

# U.S. International Trade Commission

## *Inspector General Semiannual Report*



**April 1, 2015 - September 30, 2015**



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



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## UNITED STATES INTERNATIONAL TRADE COMMISSION

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WASHINGTON, DC 20436

November 30, 2015

### **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, 2015 to September 30, 2015 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 valuable 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 agrees with his assessment of these challenges. The Commission will address these challenges 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 reported period to address the general 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 General Management and Performance Challenges**

### **A. Internal Controls**

As the Inspector General noted in his evaluation of management challenges, the Commission recognizes the importance of, and has made progress towards, establishing a meaningful program of internal controls over the past several years. Because it will require a complex effort to address this issue completely, the Commission is approaching corrective action as a multi-year initiative that will ultimately transform the internal control culture within our Agency.

The Commission has adopted a number of practices to advance the agency's understanding and use of internal controls. Specifically, over the past several years, the Commission introduced internal controls into its new and existing processes, and implemented annual evaluations of its office-level and agency-wide controls. The Commission also uses strategic and performance planning to establish goals that will improve the effectiveness of its operations and strengthen its internal control regime.

During the past fiscal year, the Commission has completed development of its enterprise risk management framework, which is designed to identify, prioritize, and manage institutional risk. Moreover, the Commission's managers began integrating enterprise risk management principles into their performance planning and budget formulation processes. As the agency further integrates enterprise risk management concepts into its strategic planning and budget processes, it will continue to improve its performance and decision-making and better effectuate its strategic plan.

The Inspector General identified the Commission's directives management system as an area that needs considerable improvement. The Commission acknowledges the importance of having a clear, effective, and integrated system of directives that is updated in a timely manner. In FY 2015, the Commission convened a working group (consisting of the agency's Chief Administrative Officer, General Counsel and Director of Internal Controls, among others) to develop an improved directive management system. The improved system will correct the shortcomings of our existing system and satisfy the Standards for Internal Control in the Federal Government issued by the Comptroller General. The Inspector General's focus on the directives system has provided the working group with a better perspective on how the system can be improved. It has also strengthened the Commission's commitment to improving its internal controls programs. The working group expects to provide its proposal for the improved system to the Commission by the summer of 2016.

The Commission is committed to building a strong, integrated, and comprehensive internal control system and will continue to monitor and promote the systems in place to foster ongoing progress in this area.

## B. Using Information Technology to Improve Staff Productivity

Information technology is integral to the Commission's mission. The Commission acknowledges that it needs to improve the performance of its IT systems in order to maximize the productivity of its staff. As the Inspector General has reported in his evaluation of management challenges, the Commission has made progress in the IT systems. Nonetheless, with the recent hiring of a new Chief Information Officer, the Commission expects to make significant additional improvements in the area, focusing on improving the performance and stability of its IT infrastructure, managing IT software and hardware assets better, and enhancing the capabilities of its business systems.

During the fiscal year, the Commission improved the performance and stability of its IT infrastructure in several ways. To address a significant decline in the performance of the agency's workstations, the agency's Chief Information Officer established a working group to identify the software and hardware issues causing the performance problems. Taking a phased approach to the issue, the working group made improvements in the software configurations of the agency's workstations, leading to demonstrable improvements in the performance of the workstations. The working group also improved performance by replacing the Commission's oldest computers with new laptops and upgrading the memory and drives of older laptops. The Commission plans to continue improving its software and hardware configuration issues in FY 2016.

As funding becomes available, the Commission will also improve its hardware configuration by initiating a staged, multi-year effort to move its data center to an off-site location. This move will reduce the risks associated with the data center's current on-site location and provide a more stable IT environment for the Commission's users. By moving the data center to an off-site location, the Commission will reduce the risks of network failure that might result from the current location's unreliable climate control, occasional power outages, and single-line communications connection. When the Commission moves the data center to the off-site location, the Commission will be able to upgrade the end-of-life technology currently used in the existing data center. It will also be able to improve email and other services by moving them to a cloud-based solution.

With respect to managing its IT assets, the Commission is generating an inventory of all software currently installed on its systems for the purpose of improving their security. From this inventory, the Commission will prepare a list of authorized software, develop a means to detect unauthorized software installed on its network, and establish a process to reconcile authorized software. In addition, the Commission plans to expand its use of whitelisting to cover all IT systems, except for those that cannot be managed through whitelisting. Once this process is completed, the Commission will have in place a more comprehensive process for identifying and removing unauthorized software from its systems.

The Commission will also continue to enhance its business systems in FY 2016. For example, the Commission is consolidating the training applications used throughout the Commission into a single training application, thereby improving the efficiency of the



training process and reducing redundancies in the process. The Commission is also developing a new, on-line database that will make information relating to antidumping and countervailing duty investigations more readily available to internal and external users. It is also improving its Electronic Document Information System (EDIS) by making it easier for users to file and search for documents in the system. Similarly, the Commission is preparing digital versions of the books and documents in its library, which will make it easier for users to access and review these materials. Finally, the Commission is working to enhance the capabilities of its online database for Section 337 investigations by making opinions of the Commission and its administrative law judges available to internal and external customers in a more timely manner.

The Commission will continue to evaluate its business processes and work to implement new technologies that will enhance staff productivity.

## **II. Actions on Recommendations**

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

During this reporting period, the Inspector General issued seven new reports containing twenty seven new recommendations for management action.<sup>1</sup> The Commission issued timely management decisions on all recommendations made during the reporting period.

The Commission completed final action on several management decisions arising from reports issued by the Inspector General during this and prior reporting periods.<sup>2</sup> The Commission remains committed to addressing all outstanding management decisions. I discuss below the Commission's plans to take action on outstanding recommendations from prior periods.

### **B. Actions on Recommendations Made in Prior Periods**

(1) Evaluation on Controlling Confidential Business Information and Business Proprietary Information (OIG-ER-12-09). The Inspector General notes that the Commission has not completed action on several of his recommendations concerning the handling and retention of confidential business information and business proprietary information. Nonetheless, the Commission has taken significant steps to address these recommendations. During the reporting period, the Commission conducted a comprehensive review of the legal issues associated with these recommendations, and drafted a handbook on the use and safeguarding of controlled unclassified information (CUI). It also drafted a records management handbook. Both handbooks have undergone final review by the Commission's staff. In addition, the Commission's staff revised its directive on information security to incorporate guidance on the handling and disposition of CUI. The National Archives and Records Administration (NARA), which is the designated Executive Agent for CUI, has not yet issued final guidance concerning

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<sup>1</sup> See Table 3 of the Inspector General's report.

<sup>2</sup> See Table 7 of the Inspector General's report.

the handling and safeguarding of CUI, but is expected to do so in January 2016. Once NARA issues its guidance, the Commission will incorporate that guidance into the directive and handbooks, as appropriate, and issue the directive and handbooks in final form.

(2) Audit of the Commission's Patching Process (OIG-AR-14-02). The Inspector General also states that the Commission has not completed action on several recommendations resulting from his audit of the Commission's patching process. To address these recommendations, the Commission developed policies to ensure that patching is performed in a more timely manner. The Commission also patched, upgraded, or removed most of the unpatched or un-patchable systems on its network. For any remaining unpatched systems, the Commission procured new hardware to replace what could not be patched. Finally, to address the IG's recommendation to shrink the agency's IT network, the Commission reduced the number of Internet Protocol (IP) addresses by more than eighty percent, thus minimizing the IT network's complexity and making it easier to manage. The Commission also intends to minimize the complexity of its network by reducing its Virtual Local Area Networks (VLANs).

(3) Audit of 332 Cost Estimates (OIG-AR-14-13). During the reporting period, the Commission also made substantial progress on the recommendations arising from the Inspector General's audit of section 332 cost estimates. For this audit, the Commission completed all management decisions with target dates prior to September 30, 2015. The Commission continues to make progress on the remaining management decisions, including those relating to its process for tracking and reporting travel and procurement costs. Given this progress, the Commission expects that it will meet the target dates for the three remaining management decisions.

### C. Actions on External Reviews

During the reporting period, the Commission voluntarily asked the Department of Homeland Security (DHS) to conduct a risk and vulnerability assessment of the Commission's IT networks. After performing the assessment, DHS issued a number of findings, ranging from low to critical importance. The Commission has issued sixteen management decisions addressing the findings. The agency immediately addressed all of the critical findings, and several moderate to high importance findings, thereby improving its cybersecurity posture significantly. More specifically, the Commission restricted access to its remotely accessible management and configuration interfaces and to other potentially sensitive files. It also updated protocols for managing communications within its network, thereby mitigating a high-profile security vulnerability. The Commission also took mitigating actions for its database controls (DDLs), which has minimized hijacking risks for the network. Further, the Commission made system-generated messages generic in order to minimize the availability of network-specific information to external and internal users, instituted maximum login attempt rules, and blocked unauthenticated users from viewing sensitive employee information. Finally, the Commission limited disclosure of certain directory information to outside parties on its publically available and internal web servers. The agency intends to finalize the documentation for these actions and address any remaining findings

shortly. All of these actions have improved, or will improve, the Commission's cybersecurity posture considerably.

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

A handwritten signature in black ink that reads "Meredith M. Broadbent". The signature is written in a cursive, flowing style.

Meredith M. Broadbent

Chairman





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## UNITED STATES INTERNATIONAL TRADE COMMISSION

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WASHINGTON, DC 20436

October 28, 2015

OIG-NN-031

Commissioners:

Attached is the Semiannual Report summarizing the activities of the Office of Inspector General for the period April 1, 2015 to September 30, 2015.

During this period, we issued seven reports and made 27 recommendations to promote the efficiency, effectiveness, and integrity of the Commission's operations. The Commission provided management decisions for all of the recommendations during this reporting period. The Commission completed final action on seven 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 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

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### TABLE OF CONTENTS

<b>Office of Inspector General .....</b>	<b>1</b>
<b>Semiannual Report Requirements .....</b>	<b>1</b>
<b>Top Management and Performance Challenges .....</b>	<b>2</b>
1. Internal Control .....	2
2. IT Management .....	3
<b>Inspector General Reports Issued During this Period .....</b>	<b>4</b>
Improper Payments Elimination and Recovery Act Determination, OIG-MR-15-10.....	5
Audit of Hardware Inventory, OIG-AR-15-11 .....	5
Audit of Software Inventory, OIG-AR-15-12.....	6
Freedom of Information Act Assessment, OIG-MR-15-13.....	6
Audit of Directives Management, OIG-AR-15-14.....	6
Management Letter – Reimbursement of Sponsored Travel, OIG-ML-15-15 .....	7
<b>Significant Recommendations from Prior Periods.....</b>	<b>8</b>
<b>Hotline and Investigations .....</b>	<b>9</b>
Investigations and Inquiries – Overview .....	9
OIG Hotline Contacts .....	9
Summary of Matters Referred to Prosecuting Authorities .....	9
Investigations .....	10
<b>External Reviews Completed During this Period.....</b>	<b>10</b>
<b>Status of Actions Related to External Reviews Completed During Prior Periods ....</b>	<b>10</b>
<b>Reviews Completed for Other Offices of Inspector General .....</b>	<b>10</b>
<b>Congressional Activities.....</b>	<b>11</b>
<b>Council on Inspectors General for Integrity and Efficiency.....</b>	<b>11</b>
<b>Federal Financial Management Improvement Act Reporting .....</b>	<b>12</b>
<b>Peer Review .....</b>	<b>12</b>

# U.S. International Trade Commission

## Inspector General Semiannual Report

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### Tables

Table 1: Reporting Requirements Index .....	iii
Table 2: Management and Performance Challenges .....	2
Table 3: Reports by Subject Matter .....	5
Table 4: Significant Recommendations from Prior Reports.....	13
Table 5: Reports with Questioned or Unsupported Costs .....	13
Table 6: Reports with Recommendations that Funds be Put to Better Use .....	14
Table 7: Reports With Final Action Completed During This Reporting Period.....	15
Table 8: Status of Reports Issued Without Final Action .....	16

### 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
Section 5(a)(2)	Description of Recommendations for Corrective Action with Respect to Significant Problems, Abuses, and Deficiencies	4-8
Section 5(a)(3)	Significant Recommendations From Prior Reports on Which Corrective Action Has Not Been Completed	8, 13
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	4-8
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	14
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	12
Section 5(a)(14)	Results of Peer Review Completed During This Period or Date of Last Peer Review	12
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	12





# U.S. International Trade Commission

## Inspector General Semiannual Report

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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.

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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, 2015 through September 30, 2015. 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-15-16, 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.

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# U.S. International Trade Commission

## Inspector General Semiannual Report

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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-15-16) on September 30, 2015. 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. Information Technology Management

#### 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.

The Standards for Internal Control in the Federal Government (Green Book) defines internal control as "a continuous built-in component of operations, effected by people" and identifies five components for internal control. In order for a system of internal control to be effective, all five components must be effectively designed, implemented, and operating. In addition, all five components must be working together in an integrated manner.

The control environment is the foundation for a system of internal control. One principal of the control environment is the establishment of an organizational structure, assignment of responsibility, and delegations of authority to meet the objectives of the Commission. We completed a recent audit of the Commission's directives management system, which

# U.S. International Trade Commission

## Inspector General Semiannual Report

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included a review of these control environment elements. The audit found that the Commission's directives were not current, and the directives contained outdated assignments of responsibility and delegations of authority. The results of the audit identified weaknesses in each of the five components of internal control. The audit also highlighted another internal control issue within the Commission. Management has not integrated monitoring of existing controls into their routine processes to ensure they are working effectively. The Commission had designed a process to manage the directives and keep them current. However, this process was not followed, and management did not assess whether the process was properly designed, or whether it produced the intended results.

The Commission has confirmed that it recognizes the importance of having strong internal controls. The Commission has consistently acknowledged and responded to internal control weaknesses identified in reports issued by the Office of Inspector General. However, even with the strides taken by the Commission over the past five years, there is still an underlying assumption that because specific actions were completed the problems have been resolved. The Commission has hired staff, developed processes, implemented automated controls, and established programs to improve its internal control processes. Management needs to take further actions to ensure that controls work effectively and achieve the desired results.

The Commission has confirmed that it is committed to improving and strengthening the internal control environment. One significant improvement over the past year has been senior management engagement to identify and assess risks, and use this information as a management tool to make informed decisions. The Commission must continue the engagement of senior management in all aspects of internal control to ensure buy-in across programmatic and administrative offices and sustain that effort 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. IT Management**

The Commission's effectiveness has been hampered by problems of performance and stability of the underlying IT infrastructure. These problems include issues such as lengthy login delays, inaccessible network drives, and missing archived emails.

Today's knowledge workers require a rock-solid IT foundation upon which to fulfill the work of the Commission. This foundation must be developed and managed effectively to enhance, and not delay, the work of Commission staff. When the Commission's IT

# U.S. International Trade Commission

## Inspector General Semiannual Report

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systems do not work effectively, staff are unnecessarily stressed, deadlines are risked, and innovative staff find alternate means of accomplishing their work. This should not be the case in 2015, and the Commission should prioritize a stable technology platform to serve its staff.

Over the past year the Office of Inspector General reported that the Commission did not effectively use a software inventory to manage its network. To maintain control of its network, the Commission should develop a method to authorize software on its network, and remove unauthorized software. The nature of today's IT threats require constant vigilance, and the most effective means of control is through a proactive authorization process to allow the execution of known good software, perform continuous detection, and remove unauthorized software. In today's threat environment, malicious software can be easily masked to prevent detection by conventional antivirus software. Malicious software attacks could result in the loss of critical proprietary data, and the leakage of that data could harm the Commission's reputation and ability to complete its mission, and it could harm the owner of the proprietary data, too.

The Commission has identified and begun to implement business systems that will automate and improve the effectiveness of the Commission's operations. These new systems include collecting electronic data for some Title VII investigations, consolidating different databases of 337 data, cataloging external administrative reports in a manageable database, and modernizing the Harmonized Tariff Schedule business processes and information systems. Taking advantage of automation will improve the integrity, effectiveness, and efficiency of all the Commission's work.

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### **Inspector General Reports Issued During this Period**

The Inspector General issued seven reports with 27 recommendations during this reporting period. The Commission made management decisions on all 27 recommendations, and the Inspector General agreed with all the management decisions. A listing of each report issued during this reporting period, by subject matter, is provided in Table 3.

# U.S. International Trade Commission

## Inspector General Semiannual Report

Table 3: Reports by Subject Matter

Reports by Subject Matter				
Subject Matter	Report Number	Report Title	Date Issued	Number of Recommendations
Administrative	OIG-MR-15-16	Management Challenges	09/30/2015	0
Financial	OIG-MR-15-10	IPERA Determination	05/13/2015	0
Financial	OIG-ML-15-15	Reimbursement of Sponsored Travel	09/08/2015	4
Operations	OIG-MR-15-13	FOIA Assessment	08/14/2015	0
Operations	OIG-AR-15-14	Audit of Directives Management	09/02/2015	11
IT Security	OIG-AR-15-11	Audit of Hardware Inventory	07/22/2015	5
IT Security	OIG-AR-15-12	Audit of Software Inventory	08/11/2015	7
<b>Total Recommendations Issued During This Reporting Period</b>				<b>27</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>				

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

### **Improper Payments Elimination and Recovery Act Determination, OIG-MR-15-10**

RESULT: The Inspector General determined the Commission is in compliance with the Improper Payments Elimination and Recovery Act (IPERA).

IPERA requires agencies to review all programs and activities to identify areas that may be susceptible to significant improper payments. Additionally, it requires the Inspector General to determine if the Commission is in compliance with IPERA and submit a report each fiscal year to the head of the agency, the Committee on Homeland Security and Governmental Affairs, the Committee on Oversight and Governmental Reform, and the Comptroller General.

### **Audit of Hardware Inventory, OIG-AR-15-11**

RESULT: The Commission effectively used automated tools to manage an inventory of authorized hardware on the network.

We performed an audit to determine if the Commission used its hardware inventory to manage the network. The Commission demonstrated that it was able to effectively use its inventory through a monthly reconciliation process to identify unauthorized hosts connected to the network, and was able to remove those detected unauthorized hosts from the network.

# U.S. International Trade Commission

## Inspector General Semiannual Report

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We identified some areas for improvement and issued five recommendations. The Chairman agreed with the report and issued management decisions to address the recommendations.

### **Audit of Software Inventory, OIG-AR-15-12**

RESULT: The Commission did not use its software inventory to manage its network.

We performed an audit to determine if the Commission uses its software inventory to manage its network. An effective inventory is necessary to detect software that should not be on the network, either because the authorization process failed, or because someone acted with ill intent to install malicious software.

The Commission possessed and used tools related to the inventory and control of software on its network, but it did not effectively use these tools to manage its network.

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

### **Freedom of Information Act Assessment, OIG-MR-15-13**

RESULT: We determined that the involvement of non-career employees in the Freedom of Information Act (FOIA) process did not result in undue delays in response times or the unnecessary withholding of information to the public.

During this reporting period, the Inspector General received a request from the Committee on Homeland Security and Governmental Affairs (Committee) to perform an analysis of non-career employees involved in the FOIA process. The Committee requested our analysis to determine if the involvement of non-career employees in the FOIA response process resulted in any undue delay of a response to any FOIA request.

The Committee also requested a determination on whether the involvement of non-career employees resulted in the withholding of any document or portion of any document that would have otherwise been released but for the non-career official's involvement in the process.

### **Audit of Directives Management, OIG-AR-15-14**

RESULT: The Commission's directives were not current and demonstrated weaknesses within all five components of internal control.



# U.S. International Trade Commission

## Inspector General Semiannual Report

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We performed an audit of the Commission's directives to determine if they were current. The directives are the policies that define the Commission's governance culture and play a key role in internal control activities. Policies assign responsibility and accountability to meet the objectives of the Commission, set the tone for employee conduct and expected behavior, and set the direction for how the Commission complies with certain laws and regulations in its daily operations.

We found that the Commission's directives management policy was not current or effective. For example, a number of the Commission's directives referred to offices that no longer exist. Similarly, we found authorities cited that have been revoked, procedures described that are no longer practiced, organizational changes not accurately reflected, and superseded delegations of authority with a status of "current."

We issued 11 recommendations to address the internal control problems identified in the report. The Chairman agreed with the findings and issued management decisions to address the recommendations.

### **Management Letter – Reimbursement of Sponsored Travel, OIG-ML-15-15**

**RESULT:** The Commission did not have proper procedures in place to ensure reimbursements for sponsored travel are collected.

We issued a Management Letter to inform the Commission of internal control weaknesses that we identified during an evaluation of sponsored travel. We did not address the internal control weaknesses in that evaluation report because the collections process was not part of the objective of that evaluation.

During our evaluation, we identified six instances of sponsored travel where the Commission had not been reimbursed. In each of these instances, the Office of the Chief Financial Officer was unaware of the status of reimbursement from the sponsor. In our efforts to track down the status of these reimbursements we identified the following three problems:

- The Office of the Chief Financial Officer did not have a process to track approved sponsored travel to ensure reimbursement has been billed to the sponsor.
- Travelers were allowed to invoice sponsors directly without notification to the Office of the Chief Financial Officer.
- The Office of the Chief Financial Officer did not have a process to monitor the status of requests for reimbursements to ensure payment was received.

# U.S. International Trade Commission

## Inspector General Semiannual Report

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We issued four recommendations to address the problems identified in the Management Letter. The Chairman agreed with the report and issued management decisions to address the recommendations.

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

The Commission has nine recommendations described in prior semiannual reports where corrective action has not been completed. The Inspector General has identified one of the nine recommendations as significant, as well as the collective open recommendations related to the area of information security. A brief summary of the significant recommendations from prior periods is described below.

The 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 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 made management decisions to implement the recommendation.

The 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.

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# U.S. International Trade Commission

## Inspector General Semiannual Report

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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.

The Inspector General conducts a preliminary inquiry into the complaint. If the information obtained during the preliminary inquiry indicates that a full investigation is appropriate, 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 did not refer any matters to prosecuting authorities during this reporting period.

# U.S. International Trade Commission

## Inspector General Semiannual Report

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### **Investigations**

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

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

On July 9<sup>th</sup>, 2015, at the Commission's request, the Department of Homeland Security completed a Risk and Vulnerability Assessment for the Commission. This comprehensive assessment was composed of both remote and onsite testing of the Commission's security posture. The assessment identified a number of problem areas that presented risk to the Commission's systems and data, including vulnerabilities caused by insecure web applications, ineffective internal security policies, and inadequate internal intrusion detection prevention strategies. The assessment did highlight the Commission's effective deployment of whitelisting, resulting in the Commission's resistance to external phishing attempts. The assessment resulted in 16 recommendations for action to improve the Commission's information security posture. The Commission made management decisions to address each of the recommendations.

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### **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.

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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.

# U.S. International Trade Commission

## Inspector General Semiannual Report

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The Inspector General assists 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.

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### **Congressional Activities**

The Inspector General responded to two Congressional requests for information during this reporting period. The first request was from the Chairman and Ranking Member of the Committee on Homeland Security and Governmental Affairs. The Committee requested the Inspector General to analyze the involvement of non-career officials' involvement in the FOIA response process at the Commission to determine if their involvement resulted in any undue delay of a response or the withholding of any document that would have otherwise been released.

The second request was from the Chairman and Ranking member of the Committee on Oversight and Government Reform. The Committee was seeking information to understand whether Inspectors General were receiving timely, unfettered access to documents, information, and agency employees.

The Inspector General also transmitted an annual report that affirmed the Commission's compliance with the Improper Payment Elimination and Recovery Act.

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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

# U.S. International Trade Commission

## Inspector General Semiannual Report

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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.

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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 is scheduled to begin in November.

The Office of Inspector General did not conduct any peer reviews of another Office of Inspector General during this reporting period.

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# U.S. International Trade Commission

## Inspector General Semiannual Report

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-12-09	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

<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.	0	\$0	\$0
Reports issued during the reporting period.	7	\$0	\$0
<b>Subtotals</b>		\$0	\$0
Reports for which a management decision was made during the reporting period.	7	\$0	\$0
<ul style="list-style-type: none"> <li>Dollar value of disallowed costs.</li> </ul>		\$0	\$0
<ul style="list-style-type: none"> <li>Dollar value of allowed costs.</li> </ul>		\$0	\$0
Reports for which no management decision has been made by the end of the reporting period.	0	\$0	\$0
<b>Subtotals</b>	7	\$0	\$0

# U.S. International Trade Commission

## Inspector General Semiannual Report

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Table 6: Reports w/ Recommendations that Funds be Put to Better Use

<b>Reports with Recommendations that Funds be Put to Better Use Section 5(a)9</b>		
<b>Description</b>	<b>Number of Reports</b>	<b>Funds Put to Better Use</b>
Reports for which no management decision has been made by the commencement of the reporting period.	0	\$0
Reports issued during the reporting period.	7	\$0
<b>Subtotals</b>		<b>\$0</b>
Reports for which a management decision was made during the reporting period.	7	
<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>7</b>	<b>\$0</b>

# 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	IPERA Determnation, OIG-MR-15-10	0	0	0	0
2	FOIA Assessment, OIG-MR-15-13	0	0	0	0
3	Management Challenges, OIG-MR-15-16	0	0	0	0
Totals		0	0	0	0
Prior Reporting Periods					
	Report Title	# of Recs.	Mgt. Decisions	Final Action Complete in Prior Periods	Final Action Complete This Period
1	Evaluation of Modifications to HTS, OIG-ER-12-08	8	8	7	1
2	2015 Charge Card Risk Assessment Report, OIG-MR-15-08	4	4	0	4
Totals		12	12	7	5

# 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	Action Not Complete
1	Audit of Hardware Inventory, OIG-AR-15-11	5	5	0	5
2	Audit of Software Inventory, OIG-AR-15-12	7	7	0	7
3	Audit of Directives Management, OIG-AR-15-14	11	11	0	11
4	Reimbursement of Sponsored Travel, OIG-ML-15-15	4	4	0	4
	<b>Totals</b>	<b>27</b>	<b>27</b>	<b>0</b>	<b>0</b>
					<b>27</b>
Prior Reporting Periods					
	Report Title	# of Recs.	Mgt. Decisions	Final Action Complete Prior Periods	Final Action Complete This Period
1	Audit of 332 Cost Estimates, OIG-AR-14-13	7	7	3	2
2	Audit of Patching Process, OIG-AR-14-02	7	7	5	0
3	Evaluation of Controlling CBI/BPI, OIG-ER-12-09	6	6	1	0
	<b>Totals</b>	<b>20</b>	<b>20</b>	<b>9</b>	<b>2</b>
					<b>9</b>

# U.S. International Trade Commission

## Appendix A

### Appendix A: Chairman's Statistical Tables

Table A: Reports with Disallowed Costs

<b>Total Number of Reports and the Dollar Value of Disallowed Costs</b>		
<b>Description</b>	<b>Number of Reports</b>	<b>Dollar Value of Disallowed Costs</b>
Reports issued during the period.	7	\$0
Reports for which final action had not been taken by the commencement of the reporting period.	5	\$0
Reports on which management decisions were made during the reporting period.	7	\$0
Reports for which final action was taken during the reporting period.	5	\$0
<ul style="list-style-type: none"> <li>Dollar value of disallowed costs, recovered by management.</li> </ul>		\$0
<ul style="list-style-type: none"> <li>Dollar value of disallowed costs written off by management.</li> </ul>		\$0
Reports for which no final action has been taken by the end of the reporting period.	7	\$0

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

<b>Reports with Recommendations that Funds be Put to Better Use</b>		
<b>Description</b>	<b>Number of Reports</b>	<b>Funds Put to Better Use</b>
Reports for which final action had not been taken by the commencement of the reporting period.	5	\$0
Reports on which management decisions were made during the reporting period.	7	\$0
Reports for which final action was taken during the reporting period including:	5	\$0
<ul style="list-style-type: none"> <li>Dollar value of recommendations that were actually completed.</li> </ul>		\$0
<ul style="list-style-type: none"> <li>Dollar value of recommendations that management has subsequently concluded should not or could not be completed.</li> </ul>		\$0
Reports for which no final action has been taken by the end of the reporting period.	7	\$0

# U.S. International Trade Commission

## Appendix A

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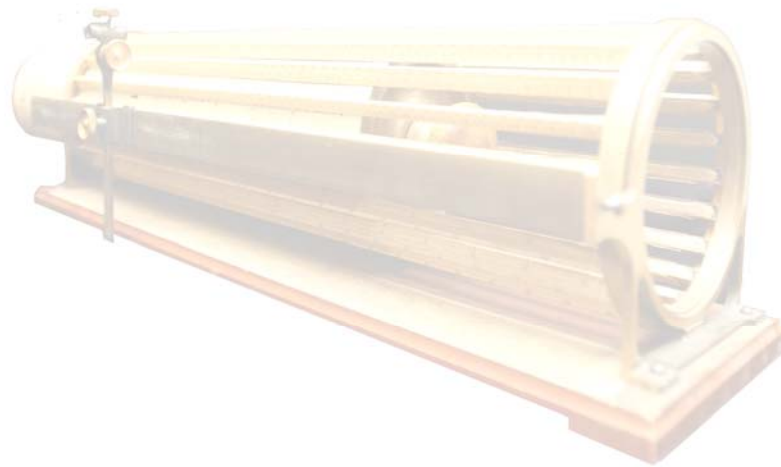
Table C: Prior Year Management Decisions Without Final Action

<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-ER-12-09	06/20/2012	\$0	\$0	Provided in Part II B of the Chairman's Message
OIG-AR-14-02	11/12/2013	\$0	\$0	Provided in Part II B of the Chairman's Message
OIG-AR-14-13	07/07/2014	\$0	\$0	Provided in Part II B of the Chairman's Message



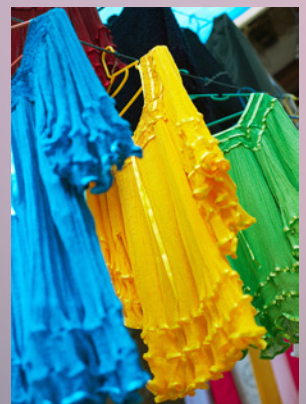
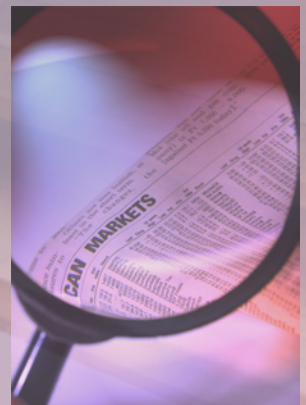
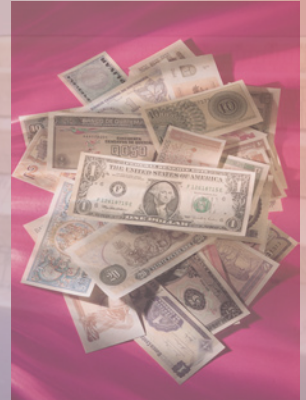
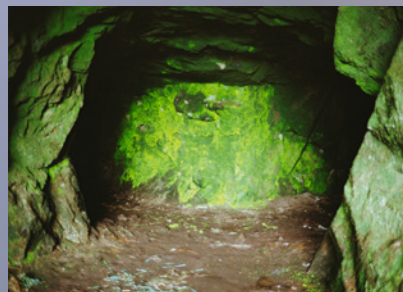






*“Thacher’s Calculating Instrument” developed by Edwin Thacher in the late 1870s. It is a cylindrical, rotating slide rule able to perform complex mathematical calculations involving roots and powers quickly. The instrument was used by architects, engineers, and actuaries as a measuring device.*

# To Promote and Preserve the Efficiency, Effectiveness, and Integrity of the U.S. International Trade Commission



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