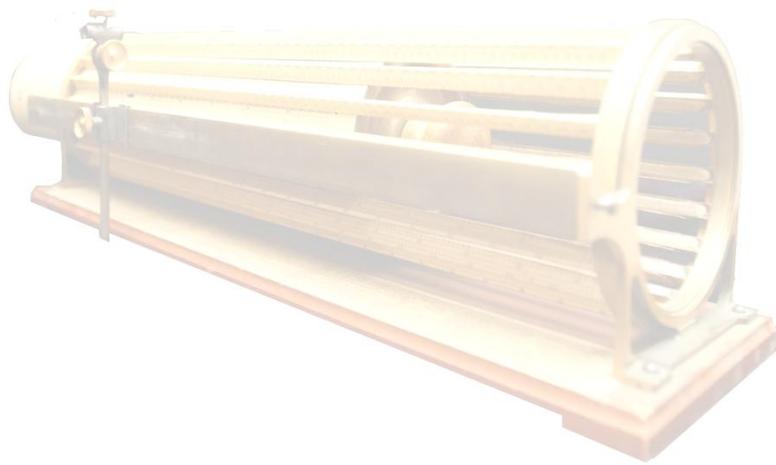
<b>Reports with Recommendations that Funds be Put to Better Use</b>		
<b>Description</b>	<b>Number of Reports</b>	<b>Funds Put to Better Use</b>
Reports for which final action had not been taken by the commencement of the reporting period.	13	\$0
Reports on which management decisions were made during the reporting period.	8	\$0
Reports for which final action was taken during the reporting period including:	8	\$0
<ul style="list-style-type: none"> <li>• Dollar value of recommendations that were actually completed.</li> </ul>		\$0
<ul style="list-style-type: none"> <li>• Dollar value of recommendations that management has subsequently concluded should not or could not be completed.</li> </ul>		\$0
Reports for which no final action has been taken by the end of the reporting period.	13	

# U.S. International Trade Commission

## Appendix A

Table C: Prior Year Management Decisions Without Final Action

<b>Prior Year Audit Reports On Which Management Decisions Have Been Made but Final Action has Not Been Taken</b>				
Audit Report	Date Issued	Disallowed Costs	Funds Put to Better Use	Reason Final Action has Not Been Taken
OIG-AR-04-05	09/27/2005	\$0	\$0	Provided in Part II B of the Chairman's Message
OIG-AR-11-04	11/10/2010	\$0	\$0	Provided in Part II B of the Chairman's Message
OIG-SP-11-12	09/09/2011	\$0	\$0	Provided in Part II B of the Chairman's Message
OIG-AR-12-03	11/10/2011	\$0	\$0	Provided in Part II B of the Chairman's Message
OIG-AR-12-06	01/23/2012	\$0	\$0	Provided in Part II B of the Chairman's Message
OIG-ER-12-07	01/25/2012	\$0	\$0	Provided in Part II B of the Chairman's Message



*“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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