U.S. International Trade Commission

Report on Compliance with Laws and Regulations

OIG-AR-12-04

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.

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UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, DC 20436

November 10, 2011 OIG-JJ-025

Commissioners:

This memorandum transmits the Independent Auditor's Report on Compliance with Laws and Regulations (OIG-AR-12-04) associated with the audit of the Commission's financial statements for fiscal year 2011.

We contracted with the independent certified public accounting firm, Castro & Company LLC, to conduct the financial statement audit. The contract required that the audit be conducted in accordance with U.S. generally accepted government auditing standards and these auditing standards require a report on Compliance with Laws and Regulations to be produced as part of the audit.

This report identifies one instance of non-compliance related to the Commission's transit subsidy and parking program that was identified last year. Because the Commission submitted a request for a decision to the Government Accountability Office (GAO) on (1) the Commission's past parking and transit subsidy program, and (2) a proposed parking and transit subsidy program and is waiting for a reply, there are no recommendations in this report.

Throughout the audit and at its conclusion, my office followed procedures and conducted a final review designed to assure that the work performed by non-Federal auditors complied with the auditing standards. Our final review disclosed no instances where Castro & Company did not comply, in all material respects, with the U.S. generally accepted government auditing standards; however, this final 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 compliance with laws and regulations. Castro and Company is solely responsible for this 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 on Compliance with Laws and Regulations

Inspector General
U.S. International Trade Commission

We have audited the financial statements of the U.S. International Trade Commission (ITC) as of and for the year ended September 30, 2011, and have issued our report thereon dated November 8, 2011.

The management of ITC is responsible for complying with laws and regulations applicable to ITC. We performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, and certain other laws and regulations specified in the Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements,* as amended, including the requirements referred to in the Federal Managers' Financial Integrity Act of 1982 (FMFIA). We limited our tests of compliance to these provisions, and we did not test compliance with all laws and regulations applicable to ITC.

The results of our tests of compliance with applicable laws and regulations, and government-wide policies described in the preceding paragraph disclosed one instance of reportable noncompliance, which is a repeat finding from fiscal year 2010 that is required to be reported under *Government Auditing Standards* or OMB guidance and is described in the following paragraphs.

Title 5 United States Code (U.S.C.) Section 7905, *Programs to encourage commuting by means other than single-occupancy motor vehicles*, "allows a program to involve such options as Transit passes; Furnishing space, facilities, or services to bicyclists; and any non-monetary [incentive] which the agency head may otherwise offer under any other provision of law or other authority." Furthermore, Executive Order 13150 requires, "by no later than October 1, 2000, Federal agencies shall implement a transportation fringe benefit program that offers qualified Federal employees the option to exclude from taxable wages and compensation, consistent with section 132 of title 26, United States Code, employee commuting costs incurred through the use of mass transportation and vanpools, not to exceed the maximum level allowed by law."

The Government Accountability Office's (GAO) *Principles of Federal Appropriations Law*, Chapter 4, Section J (pages 271–274) states, "agencies must generally obtain parking accommodations through the General Services Administration (GSA) under the Federal Property and Administrative Services Act of 1949, as amended (Ch. 288, 63 Stat. 377 (June 30, 1949)), unless they have independent statutory authority or a delegation from GSA."

ITC does not have independent statutory or delegated authority to procure space and facilities to provide for employee parking. As such, ITC's program provides benefits that do not fully comply with the requirements of *GAO Principles of Federal Appropriations Law*. In addition, ITC's program is also inconsistent with the requirements of 5 U.S.C. Section 7905, *Programs to encourage commuting by means other than single-occupancy motor vehicles*, and Executive Order 13150, *Federal Workforce Transportation*.

During fiscal year 2011, ITC formally requested for GAO to make a determination on ITC's past parking program, and to approve its new proposed program. ITC is currently awaiting GAO's decision.

Providing an opinion on compliance with certain provisions of laws and regulations, and government-wide policies was not an objective of our audit, and accordingly, we do not express such an opinion.

This report is intended solely for the information and use of management and the Office of Inspector General of ITC, OMB, GAO, and Congress, and is not intended to be and should not be used by anyone other than these specified parties.

Castro & Company, LLC

November 8, 2011
Alexandria, VA

Chairman

UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, DC 20436

November 3, 2011

Thomas Castro, Partner
Castro & Company, LLC
2121 Eisenhower Avenue, Suite 606
Alexandria, VA 22314

Dear Mr. Castro:

The draft Report on Compliance with Laws and Regulations for fiscal year 2011 identifies one instance of non-compliance related to the Commission's transit subsidy and parking program. This instance of non-compliance is a repeat finding from the fiscal year 2010 report. In order to bring our program into compliance, and in response to the finding last year, the Commission submitted a request for a decision from the Government Accountability Office (GAO) regarding (1) the Commission's past parking and transit subsidy program, and (2) a proposed parking and transit subsidy program going forward. As of the date of this letter, we are waiting for GAO's decision and will accept and comply with any and all findings and recommendations.

Thank you for bringing this instance of non-compliance to our attention. We are dedicated to resolving this issue as quickly as possible.

Sincerely,

Deanna Tanner Okun

cc: 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 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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