

U.S. International Trade Commission

Inspector General Semiannual Report



October 1, 2011 - March 31, 2012



Office of Inspector General

The U.S. International Trade Commission is an independent, nonpartisan, quasi-judicial federal agency that provides trade expertise to both the legislative and executive branches of government, determines the impact of imports on U.S. industries, and directs actions against certain unfair trade practices, such as patent, trademark, and copyright infringement. USITC analysts and economists investigate and publish reports on U.S. industries and the global trends that affect them. The agency also maintains and publishes the Harmonized Tariff Schedule of the United States.

Commissioners

*Deanna Tanner Okun, Chairman
Irving A. Williamson, Vice Chairman
Daniel R. Pearson
Shara L. Aranoff
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Chairman



UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, DC 20436

May 30, 2012

Message from the Chairman

In accordance with the Inspector General Act of 1978, as amended, 5 U.S.C. App. 3 (the IG Act), the U.S. International Trade Commission (USITC or Commission) hereby transmits the Semiannual Report of the USITC Inspector General for the period October 1, 2011 to March 31, 2012.

The Commission appreciates the work performed by the Office of Inspector General in promoting the effectiveness, efficiency, and integrity of Commission programs and operations. Inspector General Philip M. Heneghan and his staff provide invaluable assistance to the Commission. We look forward to continuing to work with Mr. Heneghan to strengthen the Commission's operations.

The Inspector General's Semiannual Report identifies the top management and performance challenges in FY 2012 that require significant attention from the USITC. The Commission concurs with the critical challenges identified by the Inspector General. We are addressing these challenges and believe that the corrective action plans we have in place will answer the challenges identified by the Inspector General.

This letter describes the actions we are taking to address the challenges identified by the Inspector General: (1) internal control, (2) financial management, and (3) information technology – location independence. The letter also describes the work we are doing to address recommendations by the Inspector General and external reviewers.

I. Management and Performance Challenges

A. Internal Control

Transforming the management culture with respect to documenting agency processes and procedures is a top priority to ensure that the USITC can efficiently meet its objectives in an era of government-wide budgetary limitations. In response to these challenges, the Commission has restructured its management and has called upon its senior managers to work collectively and strategically to manage the agency's human, financial, and information resources. The Commission has initiated process mapping in several operations, which will enable the agency to document its processes and to explore whether we can make them more efficient.

The Commission added a new performance element – agency-wide management – to the performance plan of every member of the Senior Executive Service (SES). The multi-year effort to transform the management structure and culture of the Commission, which is underway, requires SES to be held more accountable for the management of the agency as a whole. The SES and other supervisors must be more systematic in verifying that assignments are being completed and procedures are being followed, whether that is in the operational or administrative areas of the Commission. Strong internal controls will enable managers to monitor progress.

B. Financial Management

The Commission's FY 2011 financial statement audit resulted in an unqualified opinion. This represents substantial progress by the Commission in its financial management remediation efforts over the last two fiscal years. The independent auditor had issued a disclaimer of opinion on the Commission's FY 2009 financial statement and a qualified opinion on the Commission's FY 2010 financial statement. Although the agency has made substantial progress, full implementation of our corrective actions is ongoing.

During the reporting period, the Commission implemented its strategic human capital plan to establish a new Office of the Chief Financial Officer (CFO). The Commission successfully recruited an experienced CFO, who started in March. The Commission now is in the process of transferring the agency's financial, budget, procurement, and internal control functions to the new office. The CFO has begun to hire and train staff with requisite high-level analytical and communication skills. In addition, the CFO has initiated the consolidation of financial data to a shared work site and is mapping processes and key internal controls to improve the execution of agency resources.

The Commission is taking steps to transform its approach to financial management from an accounting exercise to a process that provides transparency and accountability in the formulation, execution, performance, and management of agency budgetary resources. The CFO will provide managers with access to timely, reliable, and practical information concerning the financial affairs of the agency to assist managers in program planning and decision-making.

C. Information Technology – Location Independence

The Report notes that the Commission has not completed final action on two recommendations dating back to 2005 concerning the Commission's plans for disaster planning, testing major applications, and having an alternate data processing facility – continuity of operations (COOP).

Information technology (IT) services are integral to the Commission's operations. Recognizing that the agency currently lacks the resources to ensure continuity of IT operations if a disaster were to occur, the Commission's Chief Information Officer (CIO) has begun to implement actions necessary to achieve a robust disaster recovery capability. During the reporting period, the agency significantly expanded its internet bandwidth capacity. It also has acquired access to a remote datacenter facility with the hardware and software necessary to run critical IT services in the event of a disaster. Additionally, the CIO also has performed proof-of-concept testing at the remote datacenter by operating a sample IT service in the disaster recovery environment. The outcome of this testing was favorable.

By the end of calendar 2012, the CIO will complete hardware and software configuration efforts at the remote datacenter and implement and test all mission-critical applications from the secondary site. With these efforts, the critical IT services of the agency should be available in the event of a disaster or outages at the Commission's headquarters.

II. Actions on Recommendations

A. Actions on Recommendations Made within the Past Year

The Inspector General issued seven reports during this reporting period, which contained 28 recommendations. For each of the 28 new recommendations issued during this reporting period, the Commission issued corrective action plans to address each recommendation. In addition, the Commission issued corrective action plans to address 42 recommendations put forth by the Inspector General at the end of the previous reporting period. The combined 70 corrective action plans that were issued in this reporting period include 138 individual corrective action steps, referred to as "management decisions". The Commission completed 49 of these management decisions this reporting period. The Commission remains focused to both address and rectify these issues.

B. Actions on Recommendations Made from Prior Periods

The Commission expects to complete final action on the two recommendations related to COOP planning covered in section I.C. above as scheduled.

The Report notes that the Commission has not completed final action on a 2010 recommendation to bring its transit program into compliance with applicable laws and regulations. On August 1, 2011, the Commission requested the Comptroller General of the United States to make a determination on its transit program. Once the Comptroller General issues its determination, the Commission will bring its program fully into compliance as necessary based on the ruling.

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

C. Actions on External Reviews

During the reporting period, the Commission made progress with respect to completing actions from recommendations put forth by previous external reviews conducted by different oversight agencies. These three reviews included one by the U.S. Equal Employment Opportunity Commission (EEOC) on the Commission's EEO program, and two by the Office of Personnel Management (OPM) on (a) delegated examining authority and (b) human resources. The Commission completed final action on 16 of the management decisions associated with these recommendations, which added greater transparency and accountability to our HR and EEO practices. The agency is also on track to complete the remainder of these management decisions in subsequent reporting cycles.



Deanna Tanner Okun
Chairman



UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, DC 20436

April 30, 2012

OIG-KK-006

Commissioners:

Attached is the Semiannual Report summarizing the activities of the Office of Inspector General (OIG) for the period October 1, 2011, to March 31, 2012.

During this period, we issued seven reports and made 28 recommendations to promote the efficiency, effectiveness, and integrity of the Commission's operations.

I would like to thank you for your commitment to strengthening the operations of the Commission and supporting the work of my office. During this reporting period, the Commission completed final action on 20 Inspector General recommendations and 20 recommendations made by external oversight organizations.

Philip M. Heneghan
Inspector General

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Table 1: Reporting Requirements Index

Reporting Requirements Index		
IG Act	Description	Page
Section 4(a)(2)	Review of Legislation	None
Section 5(a)(1)	Description of Significant Problems, Abuses, and Deficiencies	1-3
Section 5(a)(2)	Description of Recommendations for Corrective Action with Respect to Significant Problems, Abuses, and Deficiencies	4-8
Section 5(a)(3)	Significant Recommendations From Prior Reports on Which Corrective Action Has Not Been Completed	8, 9, 14
Section 5(a)(4)	A Summary of Matters Referred to Prosecuting Authorities	None
Section 5(a)(5)	Summary of Instances Where Information or Assistance was Unreasonably Refused	None
Section 5(a)(6)	Listing by Subject Matter of each Report Issued during this Reporting Period	4
Section 5(a)(7)	Summary of Significant Reports	4-8
Section 5(a)(8)	Statistical Table showing Questioned and Unsupported Costs	14
Section 5(a)(9)	Statistical Table showing Recommendations Where Funds Could be Put to Better Use	15
Section 5(a)(10)	Summary of Audit Reports Issued Before the Start of the Reporting Period for Which no Management Decision Has Been Made	None
Section 5(a)(11)	Description of Any Significant Revised Management Decisions	None
Section 5(a)(12)	Information Concerning any Significant Management Decision with Which the Inspector General is in Disagreement	None
Section 5(a)(13)	Information described under section 5(b) of FFMIA	13
Section 5(a)(14)	Results of Peer Review Completed During This Period or Date of Last Peer Review	13
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Office of Inspector General

The U.S. International Trade Commission established the Office of Inspector General pursuant to the 1988 amendments to the *Inspector General Act* (IG Act). The Inspector General provides audit, evaluation, inspection, and investigative services covering all Commission programs and operations. The mission of the Inspector General is to promote and preserve the effectiveness, efficiency, and integrity of the Commission. The Office of Inspector General's activities are planned and conducted based on requirements of laws and regulations, requests from management officials, allegations received from Commission personnel and other sources, and the Inspector General's initiative.

Semiannual Report Requirements

The IG Act requires each Inspector General to prepare a Semiannual Report that summarizes the activities of the office. As such, this report covers the period from October 1, 2011, through March 31, 2012. The 17 requirements, shown in Table 1, are specified in the IG Act and must be included in the report. The layout of this Semiannual Report is described below.

This Semiannual Report starts with a description of the Management Challenges Report, OIG-MR-12-01, which identified the three most significant management challenges facing the Commission. It then summarizes the results of the remaining six reports issued during this period, describes significant recommendations from prior reports where final action is not complete, and summarizes the hotline and investigation activities of the Inspector General. The next section provides a summary of the reviews conducted by external parties related to the Commission along with the status of recommendations issued. The last sections supply information on other reportable activities such as congressional activity, participation in the Council on Inspectors General for Integrity and Efficiency, other compliance activities, and our Peer Review status. Additional tables at the end of the report detail statistics on Office of Inspector General reports and recommendations.

Top Management and Performance Challenges

The Inspector General is required by statute to identify the most significant management and performance challenges facing the Commission in the coming year. The Inspector General provided the Commission with a report, OIG-MR-12-01, on October 15, 2011.

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The report identified the challenges based on information learned from audit, evaluation, and inspection work, a general knowledge of the Commission's programs and activities, and input from management regarding challenges facing the agency and efforts the agency has taken to address them. The management and performance challenges identified by the Office of Inspector General in October 2011 include the three areas identified in Table 2.

Table 2: Management and Performance Challenges

Management and Performance Challenges
1. Internal Control
2. Financial Management
3. Information Technology – Location Independence

1. Internal Control

Commission management is responsible for establishing and maintaining a system of internal controls that ensure effective and efficient operations, reliable financial reporting, and compliance with laws and regulations. Reviews performed over the past year have identified instances of weak or nonexistent internal controls. The most significant weaknesses identified involved noncompliance with the *Federal Manager's Financial Integrity Act* and OMB Circular A-123, *Management's Responsibility for Internal Control*. Documented and consistent processes and procedures are necessary to provide a reasonable level of assurance that the organization is operating in an efficient and cost-effective manner.

Although initially identified in the financial management and procurement areas, the internal control weaknesses appear to be a systemic problem throughout the Commission. The Commission has a long-standing culture of undocumented and informal processes used to complete daily tasks. The most significant challenge will be managing the cultural changes associated with implementing new systems of internal control, while replacing the many antiquated processes currently in place and often based on personality. This will require first line supervisors to check, inspect, or review the work of subordinates to ensure that these new procedures are being followed.

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2. Financial Management

As a steward of taxpayer dollars, the Commission is responsible for implementing sound financial management practices. The Commission has struggled to assure the accuracy of its annual financial statements and does not have the technical system expertise to provide managers with timely, reliable, and practical financial information. Deficiencies in financial management have been previously reported; however, efforts to overcome the problems have not been fully successful.

The Commission lacks personnel with the necessary technical or analytical skills required to provide the appropriate reports and documentation to support regular financial reporting. In addition, the lack of timely and practical financial reporting makes it difficult for managers to effectively monitor the expenditure of funds, evaluate program performance, and make informed financial decisions about their programs and operations.

Budget formulation, budget execution, procurement, accounting, and financial reporting should be fully integrated with agency operations and include transparent processes that promote accountability and deter potential fraud, waste, and abuse of agency resources. The management challenge will be to transform the current approach to financial management from an accounting exercise to an end-to-end process that provides transparency and accountability of agency budgetary resources.

3. Information Technology – Location Independence

Use of information technology is an integral component of the Commission's day-to-day operations. These operations include internal communication as well as communications with the public. The Commission depends on perfect, uninterrupted performance and connectivity from its sole data center in order to function at a basic level. In addition, the present network configuration does not allow staff to efficiently work without regard to physical location, or to continue working with an outage impacting the data center.

The Commission has recently begun requiring electronic filing of petitions and other submissions to improve efficiencies in their processes. Without an alternate data facility or a mobile workforce, any event that would cause a loss of the Commission's data center or access to the USITC building would negatively impact all critical functions of the Commission, including its ability to meet statutory deadlines for studies and investigations.

These conditions could be avoided through the implementation of additional systems including: office-wide wireless connectivity, increased bandwidth, high performance remote access, and a secondary data center. If the Commission can successfully implement these systems, it will enable staff to function regardless of the state of the primary data center or the USITC's building.

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Inspector General Reports Issued During this Period

The Inspector General issued seven reports with a total of 28 recommendations during this reporting period. The Commission made management decisions on all 28 recommendations in these reports, and the Inspector General agreed with all the management decisions.

The Commission made management decisions for 42 recommendations issued during the last reporting period that were not due until after the last reporting period had closed. The Inspector General agreed with all of the management decisions.

A listing of each report issued during this reporting period, by subject matter, is provided in Table 3 below. The key findings of each report are described in the sections that follow.

Table 3: Reports by Subject Matter

Reports by Subject Matter				
Subject Matter	Report Number	Report Title	Date Issued	Number of Recommendations
Administrative	OIG-MR-12-01	USITC Management and Performance Challenges	10/15/2011	0
Financial	OIG-AR-12-02	Audit of FY 2011 Financial Statement	11/10/2011	0
Financial	OIG-AR-12-03	Report on Internal Control for 2011	11/10/2011	12
Financial	OIG-AR-12-04	Report on Compliance with Laws and Regulations 2011	11/10/2011	0
Financial	OIG-ML-12-05	Management Letter for 2011 Financial Statements	12/12/2011	3
Operations	OIG-AR-12-06	Audit of Title VII Preliminary Investigation Process	01/23/2012	2
Operations	OIG-ER-12-07	Evaluation of Employee Out-Processing Program	01/25/2012	11
Total Recommendations Issued During This Reporting Period				28
<i>NOTE: There were no questioned costs, unsupported costs or funds identified that could be put to better use in any of these reports.</i>				

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Audit Reports Issued During this Period

The Inspector General issued five audit reports during this period. This section provides the report title, results, and a brief summary of each audit report.

Audit of FY 2011 Financial Statement, OIG-AR-12-02

RESULT: The audit resulted in an unqualified opinion of the Commission's 2011 financial statements.

The Inspector General engaged the services of an independent accounting firm to audit the balance sheet and related statements of net cost, changes in net position, and budgetary resources for fiscal year 2011. The auditors were able to obtain sufficient evidence to assert that the Commission's financial statements for the fiscal year ended September 30, 2011, present fairly in all material respects the financial position of the Commission.

This unqualified opinion represented an improvement over 2010, when the auditors were unable to substantiate the amounts associated with undelivered orders and the related accounts payable, resulting in a qualified opinion.

Report on Internal Control for FY 2011, OIG-AR-12-03

RESULT: The audit identified three material weaknesses and one significant deficiency.

As part of the financial audit, the auditors reviewed the Commission's internal control over financial reporting. The auditors identified the following three material weaknesses and one significant deficiency.

Material Weaknesses:

- Insufficient resources and personnel with appropriate skill sets;
- Inadequate controls over undelivered orders, accounts payable, and expenditures; and
- Inadequate controls surrounding the procurement process.

Significant Deficiency:

- Inadequate internal controls over financial reporting.

All four of these conditions have been previously identified in both the 2009 and 2010 financial statement audit reports. The Commission received a disclaimer in 2009 and a

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qualified opinion in 2010. The auditors were able to determine that the FY 2011 financial statements were fairly represented, because a significant data clean-up was conducted immediately before year-end, even though the Commission did not have the proper controls in place for the majority of the fiscal year.

This report included 12 new recommendations for the Commission's management. The Chairman agreed with the assessment of the identified weaknesses and made management decisions for all of the recommendations. The Commission completed two of the 12 recommendations during this reporting period.

Report on Compliance with Laws and Regulations for FY 2011, OIG-AR-12-04

RESULT: The report identified one instance of noncompliance related to the Commission's transit subsidy and parking program.

As part of the financial audit, the Inspector General engaged the services of an independent accounting firm to audit the Commission's compliance with certain laws and regulations. The results of the testing performed by the audit team identified one instance of noncompliance related to the Commission's transit subsidy and parking program, which was a repeat finding from FY 2010.

In response to one of the initial recommendations, the Commission made a management decision to obtain guidance from the Government Accountability Office. During fiscal year 2011, the Commission formally requested the Government Accountability Office to make a determination on (1) the Commission's past parking and transit subsidy program, and (2) a proposed parking and transit subsidy program.

The Commission is waiting for a reply from the Government Accountability Office and as a result, no additional recommendations were made in this report.

Management Letter for 2011 Financial Statements, OIG-ML-12-05

RESULT: The Management Letter highlighted deficiencies in the cash disbursement process and the prepayment process.

As part of the audit of the Commission's FY 2010 financial statements, during the testing to assess management controls, the audit team noted operational inefficiencies in the cash disbursement procedures and the prepayment process.

The Management Letter Report contained three recommendations intended to improve internal control in the cash disbursement procedure and the prepayment process. The Chairman agreed with the deficiencies identified in the report and made management

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decisions for all of the recommendations. The Commission has completed one of the three recommendations during this reporting period.

Audit of Title VII Preliminary Investigation Process, OIG-AR-12-06

RESULT: The audit determined that the Commission's Title VII Preliminary Investigation Process is clear and transparent.

We performed an audit to determine if the Commission's preliminary investigation process is documented in a manner that can be easily understood; and if information regarding the process is readily available to the public in an open and accessible manner.

We found that the Commission has a clearly documented handbook that described the Title VII process. Interviews with staff involved in preliminary investigations described the process in a manner that was consistent with the illustrated system process maps. In addition, external parties surveyed indicated high satisfaction levels with the quality and content of information provided through the Commission's website.

While we found the Title VII preliminary investigation process to be clear and transparent, two areas for improvement were identified: (1) eliminating redundant data entry, and (2) reducing the use of hard copy documents.

The Inspector General made two recommendations that addressed areas for improvement. The Chairman agreed with the findings and made management decisions to implement both of the recommendations. The Commission began work to implement the management decisions, but final action was not completed during this reporting period.

USITC Management and Performance Challenges, OIG-MR-12-01

RESULT: The report identified three management and performance challenges for the Commission in the areas of internal control, financial management, and information technology – location independence.

The Inspector General issued a report based on an assessment of the management and performance challenges facing the Commission on October 15, 2011. Internal control and financial management have been cited by the Inspector General since 2009. Information technology – location independence is a new challenge that was identified by the Inspector General during this reporting period. A summary of the findings is described in the previous section, "*Top Management and Performance Challenges.*"

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Evaluation Reports Issued During this Period

The Inspector General issued one evaluation report during this period. The evaluation reviewed the Commission employee out-processing program. The result and summary information for the evaluation report is described below.

Evaluation of Employee Out-Processing Program

RESULT: This evaluation found that USITC's out-processing program did not have an effective or efficient system to monitor and account for Commission resources.

We performed the evaluation to determine whether the Commission's employee out-processing program was conducted in an efficient manner. We reviewed the processes and supporting documents from the offices with out-processing responsibilities. Some of the key program elements included in the evaluation were as follows:

- Accounting for the return of Commission property (such as laptops, keys, library materials);
- Ensuring computer and facility access were disabled;
- Ensuring exit briefings were conducted; and
- Ensuring work documents were properly transferred.

The evaluation found that the Commission did not have documented procedures to guide the responsible offices through the employee out-processing process. As a result, documentation to account for the return of Commission resources was improperly maintained, not complete, and in some cases nonexistent. The evaluation also identified other weaknesses regarding the lack of training, outdated forms, and insufficient resources available within the responsible offices to perform employee out-processing functions.

We issued 11 recommendations to address the seven problem areas identified in the evaluation report. The Chairman concurred with our assessment and issued management decisions responsive to the recommendations.

Significant Recommendations from Prior Periods

The Inspector General identified two recommendations from prior periods as significant. The two recommendations are associated with disaster planning, testing major applications, and having an alternate processing facility. They are significant because the

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Commission may be unable to restore core business functions or minimize the disruption of services if an event were to occur.

The Inspector General previously reported two recommendations associated with the disaster planning program. During this reporting period, the Commission completed some management decisions, but did not complete final action on either of the recommendations. A listing that identifies the remaining two recommendations along with the report numbers has been provided in Table 4.

Hotline and Investigations

Investigations and Inquiries – Overview

In accordance with professional standards and guidelines, the Inspector General conducts investigations and inquiries of criminal, civil, and administrative wrongdoing involving Commission programs, operations, and personnel. Investigations may involve possible violations of regulations regarding employee responsibilities and conduct, Federal criminal law, and other statutes and regulations pertaining to the activities of the Commission.

The Inspector General reviews and analyzes all complaints received to determine the appropriate course of action. In instances where it is determined that something less than a full investigation is appropriate, the Inspector General may conduct a preliminary inquiry into the allegation. If the information obtained during the inquiry indicates that a full investigation is warranted, the Inspector General will commence an investigation of the allegation.

OIG Hotline Contacts

The OIG maintains a Hotline for reporting information about suspected waste, fraud, abuse, or mismanagement involving Commission programs or operations. Information may be provided by telephone, fax, email, mail, or through a web-based form. Upon request, a provider's identity will be kept confidential. Reports may also be made anonymously.

We receive complaints from employees, contractors, and the public that involve the Commission's areas of responsibility. We examine these complaints to determine whether there is any indication of Commission wrongdoing or misconduct. If the complaint does not relate to the USITC, we refer the complaint to the appropriate agency for response. If the complaint does not have merit, we close the matter.

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The OIG has worked to increase awareness of the Hotline throughout the Commission by creating a series of Hotline posters and holding OIG Outreach sessions with Commission offices.

Investigations and Inquiries

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

External Reviews Completed During this Period

There was one external review completed during this reporting period. The review was performed by the U.S. Office of Government Ethics. The final report was issued on March 30, 2012. The result and summary information of the external review is described below.

Office of Government Ethics – Ethics Program Review

RESULT: The review determined that the Commission's ethics program is effectively administered and in compliance with applicable laws, regulations, and policies.

The Office of Government Ethics initiated the review of the Commission's ethics program in February 2012. The objective of the review was to identify the strengths and weaknesses of the Commission's ethics program and determine if it complied with applicable laws, regulations, and policies. The Office of Government Ethics evaluated the following seven specific program areas:

- Program Administration;
- Financial Disclosure;
- Education and Training;
- Advice and Counsel;
- Conflict Remedies;
- Enforcement; and
- Travel Acceptances.

The Office of Government Ethics report identified a number of model practices that have been implemented and did not identify any weaknesses in the Commission's ethics program.

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Status of Actions Related to External Reviews Completed During Prior Periods

Office of Personnel Management – Delegated Examining Operations

The Office of Personnel Management performed a review of the Commission's delegated competitive examining operations. The review evaluated 25 criteria to determine the extent the Commission's delegated examining activities met merit system principals and applicable laws and regulations, including the Veterans Preference Act of 1944.

The Commission met the anticipated results in 15 of the assessment areas and partially met the standards in an additional five areas. The report identified one area involving the review of certificate documentation in which the Commission did not meet the criteria. The remaining four assessment areas were determined to be not applicable to the Commission.

The report identified 10 recommendations to address the six instances where the Commission's delegated competitive examining operations did not fully meet the standard. The Commission has developed management decisions to address the recommendations. Final action was completed on all 10 recommendations during this reporting period.

U.S. Equal Employment Opportunity Commission – EEO Program Review

The Equal Employment Opportunity Commission (EEOC) performed an evaluation of the Commission's progress towards becoming a model Equal Employment Opportunity (EEO) workplace. The evaluation measured whether the Commission meets the six essential elements of a model EEO program, as defined by Title VII of the Civil Rights Act of 1964, and Section 501 of the Rehabilitation Act of 1973, as amended.

The final report was issued on December 15, 2010, and contained 11 recommendations to improve five of the six essential elements of a model EEO program. The report also acknowledged that the Commission had attained maximum efficiency in Element 5, regarding the ability to resolve most workplace issues through informal methods.

The Commission has developed management decisions to address the recommendations identified in the report. During this reporting period the Commission completed final action on three of the 11 recommendations. The Commission is working on implementing the remaining eight management decisions.

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Office of Personnel Management – Human Resources Review

The Office of Personnel Management completed an external review of the Commission's human resource program on August 26, 2009. The purpose of the review was to evaluate the human capital program at the Commission. This evaluation resulted in 83 recommendations made to the Commission to ensure compliance with laws and to strengthen the management and administration of the Commission's human capital program. The Commission made management decisions to implement all of the recommendations and in prior reporting periods completed final action on 66 of the recommendations. During this reporting period they completed final action on seven recommendations. The Commission is working on implementing the remaining 10 management decisions.

Congressional Activities

The Inspector General submitted a report on the Commission's compliance with the Improper Payments Elimination and Recovery Act (IPERA). The Inspector General reviewed the IPERA documentation and determined that the Commission is in compliance with the law. The Commission is not subject to the IPERA; however, it voluntarily seeks to comply with most of its requirements. The Inspector General's determination was submitted to the Senate Committee on Homeland Security and Governmental Affairs, the House Committee on Oversight and Governmental Reform, the Comptroller General, and the Controller of the Office of Management and Budget's Office of Federal Financial Management.

Council on Inspectors General for Integrity and Efficiency Activities

The Inspector General has actively participated in meetings and supported the efforts of the Council on Inspectors General for Integrity and Efficiency (CIGIE).

The Office of the Inspector General staff have volunteered to serve as members on various working groups and committees that address cross-cutting issues such as, knowledge management, cloud computing, investigations, cyber security, new media, small agencies concerns, and legislative issues.

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Federal Financial Management Improvement Act Reporting

The IG Act and the Federal Financial Management Improvement Act of 1996 (FFMIA) require the Inspectors General of certain agencies to report “instances and reasons” when the agency has not met intermediate target dates established in a remediation plan to bring the agency’s financial management system into substantial compliance with the FFMIA. The Commission is not subject to the FFMIA; however, it voluntarily seeks to comply with most of its requirements. During this reporting period, there were no events giving rise to a duty to report under FFMIA.

Peer Review

The last peer review of the Office of Inspector General was for the period ending September 30, 2009, and the report was issued on May 27, 2010. All recommendations made during the review were implemented by September 16, 2010. The full report is posted on our web site.

The peer review schedule is set by the CIGIE. The next audit peer review will cover the period through September 2012. In addition, my office is scheduled to perform an audit peer review of another Agency that will cover fiscal year 2013.

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Table 4: Prior Significant Recommendations Where Corrective Action Has Not Been Completed

Prior Significant Recommendations Where Corrective Action Has Not Been Completed	
Report Number	Recommendation
OIG-AR-04-05	Ensure major applications and general support system contingency plans are updated and tested in accordance with NIST SP-800-34 guidelines.
OIG-AR-04-05	With respect to each mission-critical application and general support system, determine if an alternate processing facility is necessary and identify the respective facility. At this alternate facility, contingency plans should be tested and arrangements made for its use in the event of a major interruption or disaster.

Table 5: Reports with Questions and Unsupported Costs

Reports with Questioned and Unsupported Costs Section 5(a)8			
Description	Number of Reports	Questioned Costs	Unsupported Costs
Reports for which no management decision has been made by the commencement of the reporting period.	5	\$0	\$0
Reports issued during the reporting period.	7	\$0	\$0
Subtotals		\$0	\$0
Reports for which a management decision was made during the reporting period.	12 ¹	\$0	\$0
<ul style="list-style-type: none"> Dollar value of disallowed costs. 	0	\$0	\$0
<ul style="list-style-type: none"> Dollar value of allowed costs. 	0	\$0	\$0
Reports for which no management decision has been made by the end of the reporting period.	0	\$0	\$0

¹ Management decisions were received in response to five reports issued during the previous reporting period (OIG-SP-11-12, OIG-ER-11-14, OIG-AR-11-15, OIG-AR-11-16, and OIG-AR-11-17); four reports were issued during this reporting period on which management made decisions; and three reports were issued without recommendations.

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

Reports with Recommendations that Funds be Put to Better Use Section 5(a)9		
Description	Number of Reports	Funds Put to Better Use
Reports for which no management decision has been made by the commencement of the reporting period.	5	\$0
Reports issued during the reporting period.	7	\$0
Subtotals		\$0
Reports for which a management decision was made during the reporting period.	12	
<ul style="list-style-type: none"> Dollar value of recommendations agreed to by management. 		\$0
<ul style="list-style-type: none"> Dollar value of recommendations not agreed to by management 		\$0
Reports for which no management decision has been made by the end of the reporting period.	0	\$0
Subtotals		\$0

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Table 7: Reports With Final Action Completed During this Reporting Period

Reports With Final Action Completed During this Reporting Period				
Reports Issued This Reporting Period				
Report Title	# of Recs.	Mgt. Decisions	Final Action Complete in Prior Periods	Final Action Complete This Period
1 FY 2012 Management and Performance Challenges, OIG-MR-12-01	0	0	0	0
2 FY 2011 Financial Statement, OIG-AR-12-02	0	0	0	0
3 FY 2012 Report On Compliance with Laws and Regulations, OIG-AR-12-04	0	0	0	0
Totals	0	0	0	0
Prior Reporting Periods				
Report Title	# of Recs.	Mgt. Decisions	Final Action Complete in Prior Periods	Final Action Complete This Period
1 Audit of EDIS Security, OIG-AR-11-07	8	8	2	6
2 Evaluation of Sunset Review, OIG-ER-11-14	4	4	0	4
Totals	12	12	2	10

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Table 8: Status of Reports Issued Without Final Action

Status of Reports Issued Without Final Action					
This Reporting Period					
	Report Title	# of Recs.	Mgt. Decisions	Decisions IG Disagrees With	Action Not Complete
1	Report on Internal Control for FY 2011, OIG-AR-12-03	12	12	0	10
2	Management Letter for FY 2011 Financial Statement Audit, OIG-ML-12-05	3	3	0	2
3	Audit of Title VII Preliminary Process, OIG-AR-12-06	2	2	0	2
4	Evaluation of Employee Out-Processing Program, OIG-ER-12-07	11	11	0	11
	Subtotal Current Period	28	28	0	25
Prior Reporting Periods					
	Report Title	# of Recs.	Mgt. Decisions	Final Action Complete Prior Periods	Action Not Complete
1	FISMA FY 2004 Performance Audit, OIG-AR-04-05	14	14	12	2
2	Report on Compliance with Laws and Regulations, OIG-AR-11-04	2	2	1	1
3	Audit of Account Management, OIG-AR-11-11	8	8	0	3
4	Inspection of Physical Security, OIG-SP-11-12	22	22	0	22
5	Audit of Continuous Monitoring, OIG-AR-11-15	4	4	0	4
6	Audit of Incident Management, OIG-AR-11-16	8	8	0	7
7	Audit of Patch Management, OIG-AR-11-17	4	4	0	3
	Subtotal Prior Period	62	62	13	42

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Appendix A

Appendix A: Chairman's Statistical Tables

Table A: Reports with Disallowed Costs

Total Number of Reports and the Dollar Value of Disallowed Costs		
Description	Number of Reports	Dollar Value of Disallowed Costs
Reports issued during the period.	7	\$0
Reports for which final action had not been taken by the commencement of the reporting period.	9	\$0
Reports on which management decisions were made during the reporting period.	12	\$0
Reports for which final action was taken during the reporting period.	5	\$0
<ul style="list-style-type: none"> Dollar value of disallowed costs, recovered by management. 		\$0
<ul style="list-style-type: none"> Dollar value of disallowed costs written off by management. 		\$0
Reports for which no final action has been taken by the end of the reporting period.	11	\$0

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

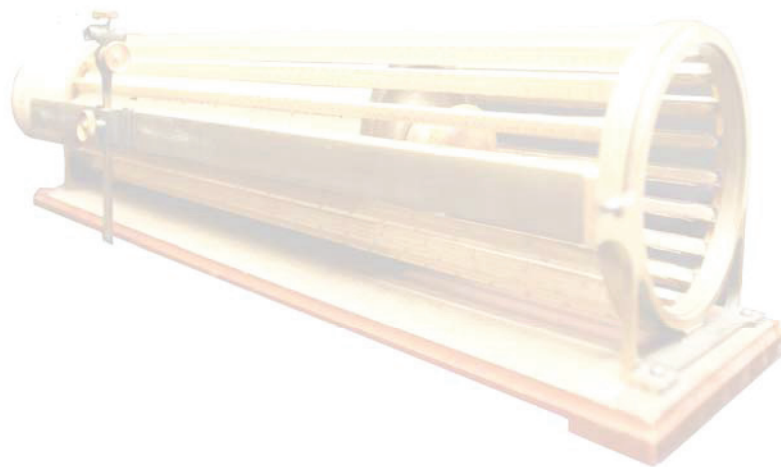
Reports with Recommendations that Funds be Put to Better Use		
Description	Number of Reports	Funds Put to Better Use
Reports for which final action had not been taken by the commencement of the reporting period.	9	\$0
Reports on which management decisions were made during the reporting period.	12	\$0
Reports for which final action was taken during the reporting period including:	5	\$0
<ul style="list-style-type: none"> Dollar value of recommendations that were actually completed. 		\$150,000
<ul style="list-style-type: none"> Dollar value of recommendations that management has subsequently concluded should not or could not be completed. 		\$0
Reports for which no final action has been taken by the end of the reporting period.	11	\$0

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Appendix A

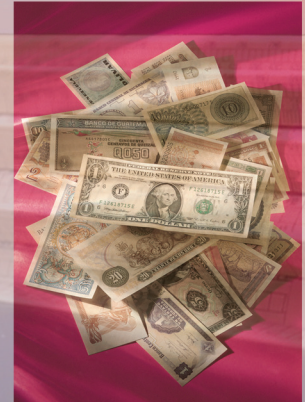
Table C: Prior Year Management Decisions Without Final Action

Prior Year Audit Reports On Which Management Decisions Have Been Made but Final Action has Not Been Taken				
Audit Report	Date Issued	Disallowed Costs	Funds Put to Better Use	Reason Final Action has Not Been Taken
OIG-AR-11-04	11/10/2010	\$0	\$0	Provided in Section II.B. of the Chairman's letter
OIG-AR-04-05	09/27/2005	\$0	\$0	Provided in Section I.C. of the Chairman's letter



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

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



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