



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



# **USITC Management and Performance Challenges**

**Fiscal Year 2025**





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## UNITED STATES INTERNATIONAL TRADE COMMISSION

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Chair Karpel:

In accordance with the Reports Consolidation Act of 2000, the U.S. International Trade Commission (USITC or Commission), Office of Inspector General (OIG) identifies the most serious management and performance challenges facing the Commission and provides a brief assessment of the Commission's progress in addressing those challenges. This summary is known as the Top Management Challenges. By statute, this report is required to be included in the Commission's Agency Financial Report.

Congress left the determination and threshold of what constitutes a most serious management and performance challenge to the discretion of the Inspector General. The Government Performance and Results Modernization Act of 2010 identifies major management challenges such as programs or management functions that are vulnerable to waste, fraud, abuse, and mismanagement. A failure to perform well in these areas could seriously affect the Commission's ability to achieve its mission objectives. Each challenge area is related to the USITC's mission and reflects continuing vulnerabilities and emerging operational issues.

Management challenges were identified this year based on oversight work conducted by the OIG Office of Inspector General, knowledge of the Commission's programs and operations, the Commission's strategic plan, annual management plan, enterprise risk management assessments, statements of assurance, and observations and discussions with senior leaders.

For Fiscal Year 2025 (FY 2025), we have three top management and performance challenges:

- Internal Controls
- Data Management
- Human Capital Management

Two of the management challenges are long-standing. The OIG first identified data management, initially known as managing data, as a challenge for the Commission in the October 2017 report, [USITC Management and Performance Challenges](#). The internal controls management challenge is over twelve years old.

The human capital management challenge was first identified last year.

## Internal Controls

The Government Accountability Office (GAO) publishes the [Standards for Internal Control in the Federal Government](#) (The Green Book), which provides federal government managers with the criteria for designing, implementing, and operating an effective internal control system. It defines internal control as “a continuous built-in component of operations, effected by people” and identifies five components for internal control:

1. Control Environment
2. Risk Assessment
3. Control Activities
4. Information and Communication
5. Monitoring

All five components must be properly designed and implemented for an effective internal control system. In addition, these components must work together in an integrated manner. The overall success of an internal control system relies on the organization's people, processes, and technology. The control environment is the keystone of an internal control system. The GAO's Green Book states that one requirement of the control environment is for management to establish an organizational structure, assign responsibility, and delegate authority to meet the agency's objectives.

Central to the Commission's internal controls are the agency's internal rules. The Commission defines an internal rule as a formal rule that establishes or provides for internal governance, organizational structure, delegations, designations, and/or internal operating policies and procedures for the Commission. In three of the last six years, the Commission has fallen short of its goal of issuing or updating three to four internal rules each quarter, amounting to an annual target of 12–16 internal rules each year.

Consistent with the OIG's audit findings, an inadequate system of internal rules continues to be identified as a significant deficiency in the office's system of internal control. At the beginning of Fiscal Year 2024, the Commission reported a significant deficiency in the system of internal rules. Subsequently, the Chair also reported a significant deficiency over internal rules in the Commission's June 30 statement of assurance. The Chair noted, “Several policy Directives in critical program areas remain outdated and need to be revised and reissued, and progress toward achieving this goal continues to be slow.”

## Challenges Identified in Recent Audit

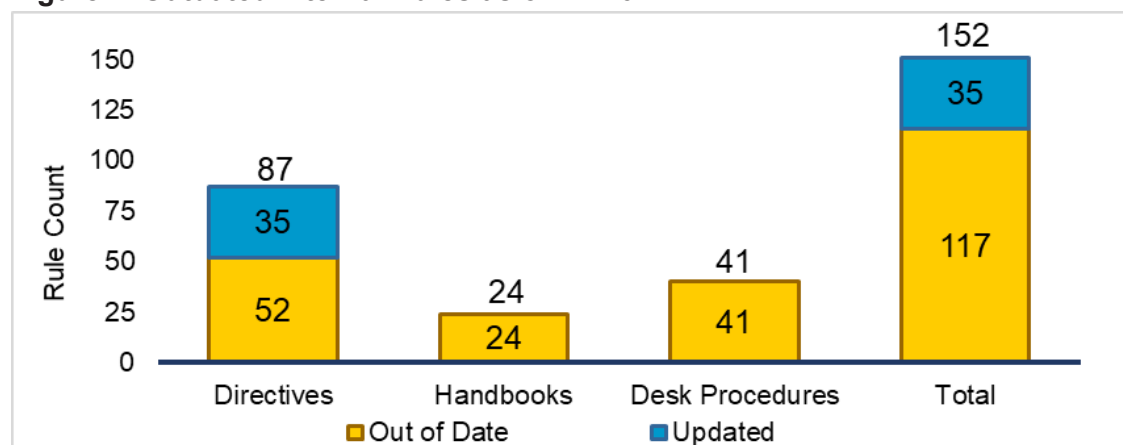
In the OIG's June 2024 report, [Audit of the USITC's System of Internal Rules](#),<sup>1</sup> we made 13 recommendations to the Commission to improve the internal rules process. We found that the Commission's internal rules are not being issued or updated in accordance with the Commission's periodic review requirements, and the number of outdated rules is increasing. Moreover, the Commission has inadequate internal controls over its risk and prioritization processes. As the entirety of the internal rules process is currently designed, there are insufficient resources to operate it effectively.

The OIG found that multiple offices in the Commission face challenges in writing and designating internal rules, lacking either subject area knowledge or the skills necessary to write an internal rule. In addition, the Commission's electronic system to store internal rules does not fully reflect the rules currently in operation, as canceled and superseded rules have been identified and remain in the system. While the Commission made incremental progress after the OIG's 2015 audit report, [Audit of Directives Management](#),<sup>2</sup> the Commission did not fully meet the intent of the two recommendations, and nearly 60% of all directives remained outdated at the end of FY 2024.

## Outdated and Historical Directives

As of September 2024, the Commission had 87 directives. As shown in Figure 1, nearly 60% of all directives and all 24 handbooks were outdated, meaning that the rule's review date<sup>3</sup> had passed, and the Commission had not completed a review and made any necessary updates to the rule. As shown in Figure 2, over the past six fiscal years, the Commission issued a few new rules and could not decrease the number of outdated rules.

**Figure 1. Outdated Internal Rules as of FY 2024**



Source: USITC's System of Internal Rules SharePoint Site, September 2024.

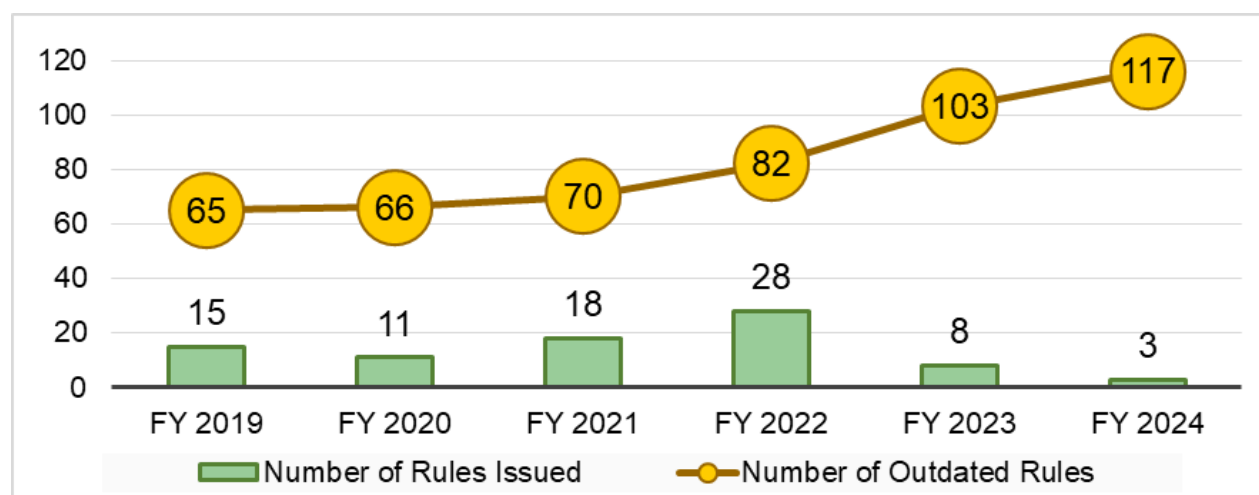
<sup>1</sup> <https://www.oversight.gov/sites/default/files/oig-reports/ITC/OIG-Audit-USITCs-System-Internal-Rules-508-Reviewed.pdf>

<sup>2</sup> <https://www.oversight.gov/sites/default/files/oig-reports/Audit%20of%20Directives%20Management%20OIG-AR-15-14.pdf>

<sup>3</sup> Review dates are set in accordance with the scheduled frequency outlined in the Commission's System of Internal Rules Directive.



**Figure 2. Comparison of Issued and Outdated Internal Rules, FY 2019 to FY 2024**



Source: USITC's System of Internal Rules SharePoint Site, September 2024.

Analyzing the internal rules issued in FY 2022 and 2023, only 20% of the internal rules met the target issuance date. In FY 2024, the Commission issued or updated three directives, falling short of its annual target of 12–16 rules annually and issuing half as many directives as were issued the previous year. Moreover, the Commission did not have an effective prioritization process for completing and updating internal rules. Between FY 2020 and FY 2024, the Commission ranked nine internal rules as high-priority rules. However, only one of these nine high-priority rules was issued at the end of FY 2024, and the rules completed in the past year did not include any new priority rules.<sup>4</sup>

### ***Improvement Efforts and Work Underway***

In response to the OIG's June 2024 report, the Commission reiterated its commitment to improving the internal rules system. In FY 2023, the Commission started identifying historical directives issued between 1977 and 2018 for rescission. The Commission said it will shift its focus to finalizing a project plan and timeline for updating the historical directives. Through the Internal Administration Committee, the Commission also plans to issue a Committee Procedure codifying its prioritization procedures by December 2024.

The progress made by the Commission, although promising, has been overshadowed by the growing number of outdated rules, which is not static and will continue to increase — potentially pushing the projected completion date into the next decade if the Commission does not increase its current pace of issuing and updating internal rules. Moreover, the OIG is concerned that continued delays in updating the agency directives and repeat audit findings are symptomatic of either weak internal controls or a lack of monitoring of internal controls. While 60% of internal rules remain to be addressed, employees are left with incomplete or outdated

<sup>4</sup> One rule updated in FY 2024, the Processing Legislative or Executive Branch Requests Pursuant to Section 332(g) Directive, was on the priority list, however, it was updated in FY 2022 and not scheduled for an update until FY 2025.

guidance, making it difficult to hold them accountable for understanding and operationalizing internal controls.

The Commission's Internal Rules are foundational to achieving its mission efficiently and effectively. Although the Commission established and has executed a rigorous internal rules process, it has become an ancillary responsibility often superseded by other agency priorities. It is important for the Commission to design internal controls that are sustainable and appropriate for its size. Otherwise, internal controls will be less reliable and effective, and there is a risk that a preventable lapse in internal control could occur.

### ***Additional Internal Control Challenge Areas***

In addition to the delay in internal rule updates, the OIG — through audits and reviews — found instances where controls were in place but not fully operational. In the review of controls over the Commission's purchase and travel card programs, we found areas, where controls need to be more efficient or strengthened to ensure purchases and travel activities were approved timely, purchase prices and vendor used were consistent with those approved, and corrective actions were taken when approving officials did not follow the required procedures.

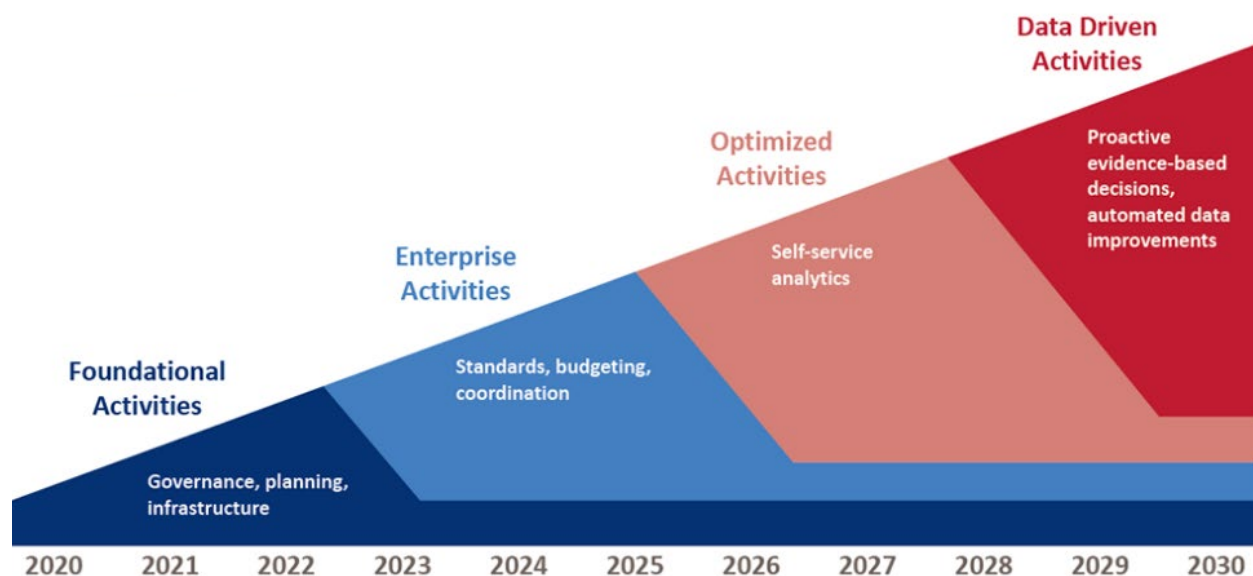
The FY 2023 financial statement audit found issues with internal control deficiencies over payroll expenses. In response to the FY 2023 audit findings, the Commission stated it would take steps to improve and address internal control issues with undelivered orders and the timely review and approval of journal vouchers. The Commission also stated that it would implement policies and procedures to verify the completeness and accuracy of the information in the electronic Official Personnel Folder (eOPF) database, including conducting an annual audit of employee deductions and semi-annually requesting Commission staff to self-verify information in the human resources database to address issues identified in the FY 2023 audit. Similar internal control findings over payroll-related expenses have been identified in this year's audit.

In addition to the deficiency in internal rules, the Commission reported in its June 30 statement of assurance a significant deficiency in human capital management operations, which will be covered in the third management challenge. The significant deficiency is based on findings from an Office of Personnel Management (OPM) evaluation of USITC's human capital programs. OPM provided 19 required actions and 24 suggested actions in its April 2024 report to address gaps in internal controls. This is consistent with the OIG's concern about the lack of operational monitoring controls discussed in previous management challenge reports.

## Data Management

The White House Office of Management and Budget (OMB) issued a memorandum (M-19-18)<sup>5</sup> outlining the Federal Data Strategy (FDS)<sup>6</sup> in June 2019. The FDS was also included in the 2018 President's Management Agenda. The FDS provides a framework of operating principles and best practices to help agencies achieve a consistent data infrastructure and strong data governance over the next decade. This strategy is a government-wide vision for how agencies should manage and use federal data by 2030. The FDS calls for the federal government to replicate, accelerate, and scale leading practices related to government data.

**Figure 3. Federal Data Strategy 10-Year Vision**



Source: <https://strategy.data.gov/2021/action-plan>, October 2024

Annual action plans are issued as part of the FDS that **follow** an incremental maturity ladder that generally moves from **Foundational Activities** of governance, planning, and infrastructure (2020–2022), to **Enterprise Activities** of standards, budgeting, and coordination (2023–2025), to **Optimized Activities** of self-service analytics (2026–2028), and finally, to **Data-Driven Activities** of proactive, evidence-based decisions and automated data improvements (2029 and forward) (see *Figure 3*). Agencies implement the FDS by meeting required Action Steps in the yearly Action Plans following OMB guidance.

<sup>5</sup> <https://www.whitehouse.gov/wp-content/uploads/2019/06/M-19-18.pdf>

<sup>6</sup> <https://strategy.data.gov/>

Using Figure 3 as an illustration, the Commission is currently involved in all four areas. While the Commission is behind the projected timeline in the FDS and has not completed the **Foundational Activities**, it has taken a multi-pronged approach with activities in each area. The Commission's focus is currently on **Foundational and Enterprise Activities**. The Commission is working to leverage self-service analytics and is using data to inform decision-making processes.

### ***Data Management Responsibilities and Overview***

The Commission's Chief Data Officer (CDO) is responsible for data governance and lifecycle data management. The CDO's portfolio of data work includes policies, guidelines, best practices, and an implementation approach. The work is aligned with the Commission's FY 2022–2026 Strategic Plan as well as federal data strategies and requirements where applicable. The CDO manages data and data assets at every stage of the data lifecycle by establishing effective standards and controls to ensure data quality, accuracy, access, and protection. For example, a managing data section is included in the Commission's statements of assurance for each office. The assurance statements' office-level data management activities primarily capture standard operating procedures and asset identification/certification activities for non-core data assets.

The Commission's federal data management process includes a broad range of functions, such as:

- Governing how data are used and accessed;
- Collecting, processing, validating, and storing data;
- Integrating different types of data from disparate sources, including structured and unstructured data;
- Ensuring data quality and availability, and
- Protecting and securing data and ensuring data privacy.

### ***The Commission's FDS Activities***

The Commission's work to date has focused on the Foundational and Enterprise Activities of the FDS, as shown in Table 1. The Commission has not established target completion dates for these activities. Further, no new FDS activities have started since FY 2023.



**Table 1. The Commission’s Federal Data Strategy Activities and Status, September 2024**

Activity	Status	Start Date	FDS Area(s)^
Inventory and documentation of core agency applications and administrative data systems	Completed - Annual Inventory Recertification  In Process – Documentation (3 core assets documented this year, 37 remain)	2018	All
Data Governance Manual	In Process – Pending IAC Review	2019	Foundational
Data Governance Policy	Completed – FY 2023	2020	Foundational
Schedule of data systems to be documented	In Process – Each year, undocumented core assets are prioritized for documentation, and documented assets are reviewed.	2022	Foundational & Enterprise
Self-service analytics	Completed – Turnover dashboard, use or lose leave tool, recruitment tracker, internal rules tracker, labor cost code database.  In Process – Self-service analytics is always ongoing, as new ways for data to be used are continually discovered. Expect to complete active fact-finding investigations by year end.	2021	Optimized & Data Driven

Source: USITC Chief Data Officer, October 2024

^Federal Data Strategy Areas shown in Figure 1.

The Commission made incremental progress in data management in FY 2024. The Commission documents core assets every year through an inventory recertification. The Data Governance Board (DGB) establishes documentation priorities at the start of every fiscal year.

### ***Documentation Status***

In 2022, the Commission established a goal to document core agency applications and administrative data systems within five years. The CDO considers a system documented when it has provided sufficient information to cover the types of information within each article<sup>7</sup> (process, security, data elements, data assurance). A simple asset can be fully documented in the data management plan template, whereas more complicated systems require multiple documents<sup>8</sup>. Of the 130 data assets, 30 have a standard operating procedure, 30 have a data glossary, and 19 have a data management plan.

<sup>7</sup> The data management template contains each of these articles.

<sup>8</sup> These other documents include a system description, a standard operating procedure, and a data glossary.

As of September 2024, 54 core assets and 76 non-core assets have been identified<sup>9</sup>. As shown in Table 2, there are 91 legacy systems and two new data systems that have not been documented. Of those undocumented systems, 37 are core assets and 56 are non-core assets. For comparison, 17 or 31% of the core assets have been fully documented over six years. Of the 35 legacy systems documented so far, only three were documented in FY 2024: Internal Control and Risk Management (ICRM) Report and Recommendations, Electronic Document Information System (EDIS), and Oracle Federal Financials. Last year, the Commission indicated that the inventory and documentation would be completed in FY 2026. It is hard to see how the Commission will achieve this goal with a large number of undocumented data systems.

The Commission's data systems are divided into two types: core and non-core assets. A **core** asset is a dataset that is the authoritative source of information. A **non-core** asset is a subset of data from an authoritative source used by an office for its own purpose.

**Table 2. Status of the Commission's Documentation Efforts from 2018 to 2024**

	Legacy Data Systems	New Data Systems	Total	Core Assets	Non-Core Assets	Total
Documented	35	2	37	17	20	37
Not Documented	91	2	93	37	56	93

Source: Chief Data Officer, October 2024

### ***Progress and Changes***

The Commission has made some progress toward implementing the FDS. Multi-year performance goals have been established in the Commission's Annual Performance Plan under Strategic Objective 3.4 Data: Managing and Leveraging Data as an Asset, which covers the four aspects of the FDS.

According to the CDO, the inventory of data systems is changing as new Commission systems are developed and released. Every new system has Standard Operating Procedures (SOPs) that document business process controls, which are business rules that are programmed to warn and alert, and technology controls that prohibit actions that create data errors or inconsistencies. The Commission plans that the data governance for legacy systems<sup>10</sup> will be documented as data management plans are completed. In the meantime, legacy systems without a data management plan risk being handled improperly since there is no documented plan.

The Office of the Chief Information Officer (OCIO) has strategic goals for data system availability, set at 99%, which all systems continue to exceed. New and updated administrative data systems leverage business and technology controls and automated workflows to ensure

<sup>9</sup> Seven core assets and 15 non-core assets have been archived as of September 2024 and are excluded from the total population.

<sup>10</sup> A legacy system is a data system that was developed prior to January 2021.

data quality. Each completed data management plan includes quality assurance statements, processes, and responsible parties for ensuring data quality.

### ***Existing and New Data Management Challenges***

As the OIG reported last year, areas with gaps include:

- data management processes and governance that are not embedded into operational processes;
- establishment of expectations around data availability, maintenance, and performance, as well as the related policies and processes, and
- controls to ensure accountability for data quality.

The Data Governance Manual was started in 2019 but has yet to be issued. This manual is meant to provide procedures and internal controls to ensure the effective collection, management, compilation, and presentation of agency data; effective data governance; the transparency, accessibility, and release of agency data; appropriate controls and use of sensitive data; and the application of internal controls to ensure data quality and optimize and leverage the value of Commission data assets. Without the manual, the Commission is limited in institutionalizing the Commission's internal controls for data.

Resources are a barrier that could impact the Commission's ability to improve data management. Currently, two FTEs, working with and guiding asset owners and data stewards, complete much of the work on data management at the Commission. Resources and staff awareness are integral to the Commission's approach to view management as a long-term process of creating a culture of good data governance and stewardship that all staff participate in.

While the Commission has established performance goals, it lacks a plan and timeline to implement FDS activities that are relevant to the Commission. Without such a plan, it is difficult for the Commission to assess progress and determine feasibility in achieving data strategy goals with the assigned level of resources. We encourage the Commission to establish short and long-term plans for monitoring FDS goals with milestones and resource requirements so that progress towards meeting FDS requirements is clear.

## Human Capital Management

Since 2001, GAO has identified strategic human capital management as a high-risk area for the federal government. In its April 2023 report, *High-Risk Series: Efforts Made to Achieve Progress Need to Be Maintained and Expanded to Fully Address All Areas* (GAO-23-106203),<sup>11</sup> GAO explained that the strategic human capital management challenge has existed as a government-wide risk area for over two decades because of the ongoing need to address pervasive skill gaps. GAO's overview of skills gaps identified examples such as skills, staffing, workforce planning, and employee engagement that contribute to the challenge.

The Commission's FY 2022–2026 strategic plan emphasized human capital management under Strategic Objective 3.1: Attract, develop, and retain a skilled, diverse, and versatile workforce. The Commission also acknowledged in its Strategic Plan that succession and training plans are needed to develop world-class technical, leadership, management, and communication skills. The human capital management challenge has three essential elements: hiring, succession planning, and retention. Outside the USITC's control, two Commissioner vacancies and all but one Commissioner on expired terms can create leadership uncertainty for senior officials and staff. In addition, during FY 2024, the USITC's human resource function was evaluated by the Office of Personnel Management (OPM), resulting in a list of required actions and recommendations for the Commission to address.

### **Hiring**

The Commission has experienced an increased workload in recent years but has maintained stable staffing levels. To mitigate the impact of the greater workload on staff satisfaction, the Commission requested and received funds in FY 2023 to increase the number of full-time employees through recruitment and hiring efforts. However, filling vacant and new positions to meet increased organizational goals was challenging for the Commission due to the time it takes to onboard new employees and a periodically under-resourced human resource office.

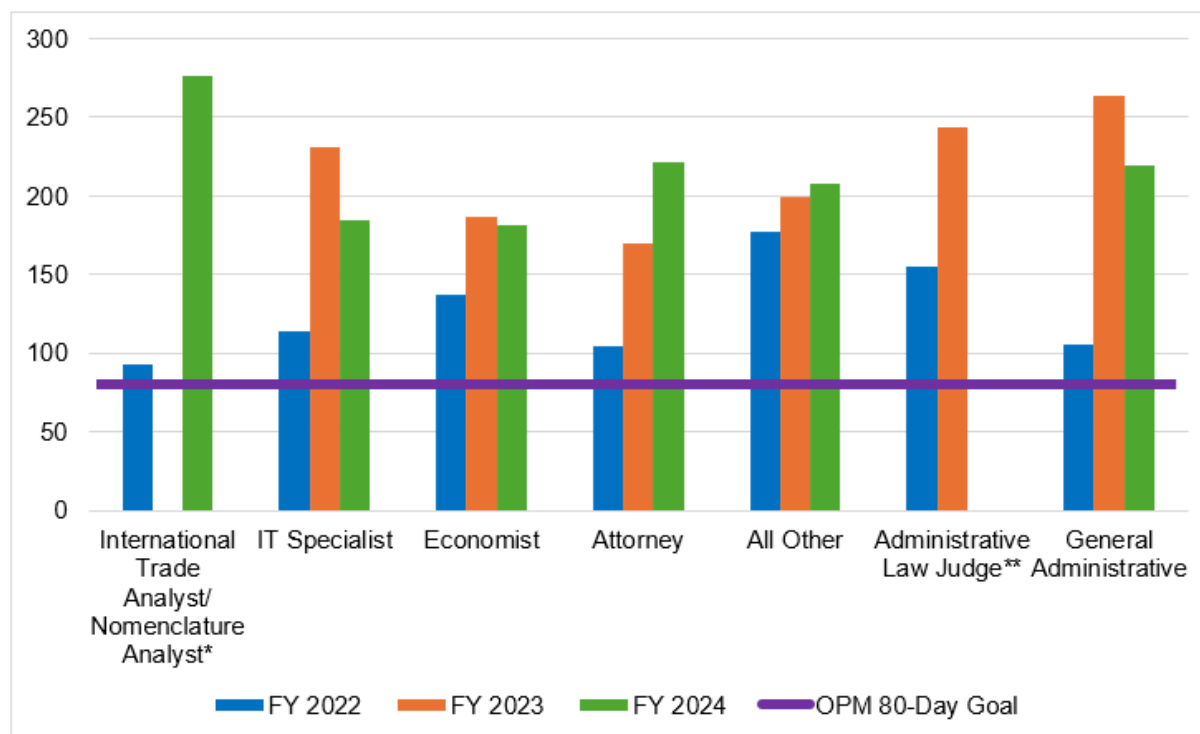
In FY 2024, the Commission's hiring process fell short of the OPM 80-day goal for government-wide hiring<sup>12</sup> by almost triple. The Commission took an average of 218 days to hire new staff, from the Chairman's approval of a position to onboarding, exceeding OPM's suggested 80-day framework. Despite the introduction of a tracking system for hiring, the number of days to hire increased by about 21 days from FY 2023. As shown in Figure 4, the average time to hire varies by occupation and the Commission did not fill any of the job series within the OPM 80-day goal during FY 2024.

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<sup>11</sup> <https://www.gao.gov/assets/820/819749.pdf>

<sup>12</sup> See [OPM's End-to-End Hiring Initiative](#), p.27. According to OPM, the number of days for each step within the 80-day Standard is based on agencies using end-to-end (E2E) Roadmap as an integrated strategy and agency best practices. Agencies may need to adjust the number of days for each step within the 80 days based on their particular practices and procedures.

**Figure 4. Average Days to Hire by Occupational Series FY 2022 – FY 2024**



Source: USITC Human Resources, October 2024

\*There were no new hires in the Internal Trade Analyst/Nomenclature Analyst series in FY 2023.

\*\*There were no new hires in the Administrative Law Judge series in FY 2024.

The Commission started FY 2024 with 411 permanent or term employees. Ninety-seven recruitment actions were processed during the year, including backfilling departures and retirements, plus temporary hires. The Commission made 46 external selections for permanent and term appointment positions and 23 internal selections<sup>13</sup> for permanent and term appointments. However, there were 32 permanent and term appointment departures. Temporary hires, temporary departures, and internal detail assignments were not included in the overall employee counts.<sup>14</sup> Table 3 summarizes the information on hiring and departure activities during FY 2024. When temporary hires are removed from consideration, the net gain of employees in FY 2024 was 14 employees.

<sup>13</sup> Positions filled by internal hires (23) did not impact the overall number of Commission staff.

<sup>14</sup> In FY 2024, the Commission had 24 external temporary hires and 14 external temporary departures. It also used existing agency employees to fill four positions on temporary detail assignments.



**Table 3. USITC Human Capital Activity During FY 2024**

Activity	Number of Employees
Employees at the Beginning of FY 2024	411
Add: New Hires	46
Less: Departures/ Turnover	32
<b>Employees at the End of FY 2024</b>	<b>425</b>

Source: USITC Human Resources, October 2024

The Commission's extended hiring timeline could create challenges in securing top talent for the small agency, especially at the senior level, as candidates often pursue multiple opportunities. In addition to following a year-round hiring process that considers attrition and hiring times, the Commission may place additional focus on recruiting for positions in hard-to-fill job series. Hiring is also challenging because some candidates seek roles that offer expanded telework or remote positions which can put agencies requiring more in-office days at a competitive disadvantage.

The Recruitment Actions Tracking Application for human resources was launched in the second quarter of FY 2024. The human resources application sets target dates and captures completion dates based on user actions. This application's addition will help the Commission make progress in managing recruitment actions and tracking.

### ***Succession Planning***

Succession planning is a proactive and systematic process where organizations identify those positions considered to be at the core of the organization – i.e., too critical to be left vacant or filled by any but the best-qualified persons – and then create a strategic plan to fill those positions. Under 5 U.S.C 412.101, agency heads are to establish “a comprehensive management succession program to provide training to employees to develop managers for the agency”. In 2017, the U.S. Office of Personnel Management issued guidance to help agencies implement and enhance an annual leadership talent management and succession planning (TM&SP) process.<sup>15</sup>

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<sup>15</sup> <https://www.chcoc.gov/content/guidance-establishing-annual-leadership-talent-management-and-succession-planning-process>

The Commission's strategic plan noted "that over the next five years, a substantial portion of the agency's workforce will be eligible to retire. Approximately ten percent of the agency's workforce turns over every year." Currently, there are 75 employees who are eligible to retire, 11 more than last year. In five years, that number will grow to 119, or over 27% of the current workforce level. One of the Commission's five executives<sup>16</sup> is eligible for retirement now, and three of five executives can retire by the end of FY 2029.

Due to the small size of the Commission, departures and vacancies at any level could have an impact. Several essential functions are performed by a single staff person. During our audit of the Commission's FY 2024 compliance with the Federal Information Security Modernization Act Audit, it was discovered that important annual training in security awareness was not conducted. The departure of the key training point of contact caused a breakdown in the Commission's process for monitoring and following up with employees who have not completed the required training. The lack of security awareness training can increase the Commission's cybersecurity risk.

The potential for large numbers of retirements in key positions poses a risk to staffing and knowledge transfer. Knowledge transfer is particularly challenging because specialized and executive-level positions can be difficult to fill. In addition, obtaining institutional expertise on how the Commission operates can take time. Should an influx of new executive management occur within a short time frame, it will particularly impact the Commission's succession management.

The potential for significant change at USITC is not limited to staff and the executive team. By statute, there are to be six presidentially appointed, Senate-confirmed Commissioners and no more than three Commissioners can be from one political party. The Commissioners' terms are set at nine years and are staggered such that a different term expires every 18 months. Commissioners on expired terms may remain in their position until new Commissioners are nominated by the President and confirmed by the Senate. USITC currently has four Commissioners, three of whom are on expired terms. In December, the fourth Commissioner will also be on an expired term. The timing of nomination and confirmation of new Commissioners is outside of the agency's control. As of September 2024, there is one nominee for an expired Commissioner spot; however, the nominee has not had a hearing as of the date of this report.

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<sup>16</sup> The Commission's five executive management team members are the Director of Operations, Chief Financial Officer, Chief Information Officer, Chief Administrative Officer (CAO), and General Counsel. A new CAO joined the Commission in September 2023.

The Commission will have to remain focused on human capital management to meet its mission, navigate the challenges of inevitable staffing changes at all levels, and maintain a flexible, high-performing, and engaged workforce. The Commission has not recently studied workload distribution and staffing balance among offices Commission-wide. The last time the Commission formally approved an agency staffing plan was in 2021. The absence of a large pipeline of experienced employees and the departure of mission-critical and seasoned staff creates a loss of institutional knowledge. Although it will be a challenge as a small agency, it will be important to cross-train elements of key roles and develop talent as part of a succession plan where feasible.<sup>17</sup>

### **Retention**

In 2017, OPM issued *Guidance on Establishing an Annual Leadership Talent Management and Succession Planning Process*. OPM defines talent management as a system that promotes a high-performing workforce, identifies and closes skills gaps, and implements and maintains programs to attract, acquire, develop, promote, and retain quality and diverse talent. Retention strategies are ultimately an investment in employees that can not only lower turnover but also improve engagement and commonly include:

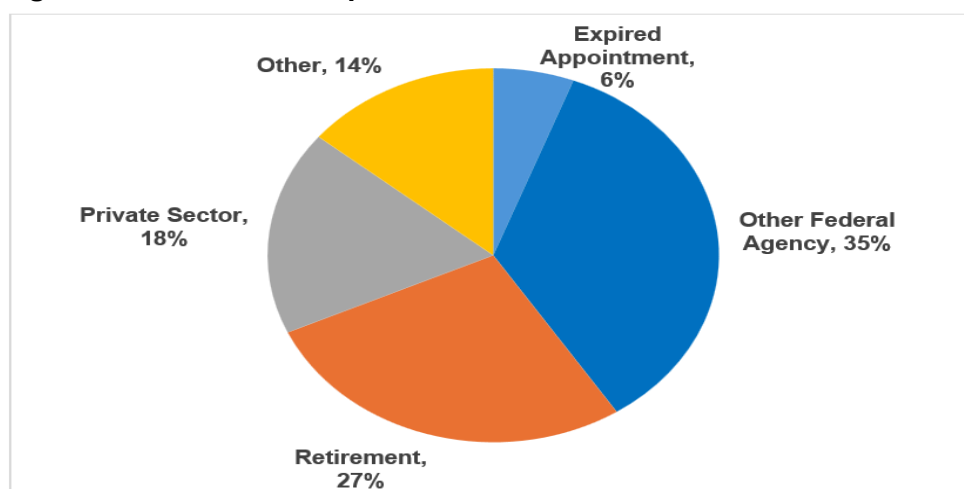
- Advancement opportunities
- Training and development
- Recognition/ rewards for performance
- Workplace flexibilities
- Work-life balance

Along with hiring and succession planning, the Commission should continuously assess the drivers of employee retention and refine its human capital strategy when warranted. Although the retirement tsunami predicted for many years has not materialized, agencies still face a large and ever-increasing pool of retirement-eligible employees. In addition to retirement, accomplishing more work with the same number of staff impacted some of the departing staff at the Commission.

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<sup>17</sup> [Federal Workforce: OPM Advances Efforts to Close Government-wide Skills Gaps but Needs a Plan to Improve Its Own Capacity | U.S. GAO](#)

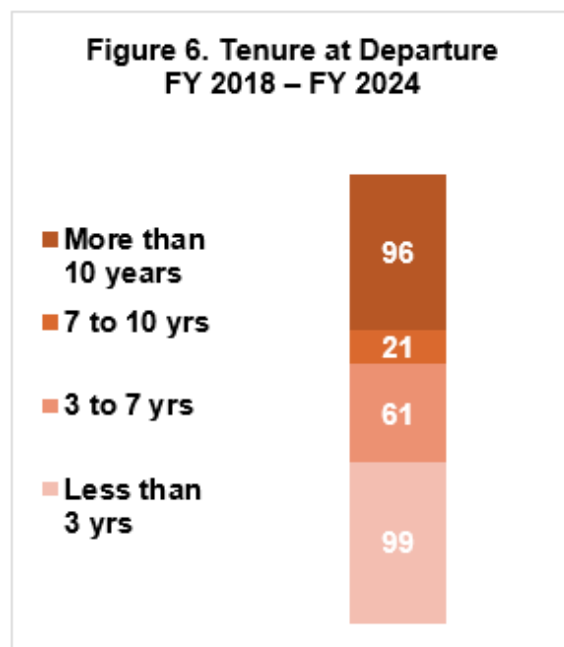
**Figure 5. Reasons for Departure FY 2018 – FY 2024**



Source: USITC Human Resources, October 2024

Between FY 2018 and FY 2024, 277 employees left the Commission. Seventy-three percent of former employees left the Commission for reasons other than retirement. As shown in Figure 5, the top three reasons over the last seven fiscal years for leaving USITC are for a position at a different federal agency (35%), retirement (27%), and a position in the private sector (18%). Peaks of attrition occur in the first three years and after ten years of employment, as shown in Figure 6.

While retirement may play a role in the departures after ten years, many employees stayed at the agency for a shorter period before leaving. Between FY 2018 and 2024, over half of the turnover was among employees with less than seven years of tenure. Ninety-nine employees departed after less than three years. After less than seven years, 160 out of 277 employees in FY 2024 departed the Commission. According to the Office of Human Resources, 46% of the departures in FY 2024 were at the GS-14 and GS-15 levels, leaving the Commission vulnerable to losing critical mission area knowledge and supervisory expertise. Additional analysis of why employees with a shorter tenure or at more senior levels leave the Commission will help the agency develop strategies to retain and build a skilled and knowledgeable workforce. OAS started collecting data regarding departures through an OPM contract for new exit surveys in the third quarter of FY 2024 but has not yet received enough surveys for OPM to provide a report, from which OAS could analyze these data.



Source: USITC Human Resources, October 2024

## ***OPM Evaluation of USITC's Human Resources***

In April 2024, OPM completed a Human Capital Management Evaluation of the Commission. OPM found several shortcomings, including errors and deficiencies impacting the Office of Human Resources' ability to reconstruct recruitment actions, failure to conduct and document job analysis, and untimely issuance of notification letters and audits of certificates. OPM identified several instances of incorrect coding of appointment actions, improper maintenance of personnel records, and a lack of documentation, accountability, and oversight procedures. An additional concern cited by OPM was the lack of assessment and documentation of progress toward closing competency gaps to ensure mission success. OPM stated that many of the identified concerns can be mitigated by implementing an evaluation process, which would help USITC ensure its human resources programs run efficiently and identify root causes of issues negatively impacting the organization's performance in human resources.

In the April 2024 report, OPM identified 19 required actions and 24 recommended actions to address the findings. The Commission developed corrective action plans in response to each required and recommended action. For example, one required action is scheduled to be completed by issuing an update to the USITC's Merit Promotion Plan Directive by June 30, 2025. Another recommended action is scheduled to be completed by reintroducing human resources staff to checklists to ensure the timely completion of tasks by January 31, 2025.

In the Commission's June 30, 2024, statement of assurance,<sup>18</sup> the Office of Administrative Services (OAS), under which the human resource division falls, was noted for a significant deficiency in human capital operations stemming from OPM's 2024 report. OAS emphasized that improvements had been made in the 11 months since OPM's review. OAS also acknowledged that additional human resources controls need to be developed and implemented to ensure full compliance with all applicable statutory and regulatory requirements related to the hiring process and agency training programs.

If unaddressed or diminished, the errors and missteps identified by OPM's Human Capital Management Evaluation and the Commission's statement of assurance will impact the agency's overall ability to address recruitment, succession planning, and retirement challenges. The areas where improvements are needed, if not properly addressed, can detract from human resources' focus on the larger strategic challenges the Commission faces.

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<sup>18</sup> At the time of this report, the Commission had not issued the September 30, 2024 statement of assurance.



## Conclusion

The OIG monitors the Commission's efforts to address the management challenges we identify each year. Our monitoring includes following up on open recommendations and conducting related audits. For information on our ongoing and planned audit work, please see the [Fiscal Year 2025 Annual Audit Plan](#). If you have any questions or wish to discuss our views on the challenges in greater detail, please contact me at (202) 539-9462.



Rashmi Bartlett  
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