

U.S. International Trade Commission

Inspector General Semiannual Report



October 1, 2014 - March 31, 2015



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

Meredith M. Broadbent, Chairman

Dean A. Pinkert, Vice Chairman

Irving Williamson

David S. Johanson

F. Scott Kieff

Rhonda K. Schmidlein

Chairman



UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, DC 20436

May 27, 2015

Message from the Chairman

In accordance with the Inspector General Act of 1978, as amended, 5 U.S.C. App. 3 (IG Act), the U.S. International Trade Commission (USITC or Commission) transmits the Inspector General's Semiannual Report of the USITC, for the October 1, 2014 to March 31, 2015 period.

The Commission appreciates the Office of Inspector General's continuing efforts to ensure the effectiveness, efficiency, and integrity of the Commission's programs and operations. Inspector General Philip Heneghan and his staff have provided invaluable assistance to the Commission and its staff throughout the year on these issues. Our agency has benefitted significantly from his analysis of our operations.

The Semiannual Report identifies the agency's top management and performance challenges from the Inspector General's perspective. The Commission concurs with his assessment of these challenges. The Commission will address these issues and take the steps needed to improve its operations. Moreover, it appreciates the great efforts made by Commission staff to resolve these issues and the Inspector General's acknowledgement that progress has been made on these matters during the year.

Part I of this message discusses the steps that the Commission has taken during the year to address the broad internal control and information technology challenges identified by the Inspector General. Part II discusses the Commission's responses to the specific recommendations made by the Inspector General in his reports that have not yet been fully addressed by the Commission.

I. Addressing Broad Management and Performance Challenges

A. Internal Controls

The Commission has continued to make significant progress towards establishing a strong, integrated and comprehensive system of internal controls. It also recognizes that internal controls management affects all areas of its organization, including entity-level and office-specific controls within its administrative, financial, programmatic, information technology, security, and compliance functions. Due to the complexity of actions needed to implement and maintain the internal control system, the Commission has approached this challenge as a multi-year initiative. Prior to this reporting period, the Chairman, the Chief of Staff, Deputy Chief of Staff, Chief Financial Officer, and Director of Budget began a budget execution process that was considerably more dependent upon risk assessment than similar processes in the past. Since then, much work has been done to expand upon that initiative.

During the current reporting period, the Commission began implementing an Enterprise Risk Management (ERM) system, which was designed to help assess risks across various initiatives and determine whether additional internal controls may be needed. Part of the implementation process entailed developing an ERM framework and database to identify and quantify the risk associated with major new initiatives. Management expects to use this ERM system in the near future, to help review and implement its strategic and management objectives, budget execution, and other initiatives. The Chief Operating Officer and Performance Improvement Officer are also expecting to use the ERM system to incorporate risk in the performance planning and review process. Ultimately, the Commission expects to integrate the ERM process into its future performance planning and evaluation processes. As part of that process, office directors would inform the Chairman of risks associated with various initiatives and use the information to better develop future plans to meet the agency's mission and strategic objectives.

The Commission is committed to building a strong, integrated, and comprehensive internal control system and will continue to monitor and promote the systems in place to foster ongoing progress in this area.

B. 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 it needs to do more in this area and has hired a new Chief Information Officer who brings leadership and experienced vision to the IT program area.

The Commission understands that the availability and accessibility of IT systems is paramount to increasing the productivity of staff. To this end, the Commission has undertaken an effort to migrate its IT systems to fully virtualized platforms that are more adaptable and flexible. It also significantly increased the level of automated monitoring of its core infrastructure, making both

current and historical monitoring of information readily available in a dashboard format. This will allow the Commission to better track, address, and report on infrastructure related issues. It also will provide new data for trend analysis previously unavailable to Commission. The Commission also improved the reliability of its remote access capability and expanded its Mobile Device Management program to support a wider variety of devices.

A secure IT environment is critical for employee productivity. The Commission recognizes that it must continue to work to ensure that its IT resources are operating in a manner that enhances productivity and protects the security of government information assets. In 2015 the Commission strengthened the security of its networks and systems by instituting cybersecurity initiatives that balance risk and compliance. Cybersecurity is one of OMB's Cross Agency Priority goals, and Commission managers will maintain a strong focus in this area. In particular in FY 2015, the Commission has expanded external assessments of its information systems, and is actively participating in various security initiatives with the Department of Homeland Security (DHS).

The Commission's operational units continue to document and define their business activities to identify areas where technology can be used more effectively. In FY 2015, the Commission migrated its public website to a new, modern content management system which empowers agency staff to update website information directly. In addition, the Commission made significant progress on plans to 1) implement a new system to accurately and effectively maintain and access the Harmonized Tariff Schedule, and 2) update the Electronic Document Information System (EDIS) to improve filing and search functionality for both USITC staff and external users. Deployment of both of these systems is planned for the second half of FY 2015.

The Commission will continually evaluate its business processes and determine how best to implement new technologies to enhance staff productivity.

II. Actions on Recommendations

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

During this reporting period, the Inspector General issued nine new reports containing ten new recommendations for management action.¹ The Commission issued Management Decisions (MDs) on all of those recommendations in a timely manner during this reporting period.

The Commission completed final action on a number of management decisions contained in three reports that were issued by the Inspector General during this or prior reporting periods.² The Commission is committed to addressing all of its outstanding management decisions. It discusses its plans to address these decisions below.

¹ See Table 3 of the Inspector General's report.

² See Table 7 of the Inspector General's report.

B. Actions on Recommendations Made in Prior Periods

- (1) The Report notes that the Inspector General recommended that the Commission develop and implement a single database to manage the Harmonized Tariff Schedule (HTS). The Commission made management decisions to implement the recommendation and is almost finished deploying the system. The Department of Health and Human Services has performed an independent security controls assessment of the new HTS Data Management System and the Commission will issue an Authority to Operate prior to its production release. The Commission expects to deploy the new HTS data management system by June 30, 2015, including a new search interface that uses the new database as its sole data source. This will replace the outmoded Tariff Search Tool. The information in the database has been verified for accuracy and the data management system will be used for the July 1 revision of the HTS.

- (2) The Report notes that the Commission has not completed final action on the Inspector General's recommendations on the use and retention of confidential business information and business proprietary information at the end of investigations and proceedings. The Commission has taken important steps to address these recommendations. For example, in this reporting period, it conducted a comprehensive review of the associated legal issues and drafted a handbook on how to handle and safeguard controlled unclassified information (CUI). Now, both the (1) CUI and (2) Records Management handbooks are in the final stages of review by the various offices. In addition, USITC Directive 1340, "Information Security" dated 2/20/2001, has been updated to include specific policy guidance and the assignment of responsible parties to address the protection of CUI. This document is also in final draft and is currently under review by the Commission. However, NARA, the designated Executive Agent for CUI, has not yet issued official policy and implementation guidance for the proper handling and safeguarding of CUI, and this is not expected before December 2015. The final CUI regulation could require changes to guidance issued by USITC prior to its effective date.

A working group was also established in November 2014 to continue to address the IG recommendations. The team consists of senior staff from the Chairman's Office, General Counsel, Operations, Security and Support Services, Chief Information Officer, Secretary, Internal Controls and Risk Management.

- (3) The Commission continues to place a high priority on securing its information systems. With the recent placement of a permanent Chief Information Officer and Chief Information Security Officer, eight security MDs have been closed. These include the development of a plan to patch workstations which have been temporarily disconnected

from the network before reconnecting, applying stronger security guidelines for building new servers, implementing improvements to the Information Security Continuous Monitoring (ISCM) program, and establishing a comprehensive process to grant an Authority to Operate for all USITC information systems to ensure compliance with Federal security requirements. Of the three remaining MDs, only one addresses an ongoing risk – systems that cannot be patched. The number of un-patchable systems has been significantly reduced, with the majority of those remaining currently being prepared for replacement. The remaining systems will be removed, replaced, or the risk will be mitigated. The final two MDs are related to network complexity issues that impacted security scanning. Improvements were made that now enable security scanning at levels that exceed the IG’s requirements. Improvements will continue to be evaluated for additional network optimization.

Finally, a cybersecurity strategic plan was created to address the cyber-related policy, compliance, and security objectives of the Commission. The main components of this plan, which have been completed this reporting period, are highlighted below:

Policy

- Created Administrative Order 15 -06 to designate an official responsible for authorizing the agency’s overall information systems to operate;
- Created Administrative Order 15-02 to ensure that the agency is complying with Privacy Breach Notification Policy;
- Began developing policies to ensure compliance with NIST guidance on securing information systems; and
- Began updating the Incident Response Plan.

Compliance

- Provided annual security awareness training, privacy training, and training for users with significant information security responsibilities;
- Created an inventory of information systems and identified the respective system owners and information system security officers;
- Created a process for ensuring information systems are authorized by the Authorizing Official prior to production release; and
- Conducted an assessment of the Harmonized Tariff Schedule system’s compliance with FISMA security requirements.

Security Operations

- Performed ongoing security monitoring of the USITC network;
- Enlisted Department of Homeland Security (DHS) services to provide additional security testing on the USITC's defenses against internal and external network attacks;
- Continued involvement in the DHS Cyber Hygiene program, where externally facing commission assets are scanned for vulnerabilities;
- Actively participated in the DHS Continuous Diagnostics and Mitigation program to minimize cybersecurity breaches; and
- Continued to work with commission stakeholders to implement the DHS Trusted Internet Connection.

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



Meredith M. Broadbent
Chairman



UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, DC 20436

April 30, 2015

OIG-NN-008

Commissioners:

Attached is the Semiannual Report summarizing the activities of the Office of Inspector General for the period October 1, 2014 to March 31, 2015.

During this period, we issued nine reports and made ten recommendations to promote the efficiency, effectiveness, and integrity of the Commission's operations. The Commission completed final action on six of these recommendations during this reporting period. The Commission completed final action on eight recommendations that had been made by the Inspector General in prior reporting periods.

I would like to thank you for your commitment to strengthening the integrity and the operations of the Commission, and for your support to the work of my office.

Philip M. Heneghan
Inspector General

U.S. International Trade Commission
Inspector General Semiannual Report

TABLE OF CONTENTS

Office of Inspector General..... 1

Semiannual Report Requirements 1

Top Management and Performance Challenges..... 2

 1. Internal Control..... 2

 2. Using Information Technology to Improve Staff Productivity..... 3

Inspector General Reports Issued During this Period 4

 Descriptive Evaluation of USITC Affirmative Requirements, OIG-ER-15-02..... 5

 Audit of 2014 Financial Statement, OIG-AR-15-03..... 5

 Report on Internal Control for 2014, OIG-AR-15-04..... 5

 Report on Compliance with Laws and Regulations for 2014, OIG-AR-15-05 6

 Management Letter for 2014 Financial Statement, OIG-ML-15-06 6

 Management Letter – Improper Payment Reporting, OIG-AR-15-07..... 6

 2015 Charge Card Risk Assessment Report, OIG-MR-15-08..... 7

 FISMA Cyberscope FY 2014 Submission, OIG-ML-15-09 7

Significant Recommendations from Prior Periods 8

Hotline and Investigations..... 9

 Investigations and Inquiries – Overview 9

 OIG Hotline Contacts 10

 Summary of Matters Referred to Prosecuting Authorities 10

 Investigations 10

External Reviews Completed During this Period 11

Status of Actions Related to External Reviews Completed During Prior Periods ... 11

Reviews Completed for Other Offices of Inspector General 11

Congressional Activities 12

Council on Inspectors General for Integrity and Efficiency..... 12

Federal Financial Management Improvement Act Reporting 13

U.S. International Trade Commission
Inspector General Semiannual Report

Tables

Table 1: Reporting Requirements Index	iii
Table 2: Management and Performance Challenges	2
Table 3: Reports by Subject Matter	4
Table 4: Significant Recommendations from Prior Reports.....	14
Table 5: Reports with Questioned or Unsupported Costs.....	14
Table 6: Reports with Recommendations that Funds be Put to Better Use	15
Table 7: Reports With Final Action Completed During This Reporting Period	16
Table 8: Status of Reports Issued Without Final Action	17

Appendices

Appendix A: Chairman’s Statistical Tables.....	A-1
--	-----

U.S. International Trade Commission

Inspector General Semiannual Report

Table 1: Reporting Requirements Index

Reporting Requirements Index		
IG Act	Description	Page
Section 4(a)(2)	Review of Legislation	None
Section 5(a)(1)	Description of Significant Problems, Abuses, and Deficiencies	2
Section 5(a)(2)	Description of Recommendations for Corrective Action with Respect to Significant Problems, Abuses, and Deficiencies	4-8
Section 5(a)(3)	Significant Recommendations From Prior Reports on Which Corrective Action Has Not Been Completed	8, 14
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	4
Section 5(a)(7)	Summary of Significant Reports	4-8
Section 5(a)(8)	Statistical Table showing Questioned and Unsupported Costs	14
Section 5(a)(9)	Statistical Table showing Recommendations Where Funds Could be Put to Better Use	15
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	13
Section 5(a)(14)	Results of Peer Review Completed During This Period or Date of Last Peer Review	13
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	13

U.S. International Trade Commission

Inspector General Semiannual Report

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.

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, 2014 through March 31, 2015. 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-15-01, which identified two management challenges facing the Commission and the actions management has taken to address these challenges. It then summarizes the results of the other 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.

U.S. International Trade Commission

Inspector General Semiannual Report

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-15-01) on October 6, 2014. 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 two areas identified in Table 2. Following the table is a short discussion of the two challenges and the efforts the agency has taken to address them.

Table 2: Management and Performance Challenges

Management and Performance Challenges
1. Internal Control
2. 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. This includes the plans, policies, procedures, and organizational environment that managers use to ensure their programs and operations meet their strategic objectives, while managing risks that threaten the achievement of those objectives. Monitoring and assessing key internal control activities is a fundamental practice for managing entity-wide risks.

Well-defined and documented policies and procedures are a basic component of an internal control system. The policies and procedures should be designed to ensure the processes critical to the Commission's success are performed in a consistent way to meet strategic and management objectives. The Commission has continued efforts to obtain baseline documentation of its procedures through business process mapping. This has been an on-going effort for several years. However, the Commission has not yet fully integrated monitoring and assessing the design and implementation of the policies and procedures into its normal operations. This is necessary to ensure the policies and procedures are functioning as expected, that key controls are operating as designed, and are updated when necessary to reflect any changes that affect the way the Commission operates.

U.S. International Trade Commission

Inspector General Semiannual Report

One of the roles of an internal control system is to mitigate and manage risks. An integrated risk management program provides increased transparency, knowledge, and understanding of entity-wide risks. It also provides a tool to communicate how the Commission plans to respond to risk. Managers informed by such a program can make risk-based strategic decisions on matters such as resource allocation and budget execution. The Commission has made significant progress in the past year to address risk management. They finalized an entity-level risk framework and developed an automated tool to begin collecting risk information. Because risk assessment has not been a structured part of the Commission's management activities, it will take several years of refining the process, the tool, and the data before the benefits of this program are fully realized. One of the challenges will be to change the culture from managing risk within functional silos to integrating, managing, and communicating risks across the organization. It will require top-down leadership and the sustained engagement of managers to stay the course and not approach this as a compliance exercise.

The Commission has been committed to improving and strengthening the internal control environment. At the same time, the Commission understands that the effort must engage its leaders broadly, ensure buy-in across programmatic and administrative offices, and be sustained over a long period of time in order to achieve a solid 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. Using Information Technology to Improve Staff Productivity

Information technology systems should enable the Commission's knowledge workers to operate effectively and efficiently. In order for this to happen, the Commission needs to have two foundational requirements: 1) a stable information technology platform and 2) an environment receptive to change and automation.

A stable information technology platform requires basic operational security. Forceful action on recommendations and direct involvement by the Chairman's office has significantly improved the information security posture of the Commission, most notably the recent implementation of whitelisting control of application software, and rapid application of patches to remediate vulnerabilities.

The Commission faces many challenges implementing information technology solutions to improve staff productivity. Information technology should be seen as a supporting resource, and not as an entity unto itself. Until this concept is embraced, Commission staff will not achieve full productivity using the Commission's technology capabilities. If the Commission can improve the flexibility, reliability, and performance of its

U.S. International Trade Commission

Inspector General Semiannual Report

technology, Commission staff will use it to transform the way they work, resulting in a better, more efficient work product.

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.

Inspector General Reports Issued During this Period

The Inspector General issued nine reports with ten recommendations during this reporting period. The Commission made management decisions on all ten of the recommendations, and 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-15-01	USITC Management and Performance Challenges	10/06/2014	0
Operations	OIG-ER-15-02	Descriptive Evaluation of USITC Affirmative Requirements	10/07/2014	0
Financial	OIG-AR-15-03	Audit of 2014 Financial Statement	11/12/2014	0
Financial	OIG-AR-15-04	Report on Internal Control for 2014	11/12/2014	0
Financial	OIG-AR-15-05	Report on Compliance with Laws and Regulations 2014	11/12/2014	0
Financial	OIG-ML-15-06	Management Letter for 2014 Financial Statement	12/01/2014	2
Financial	OIG-ML-15-07	Management Letter – Improper Payment Reporting	01/08/2015	4
Financial	OIG-MR-15-08	2015 Charge Card Risk Assessment Report	01/30/2015	4
IT Security	OIG-MR-15-09	FISMA Cyberscope FY 2014 Submission	01/30/2015	0
Total Recommendations Issued During This Reporting Period				10
<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>				

U.S. International Trade Commission

Inspector General Semiannual Report

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

Descriptive Evaluation of USITC Affirmative Requirements, OIG-ER-15-02

RESULT: This evaluation describes the legal and regulatory requirements of the Commission.

We performed an evaluation to describe the legal and regulatory requirements of the Commission. The evaluation reviewed the U.S. Code, the Federal Code of Regulations, Executive Orders, and other government-wide policy documents. The final report provides the title of the legal authority, along with a brief description of the requirement or regulation. It also includes hyperlinks to external websites for users to obtain the full text of the authorities cited. This report is not an exhaustive list of requirements.

Audit of 2014 Financial Statement, OIG-AR-15-03

RESULT: The audit resulted in an unqualified opinion of the Commission's fiscal year 2014 financial statement.

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 2013. The auditors were able to obtain sufficient evidence to assert that the Commission's financial statements for the fiscal year ended September 30, 2014, present fairly in all material respects the financial position of the Commission.

Report on Internal Control for 2014, OIG-AR-15-04

RESULT: The audit did not identify any material weaknesses or significant deficiencies.

As part of the audit of the financial statement, the auditors were required to issue a report on internal control. The testing was limited to internal controls over financial reporting as they relate to the financial statement. The auditors did not test internal controls relevant to ensuring effective operations. The results of the testing performed did not identify any material weaknesses or significant deficiencies in the Commission's internal control over financial reporting.

U.S. International Trade Commission

Inspector General Semiannual Report

Report on Compliance with Laws and Regulations for 2014, OIG-AR-15-05

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

Management Letter for 2014 Financial Statement, OIG-ML-15-06

RESULT: The Management Letter addressed an expense transaction improperly classified in the financial system as a capital asset.

The Inspector General engaged the services of an independent certified public accounting firm to perform an audit of the Commission's 2010 Financial Statements. One of the items tested in the property, plant, and equipment account was a transaction recorded as software and classified as a non-depreciating asset. Upon review of the supporting documentation, the auditors found that the transaction was an annual software maintenance renewal, not the purchase of new software. As a result, the cost should have been classified and recorded as an expense instead of an asset.

The Management Letter Report contained two recommendations to address proper recording of transactions in the financial system. The Chairman agreed with the findings and issued management decisions to address the recommendations. The Commission completed final action on both recommendations during this reporting period.

Management Letter – Improper Payment Reporting, OIG-AR-15-07

RESULT: The Management Letter identified three internal control problems that led to incorrect reporting of improper payments in the Commission's Agency Financial Report.

The Commission's Agency Financial Report, published in November 2014, stated that the Office of the Chief Financial Officer did not identify any improper payments in fiscal year 2014. However, my office had knowledge of two instances of improper payments identified during that time.

We determined that the omission was the result of the following three internal control problems: (1) lack of adequate test procedures; (2) ineffective communication and

U.S. International Trade Commission

Inspector General Semiannual Report

sharing of information; and (3) absence of monitoring to ensure known problems were effectively resolved.

The Management Letter Report contained four recommendations to address the internal control problems. The Chairman agreed with the findings and issued management decisions to address the recommendations. The Commission completed final action on all of the recommendations, which included correcting the report, during this reporting period.

2015 Charge Card Risk Assessment Report, OIG-MR-15-08

RESULT: The assessment determined that the Commission did not effectively manage the charge card program.

The Government Charge Card Abuse Prevention Act of 2012 requires the Inspector General to perform an annual assessment of the Commission's charge card program. The scope of this year's assessment focused on oversight activities designed to manage, detect, and prevent the misuse of government charge cards. We also assessed progress related to the recommendation issued in last year's report.

We found that the Commission was not adequately performing its oversight activities as required by OMB Circular A-123, Appendix B. We also found that the Commission had completed elements of its remediation plan from last year's report, but did not complete final action on the recommendation. However, the Commission did complete final action on the recommendation before the end of this reporting period.

The report contained four recommendations to strengthen the Commission's management of its charge card program. The Chairman agreed with the report and issued management decisions to address the recommendations.

FISMA Cyberscope FY 2014 Submission, OIG-ML-15-09

RESULT: Of the 11 program areas evaluated, eight were established, eight needed improvement, two had not been established, and one was not applicable.

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:

U.S. International Trade Commission

Inspector General Semiannual Report

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

In our assessment, we reported that the Commission has established and maintained eight 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: Continuous Monitoring Management, Configuration Management, Identity and Access Management, Incident Response and Reporting, Security Training, Plan of Action and Milestones, Remote Access Management, and Contingency Planning.

We also reported that the Commission did not yet have programs to perform Risk Management and Security Capital Planning. The Commission does not currently use Contractor Systems, so this section is not applicable.

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

Significant Recommendations from Prior Periods

The Commission has 12 recommendations described in prior semiannual reports where corrective action has not yet been completed. The Inspector General has identified two of the 12 recommendations as significant, as well as the collective open recommendations related to the area of information security. A brief summary of each significant recommendation from prior periods is described below.

The first significant recommendation is from an evaluation that focused on modifications to the Harmonized Tariff Schedule of the United States. The evaluation found that the Commission maintained the Harmonized Tariff Schedule in many different electronic

U.S. International Trade Commission

Inspector General Semiannual Report

files and various file formats. This resulted in inaccurate and inconsistent information being presented on the Commission's public website. The Inspector General recommended that the Commission develop and implement a single database to manage the Harmonized Tariff Schedule. The Commission made management decisions to implement the recommendation and is almost finished with deploying the system.

The second significant recommendation is from a report that reviewed whether the Commission effectively controlled the use and retention of confidential business information and business proprietary information at the end of an investigation or proceeding. The evaluation found that confidential business information and business proprietary information was retained indefinitely as a routine practice by employees as a matter of convenience and preference. The Inspector General recommended that the Commission create written policy that specifically addresses procedures for handling and destroying non-record copies of confidential business information and business proprietary information when an investigation or proceeding is closed. The Commission made management decisions to implement the recommendation.

A listing that identifies each recommendation along with the corresponding report number is provided in Table 4.

The open recommendations concerning the area of information security are collectively significant. These recommendations address four key controls: (1) inventory of hardware, (2) inventory of software, (3) secure configurations, and (4) continuous vulnerability assessment and remediation. The Commission has taken meaningful action to develop a plan to address these four controls, and has implemented high-value decisions such as workstation whitelisting and 48-hour patching. The Commission will require continued, deliberate focus to implement our recommendations to ensure the integrity of its systems and data.

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.

U.S. International Trade Commission

Inspector General Semiannual Report

The Inspector General reviews and analyzes all complaints received to determine the appropriate course of action.

The Inspector General conducts a preliminary inquiry into the complaint. If the information obtained during the preliminary inquiry indicates that a full investigation is appropriate, the Inspector General will commence an investigation of the allegation.

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.

Summary of Matters Referred to Prosecuting Authorities

The Inspector General did not refer any matters to prosecuting authorities during this reporting period.

Investigations

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

U.S. International Trade Commission

Inspector General Semiannual Report

External Reviews Completed During this Period

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

Status of Actions Related to External Reviews Completed During Prior Periods

The Commission does not have any open recommendations related to external reviews completed during prior periods.

Reviews Completed for Other Offices of Inspector General

Section 6(a)(3) of the Inspector General Act of 1978, as amended, gives the Inspector General the authority to obtain assistance for carrying out the duties and responsibilities provided by the Act from any other Federal agency.

The Inspector General assists other Offices of Inspector General by performing independent information technology reviews. The reviews can cover a wide array of information technology subject areas such as: penetration testing, vulnerability assessments, configuration review, and evaluation of monitoring and incident detection and remediation.

To facilitate assistance, the Inspector General will enter into a Memorandum of Understanding with the other Federal agency, in accordance with 31 U.S.C. 1535, the Economy Act of 1932, as amended. The Memorandum of Understanding describes the subject area to be independently reviewed, scope, methodology, cost, schedule, and any associated deliverables in writing before work is to be commenced. The Office of Inspector General did not complete any external reviews during this reporting period.

U.S. International Trade Commission

Inspector General Semiannual Report

Congressional Activities

The Inspector General responded to three Congressional requests for information during this reporting period. The first request was from the Ranking Member, Committee on the Judiciary. It was seeking information on closed investigations, evaluations, and audits that were not disclosed to the public. In addition, the letter requested copies of outstanding recommendations that have not been fully implemented.

The Inspector General responded to a similar request from the Chairman and Ranking Member of the Committee on Oversight and Government Reform. It was also seeking information on closed investigations, evaluations, and audits not disclosed to the public and information on open recommendations. In addition, it also requested information on any issues encountered by Inspectors General having timely and unfiltered access to agency records.

The third request was a joint request from the Chairman and Ranking Member of the Committee on Homeland Security and Governmental Affairs, and the Chairman and Ranking Member of the Committee on the Judiciary. They requested information on the following subjects:

- Open recommendations and associated costs savings;
- Reports provided to the agency that had not been responded to in over 60 days;
- Investigations involving employees at GS-15 and above where misconduct was found and no prosecution resulted;
- Instances of whistleblower retaliation and agency response;
- Attempts to interfere with Inspector General independence;
- Objections to Inspector General oversight activities and access to records; and
- Investigations, evaluations, and audits not disclosed to the public.

Council on Inspectors General for Integrity and Efficiency

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

U.S. International Trade Commission

Inspector General Semiannual Report

groups and committees that address cross-cutting issues such as, knowledge management, cloud computing, investigations, cyber security, new media, small agency concerns, and legal matters.

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.

Peer Review

The Office of Inspector General’s last peer review report of our audit operations was issued on January 16, 2013. The report 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 identified in the report have been implemented. The peer review schedule is set by the CIGIE. The next peer review of my office will be conducted in one year.

The Office of Inspector General did not conduct any peer reviews of another Office of Inspector General during this reporting period.

U.S. International Trade Commission

Inspector General Semiannual Report

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

Prior Significant Recommendations Where Corrective Action Has Not Been Completed	
Report Number	Recommendation
OIG-ER-12-08	Develop and implement a single database to manage the Harmonized Tariff Schedule.
OIG-ER12-09	Create a Commission-wide written policy that specifically addresses procedures for handling and destroying nonrecord copies of confidential business information and business proprietary information when an investigation or proceeding is closed.

Table 5: Reports with Questions and Unsupported Costs

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

U.S. International Trade Commission

Inspector General Semiannual Report

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

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

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	Management & Performance Challenges, OIG-MR-15-01	0	0	0	0
2	Descriptive Evaluation of USITC Affirmative Requirements, OIG-ER-15-02	0	0	0	0
3	Audit of 2014 Financial Statement, OIG-ER-15-03	0	0	0	0
4	Report on Internal Control for 2014, OIG-AR-15-04	0	0	0	0
5	Report on Compliance with Laws and Regulations 2014, OIG-AR-15-05	0	0	0	0
6	Management Letter for 2014 Financial Statement, OIG-ML-15-06	2	2	0	2
7	Management Letter – Improper Payment Reporting OIG-ML-15-07	4	4	0	4
8	Inspector General CyberScope Fiscal Year 2014 Submission, OIG-MR-15-09	0	0	0	0
Totals		6	6	0	6
Prior Reporting Periods					
	Report Title	# of Recs.	Mgt. Decisions	Final Action Complete in Prior Periods	Final Action Complete This Period
1	Post-FISMA Management Letter, OIG-ML-14-04	1	1	0	1
2	2014 Charge Card Risk Assessment, OIG-MR-14-10	1	1	0	1
Totals		2	2	0	2

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	2015 Charge Card Risk Assessment Report, OIG-MR-15-08	4	4	0	0	4
Totals		4	4	0	0	4
Prior Reporting Periods						
Report Title	# of Recs.	Mgt. Decisions	Final Action Complete Prior Periods	Final Action Complete This Period	Action Not Complete	
1	Audit of 332 Cost Estimates, OIG-AR-14-13	7	7	0	3	4
2	Audit of Patching Process, OIG-AR-14-02	7	7	3	2	2
3	Evaluation of Controlling CBI/BPI, OIG-ER-12-09	6	6	0	1	5
4	Evaluation of Modifications to HTS, OIG-ER-12-08	8	8	7	0	1
Totals		28	28	10	6	12

U.S. International Trade Commission

Appendix A

Appendix A: Chairman's Statistical Tables

Table A: Reports with Disallowed Costs

Total Number of Reports and the Dollar Value of Disallowed Costs		
Description	Number of Reports	Dollar Value of Disallowed Costs
Reports issued during the period.	9	\$0
Reports for which final action had not been taken by the commencement of the reporting period.	6	\$0
Reports on which management decisions were made during the reporting period.	9	\$0
Reports for which final action was taken during the reporting period.	10	\$0
<ul style="list-style-type: none"> • Dollar value of disallowed costs, recovered by management. 		\$0
<ul style="list-style-type: none"> • Dollar value of disallowed costs written off by management. 		\$0
Reports for which no final action has been taken by the end of the reporting period.	5	\$0

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

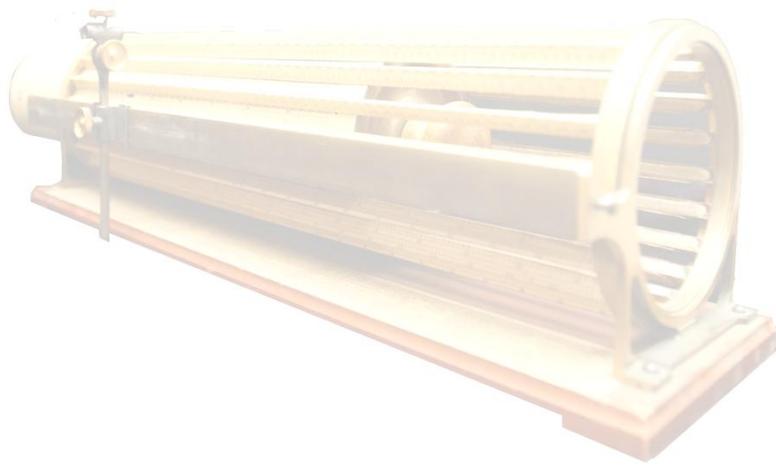
Reports with Recommendations that Funds be Put to Better Use		
Description	Number of Reports	Funds Put to Better Use
Reports for which final action had not been taken by the commencement of the reporting period.	6	\$0
Reports on which management decisions were made during the reporting period.	9	\$0
Reports for which final action was taken during the reporting period including:	10	\$0
<ul style="list-style-type: none"> • Dollar value of recommendations that were actually completed. 		\$0
<ul style="list-style-type: none"> • Dollar value of recommendations that management has subsequently concluded should not or could not be completed. 		\$0
Reports for which no final action has been taken by the end of the reporting period.	5	\$0

U.S. International Trade Commission

Appendix A

Table C: Prior Year Management Decisions Without Final Action

Prior Year Audit Reports On Which Management Decisions Have Been Made but Final Action has Not Been Taken				
Audit Report	Date Issued	Disallowed Costs	Funds Put to Better Use	Reason Final Action has Not Been Taken
OIG-ER-12-08	06/13/2012	\$0	\$0	Provided in Part II B of the Chairman's Message
OIG-ER-12-09	06/20/2012	\$0	\$0	Provided in Part II B of the Chairman's Message
OIG-AR-14-02	11/12/2013	\$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



U.S. International Trade Commission
Office of Inspector General
500 E Street, SW
Washington, DC 20436

Office: 202-205-6542
Fax: 202-205-1859
Hotline: 202-205-6542
OIGHotline@USITC.gov