

U.S. International Trade Commission

USITC Management and Performance Challenges



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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.

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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Chairman Williamson:

This memorandum transmits the Inspector General's summary of the top management and performance challenges facing the Commission and briefly assesses management's progress in addressing these challenges.

I have identified two management and performance challenges for fiscal year 2017: Internal Controls, and IT Management. These challenges were identified based on work by the Office of Inspector General, input from Commission management, and knowledge of the Commission's programs and operations.

Internal Controls:

The Commission's management is responsible for establishing and maintaining a system of internal controls. These internal controls are the plans, policies, procedures, and organizational environment that managers use to ensure their programs and operations are achieving the intended results through the effective use of public resources.

The Standards for Internal Control in the Federal Government (Green Book) defines internal control as "a continuous built-in component of operations, effected by people" and identifies five components for internal control. In order for a system of internal control to be effective, all five components must be effectively designed, implemented, and operating. In addition, all five components must be working together in an integrated manner.

The control environment is the foundation for a system of internal control. One principal of the control environment is the establishment of an organizational structure, assignment of responsibility, and delegations of authority to meet the objectives of the Commission. Last year we completed an audit of the Commission's directives management system, which included a review of these control environment elements. The audit found that the Commission's directives

were not current, and the directives contained outdated assignments of responsibility and delegations of authority. The lack of monitoring led to weaknesses in each of the five components of internal control. Monitoring is necessary to determine if the system of internal control is properly designed, working as intended, and achieving the desired results. One of the underlying reasons was the lack of accountability; individuals had roles and responsibilities within the process, but no one was held accountable for the overall success of the Commission's directives system.

The Commission has recognized the importance of having strong internal controls. The Commission has consistently acknowledged and responded to internal control weaknesses identified in reports issued by the Office of Inspector General. However, even with the strides taken by the Commission over the past five years, there is still an underlying assumption that because specific actions were completed the problems have been resolved. Management needs to take further actions to ensure that controls work effectively and achieve the desired results.

The Commission has shown continued commitment towards improving and strengthening the internal control environment. The Enterprise Risk Management Program continues to mature and has been integrated into the budget process to assist management in making informed decisions. Because enterprise risk management is an iterative process, the Commission must keep management focused on maturing its processes and procedures, ensuring that program risk assessments are completed and used to inform the enterprise risk, identifying new and emerging risks, reevaluating the risks impact/probability scores for reasonableness, and assessing whether mitigation strategies are working effectively.

The Commission must continue the engagement of senior management in all aspects of internal control to ensure buy-in across programmatic and administrative offices and to make certain it can be sustained over a long period of time in order 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.

IT Management:

Daily attention to the four foundational, critical security controls remain the cornerstone of securing the Commission's network. These controls are: (1) Inventory of authorized and unauthorized devices, (2) Inventory of authorized and unauthorized software, (3) Secure Configurations for Hardware and Software on Mobile Device Laptops, Workstations, and Servers, and (4) Continuous vulnerability assessment and remediation.

The Commission has plans to deploy new technologies to meet shifting priorities and goals, such as a new data center and the implementation of a portal to support work on miscellaneous tariff bills. New projects introduce new risks as the focus moves from maintenance operations to developing and deploying new systems.

The most secure and functional network is one which is best understood by technical staff. A simpler network is easier to understand and maintain, and maximizes the chance to achieve effective security. The Commission should continue work to simplify its network, by continuing to refine and minimize its unnecessary applications, eliminate unnecessary internet protocol (IP) address space and subnetworks, and rely on built-in functionality of modern software instead of maintenance intensive add-ons such as third-party email archiving software.

The transition to a new Help Desk and IT engineering contracts also present opportunities and challenges. Recent experience demonstrated a challenge to maintain progress in secure configurations, when staff laptops were deployed, only to be removed the next day because they were found to have vulnerabilities due to missing patches.

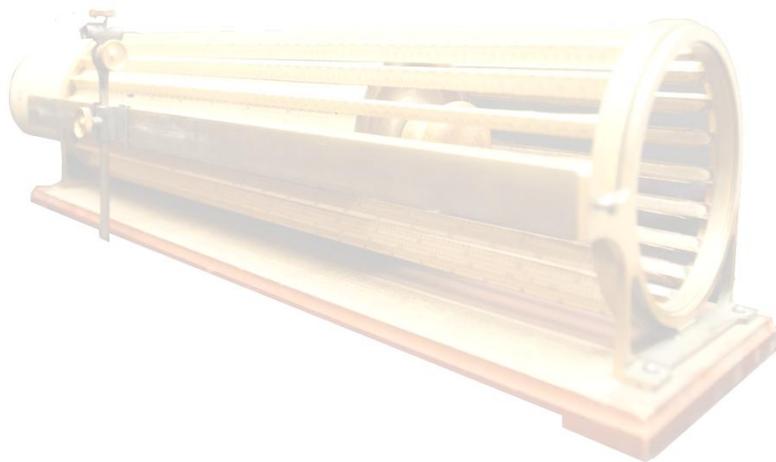
The Commission has identified and begun to implement business systems that will automate and improve the effectiveness of the Commission's operations. These new systems include collecting electronic data for some Title VII investigations, consolidating different databases of 337 data, cataloging external administrative reports in a manageable database, and modernizing the Harmonized Tariff Schedule business processes and information systems. Taking advantage of automation should improve the integrity, effectiveness, and efficiency of all the Commission's work.

The Commission's professional staff require a consistent and stable IT foundation, which is required to work effectively today. This foundation must be developed and managed effectively to enhance, and not delay, the work of Commission staff. If the Commission's IT systems do not work effectively, staff are unnecessarily stressed, deadlines are risked, and staff are forced to find alternate means of accomplishing their work. The Commission should continue to focus on the delivery of and maintenance of a stable technology platform to serve its staff.

I will continue to work with you, the other Commissioners, and management to reassess our goals and objectives to ensure that my focus remains on the risks and priorities of the Commission.



Philip M. Heneghan
Inspector General



“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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