

U.S. International Trade Commission

Inspector General Semiannual Report



April 1, 2011 - September 30, 2011



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

Charlotte R. Lane

Daniel R. Pearson

Shara L. Aranoff

Dean A. Pinkert

Chairman



UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, DC 20436

November 30, 2011

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 April 1, 2011 to September 30, 2011.

The Commission appreciates the work done by the Office of Inspector General in assuring the effectiveness, efficiency, and integrity of Commission programs and operations. Inspector General Philip M. Heneghan and his staff continue to provide invaluable assistance to the Commission. We look forward to continuing to work with Mr. Heneghan as we address the issues raised in his report.

The Inspector General's Semiannual Report identifies the top management and performance challenges in FY 2011 that require significant attention from the USITC. The Commission concurs with the critical challenges identified by the Inspector General. We continue our efforts to address these challenges to ensure that our internal operations are well managed. We believe that the corrective action plans we have in place will answer the challenges identified by the Inspector General, and we already have completed a number of these corrective actions.

The actions we are taking to address our challenges are summarized in the following three sections: (1) internal control, (2) financial management, and (3) information technology security. I will then address the status of actions on Inspector General Recommendations.

Management and Performance Challenges

1. Internal Control

Transforming the management culture of the agency 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 with the creation of the Executive Management Committee and its subcommittees and has called upon its senior managers to work collectively and strategically to manage the agency's human, financial, and information resources. In addition, 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 requires SES to be held accountable for the management of the agency as a whole. The SES and other supervisors must verify 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.

2. 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 years. The independent auditor 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 amended its strategic human capital plan to establish a new Office of the Chief Financial Officer (CFO). The Commission currently is recruiting the CFO, and once hired, the Commission will transfer the agency's financial, budget, procurement, and internal control functions to the new office. The Commission expects the CFO to hire or train staff with requisite high-level analytical and communication skills.

The Commission must transform the current 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 new office 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.

3. Information Technology Security

Information technology (IT) is integral to the Commission's operations. In order to address the deficiencies identified, the Commission has focused the Chief Information Officer's (CIO) priorities on risk assessment of the Commission's information security operations.

The Report notes that the Commission has not completed final action on two recommendations dating back to 2005 concerning the Commission's plans for continuity of operations (COOP). The Commission recognizes that the agency currently lacks the resources to ensure continuity of IT operations if a disaster were to occur. The Commission's CIO has developed plans and has begun to implement actions necessary to achieve robust remote functionality. During the reporting period, the Commission completed final action on a third recommendation dating back to 2005. In the next few months, the agency will significantly expand its bandwidth capability. Over the next year, the agency will (1) implement a high-bandwidth network to support offsite COOP requirements, (2) install hardware and software infrastructure sufficient to provide COOP capabilities for all mission-critical applications at a secondary data center, and (3) implement and test all mission-critical applications from the secondary site. With these efforts, the mission of the agency should continue in the event of a disaster or systems problems at the agency's headquarters.

Actions on Inspector General Recommendations

The Inspector General issued eight reports with a total of 53 recommendations during this reporting period. For two of the reports containing 11 recommendations, management decisions were due during the reporting period. The Commission made management decisions on these 11 recommendations. The Inspector General issued six reports with 42 recommendations during the last month of the reporting period. The management decisions were not due for these 42 recommendations until after the reporting period had closed. Management issued its decisions to address many of these recommendations in the intervening period and is working with the Inspector General to address the remaining ones. The Commission made management decisions for all recommendations made in prior periods. The Commission is on schedule to complete final action on the two recommendations related to COOP planning discussed in section 3 above and seven other recommendations. The statistical tables required under the IG Act are included as Appendix A to this report.

Investigations and Inquiries

During the reporting period, the Inspector General referred to the Commission a matter related to unprofessional behavior, violation of standards of ethical conduct and misuse of position by an employee of the agency. The Commission quickly resolved the issue. While the Commission appreciates that the Inspector General identified the problem and referred the matter for management to resolve, the issue highlights the need for a stronger system of internal control. Such a system should enable the Commission to identify this type of issue at an earlier stage.

Actions on External Reviews

During the reporting period, the Commission made progress addressing recommendations from five previous external reviews conducted by different oversight agencies. These reviews included an audit by the U.S. Government Accountability Office (GAO) on the role of the Inspector General at the Commission, a review by the U.S. Equal Employment Opportunity Commission (EEOC) of the Commission's EEO program, and three reviews by the Office of Personnel Management (OPM) of (1) delegated examining authority, (2) human resources, and (3) personal security and suitability. During the reporting period, the Commission made management decisions addressing both the OPM delegated examining authority and EEOC recommendations. The Commission completed final action on the remaining recommendations for both the GAO audit concerning the Inspector General and the OPM review concerning personal security and suitability.



Deanna Tanner Okun
Chairman



UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, DC 20436

October 31, 2011

OIG-JJ-022

Commissioners:

Attached is the Semiannual Report summarizing the activities of the Office of Inspector General (OIG) for the period April 1, 2011 to September 30, 2011.

During this period, we issued eight reports and made 53 recommendations to promote the efficiency, effectiveness, and integrity of the Commission's operations. We also issued an annual plan that identified 16 areas for review in fiscal year 2012.

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 16 Inspector General recommendations and 10 recommendations made by external oversight organizations.

Philip M. Heneghan
Inspector General

U.S. International Trade Commission

Inspector General Semiannual Report

TABLE OF CONTENTS

Office of Inspector General.....	1
Semiannual Report Requirements	1
Top Management and Performance Challenges.....	1
1. Internal Control.....	2
2. Financial Management.....	2
3. Information Technology Security	3
Inspector General Reports Issued this Period.....	4
Audit Reports Issued this Period.....	4
Audit of Log Management, OIG-AR-11-10	5
Audit of Account Management, OIG-AR-11-11	5
Audit of Continuous Monitoring, OIG-AR-11-15	6
Audit of Incident Management, OIG-AR-11-16	6
Audit of Patch Management, OIG-AR-11-17.....	7
Inspection Reports Issued this Period.....	7
Inspection of Physical Security, OIG-AR-11-12	7
Evaluation Reports Issued this Period.....	8
Evaluation of 337 Pre-Filing & Pre-Institution, OIG-AR-11-13	8
Evaluation of Sunset Review Adequacy Phase, OIG-AR-11-14.....	9
Significant Recommendations from Prior Periods	9
Status of Actions Related to External Reviews Completed During Prior Periods ...	11
Government Accountability Office (GAO) – Review of Inspector General Oversight of the Commission	11
Office of Personnel Management – Delegated Examining Operations	12
U.S. Equal Employment Opportunity Commission – EEO Program Review	12
Office of Personnel Management – Human Resources Review	13
Office of Personnel Management – Personnel Security and Suitability Program	13
Federal Financial Management Improvement Act Reporting	14
Peer Review	14
Tables	
Table 1: Reporting Requirements Index	iii
Table 2: Management and Performance Challenges	2

U.S. International Trade Commission

Inspector General Semiannual Report

Table 3: Reports by Subject Matter	4
Table 4: Significant Recommendations from Prior Reports.....	15
Table 5: Reports with Questioned or Unsupported Costs.....	15
Table 6: Reports with Recommendations that Funds be Put to Better Use	16
Table 7: Reports With Final Action Completed During This Reporting Period	17
Table 8: Status of Reports Issued Without Final Action	18

Appendices

Appendix A: Chairman's Statistical Tables.....	A-1
--	-----

U.S. International Trade Commission

Inspector General Semiannual Report

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	4-9
Section 5(a)(3)	Significant Recommendations From Prior Reports on Which Corrective Action Has Not Been Completed	9-10, 15
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	4-9
Section 5(a)(8)	Statistical Table showing Questioned and Unsupported Costs	15
Section 5(a)(9)	Statistical Table showing Recommendations Where Funds Could be Put to Better Use	16
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	14
Section 5(a)(14)	Results of Peer Review Completed During This Period or Date of Last Peer Review	14
Section 5(a)(15)	List of Any Outstanding Recommendations From Peer Review	14
Section 5(a)(16)	List of any Peer Reviews Conducted of Another Office of Inspector General During this Period	14

U.S. International Trade Commission

Inspector General Semiannual Report

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 Office of 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 April 1, 2011 through September 30, 2011. 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 in the next paragraph.

This Semiannual Report starts with a description of the Management Challenges Report, OIG-MR-09-11, which identified the three most significant management challenges facing the Commission. It then summarizes the results of the remaining eight reports issued during this period, describes significant recommendations from prior reports which have not received corrective action, 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 and the Office of Inspector General along with the status of recommendations issued. The last sections supply information on other reportable activities such as participation in the Council on Inspectors General for Integrity and Efficiency, and compliance activities. 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-09-11, on October 15, 2010. The report identified the challenges based on information learned from audit and inspection work, a general knowledge of the Commission's programs and activities, and

U.S. International Trade Commission

Inspector General Semiannual Report

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 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 Security

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 weak or non-existent internal controls. The most significant weaknesses identified were noncompliance with the *Federal Manager's Financial Integrity Act* and OMB Circular A-123, *Management's Responsibility for Internal Control*.

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. 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. The most significant challenge will be managing the cultural changes associated with implementing new systems of internal control throughout the Commission.

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 the 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.

U.S. International Trade Commission

Inspector General Semiannual Report

The Commission lacks personnel with the necessary technical or analytical skills required to provide the appropriate reports and documentation to support the annual financial statement 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 Security

In order to fulfill its core strategic goals, the public and, more specifically, parties appearing before the Commission must trust the Commission to protect their confidential and proprietary business information. In the process of conducting investigations, the Commission regularly collects and uses sensitive confidential and proprietary business data, including company-specific financial, production, and trade data. The Commission must ensure that proper security controls are in place to protect and secure sensitive data. Continuously evolving security threats, the sensitive nature of the Commission's investigations, and the use and storage of data on corporate financial performance indicators make the Commission's information systems high risk targets for attack. As a result, the Commission must continue to refine and improve its information security program.

Use of information technology is an integral component of the Commission's day-to-day operations, including communications with the public. The Commission currently does not have a disaster contingency plan in place to restore data and operations if an event were to occur that disabled the network. Without a plan, the Commission may not be able to restore core business functions or minimize the disruption of services. These weaknesses were identified in a previous audit report and the recommendations remain outstanding. This management challenge will require dedicated funding, skilled resources, and time to resolve. The Chief Information Officer has also identified this as the most critical risk facing the Commission.

U.S. International Trade Commission

Inspector General Semiannual Report

Inspector General Reports Issued this Period

The Inspector General issued eight reports with a total of 53 recommendations during this reporting period. For two of the reports containing 11 recommendations, management decisions were due during the reporting period. The Commission made management decisions on these 11 recommendations, and the Inspector General agreed with all the management decisions.

The Inspector General issued six reports with 42 recommendations during the last month of the reporting period. The management decisions were not due for these 42 recommendations until after the reporting period had closed. A listing of each report 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
IT Security	OIG-AR-11-10	Audit of Log Management	04/28/2011	3
IT Security	OIG-AR-11-11	Audit of Account Management	06/29/2011	8
IT Security	OIG-AR-11-15	Audit of Continuous Monitoring	09/28/2011	4
IT Security	OIG-AR-11-16	Audit of Incident Management	09/29/2011	8
IT Security	OIG-AR-11-17	Audit of Patch Management	09/30/2011	4
Physical Security	OIG-SP-11-12	Inspection of Physical Security	09/09/2011	22
Operations	OIG-ER-11-13	Evaluation of 337 Pre-Filing and Pre-Institution	09/12/2011	0
Operations	OIG-ER-11-14	Evaluation of Sunset Review Adequacy Phase	09/14/2011	4
Total Recommendations Issued This Reporting Period				53
<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>				

Audit Reports Issued 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.

U.S. International Trade Commission

Inspector General Semiannual Report

Audit of Log Management, OIG-AR-11-10

RESULT: The audit determined that the Commission had not configured its system logs in a way that adds value to the operation of ITCNet.

We conducted an audit to evaluate whether the Commission's system logs were configured and managed in a way that added value to the operation of ITCNet. A log management program adds value by collecting log data from all infrastructure devices, monitoring minor and severe incidents, storing aggregate data, and reporting instantly to the responsible group for corrective action.

We found that the Commission possessed a number of tools, but lacked a coherent log management program. The audit identified three problem areas related to monitoring the entire ITCNet infrastructure, using log data effectively to prioritize resources and effectively resolve system errors, and synchronizing all the clocks on the ITCNet devices in order to understand and correlate events taking place on the network.

Based on the results of the draft report, the CIO resolved the issues with clock synchronization and began increasing the number of infrastructure devices being monitored. The Chairman acknowledged the efforts of the CIO and agreed the remaining deficiencies identified in the report must be corrected to improve the effectiveness of the log management program. Final action was completed on all recommendations during this reporting period.

Audit of Account Management, OIG-AR-11-11

RESULT: The audit determined that the Commission effectively limited network access.

We audited the enabled accounts on ITCNet, accounts for a range of infrastructure devices, and permissions for domain users of shared drives to determine if the Commission prevented unauthorized access to the network. The audit found that the Commission was effective in preventing unauthorized access by:

- Immediately disabling accounts when users are no longer authorized to access the network;
- Requiring the use of a hardware device, a PIN, an active user account and a strong password to access the network externally; and
- Requiring physical identification, an active user account, and a password to access the network internally.

Although the Commission effectively prevents unauthorized network access, the audit identified three areas where the Commission can further improve its security controls for

U.S. International Trade Commission

Inspector General Semiannual Report

authorized users to the network. The Chairman agreed with our assessment and recognized that the Commission can further enhance its security by implementing the recommendations detailed in the three areas for improvement.

Audit of Continuous Monitoring, OIG-AR-11-15

RESULT: The audit determined that the Commission had not implemented an effective or comprehensive continuous monitoring system.

We conducted an audit to determine if the Commission met the continuous monitoring requirements instituted by the Office of Management and Budget (OMB). The audit reviewed eight specific functions the Commission is mandated to perform to implement OMB's continuous monitoring requirements.

We found that the Commission had not implemented an executive dashboard that presents real-time summary data, and that the Commission did not have the capability to provide automated data feeds to OMB's web reporting portal.

We issued four recommendations to address the two problem areas identified. The Commission agreed with the findings and is committed to building a robust IT security program that complies actionable information and complies with OMB Guidance.

Audit of Incident Management, OIG-AR-11-16

RESULT: The audit found that the Commission did not have an incident management program capable of providing senior management with detailed, actionable information regarding security incidents.

We conducted an audit of the Commission's incident response program to determine whether the program effectively provided data to senior management. We found that the existing incident response document was largely boilerplate and did not provide an actionable plan to either detect or respond to security incidents. As a result, incidents were being handled on an ad-hoc basis and the Commission did not have a method to use the knowledge gained to avoid similar incidents in the future, or increase the speed and effectiveness of eradicating intrusions once detected.

We issued eight recommendations to address the two problem areas identified in the audit. The Chairman agreed with the assessment and was developing management decisions to address the recommendations at the time the reporting period closed.

U.S. International Trade Commission

Inspector General Semiannual Report

Audit of Patch Management, OIG-AR-11-17

RESULT: The audit found that the Commission had implemented an effective, comprehensive system to maintain patch levels.

We conducted an audit of all systems on all networks managed by the Commission to determine if the Commission had implemented an effective patch management system. We initially found 868 missing high severity patches from the Commission's 455 workstations, which averaged to 1.9 per workstation. Upon further review, we determined seven workstations used for financial reporting exhibited an average of 16 missing patches per workstation, which significantly skewed the total patching score. The missing patches were due to the use of unpatched systems required to maintain connectivity to the National Business Center to perform financial management functions.

We also reviewed the patch status of 36 servers and found that 34 of them were missing an average of 5.9 packages and the remaining two were missing 58 and 276 packages. We attributed this disparity to individual operational groups implementing different server patching standards.

Overall, the Commission has made commendable progress in implementing an effective patch management program. We identified two areas that would further support the Commission's efforts to improve its patching capabilities.

Inspection Reports Issued this Period

The Inspector General issued one inspection report during this reporting period. The result of the inspection and a summary of the report is described below.

Inspection of Physical Security, OIG-AR-11-12

RESULT: The inspection identified weaknesses in all six of the physical security areas reviewed, including two weaknesses from past inspections that remain unresolved.

We conducted an inspection to determine whether the physical security program at USITC is sufficient as determined by (1) statutory and regulatory baselines and (2) agency need. The inspection criteria used government-wide accepted best practices and examined the following subject areas:

- Vehicle inspection and parking garage security;
- Perimeter alarm/intrusion detection system and Kastle key inventory;

U.S. International Trade Commission

Inspector General Semiannual Report

- Federal Protection Service (FPS) building security level determination;
- Physical building security in the areas of communications, stairwell, and CCTV;
- Liaison with local police and consistent communications with FPS; and
- Employee training, written procedures, and guidance.

We identified multiple weaknesses and deficiencies in each physical security subject area reviewed, such as:

- lack of written procedures or guidance for the physical security program;
- absence of security cameras in garage area;
- broken and malfunctioning monitoring equipment;
- no system to manage distribution and rights of Kastle Key management system; and
- lack of building wide public address system for emergencies or evacuations.

In total, we issued 22 recommendations to address the weaknesses identified from the inspection. The Commission agreed with the assessment and was developing management decisions to address the recommendations at the time the reporting period closed.

Evaluation Reports Issued this Period

The Inspector General issued two evaluation reports during this period. The evaluations reviewed processes within two of the strategic operation areas of the Commission. The results and summary information for each evaluation report are described below.

Evaluation of 337 Pre-Filing & Pre-Institution, OIG-AR-11-13

RESULT: The evaluation determined that the pre-filing and pre-institution processes are an efficient use of Commission resources.

Section 337 of the Tariff Act of 1930, as amended, authorizes the Commission to investigate alleged unfair methods of competition and unfair acts in the importation and sale of articles in the United States. The pre-filing and pre-institution phases provide complainants with an opportunity to have their draft complaint reviewed for sufficiency and compliance with the Commission's rules.

We conducted a review of the pre-filing and pre-institution functions and then evaluated the staff costs associated with each process. Both processes are designed to find insufficiencies with complaints that, when resolved, will make the institution process less

U.S. International Trade Commission

Inspector General Semiannual Report

arduous for both parties and may result in decreased requests from complainants to file extensions. The associated staff costs were minimal and, therefore determined to be an effective use of resources.

The report highlighted six areas for additional the Commission consideration. The Commission concurred with the results of the evaluation and has agreed to consider the areas presented in the report when they re-evaluate the 337 process.

Evaluation of Sunset Review Adequacy Phase, OIG-AR-11-14

RESULT: The evaluation determined that the Office of Investigations needs to incorporate its checklists and templates into a fully developed procedure. The Tariff Act of 1930, requires the Commission to perform sunset reviews of antidumping and countervailing duty orders every five years. During the adequacy phase, the Office of Investigations gathers information and develops an “adequacy memorandum” that is provided to the Commissioners. The memorandum is a factual document and offers no recommendations or opinions. The Commissioners use it to determine whether to conduct an expedited or full review.

We evaluated completed adequacy memoranda against documentation provided by the Office of Investigations, as well as information obtained from staff interviews. We found that instead of a single documented procedure, the staff used a variety of checklists, templates, and other documents. These documents were not fully inclusive of the process and there were inconsistencies in the content and presentation of information in the final adequacy memoranda.

We issued four recommendations to address the two problem areas identified. The Commission acknowledged that until recently a single investigator was relied upon to complete the adequacy phase memoranda. In order to address the risk of relying upon a single employee, the Office will need to develop its procedures as it assigns less experienced investigators to the adequacy phase of the five-year reviews.

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

U.S. International Trade Commission

Inspector General Semiannual Report

The Inspector General previously reported three recommendations associated with the disaster planning program. During this reporting period, the Commission completed final action on one 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 OIG 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 USITC.

The OIG 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 OIG may conduct a preliminary inquiry into the allegation. If the information obtained during the inquiry indicates that a full investigation is warranted, the OIG 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 USITC areas of responsibility. We examine these complaints to determine whether there is any indication of USITC wrongdoing or misconduct. If the complaint does not relate to the USITC, we refer the complaint to the appropriate agency for response, or close the matter if the complaint does not have merit.

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.

U.S. International Trade Commission

Inspector General Semiannual Report

Investigations and Inquiries

Unprofessional Behavior, Violation of Standards of Ethical Conduct, Misuse of Position

During the reporting period, the OIG received an allegation that an employee had demonstrated unprofessional behavior, violated the Standards of Ethical Conduct, and misused his position. The OIG conducted an inquiry and referred the issue to Commission management for appropriate action. The inquiry was closed during the reporting period.

Status of Actions Related to External Reviews Completed During Prior Periods

Government Accountability Office (GAO) – Review of Inspector General Oversight of the Commission

In October 2010, the GAO issued a report based on its review of the oversight activities of the Inspector General at the Commission. Inspectors General are responsible for providing independent and objective oversight; however, GAO found that the Commission relied on acting and temporary Inspector Generals for an extended period of time. The GAO was asked to determine (1) the extent of oversight provided by the Commission's Inspector General, (2) the budget and staffing resources available for oversight, and (3) how the role of the Inspector General was addressed in the governance of the Commission. To accomplish these objectives, the GAO reviewed Inspector General reports and budgets for fiscal years 2005 through 2009, and relevant policies and procedures regarding governance and accountability. The GAO also interviewed the Chairman, Commissioners, current and former acting and temporary IGs, and office directors.

The IG Act requires Inspectors General to provide independent audits and investigations of the programs, offices, and activities in their respective federal entities; however, during the five-year period reviewed, the Commission's Inspector General conducted no audits and had no investigative case files or investigative reports. The Inspector General's oversight activities consisted primarily of monitoring and reviewing the work of independent public accountants who conducted the annual mandatory audits of the Commission's financial statements and information security programs. The most recent peer review (requested by the current Inspector General) of audit quality concluded that an opinion could not be rendered on the audit organization because no audits had been conducted by the Office of Inspector General in the past five years.

U.S. International Trade Commission

Inspector General Semiannual Report

The GAO made a recommendation to the Commission's Inspector General to prepare a staffing analysis as part of audit planning to determine the resources needed for effective oversight. The GAO also made recommendations to the Chairman aimed at clarifying and communicating the authorities and responsibilities of the Inspector General.

The Commission completed final action on the last remaining recommendation during this reporting period.

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 not completed on any of the 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 eleven 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. Final action was not completed on any of the recommendations during this reporting period.

U.S. International Trade Commission

Inspector General Semiannual Report

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 59 of the recommendations. During this reporting period they completed final action on seven recommendations. The Commission is working on implementing the remaining 17 management decisions.

Office of Personnel Management – Personnel Security and Suitability Program

The Office of Personnel Management performed a review of the Commission's Personnel Security and Suitability Program. The review involved examining and measuring key program areas including the position designation processes, investigation request processes, adjudication processes, and processes supporting reform goals and reciprocity. The final report identified 22 recommendations for the Commission. The Commission made management decisions to implement all of the recommendations and in prior reporting periods completed final action on 20. During this reporting period they completed final action on the remaining two recommendations.

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.

U.S. International Trade Commission

Inspector General Semiannual Report

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 next audit peer review has been scheduled by CIGIE and will cover the period through September 2012.

U.S. International Trade Commission

Inspector General Semiannual Report

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.	1	\$0	\$0
Reports issued during the reporting period.	8	\$0	\$0
Subtotals		\$0	\$0
Reports for which a management decision was made during the reporting period.	4 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.	5 ²	\$0	\$0

¹ Management decisions were received in response to the FOIA report, OIG-AR-11-08, which was issued during the last reporting period; three reports were issued during this reporting period on which management made decisions; and one report without recommendations.

² All five of these reports were issued during the month of September and management decisions were not due until after this reporting period closed.

U.S. International Trade Commission

Inspector General Semiannual Report

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.	1	\$0
Reports issued during the reporting period.	8	\$0
Subtotals		\$0
Reports for which a management decision was made during the reporting period.	4	
<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.	5	\$0
Subtotals		\$0

U.S. International Trade Commission

Inspector General Semiannual Report

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	Audit of Log Management, OIG-AR-11-10	3	3	0	3
2	Evaluation of 337 Pre-filing & Pre-institution, OIG-ER-11-13	0	0	0	0
Totals		3	3	0	3
Prior Reporting Periods					
	Report Title	# of Recs.	Mgt. Decisions	Final Action Complete in Prior Periods	Final Action Complete This Period
1	FOIA, OIG-AR-11-08	5	5	0	5
2	Report on Internal Control, OIG-AR-11-03	20	20	15	5
3	Management Letter 2010 Financial Statement, OIG-ML-11-06	25	25	23	2
Totals		50	50	38	12

U.S. International Trade Commission

Inspector General Semiannual Report

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	Audit of Account Management, OIG-AR-11-11	8	8	0	8
2	Inspection of Physical Security, OIG-SP-11-12	22	0	0	22
3	Evaluation of Sunset Review Adequacy Phase, OIG-ER-11-14	4	0	0	4
4	Audit of Continuous Monitoring, OIG-AR-11-15	4	0	0	4
5	Audit of Incident Management, OIG-AR-11-16	8	0	0	8
6	Audit of Patch Management, OIG-AR-11-17	4	0	0	4
	Subtotal Current Period	50	8	0	50
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	11	2
2	Report on Compliance with Laws and Regulations, OIG-AR-11-04	2	2	1	1
3	EDIS Security, OIG-AR-11-07	8	8	2	6
	Subtotal Prior Period	24	24	14	9

U.S. International Trade Commission

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.	8	\$0
Reports for which final action had not been taken by the commencement of the reporting period.	6	\$0
Reports on which management decisions were made during the reporting period.	4	\$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.	9	\$0

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

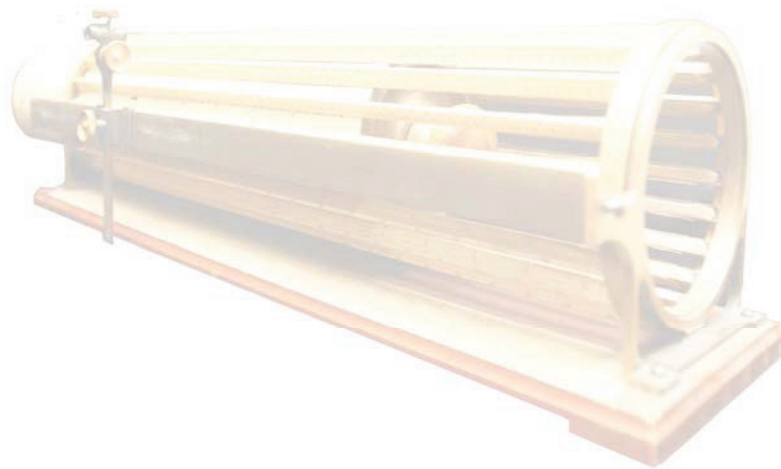
Reports with Recommendations that Funds be Put to Better Use		
Description	Number of Reports	Funds Put to Better Use
Reports for which final action had not been taken by the commencement of the reporting period.	6	\$150,000
Reports on which management decisions were made during the reporting period.	4	\$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. 		\$0
<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.	9	\$150,000

U.S. International Trade Commission

Appendix A

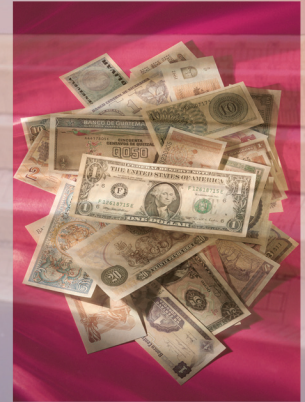
Table C: Prior Year Management Decisions Without Final Action

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-04-05	09/27/2005	\$0	\$0	Provided in Section 3 of the Chairman's letter



"Thacher's Calculating Instrument" developed by Edwin Thacher in the late 1870s. 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



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

Office: 202-205-6542
Fax: 202-205-1859
Hotline: 877-358-8530
OIGHotline@USITC.gov