

# U.S. International Trade Commission

*Report on Internal Control for 2014*



**OIG-AR-15-04**

**November 12, 2014**



**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*

*Meredith M. Broadbent, Chairman*

*Dean A. Pinkert, Vice Chairman*

*Irving Williamson*

*David S. Johanson*

*F. Scott Kieff*

*Rhonda K. Schmidlein*



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## UNITED STATES INTERNATIONAL TRADE COMMISSION

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WASHINGTON, DC 20436

November 12, 2014

OIG-MM-019

Chairman Broadbent:

This memorandum transmits the Independent Auditor's Report on Internal Control (OIG-AR-15-04) associated with the audit of the Commission's financial statements for fiscal year 2014.

We contracted with the independent certified public accounting firm, Davis & Associates, to conduct the financial statement audit. The contract required that the audit be conducted in accordance with U.S. generally accepted government auditing standards and these auditing standards require a report on Internal Control to be produced as part of the audit.

Throughout the audit and at its conclusion, my office followed procedures and conducted a final review that included monitoring the performance of the audit, reviewing Davis & Associates report and related documentation, and making inquiries of its representatives. Our final review disclosed no instances where Davis & Associates did not comply, in all material respects, with the U.S. generally accepted government auditing standards; however, this final review cannot be construed as an audit, and is not intended to enable us to express, and we do not express, any opinion on the Commission's internal control. Davis & Associates is solely responsible for this report dated November 5, 2014, and the conclusions expressed in the report.

Thank you for the courtesies extended to the auditors and my staff during this audit.

Sincerely,

Philip M. Heneghan  
Inspector General



## **Independent Auditor's Report on Internal Control**

**To the Inspector General  
US International Trade Commission**

We have audited the accompanying Consolidated Balance Sheet of the US International Trade Commission (USITC) as of September 30, 2014, and have issued our report thereon dated November 5, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in U.S. Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 14-02, *Audit Requirements for Federal Financial Statements*.

In planning and performing our audit, we considered USITC's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting was for the limited purpose described in the Responsibilities section of this report and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not test all internal controls relevant to operating objectives as broadly defined in the Federal Managers' Financial Integrity Act of 1982 (FMFIA), such as those controls relevant to ensuring efficient operations.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that misstatements caused by error or fraud, in amounts that would be material in relation to the financial statements being audited, may occur undetected within a timely period by employees in the normal course of performing their assigned functions.

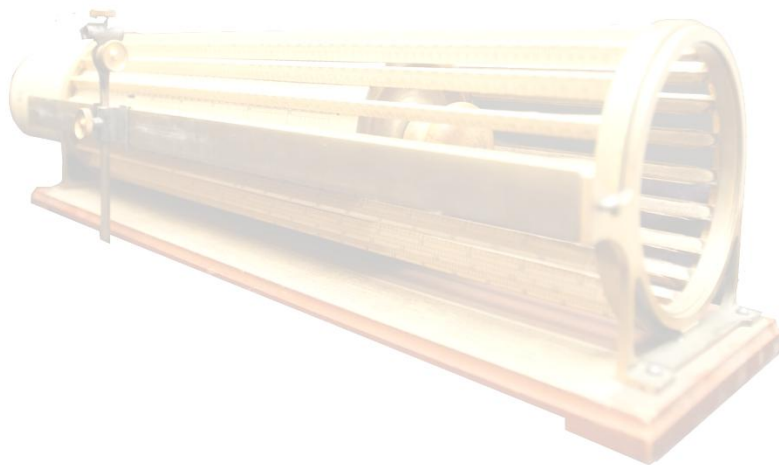
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. In our fiscal year 2014 audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

We noted less significant matter involving internal control and its operation which we have reported to USITC management in a separate letter dated November 5, 2014.

This report is intended solely for the information and use of USITC's management, USITC Office of Inspector General, OMB, the Governmental Accountability Office, and the U.S. Congress, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Davis & Associates*

Alexandria, Virginia  
November 5, 2014



*“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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