

U.S. International Trade Commission

USITC Management and Performance Challenges



OIG-MR-15-16

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.

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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Chairman Broadbent:

This memorandum transmits the Inspector General's summary of the top management and performance challenges facing the Commission and briefly assesses management's progress in addressing these challenges.

I have identified two management and performance challenges for fiscal year 2016: Internal Controls, and IT Management. These challenges were identified based on work by the Office of Inspector General, input from Commission management, and knowledge of the Commission's programs and operations.

Internal Controls:

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 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 recognized 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. Management needs to take further actions to ensure that controls work effectively and achieve the desired results.

The Commission has committed to improve and strengthen 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 be sustained over a long period of time in order to achieve a mature and effective internal control program. The Commission will be challenged to manage and drive the cultural changes associated with the development and implementation of an effective organizational internal control program.

IT Management:

The Commission's effectiveness has been hampered by problems of performance and stability of the underlying IT infrastructure. These problems include such issues 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 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

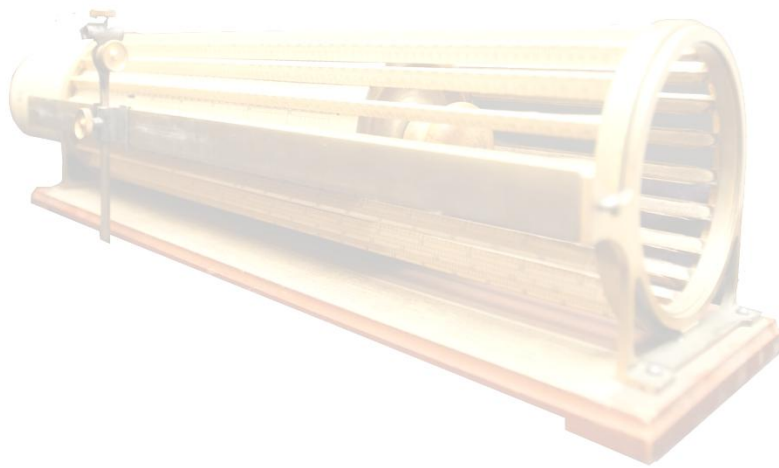
conventional antivirus software. Malicious software attacks could result in the loss of critical proprietary data, and the leakage of that data could harm the Commission's reputation and ability to complete its mission.

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.

I will continue to work with you, the other Commissioners, and management to reassess our goals and objectives to ensure that my focus remains on the risks and priorities of the Commission.

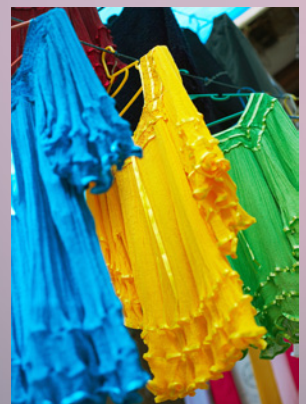
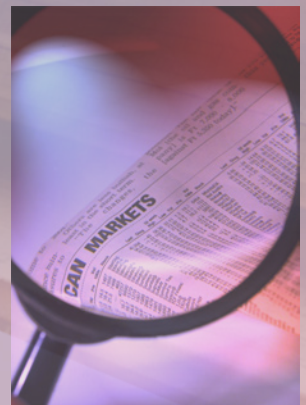
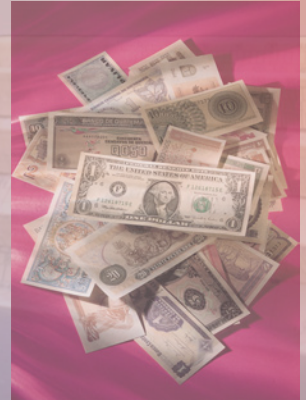
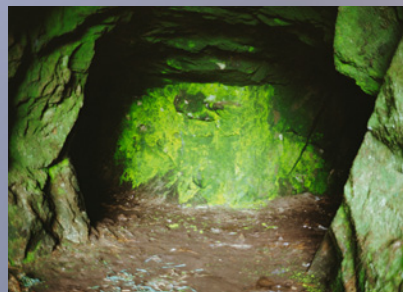


Philip M. Heneghan
Inspector General



“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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