



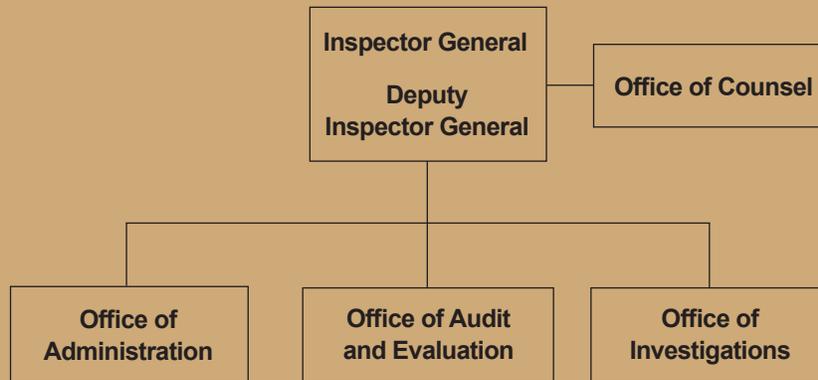
**U.S. Department of Commerce
Office of Inspector General**

Semiannual Report to Congress

March 2018



OFFICE OF INSPECTOR GENERAL



Oversight Areas

Office of the Secretary
 Bureau of Economic Analysis
 Bureau of Industry and Security
 Economic Development Administration
 Economics and Statistics Administration
 First Responder Network Authority
 International Trade Administration
 Minority Business Development Agency
 National Institute of Standards and Technology
 National Oceanic and Atmospheric Administration
 National Technical Information Service
 National Telecommunications and Information Administration
 U.S. Census Bureau
 U.S. Patent and Trademark Office

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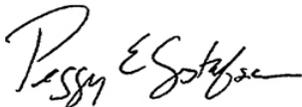
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FROM THE INSPECTOR GENERAL

I am pleased to present the Department of Commerce Office of Inspector General's (OIG's) *Semiannual Report to Congress* for the 6 months ending March 31, 2018.

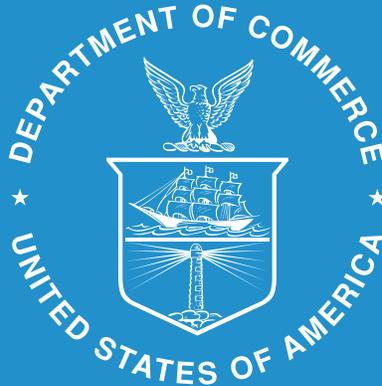
This report summarizes work we initiated and completed during this semiannual period on a number of critical Departmental activities. Over the past 6 months, our office completed 14 audits, inspections, responses to Congressional requests, and public investigative reports—as well as 1 Congressional testimony—addressing programs and personnel associated with the Economics and Statistics Administration (ESA), First Responder Network Authority (FirstNet), International Trade Administration (ITA), National Oceanic and Atmospheric Administration (NOAA), National Telecommunications and Information Administration (NTIA), U.S. Patent and Trademark Office (USPTO), and the Department itself.

We thank Secretary Ross, senior officials throughout the Department, and members of Congress and their staffs for their support of our work and for their receptiveness to our recommendations to improve Commerce programs and operations.



PEGGY E. GUSTAFSON

DEPARTMENT-WIDE MANAGEMENT

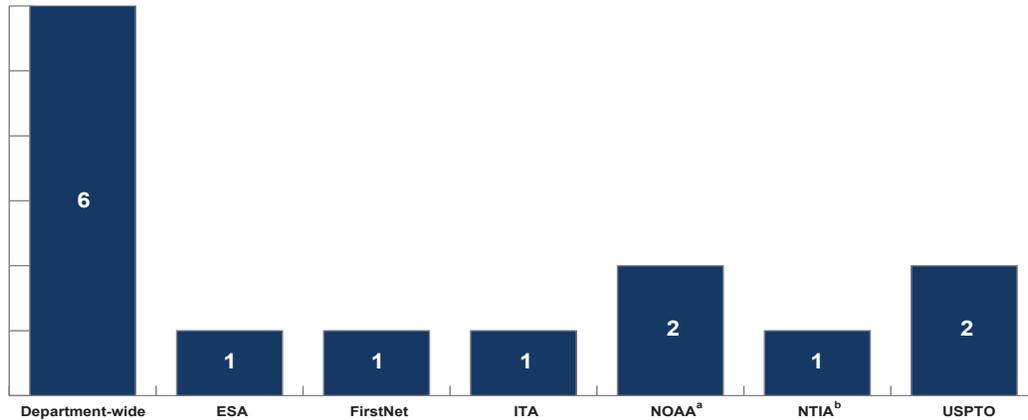


The **U.S. Department of Commerce** works to help American companies become more innovative and successful at home and more competitive abroad. It creates the conditions for economic growth and opportunity by promoting innovation, entrepreneurship, competitiveness, and stewardship.

The Department's mission includes providing national and local weather services; developing key economic and demographic data (including the decennial census); advancing technological and scientific innovation; protecting and restoring environmental resources; promoting international trade; and supporting local, regional, and national economic development. These activities affect U.S. business and industry daily and play a critical role in the nation's economic well-being.

COMPLETED WORKS (BY OVERSIGHT AREA)

During this reporting period, OIG completed 14 audits, inspections, responses to Congressional requests, and public investigative reports. In addition, OIG submitted 1 Congressional testimony and performed 3 quality control reviews (QCRs) of audits performed within the Economic Development Administration (EDA), National Institute of Standards and Technology (NIST), and NOAA.



^a This total does not include one QCR related to NOAA.

^b Completed work concerning NTIA includes one audit report regarding the Broadband Technology Opportunities Program (BTOP).

EXAMINATION OF THE DEPARTMENT'S DIGITAL ACCOUNTABILITY AND TRANSPARENCY ACT OF 2014 (DATA ACT) SUBMISSION FOR SECOND QUARTER FISCAL YEAR 2017 (OIG-18-005)

The objectives of the examination were to (1) assess the completeness, timeliness, quality, and accuracy of fiscal year (FY) 2017, second quarter financial and award data submitted to the U.S. Department of the Treasury (Treasury) for publication on the website USASpending.gov and (2) assess the implementation and use of the government-wide financial data standards established by the Office of Management and Budget (OMB) and Treasury.

OIG contracted with KPMG LLP, an independent public accounting firm, to examine the Department's second quarter FY 2017 DATA Act submission. The submission included seven files containing financial data, as well as procurement, financial assistance award, and sub-award data. KPMG examined transactions in five of the seven files, conducting its examination in accordance with attestation standards established by the American Institute of Certified Public Accountants, standards applicable to attestation engagements contained in *Government Auditing Standards*, and Treasury's *Inspectors General Guide to Compliance Under the DATA Act*.

In summary, KPMG identified the following:

- The transactions in the examined files were not presented in accordance, in all material respects, with the following characteristics, which are defined in Treasury's *Inspectors General Guide to Compliance Under the DATA Act*: completeness of data elements, completeness of transactions, accuracy, timeliness, and consistency with required data standards.

- A material weakness exists related to controls over the DATA Act submission processes.
- A significant deficiency exists related to access controls over the Department's grant and procurement systems.

DEPARTMENT OF COMMERCE FY 2017 CONSOLIDATED FINANCIAL STATEMENTS AUDITS (OIG-18-007-A, OIG-18-008-A, OIG-18-010-A)

KPMG LLP performed the audit in accordance with U.S. generally accepted auditing standards, standards applicable to financial audits contained in *Government Auditing Standards*, and OMB Bulletin 17-03, *Audit Requirements for Federal Financial Statements*.

In its financial statement audit report (OIG-18-007-A) of the Department, KPMG

- determined that the financial statements were fairly presented, in all material respects, and in conformity with U.S. generally accepted accounting principles;
- identified a material weakness in internal control over financial reporting related to the identification of internal use software, as well as a significant deficiency in internal control over financial reporting related to weaknesses in information technology (IT) access, configuration management, and security management controls;
- identified no instances of reportable noncompliance with applicable laws, regulations, contracts, and grant agreements, as well as no instances in which the Department's financial management systems did not substantially comply with the requirements of the Federal Financial Management Improvement Act of 1996; and
- disclosed five potential instances of noncompliance with the Antideficiency Act, which are currently under review at the Department.

As part of this audit, KPMG evaluated general IT controls supporting the Department's financial reporting and issued a separate IT report (OIG-18-010-A), which includes detailed information on the weaknesses in general IT controls identified in the audit.

In its audit (OIG-18-008-A) of the Department's closing package financial statements, KPMG

- determined that the closing package financial statements were fairly presented, in all material respects, and in conformity with U.S. generally accepted accounting principles;
- identified no deficiencies in internal control over financial reporting specific to the closing package financial statements that were considered to be a material weakness; and
- identified no instances of reportable noncompliance with provisions of laws, regulations, contracts, and grant agreements specific to the closing package financial statements.

2018 ANNUAL LETTER TO THE OFFICE OF MANAGEMENT AND BUDGET RE: GOVERNMENT CHARGE CARD ABUSE PREVENTION ACT OF 2012 (OIG-18-013-M)

The Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act) and OMB's implementing guidance require each OIG to perform annual risk assessments, as well as to submit semiannual reports to OMB, in coordination with the Department, of employee purchase or integrated card violations and the resulting actions taken. Where annual travel card spending for an agency exceeds \$10 million, the Charge Card Act and OMB M-13-21 require periodic audits or reviews of the agency's travel card program. OIGs must also submit an annual purchase and travel card audit recommendation status report to OMB.

OIG provided information regarding known and completed reviews and investigations of fraudulent use or abuse of purchase cards that resulted in fraud, loss to the government, or misappropriation of funds or assets for the Department's July 2017 and January 2018 reports to OMB. There were no open recommendations concerning the use of government cards and all recommendations had been resolved and implemented.

During FY 2017, OIG completed one investigation that identified the improper and illegal use of government purchase cards. The investigation determined a manager in the Office of the Chief Information Officer (OCIO) directed five OCIO employees to use purchase cards to split payments on monthly telecommunication invoices. Additionally, OIG referred a complaint to the Department's Office of Acquisition Management—which confirmed a violation involving two purchase cardholders who (a) failed to provide approved documents supporting purchases, (b) made what appeared to be a split purchase, and (c) charged one transaction for which the amount approved was less than the total of the purchase card transaction.

OIG also included purchase cards, travel cards, and fleet cards as components in the annual FY 2018 Department-wide risk assessment. The assessment is based on detailed analyses that identify trends and variances; the results are then aggregated and included as components of the overall risk rating for each bureau. The results of the annual risk assessment inform OIG's audit plan for the subsequent year. In FY 2018, OIG will continue to incorporate the government charge card program into the annual risk assessment.

INVESTIGATION INTO MISUSE OF AGENCY TRANSPORTATION ACCOUNT AND OTHER IMPROPRIETIES BY A POLITICAL APPOINTEE (16-1036)

OIG found that, from September 2014 to May 2016, a political appointee misused a Departmental account with a cab company by charging it for the cost of approximately 130 cab rides prohibited by Departmental policy. The majority of these unauthorized cab rides took place between January and April 2016, during which time the appointee regularly used the account to travel between agency headquarters and the vicinity of his or her home as part of his or her daily commute.

Further, OIG's investigation found that the appointee attempted to conceal misuse of the Departmental cab company account using tactics such as

- providing the names of other current and former Departmental employees or fictitious names when calling to order cabs and
- writing false or inaccurate locations and names on cab receipts and vouchers.

OIG determined that the appointee charged more than \$4,000 to the Departmental cab company account for the unauthorized cab trips.

OIG's investigation found that the appointee had engaged in other improper conduct as well. Specifically, the appointee misstated educational credentials on resumes submitted to secure politically appointed positions in the Department by claiming to have a post-graduate degree that did not exist.

The appointee also repeatedly failed to adhere to the rules and policies governing the use of a government-issued credit card and did so even after making representations to the agency that the appointee would improve compliance with these rules and policies. In fact, OIG found that the appointee made over \$15,000 in impermissible personal charges to their government-issued credit card between July 2012 and July 2016.

JAPANESE FIBER MANUFACTURER AGREES TO PAY \$66 MILLION FOR ALLEGED FALSE CLAIMS RELATED TO DEFECTIVE BULLET PROOF VESTS

In March 2018, a Japanese fiber manufacturer and its American subsidiary agreed to pay \$66 million to settle claims involving the sale of defective Zylon fiber in bulletproof vests. The settlement was part of a larger investigation, headed by the U.S. Department of Justice Civil Division. It resolves allegations that during 2001–2005, the sole manufacturer of Zylon fiber was aware that it degraded quickly in normal heat and humidity and that the degradation rendered bulletproof vests with this particular fiber unfit for use. To date, the overall recoveries have exceeded \$132 million from 16 entities involved in the manufacture, distribution, or sale of Zylon vests. In addition to the Department of Commerce OIG, the other agencies involved in the joint investigation included the General Services Administration (GSA) OIG; Defense Criminal Investigative Service; U.S. Army Criminal Investigative Command; Treasury OIG for Tax Administration; Air Force Office of Special Investigations; Department of Energy OIG; and the Defense Contacting Audit Agency.

CEO SENTENCED FOR FALSE STATEMENTS AND IMPROPER BILLING FOR CONTRACTS

On October 20, 2017, following a guilty plea to one count of major fraud against the United States, a federal judge sentenced a former Department contractor to 20 months' imprisonment, 200 hours of community service, and 36 months of supervised release. The guilty plea and sentence resulted from a joint OIG investigation that established the contractor made material false statements in obtaining \$3.1 million in contracts from the Department as part of the Afghanistan Investment and Reconstruction Task Force and that the contractor overbilled the government for \$1,189,697.53 under those contracts. As part of the plea agreement, the contractor will pay restitution in an amount equal to what the company overbilled the government. The Department of Commerce OIG conducted the joint investigation with the GSA OIG and U.S. Attorney's Office for the District of Columbia.

INVESTIGATION INTO ALLEGED VIOLATIONS OF THE FLY AMERICA ACT INVOLVING TWO HIGH-RANKING DEPARTMENT OFFICIALS

In October 2017, the Department responded to an OIG report finding that a senior Departmental official returned from an international business trip during the spring of 2015 using a foreign airline in violation of the Fly America Act. The Department disputed that a violation took place, asserting that it was a matter of necessity for this official to return to the United States on the flight taken because of the official's level of seniority. Nonetheless, the Department required several officials responsible for overseeing agency travel to undergo training on the requirements of the Fly America Act and conducted a review of recent travel arrangements to ensure that no other violations of the Fly America Act had occurred. OIG closed this matter based on the Department's response.

ECONOMIC DEVELOPMENT ADMINISTRATION



The **U.S. Economic Development Administration's** mission is to lead the federal economic development agenda by promoting innovation and competitiveness, preparing American regions for growth and success in the worldwide economy. Its investment policy is designed to establish a foundation for sustainable job growth and the building of durable regional economies throughout the United States. This foundation builds on two key economic drivers: innovation and regional collaboration.

QUALITY CONTROL REVIEW OF T.M. BYXBEE FOR THE PERIOD ENDED DECEMBER 31, 2015—ISSUED TO EDA (OIG-18-QCR-2)

OIG initiated a QCR of the audit of Albany County Business Development Corporation as of and for the year ended December 31, 2015, performed by T.M. Byxbee Company, CPAs, NY, P.C. (T.M. Byxbee). McBride, Lock & Associates, LLC, performed this QCR on OIG's behalf to determine whether the subject report complied with the reporting requirements of the Single Audit Act of 1984, as amended in 1996. The QCR was performed using generally accepted auditing standards published by the American Institute of Certified Public Accountants and generally accepted government auditing standards issued by the U.S. Government Accountability Office.

The QCR identified several deficiencies related to the workpaper documentation, including lack of support for audit conclusions, and a missing note for 10 percent de minimis indirect cost from the report.

ECONOMICS AND STATISTICS ADMINISTRATION



The **Economics and Statistics Administration** analyzes economic activity, formulates policy options, and produces a major share of the U.S. government's economic and demographic statistics. ESA has one constituent operating unit (the Office of the Chief Economist) and two primary operating units (the Census Bureau and the Bureau of Economic Analysis).

OIG TESTIMONY ON THE 2020 CENSUS LIFE CYCLE COST ESTIMATE (OIG-18-001-T)

On October 12, 2017, Assistant Inspector General (AIG) for Audit and Evaluation Carol N. Rice testified before a hearing of the Committee on Oversight and Government Reform, U.S. House of Representatives on the 2020 Census Life-Cycle Cost Estimate.

Leading up to this decennial census, OIG has conducted several audits and evaluations that included findings related to how the U.S. Census Bureau (the Bureau) collects cost data and estimates costs for the 2020 Census. This work, as well as oversight of the 2010 Census, has enabled OIG to inform stakeholders on unexpected operational changes that rapidly inflate cost estimates.

Early in the decade, the Bureau estimated that—through major cost saving innovations in its operational design—it could avoid \$5.2 billion in 2020 Census costs (compared with repeating the 2010 design in 2020). As this decade has progressed, the Bureau has scaled back its cost savings projections. OIG audit work has identified that the 2020 Census life-cycle cost estimate is not auditable: the Bureau failed to capture information during research and testing that could help update or assess the accuracy of the estimate. Unaccounted costs and cost overruns have affected address canvassing, IT, and other areas—leading the Bureau recently to reduce its cost avoidance estimate.

The AIG's testimony addressed, in further detail, some of the risks associated with the Bureau's cost estimation:

- The Bureau has produced a 2020 Census life-cycle cost estimate that cannot be validated.
- OIG's recent work has identified the risk of decreased cost avoidance, as well as cost overruns and unaccounted-for costs.

2020 CENSUS: THE BUREAU'S BACKGROUND CHECK OFFICE IS NOT FULLY PREPARED FOR THE 2020 CENSUS (OIG-18-015-A)

OIG's objectives were to (1) assess the Bureau's internal policies and procedures for conducting background checks on temporary employees, as well as any other Bureau employees, and (2) determine whether the Bureau has a plan in place to conduct background checks for temporary employees who will be hired during the 2020 Census tests and decennial field operations that will occur as part of the actual decennial enumeration.

During the audit, OIG found that

- escalating costs and inadequate quality assurance practices pose risks to 2020 Census background check activities,
- the Bureau is not adequately monitoring contractor activities, and
- program officials are not always allocating background check costs to the correct fund.

The findings include monetary benefits in the form of \$1.8 million in unsupported costs and \$11.1 million in funds to be put to better use.

OIG recommended that the Director of the U.S. Census Bureau

- use available data to estimate the number of staff needed to complete background checks to support the 2020 Census workload and assess whether a time-and-materials contract is needed or if there are other, more efficient methods to control costs,

- develop written policies and procedures that address supervisory and employee responsibilities in approving background check applications,
- evaluate whether the current contract is being managed as a personal services contract and make the necessary changes required to prevent circumventing the Federal Acquisition Regulation (FAR),
- train contracting and program officials to ensure they perform proper oversight and surveillance of service contracts,
- train program officials to charge salary costs appropriately, and
- verify the obligation of appropriated funds for background checks and determine whether they have been apportioned and allotted correctly.

FIRST RESPONDER NETWORK AUTHORITY



The **First Responder Network Authority's** mission is to build, operate, and maintain the first high-speed, nationwide wireless broadband network dedicated to public safety, providing an interoperable platform for emergency and daily public safety communications.

STRENGTHENING GRANT PROCESSES WILL IMPROVE THE MANAGEMENT OF THE BAND 14 INCUMBENT SPECTRUM RELOCATION GRANT PROGRAM (OIG-18-016-A)

The objective of OIG's audit was to assess FirstNet's management and oversight of the Band 14 Incumbent Spectrum Relocation Grant Program (Band 14 grant program).

OIG identified opportunities to address control weaknesses and opportunities to improve management of this grant program. Specifically:

- FirstNet's documented processes for the review of Quarterly Performance Progress Reports (PPRs) are incomplete.
- FirstNet's review of some PPRs was not timely, and NIST did not document its follow-up as described in its procedures.
- NIST did not consistently maintain complete grant file documentation.

OIG also noted—in an "Other Matters" section of the report—that no-cost extension documentation was inconsistent with an award amendment concerning one grant recipient. In addition, OIG noted that financial information submitted by one recipient on two PPRs did not reconcile with the Federal Financial Reports for the same period.

OIG recommended that the FirstNet Chief Executive Officer

- update procedures for reviewing PPRs to adequately describe the programmatic review process and specify requirements for a timely review to meet the Department's standards.

OIG recommended that the NIST Director of the Office of Acquisition and Agreements Management

- develop a formal process for ensuring adherence to all procedures including (a) NIST's Post-Award Procedures, which identify required follow-up with client bureaus, and (b) "GMD [Grants Management Division] Award Action Receipt, Clearance and Execution" procedures, which identify specific documents to be maintained in the grant file.

INTERNATIONAL TRADE ADMINISTRATION



INTERNATIONAL
T R A D E
ADMINISTRATION

The **International Trade Administration** is the premier resource for American companies competing in the global marketplace. ITA strengthens the global competitiveness of U.S. industry, promotes trade and investment, and ensures fair trade through the rigorous enforcement of U.S. trade laws and agreements.

ITA NEEDS A STRONGER COMMITMENT TO SAFEGUARD ITS CLOUD-BASED SYSTEMS (OIG-18-017-A)

OIG conducted this audit to determine whether key security measures are in place to adequately protect ITA systems that utilize cloud computing services.

OIG found that ITA was unaware of significant weaknesses in the process of authorizing systems into operations, as well as maintaining and safeguarding its cloud-based systems. Specifically,

- *ITA used a deficient process for system security categorization.* OIG found that the authorizing official had no involvement in the security categorization process, and ITA inadequately implemented a process for identifying and categorizing information on its systems.
- *ITA did not adequately secure its cloud infrastructure.* OIG found that cloud infrastructure user access controls were not in compliance with the Department requirements, unrestricted network access to virtual servers was allowed, and excessive file permissions were configured on cloud storage.
- *ITA failed to implement fundamental security controls on its systems.* OIG found that vulnerability scanning practices were inadequate to identify vulnerabilities, critical vulnerabilities were not remediated in a timely manner, ITA was unaware of network services on undocumented open ports, and information systems did not have system-level contingency plans.

OIG recommended that the Under Secretary for International Trade direct the ITA Chief Information Officer to do the following:

- Follow the NIST Risk Management Framework (RMF) to revalidate all the security categorizations for ITA systems, including identifying all information types and providing sufficient justification if deviating from the NIST provisional categorization level; ensure system owners, information owners, information system security officers, and system technical leads are sufficiently familiar with the NIST RMF to conduct the security categorization process.
- Establish a reporting mechanism to ensure that ITA's authorizing official correctly reviews and approves ITA's security categorization process. This mechanism should require control implementation assessors to properly evaluate and report to ITA senior security officials whether ITA's security categorization process complies with NIST 800-53 requirements.
- Ensure security controls are appropriately assessed and supported by sufficient evidence.
- Periodically review the configuration of ITA cloud-based infrastructure to ensure that the configuration adheres to Department policies and encourage implementing industry best practices.
- Establish a process to ensure effective coordination between the security and operation teams, and include maintaining a shared, accurate record of created and decommissioned virtual servers.
- Use existing vulnerability scanning tools to include periodic database scans, and evaluate the use of additional web application scanning tools available through the Department Continuous Diagnostic and Mitigation (CDM) program.
- Enhance ITA patching process by (a) reconciling differences between management direction and ITA policy, (b) adhering to the Department patching timeframes, and (c) testing patches prior to deployment as required by Department policy.
- Document and maintain a list of authorized ports for each ITA system and disable all unauthorized ports.
- Establish contingency plans for each ITA system according to Department policy.

NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY

The logo for the National Institute of Standards and Technology (NIST) is displayed in a bold, white, sans-serif font. The letters 'N', 'I', 'S', and 'T' are connected, with the 'I' and 'S' sharing a vertical stroke. The 'N' has a thick, rounded top, and the 'T' has a thick, rounded top and a vertical stem that is slightly wider at the base.

The **National Institute of Standards and Technology** promotes U.S. innovation and industrial competitiveness by advancing measurement science, standards, and technology in ways that enhance economic security and improve our quality of life.

QUALITY CONTROL REVIEW OF CALIFORNIA MANUFACTURING TECHNOLOGY CONSULTING FOR THE PERIOD ENDED JULY 31, 2016—ISSUED TO NIST (OIG-18-QCR-3)

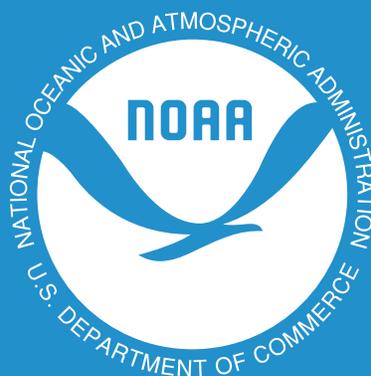
OIG initiated a QCR of the audit of California Manufacturing Technology Consulting as of and for the year ended July 31, 2016, performed by Vavrinek, Trine, Day & Co., LLP. McBride, Lock & Associates, LLC, performed this QCR on OIG's behalf to determine whether the subject report complied with the reporting requirements of the Single Audit Act of 1984, as amended in 1996. The QCR was performed using generally accepted auditing standards published by the American Institute of Certified Public Accountants and generally accepted government auditing standards issued by the U.S. Government Accountability Office.

The QCR identified no deficiencies related to the audit.

NIST GRANTEE DEBARRED FOR MAKING FALSE STATEMENTS

An individual associated with the South Carolina Manufacturing Extension Partnership Project was debarred in January 2018 for a period of 3 years. During the course of a joint OIG and Federal Bureau of Investigation (FBI) investigation into the preparation of a fraudulent letter that was used to falsify the in-kind services over a multi-year period, this individual made false statements to government officials in an interview concerning the individual's involvement. The individual was convicted for these false statements, sentenced to 18 months of probation, ordered to pay a \$1,000 fine, and debarred based upon that conviction.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION



The **National Oceanic and Atmospheric Administration's** mission is to understand and predict changes in Earth's environment, as well as conserve and manage coastal and marine resources to meet our nation's economic, social, and environmental needs.

NOAA OFFICE OF MARINE AND AVIATION OPERATIONS DOES NOT FULLY UTILIZE THE SHIPBOARD AUTOMATED MAINTENANCE MANAGEMENT SYSTEM TO COORDINATE SHIP MAINTENANCE AND REPAIRS (OIG-18-011-A)

The objective of this audit was to determine whether NOAA Office of Marine and Aviation Operations (OMAO) coordinates ship maintenance and repairs of its fleet using the Shipboard Automated Maintenance Management System (SAMMS).

OIG found that OMAO does not consistently use SAMMS to coordinate ship maintenance and repairs of its fleet. This occurred because OMAO management did not have sufficient controls in place to effectively monitor and evaluate the performance of SAMMS. OIG found several issues with SAMMS—specifically, SAMMS

- has accessibility issues,
- contains inaccurate information,
- does not always function as intended, and
- has funds that were used to satisfy other OMAO requirements.

Findings include monetary benefits of \$5 million in funds to be put to better use.

OIG recommended that the Director, OMAO and the NOAA Corps

- initiate action to terminate the interagency agreement with the Military Sealift Command and discontinue using SAMMS, and
- conduct a comprehensive study to identify a maintenance management system that meets the capabilities necessary to fulfill NOAA ship fleet maintenance requirements.

Based on OIG's audit results, at least \$5 million will be wasted unless several additional actions are taken to ensure that SAMMS is effectively utilized as intended.

NOAA COULD IMPROVE MONITORING OF BLANKET PURCHASE AGREEMENTS BY COMPLYING WITH KEY FEDERAL ACQUISITION REGULATION AND ADMINISTRATION REQUIREMENTS (OIG-18-014-A)

OIG's objective was to determine whether NOAA established and administered blanket purchase agreements (BPAs) in accordance with laws, regulations, and agency guidance.

OIG reviewed a total of 30 BPAs—17 GSA Schedule BPAs and 13 NOAA-established BPAs. Overall, OIG found that NOAA did not properly establish or administer all 30 BPAs because they did not comply with at least one or more of the key FAR and NOAA requirements.

Specifically, OIG found contracting officials did not consistently

- maximize competition because they established single-award rather than multiple-award BPAs,
- seek vendor price discounts,
- perform required annual reviews or maintain documentation supporting that the reviews were performed, and
- maintain BPA files to provide a complete history of the acquisitions.

Findings include potential monetary benefits of up to a maximum of \$73 million in funds to be put to better use.

OIG recommended that NOAA's Deputy Under Secretary for Operations and Director of Acquisition and Grants Office (AGO) do the following:

- Require contracting officials to (a) assess the multiple factors outlined in the FAR when determining how many multiple-award BPAs to establish or that a single-award BPA is appropriate and (b) properly document the decision in the acquisition plan or BPA contract file.
- Require contracting officers to request vendor price discounts on all orders or BPAs exceeding the simplified acquisition threshold at any time (a) before placing an order, (b) before establishing a BPA, or (c) in conjunction with the annual review.
- Require contracting officers to perform annual BPA reviews, properly document the results of the reviews, and maintain documentation of the reviews in the BPA file.
- Improve controls to properly maintain and safeguard contracts.
- Ensure training is provided for contracting personnel to correct identified deficiencies.

QUALITY CONTROL REVIEW OF ATLANTIC STATES MARINE FISHERIES COMMISSION FOR THE PERIOD ENDED JUNE 30, 2016—ISSUED TO NOAA (OIG-18-QCR-1)

OIG initiated a QCR of the audit of Atlantic States Fisheries Commission as of and for the year ended June 30, 2016, performed by Burdette Smith & Bish, LLC. McBride, Lock & Associates, LLC, performed this QCR on our behalf to determine whether the subject report complied with the reporting requirements of the Single Audit Act of 1984, as amended in 1996. The QCR was performed using generally accepted auditing standards published by the American Institute of Certified Public Accountants and generally accepted government auditing standards issued by the U.S. Government Accountability Office.

The QCR identified no deficiencies related to the audit.

FORMER NOAA EMPLOYEE PLED GUILTY AND WAS SENTENCED FOR CONFLICT OF INTEREST

On February 22, 2018, a federal judge sentenced a former NOAA employee to time served based on a guilty plea to engaging in a conflict of interest while working for the agency. The guilty plea and sentence resulted from an investigation conducted jointly by OIG, the Department's Office of Security, and FBI that found the employee accepted a salary from the People's Republic of China for services as a NOAA employee from March 2010 to February 2013.

CONTRACT EMPLOYEE CONVICTED AND SENTENCED FOR EXTORTION

In November 2017, the Maryland State Attorney's Office indicted four NOAA security contractors on 11 counts of felony extortion. The indictment and arrest of these four security contractors resulted from an OIG investigation finding that they had solicited payments from NOAA security guards in exchange for passing firearms qualification scores. On March 23, 2018, one of the defendants in the case was convicted of one count violation of conspiracy-verbal extortion in Circuit Court for Prince George's County, Maryland, and was sentenced to 18 months incarceration (suspended), 12 months supervised probation, and 6 months unsupervised probation.

NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION



The **National Telecommunications and Information Administration** is the Executive Branch agency that is principally responsible by law for advising the President on telecommunications and information policy issues. NTIA's programs and policymaking focus largely on expanding broadband Internet access and adoption in America, expanding the use of spectrum by all users, and ensuring that the Internet remains an engine for continued innovation and economic growth. These goals are critical to America's competitiveness in the 21st century global economy and to addressing many of the nation's most pressing needs, such as improving education, health care, and public safety.

STRENGTHENING GRANT ADMINISTRATION AND FINANCIAL CONTROLS WILL IMPROVE MANAGEMENT OF THE LA-RICS BTOP GRANT (OIG-18-002-A)

The objective of OIG's audit was to assess the effectiveness of NTIA's oversight of the BTOP grant award to the Los Angeles Regional Interoperable Communications System Authority (LA-RICS).

OIG identified opportunities to address control weaknesses and improve management of the grant program. Specifically, OIG found the following:

- NOAA grant monitoring procedures are incomplete.
- NTIA and NOAA did not maintain adequate grant files.
- NTIA cannot fully rely on LA-RICS' financial controls.

OIG also noted minor issues related to corrupted files identified in the Grants Online official award file and inconsistent Special Award Conditions and financial reporting.

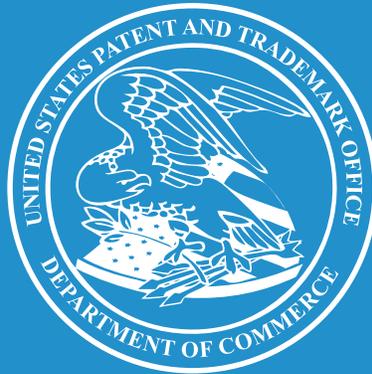
OIG recommended that NTIA's Chief Financial Officer and Director of Administration, Performing the Non-Exclusive Duties of the Assistant Secretary for Communications and Information

- document all site visits and communicate to staff the need for timely documentation of the reports in the official grant file;
- require LA-RICS, in consultation with NOAA, to develop and document procedures for maintaining its internal financial system; and
- require LA-RICS, in consultation with NOAA, to develop and implement procedures for remitting interest quarterly.

OIG also recommended that NOAA's Acting Director of AGO

- review existing standard operating procedures and assess the need to develop additional procedures for oversight roles and responsibilities for reviews of federal financial reports, PPRs, drawdowns, and post-site visit requirements, and
- document review of LA-RICS' single audit reports in the official grant file.

U.S. PATENT AND TRADEMARK OFFICE



The **U.S. Patent and Trademark Office** is the federal agency for granting U.S. patents and registering trademarks. In doing this, the USPTO fulfills the mandate of Article I, Section 8, Clause 8, of the Constitution that the legislative branch “promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.” The USPTO registers trademarks based on the commerce clause of the Constitution (Article I, Section 8, Clause 3).

USPTO advises the President of the United States, the Secretary of Commerce, and U.S. government agencies on intellectual property (IP) policy, protection, and enforcement; and promotes the stronger and more effective IP protection around the world. USPTO furthers effective IP protection for U.S. innovators and entrepreneurs worldwide by working with other agencies to secure strong IP provisions in free trade and other international agreements. It also provides training, education, and capacity building programs designed to foster respect for IP and encourage the development of strong IP enforcement regimes by U.S. trading partners.

USPTO FY 2017 FINANCIAL STATEMENTS AUDITS (OIG-18-006-A, OIG-18-009-A)

KPMG LLP, an independent public accounting firm, performed the audit in accordance with U.S. generally accepted auditing standards, standards applicable to financial audits contained in *Government Auditing Standards*, and OMB Bulletin 17-03, *Audit Requirements for Federal Financial Statements*.

In its financial statement audit report of USPTO (OIG-18-006-A), KPMG

- determined that the financial statements were fairly presented, in all material respects, and in conformity with U.S. generally accepted accounting principles;
- identified a significant deficiency in internal control over financial reporting related to weaknesses surrounding IT general controls in the area of access controls; and
- identified no instances of reportable noncompliance with applicable laws, regulations, and contracts.

As part of this audit, KPMG LLP evaluated general IT controls supporting USPTO's financial reporting and issued a separate IT report (OIG-18-009-A), which describes the deficiencies in general IT controls identified in the audit.

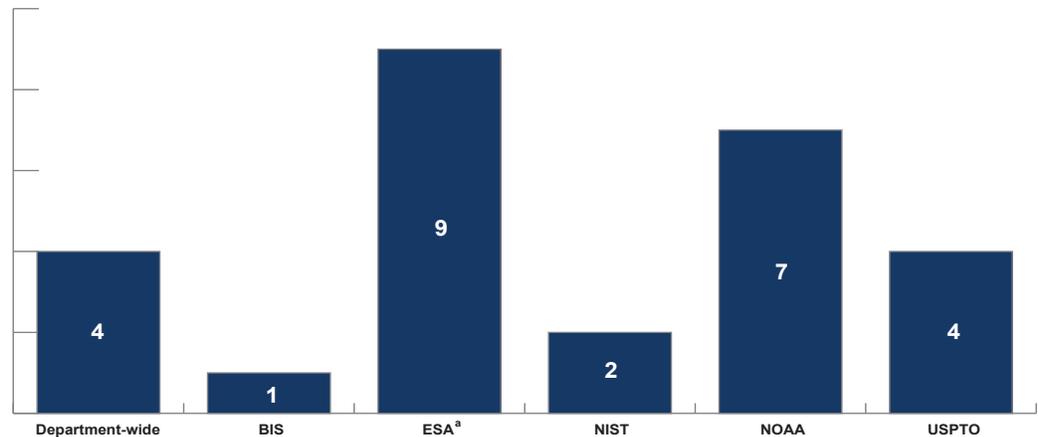
FORMER PATENT ATTORNEY SENTENCED FOR MONEY LAUNDERING

On February 2, 2018, a federal judge sentenced a former patent attorney to 7 years in prison and \$2 million in restitution for playing a role in a large-scale money-laundering scheme investigated jointly by Homeland Security Investigations and OIG. The joint investigation found that, during 2013–2017, the patent attorney and a co-conspirator moved millions of dollars through bank accounts they controlled, including attorney trust accounts, as part of the scheme. The patent attorney also attempted to launder \$175,000 in funds that he or she believed to be proceeds from smuggling illegal aliens into the U.S. and from trafficking firearms in Africa.

WORK IN PROGRESS

WORK IN PROGRESS (BY OVERSIGHT AREA)

During this reporting period, 27 OIG audit and evaluation projects were initiated or underway.



^a All nine ESA works in progress concern the U.S. Census Bureau.

DEPARTMENT-WIDE

Audit of the Office of the Secretary Working Capital Fund (WCF)

To evaluate controls over the Office of the Secretary's WCF in FY 2016 and follow up on the related findings and recommendations identified in OIG's previous audit of the fund.

Audit of Department Implementation of Uniform Guidance Requirements for Use of Single Audits in Program Management

To evaluate the implementation of Departmental and bureau policies and procedures in meeting *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* requirement as they relate to the use of single audits to manage a specific award or program.

Review of the Department's FY 2017 Compliance with Improper Payment Requirements

To determine the Department's compliance with the Improper Payments Information Act of 2002, as amended by the Improper Payments Elimination and Recovery Act of 2010 and the Improper Payments Elimination and Recovery Improvement Act of 2012.

Audit of FY 2018 Federal Information Security Modernization Act (FISMA) Compliance

To assess the effectiveness of the Department's information security program and practices.

BUREAU OF INDUSTRY AND SECURITY

Audit of BIS' Enforcement Programs for End Users

To assess Bureau of Industry and Security's (BIS's) efforts to ensure foreign end users are suitable to receive and use controlled U.S. exports in accordance with the Export Administration Regulations.

ECONOMICS AND STATISTICS ADMINISTRATION

Audit of the Census Bureau Use of BPAs

To determine whether the Bureau established and administered BPAs in accordance with laws, regulations, and agency guidance.

Assessment of the Census Bureau's Implementation of RMF

To determine whether RMF methodology adopted by the Bureau presents an accurate picture of cybersecurity risks, including risks associated with common controls, to Bureau management.

Audit of 2020 Census Local Office Leasing

To evaluate (1) the criteria and process for determining the number and locations of field offices; (2) the Bureau's plans for reducing costs associated with the fewer number of field offices as part of reengineered field operations; and (3) the planned process for collaboration between the Bureau and GSA for implementing the area Census office leasing program.

Audit of the 2018 End-to-End Census Test's Address Canvassing Operation

To (1) assess the performance of address canvassing field activities and (2) determine whether in-office address canvassing correctly identified blocks for in-field address canvassing.

Audit of the U.S. Census Bureau's Census Enterprise Data Collection and Processing Program

To determine whether (1) the Bureau is prepared to test its 2020 Census Security Architecture during the 2018 End-to-End Census Test (E2E Test) and (2) there are cost issues that will affect the readiness of the security architecture, or any other relevant systems.

Audit of the Census Bureau's Decennial Cloud-Based Systems

To determine the effectiveness of security processes and controls for select cloud-based IT systems supporting the 2020 Decennial Census.

Audit of Census Oversight and Practices to Close Out Contract Files

To determine whether Census contracting personnel are timely closing out contracts and are deobligating unneeded funds in accordance with federal and Departmental regulations.

Audit of the U.S. Census Bureau's 2018 End-to-End Census Test: Peak Operations

To determine whether (1) the Census Bureau designed the E2E Test to inform the 2020 Census; (2) the Bureau performed Non-ID processing and unduplicated responses in a timely manner to reduce the nonresponse followup (NRFU) workload; (3) NRFU systems are included in the test and function as designed; and (4) the test included data quality components identified as success criteria in the E2E Test Plan.

Audit of 2018 End-to-End Census Test's Questionnaire Assistance Operation (CQA)

To determine how previous internal assessments have informed the operation and assess how the CQA contract was planned and how its costs are being managed.

NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY

Audit of NIST Oversight and Practices to Close Out Contract Files

To determine whether NIST contracting personnel are timely closing out contracts and deobligating unneeded funds in accordance with federal and Departmental regulations.

Audit of NIST's Efforts to Conduct Research and Development for Public Safety Communications

To assess whether NIST is appropriately using funds allocated by the Middle Class Tax Relief and Job Creation Act of 2012 to conduct public safety communications research and development, including NIST's management of the Public Safety Innovation Accelerator Program.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

Audit of Joint Polar Satellite System (JPSS) Program Performance

To assess the cost, schedule, and technical performance of selected components of the JPSS program.

Audit of Polar Follow-On (PFO) Baseline Establishment

To assess the PFO program baselines established in December 2016.

Audit of NOAA Grants NA11NMF4380267 and NA10NMF4380435 Awarded to the Washington State Recreation and Conservation Office (RCO)

To determine whether RCO (1) claimed allowable, allocable, and reasonable costs under the selected grant awards, (2) complied with grant terms and conditions, administrative requirements, cost principles, and audit requirements, and (3) met performance requirements of the grants.

Audit of NOAA Grants NA10NMF4380436 and NA11NMF4380259 Awarded to the Northwest Indian Fisheries Commission

To determine whether the Commission (1) claimed allowable, allocable, and reasonable costs under the selected grant awards, (2) complied with grant terms and conditions, administrative requirements, cost principles, and audit requirements, and (3) met performance requirements of the grants.

Audit of Geostationary Operational Environmental Satellites (GOES)–R Development, Testing, and Transition into Operations

To assess the adequacy of GOES–S, –T, and –U development and testing, and GOES–16 transition into operations, per NOAA and National Aeronautics and Space Administration (NASA) standards. OIG will also monitor NOAA's progress in developing and reporting on flight and ground segment contracting actions and changes to minimize cost increases.

Audit of NOAA Oversight and Practices to Close Out Contract Files

To determine whether NOAA contracting personnel are (a) closing contracts efficiently and effectively and (b) deobligating excess funds on completed contracts in accordance with federal and Departmental regulations.

Audit of NOAA OMAO Ship Fleet Acquisition Planning

To determine whether NOAA performed effective acquisition planning for its construction of new ships.

U.S. PATENT AND TRADEMARK OFFICE

Audit of USPTO's Trademark Next Generation Program Management

To determine whether USPTO provided effective program management of the Trademark Next Generation implementation.

Audit of USPTO's Monetary Awards for Patent Examiners

To determine whether USPTO granted monetary awards in compliance with the relevant award criteria and were sufficiently documented.

Audit of USPTO Oversight and Practices to Close Out Contract Files

To determine whether USPTO contracting personnel administered contract close out procedures in accordance with federal and Departmental regulations.

Audit of USPTO's Active Directory

To determine whether USPTO has adequately managed its Active Directory to protect mission critical systems and data.

STATISTICAL DATA

The Inspector General Act of 1978, as amended, requires OIG to present the statistical data contained in the following:

TABLES	PAGE(S)
1. Office of Investigations Statistical Highlights for This Period	33
2. Audit Resolution and Follow-Up	34
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TABLE 1. OFFICE OF INVESTIGATIONS STATISTICAL HIGHLIGHTS FOR THIS PERIOD

Investigative activities cover investigations opened and closed by OIG; arrests by OIG agents; indictments and other criminal charges filed against individuals or entities as a result of OIG investigations; convictions secured at trial or by guilty plea as a result of OIG investigations; and fines, restitution, and all other forms of financial recoveries achieved by OIG as a result of investigative action. Fines and other financial recoveries refer only to agreements that a judge accepted.

Allegations processed presents the number of complaints from employees, stakeholders, and the general public that were handled by OIG's Complaint Intake Unit. Of these, some resulted in the opening of investigations; others were referred to bureaus for internal administrative follow-up. Others were unrelated to departmental activities or did not provide sufficient information for any investigative follow-up and so were not accepted for investigation or referral.

Allegations Received	
Total hotline contacts	696
Contacts related to Departmental programs	304
Number of hotline referrals to Departmental management	234
Investigative Caseload	
Investigations opened this period	24
Investigations closed/completed this period	39
Investigations in progress as of March 31, 2018	77 ^a
Reports	
Total number of investigative reports issued during the reporting period	1
Prosecutive Actions and Monetary Results	
Total number of individuals or entities referred to the Department of Justice for criminal prosecution	3
Total number of entities referred to state/local prosecuting authorities	4
Indictments/Informations	5
Convictions	3
Monetary issues identified (waste, questioned costs, recoveries, and fines)	\$69,290,314.69 ^b
Administrative Actions	
Suspension/Debarment	1
Disciplinary action	3

^a This figure excludes 31 cases pending Department of Justice prosecution or agency action.

^b A portion of this total is derived from our participation in joint investigations with other agencies. This figure also includes administrative recoveries obtained based upon OIG's investigative activities.

TABLE 2. AUDIT RESOLUTION AND FOLLOW-UP

The Inspector General Act of 1978, as amended, requires OIG to present in this report audits issued before the beginning of the reporting period (October 1, 2017) for which no management decision had been made by the end of the period (March 31, 2018). No audit reports remain unresolved for more than 6 months for this reporting period.

Audit resolution is the process by which the Department of Commerce reaches an effective management decision in response to audit reports. **Management decision** refers to management's evaluation of the findings and recommendations included in the audit report and the issuance of a final decision by management concerning its response.

Department Administrative Order (DAO) 213-5, *Audit and Evaluation Resolution and Follow-up*, provides procedures for management to request a modification to an approved audit action plan or for a financial assistance recipient to appeal an audit resolution determination. There was no modification or appeal activity during the 6-month period ending March 31, 2018. The following table summarizes modification and appeal activity during the reporting period.

Report Category	Modifications	Appeals
Actions pending (October 1, 2017)	0	0
Submissions	0	0
Decisions	0	0
Actions pending (March 31, 2018)	0	0

TABLE 3. AUDIT AND INSPECTION STATISTICAL HIGHLIGHTS FOR THIS PERIOD

Audits comply with standards established by the Comptroller General of the United States for audits of federal establishments, organizations, programs, activities, and functions.

Inspections include evaluations, inquiries, and similar types of reviews that do not constitute an audit or a criminal investigation.

Questioned costs ^a	\$1,854,385
Value of audit recommendations that funds be put to better use ^b	\$89,134,623
Total potential monetary benefits	\$90,989,008
Value of audit recommendations agreed to by management ^c	\$14,348,707

^a **Questioned cost:** This is a cost questioned by OIG because of (1) an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; (2) a finding that, at the time of the audit, such cost is not supported by adequate documentation; or (3) a finding that an expenditure of funds for the intended purpose is unnecessary or unreasonable.

^b **Value of audit recommendations that funds be put to better use:** This results from an OIG recommendation that funds could be used more efficiently if Department management took action to implement and complete the recommendation. Such actions may include (1) reductions in outlays; (2) deobligation of funds from programs or operations; (3) withdrawal of interest subsidy costs on loans or loan guarantees, insurance, or bonds; (4) costs not incurred by implementing recommended improvements related to the Department, a contractor, or a grantee; (5) avoidance of unnecessary expenditures identified in pre-award reviews of contracts or grant agreements; or (6) any other savings specifically identified. One audit during this semiannual period reported that certain practices may potentially identify funds to be put to better use, up to a maximum amount of \$73 million.

^c **Value of audit recommendations agreed to by management:** This is the sum of (1) disallowed costs and (2) funds put to better use that are agreed to by management during resolution. Disallowed costs are the amount of costs that were questioned by the auditors or the agency action official and subsequently determined—during audit resolution or negotiations by a contracting officer—not to be charged to the government.

TABLE 4. AUDITS WITH QUESTIONED COSTS

See table 3 for a definition of “questioned cost.” An **unsupported cost** is a cost that is not supported by adequate documentation at the time of the audit. Questioned costs include unsupported costs.

Report Category	Number	Questioned Costs (\$)	Unsupported Costs (\$)
A. Reports for which no management decision had been made by the beginning of the reporting period	1	9,348,707	0
B. Reports issued during the reporting period	1	1,854,385	1,854,385
Total reports (A+B) requiring a management decision during the period	2	11,203,092	1,854,385
C. Reports for which a management decision was made during the reporting period ^a	1	9,348,707	0
i. Value of disallowed costs		9,348,707	0
ii. Value of costs not disallowed		0	0
D. Reports for which no management decision had been made by the end of the reporting period	1	1,854,385	1,854,385

^a In category C, lines i and ii do not always equal the total in line C because resolution may result in values greater than the original recommendations.

TABLE 5. AUDITS WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE

See table 3 for a definition of “recommendation that funds be put to better use.”

Report Category	Number	Value (\$)
A. Reports for which no management decision had been made by the beginning of the reporting period	0	0
B. Reports issued during the reporting period	3	89,134,623 ^a
Total reports (A+B) requiring a management decision during the period	3	89,134,623
C. Reports for which a management decision was made during the reporting period ^b	1	5,000,000
i. Value of recommendations agreed to by management		5,000,000
ii. Value of recommendations not agreed to by management		0
D. Reports for which no management decision had been made by the end of the reporting period	2	84,134,623

^a One audit during this semiannual period reported that certain practices may potentially identify funds to be put to better use, up to a maximum amount of \$73 million.

^b In category C, lines i and ii do not always equal the total in line C because resolution may result in values greater than the original recommendations.

TABLES 6, 6-A, 6-B, 6-C, AND 6-D. REPORT TYPES FOR THIS PERIOD

Performance audits are engagements that provide assurance or conclusions based on an evaluation of sufficient, appropriate evidence against stated criteria such as specific requirements, measures, or defined business practices. Performance audits provide objective analysis so that management and those charged with governance and oversight can use the information to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.

Inspections include evaluations, inquiries, and similar types of reviews that do not constitute an audit or investigation. An inspection is defined as a process that evaluates, reviews, studies, or analyzes the programs and activities of a department or agency to provide information to managers for decision making; makes recommendations for improvements to programs, policies, or procedures; and identifies where administrative action may be necessary.

TABLE 6. SUMMARY OF REPORT TYPES FOR THIS PERIOD

Type	Number of Reports	Table Number
Performance audits	6	Table 6-a
Financial statements audits	5	Table 6-b
Published investigative reports	1	Table 6-c
Other public reports	2	Table 6-d
Total	14	

TABLE 6-A. PERFORMANCE AUDITS

Report Title	Report Number	Date Issued	Funds to Be Put to Better Use (\$)	Amount Questioned (\$)	Amount Unsupported (\$)
Economics and Statistics Administration					
<i>2020 Census: The Bureau's Background Check Office Is Not Fully Prepared for the 2020 Census</i>	OIG-18-015-A	02.27.2018	11,132,003	1,854,385	1,854,385
First Responder Network Authority					
<i>Strengthening Grant Processes Will Improve the Management of the Band 14 Incumbent Spectrum Relocation Grant Program</i>	OIG-18-016-A	03.21.2018	0	0	0
International Trade Administration					
<i>ITA Needs a Stronger Commitment to Safeguard Its Cloud-Based Systems</i>	OIG-18-017-A	03.27.2018	0	0	0
National Oceanic and Atmospheric Administration					
<i>NOAA Office of Marine and Aviation Operations Does Not Fully Utilize the Shipboard Automated Maintenance Management System to Coordinate Ship Maintenance and Repairs</i>	OIG-18-011-A	01.08.2018	5,000,000	0	0
<i>NOAA Could Improve Monitoring of Blanket Purchase Agreements by Complying with Key Federal Acquisition Regulation and Administration Requirements</i>	OIG-18-014-A	02.26.2018	73,002,620 ^a	0	0
National Telecommunications and Information Administration					
<i>Strengthening Grant Administration and Financial Controls Will Improve Management of the LA-RICS BTOP Grant</i>	OIG-18-002-A	10.16.2017	0	0	0

^a This audit reported that certain practices may potentially identify funds to be put to better use, up to a maximum amount of \$73 million.

TABLE 6-B. FINANCIAL STATEMENTS AUDITS

Report Title	Report Number	Date Issued	Funds to Be Put to Better Use (\$)	Amount Questioned (\$)	Amount Unsupported (\$)
Office of the Secretary					
<i>Department of Commerce FY 2017 Consolidated Financial Statements</i>	OIG-18-007-A	11.14.2017	0	0	0
<i>FY 2017 Closing Package Financial Statements</i>	OIG-18-008-A	11.20.2017	0	0	0
<i>Review of Information Technology Controls in Support of the Fiscal Year 2017 Department of Commerce Consolidated Financial Statement Audit and Other Contractual Requirements</i>	OIG-18-010-A	12.21.2017	0	0	0
U.S. Patent and Trademark Office					
<i>U.S. Patent and Trademark Office FY 2017 Financial Statements</i>	OIG-18-006-A	11.13.2017	0	0	0
<i>Review of Information Technology Controls in Support of the Fiscal Year 2017 USPTO Financial Statement Audit</i>	OIG-18-009-A	12.12.2017	0	0	0

TABLE 6-C. PUBLISHED INVESTIGATIVE REPORTS

Report Title	Report Number	Date Issued
<i>Investigation into Misuse of Agency Transportation Account and Other Improprieties by a Political Appointee</i>	16-1036	01.09.2018

TABLE 6-D. OTHER PUBLIC REPORTS

Report Title	Report Number	Date Issued
<i>Examination of the Department's Digital Accountability and Transparency Act of 2014 Submission for the Second Quarter of Fiscal Year 2017</i>	OIG-18-005	11.08.2017
<i>2018 Annual Letter to OMB re: Government Charge Card Abuse Prevention Act of 2012</i>	OIG-18-013-M	01.26.2018

TABLES 7, 7-A, 7-B, AND 7-C. UNIMPLEMENTED AND UNRESOLVED RECOMMENDATIONS

Regarding tables 7, 7-a, and 7-b: None includes classified or sensitive nonpublic recommendations, recommendations from recurring, annual audits (such as financial statement audits), or those addressed to specific non-federal entities in connection with audits of financial assistance awards. Recommendations from all performance audit, evaluation, and inspection reports issued prior to FY 2014 have been implemented.

Resolved but unimplemented recommendations are those for which (a) the operating unit(s) agreed to OIG recommendations and (b) OIG approved the action plan. Columns 2 through 5 of table 7 provide details on resolved but unimplemented recommendations.

Unresolved recommendations include those with no approved action plan as of March 31, 2018, or those for which the action plans are not due until after March 31, 2018. Columns 6 through 7 of table 7 provide details on “unresolved” recommendations.

Table 7-a provides details on FY 2014–2018 performance audit, evaluation, or inspection reports that have resolved but unimplemented recommendations. When issued, these 81 performance audit, evaluation, or inspection reports had 380 total recommendations. As of March 31, 2018:

- 23 of the 81 reports (28 percent) had resolved but unimplemented recommendations;
- 74 of 380 total recommendations (19 percent) were resolved but unimplemented;
- 6 of these resolved but unimplemented recommendations had potential monetary benefits of \$78,771,772.

Table 7-b provides details on four FY 2018 performance audit, evaluation, or inspection reports with 22 unresolved recommendations. Two of these unresolved recommendations have potential monetary benefits of \$85,989,008.

Table 7-c provides details on performance audit, evaluation, or inspection reports for which management took longer than 60 days to respond.

TABLE 7. SUMMARY OF UNIMPLEMENTED AND UNRESOLVED RECOMMENDATIONS BY OPERATING UNIT

Operating Unit	FY 2014–2015 Unimplemented Recs (Resolved)	Potential Monetary Benefits of FY 2014–2015 Unimplemented Recs	FY 2016–2018 Unimplemented Recs (Resolved)	Potential Monetary Benefits of FY 2016–2018 Unimplemented Recs	Unresolved FY 2018 Recs (Awaiting Action Plan)	Potential Monetary Benefits of Unresolved FY 2018 Recs
Bureau of Economic Analysis	0	0	0	0	0	0
Bureau of Industry and Security	0	0	0	0	0	0
Economic Development Administration	2	\$46,458,670	3	\$3,124,732	0	0
Economics and Statistics Administration	1	0	10	0	6	\$12,986,388
First Responder Network Authority	0	0	0	0	2	0
International Trade Administration	0	0	0	0	9	0
Minority Business Development Agency	0	0	7	0	0	0

Operating Unit	FY 2014–2015 Unimplemented Recs (Resolved)	Potential Monetary Benefits of FY 2014–2015 Unimplemented Recs	FY 2016–2018 Unimplemented Recs (Resolved)	Potential Monetary Benefits of FY 2016–2018 Unimplemented Recs	Unresolved FY 2018 Recs (Awaiting Action Plan)	Potential Monetary Benefits of Unresolved FY 2018 Recs
National Institute of Standards and Technology	0	0	0	0	0	0
National Oceanic and Atmospheric Administration	1	0	15	\$27,069,086	5	\$73,002,620
National Technical Information Service	0	0	0	0	0	0
National Telecommunications and Information Administration	0	0	3	0	0	0
Office of the Secretary	0	0	29	\$2,119,284	0	0
U.S. Patent and Trademark Office	0	0	3	0	0	0
TOTAL	4	\$46,458,670	70	\$32,313,102	22	\$85,989,008

TABLE 7-A. UNIMPLEMENTED RECOMMENDATIONS FROM AUDIT, EVALUATION, AND INSPECTION REPORTS

Table 7-a provides details on FY 2014–2018 performance audit, evaluation, or inspection reports (“reports”) that had resolved but unimplemented recommendations as of March 31, 2018.

- **FY 2014:** OIG issued 15 reports with a total of 76 recommendations. As of March 31, 2018, 1 recommendation (1 percent of FY 2014 recommendations) was resolved but still unimplemented.
- **FY 2015:** OIG issued 17 reports with a total of 83 recommendations. As of March 31, 2018, 3 recommendations (4 percent of FY 2015 recommendations) were resolved but still unimplemented. One of these resolved but unimplemented recommendations has potential monetary benefits of \$46,458,670.
- **FY 2016:** OIG issued 26 reports with 109 total recommendations. As of March 31, 2018, 13 recommendations (12 percent of FY 2016 recommendations) were resolved but still unimplemented.
- **FY 2017:** OIG issued 20 reports with 88 total recommendations. As of March 31, 2018, 35 recommendations (40 percent of FY 2017 recommendations) were resolved but still unimplemented. Four of these resolved but unimplemented recommendations have potential monetary benefits of \$27,313,102.
- **FY 2018:** As of March 31, 2018, three FY 2018 reports (24 total recommendations) were resolved, and 22 of the 24 recommendations (92 percent) were resolved but still unimplemented. One of these resolved but unimplemented recommendations has potential monetary benefits of \$5,000,000.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
12.03.2013	OIG-14-003, <i>2020 Census Planning: Research Delays and Program Management Challenges Threaten Design Innovation</i>	8	8	1	0

Objective(s)

OIG’s audit objectives for reviewing the 2020 Census research program were to (1) assess the implementation status of each individual project in the 2020 Census design effort, including the extent of implementation, time frames for completion, milestones, deliverables, and impact on the overall design program, (2) assess the Bureau’s plans to evaluate each research project, including whether accurate and reliable data will be available to determine each project’s impact on design efforts, and (3) determine if governance and internal controls are adequate to manage the design effort.

Finding(s)

OIG found that (1) the current Census schedule shows research delays and lacks budget integration, (2) research quality assurance strategy is undeveloped, and (3) program management plans incorporate best practices, but implementation is inconsistent.

Unimplemented Recommendation(s)

Recommendation 7: OIG recommends that the Director of the Census Bureau ensure research outputs are usable and on time to drive the trade-off analysis process and develop a vehicle for communicating key decisions and events, as well as a policy for determining which decisions and events should be communicated and what the content should be.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
06.05.2015	OIG-15-031, <i>EDA Faces Challenges in Effectively Monitoring Its Revolving Loan Funds</i>	8	8	2	\$46,458,670 Funds to Be Put to Better Use

Objective(s)

OIG's audit objectives were to determine whether EDA effectively responds to performance problems and changes to distressed or underserved communities within the Revolving Loan Fund (RLF) program.

Finding(s)

OIG found that (1) EDA did not aggressively respond to noncompliant RLFs, exposing agency funds to misuse and economic loss and (2) inflexibility in current RLF regulations and limited resources reduce EDA's ability to effectively oversee problematic or underutilized RLFs.

Unimplemented Recommendation(s) (potential monetary benefits for unimplemented recommendation 3)

Recommendation 3: OIG recommends that the Assistant Secretary of Commerce for Economic Development direct the appropriate EDA regional officials to document determinations on whether RLFs with multiple periods of excess funds should be terminated, transferred, or consolidated—or have funds partially deobligated or transferred from them.

Potential monetary benefits: \$46,458,670 funds to be put to better use.

Recommendation 6: OIG recommends that the Assistant Secretary of Commerce for Economic Development direct the appropriate EDA regional officials to identify projects with RLF plans more than 5 years old and document determinations on whether those plans require modifications—including determinations on whether a need for the RLF still exists in a particular location or whether funds should be transferred.

06.11.2015	OIG-15-032, <i>Cost Estimates, Long-Term Savings, Milestones, and Enterprise Architecture Policy Are Needed for Common Satellite Ground System Program</i>	9	9	1	0
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Objective(s)

OIG's objectives for this review were to determine (1) the progress of NOAA's planning efforts and milestones for implementing a common satellite ground system architecture (i.e., an enterprise architecture), and (2) whether NOAA's plans and efforts provide adequate consideration for system redundancy, security, and scalability.

Finding(s)

OIG found that (1) enterprise architecture planning is underway, but cost estimates are needed to determine appropriate investment reviews and reporting, (2) planning is following best practices, but return on investment and plans and milestones beyond 2016 are yet to be determined, and (3) the National Environmental Satellite, Data, and Information Service (NESDIS) is mostly compliant with enterprise architecture guidance, but improvements are needed to enhance institutional commitment, quality assurance, information sharing, and IT security planning.

Unimplemented Recommendation(s)

Recommendation 1: OIG recommends that the NOAA Administrator develop a Ground Enterprise Architecture Services program cost estimate based on a defined time frame.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
02.23.2016	OIG-16-018, <i>The U.S. Census Bureau's Efforts to Ensure an Accurate Address List Raise Concerns over Design and Lack of Cost-Benefit Analysis</i>	4	4	1	0

Objective(s)

OIG's audit objectives were to (1) assess the methods and costs of continuously updating the Master Address File Topologically Integrated Geographic Encoding and Referencing database; (2) determine how efforts, such as the FY 2015 Address Validation Test, support the accuracy of the Master Address File; and (3) evaluate the preparation of the Local Update of Census Address program for the 2020 decennial census.

Finding(s)

OIG found that (1) the Bureau did not collect cost data or conduct a cost-benefit analysis for either the validation test or the partial block canvassing test, (2) the Bureau did not establish benchmarks before assessing the success of statistical modeling, and (3) the decision to eliminate Local Update of Census Address participation options increases the risk of not receiving address updates from some 2010 participants.

Unimplemented Recommendation(s)

Recommendation 1: OIG recommends the Census Bureau Director collect cost information during testing to fully inform design decisions.

04.18.2016	OIG-16-025, <i>The Census Working Capital Fund Lacks Transparency</i>	6	6	1	0
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Objective(s)

The objective of this audit was to evaluate the budgetary controls over the Bureau's WCF.

Finding(s)

OIG found that the Bureau (1) could not provide support for its overhead rates, (2) lacks monitoring procedures to ensure WCF transparency and compliance with statutes, (3) may have used FY 2010 funds to improperly augment a survey sponsor's FY 2009 appropriation, (4) has not prepared the required financial reports for the WCF, and (5) lacks controls necessary to ensure that excess funds are returned to reimbursable survey sponsors promptly.

Unimplemented Recommendation(s)

Recommendation 2: OIG recommends that the Director of the Census Bureau obtain an opinion from the Department of Commerce Office of the General Counsel (OGC) to determine whether funds from the Improving Operational Efficiency program, carried over in FYs 2010 and 2011, are considered earned income and were carried over in compliance with appropriations laws (and, in addition, notify the Department's Chief Financial Officer and Assistant Secretary for Administration of the results—and, if noncompliance is noted, develop controls to track the original period of availability of Improving Operational Efficiency program funds).

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
04.26.2016	OIG-16-026, <i>The Joint Polar Satellite System: Further Planning and Executive Decisions Are Needed to Establish a Long-term, Robust Program</i>	9	9	2	0
Objective(s)					
OIG's objectives for this evaluation were to (1) determine the progress of PFO planning, (2) monitor ongoing JPSS acquisition and development (i.e., JPSS-1 and JPSS-2 missions), and (3) assess the potential for data gaps.					
Finding(s)					
OIG found that (1) PFO plans needed further development to support the establishment of program cost, schedule, and performance baselines, (2) satellite and ground system development challenges posed risk to the JPSS-1 launch schedule, and (3) the potential for data gaps requires leadership's sustained attention.					
Unimplemented Recommendation(s)					
Recommendation 8: In order to guide and sustain the implementation of NOAA polar satellite observing systems, OIG recommends that the NOAA Deputy Under Secretary for Operations incorporate NOAA's robust architecture criteria into formal NOAA policy.					
Recommendation 9: In order to guide and sustain the implementation of NOAA polar satellite observing systems, OIG recommends that the NOAA Deputy Under Secretary for Operations include new satellite technology insertion as part of NOAA's strategic and tactical plans.					
08.04.2016	OIG-16-040, <i>Review of IT Security Policies, Procedures, Practices, and Capabilities in Accordance with the Cybersecurity Act of 2015</i>	5	5	5	0
Objective(s)					
The objective of this audit was to examine the IT security policies, procedures, practices, and capabilities—as defined in the Cybersecurity Act of 2015—for national security and personally identifiable information systems.					
Finding(s)					
The findings of this report are For Official Use Only, and not included in this publicly released <i>Semiannual Report to Congress</i> .					
Unimplemented Recommendation(s)					
The recommendations of this report are For Official Use Only, and are not included in this publicly released <i>Semiannual Report to Congress</i> .					
08.26.2016	OIG-16-043, <i>Successful Cyber Attack Highlights Longstanding Deficiencies in NOAA's IT Security Program</i>	8	8	1	0
Objective(s)					
OIG conducted this audit to (1) determine the significant factors that contributed to the successful cyber attack on NOAA information systems and (2) evaluate NOAA's handling of the detection, analysis, eradication, and reporting of the attack, as well as recovery from it.					
Finding(s)					
OIG found that (1) deficiencies in risk management left an application exposed to attack, (2) web application vulnerability assessments were not conducted routinely and missed hundreds of high-risk vulnerabilities, (3) deferred implementation of multifactor authentication allowed unauthorized access to additional systems, and (4) inadequate firewall management practices prolonged the disruption of disseminating weather satellite data.					
Unimplemented Recommendation(s)					
Recommendation 8: OIG recommends that NOAA's Chief Information Officer ensure that adequate measures are taken to implement mechanisms for multifactor authentication in a timely manner for all applicable users and applications.					

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
09.30.2016	OIG-16-048, <i>Follow-up Audit on Recommendations from Audit Report No. OIG-13-031-A, Classified Information Policies and Practices at the Department of Commerce Need Improvement</i>	3	3	3	0

Objective(s)

The Reducing Over-Classification Act of 2010 (Pub. L. No. 111-258 [October 7, 2010]) mandates that each inspector general with an officer or employee authorized to make original classification decisions conduct two evaluations to promote the accurate classification of information. The first evaluation was completed by September 30, 2013; a second, to be completed by September 30, 2016, must review progress made after the first. OIG's audit objective was to determine whether the Department took appropriate corrective actions on recommendations made in OIG's 2013 report.

Finding(s)

OIG found that the Office of Security satisfactorily implemented corrective actions for recommendations 3 and 5, but either did not fully implement or address recommendations 1, 2, and 4.

Unimplemented Recommendation(s)

OIG recommends that the Director, Office of Security, fully implement recommendations 2 and 4 as agreed to in OIG report number OIG-13-031-A. Specifically:

Recommendation 1: Promote and enforce user reviews of classified documents.

Recommendation 2: Ensure custodians are trained and understand their responsibilities to account for, control, and purge classified materials.

Recommendation 3: Establish controls to ensure that accurate data is entered into Security Manager Database system.

12.02.2016	OIG-17-006, <i>Biweekly Reporting on Conference Spending by the Department of Commerce</i>	2	2	2	0
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Objective(s)

This memorandum provides the results of OIG's analysis of biweekly conference spending reports provided by the Department of Commerce.

Finding(s)

OIG found that (a) USPTO is likely under-reporting its FY 2016 conference activity to OIG, and (b) it is unclear whether the Census Bureau is under-reporting its FY 2016 conference activity to OIG.

Unimplemented Recommendation(s)

Recommendation 1: To assist the Office of Administrative Programs in managing the reporting process of conference planning spending requirements, OIG recommends that the Chief Financial Officer and Assistant Secretary for Administration provide clarification to USPTO and the Census Bureau on the types of conferences required to be reported, per OMB Memorandum M-12-12, applicable appropriations legislation, and GSA Bulletin Federal Travel Regulation (FTR) 14-02.

Recommendation 2: To assist the Office of Administrative Programs in managing the reporting process of conference planning spending requirements, OIG recommends that the Chief Financial Officer and Assistant Secretary for Administration determine whether adjustments to Section 2.5 of the Department's Conference Policy are needed to better comply with the reporting requirements of OMB Memorandum M-12-12, applicable appropriations legislation, and GSA Bulletin FTR 14-02, and adjust as needed.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
02.02.2017	OIG-17-013, <i>Audit of the Geostationary Operational Environmental Satellite–R Series: Improvements in Testing, Contract Management, and Transparency Are Needed to Control Costs, Schedule, and Risks</i>	11	11	2	\$10,299,050 Questioned Costs \$3,943,450 Funds to Be Put to Better Use

Objective(s)

OIG's objectives were to assess the adequacy of GOES–R development as the program completes system integration and test activities for the flight and ground segments in preparation for launch and data distribution, per NOAA and NASA standards.

Finding(s)

OIG found that (1) an unapproved test change damaged the satellite and exposed weaknesses in cost estimation that informed award fee determination, (2) delay in definitizing core ground system re-plan resulted in increased costs and risk, (3) spacecraft project management reviews are not conducted in a transparent manner, and (4) NESDIS does not consistently calculate or report geostationary satellite coverage gap probability.

Unimplemented Recommendation(s) (potential monetary benefits for unimplemented recommendation 3)

Recommendation 3: OIG recommends that the NESDIS Assistant Administrator direct NASA to modify the spacecraft contract's performance evaluation plan to specify that both direct and indirect costs are used in determining a major breach of safety for future evaluation periods.

Potential monetary benefits: \$10,299,050 questioned costs and \$3,943,450 funds to be put to better use.

Recommendation 5: OIG recommends that the NOAA Deputy Under Secretary for Operations determine whether the spacecraft contractor was entitled to receive award fee payment for period 12.

02.03.2017	OIG-17-014, <i>NOAA Reviews of Unliquidated Obligations Could Be Improved with Greater Review Frequency and Additional Documentation</i>	3	3	3	\$7,826,586 Funds to Be Put to Better Use
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Objective(s)

OIG's objective was to evaluate the effectiveness of NOAA's unliquidated obligation (ULO) review policies and procedures implemented since the June 2013 audit report, which reviewed the Department-wide controls over the management of ULO balances.

Finding(s)

OIG found that (1) NOAA's procedures for ULO monitoring were ineffective and (2) NOAA's ULO deobligation process can be improved.

Unimplemented Recommendation(s) (potential monetary benefits for unimplemented recommendation 2)

Recommendation 1: OIG recommends that the NOAA Administrator instruct the NOAA Chief Financial Officer and the Director of AGO to develop bureau-specific policies and procedures for monitoring obligations that require open ULOs to have proper justification documentation and timely reviews.

Recommendation 2: OIG recommends that the NOAA Administrator instruct the NOAA Chief Financial Officer and the Director of AGO to follow up on the obligations specifically identified in this report and take appropriate action.

Potential monetary benefits: \$7,826,586 funds to be put to better use.

Recommendation 3: OIG recommends that the NOAA Administrator instruct the NOAA Chief Financial Officer and the Director of AGO to require compliance with Departmental documentation standards on future deobligations by ensuring all deobligation actions have appropriate notifications, confirmations, and certifications on record and are processed in a timely manner.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
03.14.2017	OIG-17-019, <i>EDA Public Works and Economic Adjustment Assistance Grant Recipient Selections Were Generally Made Competitively But Its Merit-Based Selection Process Can Be Further Improved</i>	2	2	1	0

Objective(s)

OIG's objective was to evaluate the effectiveness of EDA's FYs 2014 and 2015 solicitation, evaluation, and selection processes to determine whether the Public Works and Economic Adjustment Assistance grant recipient selections were made competitively and on a merit basis as required by federal, Departmental, and agency regulations.

Finding(s)

OIG found that EDA's recipient selection controls are effective but can be improved.

Unimplemented Recommendation(s)

Recommendation 2: OIG recommends that the Assistant Secretary of Commerce for Economic Development ensure compliance with the *Policy and Operations Manual* requirement of maintaining decision-making independence between Investment Review Committee members and Regional Directors when considering a grant application.

03.16.2017	OIG-17-020, <i>2020 Census: 2016 Census Test Indicates the Current Life-Cycle Cost Estimate Is Incomplete and Underestimates Nonresponse Followup Costs</i>	5	5	4	0
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Objective(s)

OIG initiated an evaluation of the 2016 Census Test to review (1) the effectiveness of the new management structure and (2) the effectiveness of the operational control system (OCS) to support NRFU operations. OIG's first objective was to determine whether the Bureau documented its decision to utilize the enumerator-to-supervisor ratios selected for the 2016 test. OIG's second objective was to determine whether the Bureau designed the test to (a) assess the effectiveness of the OCS in supporting supervisors during NRFU operations by comparing 2016 test results to results of previous tests and (b) determine the feasibility and effectiveness of a higher enumerator-to-supervisor ratio compared to the 2010 Census.

Finding(s)

OIG found that (1) more than 10 million potential NRFU contact attempts are unaccounted for in the life-cycle cost estimate, (2) limitations to the design and methodology of the 2016 Census Test hinder the Bureau's ability to answer research questions, (3) improvements could increase the effectiveness of the OCS, and (4) field staff were not adequately trained to complete proxy interviews and receive paper questionnaires.

Unimplemented Recommendation(s)

Recommendation 1: OIG recommends that the Director of the Census Bureau ensure that the 2020 Census Life-Cycle Cost Estimate accurately reflects all relevant cost factors and excluded costs are documented.

Recommendation 3: OIG recommends that the Director of the Census Bureau work with OGC to develop enumerator scheduling guidance; and implement the most efficient NRFU enumeration scheduling practices.

Recommendation 4: OIG recommends that the Director of the Census Bureau implement internal controls in the new operation control system that (a) prevent supervisors from ignoring alerts and inform managers that alerts were not responded to in a timely manner; and (b) provide supervisors with sufficient detail to resolved alerts.

Recommendation 5: OIG recommends that the Director of the Census Bureau revise training to ensure field staff are adequately prepared to conduct proxy interviews and securely transmit paper questionnaires for processing.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
03.24.2017	OIG-17-021, <i>Inadequate Security Practices, Including Impaired Security of Cloud Services, Undermine USPTO's IT Security Posture</i>	12	12	3	0
Objective(s)					
OIG's objective was to determine whether key security measures are in place to adequately protect USPTO systems that utilize databases to store business information.					
Finding(s)					
OIG found that USPTO (1) failed to implement the required security controls for cloud-based subsystems, (2) used non-Federal Risk and Authorization Management Program (non-FedRAMP) compliant cloud services without proper security assurance, and (3) deficiently implemented fundamental security controls, which increased the cybersecurity risk of USPTO systems.					
Unimplemented Recommendation(s)					
Recommendation 3: OIG recommends that the USPTO Chief Information Officer establish processes to develop and maintain an accurate inventory of all cloud-based servers, and conduct routine vulnerability scanning, as required by Department and USPTO policies.					
Recommendation 6: OIG recommends that the USPTO Chief Information Officer evaluate current strategy of replacing unsupported server operating systems, and develop and implement a plan to prioritize available resources for the component upgrade or replacement.					
Recommendation 7: OIG recommends that the USPTO Chief Information Officer ensure that unsupported databases are upgraded or replaced in a timely manner.					
04.27.2017	OIG-17-023, <i>EDA Can Strengthen Its Policies and Procedures for Monitoring ULOs</i>	2	2	2	\$3,124,732 Funds to Be Put to Better Use
Objective(s)					
OIG's objective was to evaluate the effectiveness of EDA obligation and deobligation practices as well as review policies and procedures that were implemented since our June 2013 audit report number OIG-13-026-A, <i>Monitoring of Obligation Balances Needs Strengthening</i> .					
Finding(s)					
OIG found that EDA has generally achieved the intent of the recommendations by reducing its ULO balance by approximately \$500 million since OIG's last review. However, EDA has not established any bureau-specific deobligation policies and procedures as required by Departmental policy.					
Unimplemented Recommendation(s) (potential monetary benefits for unimplemented recommendation 1)					
Recommendation 1: OIG recommends the Assistant Secretary for Economic Development instruct the Director of EDA's Budget and Finance Division to follow up on the nine obligations identified in this report to ensure that, if no longer needed, appropriate action is taken. Potential monetary benefits: \$3,124,732 funds to be put to better use.					
Recommendation 2: OIG recommends the Assistant Secretary for Economic Development instruct the Director of EDA's Budget and Finance Division to develop and implement bureau-specific policies and procedures for conducting timely obligation reviews of all open balances.					

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
06.12.2017	OIG-17-026, <i>Selected Commerce Bureaus Could Improve Review Procedures and Documentation Related to Unliquidated Obligations</i>	2	2	2	\$2,119,284 Funds to Be Put to Better Use

Objective(s)

OIG's objective was to evaluate the effectiveness of each operating unit's obligation and deobligation review policies and procedures implemented since the 2013 audit report.

Finding(s)

OIG found that policies and procedures for reviewing and monitoring ULOs can be improved.

Unimplemented Recommendation(s) (potential monetary benefits for unimplemented recommendation 1)

Recommendation 1: OIG recommends that the selected bureaus' Chief Financial Officers instruct their respective ULO oversight managers to develop or enhance detailed bureau-specific policies for monitoring obligations and encourage deobligation as outlined in the *Department of Commerce Policy for Undelivered Obligations*, including policies that require (a) maintaining adequate justifications for valid obligation balances; and (b) timely deobligation actions for balances no longer needed.

Potential monetary benefits: \$2,119,284 funds to be put to better use.

Recommendation 2: OIG recommends that the selected bureaus' Chief Financial Officers instruct their respective ULO oversight managers to follow up on the obligations specifically identified in this report and take appropriate action.

09.05.2017	OIG-17-029, <i>MBDA Can Improve Processes to More Effectively Monitor Cooperative Agreements</i>	9	9	7	0
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Objective(s)

OIG's objective was to review the adequacy of Minority Business Development Agency's (MBDA's) management of its cooperative agreements.

Finding(s)

Overall, OIG did not find significant problems with the process for awarding cooperative agreements; however, opportunities exist to improve the administering of these agreements.

Unimplemented Recommendation(s)

Recommendation 1: OIG recommends that the MBDA National Director comply with the interagency agreement and the *Grants Manual* by ensuring that program analysts: (a) document results of their site visits; (b) document recommended remedies for deficiencies identified through site visits; (c) document that single audit findings have been fully resolved; and (d) provide all this information to the NOAA grants officer for inclusion in the official award file.

Recommendation 3: OIG recommends that the MBDA National Director comply with the interagency agreement and *Grants Manual* by ensuring the program office notifies the grants officer when there are potential or existing problems, financial inconsistencies, or noncompliance on MBDA Business Center agreements.

Recommendation 4: OIG recommends that the MBDA National Director implement procedures to work with the grants officer to: (a) identify and follow up with MBDA Business Centers that have not met program income and non-federal cost share requirements during each funding period of the agreement and (b) ensure program income collected that exceeds the budgeted amount is used to further program purposes.

Recommendation 6: OIG recommends that the MBDA National Director implement the necessary controls for verifying the reasonableness and accuracy of MBDA Business Center reported jobs created and retained data before approving the transactions.

Recommendation 7: OIG recommends that the MBDA National Director enforce procedures detailed in the *MBDA Business Center Program Standards Handbook* requiring that MBDA Business Centers submit mandatory documents to support performance transactions.

Recommendation 8: OIG recommends that the MBDA National Director ensure performance results are verified and included in the appropriate annual performance reports.

Recommendation 9: OIG recommends that the MBDA National Director implement procedures to ensure that supporting documentation to validate MBDA Business Center performance accomplishments and monitor cooperative agreements are properly stored, maintained, and accessible to program office staff.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
09.25.2017	OIG-17-031, <i>Awarding of U.S. Census Bureau Noncompetitive Contracts Did Not Consistently Follow Federal Acquisition Regulations and Commerce Acquisition Policies</i>	9	9	4	0

Objective(s)

OIG's objective was to determine whether the Bureau's contracting personnel properly awarded noncompetitive contracts.

Finding(s)

Overall, OIG found that the Bureau's contracting personnel did not properly award 25 of the 28 noncompetitive contracts reviewed because they did not comply with at least one or more of the key FAR, *Commerce Acquisition Manual (CAM)*, and Bureau's pre-award requirements.

Unimplemented Recommendation(s)

Recommendation 1: OIG recommends that the Bureau's Chief, Acquisition Division strengthen controls to enforce FAR and CAM documentation policies and procedures for planning and justifying other than full and open competition acquisitions.

Recommendation 2: OIG recommends that the Bureau's Chief, Acquisition Division reemphasize to contracting officers the requirement to adequately justify sole source procurements when using the only one responsible source and unusual and compelling urgency statutory authorities in accordance with FAR requirements.

Recommendation 4: OIG recommends that the Bureau's Chief, Acquisition Division require contracting officers to retain, as part of the contract file, all supporting documentation used to establish price reasonableness determinations.

Recommendation 5: OIG recommends that the Bureau's Chief, Acquisition Division require contracting officers to ensure that sole source justification documents are approved at the appropriate level and that the justification documents include all elements as required by the FAR.

09.27.2017	OIG-17-032, <i>NOAA: Repair Needs Data Not Accurate, and Real Property Utilization Not Monitored Adequately</i>	5	5	5	0
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Objective(s)

OIG's objective was to assess whether NOAA is effectively managing real property, specifically whether NOAA has an adequate understanding of its repair needs, and is monitoring real property utilization.

Finding(s)

OIG found that NOAA does not have current, accurate, and complete repair needs data needed to effectively manage its portfolio of real property and is not monitoring utilization.

Unimplemented Recommendation(s)

Recommendation 1: OIG recommends that NOAA's Chief Administrative Officer implement a process to track and segregate repair needs and deferred maintenance (deficiency lists should be complete and prioritized, and include ongoing monitoring by facility management and the results of periodic facility condition assessments [FCAs]).

Recommendation 2: OIG recommends that NOAA's Chief Administrative Office continue NOAA's process to ensure necessary real property assets have current FCAs, and that the assessments are periodically updated or reassessed.

Recommendation 3: OIG recommends that NOAA's Chief Administrative Officer establish controls to verify the accuracy and completeness of existing data in the Federal Real Property Management System (FRPM) and to update FRPM as necessary.

Recommendation 4: OIG recommends that NOAA's Chief Administrative Office periodically monitor condition index levels for compliance with departmental goals and take corrective action when necessary.

Recommendation 5: OIG recommends that NOAA's Chief Administrative Officer establish controls to periodically monitor the utilization of existing real property assets categorized as office space for progress toward the standard utilization rate, or facility specific goal when facilities are not able to achieve the standard utilization rate goal due to mission or facility constraints (controls should ensure compliance with the requirements of DAO 217-21).

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
10.16.2017	OIG-18-002, <i>Strengthening Grant Administration and Financial Controls Will Improve Management of the LA-RICS BTOP Grant</i>	5	5	3	0

Objective(s)

OIG's objective was to assess the effectiveness of NTIA's oversight of the BTOP grant award to LA-RICS.

Finding(s)

OIG generally found NTIA's and NOAA's oversight of the LA-RICS BTOP grant and LA-RICS' efforts to be reasonable; however, OIG identified opportunities to address control weaknesses and improve management of the grant program.

Unimplemented Recommendation(s)

Recommendation 1: OIG recommends that NTIA's Chief Financial Officer and Director of Administration, Performing the Non-Exclusive Duties of the Assistant Secretary for Communications and Information document all site visits and communicate to staff the need for timely documentation of the reports in the official grant file.

Recommendation 2: OIG recommends that NTIA's Chief Financial Officer and Director of Administration, Performing the Non-Exclusive Duties of the Assistant Secretary for Communications and Information require LA-RICS, in consultation with NOAA, to develop and document procedures for maintaining its internal financial system.

Recommendation 3: OIG recommends that NTIA's Chief Financial Officer and Director of Administration, Performing the Non-Exclusive Duties of the Assistant Secretary for Communications and Information require LA-RICS, in consultation with NOAA, to develop and implement procedures for remitting interest quarterly.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
11.08.2017	OIG-18-005, <i>Examination of the Department's Digital Accountability and Transparency Act of 2014 Submission for the Second Quarter of Fiscal Year 2017</i>	17	17	17	0

Objective(s)

Review a sample of the submitted financial and award data and then report on the completeness, timeliness, quality, and accuracy of the data, as well as the agency's implementation and use of the required standards.

Finding(s)

KPMG identified the following:

- The transactions in the examined files were not presented in accordance, in all material respects, with the following characteristics, which are defined in Treasury's *Inspectors General Guide to Compliance Under the DATA Act*: completeness of data elements, completeness of transactions, accuracy, timeliness, and consistency with required data standards.
- A material weakness exists related to controls over the DATA Act submission processes.
- A significant deficiency exists related to access controls over the Department's grant and procurement systems.

Unimplemented Recommendation(s)

KPMG recommended the following to the Chief Financial Officer and Assistant Secretary for Administration performing the duties of Deputy Secretary:

Recommendation 1: Design and implement a monitoring control to ensure all bureaus timely complete the review control.

Recommendation 2: Revise the review control procedure so that it addresses all required DATA Act elements.

Recommendation 3: Have DOC and USPTO implement policies and procedures to establish quarter-end reporting requirements for Submission transactions and data elements that coincide with DATA Act Submission deadlines.

Recommendation 4: Have DOC implement policies and procedures to ensure that all records that meet the File C criteria have PIDs and are included in File C.

Recommendation 5: Have USPTO implement policies and procedures to ensure that all transactions are recorded prior to running the query for File C.

Recommendation 6: Develop and implement bureau level review procedures that align with the DATA Act submission deadlines.

Recommendation 7: Develop and implement procedures that require the bureaus to review and certify the data elements relevant to the DATA Act submission files.

Recommendation 8: Develop and implement procedures to identify and consider the operating effectiveness of key bureau level process level and IT controls related to the DATA Act submission.

Recommendation 9: Develop and implement a corrective action plan to resolve warnings identified by the Broker in the submission.

Recommendation 10: Develop and implement procedures to ensure that adjustments recorded by the Commerce Broker to reconcile the File 8 to GTAS [Government-Wide Treasury Account Symbol Adjusted Trial Balance System] are coded to the appropriate object class and program activity codes listed in OMB Circular A-11.

Recommendation 11: Develop and implement procedures to review the completeness and accuracy of the object class crosswalk.

Recommendation 12: Have Commerce revise existing procedures to align the timing and precision of FPDS-NG [Federal Procurement Data System-Next Generation] and financial data review requirements with the DATA Act submission deadlines.

Recommendation 13: Have DOC work with OFPP [Office of Federal Procurement Policy] on correcting the Treasury mapping, to resolve potential issues related to the mapping of data elements in FPDS-NG to data elements in the submission.

Recommendation 14: Have NIST implement policies and procedures to perform a documented review and recertification of GMIS [Grant Management Information System] user access on a periodic basis.

Recommendation 15: Have NIST, NOAA, and Census implement policies and procedures to perform a documented review and recertification of C Suite user access on a periodic basis.

Recommendation 16: Have NIST and NOAA improve the segregation of duties within C Suite by implementing formal compensating controls, such as the CO [contracting officer] peer review process, when COs have incompatible roles within C Suite.

Recommendation 17: Have Commerce either: (1) In coordination with GSA and Treasury, develop and implement policies and procedures that enable them to assess the completeness and accuracy of the data relevant to the Submission, or (2) Obtain assurance from GSA regarding data from SAM and FSRS relevant to the Submission, or (3) Revise the Submission certification statement to specify that the data in Files E, F, and Business Types in D1 is not in accordance with the internal control requirements set forth in OMB MPM-2016-03 for the reasons noted above.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
01.08.2018	OIG-18-011, NOAA Office of Marine and Aviation Operations Does Not Fully Utilize the Shipboard Automated Maintenance Management System to Coordinate Ship Maintenance and Repairs	2	2	2	\$5,000,000 Funds to Be Put to Better Use

Objective(s)

OIG's objective was to determine whether NOAA OMAO coordinates ship maintenance and repairs of its fleet using SAMMS.

Finding(s)

OIG found that OMAO does not consistently use SAMMS to coordinate ship maintenance and repairs of its fleet.

Unimplemented Recommendation(s) (potential monetary benefits for unimplemented recommendation 1)

Recommendation 1: OIG recommends that the Director, OMAO, and the NOAA Corps initiate action to terminate the interagency agreement with the Military Sealift Command and discontinue using SAMMS.

Potential monetary benefits: \$5,000,000 funds to be put to better use.

Recommendation 2: OIG recommends that the Director, OMAO, and the NOAA Corps conduct a comprehensive study to identify a maintenance management system that meets the capabilities necessary to fulfill NOAA ship fleet maintenance requirements.

TABLE 7-B. UNRESOLVED FY 2018 RECOMMENDATIONS FROM AUDIT, EVALUATION, AND INSPECTION REPORTS

Table 7-b includes only audit, evaluation, and inspection reports with unresolved recommendations. The action plans for these four reports are not due until after the reporting period ending on March 31, 2018.

Table 7-b lists four performance audit, evaluation, or inspection reports, issued in February and March 2018, which have 22 unresolved recommendations. Two of these unresolved recommendations have potential monetary benefits of \$85,989,008.

Summaries of these reports appear in pages 11–12, 15, 17, and 21–22.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Accepted by Management	Reason	Potential Monetary Benefits of Unresolved Recommendations
02.26.2018	OIG-18-014, <i>NOAA Could Improve Monitoring of Blanket Purchase Agreements by Complying with Key Federal Acquisition Regulation and Administration Requirements</i>	5	0	Action Plan Due 04.27.2018	\$73,002,620 Funds to Be Put to Better Use

Unresolved Recommendations (potential monetary benefits for unresolved recommendation 3)

Recommendation 1: OIG recommends that NOAA's Deputy Under Secretary for Operations and Director of AGO require contracting officials to: (a) assess the multiple factors outlined in the FAR when determining how many multiple-award BPAs to establish or that a single-award BPA is appropriate; and (b) properly document the decision in the acquisition plan or BPA contract file.

Recommendation 2: OIG recommends that NOAA's Deputy Under Secretary for Operations and Director of AGO require contracting officers to request vendor price discounts on all orders or BPAs exceeding the simplified acquisition threshold at any time (a) before placing an order; (b) before establishing a BPA; or (c) in conjunction with the annual review.

Recommendation 3: OIG recommends that NOAA's Deputy Under Secretary for Operations and Director of AGO require contracting officers to perform annual BPA reviews, properly document the results of the reviews, and maintain documentation of the reviews in the BPA file.

Potential monetary benefits: \$73,002,620 funds to be put to better use.

Recommendation 4: OIG recommends that NOAA's Deputy Under Secretary for Operations and Director of AGO improve controls to properly maintain and safeguard contracts.

Recommendation 5: OIG recommends that NOAA's Deputy Under Secretary for Operations and Director of AGO ensure training is provided for contracting personnel to correct identified deficiencies.

02.27.2018	OIG-18-015, <i>2020 Census: The Bureau's Background Check Office Is Not Fully Prepared for the 2020 Census</i>	6	0	Action Plan Due 04.30.2018	\$1,854,385 Questioned Costs \$11,132,003 Funds to Be Put to Better Use
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Unresolved Recommendations (potential monetary benefits for unresolved recommendation 4)

Recommendation 1: OIG recommends that the Director of the U.S. Census Bureau use available data to estimate the number of staff needed to complete background checks to support the 2020 Census workload and assess whether a time-and-materials contract is needed or if there are other, more efficient methods to control costs.

Recommendation 2: OIG recommends that the Director of the U.S. Census Bureau develop written policies and procedures that address supervisory and employee responsibilities in approving background check applications.

Recommendation 3: OIG recommends that the Director of the U.S. Census Bureau evaluate whether the current contract is being managed as a personal services contract and make the necessary changes required to prevent circumventing the FAR.

Recommendation 4: OIG recommends that the Director of the U.S. Census Bureau train contracting and program officials to ensure they perform proper oversight and surveillance of service contracts.

Potential monetary benefits: \$1,854,385 questioned costs and \$11,132,003 funds to be put to better use.

Recommendation 5: OIG recommends that the Director of the U.S. Census Bureau train program officials to charge salary costs appropriately.

Recommendation 6: OIG recommends that the Director of the U.S. Census Bureau verify the obligation of appropriated funds for background checks and determine whether they have been apportioned and allotted correctly.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Accepted by Management	Reason	Potential Monetary Benefits of Unresolved Recommendations
03.21.2018	OIG-18-016, <i>Strengthening Grant Processes Will Improve the Management of the Band 14 Incumbent Spectrum Relocation Grant Program</i>	2	0	Action Plan Due 05.21.2018	0

Unresolved Recommendations

Recommendation 1: OIG recommends that the FirstNet Chief Executive Officer update procedures for reviewing PPRs to adequately describe the programmatic review process and specify requirements for a timely review to meet the Department's standards.

Recommendation 2: OIG recommends that the NIST Director of the Office of Acquisition and Agreements Management develop a formal process for ensuring adherence to all procedures including (a) NIST's Post-Award Procedures, which identify required follow-up with client bureaus, and (b) "GMD Award Action Receipt, Clearance and Execution" procedures, which identify specific documents to be maintained in the grant file.

03.27.2018	OIG-18-017, <i>ITA Needs a Stronger Commitment to Safeguard Its Cloud-Based Systems</i>	9	0	Action Plan Due 05.28.2018	0
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Unresolved Recommendations

Recommendation 1: OIG recommends that the Under Secretary for International Trade direct the ITA Chief Information Officer to follow the NIST RMF to revalidate all the security categorizations for ITA systems, including identifying all information types and providing sufficient justification if deviating from the NIST provisional categorization level; ensure system owners, information owners, information system security officers, and system technical leads are sufficiently familiar with the NIST RMF to conduct the security categorization process.

Recommendation 2: OIG recommends that the Under Secretary for International Trade direct the ITA Chief Information Officer to establish a reporting mechanism to ensure that ITA's authorizing official correctly reviews and approves ITA's security categorization process. This mechanism should require control implementation assessors properly evaluate and report to ITA senior security officials whether ITA's security categorization process complies with NIST 800-53 requirements.

Recommendation 3: OIG recommends that the Under Secretary for International Trade direct the ITA Chief Information Officer to ensure security controls are appropriately assessed and supported by sufficient evidence.

Recommendation 4: OIG recommends that the Under Secretary for International Trade direct the ITA Chief Information Officer to periodically review the configuration of ITA cloud-based infrastructure to ensure that the configuration adheres to Department policies and encourage implementing industry best practices.

Recommendation 5: OIG recommends that the Under Secretary for International Trade direct the ITA Chief Information Officer to establish a process to ensure effective coordination between the security and operation teams, and include maintaining a shared, accurate record of created and decommissioned virtual servers.

Recommendation 6: OIG recommends that the Under Secretary for International Trade direct the ITA Chief Information Officer to use existing vulnerability scanning tools to include periodic database scans, and evaluate the use of additional web application scanning tools available through the Department CDM program.

Recommendation 7: OIG recommends that the Under Secretary for International Trade direct the ITA Chief Information Officer to enhance ITA patching process by: (a) reconciling differences between management direction and ITA policy; (b) adhering to the Department patching timeframes; and (c) testing patches prior to deployment as required by Department policy.

Recommendation 8: OIG recommends that the Under Secretary for International Trade direct the ITA Chief Information Officer to document and maintain a list of authorized ports for each ITA system and disable all unauthorized ports.

Recommendation 9: OIG recommends that the Under Secretary for International Trade direct the ITA Chief Information Officer to establish contingency plans for each ITA system according to Department policy.

TABLE 7-C. REPORTS FOR WHICH MANAGEMENT TOOK LONGER THAN 60 DAYS TO RESPOND

There were no instances during this semiannual period of an operating unit within the Department taking longer than 60 days to provide a response that addressed the recommendations of a report (as required by DAO 213-5).

TABLE 8. REPORTS ON INVESTIGATIONS CONCERNING SENIOR GOVERNMENT EMPLOYEES

OIG Case No.	Narrative Description of Investigations Involving Senior Government Employees Where Allegations of Misconduct Were Substantiated ^a
15-1606	On December 11, 2017, OIG closed an investigation regarding alleged financial and ethical improprieties at a Fishery Management Council. OIG partially substantiated the allegations; not finding any evidence of bad faith or knowing misconduct, OIG referred its findings to NOAA for appropriate action.
15-0937	On November 29, 2017, OIG closed an investigation finding that a senior Departmental official returned from an international business trip during the spring of 2015 using a foreign airline in violation of the Fly America Act. The Department disputed that a violation took place, asserting that it was a matter of necessity for this official to return to the United States on the flight taken because of seniority level. Nonetheless, the Department required several officials responsible for overseeing agency travel to undergo training on the requirements of the Fly America Act and conducted a review of recent travel arrangements to ensure that no other violations of the Fly America Act had occurred. OIG closed this matter based on the Department's response.
13-0777	On February 23, 2018, OIG closed an investigation into allegations that (1) a former NOAA official improperly took actions resulting in a NOAA contractor hiring an unqualified family member and (2) the office had been generally engaged in impermissible personal-services contracting practices. OIG substantiated both allegations and found that the former official made false statements to OIG. After federal prosecutors declined to bring criminal charges, OIG referred its findings to NOAA for appropriate action.
14-0209	On March 14, 2018, OIG closed an investigation into allegations that a senior Department official had misused a government-issued iPad and abused the government purchase card program. OIG found insufficient evidence to substantiate the misuse of government property allegation; however, OIG's investigation substantiated that the senior official abused government purchase cards. The matter was referred to the agency for appropriate action.

^a In keeping with section 5(e)(1)(C) of the Inspector General Act of 1978, as amended, this chart reports only closed cases.

TABLE 9. DESCRIPTION OF CLOSED AND NON-PUBLIC INSPECTIONS, EVALUATIONS, AUDITS, AND CERTAIN INVESTIGATIONS (INSPECTIONS, EVALUATIONS, AND AUDITS)

Date Report Issued	OIG Report Title	Narrative Description
10.30.2017	<i>FY 2017 FISMA Annual Report</i>	<p>To meet obligations under FISMA, OIG completed an audit of the Department's FISMA compliance by assessing the effectiveness of the Department's information security program and practices. Specifically, OIG reviewed a representative subset of 15 IT systems from the Census Bureau, ITA, NOAA, and USPTO to assess compliance with FISMA requirements.</p> <p>OIG found that, for the five functional areas reviewed (Identify, Protect, Detect, Respond, and Recover), the Department had largely defined needed policy and procedures. Furthermore, OIG generally found that the metrics related to risk management were consistently implemented and metrics related to security training and incident responses were managed and measurable. However, OIG did not observe consistent implementation of IT security procedures and practices in configuration management, identity credential and access management, information security continuous monitoring, and contingency planning across the Department.</p>
12.29.2017	<i>Review of the Security Program and Foreign National Access at NIST</i>	<p>For this correspondence to the chair and ranking member of the Subcommittee on Commerce, Justice, Science, and Related Agencies, Committee on Appropriations, U.S. House of Representatives, OIG reviewed our preliminary audit work to fulfill a previous request by this Subcommittee—as well as communicated recent developments that have obviated the need for OIG to finalize the work as currently scoped.</p> <p>OIG's preliminary audit work noted issues in the following areas:</p> <ul style="list-style-type: none"> • lack of timely submissions of foreign guest researcher agreements and information to the Department's Office of Security; • lack of supporting documentation related to required vetting assessments, access requests, training, guest researcher agreements, certifications, and periodic site visits; • inconsistent use of the online NIST Visitor Registration System; and • lack of policies addressing badge swipes denial follow-up. <p>However, because of the substantial and evolving nature of the changes to NIST and Department policies and procedures, OIG recommendations or findings will be rendered outdated by the time of issuance of any subsequent OIG work. OIG will take the important issue of NIST physical and logical security into consideration as it develops the agency's future audit plans.</p>

TABLE 10. DESCRIPTION OF CLOSED AND NON-PUBLIC INSPECTIONS, EVALUATIONS, AUDITS, AND CERTAIN INVESTIGATIONS (INVESTIGATIONS)

OIG Case No.	Narrative Description for Closed Cases of Investigations Involving Senior Government Employees Not Disclosed to Public
13-0777	On February 23, 2018, OIG closed an investigation into allegations that (1) a former NOAA official improperly took actions resulting in a NOAA contractor hiring an unqualified family member and (2) the office had been generally engaged in impermissible personal-services contracting practices. OIG substantiated both allegations and found that the former official made false statements to OIG. After federal prosecutors declined to bring criminal charges, OIG referred its findings to NOAA for appropriate action.
14-0209	On March 14, 2018, OIG closed an investigation into allegations that a senior Department official had misused a government-issued iPad and abused the government purchase card program. OIG found insufficient evidence to substantiate the misuse of government property allegation; however, OIG's investigation substantiated that the senior official abused government purchase cards. The matter was referred to the agency for appropriate action.
15-1606	On December 11, 2017, OIG closed an investigation regarding alleged financial and ethical improprieties at a Fishery Management Council. OIG partially substantiated the allegations; not finding any evidence of bad faith or knowing misconduct, OIG referred its findings to NOAA for appropriate action.
15-1775	On October 25, 2017, OIG closed an investigation into an allegation that a senior NOAA employee placed ineligible dependents on his or her health insurance coverage. After conducting initial research and consulting with federal prosecutors, NOAA, and the health insurance company, OIG determined the complaint lacked further investigative merit.
16-0036	On January 18, 2018, OIG closed an investigation of a senior NOAA employee for allegedly providing preferential treatment to a NOAA grantee in exchange for receiving gifts. OIG's investigation uncovered insufficient evidence to substantiate the allegation. However, the evidence showed that the senior employee had a longstanding friendship with the grantee and had made several large financial donations to honor a family member of the grantee. OIG found that the senior employee's involvement in the grant process, despite their relationship, ran the risk of creating an appearance of a conflict of interest and therefore a potential violation of the ethical standards. OIG referred the matter to the agency for its consideration and any action deemed appropriate.
16-0584	On February 23, 2018, OIG closed an investigation into allegations that a former senior official in the Department's Office of Security interfered with investigative activities at a Department component. OIG's investigation uncovered insufficient evidence to substantiate the allegation.
17-0513	On March 1, 2018, OIG closed an investigation into allegations that two senior FirstNet officials had possible financial conflicts of interest related to the procurement of a large contract. OIG's investigation did not find evidence to substantiate the allegations.
17-1153	On January 2, 2018, OIG closed an investigation involving allegations that a senior USPTO official misused his or her official position to influence judicial proceedings regarding patent validity. The investigation found insufficient evidence to substantiate the allegations.
18-0101	On March 9, 2018, OIG closed an investigation regarding allegations that a senior NOAA official took a vacation paid for by a private company. OIG found insufficient evidence to substantiate the allegation.
18-0045	On March 12, 2018, OIG closed an investigation regarding allegations that a senior USPTO official abused official government travel to view the solar eclipse. OIG did not find evidence to substantiate the allegations.

REPORTING REQUIREMENTS

The Inspector General Act of 1978, as amended, specifies reporting requirements for semiannual reports. The requirements are listed below and indexed to the applicable pages of this report.

SECTION	TOPIC	PAGE(S)
4(a)(2)	Review of Legislation and Regulations	61
5(a)(1)	Significant Problems, Abuses, and Deficiencies	2–27
5(a)(2)	Significant Recommendations for Corrective Action	2–27
5(a)(3)	Prior Significant Recommendations Unimplemented	61
5(a)(4)	Matters Referred to Prosecutorial Authorities	33
5(a)(5) and 6(c)(2)	Information or Assistance Refused	61
5(a)(6)	Listing of Audit Reports	37–38
5(a)(7)	Summary of Significant Reports	2–27
5(a)(8)	Audit Reports with Questioned Costs	35
5(a)(9)	Audit Reports with Funds to Be Put to Better Use	35
5(a)(10)	Prior Reports with Unimplemented and/or Unresolved Recommendations	39–56, 61
5(a)(11)	Significant Revised Management Decisions	61
5(a)(12)	Significant Management Decisions with Which OIG Disagreed	62
5(a)(14)	Results of Peer Review	62
5(a)(15)	Peer Review Recommendations Unimplemented	N/A
5(a)(16)	Peer Reviews Conducted by OIG	N/A
5(a)(17)	Investigative Reports Issued and Referrals for Criminal Prosecution	N/A
5(a)(18)	Description of Metrics Used for Determining the Data in 5(a)(17)	62
5(a)(19)	Reports on Investigations Concerning Senior Government Employees	56
5(a)(20)	Description of Whistleblower Retaliation Instances	N/A
5(a)(21)	Description of Establishment Interference Attempts	N/A
5(a)(22)	Description of Closed and Non-Public Inspections, Evaluations, Audits, and Certain Investigations	57–58

The following section includes information required under the Inspector General Act that is not otherwise addressed in this report, along with supplemental information on select reporting topics:

SECTION 4(A)(2): REVIEW OF LEGISLATION AND REGULATIONS

This section requires the inspector general of each agency to review existing and proposed legislation and regulations relating to that agency's programs and operations. Based on this review, the inspector general is required to make recommendations in the semiannual report concerning the impact of such legislation or regulations on (1) the economy and efficiency of the management of programs and operations administered or financed by the agency or (2) the prevention and detection of fraud and abuse in those programs and operations. Comments concerning legislative and regulatory initiatives affecting Departmental programs are discussed, as appropriate, in relevant sections of the report.

SECTION 5(A)(3): PRIOR SIGNIFICANT RECOMMENDATIONS UNIMPLEMENTED

This section requires identification of each significant recommendation described in previous semiannual reports for which corrective action has not been completed. Section 5(b) requires that the Secretary transmit to Congress statistical tables showing the number and value of audit reports for which no final action has been taken, plus an explanation of why recommended action has not occurred, except when the management decision was made within the preceding year. Information on the status of any audit recommendations can be obtained through OIG upon request.

SECTIONS 5(A)(5) AND 6(C)(2): INFORMATION OR ASSISTANCE REFUSED

These sections require a summary of each report to the Secretary when access, information, or assistance has been unreasonably refused or not provided. There were no reports to the Secretary during this semiannual period.

SECTION 5(A)(10): PRIOR REPORTS WITH UNIMPLEMENTED AND/OR UNRESOLVED RECOMMENDATIONS

This section requires (1) a summary of each audit report issued before the beginning of the reporting period for which no management decision has been made by the end of the reporting period (including the date and title of each such report); (2) an explanation of why a decision has not been made; and (3) a statement concerning the desired timetable for delivering a decision on each such report. There are no audit reports that are more than 6 months old for which no management decision has been made.

This section also requires a summary of each audit report issued before the beginning of the reporting period (1) for which there was no comment returned within 60 days of providing the report to the establishment and (2) for which there are any outstanding unimplemented OIG recommendations, including the aggregate potential cost savings of such recommendations. For this semiannual reporting period, there are no audit reports for which these conditions apply.

SECTION 5(A)(11): SIGNIFICANT REVISED MANAGEMENT DECISIONS

This section requires an explanation of the reasons for any significant revision to a management decision made during the reporting period. DAO 213-5, *Audit and Evaluation Resolution and Follow-Up*, provides procedures for revising a management decision. During this semiannual period, there were no significant revised management decisions.

SECTION 5(A)(12): SIGNIFICANT MANAGEMENT DECISIONS WITH WHICH OIG DISAGREED

This section requires information concerning any significant management decision with which the inspector general disagrees. DAO 213-5 provides procedures for elevating unresolved audit recommendations to higher levels of Department and OIG management, including their consideration by an agency resolution council. During this period, no audit issues were referred.

SECTION 5(A)(14): RESULTS OF PEER REVIEW

The most recent peer review of the DOC OIG Office of Audit and Evaluation was completed in 2018 by the Office of the Inspector General for NASA (NASA OIG). NASA OIG's System Review Report of DOC OIG's audit operations is available on DOC OIG's website. DOC OIG received a *pass* rating, the highest available rating. DOC OIG is in the process of implementing all of NASA OIG's recommendations for process and policy improvements.

On September 20, 2017, OIG's Office of Investigations received official notification that the system of internal safeguards and management procedures for our investigative function was in compliance with the quality standards established by the Council of the Inspectors General on Integrity and Efficiency and the applicable Attorney General Guidelines. The Peace Corps OIG, with assistance by the computer forensic staff from NASA OIG, conducted the peer review.

SECTION 5(A)(18): DESCRIPTION OF METRICS USED FOR DETERMINING THE DATA IN 5(A)(17)

The metrics used for the statistical data referenced in the table referenced above include the following: ensure data input is completed accurately; obtain data extraction via reports generated in OIG's case management system; and complete quality assurance with supporting documentation in the case files and discussions with individual investigative personnel.

ACRONYMS AND ABBREVIATIONS

AGO	Acquisition and Grants Office	ESA	Economics and Statistics Administration
AIG	Assistant Inspector General	FAR	Federal Acquisition Regulations
Band 14	Band 14 Incumbent Spectrum Relocation	FBI	Federal Bureau of Investigation
BIS	Bureau of Industry and Security	FCA	facility condition assessment
BPA	blanket purchase agreement	FirstNet	First Responder Network Authority
BTOP	Broadband Technology Opportunities Program	FISMA	Federal Information Security Modernization Act
Bureau	U.S. Census Bureau	FPDS-NG	Federal Procurement Data System-Next Generation
CAM	<i>Commerce Acquisition Manual</i>	FRPM	Federal Real Property Management System
CDM	Continuous Diagnostic and Mitigation	FTR	Federal Travel Regulation
CEO	Chief Executive Officer	FY	fiscal year
Charge Card Act	Government Charge Card Abuse Prevention Act of 2012	GMD	Grants Management Division
CO	contracting officer	GMIS	Grant Management Information System
CQA	Census Test's Questionnaire Assistance Operation	GOES	Geostationary Operational Environmental Satellites
DAO	Department Administrative Order	GSA	General Services Administration
DATA Act	Digital Accountability and Transparency Act of 2014	GTAS	Government-Wide Treasury Account Symbol Adjusted Trial Balance System
DOC	Department of Commerce	ID	identification
E2E Test	End-to-End Census Test		
EDA	Economic Development Administration		

IP	intellectual property	PFO	Polar Follow-On
IT	information technology	QCR	quality control review
ITA	International Trade Administration	RCO	Recreation and Conservation Office
JPSS	Joint Polar Satellite System	rec(s)	recommendation(s)
LA-RICS	Los Angeles Regional Interoperable Communications System	RLF	Revolving Loan Fund
MBDA	Minority Business Development Agency	RMF	Risk Management Framework
NASA	National Aeronautics and Space Administration	SAMMS	Shipboard Automated Maintenance Management System
NESDIS	National Environmental Satellite, Data, and Information Service	Treasury	U.S. Department of the Treasury
NIST	National Institute of Standards and Technology	U.S.	United States
NOAA	National Oceanic and Atmospheric Administration	ULO	unliquidated obligation
NRFU	nonresponse followup	USPTO	U.S. Patent and Trademark Office
NTIA	National Telecommunications and Information Administration	WCF	working capital fund
OCIO	Office of the Chief Information Officer		
OCS	operational control system		
OFPP	Office of Federal Procurement Policy		
OGC	Office of the General Counsel		
OIG	Office of Inspector General		
OMB	Office of Management and Budget		

REPORT

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