U.S. International Trade Commission

Audit of 2011 Financial Statement

OIG-AR-12-02

November 10, 2011

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

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Irving A. Williamson, Vice Chairman
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Daniel R. Pearson
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Dean A. Pinkert

UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, DC 20436

November 10, 2011 OIG-JJ-023

Commissioners:

This memorandum transmits the results of the audit (OIG-AR-12-02) of the Commission's financial statements for the fiscal years ended September 30, 2011 and 2010.

We contracted with the independent certified public accounting firm, Castro & Company, LLC, to conduct this audit. The contract required that the audit be performed in accordance with U.S. generally accepted government auditing standards.

My office has policies and procedures that are designed to provide assurance that work performed by non-Federal auditors complies with the auditing standards. These procedures follow the guidelines provided in the GAO/PCIE Financial Audit Manual (FAM650). In connection with this contract, we reviewed Castro & Company's final report and related documentation and made inquiries of its representatives. Our involvement in the audit process consisted of monitoring audit activities, attending meetings, participating in discussions, and reviewing the audit planning, working papers, conclusions, and results.

Our involvement and review of Castor & Company's work disclosed no instances where they did not comply, in all material respects, with the U.S. generally accepted government auditing standards; however, this review cannot be construed as an audit, and is not intended to enable us to express, and we do not express, any opinion on the Commission's financial statements. Castro and Company is solely responsible for the audit report dated November 8, 2011, and the conclusions expressed in the report.

Thank you for the cooperation and courtesies extended to both Castro & Company and my staff during this audit.

Sincerely,

Philip M. Heneghan
Inspector General

Castro & Company
Accountants • Consultants

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Independent Auditor's Report

Inspector General
U.S. International Trade Commission

We have audited the accompanying balance sheets of the U.S. International Trade Commission (ITC) as of September 30, 2011 and 2010, and the related statements of net cost, changes in net position, and budgetary resources for the fiscal years then ended. These financial statements are the responsibility of ITC management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except for the limitations on the scope of our work related to the prior year amounts as explained in the following paragraph, we conducted our audits in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and, Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. We considered the limitations on the scope of our work in forming our conclusions. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

We audited the accompanying balance sheet of the ITC as of September 30, 2010, and the related statements of net cost, changes in net position, and budgetary resources for the fiscal year then ended. Because of the matters discussed in our Independent Auditor's Report dated November 8, 2010, we were unable to obtain sufficient audit evidence to support ITC's financial statement amounts as of and for the fiscal year ended September 30, 2010 for undelivered orders and the related accounts payable and net position; nor were we able to satisfy ourselves as to the associated balances reported on the balance sheet and statement of budgetary resources by other auditing procedures. Our opinion on the FY 2010 financial statements does not differ from that opinion expressed in our previous report dated November 8, 2010.

In our opinion, except for the limitations cited in our Independent Auditor's Report dated November 8, 2010, the financial statements referred to in the first paragraph above present fairly, in all material respects, the financial position of the ITC as of September 30, 2011 and 2010, and the related statements of net cost, changes in net position, and budgetary resources for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The information presented in the Management's Discussion and Analysis is not a required part of ITC's financial statements, but is considered supplementary information required by U.S. generally accepted accounting principles and OMB Circular No. A-136, *Financial Reporting Requirements*. The other accompanying information has not been subjected to the auditing procedures applied in our audit of the basic financial statements and accordingly, we express no opinion on it.

The information presented in the Message from the Chairman and Performance Section is presented for purposes of additional analysis and is not required as part of the financial statements. However, we have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. Such information has not been subjected to auditing procedures, and accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 8, 2011, on our consideration of ITC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Castro & Company, LLC

November 8, 2011
Alexandria, VA

"Thacher's Calculating Instrument" developed by Edwin Thacher in the late 1870s. It is a cylindrical, rotating slide rule able to 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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