

U.S. International Trade Commission

USITC Management and Performance Challenges



OIG-MR-21-09

September 27, 2021



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.



UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, DC 20436

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Chair Kearns:

The *Reports Consolidation Act of 2000* requires that the Office of Inspector General (OIG) summarize and assess the most serious management and performance challenges facing Federal agencies and the agencies' progress in addressing them. This summary is known as the Top Management Challenges. By statute, this report is required to be included in the U.S. International Trade Commission's (Commission or USITC) Agency Financial Report.

The Government Performance and Results Modernization Act of 2010 identifies major management challenges as programs or management functions that are vulnerable to waste, fraud, abuse, and mismanagement. A failure to perform well could seriously affect the ability of the Commission to achieve its mission objectives. Each challenge area is related to the USITC's mission and reflects continuing vulnerabilities and emerging issues.

For [FY2021](#), the USITC OIG identified the top management and performance challenges facing the Commission as the following:

- Managing Data
- Internal Controls

For FY2022, we reiterate our FY2021 challenges for managing data and internal controls. These challenges are based on oversight work by the Office of Inspector General, knowledge of the Commission's programs and operations, and observations and discussions with senior leaders.

Managing Data

OMB Circular No. A-123, Appendix A: *Management of Reporting and Data Integrity Risk* requires agencies to provide reasonable assurance on the reliability, validity, and overall quality of data used for internal and external reporting. The guidance emphasizes a risk-based approach towards managing data

as an asset and the importance of using high-quality data to support data-driven decisions for improving transparency in the government.

High-quality information relies on a strong governance structure that assigns data ownership and accountability to ensure accuracy, completeness, timeliness, and integrity of data. Data owners should promote a culture that values data by emphasizing the importance of the data collected and how data is maintained over time. In addition, data owners should develop processes and procedures needed to provide reasonable assurance of the quality of data in the system.

The Commission should be able to rely on the quality and integrity of its data across systems, applications, and databases. The value of the information generated by a system is only as good as its quality at entry. The accuracy and completeness of information depend on how we capture, enter, code, and reconcile data at the source of entry. Employees need to understand the importance of the data and, more importantly, how inaccurate or incomplete entries impact the quality of information. Data reconciliation processes should be performed regularly to identify and correct any errors or omissions and improve processes to reduce future errors.

There has been a steady increase in legislation and policy guidance directing agencies to implement sound information management practices and increase the accessibility of data to the public. The President's Management Agenda of 2018 defined data as one of three key drivers to modernizing government for the 21st century. The *Foundations for Evidence-Based Policymaking Act of 2018* (Evidence Act) requires the USITC Chair to establish an agency Data Governance Body to be chaired by the Chief Data Officer, with participation from appropriate senior-level staff and technical experts needed to discuss and set policy on data and data-related topics. USITC's Data Governance Board (DGB) was established in 2020. Even though the DGB's charter states that the board meets at least quarterly, the DGB has elected to meet monthly. It is developing a Data Governance Manual to document agency policies and procedures for managing data. The board's focus has been on the Investigation Data Base System (IDS), a centralized system for investigative data which will replace several legacy systems.

We are encouraged by the Commission's actions to develop and implement policies that govern the collection or creation, management, use, and disclosure of USITC data. As data management strategies, practices, and procedures are defined, it will be critical to educate staff on individual responsibilities and core obligations for managing and protecting data. Data management is everyone's responsibility and not solely the purview of the DGB or system owners. For the governance framework and stewardship processes to succeed, they must apply to all systems/ databases, not just those deemed critical or high priority.

Internal Controls:

The *Standards for Internal Control in the Federal Government* (Green Book) defines internal control as "a continuous built-in component of operations, effected by people" and identifies five components for internal control. For a system of internal control to be effective, all five components must be properly designed and implemented. In addition, all five components must be working together in an integrated manner. The overall success of a system of internal control relies on the people, processes, and technology across the organization.

The Commission's management is responsible for establishing and maintaining a system of internal controls. These internal controls are the organizational environment that includes the plans, policies, and procedures that managers use to ensure their programs and operations achieve the intended results through the effective use of public resources. Management is also responsible for designing control activities at the appropriate levels in the organizational structure. Each operating unit is responsible for determining the appropriate control activities required to reduce risk in the operational processes of their office. The control activities should be documented through policy and procedure, communicated to staff, and monitored for effectiveness. The absence of standard procedures results in inconsistency in how routine operations are performed, reduces the quality of information produced, increases the risk associated with informal decisions made by management overrides, and often results in a lack of documentation to support decisions.

For more than a decade, the Commission has worked hard to strengthen entity-level controls. Senior managers implemented an enterprise risk management program and have increased transparency about organizational risk. This program contributes to robust management discussions on issues such as human capital decisions and budget priorities. Although there is more work to be done, the senior management team has demonstrated an awareness of internal control and implemented a system for ongoing leadership discussions on where controls need to be strengthened.

The control environment is the foundation of an internal control system. One principle of the control environment is to establish an organizational structure, assign responsibility, and delegate authority to meet the objectives of the Commission. In 2015, we completed an audit of the Commission's directives management system. The audit found that the Commission's policy directives were not current and contained outdated assignments of responsibility and delegations of authority. Although the Commission had written procedures to assess the directives periodically, the reviews were not performed.

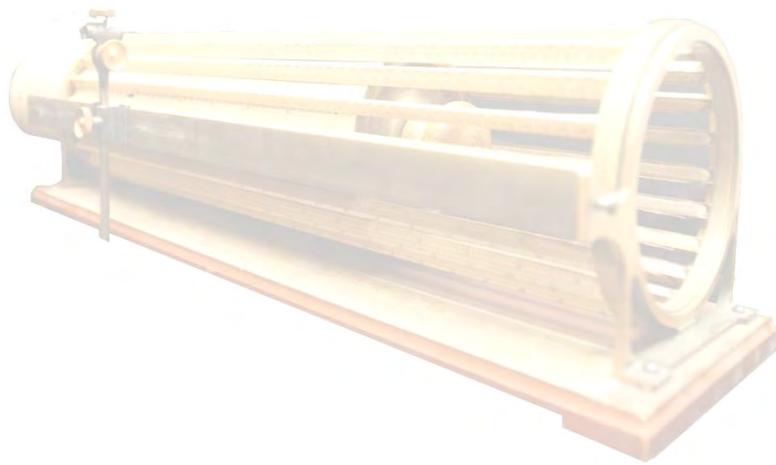
The Commission has designed a new system of internal rules and issued directives focused on structural fundamentals such as mission and function statements. Several additional directives are in various stages of development. While progress has been made since our audit in 2015, the continued delay in updating directives poses a risk that operational processes may not be consistently understood or executed. As directives are finalized, the Commission should monitor the operational effectiveness of the new system of internal rules to ensure it is working as designed and achieving the desired results.

As the Commission begins to consider the post-pandemic operating model, managers need to remain mindful of how these changing conditions may impact the effectiveness of key internal controls in their processes.

I appreciate the Commission's ongoing support for the OIG. We will continue to work with you in addressing these and other challenges the U.S. International Trade Commission faces in achieving its important mission.

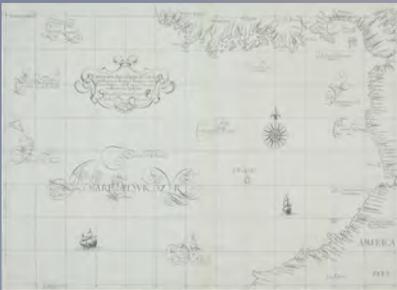


Rashmi Bartlett
Inspector General



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

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



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