

# U.S. International Trade Commission

## *Inspector General Semiannual Report*



**April 1, 2013 - September 30, 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.*

*Commissioners*

*Irving A. Williamson, Chairman*

*Shara L. Aranoff*

*Dean A. Pinkert*

*David S. Johanson*

*Meredith M. Broadbent*

*F. Scott Kieff*

Chairman



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## UNITED STATES INTERNATIONAL TRADE COMMISSION

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WASHINGTON, DC 20436

November 29, 2013

### **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 April 1, 2013 to September 31, 2013.

The Commission appreciates the work done by the Office of Inspector General in assuring the effectiveness, efficiency, and integrity of Commission programs and operations. Inspector General Philip M. Heneghan and his staff continue to provide invaluable service to the Commission. We look forward to continuing to work with the Inspector General as we address the issues raised in this report.

The Inspector General's Semiannual Report identifies the top management and performance challenges in FY 2013 that require significant attention from the USITC. The Commission concurs with the critical challenges identified by the Inspector General. We continue our efforts to address these challenges to ensure that our internal operations are well managed. The corrective actions that have been both initiated and completed address many of the challenges identified by the Inspector General.

The actions we are taking with respect to the Inspector General's identified broad management challenges on (1) internal control, (2) financial management, and (3) use of information technology to improve staff productivity, are summarized in Part I of this message. Part II of this message addresses the status of specific corrective actions as they relate to the Inspector General's recommendations of individual audits.

## **I. Addressing Management and Performance Challenges**

### **A. Internal Control**

The Commission recognizes that internal control management touches all areas of the organization and affects the administrative, programmatic, information technology, security, compliance, and financial controls at the entity as well as office-level. Due to the complexity of the actions that need to be taken and the limited availability of resources, the Commission remains realistic regarding the timeline to complete remediation actions related to this management challenge. The multi-year effort to transform the management structure and culture of the Commission, which is underway, has the support of the Chairman, the Commissioners, and the members of the agency's Senior Executive Service (SES).

During the past few years the Commission focused much of its efforts on implementing financial controls, as evidenced by the recent unqualified audit opinions. The Commission is now expanding its efforts to establish and implement an effective internal control system that addresses agency-wide processes. The Commission is planning to focus on the development of a risk based internal control structure and expand its business process mapping efforts throughout the agency in order to continue to establish, implement, and monitor strong and effective internal controls.

### **B. Financial Management**

The Commission is pleased to report that the financial management challenge has been eliminated since the issuance of the Inspector General's report. Furthermore, the Commission would like to note that the agency received an unqualified audit opinion on the FY 2012 and FY 2011 financial statements and is currently undergoing the final stages of the FY 2013 audit. As part of the FY 2013 audit process, the Commission was able to provide evidence that the Commission eliminated the agency's financial material weakness and significant deficiency while improving the overall financial documentation.

### **C. 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 more needs to be done in this area to support and improve staff productivity, and is committed to doing so.

Staff frequently perform Commission work while off premises, and should be able to do so at all times and especially in the event that the primary data center becomes unavailable. Recently, the Commission made operational an alternate/disaster recovery data center and implemented remote access improvements. The Commission also recently tested and confirmed the operation of this data recovery center and is now in the process of expanding its capabilities.

Through the Office of the CIO, the Commission is investing significant effort into upgrading the Commission's aged technology platform that supports many of the services delivered to both the public and ITC employees. During this past year, the agency transitioned to open source database

technologies, which significantly reduced costs and provided efficiency gains. Additional upgrade work continues on the replacement of obsolete network assets and technology. The Commission recognizes that it must continue to work to ensure that its IT resources are available to staff in a way that enhances their productivity and protects the security of government information assets, and the Commission intends to expand the feedback it is obtaining from staff and the public in order to make the appropriate improvements.

As the Commission's operational units continue to document and define their business activities, this knowledge will enable the Commission to plan and deploy technology that will increase these units' efficiency and effectiveness. For example, the Commission is in the process of significantly automating the management of the Harmonized Tariff Schedule so that it can be updated more efficiently and so that it can minimize the risk of human error. Also, the Commission has developed a sophisticated database to assess trends and facilitate its resource planning for its 337 investigations. As additional business processes are evaluated, the Commission will continue to evaluate its commitment of resources towards applying technology to enhance productivity.

The now-operational alternate/disaster recovery data center addresses a number of the deficiencies cited in the annual Inspector General Cyberscope Fiscal Year 2012 submission. The Commission will make progress on the remaining items by prioritizing and assigning the appropriate resources necessary to address remaining deficiencies.

## **II. Actions on Recommendations**

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

During this April 1, 2013 to September 31, 2013 semiannual reporting period, the Inspector General issued two new reports, one on the security of public-facing endpoints and one on the perimeter network security. These reports provided the Commission with a total of ten new recommendations. For each of these recommendations, the Commission issued management decisions for corrective action in a timely manner. During this period, the Commission also issued management decisions in response to an audit submitted at the end of the previous reporting period on its purchase card program. Management decisions for those previous recommendations were also issued in a timely manner. With regard to corrective action on audits from previous reporting periods, the Commission completed final action on the management decisions associated with three such reports, and intends to resolve its other outstanding management decisions as expeditiously as possible.



## B. Actions on Recommendations Made from Prior Periods

(1) Evaluation of the Commission's Fiscal Year 2005 Information Security Program and Practices Audit Report (OIG-AR-04-05). The Commission has fully implemented its final decisions as of late September 2013, but managerial review of this work was not completed by the end of that reporting period. As such, this will be completed in the current reporting period.

(2) Inspection of Physical Security (OIG-SP-11-12). Lower staffing levels in the Office of Security Services due in part to reduced hiring in light of budget uncertainties, and uncertainty in the security field regarding best-practices following the recent Navy Yard incident, resulted in a delay in implementation of certain management decisions associated with the findings in this IG inspection. Additionally, the government shutdown in October resulted in a cascading delay in the physical access control system (PACS) upgrade on the part of our vendor. Nevertheless the outstanding audit follow-up requirements are being addressed. The draft Occupant Emergency Plan circulated in September is undergoing revision to incorporate comments received from OGC and others. PACS installation continues, with data load underway and upgrades to readers and computer systems complete and awaiting testing and acceptance. We plan to close-out the remaining management decisions by the end of January 2014.

(3) Evaluation of Employee Outprocessing Program (OIG-ER-12-07). During the reporting period, the Commission continued to work on completing actions associated with the IG's report. Management extended the deadlines on several of these management decisions in order to design and implement a comprehensive electronic system for out-processing, details, and transfers, and to design and implement training associated with the new system. Additionally, testing and rollout were delayed due in part to the government shutdown. System design and process development have now been completed, and the training and implementation phases are scheduled to be completed during the current reporting period.

(4) Evaluation of Modifications to the Harmonized Tariff Schedule (OIG-ER-12-08). The Commission timely completed all actions to address the recommendations as to the existing procedures for modifying the HTS. The development of a new system that is web-based and provides an electronic workflow for modifying the HTS was delayed due to funding considerations. A contractor has been hired and the development team is working with program staff to produce the upgraded system that will respond to the IG recommendations and management response. The project to build the new system and meet other implementation goals, such as training, should be completed during the second quarter of FY 2014.

(5) Evaluation on Controlling Confidential Business Information and Business Proprietary Information (OIG-ER-12-09). The Commission has made progress in developing a 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

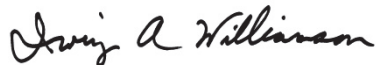
has almost completed an evaluation of the legality and the risk of preserving nonrecord copies of documents after the close of an investigation.

(6) Audit of Software Licensing (OIG-AR-12-10). The final stages of the software clean-up have been delayed in order to allow the completion of hardware lifecycle replacement and the implementation of compliance monitoring software. The removal of other noncompliant software from the remaining hardware is expected to be completed by the second quarter of 2014.

The statistical tables, required under the IG Act, are included as Appendix A of this report.

### C. Actions on External Reviews

In the last reporting period, the Commission completed final actions on all outstanding management decisions stemming from the Office of Personnel Management (OPM) review of the Commission's human capital management. To complete these final actions, the Commission issued several human capital management documents, including a strategic human capital plan, a training plan, a human capital accountability plan, a succession management plan, a diversity and inclusion strategic plan, and a review of the Commission awards program. During the last reporting period, OPM began a new human capital management evaluation and recently issued its report and findings. Corrective action has already begun to take place with respect to OPM's new findings, noting that some of are have already been completed.

A handwritten signature in black ink, reading "Irving A. Williamson". The signature is written in a cursive, flowing style.

Irving A. Williamson  
Chairman







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## UNITED STATES INTERNATIONAL TRADE COMMISSION

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WASHINGTON, DC 20436

October 31, 2013

OIG-LL-016

Commissioners:

Attached is the Semiannual Report summarizing the activities of the Office of Inspector General (OIG) for the period April 1, 2013 to September 30, 2013.

During this period, we issued two reports and made 10 recommendations to promote the efficiency, effectiveness, and integrity of the Commission's operations. The Commission completed final action on one of these recommendations during this reporting period. Additionally, the Commission completed final action on 33 recommendations that had been made by the Inspector General in prior reporting periods.

I would like to thank you for your commitment to strengthening the operations of the Commission and supporting the work of my office.

Philip M. Heneghan  
Inspector General



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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	2-4
Section 5(a)(2)	Description of Recommendations for Corrective Action with Respect to Significant Problems, Abuses, and Deficiencies	5-6
Section 5(a)(3)	Significant Recommendations From Prior Reports on Which Corrective Action Has Not Been Completed	7, 12
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	5
Section 5(a)(7)	Summary of Significant Reports	5-6
Section 5(a)(8)	Statistical Table showing Questioned and Unsupported Costs	12
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
Section 5(a)(13)	Information described under section 5(b) of FFMIA	11
Section 5(a)(14)	Results of Peer Review Completed During This Period or Date of Last Peer Review	11
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	None





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### 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.

During this reporting period, the Inspector General developed and issued the five-year strategic plan for fiscal years 2014–2018 that aligns with the strategic goals of the Commission. The strategic planning process solicited input from a broad group of stakeholders, including the Commissioners and Office Directors, to aid in identifying the priorities, challenges, and risks facing the Commission. The strategic plan was then used as the foundation to develop the FY 2014 Annual Audit Plan, which was issued on September 26, 2013.

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### 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, 2013, through September 30, 2013. 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-13-02, which identified three management challenges facing the Commission and the actions management has taken to address these challenges. It then summarizes the results of the two 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

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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.

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### 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-13-02) on October 15, 2012. 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 three areas identified in Table 2. Following the table is a short discussion of the three 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. Financial Management
3. 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 that can ensure effective and efficient operations, reliable financial reporting, and compliance with laws and regulations. The Commission has had a long-standing culture of undocumented and informal processes to complete daily tasks. Documented and consistent processes and procedures are necessary to provide a reasonable level of assurance that offices are operating in an efficient and effective manner.

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

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Commission established a mapping team and introduced training to help the Commission document business processes via mapping techniques. The Process Mapping Team has been working with Commission staff to capture existing business processes to answer questions such as: (1) what conditions affect a given process? and (2) What design or deployment aspects could be enhanced? The team has done process maps in eight different lines of business or services for a total of 153 process maps.

These 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.

In addition, the Chief Financial Officer hired an Internal Control Program Manager to establish a comprehensive program to address organizational internal control. Since coming on board in December 2012, 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 in support of specific organizational capabilities, requirements, and limitations.

The Commission is committed to improving and strengthening the internal control environment. At the same time, the Commission understands a sustained effort over a long period of time is needed 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. Financial Management**

As a result of its disclaimer on the 2009 financial statements the Commission recognized the importance and necessity of instituting a system of stronger financial controls and has implemented corrective actions to address financial management deficiencies.

For example, the Commission established a new Office of the Chief Financial Officer, and has recruited personnel with the appropriate knowledge and technical skills to fill key financial management positions. The filling of these vacancies has led to improvements in overall financial management. Important examples of this are the recent audits of the Commission's financial statements, which received a qualified opinion in 2010, and unqualified opinions in 2011 and 2012.

The management challenge has been to transform financial management from an accounting exercise to a process that ensures that managers will have access to timely, reliable, and practical information that will enable them to make informed decisions. The

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Office of the Chief Financial Officer has taken steps to address the financial reporting challenges by meeting with operational managers to discuss reporting requirements and developing a reporting tool to provide access to financial reports.

Challenges remain to provide managers with reports to effectively monitor the expenditure of funds, evaluate program performance, and make informed financial decisions on the Commission's programs and operations.

### **3. Using Information Technology to Improve Staff Productivity**

Knowledge workers require a stable, productive information technology platform to efficiently and effectively perform their work. Skilled staff are expected to perform their mission whether they are on or off premises, and the platform supporting their work should be resilient enough to allow work to continue, even in the absence of the primary data center.

Significant information technology challenges remain that reduce the efficiency and effectiveness of Commission staff. Examples of lost productivity include computers that can take 15 minutes to become operational at boot-up, the multiple and forced reboots during standard working hours, email outages spanning five days, and continued undiagnosed performance problems affecting remote access. Systems should be designed to minimize delays and work-stopping reboots, and to enable the recovery from outages in minutes or hours instead of days.

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.

We also reported separately (through the Chairman) to the Office of Management and Budget, deficiencies in 7 of 11 information technology program areas evaluated as part of the annual Inspector General Cyberscope Fiscal Year 2012 submission. The seven program areas needing improvement are: Continuous Monitoring, Configuration Management, Contingency Planning, Identity and Access Management, Incident Response and Reporting, Risk Management, and Remote Access Management. The Commission faces many challenges implementing information technology solutions to improve staff productivity.

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### Inspector General Reports Issued During this Period

The Inspector General issued two reports with a total of 10 recommendations during this reporting period. The Commission made management decisions on all of the recommendations, and the Inspector General agreed with all the management decisions.

The Commission made management decisions on 6 recommendations issued during the last reporting period that were not due until after the last reporting period had closed. The Inspector General agreed with all of these 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
IT Security	OIG-AR-13-09	Audit of Perimeter Network Security	06/24/2013	7
IT Security	OIG-AR-13-10	Audit of Security of Public-Facing Endpoints	06/24/2013	3
<b>Total Recommendations Issued During This Reporting Period</b>				<b>10</b>
<i>NOTE: There were no questioned costs, unsupported costs or funds identified that could be put to better use in any of these reports.</i>				

#### Audit of Perimeter Network Security, OIG-AR-13-09

RESULT: The audit determined that the Commission's perimeter defense was effective.

We conducted an audit to evaluate the effectiveness of the Commission's network security perimeter. An effective perimeter defense is a significant component of a complete security program designed to prevent attackers from gaining unauthorized access to Commission resources and exploiting the network.

We attempted to gain unauthorized access by conducting penetration testing of the externally available wired nodes on the Commission's network. The device list used for this audit included but was not limited to all servers, workstations, routers, email gateways, and firewalls. The test included login attempts designed to allow information gathering, privilege escalation, and access to other areas of the Commission's network infrastructure.

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To perform the testing, we used software to detect servers and their responding ports, and then we scanned these servers for vulnerabilities and found:

- The Commission's intrusion detection system effectively prevents port scanning;
- It was not possible to gain unauthorized access to identified services within the scope of the audit; and
- The majority of listening services identified seemed to be functions necessary for the Commission to conduct business.

Although the network perimeter defense effectively prevented our intrusion attempts, we identified two areas for improvement. The first area for improvement was related to the Commission's scanning procedures and the second was to remediate webserver vulnerabilities identified during the audit.

The report contained seven recommendations to address the two improvement areas. The Chairman agreed with our findings and made management decisions to address the recommendations.

### **Audit of Security of Public-Facing Endpoints, OIG-AR-13-10**

**RESULT:** The audit determined that the Commission did not secure its public-facing endpoints.

We conducted an audit of the responding ports on the Commission's network to determine if its public-facing endpoints were secure. The goal of perimeter defense is to minimize the number and exploitability of responding ports, known as the "attack surface." To secure its public-facing endpoints, the Commission must block access to network ports that should not respond to the Internet.

When accessed from the Internet, ITCnet should have had 14 responding IP addresses and 26 responding ports to provide the services necessary to support USITC's business functions.

Our scan of responding network ports identified the following:

- 41 responding ports from 18 different IP addresses;
- 15 of 41 ports that should not have responded to our scans;
- 4 of 18 IP addresses were detected that should not have been visible; and
- Two ports responded with a telnet login prompt to a network device.

We found two problem areas: 1) the Commission did not block access to ports that should not respond to the Internet, and 2) it did not perform ongoing scanning to detect



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vulnerabilities. As a result, they were unaware that ports were open that should not have been accessible from the Internet. When we identified ports that should not have been responding, we immediately notified the Office of the Chief Information Officer, who then took action to block Internet access to those ports.

We issued three recommendations to address the problem areas identified in the report. The Chairman agreed with our assessment, acknowledged the problem areas, and developed management decisions to address the recommendations.

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### **Significant Recommendations from Prior Periods**

The Commission has 29 recommendations described in prior semiannual reports where corrective action has not yet been completed. The Inspector General identified three of the 29 recommendations as significant. 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 to be 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.

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.

The third significant recommendation from prior periods is from an audit of software licensing. The report found that the Commission did not have a complete record of all software installed on its network. By not preventing or detecting software from being installed, the Commission is at risk of violating license agreements as well as subjecting its network and systems to additional risks. The Inspector General recommended that the

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Office of the Chief Information Officer implement technical monitoring to detect the installation of software, including details on when it was installed and by whom. 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.

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## 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 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.

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### **Investigations and Inquiries**

The Inspector General did not have any investigation or inquiry activity to report during this reporting period.

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### **External Reviews Completed During this Period**

There was one external review of the Commission's programs completed during this reporting period. The review was performed by the U.S. Office of Personnel Management. The final report was issued on June 25, 2013. The result and a summary of the external review are described below.

#### **Office of Personnel Management – Human Resources Review**

The Office of Personnel Management performed an assessment of the Commission's human resource program. The purpose of the review was to determine the Commission's adherence to merit system principles, compliance with laws and regulations, and to assess effectiveness of the administration of human resource management and systems. The review was based on three human capital management elements from the Office of Personnel Management's Human Capital Assessment and Accountability Framework. The three areas of review were:

- Leadership and Knowledge Management;
- Results-Oriented Performance Culture; and
- Talent Management, including USITC's delegated examining program.

The Office of Personnel Management assessed 26 criteria from the three review areas. Two of the review areas were determined to be not applicable to the Commission. The results from the remaining 24 assessed areas are as follows:

- The Commission met the anticipated results in 12 of the 26 areas.
- The Commission partially met the anticipated results in 6 of the assessed areas.
- The Commission did not meet the anticipated results in 6 of the assessed areas.

The final report identified 25 recommendations for the Commission. The Commission made management decisions to implement all of the recommendations.

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### **Status of Actions Related to External Reviews Completed During Prior Periods**

The Commission did not have any open management decisions related to external reviews completed during prior periods.

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### **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. We completed one review during this reporting period.

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### **Congressional Activities**

The Inspector General responded to two congressional inquiries this reporting period. Both inquiries were seeking updates from the Inspector General community on previous data requests. The first inquiry was from the Chairman and Ranking Member of the House Committee on Finance, and the Ranking Member of the Senate Committee on Oversight and Government Reform. They were seeking an update from the Inspector General community on open and unimplemented recommendations.

The second request was from the Ranking Member of the House Committee on Finance and the Ranking Member of the Subcommittee on Investigations Homeland Security and Governmental Affairs Committee. They were seeking updated information to determine

# U.S. International Trade Commission

## Inspector General Semiannual Report

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if the Office of Inspector General has had any instances of closed investigations, evaluations, and audits that were not disclosed to the public or any instances of threats from federal officials trying to impede communications with Congress.

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### **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 agencies concerns, and legislative issues.

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### **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.

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### **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 two years. We are scheduled to perform a peer review of another Inspector General’s audit operation during the next reporting period.

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Table 4: Prior Significant Recommendations Where Corrective Action Has Not Been Completed

<b>Prior Significant Recommendations Where Corrective Action Has Not Been Completed</b>	
<b>Report Number</b>	<b>Recommendation</b>
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.
OIG-AR-12-10	Implement technical monitoring to detect the installation of software, including details on when it was installed and by whom.

Table 5: Reports with Questions and Unsupported Costs

<b>Reports with Questioned and Unsupported Costs Section 5(a)8</b>			
<b>Description</b>	<b>Number of Reports</b>	<b>Questioned Costs</b>	<b>Unsupported Costs</b>
Reports for which no management decision has been made by the commencement of the reporting period.	1 <sup>1</sup>	\$0	\$0
Reports issued during the reporting period.	2	\$0	\$0
<b>Subtotals</b>	<b>3</b>		
Reports for which a management decision was made during the reporting period.	3	\$0	\$0
• Dollar value of disallowed costs.		\$0	\$0
• 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
<b>Subtotals</b>	<b>3</b>	<b>\$0</b>	<b>\$0</b>

<sup>1</sup> Management Decisions were received in response to the purchase card report, OIG-ER-13-08, which was issued at the end of the last reporting period and management decisions were not due until after the reporting period had closed.



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## Inspector General Semiannual Report

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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 <sup>2</sup>	\$0
Reports issued during the reporting period.	2	\$0
<b>Subtotals</b>	<b>3</b>	<b>\$0</b>
Reports for which a management decision was made during the reporting period.	3	
<ul style="list-style-type: none"> <li>Dollar value of recommendations agreed to by management.</li> </ul>		\$0
<ul style="list-style-type: none"> <li>Dollar value of recommendations not agreed to by management</li> </ul>		\$0
Reports for which no management decision has been made by the end of the reporting period.	0	\$0
<b>Subtotals</b>	<b>3</b>	<b>\$0</b>

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<sup>2</sup> Management Decisions were received in response to the purchase card report, OIG-ER-13-08, which was issued at the end of the last reporting period and management decisions were not due until after the reporting period had closed.

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## Inspector General Semiannual Report

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Table 7: Reports With Final Action Completed During this Reporting Period

<b>Reports With Final Action Completed During this Reporting Period</b>				
<b>Reports Issued This Reporting Period</b>				
<b>Report Title</b>	<b># of Recs.</b>	<b>Mgt. Decisions</b>	<b>Final Action Complete in Prior Periods</b>	<b>Final Action Complete This Period</b>
None.				
<b>Totals</b>	0	0	0	0
<b>Prior Reporting Periods</b>				
<b>Report Title</b>	<b># of Recs.</b>	<b>Mgt. Decisions</b>	<b>Final Action Complete in Prior Periods</b>	<b>Final Action Complete This Period</b>
1 Compliance with Laws and Regulations, OIG-AR-11-04	2	2	1	1
2 Report on Internal Control for FY 2011, OIG-AR-12-03	12	12	10	2
3 Audit of Title VII Preliminary Process, OIG-AR-12-06	2	2	1	1
4 Report on Internal Control for FY 2012, OIG-AR-13-04	3	3	1	2
5 Management Letter for FY 2012 Financial Statements, OIG-ML-13-06	2	2	0	2
<b>Totals</b>	21	21	13	8

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## 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 Perimeter Network Security, OIG-AR-13-09	7	7	0	0	7
2	Audit of Security of Public Facing Endpoints, OIG-AR-13-10	3	3	0	1	2
Totals		10	10	0	1	9
Prior Reporting Periods						
	Report Title	# of Recs.	Mgt. Decisions	Final Action Complete Prior Periods	Final Action Complete This Period	Action Not Complete
1	FISMA FY 2004 Performance Audit, OIG-AR-04-05	14	14	12	1	1
2	Inspection of Physical Security, OIG-SP-11-12	22	22	8	6	8
3	Evaluation of Employee Out-Processing Program, OIG-ER-12-07	11	11	5	3	3
4	Evaluation of Modifications to HTS, OIG-ER-12-08	8	8	5	2	1
5	Evaluation of Controlling CBI/BPI, OIG-ER-12-09	6	6	0	0	6
6	Audit of Software Licensing, OIG-AR-12-10	6	6	0	2	4
7	Audit of Citrix Remote Access, OIG-AR-13-01	11	11	0	9	2
8	Evaluation of the Purchase Card Program, OIG-ER-13-08	6	6	0	2	4
Totals		84	84	30	25	29



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## 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.	13	\$0
Reports on which management decisions were made during the reporting period.	1	\$0
Reports for which final action was taken during the reporting period.	5	\$0
• Dollar value of disallowed costs, recovered by management.		\$0
• 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.	10	\$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.	13	\$0
Reports on which management decisions were made during the reporting period.	1	\$0
Reports for which final action was taken during the reporting period including:	5	\$0
• Dollar value of recommendations that were actually completed.		\$0
• 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.	10	\$0

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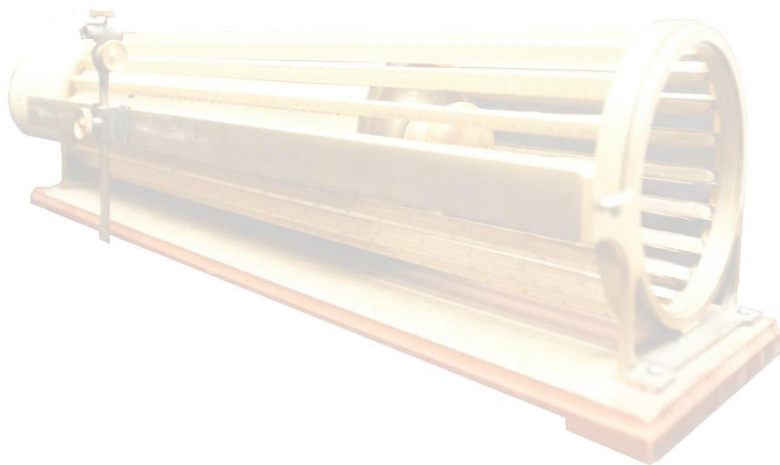
## Appendix A

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Table C: Prior Year Management Decisions Without Final Action

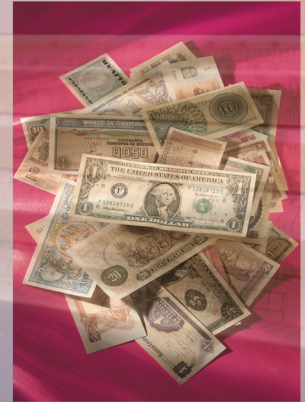
<b>Prior Year Audit Reports On Which Management Decisions Have Been Made but Final Action has Not Been Taken</b>				
<b>Audit Report</b>	<b>Date Issued</b>	<b>Disallowed Costs</b>	<b>Funds Put to Better Use</b>	<b>Reason Final Action has Not Been Taken</b>
OIG-AR-04-05	09/27/2005	\$0	\$0	Provided in Part II B of the Chairman's Message
OIG-SP-11-12	09/09/2011	\$0	\$0	Provided in Part II B of the Chairman's Message
OIG-ER-12-07	01/25/2012	\$0	\$0	Provided in Part II B of the Chairman's Message
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
OIG-AR-12-10	8/16/2012	\$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



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