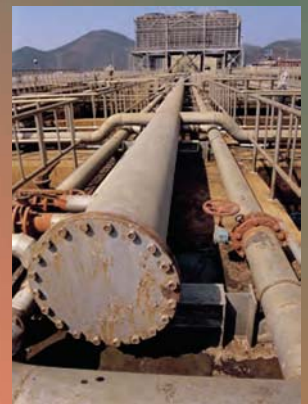


# U.S. International Trade Commission

## *Evaluation of Sponsored Travel*



OIG-ER-16-01

October 8, 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*



# UNITED STATES INTERNATIONAL TRADE COMMISSION

## OFFICE OF INSPECTOR GENERAL

WASHINGTON, DC 20436

October 8, 2015

IG-NN-028

Chairman Broadbent:

This memorandum transmits the Office of Inspector General's report, *Evaluation of Sponsored Travel*, OIG-ER-16-01. In finalizing this report, we analyzed management's comments to our draft report and have included those comments in their entirety as Appendix A.

The objective of the evaluation was to determine whether the Commission had an effective process in place to accept sponsored travel. The evaluation focused on the process for performing due diligence in analyzing requests for sponsored travel against the statutorily mandated criteria for accepting gifts from non-Federal sources

This report contains three recommendations for corrective action. In the next 30 days, please provide me with your management decisions describing the specific actions that you will take to implement each recommendation.

Thank you for the courtesies extended to my staff during this review.

Philip M. Heneghan

Inspector General



# U.S. International Trade Commission

## Evaluation Report

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### Results of Evaluation

The purpose of this evaluation report was to answer the question:

- Does the Commission have an effective process to accept sponsored travel?

Yes. The Commission does have an effective process to accept sponsored travel.

For the purpose of this evaluation, “effective” is defined as a consistently followed process, which applies sufficient due diligence in analyzing the statutorily mandated criteria for accepting gifts in the form of travel from non-Federal sources.

Federal travel regulations require that the Commission use gift acceptance authority that is regulated by the U.S. General Services Administration (GSA) when approving the acceptance of gifts in the form of travel to attend a “meeting or similar function.”<sup>1</sup>

Under the federal travel regulations, the Commission can approve the acceptance of payment for travel from a non-federal source when:

- a) the Commission has issued the employee a travel authorization before the travel begins;
- b) the Commission has determined that the travel is in the interest of the Government;
- c) the travel relates to the employee’s official duties; and
- d) the non-Federal source is not disqualified due to a conflict of interest.<sup>2</sup>

In evaluating whether a sponsor should be disqualified due to a conflict of interest, the approving official must determine if the acceptance of the payment under the circumstances would cause a reasonable person with knowledge of the facts to question the integrity of agency programs and operations. In his or her analysis, the approving official should consider:

- 1) the identity of the non-Federal source;
- 2) the purpose of the meeting;
- 3) the identity of other expected participants;
- 4) the nature and sensitivity of any matter pending at the Commission which may affect the interest of the non-Federal source;
- 5) the significance of the employee’s role in any such matter; and
- 6) the monetary value and character of the travel benefits offered by the non-Federal source.<sup>3</sup>

We found that the process followed by the Commission considered all of the necessary criteria mandated by GSA when approving travel gift acceptance from June 17, 2014 until June 17, 2015. Each request was formally evaluated and approved at three different levels: (a) the

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<sup>1</sup> See 41 C.F.R. §304-2.1 (2015).

<sup>2</sup> See 41 C.F.R. §304-5.1 (2015).

<sup>3</sup> See 41 C.F.R. §304-5.3 (2015).

# U.S. International Trade Commission

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employee's supervisor; (b) the Ethics Office; and (c) the Chairman's Office. An employee's supervisor confirmed whether the travel is related to the employee's official duties. In the case of a request for travel gift acceptance from a Commissioner, by submitting the request to the Ethics Office, the Commissioner confirmed that the trip related to his or her official duties.

The Ethics Office reviewed each request and provided the Chairman's Office with a memorandum, which included information concerning the federal travel regulations and the appearance factors suggested by GSA. In addition, the Ethics Office provided information regarding a potential conflict arising from gifts offered by lobbying organizations. When information was not available online or from the documentation provided by the traveler, the ethics officials stated they contacted the sponsor directly to obtain the information. The Chairman's Office analyzed whether there was an appearance of impropriety issue based on the information provided by the Ethics Office's memorandum.

The process showed that it was capable of identifying and rejecting travel gift requests which did not meet the statutory criteria. During an interview with one ethics official, she stated that in situations where it was not clear if the event or sponsor met the statutory requirements for the authorization of the gift acceptance, she sought advice from GSA, and she worked directly with them in order to make her recommendation.

In addition to the GSA gift acceptance authority, the Commission has its own gift acceptance authority.<sup>4</sup> From the information we evaluated, this authority was used to approve travel gift acceptances for one event attended by multiple Commission employees. An ethics official stated that for this event she worked directly with the GSA to determine what gift acceptances could be approved under the GSA regulations and what could be approved under the Commission's own acceptance authority.

While the Office of Ethics has a routine set of actions that are taken to perform due diligence, these actions are not formally documented. Additionally, the efficiency and effectiveness of the reviews are often hindered by the lack of supporting documentation and last minute requests for approval from travelers. We identified two areas for improvement, which are: (1) the Commission needs to develop standard procedures for travel gift acceptance requests; and (2) the Commission needs to develop standards for maintaining records. In addition, we identified weaknesses in the account receivable process that will be addressed in a separate report to the Chief Financial Officer.

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<sup>4</sup>

19 U.S.C. §1331 (2012).



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### Areas for Improvement

#### Area for Improvement 1:

##### *The Commission needs to develop standard procedures for travel gift acceptance requests*

The Commission should have standard procedures covering all aspects involved in submitting a travel gift acceptance request. The procedures should address supporting documentation requirements and include a timeline for the submission of requests.

Currently, ethics officials require that a traveler submit a travel gift acceptance form. However, ethics officials rely on informal methods to receive all of the necessary documentation in order to complete their analyses of these requests in time for the trip.

In the absence of standard documentation requirements for a traveler who submitted his or her request, the supplemental documents given to the Ethics Office varied from case to case. The documents could include event schedules, information about the sponsor, or email exchanges between the traveler and the sponsor. While some requests were accompanied by multiple sources and more than 10 pages of supporting documents, other requests were submitted with as little as one page of information.

Without standard requirements for submitting supporting documents, reviewing officials could miss a piece of critical information. This creates an unnecessary risk for the Commission.

There was no standard timeline for the process regarding how much time a traveler must give the Ethics Office and the Chairman's Office to evaluate a request prior to a trip. When a traveler submitted a request with an imminent trip departure date, the Ethics Office and the Chairman's Office had to work at an accelerated pace in order to produce a quick decision. The lack of clear written procedures resulted in three instances where an employee traveled without a formal travel authorization. In those instances, the Commission had approved the gift acceptance prior to the travel; however, formal travel authorizations were prepared and approved subsequently to the trip taking place.

The lack of a standard timeline was particularly inconvenient in situations where multiple employees submitted requests to attend the same event. In practice, the Ethics Office combines multiple requests for the same sponsor and event into one memorandum to be delivered to the Chairman's Office. However, this became difficult to do when the travelers submitted their requests at different times.

The establishment of agency-wide guidelines would create a more efficient process that will provide the Ethics Office and the Chairman's Office with enough time and documentation to ensure that requests are consistently reviewed.

# U.S. International Trade Commission

## Evaluation Report

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**Recommendation 1:** Establish procedures, which include a timeline for submitting requests.

**Recommendation 2:** Develop standard supporting documentation requirements.

### Area for Improvement 2:

#### *Develop standards for maintaining records*

All records should be maintained in a single database for the purpose of gift acceptance approval. This database should be accessible by all who are involved in the travel gift approval process.

Currently there are five records for each request: (1) the travel gift acceptance form; (2) the recommendation memorandum from the Ethics Office; (3) supporting documentation on the sponsor and event; (4) an Excel spreadsheet that lists each request submitted to the Ethics Office; and (5) a post-trip report. Travel gift acceptance forms, recommendation memoranda, supporting documents, and post-trip reports are all stored in hard copy in the office of a single ethics official. The Excel spreadsheet was emailed back and forth between two ethics officials who wrote the recommendation memoranda. The research done by the ethics officials in preparing the memoranda was not formally recorded.

The travel gift acceptance form was usually completed by the traveler, and it was sent to the traveler's supervisor and the Ethics Office. After the Chairman approved the request it was emailed back to the traveler or their supervisor.

The recommendation memorandum, written by the ethics official, discussed the applicability of the GSA regulations and may include information the Chairman should consider when analyzing the issue of appearance. This document, along with the travel gift acceptance form, was sent to the Chairman's Office for a final decision. However, the recommendation memoranda were not released to the travelers.

Supporting documents are documents that the Ethics Office requested or received from the traveler concerning information on the sponsor and the event. These documents were sent to the Chairman for consideration in addition to the memoranda and travel gift acceptance forms.

The Excel spreadsheet was maintained by the Ethics Office in order to manage and track requests. It was not saved on a shared drive; therefore, there was no "master" list that the ethics officials could consult at any given time, for each official could have been updating their copy of the list independently of each other.

A post trip report was submitted by the travelers to the Ethics Office after the travelers had returned from their trip. The report included the dollar value of the gift accepted, a detailed

# **U.S. International Trade Commission**

## **Evaluation Report**

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account of the portion of the gift paid in-kind, and the portion to be reimbursed to the Commission. The Ethics Office used this information in semiannual reports filed with the Office of Government Ethics.

Travel gift acceptance forms, recommendation memoranda, and supporting documents were passed around via email, and the only place where they were all maintained was in the office of a single ethics official. As a result, the Ethics Office's records were not readily accessible. The people involved in the approval process did not have easy access to the data, and therefore had to rely on contacting the ethics official with the records stored in her office to answer specific questions.

Events and sponsors are often cyclical. Having a working knowledge of prior trip acceptances and denials is very beneficial to the ethics officials' and the Chairman's analyses.

Previously, a single ethics official predominantly handled all of the travel gift acceptance requests, and this allowed her to recognize trends in sponsors and travelers. This institutional knowledge has been referred to in interviews with other officials involved in the process as an important component to its overall effectiveness.

Knowledge held primarily by a single individual makes continuity of operations difficult if the requests are split between ethics officials, or with a rotation of the Chairmanship. New officials will not have the same working knowledge, and extra effort will be needed to bring them up to speed.

A shared database where ethics officials and the Chairman's Office can easily search for and find information on past sponsors, events, and prior requests to consider in their analyses and evaluations will provide a more efficient means of accessing current and historical information of past sponsors, events, and other information from similar requests.

**Recommendation 3:** Maintain all the documentation in a shared database.

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## **Management Comments and Our Analysis**

On September 10, 2015, Chairman Meredith M. Broadbent provided management comments (CO81-LL-005) on the draft report (IG-NN-021).

The Chairman agreed with the findings of our evaluation.

# **U.S. International Trade Commission**

## **Evaluation Report**

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### **Objective, Scope, and Methodology**

#### **Objective:**

Does the Commission have an effective process to accept sponsored travel?

#### **Scope:**

Sponsored travel is all official travel not paid for by the ITC. This includes foreign and domestic official travel.

This evaluation report focused on the sponsored travel requests approved by the Commission from June 17, 2014 to June 17, 2015.

This evaluation looked at travel done by all ITC employees.

Primarily this evaluation looked at two sources of information: (1) the travel database, Concur; and (2) the records from the Ethics Office.

#### **Methodology:**

1. Interviewed ethics officials concerning their process for reviewing travel gift acceptance requests.
  2. Interviewed the Chief of Staff and the Deputy Chief of Staff concerning the Chairman's role in reviewing and approving travel gift acceptance requests.
  3. Reviewed the records of each trip request filed with the Ethics Office.
  4. Reviewed the semiannual report of payments from a non-federal source sent by the Commission to the U.S. Office of Government Ethics.
  5. Interviewed officials from the Travel Office and the Office of Finance concerning their involvement in the travel authorization process.
    - o This included a review of the accounts receivable records.
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# U.S. International Trade Commission

## Evaluation Report

### Appendix A: Management Comments on Draft Report

Chairman



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#### UNITED STATES INTERNATIONAL TRADE COMMISSION

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WASHINGTON, DC 20436

CO81-LL-005

Sep 10, 2015

#### MEMORANDUM

**TO:** Philip M. Heneghan, Inspector General

**FROM:** Meredith M. Broadbent, Chairman *Meredith M. Broadbent*

**SUBJECT:** Response to the Inspector General's Draft Evaluation of Sponsored Travel (IG-NN-021)

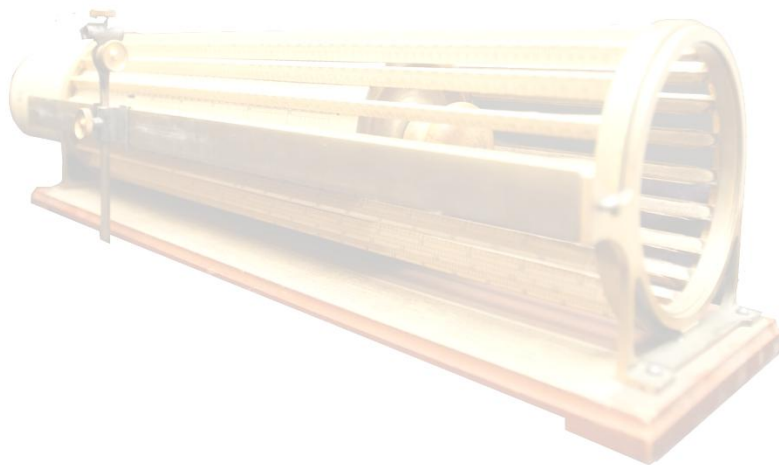
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I am in receipt of the Inspector General's draft report, *Draft Evaluation of Sponsored Travel*, (IG-NN-021), dated August 13, 2015. I appreciate the opportunity to review this report and provide comments.

The Inspector General's draft evaluation stated that the Commission has an effective process of accepting sponsored travel. It also provided three recommendations related to the development of procedures for travel gift acceptance requests and the maintenance of associated records. We agree with the findings and the Commission will soon institute management decisions that address the recommendations put forth in this draft evaluation.

Thank you again for your review.





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

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



U.S. International Trade Commission  
Office of Inspector General  
500 E Street, SW  
Washington, DC 20436

Office: 202-205-6542  
Fax: 202-205-1859  
Hotline: 202-205-6542  
[OIGHotline@USITC.GOV](mailto:OIGHotline@USITC.GOV)