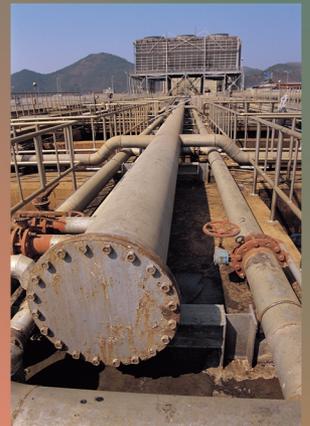


U.S. International Trade Commission

Inspector General Semiannual Report



April 1, 2014 - September 30, 2014



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

November 26, 2014

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 April 1, 2014 to September 31, 2014 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 recognizes that internal controls management affects all areas of its organization. This includes the administrative, programmatic, information technology, security, compliance, and financial work of the Commission, at both the agency-wide and office-specific levels. The Commission has made significant progress towards establishing a meaningful program of internal controls since this issue was first identified as a management challenge. Due to the complexity of the actions that are needed to address this challenge, the Commission has approached corrective actions as a multi-year initiative that is designed to transform the management structure and culture of the agency.

The Commission continues to strengthen internal controls at both the financial and operational levels. The Commission has adopted a number of actions to advance its understanding and utilization of internal controls. Specifically, the Commission has begun integrating internal controls into its existing and new processes, and has started to implement annual evaluations of office-level and agency-wide controls. It is also building effective enterprise risk management frameworks to identify, prioritize, manage, and report institutional risk at the agency. Finally, the Commission has begun identifying, tracking, and testing its pre-existing internal controls to understand their effectiveness and to identify where they can be improved.

During the past year, the Commission also changed its organizational structure to better support internal controls and risk management initiatives. Specifically, the Commission recently established a Division of Internal Control and Risk Management, and hired a Director for that division to support the Chairman, the agency's members of the Senior Executive Service (SES), and other office directors as they enhance their internal control policies and institute more rigorous agency-level oversight.

The USITC is committed to improving its internal controls in the future, and will build upon the identified organizational changes and enhanced internal control initiatives to make significant progress in this area in the years to come.

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 instituted new leadership to help effectuate this change.

Commission personnel are mobile and frequently perform Commission work while off premises through telework or while traveling. Staff also need to be able to maintain continued access to technology services in the event that the Commission's primary data center becomes unavailable. In 2014, the Commission continued to improve the configuration of its disaster recovery data center and made substantial improvements in its support for teleworkers. Staff are now able to access the Commission's data and services consistently, whether they are working in the office or remotely.

A secure IT environment is a critical element of employee productivity. In 2014 the Commission

strengthened the security of its networks and systems by adopting a policy and posture founded on four critical controls, including (1) the active management of its processing systems and associated assets; (2) the active management of its installed software, including software whitelisting; (3) the deployment of securely configured systems; and (4) expanded vulnerability scanning and patching. 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. Cybersecurity is one of OMB's Cross Agency Priority goals, and the Commission intends to maintain a strong management focus in this area.

As the Commission's operational units continue to document and define their business activities, the knowledge gained will enable the Commission to plan and deploy technology to increase the units' efficiency and effectiveness. Of particular note, the Commission has implemented a new and robust research and analysis tool that provides information on Section 337 investigations from 2008 onwards. Called "337Info," the system is now available to both public and internal users and provides significantly enhanced reporting capabilities for section 337 matters. The Commission has also enhanced the design and implementation of Interactive Tariff and Trade DataWeb, one of its most widely used applications for studying trade data. Working in collaboration with Census, the Commission updated the DataWeb trade data reporting application by incorporating 12 years of annual corrections.

As additional business processes are evaluated, the Commission will continue to evaluate its commitment of resources towards applying technology to enhance productivity.

II. Actions on Recommendations

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

During this semiannual reporting period, the Inspector General issued two new reports containing nine new recommendations for management action.¹ The Commission issued management decisions on all nine of those recommendations in a timely manner during this reporting period. It also issued management decisions for all recommendations that were made in prior periods.

The Commission completed final action on a number of management decisions contained in six 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.

B. Actions on Recommendations Made in Prior Periods

- (1) The Report notes that the Commission has not yet completed final action on modifications to the published Harmonized Tariff Schedule. Although significant progress has been made on this management decision, the completion of the project has been delayed by a number of factors, including contractor turnover, the unanticipated complexity of some aspects of the project (including an increase in the security rating of

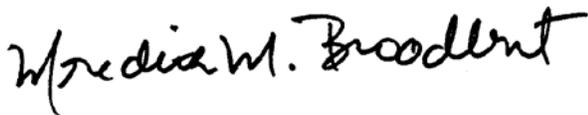
¹ See Table 3 of the Inspector General's report.

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

the project), unexpected difficulties with data conversion and editing software, and delays in establishing an adequate development environment for the contractor. The Commission anticipates that it will begin testing the beta system of the system within 30 to 60 days and that it will make the new system available to the public in the first quarter of calendar year 2015, which will allow it to verify the published HTS 2015 edition.

- (2) The Report notes that the Commission has not completed final action on the Inspector General's recommendations with respect to the use and retention of confidential business information and business proprietary information at the end of investigations and proceedings. The Commission has taken steps to address these recommendations, which include a thorough review of the legal issues involved and preparation of a draft handbook addressing the handling of controlled unclassified information. Coordination among the agency's offices is still ongoing. Given the complexity of these issues, the Chairman is in the process of assembling a team of senior staff from various offices and divisions (e.g., General Counsel, Operations, Security and Support Services, Chief Information Officer, Secretary, Internal Controls and Risk Management) to make more substantive progress.
- (3) The Report notes that a number of recommendations in the area of information security remain open. Because the Commission places a high priority on having an effective cybersecurity system, it shares the Inspector General's concerns in this area. To improve its network security posture, the Commission gave a high priority to addressing these recommendations during the past year. By the end of fiscal year 2014, the Commission had completed work on twenty-eight management decisions and improved its network security significantly, as noted by the Inspector General in his Semiannual Report. The Commission deferred completion of work on eleven management decisions, however, until the first half of fiscal year 2015. The Commission remains committed to maintaining a sharp focus on these matters in the future, which will be aided by the expected selection of a permanent Chief Information Officer in the near future. The Commission has also appointed a permanent Chief Information Security Officer, which also help it efforts to improve its network security posture. The Commission is confident that it will further implement its decisions regarding cybersecurity within the next reporting period for the Inspector General's Semi Annual report.

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

October 31, 2014

OIG-MM-017

Commissioners:

Attached is the Semiannual Report summarizing the activities of the Office of Inspector General for the period April 1, 2014 to September 30, 2014.

During this period, we issued two reports and made nine recommendations to promote the efficiency, effectiveness, and integrity of the Commission's operations. The Commission completed final action on two of these recommendations during this reporting period. The Commission completed final action on 15 recommendations that had been made by the Inspector General in prior reporting periods. In addition, we referred one potentially criminal matter to the Department of Justice.

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
Management Letter – Printing and Mailing, OIG-ML-14-12.....	5
Audit of 332 Cost Estimates, OIG-AR-14-13.....	5
Significant Recommendations from Prior Periods	6
Hotline and Investigations.....	7
Investigations and Inquiries – Overview	7
OIG Hotline Contacts	8
Summary of Matters Referred to Prosecuting Authorities	8
Investigations and Inquiries	8
External Reviews Completed During this Period	8
Status of Actions Related to External Reviews Completed During Prior Periods	9
Reviews Completed for Other Offices of Inspector General	9
Congressional Activities	10
Council on Inspectors General for Integrity and Efficiency.....	10
Federal Financial Management Improvement Act Reporting	10
Peer Review	11

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.....	11
Table 5: Reports with Questioned or Unsupported Costs.....	11
Table 6: Reports with Recommendations that Funds be Put to Better Use	12
Table 7: Reports With Final Action Completed During This Reporting Period	13
Table 8: Status of Reports Issued Without Final Action	14

Appendices

Appendix A: Chairman's Statistical Tables.....	A-1
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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, 3
Section 5(a)(2)	Description of Recommendations for Corrective Action with Respect to Significant Problems, Abuses, and Deficiencies	4-6
Section 5(a)(3)	Significant Recommendations From Prior Reports on Which Corrective Action Has Not Been Completed	6
Section 5(a)(4)	A Summary of Matters Referred to Prosecuting Authorities	8
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	4-5
Section 5(a)(8)	Statistical Table showing Questioned and Unsupported Costs	11
Section 5(a)(9)	Statistical Table showing Recommendations Where Funds Could be Put to Better Use	12
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	10
Section 5(a)(14)	Results of Peer Review Completed During This Period or Date of Last Peer Review	10
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	10

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 April 1, 2014 through September 30, 2014. 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-14-03, 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 8, 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. 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. The Commission has taken steps to document procedures through business process mapping. 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. 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 has recently taken steps to begin developing a risk assessment framework, but many

U.S. International Trade Commission

Inspector General Semiannual Report

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. The Commission's Internal Control and Risk Management Division has been working one-on-one with office directors and designated representatives to promote awareness of internal controls and facilitate the development of a risk management 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.

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.

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. Three reports issued during this past year highlighted weakness in the Commission's information security program. A total of eight recommendations were made and the Commission responded with an aggressive and comprehensive plan that included thirty-four separate management decisions. 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 continue to be frustrated and look for ways to be productive despite the technology. If the Commission can improve the flexibility, reliability, and performance of

U.S. International Trade Commission

Inspector General Semiannual Report

its 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 two reports with nine recommendations during this reporting period. The Commission made management decisions on all nine of the recommendations, and the Inspector General agreed with all the management decisions.

The Inspector General received management decisions for a recommendation from a report issued during the last reporting period. The management decisions were not due until after the last reporting period had closed. The Inspector General agreed with all of 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-ML-14-12	Management Letter – Printing and Mailing	06/09/2014	2
Operations	OIG-AR-14-13	Audit of 332 Cost Estimates	07/07/2014	7
Total Recommendations Issued During This Reporting Period				9
<i>NOTE: The Inspector General identified one report, OIG-ML-14-12, which has recommendations that will result in cost savings to the Commission. The Inspector General has reported this as an instance where funds could be put to better use. There were no questioned costs or unsupported costs identified.</i>				

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

U.S. International Trade Commission

Inspector General Semiannual Report

Management Letter – Printing and Mailing, OIG-ML-14-12

RESULT: The Commission should stop printing and mailing work products to the general public.

During the course of another audit, we identified an expensive practice that may not be necessary. The Commission has improved access to its work products and activities by providing this information on its public website. However, the Commission continued the practice of printing and shipping staff work products by mail to the general public.

From January through mid-September of 2013, the Commission printed and mailed over 6,000 copies of 46 different reports and mailed over 2,500 news releases to external customers. The estimated cost to print these documents was over \$80,000, and did not include costs incurred for postage, supplies, and staff resources.

When this practice was initiated, mass production of documents and delivery through the postal service may have been the most efficient option available to disseminate the results of Commission work. Today, the Commission can provide information more efficiently and at a reduced cost through the use of electronic means.

We made two recommendations to the Commission to address the problems identified. Management agreed with our assessment and made management decisions to address the recommendations. The Commission completed final action on both of the recommendations during this reporting period.

Audit of 332 Cost Estimates, OIG-AR-14-13

RESULT: The audit determined that the Commission was not managing the costs of 332 investigations.

We performed an audit that focused on whether the Commission was managing costs of 332 investigations by comparing the estimated costs approved on the Action Jacket to the actual costs of the investigation. The estimated costs are established at the beginning of an investigation to inform approving officials of the expected resources required to complete the investigation.

We first reviewed the process for creating cost estimates and compared it to how staff recorded the costs in the Commission's information systems. We found that the Commission had inconsistent methodologies in how the project leader estimated costs and how staff recorded actual costs for labor hours. We also found that actual labor costs were not accurately captured in the Commission's Time and Attendance System because

U.S. International Trade Commission

Inspector General Semiannual Report

of inconsistencies in the application of policies and practices regarding charging time to investigations.

We then attempted to generate reports from the Commission's financial system to obtain the travel and procurement-related costs by investigation. We found that the Commission's travel and procurement systems did not contain mandatory fields to capture and report costs for 332 investigations. Since the data was not collected within these systems as a normal business practice, the Commission did not have the capability to generate cost reports from these systems by investigation.

During our interviews, we found that managers did not have the capability to generate reports that met their informational requirements. Managers were reliant on specific individuals who generated reports from a Microsoft Access Database that imported data stored in a number of tables maintained on a Commission network server. These reports did not contain data on comp time and credit time hours charged to an investigation, so the report totals were likely to be understated. Additionally, we found that the project leaders, who developed the cost estimate, were not provided reports to monitor costs during the course of the investigation.

We issued seven recommendations to address the problems identified in the report. The Chairman agreed with the findings in the report and made management decisions to implement the recommendations.

Significant Recommendations from Prior Periods

The Commission has 13 recommendations described in prior semiannual reports where corrective action has not yet been completed. The Inspector General has identified two of the 13 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 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.

U.S. International Trade Commission

Inspector General Semiannual Report

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.

The Inspector General reviews and analyzes all complaints received to determine the appropriate course of action. In instances where it is determined that something less than a full investigation is appropriate, the Inspector General may conduct a preliminary inquiry into the allegation. If the information obtained during the inquiry indicates that a

U.S. International Trade Commission

Inspector General Semiannual Report

full investigation is warranted, 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 reported to the Chairman on potential ethical or criminal violations by a Senior Executive in the Commission. The Senior Executive employee resigned from the Commission without responding to the allegations in the report. The Inspector General referred this matter to the Department of Justice in light of the potential violations of criminal law.

Investigations and Inquiries

The matter referred to the Department of Justice continues to be an open investigation.

External Reviews Completed During this Period

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

U.S. International Trade Commission

Inspector General Semiannual Report

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 provides assistance to 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 transmitted a report that affirmed the Commission's compliance with the Improper Payments Elimination and Recovery Act. The Inspector General's determination was submitted to the Senate Committee on Homeland Security and Governmental Affairs, the House Committee on Oversight and Governmental Reform, the Comptroller General, and the Controller of the Office of Management and Budget's Office of Federal Financial Management.

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 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.

U.S. International Trade Commission

Inspector General Semiannual Report

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.	1 ¹	\$0	\$0
Reports issued during the reporting period.	2	\$0	\$0
Subtotals	3		
Reports for which a management decision was made during the reporting period.	3	\$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	3	\$0	\$0

¹ Management decisions were received for the Charge Card Risk Assessment Report, OIG-MR-14-10, which were not due until after the last reporting period had closed.

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.	1 ²	\$0
Reports issued during the reporting period.	2	\$80,000 ³
Subtotals	3	\$0
Reports for which a management decision was made during the reporting period.	3	
<ul style="list-style-type: none"> • Dollar value of recommendations agreed to by management. 		\$80,000
<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	3	\$80,000

² Management decisions were received for the Charge Card Risk Assessment Report, OIG-MR-14-10, which were not due until after the last reporting period had closed.

³ See report OIG-ML-14-12.

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 Letter – Printing and Mailing, OIG-ML-14-12	2	2	0	2
Totals					
Prior Reporting Periods					
	Report Title	# of Recs.	Mgt. Decisions	Final Action Complete in Prior Periods	Final Action Complete This Period
1	Audit of Software Licensing, OIG-AR-12-10	6	6	4	2
2	Audit of Citrix Remote Access, OIG-AR-13-01	11	11	10	1
3	Evaluation of the Purchase Card Program, OIG-ER-13-08	6	6	5	1
4	Audit of Perimeter Network Security, OIG-AR-13-09	7	7	0	7
5	Audit of Security of Public Facing Endpoints, OIG-AR-13-10	3	3	1	2
Totals		33	33	20	13

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 Audit of 332 Cost Estimates, OIG-AR-14-13	7	7	0	0	7
Totals	7	7	0	0	7
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 Patching Process, OIG-AR-14-02	7	7	1	2	4
2 Post-FISMA Management Letter, OIG-ML-14-04	1	1	0	0	1
3 Charge Card Risk Assessment, OIG-MR-14-10	1	1	0	0	1
4 Evaluation of Modifications to HTS, OIG-ER-12-08	8	8	7	0	1
5 Evaluation of Controlling CBI/BPI, OIG-ER-12-09	6	6	0	0	6
Totals	23	23	8	2	13

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.	2	\$0
Reports for which final action had not been taken by the commencement of the reporting period.	10	\$0
Reports on which management decisions were made during the reporting period.	3 ¹	\$0
Reports for which final action was taken during the reporting period.	6	\$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.	6	\$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.	10	\$0
Reports on which management decisions were made during the reporting period.	3	\$80,000
Reports for which final action was taken during the reporting period including:	6	\$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.	6	\$0

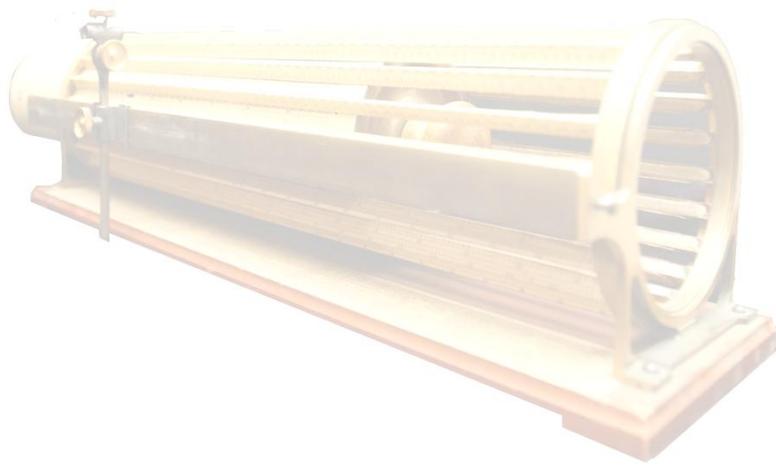
¹ Management Decisions were received for the Charge Card Risk Assessment Report, OIG-MR-14-10, were not due until after the prior reporting period had closed.

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



“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