U.S. International Trade Commission

USITC Management and Performance Challenges

OIG-MR-14-03

November 15, 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.

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UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, DC 20436

November 15, 2013 OIG-LL-018

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 2014; Internal Controls and Using Information Technology to Improve Staff Productivity. 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.

Documented and consistent policies and procedures are necessary to provide a reasonable level of assurance that offices are operating in an efficient and effective manner. However, the policies and procedures are only effective if they are functioning as intended, monitored, and updated. Based on the results of audits, evaluations, and other reviews, we continue to find policies and procedures that are outdated, inefficient, and ineffective.

The Commission has had a long-standing culture of undocumented and informal processes to complete daily tasks. 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 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. While this is a step in the right direction, many challenges remain in the areas of on-going monitoring for effectiveness and continual process improvement to gain efficiencies.

The Commission also faces similar challenges in the area of risk assessment. Documented procedures to identify, validate, assess, mitigate, monitor, and report on organizational risk are necessary to provide a reasonable level of assurance that the Commission is managing risk at acceptable levels.

Performing risk assessments is a fundamental element within a system of internal controls that has not been a structured part of the Commission's management activities. The Commission does not have risk assessment guidelines or procedures. Instead, management has been self-reporting risks and their potential impacts on an ad hoc basis without a reliable framework in place to assess and validate the information presented. The Commission has recently taken steps to begin developing a risk assessment framework, but many challenges remain in educating management on risk identification, prioritization, management, and reporting.

The Commission has recognized the importance of having strong internal controls throughout the agency. This is evidenced by the Commission's acknowledgement of the risks identified in our reports and the management decisions they have made to address our recommendations. Additionally, an Internal Control Program Manager was hired within the Office of the Chief Financial Officer. 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. The success of this program is heavily reliant upon senior staff remaining engaged and actively managing the system of internal controls within their area of responsibility to ensure they are operating effectively.

The most significant challenge will be to manage the cultural changes associated with implementing new systems of internal control throughout the Commission. This will require first line supervisors to check, inspect, or review the work of subordinates to make sure the new procedures are being followed. It will also require all executives to understand and manage the internal and external risks associated with the Commission and the programs they direct.

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 leaders broadly, ensure buy-in across programmatic and administrative offices and 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.

<u>Using Information Technology to Improve Staff Productivity</u>:

Information Technology should be an enabler for the USITC knowledge workers to operate more effectively and efficiently. For this to happen means there are two foundational requirements: 1) a stable, productive information technology platform and 2) an environment receptive to change and automation.

In our annual Inspector General Cyberscope Fiscal Year 2012 submission to the Office of Management and Budget (through the Chairman), we identified deficiencies in 7 of 11 information technology program areas evaluated. Reliability and performance of the network are directly impacted by three of those areas: Continuous Monitoring, Configuration Management, and Incident Response and Reporting. Continuous Monitoring, when implemented, will enable real-time identification of issues and expedite their resolution, improving the performance of the network as a whole. A mature, successful computing platform requires an understanding and management of the configuration of systems on the network. If the configuration is understood and consistent, it minimizes errors and enables more consistent performance. If incidents are properly identified, analyzed, and reported, then the Commission will gain the knowledge needed to understand the source of incidents and enable it to make educated decisions on strategies to reduce these incidents and mitigate the risk they pose.

Information technology should be seen as a supporting, fundamental resource, and not as an entity unto itself. Until this concept is embraced, Commission staff will continue to be frustrated and look for ways to be productive despite the technology of the Commission. If the Commission can improve the flexibility, reliability, and performance of its technology, Commission staff will use it to transform the way they work, resulting in a better, more efficient work product.

The Commission faces many challenges implementing information technology solutions to improve staff productivity. 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.

Progress in both of these areas is being made as demonstrated in the quarterly performance review meetings. These meetings grapple with questions of: how to measure performance, how much control is too much, is there a better or cheaper way, can we automate this? These questions challenge the culture of “it’s always been done this way” a culture that can only be overcome by your support and emphasis on improving the efficiency and effectiveness of the Commission programs and operations.

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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