



**U.S. International Trade Commission
OFFICE OF INSPECTOR GENERAL**



AUDIT OF THE USITC'S SYSTEM OF INTERNAL RULES





UNITED STATES INTERNATIONAL TRADE COMMISSION

OFFICE OF INSPECTOR GENERAL

WASHINGTON, DC 20436

OIG-WW-010

June 13, 2024

MEMORANDUM

TO: David S. Johanson, Chairman

FROM: Rashmi Bartlett, Inspector General

SUBJECT: Audit of the USITC's System of Internal Rules

This memorandum transmits the final report for the Audit of the USITC's System of Internal Rules, OIG-AR-24-06. In finalizing this report, we analyzed management's comments on our draft report and have included those comments in their entirety as Appendix A.

The objective of this audit was to determine if the Commission's process for updating internal rules accounts for risk as well as efficiency in keeping internal rules accurate and up to date. The audit determined that the Commission's process for creating and updating internal rules does not fully account for risk or efficiency in keeping internal rules accurate and up to date.

The report contains 13 recommendations. In the next 30 days, please provide me with your management decisions describing the specific actions that you will take to implement each recommendation.

We will post this report on our website at www.usitc.gov/oig.

Table of Contents

BACKGROUND	1
Purpose	1
Introduction	1
Roles and Responsibilities	2
Storage and Accessibility	3
Regulations and Authority	3
Prior Reports	4
RESULTS OF AUDIT	6
The Backlog of Outdated Internal Rules is Increasing	6
Internal Rules Prioritization Decisions Lack Impact and Documentation	9
Multi-Step Review Process is Under-Resourced and Inefficient	10
Current Techniques for Monitoring and Tracking Mask the High Number of Outdated Rules	11
Internal Rules Are Incomplete and Not Easily Accessible on the Agency's Intranet Site	12
Conclusion	14
Recommendations	14
Management Comments and OIG Assessment	15
Objective, Scope, and Methodology	15
Appendix A: Management Comments	17
Appendix B: List of Current and Outdated Directives	18
Appendix C: Flowcharts	22

Chapter 1

BACKGROUND

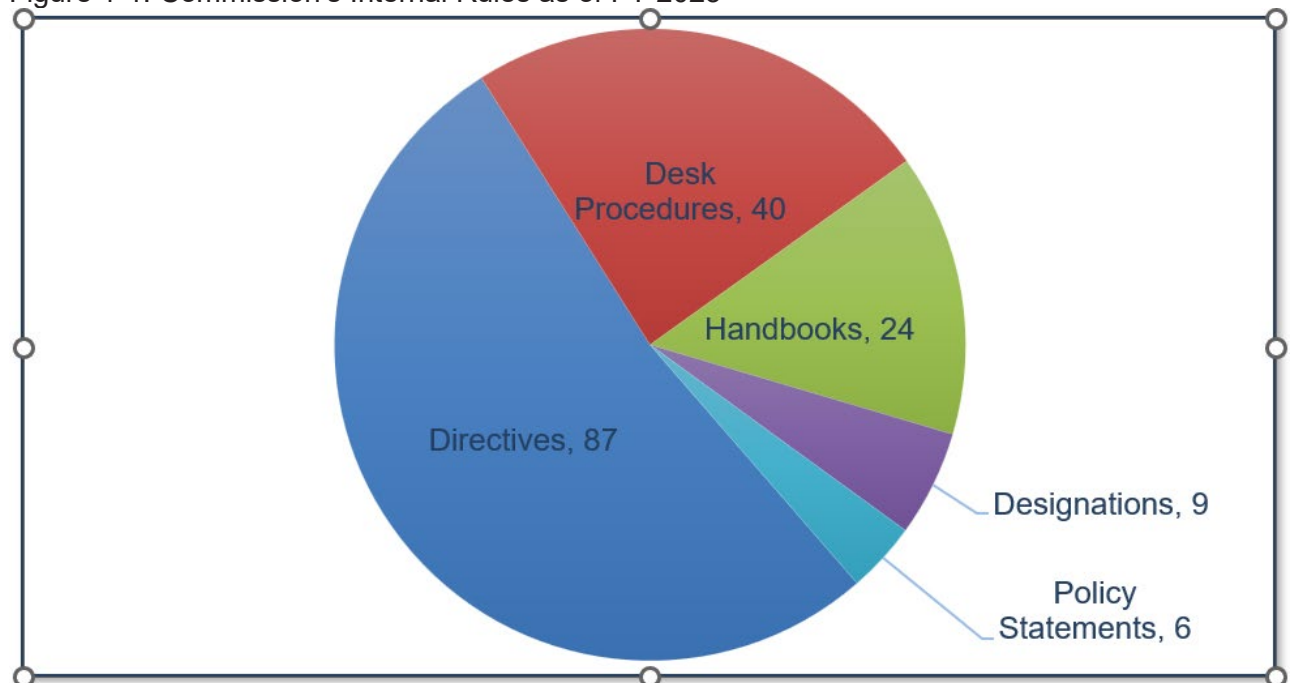
Purpose

The U.S. International Trade Commission's (USITC or Commission) system of internal rules communicates administrative policies, procedures, guidance, and other administrative material related to agency activities. The Commission defines an internal rule as a formal rule that establishes or provides for internal governance, organizational structure, delegations, designations, and/or internal operating policies and procedures of the Commission and its subcomponents. The USITC Office of Inspector General (OIG) conducted this audit to determine if the Commission's process for updating internal rules accounts for risk as well as efficiency in keeping internal rules accurate and up to date. This audit addresses the Commission's Fiscal Year (FY) 2023 Management and Performance Challenge on internal controls.

Introduction

Since the OIG issued the Audit of Directives Management report ([OIG-AR-15-14](#)) over eight years ago, the Internal Administration Committee's (IAC) work on internal rules has primarily focused on issuing new and updating existing directives. As of the end of FY 2023, the Commission had a universe of 166 total internal rules. A detailed breakdown of the internal rules by category is illustrated in Figure 1-1.

Figure 1-1. Commission's Internal Rules as of FY 2023



Source: Commission's system of internal rules database as of September 30, 2023.

The five types of internal rules used by the Commission are:

- **Directive** – an internal rule that is approved by the Commission Chair or Commission that sets forth agency policy relating to the USTIC’s governance, organizational structure, committee charters, mission and functions, agency programs, delegations of authority, assignments, or responsibility, and other miscellaneous actions. Examples: *Performance Management System for General Schedule Employees, Waiver of Recovery of Overpayment, Work Schedules, Leave, and Extra Hours.*
- **Handbook** – an internal rule issued at the office, division, or committee level that contains procedures and guidance for managers outside the supervisory chain of the rule owner. Examples: *Travel Handbook, Rules of Behavior for Accessing USITC Information Technology Systems, and Handbook for National Security.*
- **Desk Procedure** – an internal rule issued at the office level that contains procedures and guidance for managers within the supervisory chain of the rule owner. Examples: *Administrative Support for Commissioners Offices, Procedures - Journal Vouchers, and Procedures - Accounts Payable and Accruals.*
- **Designation** – an internal rule issued by the Commission Chair that assigns a specific title and set of authorities, whether required by an internal or external mandate, to an agency official. Examples: *Agency Officials Authorized to Sign Internal Rules on Behalf of the Chairman, Officials Authorized to Make Determinations on Waiver of Recovery of Overpayment, and Internal Rules Program Manager.*
- **Policy Statement** – an internal rule issued by the Commission Chair in response to an urgent, time-limited external requirement or flexibility. Examples: *Staffing in Commissioners’ Offices, Equal Employment Opportunity and Diversity Policy, and Anti-Harassment Policy.*

Administrative announcements, union agreements, committee memoranda, and planning documents are not internal rules but are recorded in the Commission’s system of internal rules. For the purposes of this audit, we have focused on directives, handbooks, and desk procedures, which are 151 (91%) out of 166 internal rules in total. The remaining 15 rules are nine designations and six policy statements.

Roles and Responsibilities

Several key roles and responsibilities exist in the Commission’s internal rules process. Below is a description of each role and its responsibilities.

Chief Administrative Officer (CAO) — is responsible for periodically reporting to the Chairman on the IAC’s activities and how effectively the IAC is meeting its internal review deadlines. The CAO is the Chair of the IAC and ensures that meetings are held at least monthly.

Commission Chair — is responsible for reviewing, approving, signing, and issuing internal rules. The Chairman provides notice of all internal rules received and any internal rule that requires approval.

Commissioners — are responsible for reviewing and providing comments, at their

discretion, on all internal rules sent to the Commission Chairman for approval. The Commissioners are also responsible for reviewing and approving or disapproving any Directive or other internal rule that requires the approval of the Commission.

Internal Administration Committee (IAC) — consists of five voting members¹ and five non-voting members² and is responsible for developing procedures for the review, approval, and clearance of internal rules. The IAC's responsibilities also include performing editorial review, management review, legal review, and internal control review of all internal rules that are required to be reviewed by the IAC.

Internal Rules Program Manager (IRPM) — is a designated official from the Office of Administrative Services (OAS) that provides support for carrying out certain responsibilities assigned to OAS and the IAC.

Office of General Counsel (GC) — is responsible for providing legal guidance and performing legal reviews during the internal rules process. GC also provides legal guidance and advice to the Commission on legal issues arising out of the Commission's internal rules and system of internal rules.

Rule Owner — a designated official with the primary responsibility for a particular internal rule. Rule owners are responsible for drafting, reviewing, approving, and participating in the periodic review of the internal rules for which they are responsible. The rule owners are required to notify the IRPM stating they have performed the periodic review and that the respective rules are current and up to date. In addition, rule owners are responsible for notifying the IRPM when changes are necessary, including the cancellation of their respective internal rules.

Union — is notified and given the opportunity to comment when GC identifies any new rule, amended rule, or canceled rule that potentially impacts the working conditions of employees in the agency's bargaining unit.

Storage and Accessibility

According to the System of Internal Rules Directive, the Commission will maintain an official electronic system of internal rules that ensures the ready availability and accessibility of the rules. The electronic system is required to be accessible to all Commission personnel through the agency's intranet. The Commissions' internal rules tracking site serves as the official repository and system of record for internal rules, and for other documents recorded in that system.

Regulations and Authority

Federal regulations³ prescribe that federal agencies should take steps to improve records management, to include (1) providing agency managers with the means to convey written

¹ Voting members are the Chief Administrative Officer (CAO), Chief Financial Officer (CFO), Chief Information Officer (CIO), Director of Operations, and General Counsel (GC).

² Non-voting members are the Deputy Chief of Staff, the Assistant General Counsel for Administrative Law, the Director of the Office of Internal Control and Risk Management, the Performance Improvement Officer, and the Internal Rules Program Manager (IRPM).

³ Title 41, Code of Federal Regulations (CFR), Parts 102-193, Creation, Maintenance, and Use of Records.

instructions and document agency policies and procedures through effective directives management, (2) providing agency personnel with information needed in the right place, at the right time, and in a useful format, and (3) organizing agency files in a logical order so that needed records can be found rapidly to conduct agency business, to ensure that records are complete, and to facilitate the identification and retention of permanent records and the prompt disposal of temporary records. The Commission's internal rules processes are governed by the System of Internal Rules Directive (Internal Rule No. DI03.02-0000-2022) and the System of Internal Rules Handbook (Internal Rule No. HA01.00-DI03.02-0010-2023). The Directive establishes the Commission's system of internal rules, and the Handbook provides procedures for developing, reviewing, approving, and issuing of the Commission's internal rules.

The System of Internal Rules Handbook requires the IAC to determine the appropriate prioritization of rule development. Rule development could include crafting a new rule or making noneditorial or clarifying changes to existing rules. According to the IRPM, the IAC generally prioritizes the rule to be developed based on a consideration of risk factors⁴ and in consultation with the IAC, the Office of the Chairman, and rule owners. The IAC has a general goal of issuing or updating three to four internal rules each quarter or 12–16 internal rules each year. The IAC also establishes detailed procedures and timelines for formal periodic reviews of internal rules. The System of Internal Rules Directive requires that the Commission's policies and procedures be kept current within the framework of an organized system of internal rules. It also establishes the frequency of formal review of various internal rules.

Internal Rules Review Frequency

Internal rules are required to be periodically reviewed and updated according to the following schedules:

- Directives - every five years
- Handbooks, Desk Procedures, and Committee Procedures - annually
- Designations - every two years
- Policy Statements - no established frequency

Source: System of Internal Rules Directive.

Prior Reports

In September 2015, the OIG issued [OIG-AR-15-14](#), Audit of Directives Management, which resulted in 11 recommendations. The audit objective was to determine whether the Commission's policy directives were current. The OIG's findings and recommendations primarily focused on directives. The OIG found that the Commission's policy directives were not current and contained outdated assignments of responsibility and delegations of authority. Although the Commission had written procedures to assess the directives periodically, the reviews were not performed.

Management decisions were received on all 11 recommendations. During this audit, we noted that actions taken by the Commission did not meet the intent of all recommendations. We determined recommendations 4 and 11 have not been fully implemented. We are issuing new recommendations since we identified gaps in the final actions taken by the Commission.

- Recommendation 4 required the Commission to develop an effective process to perform periodic reviews of directives. At the end of FY 2023, nearly half (45%) of the

⁴ The factors the IAC considers are (1) the age of the rule, (2) the impact of the rule, (3) the risk of operating without a rule or with an outdated rule, and (4) whether there is an external requirement.

Commission's 87 directives remained outdated.

- Recommendation 11 pertained to the archival of internal rules that are out of date. Although the Commission has a separate archival location within its internal rules tracking site, it is not being regularly updated to reflect all inactive rules.

Since 2015, the OIG has told the Commission to monitor controls and the system of internal rules in the OIG's Top Management Challenge (TMPC) Reports. From 2020 to 2022⁵, the OIG also told the Commission to monitor the effectiveness of the system of internal rules to ensure it is working as designed and achieving the desired results. In the 2023 TMPC report, the OIG noted its concern that "continued delays in updating the agency directives and repeat audit findings are symptomatic of either weak internal controls or a lack of monitoring of internal controls."

⁵ [OIG-MR-20-15](#), [OIG-MR-21-09](#), and [OIG-MR-23-01](#).

Chapter 2

RESULTS OF AUDIT

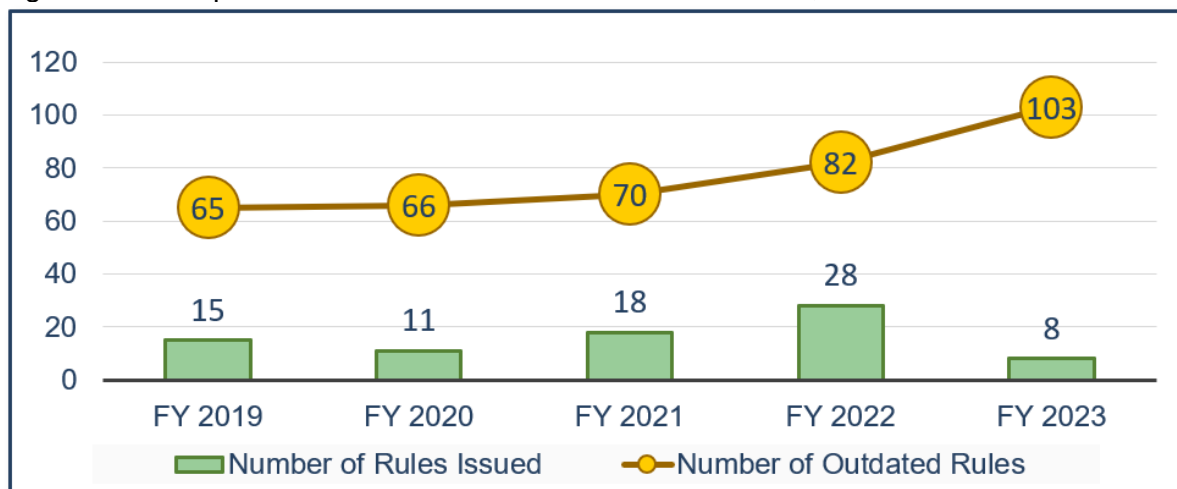
The Commission's process for creating and updating internal rules does not fully account for risk or efficiency in keeping internal rules accurate and up to date. Federal standards provide that agencies document effective policies and procedures and provide staff prompt access to the documents. The Commission has faced challenges clearing the backlog of outdated internal rules over the eight-year period since the OIG's Audit of Directives Management ([OIG-AR-15-14](#)) report was issued in 2015. Internal rules are not being issued or updated in accordance with the Commission's periodic review requirements, and the number of outdated rules is increasing.

As currently designed, there are insufficient resources to operate the internal rules process effectively. Multiple offices face challenges in writing and designating internal rules, lacking either subject area knowledge or the skills necessary to write an internal rule. The Commission has inadequate internal controls over its risk and prioritization process and insufficient monitoring and oversight for the internal rules system. The Commission's electronic system to store internal rules does not fully reflect the rules currently in operation. Canceled and superseded rules have been identified and remain in the system. In addition, we found rules currently in operation that are missing from the system. Moreover, some Commission staff members we surveyed expressed difficulty with the online search process for internal rules and had problems locating the appropriate rules when needed.

The Backlog of Outdated Internal Rules is Increasing

The Commission has not significantly reduced the number of rules in the backlog over the past five years. As shown in Figure 2-1, the number of outdated rules has increased year-over-year while the number of rules issued has fluctuated between a high of 28 in FY 2022 and a low of eight in FY 2023. On average, the Commission maintained a pace of 16 internal rules a year. Based on that pace, it would take the Commission over six years to update the outdated internal rules.

Figure 2-1. Comparison of Issued and Outdated Internal Rules, FY 2019 to FY 2023



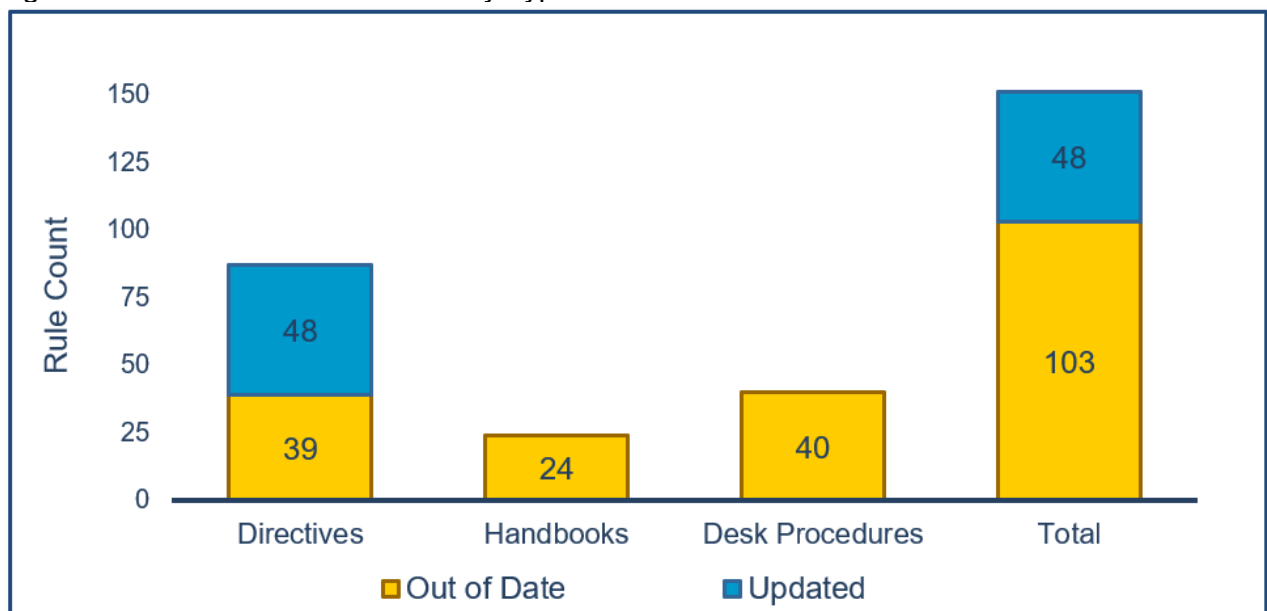
Source: OIG analysis of the Commission's internal rules tracking site data, September 2023.

The Commission completed more internal rules in FY 2021 and FY 2022 than FY's 2019, 2020, and 2023. While the time needed to complete directives can vary due to the length of the review process and the complexity of the topic, most of the rules issued in FY 2021 and FY 2022 were not directives. In FY 2021, eight handbooks and four desk procedures were issued. In FY 2022, four handbooks and 15 desk procedures were issued. Compared to directives, handbooks do not require as many review steps and desk procedures do not require IAC review.

In the 2015 report ([OIG-AR-15-14](#)), the OIG recommended deploying an effective process to perform periodic reviews of the directives. The recommendation was closed in 2019 when the Commission reported to the OIG that it developed a periodic directive review process. As of September 2023, the Commission's official electronic system of internal rules had 87 directives, 24 handbooks, and 40 desk procedures.

Figure 2-2 shows that 103 (68%) of the 151 total subject rules were outdated. Almost 45% of the directives were outdated, meaning that the rule's review date had passed without the Commission completing a review and making any necessary updates to the document in accordance with the scheduled frequency set forth in the System of Internal Rules Directive. The OIG created listings of current and outdated directives as of FY 2023 in Appendix B. About 48% of all the directives issued since FY 2019 were mission and function statements⁶ that generally require less time and fewer resources to update.

Figure 2-2. Outdated Internal Rules by Type

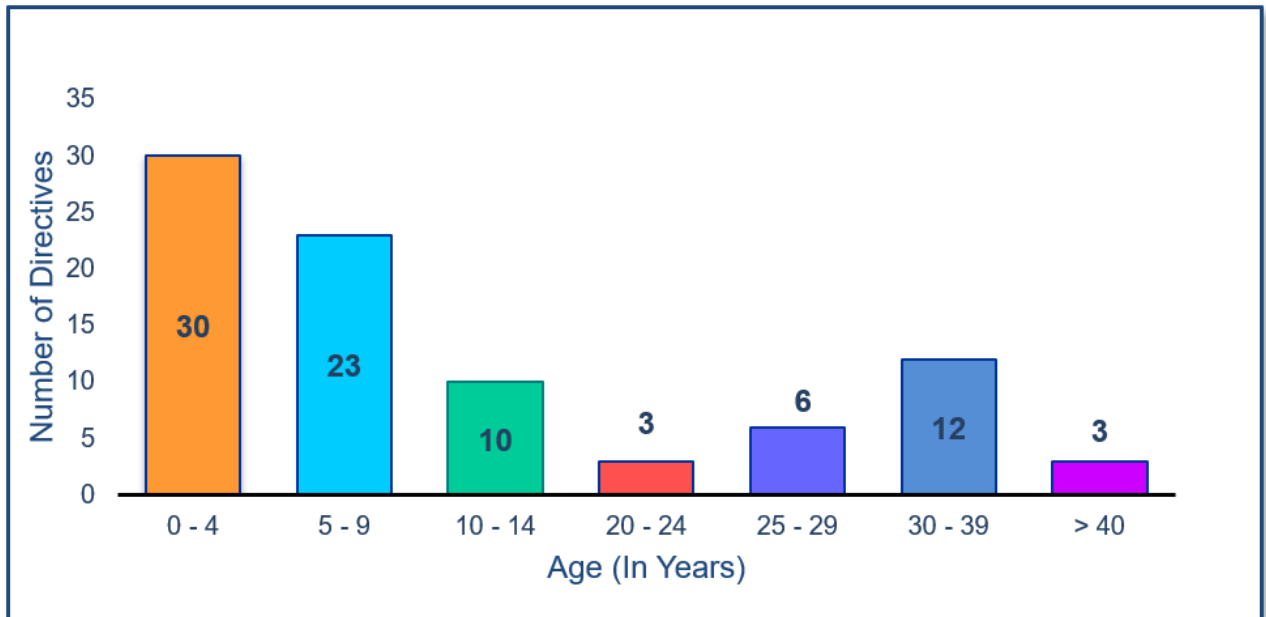


Source: Commission's internal rules tracking site data as of September 30, 2023.

Among the outdated internal rules are directives issued decades ago and not reviewed since. As shown in Figure 2-3, 12 directives were issued between 30 and 39 years ago, and three were issued more than 40 years ago. The oldest directive, Cost Center Managers, was issued in 1977.

⁶ A Directive that describes the mission and functions of an Office, as well as any delegations of authority from the USITC Chair and/or the Commission to the Office director and his/her staff, including the authority to establish procedures related to those delegations.

Figure 2-3. Age of Directives



Source: Commission's internal rules tracking site data as of March 31, 2024.

According to the Commission's internal guidance, there are periodic review requirements for internal rules but no accountability mechanism to track and monitor when the reviews are not completed. Table 2-1 depicts the number of directives to be reviewed by fiscal year, including the 39 historical directives that are already outdated. Each year, more directives will be added to the review list and, if unaddressed, will result in an even larger increase in the backlog of historical directives. Moreover, without complete and current directives, handbooks, and desk procedures, the criteria for accountability are minimal and challenging to enforce.

All of the Commission's handbooks and desk procedures are currently out of date because the annual review and certification process has not been completed. Little more than half (58%) of all the handbooks and half of all the desk procedures were issued within the last six years.

Table 2-1. Estimated Number of Directives and Handbooks Requiring Review by Fiscal Year Including Historical Directives through FY 2028

Internal Rule Type*	Outdated as of FY 2023	Estimated to be Outdated as of					Total
		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	
Directives	39	15	10	7	9	7	87
Handbooks	24						24^
Total	63	15	10	7	9	7	111

Source: OIG Analysis of the Commission's internal rules tracking site data.

*Desk procedures are not required to be reviewed by the IAC and are provided to the IRPM by the rule owner for entry in the system of internal rules.

^Handbooks must be reviewed annually. Therefore, unless handbooks are created, rescinded, or the frequency of the review changes, there will always be 24 handbooks to review each year.

Internal Rules Prioritization Decisions Lack Impact and Documentation

When determining which rules to develop or review, the IAC considers risk through prioritization. However, the Commission has not addressed most of the highest priority rules in the past five fiscal years. High-priority rules still in development include directives on equal employment opportunity, reasonable accommodation, disciplinary and adverse action, and the anti-harassment policy.

As shown in Table 2-2, the majority of the high-priority internal rules prioritized between FY 2020 and the second quarter of FY 2024 remained outstanding as of April 2024. Only one rule on processing legislative or executive branch requests pursuant to Section 332(g) was issued. At the end of the most recent fiscal year (FY 2023), the Commission's data on rule completion showed that between July 2021 and September 2023, only 7 of the 38 (18%) rules prioritized to be developed or reviewed met the original target issue dates.

Table 2-2. IAC Top Five Priority Rankings from FY 2020 to the Second Quarter of FY 2024

Internal Rule Name	Priority Ranking					Original Target FY	Rule Started	Issued
	FY 2020*	FY 2021	FY 2022	FY 2023	Q2 FY 2024			
Emergency Recovery Contingency Plan [^]	1					2020		
Emergency Evacuation of the USITC [^]	2					2020		
Processing Legislative or Executive Branch Requests Pursuant to Section 332(g) Directive			1			2022	✓	✓
Equal Employment Opportunity (EEO) Policy Directive	3		2	1	1	2020	✓	
Reasonable Accommodation Policy Directive	5		3	2	2	2021	✓	
Anti-Harassment Policy Directive	4		4	3	3	2020		
Disciplinary and Adverse Action Directive	6		5	4	4	2021	✓	
Remote Work Program Directive				5	6	2023		
Employee Discipline Handbook					5	2024		

Source: OIG analysis of IAC Priority Rankings for FY 2020 to the second quarter of FY 2024 (March 31, 2024) provided by the IRPM.

*The IAC provided an updated prioritization list near the end of FY 2020, but the IRPM could not locate the data.

[^]According to the Commission, these rules were superseded by the issuance of guidance from the OMB and the Safer Federal Workforce Task Force on COVID-19's safety requirements and the development of an agency safety plan in accordance with those requirements.

The IAC did not have any written criteria for internal rules prioritization, and it was unclear whether the nonpriority rules worked on by the IAC addressed a high-risk subject. The Commission was unable to provide consistent FY 2021 priority ranking data. FY 2020 rankings were reprioritized by the IAC, but the IRPM could not locate the data. According to the IRPM, the IAC generally considered four risk factors when prioritizing internal rules:

- (1) the age of the rule;
- (2) the impact of the rule;
- (3) the risk of operating without a rule or with an outdated rule in a subject matter area, and
- (4) whether there is an external requirement warranting action (i.e., a statute, regulation, executive memorandum, or other authoritative mandate).

The IAC does not have standard operating procedures that describe the entire prioritization process, including the criteria used as a basis for prioritization. The IAC created numerical rankings for rules in the queue, but there was no written documentation to support whether risk factors were consistently used in developing priority rankings. While the overall priority score assigned by each IAC voting member was available, there was no documentation supporting how the voting members assessed each risk factor to reach the final score. Furthermore, when the IAC made changes to the initial priority ranking of a rule, it did not keep a formal record of the change or the reason for the change. In some cases, the IAC maintained the change history through emails and other correspondence, but it did not always record the changes in its official records.

Documenting the prioritization of rules, including changes, is important because of the dual roles of managers and staff involved in the internal rules process. Rule owners can be voting IAC members, in which case, they wear multiple hats as rule creators or owners and reviewers. This dual-role system can result in members periodically reviewing their own work. If the ranking system for prioritizing rules relies on those who wrote the rules to approve them and changes are not memorialized in an organized and accessible format, it can lead to inefficiencies and inconsistency in the handling of the rules. In addition, the Commission should have decisions documented so that a change in personnel does not stall progress or set back the internal rule program.

Multi-Step Review Process is Under-Resourced and Inefficient

The OIG interviewed several rule owners and individuals involved with the IAC who stated the issuance and update of internal rules are not always prioritized due to statutory work requirements and other competing mission-oriented priorities. Rule owners said that there were not enough resources to update or write the rules. Some rule owners did not take ownership of their assigned rules or have the technical capability to draft rules. The IRPM described situations where the IRPM and the Office of General Counsel were involved in drafting and editing internal rules for other offices, although this is not necessarily part of their respective roles and responsibilities for all rules. When rule owners do not take full ownership and accountability for assigned internal rules, it is foreseeable that the Commission's progress will be slowed. Over 68% of all internal rules remained outdated through Fiscal Year Ending 2023.

Rule Owner Responsibilities

- Drafting, reviewing, and approving the internal rules for which they are responsible.
- Providing a signed version of the procedure to the IRPM for recordation in the system of internal rules.
- Submitting a certification form stating that the rule owner has performed the formal periodic review.
- Notifying the CAO/IRPM in writing that their handbooks, desk procedures, and committee procedures are up to date.
- Initiating the cancellation of their internal rules as necessary.
- Notifying the IRPM if any changes are necessary to the IRPM.

Source: Internal Rules Handbook.

According to the IRPM, the IRPM role was originally intended to create internal rule templates, facilitate monthly meetings, and manage the prioritization process. The IRPM is the only person primarily dedicated to internal rules activities and has no full or part-time support staff. Some of the rule owners and individuals involved with the IAC we spoke to stated that the IRPM was highly involved in many aspects of the Commission's system of internal rules, including rule

development and editing, and one rule owner commented that the IRPM did not have sufficient resources to manage these activities effectively. The IRPM also echoed this during our meetings and believed that additional resources would be beneficial.

The System of Internal Rules Handbook contains detailed information about internal rules, including rule owners' roles and responsibilities. However, it lacks written procedures outlining the scope of the legal sufficiency review and other reviews performed as part of the internal rules review process. Even though the Handbook was initially drafted in 2018, it has yet to be issued for Commission staff to use. The System of Internal Rules Directive is available, but it does not provide procedural details. When the Handbook is issued, it will provide information on the administrative processes but will not address the problems with the efficiency of the review and monitoring process.

Interviewees also mentioned that the current process of drafting and updating internal rules takes a significant amount of time and effort and is inefficient. The current internal rules review process includes at least 30 steps for directives and 21 steps for handbooks. The OIG created flowcharts outlining the existing rule development and review process for directives and handbooks in Appendix C.

According to our interview with the IRPM, the Commission has not assessed its processes against how other federal agencies handle the creation and maintenance of internal rules. Benchmarking or researching could provide valuable insights into alternative approaches to USITC's internal rules process and which key performance indicators would be most useful in monitoring progress, e.g., the process used for common administration areas, the number and complexity of rules issued per year, and the average time it takes to review and update rules. Approaches taken by other small agencies may provide useful insights into how the Commission can improve its rule process, better utilize its existing resources, and achieve outcomes more efficiently.

Current Techniques for Monitoring and Tracking Mask the High Number of Outdated Rules

There is currently no system-generated notification to advise rule owners when an internal rule is approaching the timeline for its scheduled review. Periodic review dates are manually tracked by the IRPM. There are no automated features for managing the periodic review cycle or notifying rule owners that reviews are coming due or well past the timeline prescribed by the Internal Rules Handbook.

In terms of performance monitoring, the IAC does not track the time it takes for each stage of the rule development process but rather whether it meets quarterly milestones. Historically, these milestones for internal rules activities were simply changed when past due, essentially restarting the clock. This masked to the Commission how overdue the reviews for the internal rules were and reduced, if not removed, any sense of urgency to completing the process. Furthermore, target milestone dates and the actual issuance dates of internal rules were recorded in the IAC's tracking system in a fiscal-quarter format instead of an actual date, making it difficult to get an accurate picture of internal rule progress and process effectiveness.

The IAC is working with the Office of the Chief Information Officer to automate elements of the internal rule process. This includes the development of a new data system to assist with tracking and monitoring internal rules. When fully implemented, the rule tracking and monitoring activities will be automated and less reliant upon one individual, the IRPM.

Internal Rules Are Incomplete and Not Easily Accessible on the Agency's Intranet Site

The Commission's electronic system of internal rules used by staff is incomplete and does not fully reflect the current rules in operation.⁷ As illustrated in Table 2-3, there are a total of 49 internal rules missing from the Commission's internal rules tracking site.

Table 2-3. System of Internal Rules — Missing Rules as of September 2023

Internal Rule Type	Total Count Currently in the Internal Rules Tracking Site	Missing from Internal Rule Tracking Site
Directives	87	2
Handbooks	24	5
Desk Procedures	40	42
Total	151	49

Source: OIG analysis of the Commission's internal rules tracking site and rule owner data.

In 2015⁸, the OIG recommended archiving internal rules that are out of date. The Commission reported to the OIG in 2017 that the management decision was to review all existing internal rules and archive any internal rules that are no longer in use or have been superseded or rescinded. However, as of 2023, 36 canceled or superseded rules were still listed on the Commission's internal rules tracking site.

Directives, handbooks, and desk procedures are not the only items that must be removed from the internal rules tracking site. During FY 2023, the IRPM identified 139 administrative orders and 14 administrative notices⁹ that could be rescinded. At the January 2024 monthly senior staff meeting that is widely attended, the Chairman stated he had signed the IAC's new charter, which should expedite the internal rule-making process and allow the Commission to remove outdated or duplicative rules, including administrative orders and notices. After the Chairman's statement, 52 of the 139 administrative orders, 10 of the 14 administrative notices, and 20 of the 40 desk procedures were moved to the inactive list.

The System of Internal Rules Directive requires that the electronic system provides clear, concise, and well-organized search results to support ease of use by Commission staff and that the electronic system will allow users to browse and search all types of internal rules easily. In November 2023, the OIG surveyed about 33% of Commission staff eligible for testing or 120 employees. Overall, 55 of the selected 120 employees returned a completed survey. Based on our analysis and the survey results, we noted:

- 1) Searching for an internal rule on the Commission's intranet, as shown in Figure 2-4, can be difficult for Commission staff, especially when an employee does not know the exact name of an internal rule. There is important content within some internal rules that would not be an obvious place to find the information, becoming, in effect, buried in lieu of stand-alone guidance.
- 2) The internal rules site does not have a lexicon of topics that would allow staff to

⁷ The System of Internal Rules Directive requires that the Commission's policies and procedures will be kept current within the framework of an organized system of internal rules and that it maintains an official electronic system of internal rules that ensures the ready availability and accessibility of the rules.

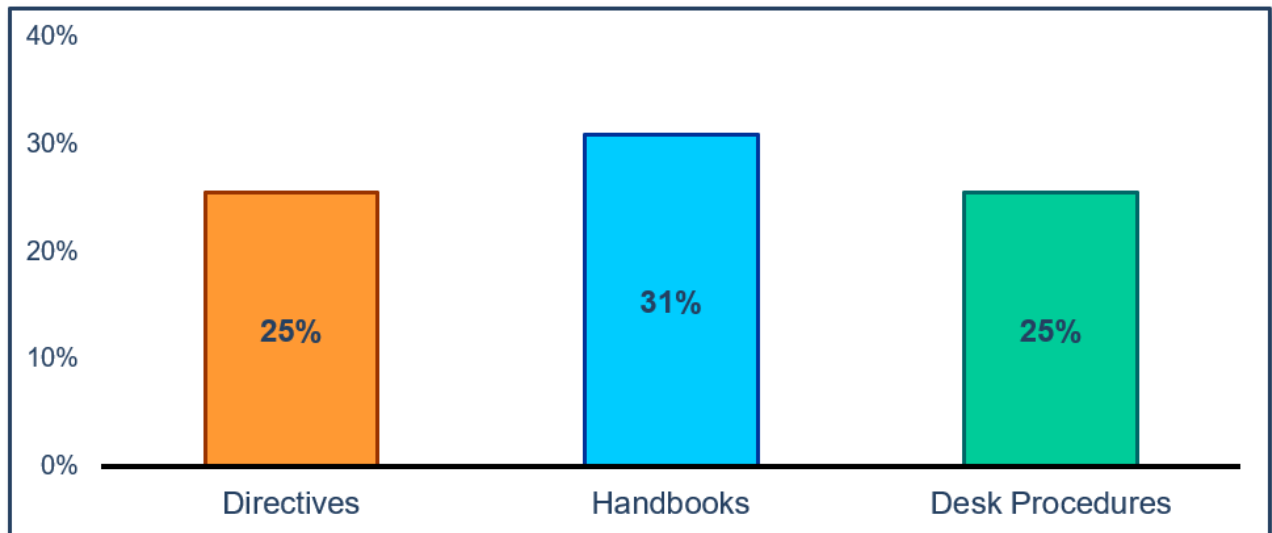
⁸ [OIG-AR-15-14](#)

⁹ Administrative orders and administrative notices are not defined in the current policy because they are intended to be completely decommissioned after they have been either superseded or rescinded.

identify where to look for specific content. For example, a survey respondent noted that a handbook for alternate work schedules was very difficult to find.

- 3) There are gaps between what is written in policies and procedures and how the Commission operates, particularly in areas without internal rules or current rules.

Figure 2-4. Percentage of Staff Reporting Difficulty When Searching for Types of Internal Rules

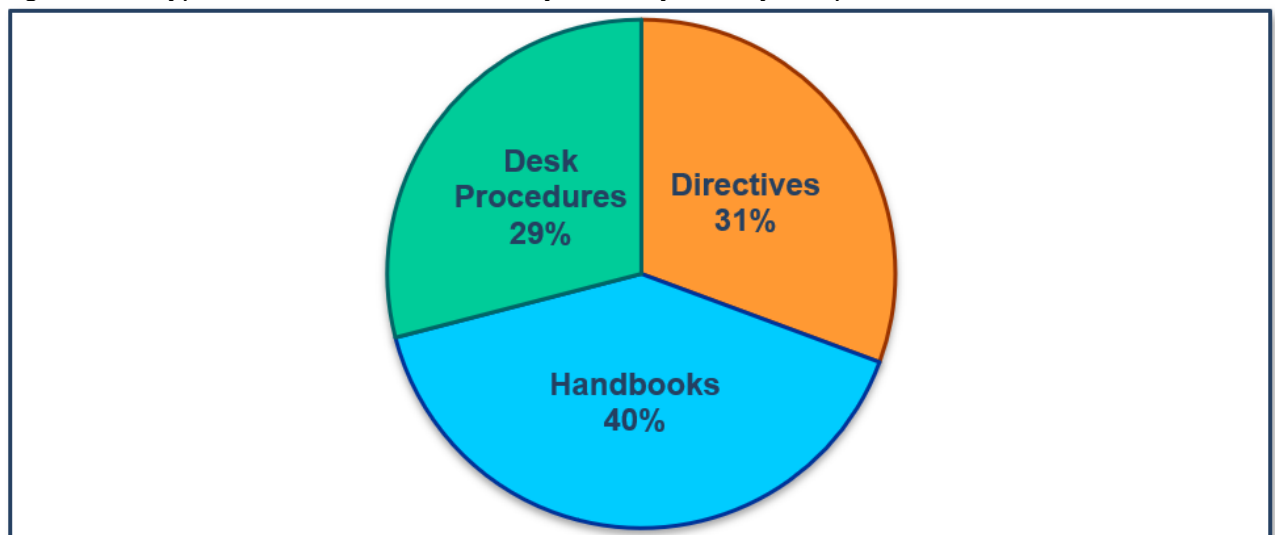


Source: OIG Analysis of November 2023 Internal Rules Survey Results.

As of FY 2023, the Commission maintained 24 handbooks, all outdated. As demonstrated in Figure 2-5, the survey results indicate that handbooks are used more than any other type of internal rule by staff who completed the survey. The handbooks provide procedures and guidance in offices, divisions, and committees and, therefore, should be kept up to date as required.

Handbooks were used the most by staff who participated in the OIG's survey.

Figure 2-5. Type of Internal Rules Primarily Used by Survey Respondents in the Past Year



Source: OIG Analysis of November 2023 Internal Rules Survey Results.

Conclusion

Internal Rules are foundational to achieving the USITC's mission efficiently and effectively. Although the Commission established and has executed a rigorous internal rules process, it has become an ancillary responsibility that is often superseded by other agency priorities. The initiative has suffered from a lack of resources and priority status, resulting in limited progress.

The Commission's operations could be impacted if staff do not have the most up-to-date guidance. Without current and readily available internal rules, Commission managers will face challenges holding personnel accountable for complying with policies and procedures. There is a risk that, absent documentation, important internal controls are not well understood or performed as expected. Moreover, a lack of existing or current internal rules could create and allow gaps to persist between the documented policies and procedures and how key control activities are performed.

The Commission has made strides in setting up and improving its system of internal rules in the eight and a half years since the OIG's 2015 report. Nevertheless, based on the USITC's current pace of progress, it would take the Commission another six years to update the 103 internal rules that were outdated at the end of FY 2023. The number of outdated internal rules is not static and will continue to increase, potentially pushing the projected completion date into the next decade. To prevent further delays, the Commission must take additional steps including tracking and monitoring its current process, improving accountability, and looking for more efficient ways of drafting and updating internal rules.

Recommendations

We recommend the Commission:

1. Establish a target completion date and complete the review and update of the 103 outdated rules as soon as possible.
2. Validate periodically that a current, accurate, and complete set of internal rules are reflected on the Commission's internal tracking site.
3. Document the IAC's methodology and criteria for prioritizing internal rules.
4. Establish controls to ensure prioritization of internal rules and that any subsequent changes are adequately documented and readily available.
5. Establish an appointment and orientation process for rule owners with signed agreements and include rule owner responsibilities and specific targets in performance standards.
6. Establish a monitoring process to ensure rule owners are held accountable for maintaining current and accurate internal rules.
7. Formally issue a System of Internal Rules Handbook that contains procedural details on the internal rules process.

8. Work with the Office of the Chief Information Officer (OCIO) to implement automated workflow, tracking, and notification features into the internal rules processes to support task management, progress tracking, and greater Commission visibility to the status of internal rules.
9. Track and monitor the total time it takes for directives to complete each step of the rule development and issuance process. Establish key performance indicators, including interim milestones for the directive development and issuance process.
10. Track and monitor the total time it takes for handbooks to complete each step of the rule development and issuance process. Establish key performance indicators, including interim milestones for the handbook development and issuance process.
11. Track and monitor the total time it takes for desk procedures to complete each step of the rule development and issuance process. Establish key performance indicators, including interim milestones for the desk procedure development and issuance process.
12. Complete a benchmarking study of the internal rule process to identify improvement opportunities that would allow the Commission to (a) maintain its system of internal rules with available resources and b) prevent or significantly mitigate the risk of falling behind on future updates.
13. Enhance the internal rules tracking site's search functionality by creating an index of topics and a list of frequently used rules to allow Commission staff to search for and locate internal rules more easily by keyword, topics, etc.

Management Comments and OIG Assessment

On May 31, 2024, Chairman David Johanson provided management comments on the draft report. In his response, the Chairman pointed out the Commission's progress on internal rules over the last few years and the recent creation of the internal rules tracking database. He acknowledged that the Commission's progress in the internal rules area slowed largely due to personnel constraints and the COVID-19 pandemic-related issues.

The Chairman agreed with the OIG's findings and expects more progress in drafting and updating internal rules in the future. He also stated that the Commission would provide management decisions to address all thirteen recommendations in the report. The full response from the Chairman is in Appendix A.

Objective, Scope, and Methodology

The objective of this audit was to determine if the Commission's process for updating internal rules accounts for risk as well as efficiency in keeping internal rules accurate and up to date. We reviewed CFR 102-193.25 on record management business process improvements and analyzed the Commission's internal policies and procedures related to internal rules. We interviewed IAC members, key officials, and support staff involved in the internal rules process to gain an understanding of the roles, processes, and control procedures related to internal rules.

The scope of this audit included the internal rules directives and a subset of handbooks and desk procedures. Our scope also included the Commission's internal rules tracking site, which serves as the central repository of internal rules.

We identified missing, canceled, and outdated internal rules to verify the accuracy and completeness of the Commission's internal rules tracking site. We reviewed and analyzed historical data to gauge the IAC's performance. We analyzed the existing prioritization method and the priority ranking data over a period to determine the effectiveness. We surveyed a sample of Commission staff. Overall, 55 (46%) of the 120 selected Commission employees returned a completed survey. The survey was active from November 8, 2023, to December 6, 2023. Employees answered questions about their background and general knowledge of internal rules, notification of new or updated internal rules, use of internal rules, and accessibility of internal rules.

During our audit, we analyzed the Commission's internal rules process's internal controls, as well as the Commission's compliance with laws and regulations relevant to our audit objective. No specific instances of fraud, abuse, or significant violations of laws and regulations were detected during our audit.

We conducted this audit from May 2023 to May 2024 in accordance with generally accepted government audit standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix A: Management Comments



UNITED STATES INTERNATIONAL TRADE COMMISSION


WASHINGTON, DC 20436

C083-WW-008

May 31, 2024

MEMORANDUM

TO: Rashmi Bartlett, Inspector General

FROM: David S. Johanson, Chairman  (May 31, 2024)

SUBJECT: Response to Draft Audit Report – Audit of the Commission’s System of Internal Rules

Thank you for the opportunity to review and provide comments to the draft audit report – Audit of the Commission’s System of Internal Rules

As Chairman, I am proud of the progress that the Commission has made on internal rules over the last few years. Starting with chartering an Internal Administrative Committee to focus on internal rules, issuing foundational Directives governing administrative authority at the Commission, drafting and reviewing numerous Directives and rules, and recently creating an internal rule tracking database. Unfortunately, Commission progress in the internal rules area has slowed during the last few years due largely to personnel constraints as well as requiring resources to address various pandemic related issues. Nevertheless, I agree with the audit findings on the identified internal rule matters and expect more progress in drafting and updating internal rules. The Commission will develop management decisions to address the thirteen recommendations in the draft report.

Appendix B: List of Current and Outdated Directives

Table 1. Current Directives as of the End of FY 2023

#	Directive Name	Issue Date	Age in Years as of 2024
1	Charter – Data Governance Board	9/11/2023	1
2	Mass Transit, Parking, and Bicycle Storage	9/11/2023	1
3	General Schedule Awards Program	5/17/2023	1
4	Domestic Employee Teleworking Overseas	4/21/2023	1
5	Agency Governance	4/10/2023	1
6	Office of Operations – Mission and Functions	4/10/2023	1
7	Office of Analysis and Research Services – Mission and Functions	4/10/2023	1
8	Agency Organization	1/27/2023	1
9	Office of Internal Control and Risk Management – Mission and Functions	6/17/2022	2
10	System of Internal Rules	6/16/2022	2
11	Office of the Chief Financial Officer – Mission and Functions	6/16/2022	2
12	Telework Program	4/14/2022	2
13	Performance Management System for General Schedule Employees	4/5/2022	2
14	Work Schedules, Leave, and Extra Hours	3/31/2022	2
15	Processing Legislative or Executive Branch Requests Pursuant to Section 332(g) of the Tariff Act	3/28/2022	2
16	Annual Budget Request	2/22/2022	2
17	Stephen McLaughlin Student Loan Repayment Program	11/1/2021	3
18	Waiver of Recovery of Overpayment	7/1/2021	3
19	Charter - Executive Management Council	11/19/2020	4
20	Charter - Budget and Finance Committee	11/19/2020	4
21	Charter - Information Technology Committee	11/19/2020	4
22	Charter - Human Capital Committee	11/19/2020	4
23	Charter - Performance Management and Strategic Planning Committee	11/19/2020	4
24	Office of Inspector General - Mission and Functions	6/15/2020	4
25	Trade Remedy Assistance Office - Mission and Functions	6/15/2020	4
26	Office of Equal Employment Opportunity - Mission and Functions	6/15/2020	4
27	Office of External Relations - Mission and Functions	6/15/2020	4
28	Office of the General Counsel - Mission and Functions	6/4/2020	4
29	Ethics Program	6/4/2020	4
30	Office of Human Resources - Mission and Functions	11/21/2019	5
31	Office of the Secretary - Mission and Functions	11/21/2019	5
32	Office of Security and Support Services - Mission and Functions	11/21/2019	5
33	Schedule C Appointees and Commissioner Vacancies	10/3/2019	5
34	Office of Industry and Competitiveness Analysis - Mission and Functions	7/24/2019	5

Table 1. Current Directives as of the End of FY 2023 (continued)

#	Directive Name	Issue Date	Age in Years as of 2024
35	Office of Tariff Affairs and Trade Agreements - Mission and Functions	7/24/2019	5
36	Office of Unfair Import Investigations - Mission and Functions	7/24/2019	5
37	Office of Investigations - Mission and Functions	7/24/2019	5
38	Office of Economics - Mission and Functions	7/24/2019	5
39	Office of the Administrative Law Judges - Mission and Functions	7/3/2019	5
40	Office of the Chief Information Officer - Mission and Functions	7/3/2019	5
41	Merit Promotion Plan	5/14/2019	5
42	Privacy Program	5/7/2019	5
43	Office of Budget - Mission and Functions	5/2/2019	5
44	Office of Finance - Mission and Functions	5/2/2019	5
45	Office of Procurement - Mission and Functions	5/2/2019	5
46	Office of Administrative Services - Mission and Functions	4/2/2019	5
47	Electronic Signatures*	11/16/2018	6
48	Section 508 Program*	11/16/2018	6

Source: USITC internal rules tracking site data as of September 30, 2023.

* According to the Commission's System of Internal Rules Directive, directives are required to be periodically reviewed and updated every five years. Directives #47 and #48 became outdated in 2024.

Table 2. Outdated Directives as of the End of FY 2023

#	Directive Name	Issue Date	Age in Years as of 2024
1	Charter - Internal Administration Committee*	5/7/2018	0
2	Remote Work	10/30/2017	7
3	USITC Cyber Security Program	6/14/2016	8
4	USITC Management of National Security Classified and Controlled Unclassified Information	6/14/2016	8
5	USITC Records Management Program	6/14/2016	8
6	SES Performance Management System	5/14/2013	11
7	Audit Inspection, Evaluation, and Other Review Policies	9/8/2011	13
8	Audit Inspection, Evaluation, and Other Review Follow-up	9/8/2011	13
9	Reporting Possible Fraud, Waste, Abuse, or Mismanagement	9/8/2011	13
10	Review of Legislation and Regulations	9/8/2011	13
11	Office of Inspector General Access to and Custody of Records Policies	9/8/2011	13
12	Pro Bono Legal and Volunteer Services Policy	5/10/2011	13
13	Internal Forms Management Program	4/22/2010	14
14	Presidential Management Fellows Program	4/22/2010	14
15	Cash Recruitment and Retention Incentives Program	4/22/2010	14
16	Career Intern Program	12/13/2004	20
17	Travel Management System	7/9/2003	21
18	Alternative Dispute Resolution	3/20/2000	24
19	Initiation and publication of staff research	11/1/1999	25
20	Guidelines for composing and publishing U.S.	11/1/1999	25
21	Procurement Policy	9/28/1999	25
22	Circulation of Action Jackets	6/7/1999	25
23	Property Management	6/1/1998	26
24	Use of Agency Facilities	3/3/1998	26
25	Emergency Evacuation of the USITC	11/3/1994	30
26	Main Library Circulation Policies and Procedures	1/28/1994	30
27	Personnel Security Program	5/21/1993	31
28	Equal Employment Opportunity (EEO)	4/14/1993	31
29	Mail Standards and Procedures	3/9/1993	31
30	Emergency Recovery Contingency Plan	3/8/1993	31
31	Workers' Compensation	2/4/1993	31
32	Commissioner's Office Suite Furnishings and Assignment of Suites to Commissioners	1/29/1993	31
33	Position Management	12/18/1992	32
34	Budget Policies and Procedures	6/5/1992	32
35	Potential Breaches of Administrative Protective Orders	4/2/1990	34
36	Financial Management System Policies	6/22/1989	35

Table 2. Outdated Directives as of the End of FY 2023 (continued)

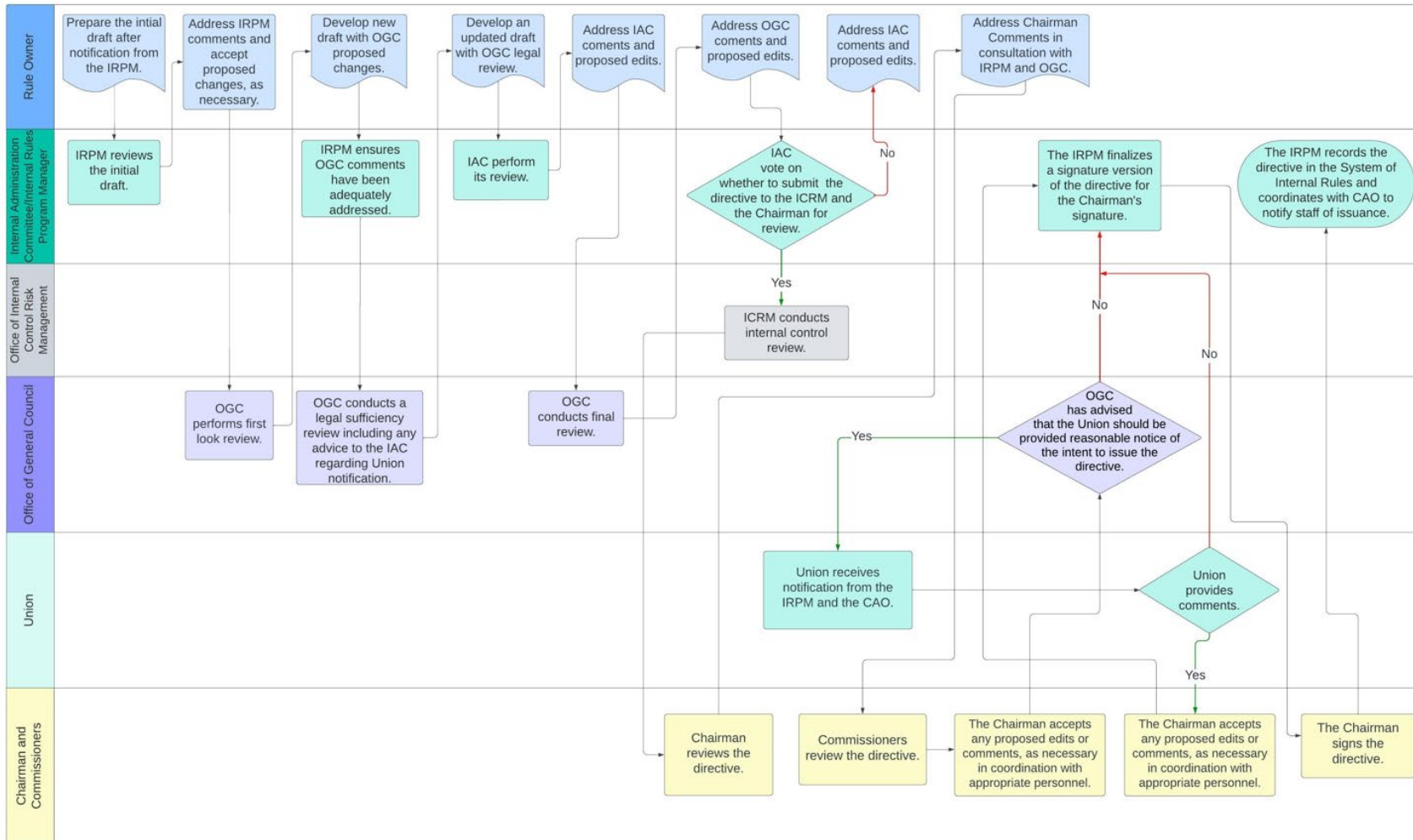
#	Directive Name	Issue Date	Age in Years as of 2024
37	Administrative Grievance Procedure	12/17/1982	42
38	Personnel Disciplinary and Adverse Action	9/28/1981	43
39	Cost Center Managers	12/16/1977	47

Source: USITC internal rules tracking site data as of September 30, 2023.

* In 2024, this directive was reviewed, updated, and is now considered current.

Appendix — C

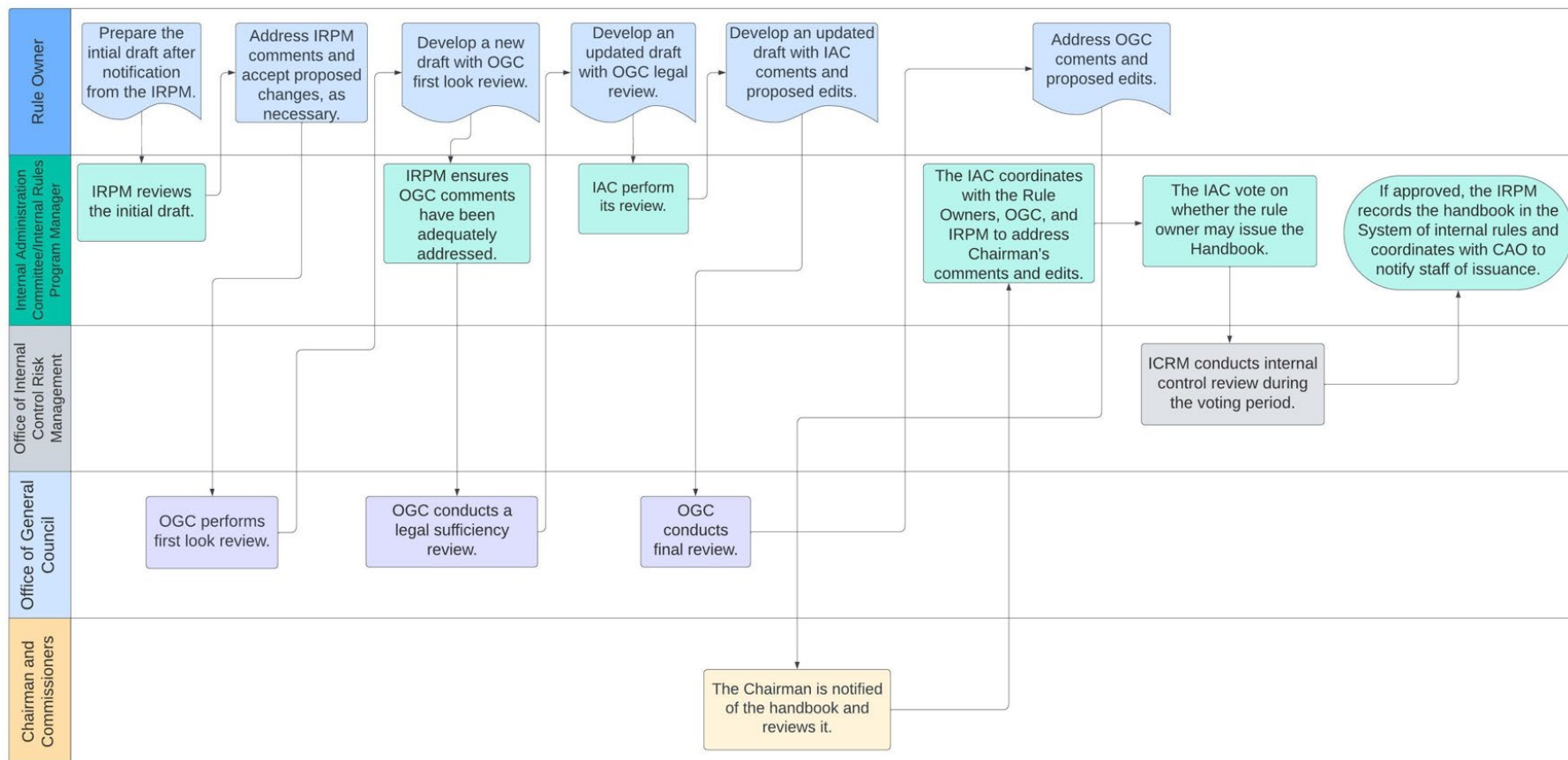
Figure 1. Directive Review and Approval Process



*CAO: Chief Administrative Officer; IAC: Internal Administration Committee; ICRM: Office of Internal Control and Risk Management; IRPM: Internal Rules Program Manager; OGC: Office of General Council.

Appendix — C

Figure 2. Handbook Review and Approval Process



*CAO: Chief Administrative Officer; IAC: Internal Administration Committee; ICRM: Office of Internal Control and Risk Management; IRPM: Internal Rules Program Manager; OGC: Office of General Council.



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

REPORT WASTE, FRAUD, ABUSE, OR MISMANAGEMENT

Hotline: 202-205-6542
OIGHotline@usitcoig.gov
usitc.gov/oig/hotline