

U.S. International Trade Commission

Inspector General Semiannual Report



October 1, 2009 - March 31, 2010



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

*Shara L. Aranoff, Chairman
Daniel R. Pearson, Vice Chairman
Deanna Tanner Okun
Charlotte R. Lane
Irving A. Williamson
Dean A. Pinkert*

Chairman



UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, DC 20436

May 24, 2010

Message from the Chairman

In accordance with the Inspector General Act of 1978, as amended, 5 U.S.C. App. 3 (“the IG Act”), the U.S. International Trade Commission (“USITC” or “Commission”) hereby transmits the Semiannual Report of the USITC Inspector General for the period October 1, 2009 – March 31, 2010.

The Commission would first like to recognize the work done by the Office of Inspector General in assuring the effectiveness, efficiency, and integrity of Commission programs and operations. Furthermore, I want to express appreciation to Mr. Philip M. Heneghan, who became the Commission’s Inspector General on December 6, 2009. He and his staff have provided invaluable assistance to the Commission during the past few months. We look forward to continuing to work with Mr. Heneghan as we address the issues raised in his report.

The Inspector General’s Semiannual Report identifies the top management and performance challenges that require significant attention from the USITC for FY 2010. The Commission concurs with the critical challenges identified by the Inspector General. The USITC has a long history of successful performance in the areas of import injury proceedings, intellectual property enforcement, and industry and economic research, and it has always focused its resources on providing timely and high quality services to the Administration, Congress, and the public on trade matters. We are working to ensure that our internal operations are equally well managed. We believe that the comprehensive action plans we have in place will address the deficiencies identified by the Inspector General, and we already have completed a number of these corrective actions.

The actions we are taking to address our challenges are summarized in the following three sections: (1) financial management and internal controls, (2) information technology security, and (3) strategic management of human capital and procurement and contract management. I will then address the status of actions on Inspector General Recommendations.

Management and Performance Challenges

1. Financial Management and Internal Controls

In November 2009, an independent accounting firm, monitored by the Office of Inspector General, issued a disclaimer on the Commission's FY 2009 financial statements. It was the first time since the Commission started to have its financial statements audited in FY 2003 that the agency received less than a clean opinion from its auditors. The Commission and its staff, however, understand the seriousness of the disclaimer and recognize that we must adopt a system of stronger internal controls and processes.

A. Audit Background

The Commission did not close out its FY 2009 books in a timely fashion in part due to the Commission's migration in FY 2009 to a new financial system, Oracle Federal Financials. The agency was obligated to transition to a new system because the U.S. Department of the Interior's National Business Center ("NBC") was discontinuing its support for the Commission's existing system. We continue to work with NBC to ensure that the system will function as promised.

In addition, the review of the balance of the Property, Plant, and Equipment account had not been successful. The root cause of this problem is that, in the past, the Commission had failed to identify and capitalize the software systems that it developed in-house. Instead, the Commission had erroneously expensed the development costs of these systems during the fiscal year in which they had occurred. When the auditors identified this issue, sufficient time did not remain to assemble an asset file regarding each of the systems. We expect that all necessary files and documentation will be available for the upcoming FY 2010 audit.

While the Commission recognizes the seriousness of the identified problems and the significant remedial measures that need to be taken, it bears noting that at the time of the disclaimed opinion, the Office of Inspector General reported "no evidence of intentional fraud or willful misrepresentation of financial information" under the agency's control.

B. Management Action Plan

I affirm that the Commission is committed to the integrity of its financial information, including the principles and objectives of the Federal Managers' Financial Integrity Act and the Accountability of Tax Dollars Act of 2002, the accounting principles approved by the Federal Accounting Standards Advisory Board, and the guidance provided in Office of Management and Budget ("OMB") Circular A-123 (Management's Responsibility for Internal Control) and Circular A-136 (Financial Reporting Requirements).

In response to the disclaimer received on the FY 2009 financial statement audit, the Commission has implemented a comprehensive action plan to rectify the underlying problems. The Commission is working to remedy the deficiencies identified in the FY 2009 balance sheets and to prevent any future recurrence by developing more robust and comprehensive internal controls

and processes. For each recommendation identified in the FY 2009 audit report, the action plan provides (1) a summary of the actions Commission management is taking to resolve the deficiencies associated with the recommendation, and (2) a target date by which the Commission expects to complete the actions. On March 9, 2010, the USITC Inspector General agreed that the actions committed to by the Chairman would address the recommendation. A number of milestones in the action plan have already been met.

As recommended, the Commission is reviewing its internal controls consistent with the applicable OMB requirements to ensure that the objectives of the Federal Managers' Financial Integrity Act are achieved. In this regard, the Commission awarded a contract on March 3, 2010, to a firm that is reviewing and evaluating existing internal controls, designing and implementing a comprehensive, agency-wide internal control system that fully complies with applicable laws and regulations, and providing temporary staffing of the management position related to the creation of the new internal control system/internal control program. With the assistance of the contractor, the Commission is in the process of implementing robust and comprehensive internal controls and processes.

In addition, the Commission recently awarded a contract to assess the human capital needs of the USITC Office of Administration, including the Office of Finance. Once the Commission receives this assessment, it then can make informed decisions on how best to staff the Office of Finance so that we have the personnel and skills necessary to implement the internal controls and processes we are putting in place.

These efforts, plus the advice of the Inspector General, should rectify the systemic deficiencies identified by the auditors. The Inspector General and our contractors, however, have advised the Commission that these actions will require time to draft and implement, and that it will take considerable time to begin to see the effectiveness of the internal controls and processes. We also are aware that significant training of USITC employees will be needed. Finally, we will have to test the new system to ensure that the system is adequate and modify it as needed.

2. Information Technology Security

The Inspector General's Semiannual Report identifies continued weaknesses in the Commission's plans for continuity of operations. The Report notes that the Commission has not completed final action on three recommendations dating back to 2005. The Commission acknowledges that the three recommendations remain open. The Commission is working to complete final action on these recommendations in the near term.

The Commission delayed implementing the three recommendations because of other pressing priorities. Thus, the Commission's priorities were to (1) replace its aforementioned financial accounting system, (2) significantly expand its resources for intellectual property enforcement (i.e., hiring more ALJs and staff and obtaining additional space) due to an onslaught of cases filed before the Commission, and (3) design and implement plans for continuity of operations. The Commission lacked the resources to do all three over the past few years.

To address deficiency in its plans for continuity of operations, the Commission is seeking almost \$1 million in its FY 2011 budget justification to begin developing a comprehensive Continuity of Operations (“COOP”) plan and an alternative facility for reconstitution of the USITC network infrastructure and essential functions. In addition, the Commission recently adopted a preliminary COOP plan. This plan, while overall positively evaluated by FEMA, nevertheless requires additional refinement before it will be complete. In further commitment to its COOP Program, the Commission began recruiting for a COOP Program Manager to provide full-time leadership and direction of the Commission’s continuity initiatives and expects to fill the position in the next few months.

3. Strategic Management of Human Capital and Procurement and Contract Management

The Inspector General’s Semiannual Report identifies continued weaknesses in the Commission’s strategic management of human capital and documentation in procurement files. The Commission concurs with the Inspector General’s assessment and it is working to rectify these issues both through the development of robust internal controls and processes and through obtaining an outside assessment of the human capital needs of the USITC Office of Administration, which includes both Human Resources and Procurement. The Commission has implemented a management action plan addressing the human capital weaknesses to rectify the underlying problems.

Actions on Inspector General Recommendations

Management decisions were made on all 40 recommendations that the Inspector General made during this period. Management decisions have been made and final actions completed for all recommendations made in prior periods, except for the three recommendations related to COOP planning discussed in section 2 above. The statistical tables required under the IG Act are included as Appendix A to this report.

Please contact me if you have questions on this matter.

Sincerely,



Shara L. Aranoff
Chairman

OFFICE OF INSPECTOR GENERAL



UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, DC 20436

April 30, 2010

OIG-HH-007

Chairman Aranoff:

Attached is a report summarizing the activities of the Office of Inspector General during the period October 1, 2009 to March 31, 2010.

For the first time since the Commission began having its financial statements audited, the external auditor disclaimed an opinion because the Commission could not provide sufficient evidence to confirm the account balances reported on the statements. This inability to provide the necessary documentation highlighted significant systemic problems with the Commission's systems of internal control. The aggressive action plan you have initiated is critical in order to change the culture of financial management at the Commission, and I look forward to working with you through its implementation.

This submission is my first Semiannual Report after being appointed Inspector General in December. As I undertake this responsibility, I want to assure you that my staff and I are committed to a Commission that operates with efficiency, effectiveness, and integrity. We look forward to working with you, the Commission staff, Administration officials, and Congress in pursuing this mutual objective.

A handwritten signature in blue ink, reading "Philip M. Heneghan". The signature is fluid and cursive.

Philip M. Heneghan
Inspector General

U.S. International Trade Commission
Inspector General Semiannual Report

TABLE OF CONTENTS

Office of Inspector General.....	1
Semiannual Report Introduction.....	2
Top Management & Performance Challenges	2
Financial Management.....	3
Information Technology Security	3
Procurement and Contract Management.....	4
Strategic Management of Human Capital.....	5
Internal Controls	5
Inspector General Reports Issued This Period	6
Report on 2009 Financial Statements	7
Report on Internal Control for 2009 Financial Statements.....	7
Report on Compliance with Laws & Regulations for 2009 Financial Statements	8
Management Letter for 2009 Financial Statements	8
FISMA Report Fiscal Year 2009	9
FISMA Fiscal Year 2009 Performance Audit	9
Status of Actions Related to External Reviews Completed During Prior Periods ...	10
Office of Government Ethics Review.....	10
Office of Personnel Management Review	10
External Reviews Currently Underway Related to Inspector General Activities	11
Government Accountability Office Review	11
Peer Review of the Office of Inspector General Audit Function.....	11
Congressional Liaison Activities.....	12
List of Tables	
Table 1: Reporting Requirements Index	ii
Table 2: Management & Performance Challenges	2
Table 3: Prior Recommendations.....	3
Table 4: Reports by Subject Matter	6
Table 5: Reports with Questioned/Unsupported Costs.....	13
Table 6: Reports with Recommendations that Funds Be Put to Better Use	13
Table 7: Status of Reports Issued Without Final Action	14
Appendix	
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	2-5
Section 5(a)(2)	Description of Recommendations for Corrective Action with Respect to Significant Problems, Abuses, and Deficiencies	2-9
Section 5(a)(3)	Prior Period Recommendations Where Corrective Action Has Not Been Completed	3
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	6
Section 5(a)(7)	Summary of Significant Reports	6-9
Section 5(a)(8)	Statistical Table Showing Questioned and Unsupported Costs	13
Section 5(a)(9)	Statistical Table Showing Recommendations Where Funds Could Be Put to Better Use	13
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

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 Office is headed by the Inspector General, who reports directly to the Chairman. As set forth in the IG Act, the Inspector General has the authority and responsibility to conduct objective and independent audits, reviews and investigations of the Commission's programs and operations. Specifically, the Inspector General is responsible for promoting economy, efficiency, and effectiveness within the Commission; preventing and detecting fraud, waste, abuse, and mismanagement in the Commission's programs and operations; providing comments and recommendations on proposed legislation, regulations, and procedures affecting the Commission; and keeping the Chairman and the Congress fully and currently informed of problems in agency programs and operations.

The Office of Inspector General has four staff positions. Three of these positions were filled during this period. The Inspector General was appointed on December 6, 2009. A Senior Analyst was hired on February 28, 2010, and another Senior Analyst was hired on March 28, 2010. In addition, the Treasury Inspector General for Tax Administration has agreed to provide legal services to the Inspector General on an as-needed basis through a Memorandum of Understanding.

U.S. International Trade Commission

Inspector General Semiannual Report

Semiannual Report Introduction

This Semiannual Report begins with the identification of the five most significant management challenges facing the Commission. It then provides the results of the six reports issued by the Inspector General this period and describes other external reviews related to the Commission and the Office of Inspector General. The last section supplies information on Congressional liaison activities. Additional tables at the end of the report make available statistics on the Inspector General's reports and recommendations.

Top Management & Performance Challenges

The Inspector General is required by statute to identify the most significant management and performance challenges facing the USITC in the coming year. The Inspector General provides the Commission with this assessment, which is included in the annual Performance and Accountability Report. This assessment is based on information from the Office of Inspector General's audit and inspection work, a general knowledge of the Commission's programs and activities, and input from management on what challenges the agency is facing and the efforts the agency has taken to address the challenges. Recent management and performance challenges identified by the Office of Inspector General include the five areas identified in Table 2.

Table 2: Management & Performance Challenges

Management & Performance Challenges
1. Financial Management
2. Information Technology Security
3. Procurement and Contract Management
4. Strategic Management of Human Capital
5. Internal Controls

U.S. International Trade Commission

Inspector General Semiannual Report

1. Financial Management

For the first time since the Commission began having its financial statements audited, the external auditor engaged by the Inspector General disclaimed an opinion because the Commission could not provide sufficient evidence to confirm account balances on the financial statements. The inability to provide the necessary documentation highlighted significant systemic problems with the Commission’s systems of internal control.

2. Information Technology Security

Management has not completed final action on three recommendations, originally made in 2005, to address weaknesses in the Commission’s plans for continuity of operations. The recommendations, involving contingency plan updates, restoration of data, and an alternate processing facility are provided in Table 3.

Table 3: Prior Period Recommendations Where Corrective Action Has Not Been Completed

Prior Period Recommendations Where Corrective Action Has Not Been Completed	
Report Number	Recommendation
OIG-AR-04-05	Develop, document, and test an agency-wide Continuity of Operations Program plan in accordance with Federal Preparedness Circular 65, Federal Executive Branch Continuity of Operations, and NIST SP 800-34 guidelines.
OIG-AR-04-05	Ensure major applications and general support system contingency plans are updated and tested in accordance with NIST SP-800-34 guidelines.
OIG-AR-04-05	With respect to each mission-critical application and general support system, determine if an alternate processing facility is necessary and identify the respective facility. At this alternate facility, contingency plans should be tested and arrangements made for its use in the event of a major interruption or disaster.

As a result, the Commission is not prepared to effectively manage a significant event such as a natural or man-made disaster. This lack of preparation was further addressed in

U.S. International Trade Commission

Inspector General Semiannual Report

the FISMA Fiscal Year 2009 Performance Audit Report. The report indicated that the environmental controls for the USITC data center are inadequate, and the lack of an alternative processing site makes the USITC's building a single point of failure in the event of a fire. This finding reiterates the need for both an alternative processing site and the ability to restore data and operations in order to prevent a significant disruption to the Commission's operations if an event were to occur. There were several other recommendations made in the FISMA Fiscal Year 2009 Performance Audit Report associated with the improvement and strengthening of information security controls.

3. Procurement and Contract Management

Throughout the government, procurement and contracts have historically been areas subject to fraud and waste, and effectively managing the acquisition process is a continuing challenge. Poor oversight, ineffective controls, and inaccurate billings are just a few examples of the Commission's vulnerability to procurement fraud. The lack of an integrated financial procurement system, combined with ineffective internal controls, complicate efforts to track and reconcile procurement activities.

The independent auditors issued a management letter on December 8, 2009, that identified several weaknesses related to documentation in the procurement files. In the report to management, these weaknesses were noted as being repeat conditions. The management letter included recommendations to procurement officials on the need to maintain contract files in compliance with applicable laws, regulations, and policies and procedures.

U.S. International Trade Commission

Inspector General Semiannual Report

4. Strategic Management of Human Capital

The independent auditor's Report on Internal Control for 2009 Financial Statements indicated that many of the identified weaknesses were related to not allocating sufficient resources to perform day-to-day financial management functions. The auditors recommended that the Commission review its current organizational structure and ensure adequate resources are allocated to financial management.

An external review by the Office of Personnel Management (OPM) identified additional weaknesses related to the Commission's strategic management of human capital. The OPM determined that the lack of internal control regarding the management of human capital might impact the Commission's ability to maintain a skilled and experienced workforce. The OPM recommended that the Commission develop an accountability system to continually assess and improve the human capital planning process.

5. Internal Controls

The Commission's management is responsible for establishing and maintaining a system of internal controls to achieve the objectives of effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations. Each review performed during this reporting period identified issues associated with weak or non-existent internal controls. The most significant weakness identified was noncompliance with the *Federal Managers' Financial Integrity Act*. In addition, the Commission did not perform a risk assessment in accordance with OMB Circular A-123, *Management's Responsibility for Internal Control*. As a result, management did not identify any material weaknesses or significant deficiencies in the results of its review of internal control. The OPM's external review also recommended improvements to the internal controls in the Commission's human resource program.

U.S. International Trade Commission

Inspector General Semiannual Report

Inspector General Reports Issued This Period

The reports the Inspector General issued during this period focused on the Commission’s top two management challenges—financial management and information security. The Inspector General issued six reports with a total of thirty recommendations. The Commission made management decisions on all the recommendations. The Inspector General agreed with all the management decisions. During this period, the Commission completed final action on five of these management decisions. A listing of each report by subject matter is provided in Table 4 below. The key findings of each report are presented in the sections that follow.

Table 4: Reports by Subject Matter

Reports by Subject Matter				
Subject Matter	Report Number	Report Title	Date Issued	Results
Financial	OIG-AR-01-10	Auditor’s Report on 2009 Financial Statements	11/06/2009	Unable to render an opinion
Financial	OIG-AR-02-10	Independent Auditor’s Report on Internal Control for 2009 Financial Statements	11/06/2009	13 Recommendations
Financial	OIG-AR-03-10	Independent Auditor’s Report on Compliance with Laws and Regulations for 2009 Financial Statements	11/06/2009	Non Compliance with FMFIA
Financial	OIG-ML-04-10	Management Letter for 2009 Financial Statements	12/8/2009	6 Recommendations
IT Security	OIG-MR-06-10	FY 2009 FISMA Report	11/18/2009	Report to OMB
IT Security	OIG-AR-05-10	FY 2009 FISMA Performance Audit Report	03/09/2010	11 Recommendations

NOTE: There were no questioned costs, unsupported costs or funds identified that could be put to better use in any of these reports.

U.S. International Trade Commission

Inspector General Semiannual Report

Independent Auditor's Report on 2009 Financial Statements, OIG-AR-01-10

The Inspector General engaged the services of an independent accounting firm to audit the balance sheet and related financial statements for fiscal year 2009. The audit team identified issues related to documentation and controls over the accounting for Property, Plant, and Equipment; accounts payable; and financial reporting. The auditors did not obtain sufficient evidential support for amounts presented in the balance sheet, and as a result, they were unable to express an opinion. This is the first time since the Commission began having its financial statements audited that it has received a disclaimer.

Independent Auditor's Report on Internal Control for 2009 Financial Statements, OIG-AR-02-10

The Inspector General engaged the services of an independent accounting firm to audit the USITC fiscal year 2009 financial statements. The Commission did not perform a risk assessment in accordance with OMB Circular A-123, *Management's Responsibility for Internal Control*. As a result, management was not able to identify any material weaknesses or significant deficiencies in the results of its internal control review. However, the auditors identified material weaknesses in the areas of internal controls over financial reporting, financial analysis, and management oversight. The auditors determined that the Commission's lack of formal documented financial policies and procedures was a contributing factor to the material weaknesses. The report included 13 recommendations to assist the USITC management in strengthening its internal control surrounding financial management. The Commission's management agreed with all of the recommendations, made management decisions to resolve the identified weaknesses, and is currently in the process of implementing the management decisions.

U.S. International Trade Commission

Inspector General Semiannual Report

Independent Auditor's Report on Compliance with Laws and Regulations for 2009 Financial Statements, OIG-AR-03-10

The Inspector General engaged the services of an independent accounting firm to audit the USITC's compliance with certain provisions of laws and regulations, where noncompliance could have a direct and material effect on the determination of financial statement amounts. The findings indicated the Commission had not fully complied with certain requirements of the *Federal Managers Financial Integrity Act*. The auditors identified the following three key areas of deficiency:

- Inadequate Financial Statement Preparation and Reporting Controls
- Insufficient Controls Surrounding Property, Plant, and Equipment
- Insufficient Controls Surrounding Accounts Payable, Expenditures, and Obligations

As a result of these weaknesses, the auditors were unable to determine whether there were other instances of noncompliance that should have been reported.

Management Letter for 2009 Financial Statements, OIG-ML-04-10

The independent auditors issued a management letter on December 8, 2009, which noted additional weaknesses involving internal control and other operational matters. The audit team identified control deficiencies in the following three areas:

- Policies and Procedures
- Internal Control Deficiencies (Prompt Payment Act & Imputed Costs)
- Unauthorized Contractual Obligations

U.S. International Trade Commission

Inspector General Semiannual Report

To address the findings, the report included six recommendations for the Commission's management. The USITC agreed with all of the recommendations, made management decisions, and is currently in the process of implementing the management decisions.

Federal Information Security Management Act (FISMA) Report Fiscal Year 2009, OIG-MR-06-10

The Inspector General is required by law to perform an independent evaluation of the Commission's compliance with FISMA. In the Fiscal Year 2009 evaluation, the Inspector General reported a weakness regarding the Commission's Plan of Action and Milestones process. This evaluation was included as part of the Chairman's Annual FISMA Report submission to the Office of Management and Budget.

Federal Information Security Management Act (FISMA) Fiscal Year 2009 Performance Audit, OIG-AR-05-10

The objective of this audit was to determine whether the Commission's information security program—consisting of plans, policies, procedures, and security controls for Fiscal Year 2009—complies with the requirements of FISMA. The findings identified program weaknesses related to the Plan of Action and Milestones process, account management, physical and environmental controls, and compliance with certain standards. The audit also revealed that the Commission is subject to daily cyber attacks and anticipates that the complexity and frequency of cyber attacks are likely to increase in the coming year. The identified weaknesses resulted in 11 new recommendations. The USITC management has developed an action plan to address each of the 11 recommendations.

U.S. International Trade Commission

Inspector General Semiannual Report

Status of Actions Related to External Reviews Completed During Prior Periods

Office of Government Ethics Review

The Office of Government Ethics completed an external review of the USITC's Ethics Program on September 30, 2009. The purpose of the review was to evaluate the extent of compliance with ethics laws, regulations and policies, and to review the Commission processes and procedures for administering the program. The review resulted in one recommendation. The Commission made a management decision to implement the recommendation and has completed final action.

Office of Personnel Management Review

The Office of Personnel Management completed an external review of the USITC's human resource program on August 26, 2009. The purpose of the review was to evaluate the human capital program at the Commission. This evaluation resulted in 83 recommendations being made to the Commission to ensure compliance with laws and to strengthen the management and administration of the USITC's human capital program. The Commission made management decisions to implement all of the recommendations and has completed final action on 34 of the recommendations. The Commission is working on implementing the remaining management decisions.

U.S. International Trade Commission

Inspector General Semiannual Report

External Reviews Currently Underway Related to Inspector General Activities

Government Accountability Office (GAO) Review of Inspector General Oversight of the USITC

On November 30, 2009, the GAO sent an engagement memorandum to the Chairman announcing a review of the activities of the USITC's Inspector General. The GAO indicated in the memorandum that it seeks to obtain an understanding of the USITC operations and to identify areas for routine Inspector General oversight. The review will include audit and investigative coverage of the USITC, the results of the Inspector General's work, and the available resources used by the Inspector General. Initial fieldwork covering a five-year period is currently underway, and a draft report is expected later this year.

Peer Review of the Office of Inspector General Audit Function

The GAO's *Government Auditing Standards* require a peer review every three years. There had been no peer review of the Inspector General's audit function for more than five years. In December, the Inspector General requested (through the Audit Committee of the Council of Inspectors General on Integrity and Efficiency) that a peer review of the Inspector General's audit program be conducted. The Inspector General from the National Archives and Records Administration (NARA) agreed to perform a peer review of the audit program in the USITC's Office of Inspector General. The NARA Inspector General has completed the peer review fieldwork and expects to issue a draft report in May of 2010.

U.S. International Trade Commission

Inspector General Semiannual Report

Congressional Liaison Activities

Following the issuance of a disclaimer on the Commission's FY 2009 financial statements, the Inspector General, separately and along with the Chairman and Vice Chairman, has briefed the bipartisan staff of the appropriate Congressional committees (authorizers and appropriators) concerning (1) the audit findings, (2) the quality of the Commission's action plan to address the deficiencies, and (3) the status of the actions being taken. When requested by the Congressional committees, the Inspector General also provided additional briefings, without Commission management present, to answer questions concerning the audit findings and the status of the actions being taken by the Commission.

U.S. International Trade Commission

Inspector General Semiannual Report

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	6	\$0	\$0
Subtotals	6	\$0	\$0
Reports for which a management decision was made during the reporting period	6	\$0	\$0
<ul style="list-style-type: none"> • Dollar value of disallowed costs 	0	\$0	\$0
<ul style="list-style-type: none"> • Dollar value of allowed costs 	0	\$0	\$0
Reports for which no management decision has been made by the end of the reporting period	0	\$0	\$0

Table 6: Reports with 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	6	\$0
Subtotals	6	\$0
Reports for which a management decision was made during the reporting period	6	\$0
<ul style="list-style-type: none"> • Dollar value of recommendations agreed to by management 	0	\$0
<ul style="list-style-type: none"> • Dollar value of recommendations not agreed to by management 	0	\$0
Reports for which no management decision has been made by the end of the reporting period	0	\$0

U.S. International Trade Commission

Inspector General Semiannual Report

Table 7: 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	Independent Auditor's Report on Internal Controls for 2009 Financial Statements, 11/06/2009	13	13	0	0	13
2	Management Letter for 2009 Financial Statements, 12/08/2009	6	6	0	0	6
3	Federal Information Security Management Act Fiscal Year 2009 Performance Audit, 03/09/2010	11	11	0	4	7
Subtotal Current Period		30	30	0	4	26
Prior Reporting Periods						
Report Title		# of Recs.	Mgt. Decisions	Decisions IG Disagrees With	Final Action Complete	Action Not Complete
1	Federal Information Security Management Act Fiscal Year 2004 Performance Audit, 09/27/2005	14	14	0	11	3
Subtotal Prior Period		14	14	0	11	3

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	6	\$0
Reports for which final action had not been taken by the commencement of the reporting period	0	\$0
Reports on which management decisions were made during the reporting period	6	\$0
Subtotals	6	\$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	\$0
<ul style="list-style-type: none"> • Dollar value of disallowed costs written off by management 	0	\$0
Reports for which no final action has been taken by the end of the reporting period	0	\$0

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

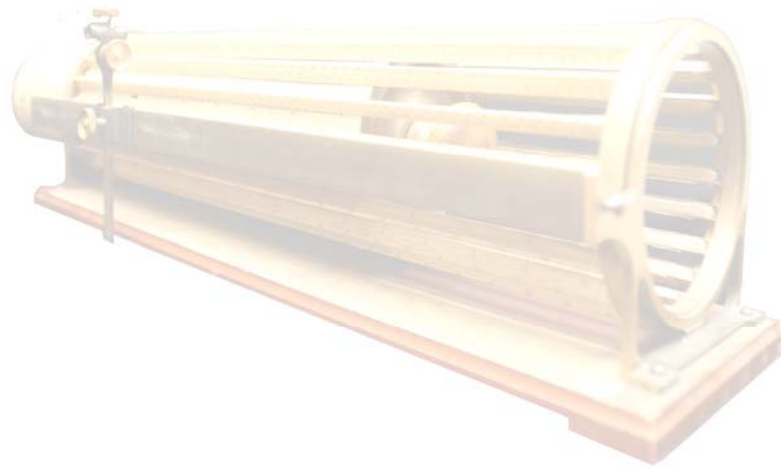
Reports with Recommendations that Funds Be Put to Better Use		
Description	Number of Reports	Funds Put to Better Use
Reports for which final action had not been taken by the commencement of the reporting period	0	\$0
Reports on which management decisions were made during the reporting period	6	\$0
Subtotals	6	\$0
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	\$0
<ul style="list-style-type: none"> • Dollar value of recommendations that management has subsequently concluded should not or could not be completed 	0	\$0
Reports for which no final action has been taken by the end of the reporting period	0	\$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-AR-04-05	09/27/2005	\$0	\$0	Provided in Section 2 of the Chairman's letter



“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. 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: 202-205-2210
Fax: 202-205-1859
Hotline: 877-358-8530
OIGHotline@USITC.gov