



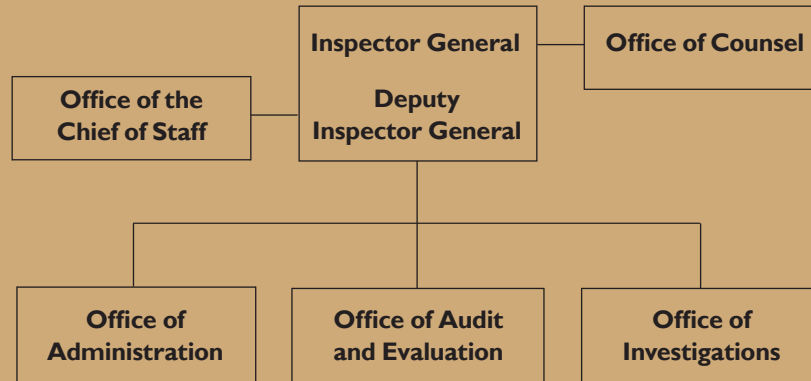
**U.S. Department of Commerce
Office of Inspector General**

Semiannual Report to Congress

March 2019



OFFICE OF INSPECTOR GENERAL



Oversight Areas

Office of the Secretary
Bureau of Economic Analysis
Bureau of Industry and Security
U.S. Census Bureau
Economic Development Administration
First Responder Network Authority
International Trade Administration
Minority Business Development Agency
National Institute of Standards and Technology
National Oceanic and Atmospheric Administration
National Technical Information Service
National Telecommunications and Information Administration
U.S. Patent and Trademark Office

OIG Main Number

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CONTENTS

1	FROM THE INSPECTOR GENERAL
2	TOP MANAGEMENT AND PERFORMANCE CHALLENGES FACING THE DEPARTMENT OF COMMERCE
4	OVERSIGHT AREAS REPORTED ON THIS PERIOD
4	DEPARTMENT-WIDE MANAGEMENT
8	U.S. CENSUS BUREAU
12	ECONOMIC DEVELOPMENT ADMINISTRATION
14	INTERNATIONAL TRADE ADMINISTRATION
16	NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
18	U.S. PATENT AND TRADEMARK OFFICE
22	WORK IN PROGRESS
26	STATISTICAL DATA
58	REPORTING REQUIREMENTS
62	ACRONYMS AND ABBREVIATIONS

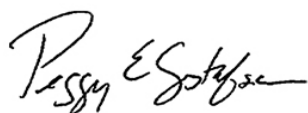
FROM THE INSPECTOR GENERAL

I am pleased to present the Department of Commerce Office of Inspector General's (OIG's) *Semiannual Report to Congress* for the 6 months ending March 31, 2019.

This report summarizes work that we initiated and completed during this semiannual period on a number of critical Departmental activities. Over the past 6 months—in addition to issuing our annual *Top Management and Performance Challenges Facing the Department of Commerce*—our office issued 10 audit, evaluation, and inspection reports. These products addressed programs and personnel associated with the U.S. Census Bureau, National Oceanic and Atmospheric Administration (NOAA), U.S. Patent and Trademark Office (USPTO), and the Department itself. This report also describes our investigative activities addressing programs and personnel associated with the Census Bureau, Economic Development Administration (EDA), International Trade Administration (ITA), USPTO, and the Department itself.

In November 2018, we issued our annual report identifying what we consider from our oversight perspective to be the top management and performance challenges facing the Department in fiscal year (FY) 2019, a summary of which begins on page 2. We will continue to work closely with the Department and with Congress to meet these and other challenges facing Commerce.

We thank Secretary Ross, senior officials throughout the Department, and members of Congress and their staffs for their support of our work and for their receptiveness to our recommendations to improve Departmental programs and operations.



PEGGY E. GUSTAFSON

TOP MANAGEMENT AND PERFORMANCE CHALLENGES FACING THE DEPARTMENT OF COMMERCE

OIG is required by statute (see 31 U.S.C. § 3516(d)) to report annually the most serious management and performance challenges facing the Department. Below is a summary of our final report, issued November 14, 2018, on the Department's top management and performance challenges for FY 2019.

Challenge 1: Successfully Completing 2020 Census Testing and Systems Integration of New Innovations in Time to Deliver a Cost-Effective, Accurate Decennial Census

Our FY 2019 top management and performance challenges include these priority areas related to the 2020 Census:

- Minimizing the challenges associated with incomplete testing of 2020 Census systems and innovations
- Mitigating the risks of unplanned changes
- Preventing further reductions to cost avoidance, reducing cost overruns, and eliminating unaccounted-for costs

Challenge 2: Maximizing Efficiencies of Environmental Satellite Programs

Our FY 2019 top management and performance challenges include these priority areas related to NOAA's satellite programs:

- Reducing life-cycle costs of the Polar Weather Satellite (PWS) program
- Identifying an optimal launch strategy for remaining satellites in the series
- Managing risks in next-in-series satellites
- Planning an optimal next-generation satellite system architecture

Challenge 3: Deploying a Nationwide Public Safety Broadband Network (NPSBN)

Our FY 2019 top management and performance challenges include these priority areas related to the First Responder Network Authority (FirstNet):

- Deploying the NPSBN
- Securing public safety participation
- Ensuring the successful performance of the contract awarded to AT&T
- Ensuring effective and efficient use of proceeds AT&T provides annually to FirstNet
- Strengthening operational controls

Challenge 4: Ensuring USPTO Provides High-Quality Intellectual Property Rights

Our FY 2019 top management and performance challenges include these priority areas related to USPTO:

- Ensuring that the Patent Trial and Appeal Board operates fairly and effectively
- Ensuring that examiners perform thorough patent application reviews
- Improving the management of information technology (IT) acquisitions and operations

Challenge 5: Continuing to Improve the Department's Cybersecurity Posture

Our FY 2019 top management and performance challenges include these priority areas related to the Department's cybersecurity posture:

- Implementing security controls to protect the systems supporting the 2020 Census
- Securing cloud-based systems and assets
- Sustaining Department-wide implementation of the Continuous Diagnostics and Mitigation program
- Maintaining a robust IT workforce to manage an effective IT security program

Challenge 6: Utilizing Resources and Developing Processes to Rebalance Trade Enforcement and Promotion Priorities

Our FY 2019 top management and performance challenges include these priority areas related to trade enforcement and promotion:

- Building staff expertise for the self-initiation of antidumping and countervailing duty cases
- Institutionalizing processes for Section 232 product exclusion request reviews and managing the increased foreign investment review workload
- Managing the downsizing of trade promotion capacity

Challenge 7: Providing Adequate Oversight to Effectively Manage the Significant Increase in Disaster Assistance Funding to EDA

Our FY 2019 top management and performance challenges include these priority areas related to EDA disaster relief:

- Following a comprehensive oversight implementation strategy
- Acquiring and maintaining sufficient staff with appropriate proficiency
- Developing a risk management strategy to strengthen internal control

Challenge 8: Addressing Departmental Management Matters Involving Acquisitions

Our FY 2019 top management and performance challenges include these priority areas related to acquisitions:

- Improving monitoring of blanket purchase agreements (BPAs)
- Developing and maintaining a competent acquisition workforce to support the Department's mission
- Establishing oversight of mission-support service delivery
- Increasing the pace of NOAA ship acquisitions

DEPARTMENT-WIDE MANAGEMENT

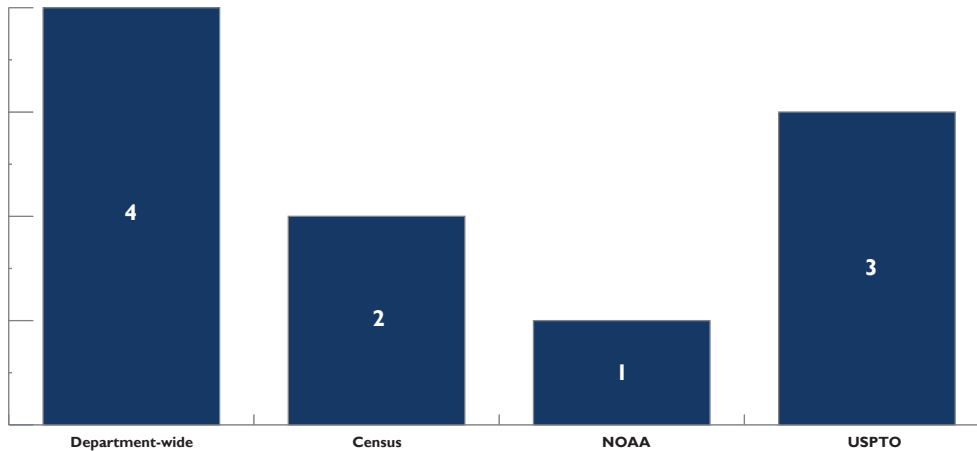


The **U.S. Department of Commerce's** mission is to create the conditions for economic growth and opportunity.

The Department of Commerce promotes job creation and economic growth by ensuring fair and reciprocal trade, providing the data necessary to support commerce and constitutional democracy, and fostering innovation by setting standards and conducting foundational research and development.

COMPLETED WORKS (BY OVERSIGHT AREA)

During this reporting period—in addition to issuing our *Top Management and Performance Challenges Facing the Department of Commerce*—our office completed 10 audit, evaluation, and inspection reports.



DEPARTMENT OF COMMERCE FY 2018 CONSOLIDATED FINANCIAL STATEMENTS AUDITS (OIG-19-005-A, OIG-19-007-A, OIG-19-010-A)

KPMG LLP (KPMG), an independent public accounting firm, performed the audit in accordance with U.S. generally accepted auditing standards, standards applicable to financial audits contained in Government Auditing Standards, and Office of Management and Budget (OMB) Bulletin No. 19-01, *Audit Requirements for Federal Financial Statements*.

In its financial statement audit report (OIG-19-005-A) of the Department, KPMG

- determined that the financial statements were fairly presented, in all material respects, and in conformity with U.S. generally accepted accounting principles;
- identified two material weaknesses in internal control over financial reporting related to capitalizing internal use software costs and accounting treatment for the Digital Television Transition and Public Safety Fund;
- identified a significant deficiency in internal control over financial reporting related to IT general controls in the areas of access controls, configuration management, and security management; and
- identified no instances of reportable noncompliance with applicable laws, regulations, contracts, and grant agreements, as well as no instances in which the Department's financial management systems did not substantially comply with certain provisions of the Federal Financial Management Improvement Act of 1996.

In its audit of the Department's closing package financial statements (OIG-19-007-A), KPMG

- determined that the closing package financial statements were fairly presented in all material respects and in conformity with U.S. generally accepted accounting principles;
- identified no deficiencies in internal control over financial reporting specific to the closing package financial statements that were considered to be a material weakness; and
- identified no instances of noncompliance with certain provisions of laws, regulations, contracts, and grant agreements that are required to be reported under Government Auditing Standards or OMB Bulletin No. 19-01.

As part of this audit, KPMG evaluated general IT controls supporting the Department's financial reporting and issued a separate IT report (OIG-19-010-A), which includes detailed information on the weaknesses in general IT controls identified in the audit.

2019 ANNUAL LETTER TO OMB RE: GOVERNMENT CHARGE CARD ABUSE PREVENTION ACT OF 2012 (OIG-19-011-M)

The Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act) and OMB's implementing guidance require each OIG to perform annual risk assessments, as well as to submit semiannual reports to OMB, in coordination with the Department, of employee purchase or integrated card violations and the resulting actions taken. Where annual travel card spending for an agency exceeds \$10 million, the Charge Card Act and OMB M-13-21 require periodic audit or reviews of the agency's travel card program. OIGs must also submit an annual purchase and travel card audit recommendation status report to OMB.

We provided information regarding known and completed reviews and investigations of fraudulent use or abuse of purchase cards that resulted in fraud, loss to the government, or misappropriation of funds or assets for the Department's July 2018 and January 2019 reports to OMB. Currently, there are no open recommendations concerning the use of government cards, and all recommendations have been resolved and implemented.

In March 2018, we closed out one previously reported investigation into an allegation that a manager with the Department's Office of the Chief Information Officer (OCIO) had directed five OCIO employees on multiple occasions to make unauthorized partial split payments on monthly telecommunication invoices using their government purchase cards. Our office substantiated this allegation. We have received the response from the agency indicating that the agency took action to reduce the number of cardholders from five to four, which would provide the necessary oversight and transparency. OCIO required all of its cardholders and approving officials to take formal training on an annual basis, and one employee was transferred to a new position. The matter is no longer pending agency action and is now closed.

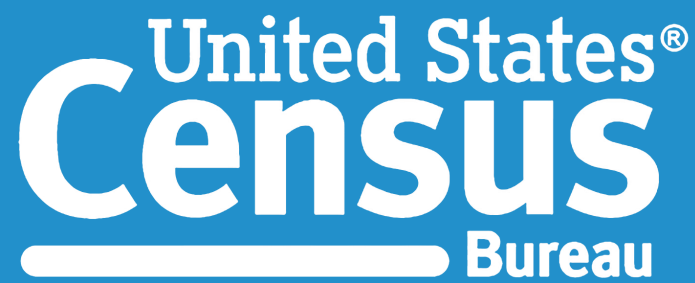
We also reviewed FY 2017 purchase card, travel card, and fleet card transactions to assess the risk of illegal, improper, or erroneous transactions. The assessment was based on detailed analyses identifying trends and variances; the results were then aggregated and included as components of the overall risk rating for each bureau within the Department. Based on our results, we determined that the bureaus fell within a reasonable range of risk.

ADDITIONAL \$1 MILLION RECOVERED FROM FORMER PRESIDENT OF BODY ARMOR COMPANY IN CONNECTION WITH FALSE CLAIMS SETTLEMENT RELATED TO DEFECTIVE BULLETPROOF VESTS

As previously reported in the September 2018 *Semiannual Report to Congress*, the founder and former president of a body armor company agreed to resolve claims under the False Claims Act in connection with the sale of defective Zylon bulletproof vests purchased by the United States for federal, state, local, and tribal law enforcement agencies. As part of a July 2018 agreement, the individual agreed to relinquish interest in \$1.2 million in assets previously frozen by the United States and paid an additional \$125,000 to the United States.

In March 2019, the United States obtained a payment of more than \$1 million from the \$1.2 million in assets previously frozen and relinquished as part of the individual's settlement. Prior to this latest recovery, the overall recoveries exceeded \$132 million from 18 entities and individuals who participated in the sale of Zylon body armor. In addition to the Department of Commerce OIG, other agencies involved in the joint investigation included the General Services Administration (GSA) OIG; Defense Criminal Investigative Service; U.S. Army Criminal Investigative Command; U.S. Treasury Inspector General for Tax Administration; U.S. Air Force Office of Special Investigations; Department of Energy OIG; and Defense Contract Audit Agency.

U.S. CENSUS BUREAU



The **U.S. Census Bureau's** mission is to serve as the nation's leading provider of quality data about its people and economy.

THE CENSUS BUREAU MUST IMPROVE ITS IMPLEMENTATION OF THE RISK MANAGEMENT FRAMEWORK (OIG-19-002-A)

The objective of this audit was to determine whether the risk management framework methodology adopted by the Bureau presents an accurate picture of cybersecurity risks, including risks associated with common controls, to Bureau management.

We found that the Bureau did not follow its risk management framework process. Specifically, we found that

- the Bureau had not continuously monitored critical security controls and failed to document the resulting risks;
- authorizing officials lacked information about significant cybersecurity risks; and
- the Bureau did not effectively manage common controls.

We recommended that the Bureau's Chief Information Officer do the following:

- Update the Bureau's Risk Management Framework Methodology to include additional procedures that leverage automated reporting, to ensure that deviations from continuous monitoring plans are reported more timely to senior management designated as the authorizing official and to IT security management.
- Ensure that management is informed when risks are omitted from Risk Management Program System (RMPS) reports.
- Develop both manual and automated procedures to help ensure that complete descriptions of system security controls are entered into RMPS, reviewed, and approved as part of the system authorization process.
- Ensure that assessment procedures include provisions (both manual and automated) for quality control associated with the validation of security control assessments.
- Develop a strategy for periodically verifying the accuracy of common control inheritance within RMPS.
- Ensure greater rigor in assessment of common control requirements, to include assessing the relationship between the security service provided by the common control requirement and the information system receiving the service.
- Clearly document the rationale for common control decisions within RMPS.

2020 CENSUS: ISSUES OBSERVED DURING THE 2018 END-TO-END CENSUS TEST'S ADDRESS CANVASSING OPERATION INDICATE RISK TO ADDRESS LIST QUALITY (OIG-19-008-A)

The objectives of this audit were to (1) assess the performance of in-field address canvassing operations and (2) determine whether in-office address canvassing correctly identified blocks for the in-field address canvassing operation.

We found the following:

- In-office address canvassing did not correctly identify blocks for in-field address canvassing at the Providence test site.
- Resolution of alerts indicating potential instances of low quality and fraud/abuse was sometimes untimely or non-existent.
- The Bureau's ability to inform the 2020 Census address canvassing operation using the 2018 End-to-End Census (E2E) Test faces some limitations.
- The Bureau is unsure of whether 26 in-field address canvassing Listers who updated addresses were qualified.

In addition—and as part of our fieldwork—we conducted on-site observations of Listers during the test. We observed instances of some Listers' noncompliance with procedures.

We recommended that the Director of the U.S. Census Bureau do the following:

- Evaluate how the number of incorrectly categorized passive blocks will affect Census quality and how those errors may affect demographic groups.
- Identify in-office operational errors that are causing clerks to incorrectly categorize blocks and implement procedures to prevent errors from continuing.
- Include a nationally representative statistical sample of passive blocks in the 2020 Census in-field operation and report the estimated number of missed households.
- Develop procedures to ensure operational control system (OCS) alerts indicating risks to quality and potential fraud/abuse are resolved in time to prevent continued enumerator error and address potential fraud/abuse.
- Assess the risks to the 2020 Census that have arisen as a result of the limitations identified during the 2018 E2E Test's address canvassing operation.
- Determine why final training assessment documentation was missing for 26 Listers and develop a management control to ensure that (1) trainee assessments are documented, and (2) only qualified trainees are retained for a 2020 Census Lister position.

CENSUS BUREAU EMPLOYEE REMOVED FROM SERVICE AFTER CONVICTION OF SEXUAL MISCONDUCT WITH A MINOR

In June 2017, our office was contacted by the Kentucky State Police (KSP), who reported that a Bureau employee had been arrested for unlawful use of an electronic device to induce a minor to engage in sexual activities. KSP requested our assistance to decrypt and search the individual's government laptop for potential evidence. We subsequently performed digital analysis of the laptop and determined that it did not contain evidence relevant to the ongoing KSP investigation.

In August 2018, while the case was awaiting judicial action in Kentucky, a local prosecutor from Ohio advised our office that the same individual had been tried and convicted for offenses related to unlawful sexual contact with a minor in Ohio—and had been sentenced to 4 years' incarceration. We notified the Bureau regarding the conviction in the case; in October 2018, the individual was removed from federal service.

CENSUS BUREAU SUBCONTRACTOR AND TWO AFFILIATED BUSINESSES DEBARRED FOR INVOLVEMENT IN FRAUD SCHEME

In February 2019, the Department debarred an individual who served as a subcontractor on a Bureau contract for a period of 3 years. Additionally, the Department debarred two affiliated businesses for the same period of time. These debarments were based on the individual's participation in a bribery and kickback scheme that led to a conviction for conspiracy to commit wire fraud and tax evasion in the U.S. District Court for the District of New Jersey. The Federal Bureau of Investigation (FBI) uncovered the scheme, and the individual was sentenced to 2 years' incarceration and ordered to pay more than \$710,000 in restitution. The conviction was not directly related to the individual's subcontract with the Bureau.

CENSUS BUREAU CONTRACTOR AGREED TO REPAY FUNDS FOR LABOR CATEGORY MISCHARGING

A contractor for the Bureau disclosed that it had improperly invoiced the Bureau for its employees' time, and had charged against improper labor categories, in connection with an order placed pursuant to a BPA. After the OIGs of the Department of Commerce and GSA initiated a joint investigation, the contractor provided a certification that three contract employees did not meet the qualifications required for their respective labor categories. In October 2018, the contractor provided the Bureau with repayment of more than \$91,800.

ECONOMIC DEVELOPMENT ADMINISTRATION



The **U.S. Economic Development Administration's** mission is to lead the federal economic development agenda by promoting innovation and competitiveness, preparing American regions for growth and success in the worldwide economy. Its investment policy is designed to establish a foundation for sustainable job growth and the building of durable regional economies throughout the United States. This foundation builds on two key economic drivers: innovation and regional collaboration.

ADMINISTRATIVE ACTION TAKEN AGAINST EDA REVOLVING LOAN FUND OPERATOR FOR MISUSE OF FUNDS

As part of an investigation with the State of Maryland, we established that a fund administrator employed by an university-operated EDA Revolving Loan Fund (RLF) improperly withdrew money for personal gain. More specifically, the fund administrator released the RLF money to a corporation for which the administrator controlled all operating accounts. That corporation then passed the money to a company that the administrator owned. Because of these actions, the RLF operator agreed to refund almost \$388,400 to the capital base of one of its three EDA RLFs. In November 2018, EDA and the RLF operator executed an agreement to terminate one RLF for convenience. As a result, almost \$81,800, which represented the federal share of the RLF's capital base, was returned to EDA.

INTERNATIONAL TRADE ADMINISTRATION



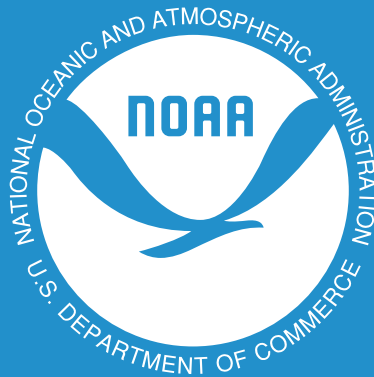
INTERNATIONAL
T R A D E
ADMINISTRATION

The **International Trade Administration's** mission is to create prosperity by strengthening the international competitiveness of U.S. industry, promoting trade and investment, and ensuring fair trade and compliance with trade laws and agreements.

SENIOR ITA OFFICIAL REMOVED FOR INAPPROPRIATE WORK PRACTICES

An investigation by our office found that a senior ITA official regularly sent numerous government emails, including “For Official Use Only” correspondence, from a government email account to a personal email account for a period lasting more than 1 year. In February 2019, the official was removed from federal service.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION



The **National Oceanic and Atmospheric Administration's** mission is to provide daily weather forecasts, severe storm warnings, climate monitoring to fisheries management, coastal restoration, and the supporting of marine commerce.

AUDIT OF NOAA PACIFIC COASTAL SALMON RECOVERY FUND GRANTS TO THE WASHINGTON STATE RECREATION AND CONSERVATION OFFICE (OIG-19-006-A)

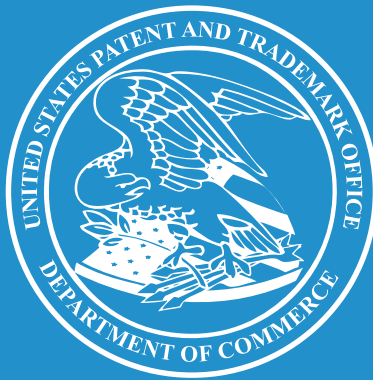
The objectives of our audit were to determine whether the Washington State Recreation and Conservation Office (RCO) (1) claimed allowable, allocable, and reasonable costs; (2) complied with grant terms and conditions, administrative requirements, cost principles, and audit requirements; and (3) met performance requirements of the grants.

We found that RCO claimed costs that were not allowable, not allocable, or unsupported. Specifically, we found questioned costs of \$2,491,000, unallowable federal grant funds that were included in the match to NOAA, and an indirect cost base that included unallocable expenses. In addition, we found that RCO did not ensure subrecipients protected federal interest when spending from the Pacific Coastal Salmon Recovery Fund (PCSRF) to acquire and improve real property.

We recommended that the Director of NOAA Grants Management Division (GMD) do the following:

- Make a determination on the amount recommended by OIG for recovery, \$1,936,999, which is the difference between total federal funds disbursed and the federal share of costs accepted per audit.
- Instruct RCO to discontinue transferring expenses between PCSRF awards for the purpose of depleting older award funds.
- Instruct RCO to follow proper budget procedures to ensure it only claims cost categories approved by the grants officer.
- Instruct RCO and its subrecipients to request prior approval from the NOAA's grants officer to subgrant or sub-contract with a federal agency.
- Ensure that RCO includes and adheres to federal document retention requirements in its subrecipient agreements.
- Require RCO to implement internal controls to ensure costs charged to a particular award are incurred during the period of performance.
- Instruct RCO to follow its controls when reviewing invoices and approving costs.
- Ensure that RCO implements sufficient controls to identify eligible match expenses for its PCSRF grants.
- Ensure that RCO calculates indirect costs in a manner that complies with applicable indirect cost policies and regulations.
- Reiterate to RCO its responsibility to ensure subrecipients provide documentation showing compliance with real property requirements of the grant.
- Instruct RCO to submit to NOAA documentation showing subrecipients' perfected statements of the federal interest in real property acquired and improved with 2010 and 2011 PCSRF grants.

U.S. PATENT AND TRADEMARK OFFICE



The mission of the **U.S. Patent and Trademark Office** is to foster innovation, competitiveness, and economic growth, domestically and abroad, by providing high quality and timely examination of patent and trademark applications, guiding domestic and international intellectual property (IP) policy, and delivering IP information and education worldwide.

USPTO FY 2018 FINANCIAL STATEMENTS AUDITS (OIG-19-003-A, OIG-19-009-A)

KPMG, an independent public accounting firm, performed the audit in accordance with U.S. generally accepted auditing standards, standards applicable to financial audits contained in Government Auditing Standards, and OMB Bulletin 19-01, *Audit Requirements for Federal Financial Statements*.

In its financial statement audit report of USPTO (OIG-19-003-A), KPMG

- determined that the financial statements were fairly presented, in all material respects, and in conformity with U.S. general accepted accounting principles;
- identified a significant deficiency in internal control over financial reporting related to IT general controls in the area of access administration controls and configuration management change controls; and
- identified no instances of reportable noncompliance with applicable laws, regulations, contracts, and grant agreements.

As part of this audit, KPMG evaluated general IT controls supporting USPTO's financial reporting and issued a separate IT report (OIG-19-009-A), which describes the deficiencies in general IT controls identified in the audit.

USPTO NEEDS TO IMPROVE MANAGEMENT OVER THE IMPLEMENTATION OF THE TRADEMARK NEXT GENERATION SYSTEM (OIG-19-012-A)

The objective of this audit was to determine whether USPTO provided effective oversight of Trademark Next Generation (TMNG) implementation.

Overall, we found USPTO did not provide effective oversight of TMNG implementation. Specifically, we found the following:

- USPTO investment board members did not exercise adequate oversight to correct or terminate underperforming TMNG investments.
- Weaknesses exist in the Capital Planning and Investment Control (CPIC) process.
- USPTO provided ineffective project management and oversight for the TMNG examination tool.

We recommended that the Under Secretary of Commerce for Intellectual Property and Director of the U.S. Patent and Trademark Office do the following:

- Ensure the CPIC Review Board (CRB) adheres to the requirements in the CPIC policies and procedures. Specifically, if an investment is identified by the CRB as not meeting expectations as it pertains to schedule, budget, or other factors, ensure that the CRB alerts the IT Investment Review Board (ITIRB) with recommendations for appropriate action.
- Update IT CPIC policies and procedures to establish (a) an attendance requirement for CPIC meetings; (b) that all relevant information is presented to the boards to ensure greater transparency of significant issues; (c) the steps and actions the boards can take when an IT investment is not meeting expectations; and (d) the threshold criteria that the investment boards should use when determining whether to take remedial action.
- Strengthen USPTO's IT investment management by ensuring all pending TMNG investments and future IT investments have a complete cost estimate prior to the boards' recommendation and the Chief Information Officer's approval.
- Improve USPTO's CPIC process by ensuring CPIC oversight functions are able to verify and ascertain whether completed IT investments were obtained in the most cost-effective way possible.

- Continue to address outstanding TMNG development issues using the Path Forward Team.
- Develop improvement plans to mitigate risk of significant, recurring problems with TMNG activities that are covered in the TechStat sessions.

FORMER USPTO EMPLOYEE SENTENCED FOLLOWING CONVICTION FOR SEXUAL EXPLOITATION OF MINORS

In February 2019, a USPTO employee was sentenced to 17 1/2 years' incarceration, and ordered to pay nearly \$29,000 in fines and restitution, following a September 2018 conviction in the U.S. District Court for the Eastern District of Virginia for sexual exploitation of children. We provided assistance in the investigation of the FBI case, including the forensic review and analysis of the individual's government computer. The FBI determined that the individual traveled from Virginia to Colorado in an attempt to engage in sexual activity with a minor, but did not make any contact with the minor in question. In October 2018, the individual resigned from federal service after receiving written notification of a proposal for removal from service, based upon the September 2018 conviction.

USPTO EMPLOYEES SUSPENDED AND ORDERED TO MAKE RESTITUTION PAYMENTS FOR TIME AND ATTENDANCE ABUSE

The following summarizes the results of investigations into three separate USPTO employees who engaged in time and attendance abuse.

In November 2018, a USPTO employee entered into an abeyance agreement that resulted in a 50-day suspension and a restitution payment of more than \$15,700 for multiple instances of time and attendance abuse between May and December 2017. The employee admitted to inaccurately recording time worked, working from an unauthorized location, and failing to follow agency policies and procedures. The abeyance agreement will be in place for 2 years.

In September 2018, another USPTO employee entered into an abeyance agreement that resulted in a 45-day suspension and a restitution payment of more than \$8,800 for engaging in similar time and attendance abuse between August 2014 and November 2015. This agreement will also be in place for 2 years.

Lastly, in another investigation, following a referral by our office to USPTO for further review and consideration, a third employee agreed to serve a 45-day suspension and make a restitution payment of more than \$20,000 for time and attendance abuse between September 2017 and March 2018.

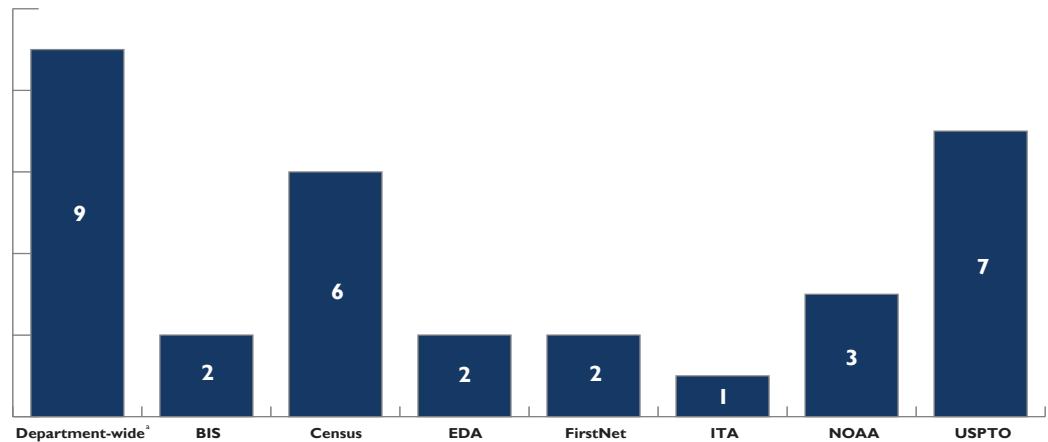
USPTO EMPLOYEE INDICTED AND ARRESTED FOR SEXUAL EXPLOITATION OF MINORS

We received information from the Child Exploitation Task Force pertaining to a USPTO employee possibly being involved in the distribution of child pornography from a Virginia residence. An investigation by our office subsequently determined that the employee had moved to Florida but continued to work for USPTO from a residence there. After obtaining a remote image of the employee's government-issued computer, we determined that no child pornography was present. We then requested that the FBI Tampa Office conduct an interview of the USPTO employee; during this interview, the FBI conducted a search of the individual's personal cell phone and discovered suspected child pornography. In March 2019, the USPTO employee was indicted in U.S. District Court, Middle District of Florida, Tampa Division, on one count of 18 U.S.C. § 2252 (certain activities relating to material involving the sexual exploitation of minors). Subsequently, the USPTO employee was arrested for the aforementioned offense. Judicial adjudication by the U.S. District Court, Middle District of Florida, and USPTO administrative action are pending at this time.

WORK IN PROGRESS

WORK IN PROGRESS (BY OVERSIGHT AREA)

During this reporting period, 32 OIG audit and evaluation projects were initiated or underway.



^a Our audit of the Department-wide oversight and practices to close out contract files will result in an audit report, addressed to the Office of the Secretary, that examines contracts issued by the Census Bureau, National Institute of Standards and Technology (NIST), and NOAA.

DEPARTMENT-WIDE

Audit of Department-wide Oversight and Practices to Close Out Contract Files

To determine whether the Department administered contract close-out procedures in accordance with federal and Departmental regulations.

Audit of the Department's Fleet Management Practices

To determine whether the Department's fleet program operates in accordance with applicable federal fleet requirements for vehicle operations, acquisitions, and utilization.

FY 2019 Cybersecurity Information Sharing Act Audit

To determine the capabilities and practices of the Department's implementation, for 2017 and 2018, of the Cybersecurity Information Sharing Act of 2015.

Audit of the Department's Implementation of Security Controls to Protect the Enterprise Web Solutions (EWS) System

To determine whether the (1) processes used to vet contracting staff given administrative access to the EWS system are adequate; (2) Department followed a sufficient process to identify the impact level of the EWS system; (3) OCIO took appropriate actions to protect the information on the EWS system after it was granted an authorization to operate in 2018; and (4) contract used to procure EWS services and systems complied with Department acquisition regulations.

Review of the Department's FY 2018 Compliance with Improper Payment Requirements

To determine the Department's compliance with the Improper Payments Information Act of 2002, as amended by the Improper Payments Elimination and Recovery Act of 2010 and the Improper Payments Elimination and Recovery Improvement Act of 2012.

Audit of Enterprise Services Performance in Managing and Overseeing Select High-Dollar Contracts

To determine whether Enterprise Services effectively and efficiently managed contractor performance of select high-dollar contracts in accordance with federal regulations and Department policy.

FY 2019 Department of Commerce Consolidated Financial Statements Audit (to include 3 separate reports)

To monitor the independent public accounting firm contracted to determine whether the financial statements are presented fairly, in all material respects, in accordance with generally accepted accounting principles. The audit will also consider the Department's internal control over financial reporting and test compliance with certain provisions of laws, regulations, contracts, and grant agreements that could have a direct and material effect on the financial statements.

FY 2019 Audit of the Department's Digital Accountability and Transparency Act of 2014 Reporting

To (1) assess the completeness, accuracy, timeliness, and quality of the financial and award data submitted for publication on USASpending.gov, and (2) assess the federal agency's implementation and use of the government-wide financial data standards established by OMB and the U.S. Department of the Treasury.

Audit of FY 2019 Federal Information Security Modernization Act (FISMA) Compliance

To assess the effectiveness of the Department's information security program and practices (audit announced April 9, 2019).

BUREAU OF INDUSTRY AND SECURITY

Audit of BIS' Enforcement Programs for End Users

To assess Bureau of Industry and Security's (BIS's) efforts to ensure foreign end users are suitable to receive and use controlled U.S. exports in accordance with the Export Administration Regulations.

Audit of BIS and ITA Processes and Procedures for Reviewing and Adjudicating Section 232 Exclusion Requests

To determine whether (1) BIS and ITA adhere to the processes and procedures in place to review Section 232 product exclusion requests, and (2) exclusion request decisions are reached in a consistent and transparent manner.

U.S. CENSUS BUREAU

Audit of the Census Bureau's Decennial Cloud-Based Systems

To determine the effectiveness of security processes and controls for select cloud-based IT systems supporting the 2020 Decennial Census.

Audit of the U.S. Census Bureau's Census Enterprise Data Collection and Processing Program

To determine whether (1) the Bureau is prepared to test its 2020 Census Security Architecture during the 2018 E2E Test and (2) there are cost issues that will affect the readiness of the security architecture, or any other relevant systems.

Audit of the U.S. Census Bureau's 2018 E2E Test's Peak Operations

To determine whether (1) the Bureau designed the test to inform the 2020 Census; (2) the Bureau performed Non-ID processing and unduplicated responses in a timely manner to reduce the nonresponse followup (NRFU) operation's workload; (3) NRFU systems are included in the test and function as designed; and (4) the test included data quality components identified as success criteria in the test plan.

Audit of the U.S. Census Bureau's 2018 E2E Test's Census Questionnaire Assistance (CQA) Operation

To determine whether the Bureau utilized the results of the 2010 Census Telephone Questionnaire Assistance operation and recent CQA tests to inform the upcoming 2020 Census operation and to assess how CQA contract costs were estimated and are being managed.

Audit of the Census Bureau's Integrated Communications Contract with Young and Rubicam, Inc.

To determine whether the Bureau is (1) administering time-and-materials and labor hour delivery orders in accordance with Federal Acquisition Regulation (FAR) and *Commerce Acquisition Manual* requirements, and (2) effectively monitoring the contract to ensure schedules are met.

Audit of the U.S. Census Bureau's 2020 Census Performance and Scalability Test

To determine whether the Bureau completed phases I through 4 in accordance with the 2020 Census Performance and Scalability Test plan phase requirements and schedule.

ECONOMIC DEVELOPMENT ADMINISTRATION

Audit of EDA's Disaster Relief Workforce Planning

To determine whether EDA's workforce planning process for awarding and administering Disaster Supplemental funds—appropriated by the Bipartisan Budget Act of 2018—is adequate and effective.

Audit of EDA's Disaster Relief Grants Award Administrative Process and Oversight Efforts

To determine whether EDA's grants process for awarding disaster relief funds appropriated by the Bipartisan Budget Act of 2018 is adequate.

FIRST RESPONDER NETWORK AUTHORITY

Audit of FirstNet's Efforts to Monitor Task Order 3 of the Contract for the Development of the Nationwide Public Safety Broadband Network

To determine whether FirstNet properly administered Task Order Number 3, *Deployment, Operation, and Maintenance of the Nationwide Core*.

Audit of the Management of Fee Payments from AT&T

To determine whether FirstNet's processes for setting, collecting, and managing fees, and the National Telecommunications and Information Administration's (NTIA's) processes for reviewing and approving the fees are consistent with legislative and contractual requirements.

INTERNATIONAL TRADE ADMINISTRATION

Evaluation of the 2018 U.S. & Foreign Commercial Service Officer Promotion Process

To determine whether U.S. & Foreign Commercial Service, which is part of ITA's Global Markets business unit, adhered to applicable laws, regulations, and policies when conducting the 2018 officer promotion process.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

Audit of Geostationary Operational Environmental Satellites (GOES)-R Development, Testing, and Transition into Operations

To assess the adequacy of the GOES-R Series development and testing, as well as the transition of the launched GOES-16 and GOES-17 into operations; to monitor the program's progress on contracting actions and changes to minimize cost increases.

Audit of NOAA's Office of Marine and Aviation Operations (OMAO) Ship Fleet Acquisition Planning

To determine whether NOAA performed effective acquisition planning for its construction of new ships; to review NOAA's management of funds associated with this acquisition.

Audit of NOAA Financial Assistance Awards to Gulf States Marine Fisheries Commission (GSMFC)

To determine whether GSMFC (1) complied with award terms and conditions as well as administrative requirements, cost principles, and audit requirements of federal awards; (2) claimed costs that are allowable, allocable, and reasonable; (3) met matching requirements using allowable funds and costs that are properly calculated and valued; and (4) achieved programmatic objectives for each award.

U.S. PATENT AND TRADEMARK OFFICE

Audit of USPTO's Monetary Awards for Patent Examiners

To determine whether USPTO granted monetary awards in compliance with the relevant award criteria and were sufficiently documented.

Audit of USPTO's Active Directory

To determine whether USPTO has adequately managed its Active Directory to protect mission critical systems and data.

Audit of USPTO's Oversight of the Systems Development and Integration Next Generation Contract

To determine whether USPTO provided adequate oversight and monitoring of contractors' performance for the Systems Development and Integration Next Generation contract.

Audit of USPTO's Small Business Utilization

To determine whether USPTO (1) is achieving its small business utilization goals; (2) contracting officials provided small businesses with adequate contract award opportunities; and (3) took appropriate actions to ensure that the contracting officers met small business contracting goals.

Audit of USPTO's Backup and Restoration Policies, Procedures, and Practices of the Patent Capture and Application Processing System

To determine whether USPTO has adequate data recovery and contingency plans in place to ensure operational availability of the Patent Capture and Application Processing system.

Audit of USPTO FY 2019 Financial Statements (to include 2 separate reports)

To monitor the independent public accounting firm contracted to determine whether the financial statements are presented fairly, in all material respects, in accordance with generally accepted accounting principles. The audit will also consider USPTO's internal control over financial reporting and test compliance with certain provisions of laws, regulations, and contracts that could have a direct and material effect on the financial statements.

Audit of USPTO Oversight and Practices to Close Out Contract Files

To determine whether USPTO administered contract close-out procedures in accordance with federal and Departmental regulations.

STATISTICAL DATA

The Inspector General Act of 1978, as amended, (IG Act) requires us to present the statistical data contained in the following:

TABLES	PAGE(S)
1. Office of Investigations Statistical Highlights for This Period	27
2. Audit Resolution and Follow-Up	28
3. Audit and Inspection Statistical Highlights for This Period	29
4. Audits with Questioned Costs	30
5. Audits with Recommendations That Funds Be Put to Better Use	30
6. Summary of Report Types for This Period	31
6-a. Performance Audits	32
6-b. Financial Statement Audits	32
6-c. Other Public Reports	33
7. Summary of Unimplemented and Unresolved Recommendations by Operating Unit	34–35
7-a. Unimplemented Recommendations from Audit, Evaluation, and Inspection Reports	36–48
7-b. Unresolved FY 2019 Recommendations from Audit, Evaluation, and Inspection Reports	49–50
7-c. Reports for Which Management Took Longer Than 60 Days to Respond	51
8. Reports on Investigations Concerning Senior Government Employees	52
9. Descriptions of Instances of Whistleblower Retaliation	53
10. Description of Closed and Non-Public Inspections, Evaluations, Audits, and Certain Investigations	54
10-a. Description of Closed and Non-Public Inspections, Evaluations, and Audits	55
10-b. Description of Certain Closed and Non-Public Investigations	56

TABLE I. OFFICE OF INVESTIGATIONS STATISTICAL HIGHLIGHTS FOR THIS PERIOD

Investigative activities cover investigations opened and closed by OIG; arrests by OIG agents; indictments and other criminal charges filed against individuals or entities as a result of OIG investigations; convictions secured at trial or by guilty plea as a result of OIG investigations; and fines, restitution, and all other forms of financial recoveries achieved by OIG as a result of investigative action. Fines and other financial recoveries refer only to agreements that a judge accepted.

Allegations processed presents the number of complaints from employees, stakeholders, and the general public that were handled by our Complaint Intake Unit. Of these, some resulted in the opening of investigations; others were referred to bureaus for internal administrative follow-up. Others were unrelated to Departmental activities or did not provide sufficient information for any investigative follow-up and so were not accepted for investigation or referral.

Allegations Received	
Total hotline contacts	459
Contacts related to Departmental programs	288
Number of hotline referrals to Departmental management	110
Investigative Caseload	
Investigations opened this period	21
Investigations closed/completed this period	40
Investigations in progress as of March 31, 2019	61 ^a
Reports	
Total number of investigative reports issued during the reporting period	6 ^b
Prosecutive Actions and Monetary Results	
Total number of individuals or entities referred to the U.S. Department of Justice for criminal prosecution	11
Total number of entities referred to state/local prosecuting authorities	2
Indictments/Informations	1
Convictions	0
Monetary recoveries (Fines, Restitution, Settlements, Judgments, and Administrative Remedies)	\$1,644,712 ^c
Administrative Actions	
Suspension/Debarment actions	4
Disciplinary actions	9 ^d

^a This figure excludes 33 cases pending U.S. Department of Justice prosecution or agency action.

^b This figure represents the total number of investigative reports issued to Departmental agencies for administrative action.

^c This figure includes fines, restitutions, and recoveries in cases worked independently by OIG, as well as OIG participation in multiagency investigations.

^d This figure includes personnel actions and termination of contracts and/or grants.

TABLE 2. AUDIT RESOLUTION AND FOLLOW-UP

The IG Act requires us to present in this report information concerning audits issued before the beginning of the reporting period (October 1, 2018) for which no management decision had been made by the end of the period (March 31, 2019). No audit reports remain unresolved for more than 6 months for this reporting period.

Audit resolution is the process by which the Department of Commerce reaches an effective management decision in response to audit reports. **Management decision** refers to management's evaluation of the findings and recommendations included in the audit report and the issuance of a final decision by management concerning its response.

Department Administrative Order (DAO) 213-5, *Audit and Evaluation Resolution and Follow-up*, provides procedures for management to request a modification to an approved audit action plan or for a financial assistance recipient to appeal an audit resolution determination. There was no modification or appeal activity during the 6-month period ending March 31, 2019. The following table summarizes modification and appeal activity during the reporting period.

Report Category	Modifications	Appeals
Actions pending (October 1, 2018)	0	0
Submissions	0	0
Decisions	0	0
Actions pending (March 31, 2019)	0	0

TABLE 3. AUDIT AND INSPECTION STATISTICAL HIGHLIGHTS FOR THIS PERIOD

Audits comply with standards established by the Comptroller General of the United States for audits of federal establishments, organizations, programs, activities, and functions.

Inspections include evaluations, inquiries, and similar types of reviews that do not constitute an audit or a criminal investigation.

Questioned costs ^a	\$2,491,000 ^b
Value of audit recommendations that funds be put to better use ^c	\$0
Total potential monetary benefits	\$2,491,000
Value of audit recommendations agreed to by management ^d	\$8,735,830,967

^a **Questioned cost:** This is a cost questioned by OIG because of (1) an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; (2) a finding that, at the time of the audit, such cost is not supported by adequate documentation; or (3) a finding that an expenditure of funds for the intended purpose is unnecessary or unreasonable.

^b In *Audit of NOAA Pacific Coastal Salmon Recovery Fund Grants to the Washington State Recreation and Conservation Office* (OIG-19-006, issued December 20, 2018), we reported total questioned costs of \$2,491,000; the federal share of questioned costs is \$1,936,999.

^c **Value of audit recommendations that funds be put to better use:** This results from an OIG recommendation that funds could be used more efficiently if Department management took action to implement and complete the recommendation. Such actions may include (1) reductions in outlays; (2) deobligation of funds from programs or operations; (3) withdrawal of interest subsidy costs on loans or loan guarantees, insurance, or bonds; (4) costs not incurred by implementing recommended improvements related to the Department, a contractor, or a grantee; (5) avoidance of unnecessary expenditures identified in pre-award reviews of contracts or grant agreements; or (6) any other savings specifically identified.

^d **Value of audit recommendations agreed to by management:** This is the sum of (1) disallowed costs and (2) funds to be put to better use that are agreed to by management during resolution. Disallowed costs are the amount of costs that were questioned by the auditors or the agency action official and subsequently determined—during audit resolution or negotiations by a contracting officer—not to be charged to the government.

TABLE 4. AUDITS WITH QUESTIONED COSTS

See table 3 for a definition of “questioned cost.” An **unsupported cost** is a cost that is not supported by adequate documentation at the time of the audit. Questioned costs include unsupported costs.

Report Category	Number	Questioned Costs (\$)	Unsupported Costs (\$)
A. Reports for which no management decision had been made by the beginning of the reporting period	2	117,359,398	117,187,105
B. Reports issued during the reporting period	1	2,491,000	27,309
Total reports (A+B) requiring a management decision during the period	3	119,850,398	117,214,414
C. Reports for which a management decision was made during the reporting period ^a	2	117,359,398	117,187,105
i. Value of disallowed costs		117,359,398	117,187,105
ii. Value of costs not disallowed		0	0
D. Reports for which no management decision had been made by the end of the reporting period	1	2,491,000	27,309

^a In category C, lines i and ii do not always equal the total in line C because resolution may result in values greater than the original recommendations.

TABLE 5. AUDITS WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE

See table 3 for a definition of “recommendations that funds be put to better use.”

Report Category	Number	Value (\$)
A. Reports for which no management decision had been made by the beginning of the reporting period	3	10,325,361,341
B. Reports issued during the reporting period	0	0
Total reports (A+B) requiring a management decision during the period	3	10,325,361,341
C. Reports for which a management decision was made during the reporting period ^a	3	8,618,516,569
i. Value of recommendations agreed to by management		8,618,516,569
ii. Value of recommendations not agreed to by management		1,706,844,772
D. Reports for which no management decision had been made by the end of the reporting period	0	0

^a In category C, lines i and ii do not always equal the total in line C because resolution may result in values greater than the original recommendations.

TABLES 6, 6-A, 6-B, AND 6-C. REPORT TYPES FOR THIS PERIOD

Performance audits provide findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria. Performance audits provide objective analysis to assist management and those charged with governance and oversight in using the information to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.

Financial statement audits are primarily to provide an opinion about whether an entity's financial statements are presented fairly in all material respects in conformity with an applicable financial reporting framework. Reporting on financial statement audits performed in accordance with generally accepted government auditing standards also includes reports on internal control over financial reporting and on compliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.

TABLE 6. SUMMARY OF REPORT TYPES FOR THIS PERIOD

Type	Number of Reports	Table Number
Performance audits	4	Table 6-a
Financial statement audits	5	Table 6-b
Other public reports	2	Table 6-c
Total	11	

TABLE 6-A. PERFORMANCE AUDITS

Report Title	Report Number	Date Issued	Funds to Be Put to Better Use (\$) ^a	Amount Questioned (\$)	Amount Unsupported (\$)
U.S. Census Bureau					
<i>The Census Bureau Must Improve Its Implementation of the Risk Management Framework</i>	OIG-19-002-A	10.30.2018	0	0	0
<i>2020 Census: Issues Observed During the 2018 End-to-End Census Test's Address Canvassing Operation Indicate Risk to Address List Quality</i>	OIG-19-008-A	02.06.2019	0	0	0
National Oceanic and Atmospheric Administration					
<i>Audit of NOAA Pacific Coastal Salmon Recovery Fund Grants to the Washington State Recreation and Conservation Office</i>	OIG-19-006-A	12.20.2018	0	2,491,000	27,309
U.S. Patent and Trademark Office					
<i>USPTO Needs to Improve Management over the Implementation of the Trademark Next Generation System</i>	OIG-19-012-A	03.13.2019	0	0	0

TABLE 6-B. FINANCIAL STATEMENT AUDITS

Report Title	Report Number	Date Issued	Funds to Be Put to Better Use (\$)	Amount Questioned (\$)	Amount Unsupported (\$)
Office of the Secretary					
<i>Department of Commerce FY 2018 Consolidated Financial Statements</i>	OIG-19-005-A	11.15.2018	0	0	0
<i>Department of Commerce FY 2018 Closing Package Financial Statements</i>	OIG-19-007-A	12.04.2018	0	0	0
<i>Review of Information Technology Controls in Support of the Fiscal Year 2018 Department of Commerce Consolidated Financial Statement Audit and Other Contractual Requirements</i>	OIG-19-010-A	02.14.2019	0	0	0
U.S. Patent and Trademark Office					
<i>U.S. Patent and Trademark Office FY 2018 Financial Statements</i>	OIG-19-003-A	11.14.2018	0	0	0
<i>Review of Information Technology Controls in Support of the Fiscal Year 2018 USPTO Financial Statement Audit</i>	OIG-19-009-A	02.14.2019	0	0	0

TABLE 6-C. OTHER PUBLIC REPORTS

Report Title	Report Number	Date Issued
<i>Top Management and Performance Challenges Facing the Department of Commerce in Fiscal Year 2019</i>	OIG-19-004	11.14.2018
<i>2019 Annual Letter to OMB re: Government Charge Card Abuse Prevention Act of 2012</i>	OIG-19-011-M	03.04.2019

TABLES 7, 7-A, 7-B, AND 7-C. UNIMPLEMENTED AND UNRESOLVED RECOMMENDATIONS

All tables concerning unimplemented or unresolved recommendations do not include recommendations from (a) classified or sensitive nonpublic reports, (b) recurring, annual audits (such as financial statement audits), or (c) those addressed to specific non-federal entities in connection with audits of financial assistance awards.

Recommendations from all performance audit, evaluation, and inspection reports issued prior to FY 2015 have been implemented.

Resolved but unimplemented recommendations are those for which (a) the operating unit(s) agreed to OIG recommendations and (b) OIG approved the action plan. Columns 2 through 5 of table 7 provide details on resolved but unimplemented recommendations.

Unresolved recommendations include those with no approved action plan as of March 31, 2019, or those for which the action plans are not due until after March 31, 2019. Columns 6 through 7 of table 7 provide details on “unresolved” recommendations.

Table 7-a provides details on FY 2015–2019 performance audit, evaluation, or inspection reports that have resolved but unimplemented recommendations. When issued, these 82 reports had 395 total recommendations. As of March 31, 2019,

- 22 of the 81 reports (27 percent) had resolved but unimplemented recommendations;
- 78 of 395 total recommendations (20 percent) were resolved but unimplemented; and
- 9 of these resolved but unimplemented recommendations had potential monetary benefits of \$10,460,791,341.

Table 7-b provides details on three FY 2019 performance audit reports with 23 unresolved recommendations. One of these unresolved recommendations has potential monetary benefits of \$2,491,000.

Table 7-c provides details on performance audit, evaluation, or inspection reports for which management took longer than 60 days to respond.

TABLE 7. SUMMARY OF UNIMPLEMENTED AND UNRESOLVED RECOMMENDATIONS BY OPERATING UNIT

Operating Unit	FY 2015–2016 Unimplemented Recs (Resolved)	Potential Monetary Benefits of FY 2015–2016 Unimplemented Recs	FY 2017–2019 Unimplemented Recs (Resolved)	Potential Monetary Benefits of FY 2017–2019 Unimplemented Recs	Unresolved FY 2019 Recs	Potential Monetary Benefits of Unresolved FY 2019 Recs
Bureau of Economic Analysis	0	0	0	0	0	0
Bureau of Industry and Security	0	0	0	0	0	0
U.S. Census Bureau	1	0	19	\$1,706,844,772	6	0
Economic Development Administration	1	0	2	\$3,124,732	0	0
First Responder Network Authority	0	0	0	0	0	0
International Trade Administration	0	0	5	0	0	0
Minority Business Development Agency	0	0	0	0	0	0
National Institute of Standards and Technology	0	0	0	0	0	0
National Oceanic and Atmospheric Administration	4	0	29	\$8,748,702,553	11	\$2,491,000
National Technical Information Service	0	0	0	0	0	0
National Telecommunications and Information Administration	0	0	1	0	0	0
Office of the Secretary	5	0	8	\$2,119,284	0	0
U.S. Patent and Trademark Office	0	0	3	0	6	0
TOTAL	11	\$0	67	\$10,460,791,341	23	\$2,491,000

TABLE 7-A. UNIMPLEMENTED RECOMMENDATIONS FROM AUDIT, EVALUATION, AND INSPECTION REPORTS

Table 7-a does not include recommendations from (a) classified or sensitive nonpublic reports, (b) recurring, annual audits (such as financial statement audits), or (c) those addressed to specific non-federal entities in connection with audits of financial assistance awards.

Recommendations from all performance audit, evaluation, and inspection reports issued prior to FY 2015 have been implemented.

- **FY 2015:** OIG issued 17 reports with a total of 83 recommendations. As of March 31, 2019, 2 recommendations (2 percent of FY 2015 recommendations) were resolved but unimplemented. There are no unimplemented recommendations with potential monetary benefits.
- **FY 2016:** OIG issued 26 reports with a total of 109 recommendations. As of March 31, 2019, 9 recommendations (8 percent of FY 2016 recommendations) were resolved but unimplemented. There are no unimplemented recommendations with potential monetary benefits.
- **FY 2017:** OIG issued 20 reports with a total of 88 recommendations. As of March 31, 2019, 12 recommendations (14 percent of FY 2017 recommendations) were resolved but unimplemented. Three unimplemented recommendations have potential monetary benefits of \$13,070,602 in funds to be put to better use.
- **FY 2018:** OIG issued 14 reports with a total of 85 recommendations. As of March 31, 2019, 48 recommendations (56 percent of FY 2018 recommendations) were resolved but unimplemented. Two unimplemented recommendations have potential monetary benefits of \$117,359,398 in questioned costs. Four unimplemented recommendations have potential monetary benefits of \$10,330,361,341 in funds to be put to better use.
- **FY 2019:** OIG issued 4 reports with a total of 30 recommendations. As of March 31, 2019, OIG had approved action plans for 1 of these reports with 7 recommendations. All seven of these recommendations were resolved but unimplemented.

The remaining 3 unresolved reports and their 23 recommendations are listed under table 7-b. One of these unresolved recommendations has potential monetary benefits of \$2,491,000.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
06.05.2015	OIG-15-031, <i>EDA Faces Challenges in Effectively Monitoring Its Revolving Loan Funds</i>	8	1	0

Objective(s)

Our audit objectives were to determine whether EDA effectively responds to performance problems and changes to distressed or underserved communities within the RLF program.

Finding(s)

We found that (1) EDA did not aggressively respond to noncompliant RLFs, exposing agency funds to misuse and economic loss and (2) inflexibility in current RLF regulations and limited resources reduce EDA's ability to effectively oversee problematic or underutilized RLFs.

Unimplemented Recommendation(s)

Recommendation 6: We recommend that the Assistant Secretary of Commerce for Economic Development direct the appropriate EDA regional officials to identify projects with RLF plans more than 5 years old and document determinations on whether those plans require modifications—including determinations on whether a need for the RLF still exists in a particular location or whether funds should be transferred.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
06.11.2015	OIG-15-032 , <i>Cost Estimates, Long-Term Savings, Milestones, and Enterprise Architecture Policy Are Needed for Common Satellite Ground System Program</i>	9	1	0

Objective(s)

Our objectives for this review were to determine (1) the progress of NOAA's planning efforts and milestones for implementing a common satellite ground system architecture (i.e., an enterprise architecture), and (2) whether NOAA's plans and efforts provide adequate consideration for system redundancy, security, and scalability.

Finding(s)

We found that (1) enterprise architecture planning is underway, but cost estimates are needed to determine appropriate investment reviews and reporting, (2) planning is following best practices, but return on investment and plans and milestones beyond 2016 are yet to be determined, and (3) National Environmental Satellite, Data, and Information Service (NESDIS) is mostly compliant with enterprise architecture guidance, but improvements are needed to enhance institutional commitment, quality assurance, information sharing, and IT security planning.

Unimplemented Recommendation(s)

Recommendation 1: We recommend that the NOAA Administrator develop a Ground Enterprise Architecture Services program cost estimate based on a defined timeframe.

04.18.2016	OIG-16-025 , <i>The Census Working Capital Fund Lacks Transparency</i>	6	1	0
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Objective(s)

The objective of this audit was to evaluate the budgetary controls over the Bureau's working capital fund (WCF).

Finding(s)

We found that the Bureau (1) could not provide support for its overhead rates, (2) lacks monitoring procedures to ensure WCF transparency and compliance with statutes, (3) may have used FY 2010 funds to improperly augment a survey sponsor's FY 2009 appropriation, (4) has not prepared the required financial reports for the WCF, and (5) lacks controls necessary to ensure that excess funds are returned to reimbursable survey sponsors promptly.

Unimplemented Recommendation(s)

Recommendation 2: We recommend that the Director of the Census Bureau obtain an opinion from the Department of Commerce Office of the General Counsel (OGC) to determine whether funds from the Improving Operational Efficiency program, carried over in FY 2010 and FY 2011, are considered earned income and were carried over in compliance with appropriations laws (and, in addition, notify the Department's Chief Financial Officer and Assistant Secretary for Administration of the results—and, if noncompliance is noted, develop controls to track the original period of availability of Improving Operational Efficiency program funds).

04.26.2016	OIG-16-026 , <i>The Joint Polar Satellite System: Further Planning and Executive Decisions Are Needed to Establish a Long-term, Robust Program</i>	9	2	0
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Objective(s)

Our objectives for this evaluation were to (1) determine the progress of Polar Follow-On (PFO) planning, (2) monitor ongoing Joint Polar Satellite System (JPSS) acquisition and development (i.e., JPSS-1 and JPSS-2 missions), and (3) assess the potential for data gaps.

Finding(s)

We found that (1) PFO plans needed further development to support the establishment of program cost, schedule, and performance baselines, (2) satellite and ground system development challenges posed risk to JPSS-1 launch schedule, and (3) the potential for data gaps requires leadership's sustained attention.

Unimplemented Recommendation(s)

Recommendation 8: In order to guide and sustain the implementation of NOAA polar satellite observing systems, we recommend that the NOAA Deputy Under Secretary for Operations incorporate NOAA's robust architecture criteria into formal NOAA policy.

Recommendation 9: In order to guide and sustain the implementation of NOAA polar satellite observing systems, we recommend that the NOAA Deputy Under Secretary for Operations include new satellite technology insertion as part of NOAA's strategic and tactical plans.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
08.04.2016	OIG-16-040 , <i>Review of IT Security Policies, Procedures, Practices, and Capabilities in Accordance with the Cybersecurity Act of 2015</i>	5	5	0
<p>Objective(s) The objective of this audit was to examine the IT security policies, procedures, practices, and capabilities—as defined in the Cybersecurity Act of 2015—for national security and personally identifiable information systems.</p>				
<p>Finding(s) The findings of this report are For Official Use Only, and are not included in this publicly released <i>Semiannual Report to Congress</i>.</p>				
<p>Unimplemented Recommendation(s) The recommendations of this report are For Official Use Only, and are not included in this publicly released <i>Semiannual Report to Congress</i>.</p>				
08.26.2016	OIG-16-043 , <i>Successful Cyber Attack Highlights Longstanding Deficiencies in NOAA's IT Security Program</i>	8	1	0
<p>Objective(s) We conducted this audit to (1) determine the significant factors that contributed to the successful cyber attack on NOAA information systems and (2) evaluate NOAA's handling of the detection, analysis, eradication, and reporting of the attack, as well as recovery from it.</p>				
<p>Finding(s) We found that (1) deficiencies in risk management left an application exposed to attack, (2) web application vulnerability assessments were not conducted routinely and missed hundreds of high-risk vulnerabilities, (3) deferred implementation of multifactor authentication allowed unauthorized access to additional systems, and (4) inadequate firewall management practices prolonged the disruption of disseminating weather satellite data.</p>				
<p>Unimplemented Recommendation(s) Recommendation 8: We recommend that NOAA's Chief Information Officer ensure that adequate measures are taken to implement mechanisms for multifactor authentication in a timely manner for all applicable users and applications.</p>				
02.03.2017	OIG-17-014 , <i>NOAA Reviews of Unliquidated Obligations Could Be Improved with Greater Review Frequency and Additional Documentation</i>	3	3	\$7,826,586 Funds to Be Put to Better Use
<p>Objective(s) Our objective was to evaluate the effectiveness of NOAA's unliquidated obligation (ULO) review policies and procedures implemented since the June 2013 audit report, which reviewed the Department-wide controls over the management of ULO balances.</p>				
<p>Finding(s) We found that (1) NOAA's procedures for ULO monitoring were ineffective and (2) NOAA's ULO deobligation process can be improved.</p>				
<p>Unimplemented Recommendation(s) (potential monetary benefits for unimplemented recommendation 2) Recommendation 1: We recommend that the NOAA Administrator instruct the NOAA Chief Financial Officer and the Director of Acquisition and Grants Office (AGO) to develop bureau-specific policies and procedures for monitoring obligations that require open ULOs to have proper justification documentation and timely reviews. Recommendation 2: We recommend that the NOAA Administrator instruct the NOAA Chief Financial Officer and the Director of AGO to follow up on the obligations specifically identified in this report and take appropriate action. Potential monetary benefits: \$7,826,586 funds to be put to better use. Recommendation 3: We recommend that the NOAA Administrator instruct the NOAA Chief Financial Officer and the Director of AGO to require compliance with Departmental documentation standards on future deobligations by ensuring all deobligation actions have appropriate notifications, confirmations, and certifications on record and are processed in a timely manner.</p>				

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
03.16.2017	OIG-17-020, 2020 Census: 2016 Census Test Indicates the Current Life-Cycle Cost Estimate Is Incomplete and Underestimates Nonresponse Followup Costs	5	2	0
<p>Objective(s)</p> <p>We initiated an evaluation of the 2016 Census Test to review (1) the effectiveness of the new management structure and (2) the effectiveness of the OCS to support NRFU operations. Our first objective was to determine whether the Bureau documented its decision to utilize the enumerator-to-supervisor ratios selected for the 2016 test. Our second objective was to determine whether the Bureau designed the test to (a) assess the effectiveness of the OCS in supporting supervisors during NRFU operations by comparing 2016 test results to results of previous tests and (b) determine the feasibility and effectiveness of a higher enumerator-to-supervisor ratio compared to the 2010 Census.</p> <p>Finding(s)</p> <p>We found that (1) more than 10 million potential NRFU contact attempts are unaccounted for in the life-cycle cost estimate, (2) limitations to the design and methodology of the 2016 Census Test hinder the Bureau's ability to answer research questions, (3) improvements could increase the effectiveness of the OCS, and (4) field staff were not adequately trained to complete proxy interviews and receive paper questionnaires.</p> <p>Unimplemented Recommendation(s)</p> <p>Recommendation 3: We recommend that the Director of the Census Bureau work with OGC to develop enumerator scheduling guidance; and implement the most efficient NRFU enumeration scheduling practices.</p> <p>Recommendation 4: We recommend that the Director of the Census Bureau implement internal controls in the new operation control system that (a) prevent supervisors from ignoring alerts and inform managers that alerts were not responded to in a timely manner; and (b) provide supervisors with sufficient detail to resolved alerts.</p>				
03.24.2017	OIG-17-021, Inadequate Security Practices, Including Impaired Security of Cloud Services, Undermine USPTO's IT Security Posture	12	3	0

Objective(s)

Our objective was to determine whether key security measures are in place to adequately protect USPTO systems that utilize databases to store business information.

Finding(s)

We found that USPTO (1) failed to implement the required security controls for cloud-based subsystems, (2) used non-Federal Risk and Authorization Management Program compliant cloud services without proper security assurance, and (3) deficiently implemented fundamental security controls, which increased the cybersecurity risk of USPTO systems.

Unimplemented Recommendation(s)

Recommendation 3: We recommend that the USPTO Chief Information Officer establish processes to develop and maintain an accurate inventory of all cloud-based servers, and conduct routine vulnerability scanning, as required by Department and USPTO policies.

Recommendation 6: We recommend that the USPTO Chief Information Officer evaluate current strategy of replacing unsupported server operating systems, and develop and implement a plan to prioritize available resources for the component upgrade or replacement.

Recommendation 7: We recommend that the USPTO Chief Information Officer ensure that unsupported databases are upgraded or replaced in a timely manner.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
04.27.2017	OIG-17-023 , <i>EDA Can Strengthen Its Policies and Procedures for Monitoring ULOs</i>	2	2	\$3,124,732 Funds to Be Put to Better Use
Objective(s)				
Our objective was to evaluate the effectiveness of EDA obligation and deobligation practices as well as review policies and procedures that were implemented since the June 2013 audit report number OIG-13-026-A, <i>Monitoring of Obligation Balances Needs Strengthening</i> .				
Finding(s)				
We found that EDA has generally achieved the intent of our recommendations by reducing its ULO balance by approximately \$500 million since our last review. However, EDA has not established any bureau-specific deobligation policies and procedures as required by Departmental policy.				
Unimplemented Recommendation(s) (potential monetary benefits for unimplemented recommendation 1)				
Recommendation 1: We recommend the Assistant Secretary for Economic Development instruct the Director of EDA's Budget and Finance Division to follow up on the nine obligations identified in this report to ensure that, if no longer needed, appropriate action is taken. Potential monetary benefits: \$3,124,732 funds to be put to better use.				
Recommendation 2: We recommend the Assistant Secretary for Economic Development instruct the Director of EDA's Budget and Finance Division to develop and implement bureau-specific policies and procedures for conducting timely obligation reviews of all open balances.				
06.12.2017	OIG-17-026 , <i>Selected Commerce Bureaus Could Improve Review Procedures and Documentation Related to Unliquidated Obligations</i>	2	2	\$2,119,284 Funds to Be Put to Better Use
Objective(s)				
Our objective was to evaluate the effectiveness of each operating unit's obligation and deobligation review policies and procedures implemented since the 2013 audit report.				
Finding(s)				
We found that policies and procedures for reviewing and monitoring ULOs can be improved.				
Unimplemented Recommendation(s) (potential monetary benefits for unimplemented recommendation 2)				
Recommendation 1: We recommend that the selected bureaus' Chief Financial Officers instruct their respective ULO oversight managers to develop or enhance detailed bureau-specific policies for monitoring obligations and encourage deobligation as outlined in the <i>Department of Commerce Policy for Undelivered Obligations</i> , including policies that require (a) maintaining adequate justifications for valid obligation balances; and (b) timely deobligation actions for balances no longer needed.				
Recommendation 2: We recommend that the selected bureaus' Chief Financial Officers instruct their respective ULO oversight managers to follow up on the obligations specifically identified in this report and take appropriate action. Potential monetary benefits: \$2,119,284 funds to be put to better use.				
10.16.2017	OIG-18-002 , <i>Strengthening Grant Administration and Financial Controls Will Improve Management of the LA-RICS BTOP Grant</i>	5	1	0
Objective(s)				
Our objective was to assess the effectiveness of NTIA's oversight of the Broadband Technology Opportunities Program (BTOP) grant award to the Los Angeles Regional Interoperable Communications System Authority (LA-RICS).				
Finding(s)				
We generally found NTIA's and NOAA's oversight of the LA-RICS BTOP grant and LA-RICS' efforts to be reasonable; however, we identified opportunities to address control weaknesses and improve management of the grant program. Specifically, NOAA grant monitoring procedures are incomplete, NTIA and NOAA did not maintain adequate grant files, and NTIA cannot fully rely on LA-RICS' financial controls.				
Unimplemented Recommendation(s)				
Recommendation 2: We recommend that NTIA's Chief Financial Officer and Director of Administration, Performing the Non-Exclusive Duties of the Assistant Secretary for Communications and Information, require LA-RICS, in consultation with NOAA, to develop and document procedures for maintaining its internal financial system.				

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
01.08.2018	OIG-18-011 , <i>NOAA Office of Marine and Aviation Operations Does Not Fully Utilize the Shipboard Automated Maintenance Management System to Coordinate Ship Maintenance and Repairs</i>	2	2	\$5,000,000 Funds to Be Put to Better Use

Objective(s)

Our objective was to determine whether NOAA OMAO coordinates ship maintenance and repairs of its fleet using the Shipboard Automated Maintenance Management System (SAMMS).

Finding(s)

We found that OMAO does not consistently use SAMMS to coordinate ship maintenance and repairs of its fleet.

Unimplemented Recommendation(s) (potential monetary benefits for unimplemented recommendation 1)

Recommendation 1: We recommend that the Director, OMAO, and the NOAA Corps initiate action to terminate the interagency agreement with the Military Sealift Command and discontinue using SAMMS.

Potential monetary benefits: \$5,000,000 funds to be put to better use.

Recommendation 2: We recommend that the Director, OMAO, and the NOAA Corps conduct a comprehensive study to identify a maintenance management system that meets the capabilities necessary to fulfill NOAA ship fleet maintenance requirements.

02.27.2018	OIG-18-015 , <i>2020 Census: The Bureau's Background Check Office Is Not Fully Prepared for the 2020 Census</i>	6	2	0
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Objective(s)

Our objectives were to (1) assess the Bureau's internal policies and procedures for conducting background checks on temporary employees, as well as any other Census Bureau employees; and (2) determine whether the Bureau has a plan in place to conduct background checks for temporary employees who will be hired during the 2020 Census tests and decennial field operations that will occur as part of the actual decennial enumeration.

Finding(s)

We found that the Bureau has developed policies and procedures for conducting background checks on temporary employees, but quality assurance weaknesses jeopardize the effectiveness of those procedures.

Unimplemented Recommendation(s)

Recommendation 1: We recommend that the Director of the U.S. Census Bureau use available data to estimate the number of staff needed to complete background checks to support the 2020 Census workload and assess whether a time-and-materials contract is needed or if there are other, more efficient methods to control costs.

Recommendation 6: We recommend that the Director of the U.S. Census Bureau verify the obligation of appropriated funds for background checks and determine whether they have been apportioned and allotted correctly.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
03.27.2018	OIG-18-017, <i>ITA Needs a Stronger Commitment to Safeguard Its Cloud-Based Systems</i>	9	5	0
Objective(s)				
We conducted this audit to determine whether key security measures are in place to adequately protect ITA systems that utilize cloud computing services.				
Finding(s)				
We found that ITA was unaware of significant weaknesses in the process of authorizing systems into operations, as well as maintaining and safeguarding its cloud-based systems.				
Unimplemented Recommendation(s)				
Recommendation 4: We recommend that the Under Secretary for International Trade direct the ITA Chief Information Officer to periodically review the configuration of ITA cloud-based infrastructure to ensure that the configuration adheres to Department policies and encourage implementing industry best practices.				
Recommendation 5: We recommend that the Under Secretary for International Trade direct the ITA Chief Information Officer to establish a process to ensure effective coordination between the security and operation teams, and include maintaining a shared, accurate record of created and decommissioned virtual servers.				
Recommendation 7: We recommend that the Under Secretary for International Trade direct the ITA Chief Information Officer to enhance ITA patching process by: (a) reconciling differences between management direction and ITA policy; (b) adhering to the Department patching timeframes; and (c) testing patches prior to deployment as required by Department policy.				
Recommendation 8: We recommend that the Under Secretary for International Trade direct the ITA Chief Information Officer to document and maintain a list of authorized ports for each ITA system and disable all unauthorized ports.				
Recommendation 9: We recommend that the Under Secretary for International Trade direct the ITA Chief Information Officer to establish contingency plans for each ITA system according to Department policy.				
04.30.2018	OIG-18-018, <i>2020 Census: The Number and Location of Area Census Offices May Not Reflect NRFU Workload Demands and Will Not Result in Projected Cost Savings</i>	3	3	0
Objective(s)				
Our objectives of this audit were to evaluate (1) the criteria and process for determining the number and locations of field offices; (2) the Bureau's plans for reducing costs associated with the fewer number of field offices as part of reengineered field operations; and (3) the planned process for collaboration between the Bureau and GSA for implementing the area Census office (ACO) leasing program.				
Finding(s)				
We found that, while the Bureau developed a model for determining the number of ACOs, only six of the seven required criteria were defined, allowing us to test the Bureau's compliance with them. We also found that, although the estimated workload totals and staffing ratios informing the model changed, the number of ACOs required for field operations remained the same. In addition, several risks currently jeopardize ACO space acquisition, requiring enhanced risk planning to address cost and schedule implications, and the Bureau's initial "cost avoidance" estimates associated with the ACO space acquisition program are unsupported and unlikely to be realized.				
Unimplemented Recommendation(s)				
Recommendation 1: We recommend that the Director of the U.S. Census Bureau assess the impact the increased NRFU workload totals and enumerator ratios will have on the NRFU operation and document, monitor, and periodically validate the assumptions for ACO planning throughout the remaining 2020 Census planning activities.				
Recommendation 2: We recommend that the Director of the U.S. Census Bureau (a) reassess ACO space acquisition risk register items' cost and schedule impacts and risk ratings, and create contingency plans to effectively address risks and (b) formalize the roles and responsibilities of GSA and Bureau personnel tasked with ACO space acquisition activities.				
Recommendation 3: We recommend that the Director of the U.S. Census Bureau (a) ensure cost reduction estimates are reasonable and supportable and (b) identify and include potential cost overruns related to space acquisition activities as part of any contingency funding for the 2020 Census.				

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
05.08.2018	OIG-18-020, Department of Commerce Working Capital Fund Billing Practices and Transparency Need Improvement	6	6	0

Objective(s)

Our objective was to evaluate controls over the WCF in FY 2016.

Finding(s)

With respect to our audit procedures, we found that relationships of reimbursements and billings to services provided were generally reasonable and that projects utilized performance metrics. However, we noted inconsistent application of controls over the billing allocation method and algorithm development processes due to a lack of adherence to established WCF billing requirements. We also found that both support for project funding levels and controls over retaining or returning advances need improvement. Specifically, we found a lack of adequate supporting documentation for several aspects of the final operating budget for the projects reviewed. In addition, we identified a need for increased transparency relating to the calculation and communication of excess advances collected above obligations incurred and to the description of the billing allocation method for WCF projects.

Unimplemented Recommendation(s)

Recommendation 1: We recommend that the Chief Financial Officer and Assistant Secretary for Administration update the carryover policy and procedures to ensure that both sufficiently describe the carryover process, including key terms and requirements for determining whether excess funds are earned.

Recommendation 2: We recommend that the Chief Financial Officer and Assistant Secretary for Administration institute policy and procedures for documenting the Office of the Secretary Office of Financial Management Directorate's periodic review and evaluation of each project's carryover, which reviews and evaluations will consider input of service providers and customers.

Recommendation 3: We recommend that the Chief Financial Officer and Assistant Secretary for Administration develop and implement a communication mechanism that allows key WCF stakeholders to be apprised of the detailed annual carryover results in a timely manner.

Recommendation 4: We recommend that the Chief Financial Officer and Assistant Secretary for Administration enhance the *Working Capital Fund Advances and Reimbursements Final Handbook* update process to ensure that it includes a detailed description of the billing allocation method for each project and the levels of services provided for each project.

Recommendation 5: We recommend that the Chief Financial Officer and Assistant Secretary for Administration enhance the algorithm preparation and review process for the WCF to ensure that (a) billing allocation supporting data are accurate, complete, current, and sufficient, and (b) algorithm calculations are free from error.

Recommendation 6: We recommend that the Chief Financial Officer and Assistant Secretary for Administration enhance the process for maintaining documentation that supports the formulation of each project's final operating budgets in the WCF.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
07.09.2018	OIG-18-021, <i>Polar Follow-On: NOAA Must Maintain Cost Efficiencies and Refine Launch Strategy for JPSS-3 and JPSS-4 Missions</i>	7	7	\$8,579,037,000 Funds to Be Put to Better Use

Objective(s)

Our primary objective was to assess the PFO program baselines established in December 2016.

Finding(s)

We found that (1) PFO missions' system design depends on maturing the JPSS-2 technical baseline and completing plans for a flexible launch strategy; (2) NOAA has not provided detailed polar satellite system development costs to Congress; and (3) NOAA has identified potential future satellite systems and continues to plan its next-generation space architecture, but goals and timelines for technology insertion are uncertain.

Unimplemented Recommendation(s) (potential monetary benefits for unimplemented recommendation 5)

Recommendation 1: In order to mitigate the effects of potential reduced annual program budgets and avoid significant cost increases due to prolonged acquisition schedules, we recommend that the NOAA Deputy Under Secretary for Operations ensures that the JPSS program includes cost avoidance strategies in its risk management plans, including strategies for prioritizing parts buys, initiating long-lead item purchases, and avoiding parts obsolescence issues.

Recommendation 2: In order to retain flexibility in the launch strategies for JPSS-3 and JPSS-4, we recommend that the Assistant Administrator for Satellite and Information Services ensures that the JPSS program completes storage plans and cost analyses for instruments and integrated satellites.

Recommendation 3: We recommend that the Assistant Administrator for Satellite and Information Services ensures that NESDIS completes policy and plans that will guide polar satellite launch decisions.

Recommendation 4: Given schedule challenges with heel-to-toe development, we recommend that the Assistant Administrator for Satellite and Information Services ensures that NESDIS uses its polar satellite constellation availability analysis to reanalyze scheduled launch dates for JPSS-2, -3, and -4.

Recommendation 5: To ensure cost and programmatic efficiencies are identified for the PWS program, and therefore put future funds to better use, we recommend that the Assistant Administrator for Satellite and Information Services ensures that NESDIS revises and independently assesses the PWS life-cycle cost estimate.

Potential monetary benefits: \$8,579,037,000 funds to be put to better use.

Recommendation 6: We recommend that the Under Secretary of Commerce for Oceans and Atmosphere ensures that NOAA provides Congress with satellite system estimated costs in accordance with requirements for its major satellite programs specified in annual appropriations laws.

Recommendation 7: We recommend that the NOAA Deputy Under Secretary for Operations ensures NESDIS defines goals and timelines for the completion of satellite technology insertion efforts—including the Earth Observing Nanosatellite-Microwave—in order to reduce risk associated with future polar satellite system architectures.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
07.30.2018	OIG-18-023, <i>Census Bureau Could Improve Monitoring of Blanket Purchase Agreements by Complying with Key Federal Acquisition Regulation and Commerce Requirements</i>	5	5	\$1,706,844,772 Funds to Be Put to Better Use

Objective(s)

Our objective was to determine whether the Bureau established and administered BPAs in accordance with laws, regulations, and agency guidance.

Finding(s)

Overall, we found that the Bureau did not properly establish or administer all 17 BPAs because contracting officials did not comply with at least one or more of the key FAR and *Commerce Acquisition Manual* requirements. Based on our review, the total estimated ceiling price of BPAs that did not fully comply with these key requirements was approximately \$2.4 billion (excluding Census Bureau-established BPAs, which have “no maximum cumulative value” ceilings).

Unimplemented Recommendation(s) (potential monetary benefits for unimplemented recommendation 2)

Recommendation 1: We recommend that the Census Bureau Acquisition Division Chief require contracting officers to request vendor price discounts on all orders or BPAs exceeding the simplified acquisition threshold: (a) before establishing a BPA; (b) before placing an order; or (c) in conjunction with the annual review.

Recommendation 2: We recommend that the Census Bureau Acquisition Division Chief require contracting officers to perform annual BPA reviews, properly document the results of the review, and maintain documentation of the reviews in the contract file.

Potential monetary benefits: the maximum amount of funds to potentially be put to better use of \$1,706,844,772.

Recommendation 3: We recommend that the Census Bureau Acquisition Division Chief reemphasize the importance of entering, reviewing, and approving the accuracy of information entered into the contract action reports to ensure the integrity of the data in the Federal Procurement Data System–Next Generation.

Recommendation 4: We recommend that the Census Bureau Acquisition Division Chief improve controls to properly maintain and safeguard contract files.

Recommendation 5: We recommend that the Census Bureau Acquisition Division Chief ensure that training is provided for contracting personnel to correct identified deficiencies.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
08.02.2018	OIG-18-024, <i>The Joint Polar Satellite System: Program Must Use Realistic Schedules to Avoid Recurrence of Ground Project Delays and Additional Cost Increases</i>	10	10	\$116,987,371 Questioned Costs \$39,479,569 Funds to Be Put to Better Use

Objective(s)

Our objective was to assess the cost, schedule, and technical performance of selected components of the JPSS program.

Finding(s)

We found that (1) the ground system upgrade presented technical challenges and took longer to complete than planned and (2) the JPSS program can improve its management of the ground system cost-plus-award-fee contract.

Unimplemented Recommendation(s) (potential monetary benefits for unimplemented recommendations 9 and 10)

Recommendation 1: In order to promote more efficient future development of the JPSS Common Ground System, we recommend that the NOAA Deputy Under Secretary for Operations institute program management council review of future development plans to ensure it is done in sufficiently small increments with achievable milestones.

Recommendation 2: We recommend that the Assistant Administrator for Satellite and Information Services ensure that appropriate analyses are conducted to support decisions for omitting or tailoring project life-cycle reviews (e.g., requirements and design reviews).

Recommendation 3: We recommend that the Assistant Administrator for Satellite and Information Services ensure that schedules are estimated using realistic, resource-loaded planning factors.

Recommendation 4: We recommend that the Assistant Administrator for Satellite and Information Services ensure that the contractor conducts sufficient technical peer reviews to limit defects and rework.

Recommendation 5: We recommend that the Assistant Administrator for Satellite and Information Services ensure that the government and contractor formally clarify roles, responsibilities, and expectations for future work to avoid issues that arose during the Block 2.0 integration and test phase.

Recommendation 6: We recommend that the Assistant Administrator for Satellite and Information Services ensure that senior leadership maintains sufficient insight into cost risk on the ground system contract.

Recommendation 7: In order to improve the management of the JPSS Common Ground System cost-plus-award-fee contract and put remaining award fees to better use, we recommend the NOAA Deputy Under Secretary for Operations and the Assistant Administrator for Satellite and Information Services ensure that the ground system contract's performance evaluation plan is revised to incorporate best practices for the use of performance factors and to clarify the award fee determination process.

Recommendation 8: In order to improve the management of the JPSS Common Ground System cost-plus-award-fee contract and put remaining award fees to better use, we recommend the NOAA Deputy Under Secretary for Operations and the Assistant Administrator for Satellite and Information Services ensure that emphasis items (focus areas) provided to the contractor prior to each award period are clear, prioritized, and aligned with performance criteria.

Recommendation 9: In order to improve the management of the JPSS Common Ground System cost-plus-award-fee contract and put remaining award fees to better use, we recommend the NOAA Deputy Under Secretary for Operations and the Assistant Administrator for Satellite and Information Services ensure that the award fee determination process is adequately documented in accordance with the performance evaluation plan and best practices.

Potential monetary benefits: \$116,987,371 questioned costs.

Recommendation 10: In order to improve the management of the JPSS Common Ground System cost-plus-award-fee contract and put remaining award fees to better use, we recommend the NOAA Deputy Under Secretary for Operations and the Assistant Administrator for Satellite and Information Services ensure management controls are adequately integrated within the award fee determination process and that they are consistently implemented.

Potential monetary benefits: \$39,479,569 funds to be put to better use.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations \$372,027 Questioned Costs
09.24.2018	OIG-18-026, <i>Audit of NOAA Pacific Coastal Salmon Recovery Fund Grants to the Northwest Indian Fisheries Commission</i>	7	7	

Objective(s)

Our objectives were to determine whether the Northwest Indian Fisheries Commission (the Commission) (1) claimed allowable, allocable, and reasonable costs, (2) complied with grant terms and conditions, administrative requirements, cost principles, and audit requirements, and (3) met performance requirements of the grants.

Finding(s)

We found that the Commission claimed costs on both PCSRF grants that were not allowable, allocable, and reasonable. While the Commission complied with most grant terms and conditions, administrative requirements, cost principles and audit requirements that we reviewed, it did not provide the Department of Commerce with a written statement certifying it protected federal interest in real property when grant funds were used to acquire or improve real property.

Unimplemented Recommendation(s) (potential monetary benefits for unimplemented recommendation 1)

Recommendation 1: We recommend the Director of NOAA GMD make a determination on the reported \$372,027 in questioned project costs. Potential monetary benefits: \$372,027 questioned costs.

Recommendation 2: We recommend the Director of NOAA GMD require the Northwest Indian Fisheries Commission to implement procedures to monitor administrative expenses on PCSRF grants and ensure claimed administrative expenses do not exceed 3 percent of program funds.

Recommendation 3: We recommend the Director of NOAA GMD require the Northwest Indian Fisheries Commission to implement procedures to ensure it retains adequate documentation for all cost transfers to PCSRF awards and maintains records showing cost transfers are allocable to the grant.

Recommendation 4: We recommend the Director of NOAA GMD require the Northwest Indian Fisheries Commission to implement procedures to ensure the indirect cost pool includes only allowable, allocable, and reasonable expenses.

Recommendation 5: We recommend the Director of NOAA GMD require the Northwest Indian Fisheries Commission to ensure its subrecipients (a) comply with cost principles, indirect cost rate agreements, uniform administrative requirements, and federal records retention requirements, (b) submit indirect cost rate proposals on time, and (c) use the current approved indirect cost rate to claim indirect costs on federal grants.

Recommendation 6: We recommend the Director of NOAA GMD reiterate to the Northwest Indian Fisheries Commission its responsibility to ensure subrecipients provide documentation showing compliance with real property requirements of the grant.

Recommendation 7: We recommend the Director of NOAA GMD instruct the Northwest Indian Fisheries Commission to submit to NOAA documentation showing subrecipients perfected statements of the federal interest in real property acquired and improved with 2010 and 2011 PCSRF grants.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
10.30.2018	OIG-19-002, <i>The Census Bureau Must Improve Its Implementation of the Risk Management Framework</i>	7	7	0

Objective(s)

Our objective was to determine whether the risk management framework methodology adopted by the Census Bureau presents an accurate picture of cybersecurity risks, including risks associated with common controls, to Bureau management.

Finding(s)

We found that the Bureau did not follow its risk management framework process.

Unimplemented Recommendation(s)

Recommendation 1: We recommend that the Bureau's Chief Information Officer update the Bureau's Risk Management Framework Methodology to include additional procedures that leverage automated reporting, to ensure that deviations from continuous monitoring plans are reported more timely to senior management designated as the authorizing official and to IT security management.

Recommendation 2: We recommend that the Bureau's Chief Information Officer ensure that management is informed when risks are omitted from RMPS reports.

Recommendation 3: We recommend that the Bureau's Chief Information Officer develop both manual and automated procedures to help ensure that complete descriptions of system security controls are entered into RMPS, reviewed, and approved as part of the system authorization process.

Recommendation 4: We recommend that the Bureau's Chief Information Officer ensure that assessment procedures include provisions (both manual and automated) for quality control associated with the validation of security control assessments.

Recommendation 5: We recommend that the Bureau's Chief Information Officer Develop a strategy for periodically verifying the accuracy of common control inheritance within RMPS.

Recommendation 6: We recommend that the Bureau's Chief Information Officer ensure greater rigor in assessment of common control requirements, to include assessing the relationship between the security service provided by the common control requirement and the information system receiving the service.

Recommendation 7: We recommend that the Bureau's Chief Information Officer clearly document the rationale for common control decisions within RMPS.

TABLE 7-B. UNRESOLVED FY 2019 RECOMMENDATIONS FROM AUDIT, EVALUATION, AND INSPECTION REPORTS

Table 7-b includes audit, evaluation, and inspection reports with unresolved recommendations (i.e., OIG has not yet approved auditees' action plans). Either OIG is reviewing an action plan submitted, or the action plan is not due until after March 31, 2019.

The three reports listed have a total of 23 unresolved recommendations. One of the unresolved recommendations has potential monetary benefits of \$2,491,000 in questioned costs.

Summaries of these reports appear in pages 9–10, 17, and 19–20.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Reason	Potential Monetary Benefits of Unresolved Recommendations
12.20.2018	OIG-19-006, <i>Audit of NOAA Pacific Coastal Salmon Recovery Fund Grants to the Washington State Recreation and Conservation Office</i>	11	OIG Reviewing Action Plan	\$2,491,000 Questioned Costs

Unresolved Recommendation(s) (potential monetary benefits for unresolved recommendation 1)

Recommendation 1: We recommend that the Director of NOAA GMD make a determination on the amount recommended by our office for recovery, \$1,936,999, which is the difference between total federal funds disbursed and the federal share of costs accepted per audit. Potential monetary benefits: \$2,491,000 questioned costs.

Recommendation 2: We recommend that the Director of NOAA GMD instruct RCO to discontinue transferring expenses between PCSRF awards for the purpose of depleting older award funds.

Recommendation 3: We recommend that the Director of NOAA GMD instruct RCO to follow proper budget procedures to ensure it only claims cost categories approved by the grants officer.

Recommendation 4: We recommend that the Director of NOAA GMD instruct RCO and its subrecipients to request prior approval from the NOAA's grants officer to subgrant or sub-contract with a federal agency.

Recommendation 5: We recommend that the Director of NOAA GMD ensure that RCO includes and adheres to federal document retention requirements in its subrecipient agreements.

Recommendation 6: We recommend that the Director of NOAA GMD require RCO to implement internal controls to ensure costs charged to a particular award are incurred during the period of performance.

Recommendation 7: We recommend that the Director of NOAA GMD instruct RCO to follow their controls when reviewing invoices and approving costs.

Recommendation 8: We recommend that the Director of NOAA GMD ensure that RCO implements sufficient controls to identify eligible match expenses for its PCSRF grants.

Recommendation 9: We recommend that the Director of NOAA GMD ensure that RCO calculates indirect costs in a manner that complies with applicable indirect cost policies and regulations.

Recommendation 10: We recommend that the Director of NOAA GMD reiterate to RCO its responsibility to ensure subrecipients provide documentation showing compliance with real property requirements of the grant.

Recommendation 11: We recommend that the Director of NOAA GMD instruct RCO to submit to NOAA documentation showing subrecipients' perfected statements of the federal interest in real property acquired and improved with 2010 and 2011 PCSRF grants.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Reason	Potential Monetary Benefits of Unresolved Recommendations
02.06.2019	OIG-19-008, 2020 Census: Issues Observed During the 2018 End-to-End Census Test's Address Canvassing Operation Indicate Risk to Address List Quality	6	Action Plan Due 04.08.2019	0

Unresolved Recommendation(s)

Recommendation 1: We recommend the Director of the U.S. Census Bureau evaluate how the number of incorrectly categorized passive blocks will affect Census quality and how those errors may affect demographic groups.

Recommendation 2: We recommend the Director of the U.S. Census Bureau identify in-office operational errors that are causing clerks to incorrectly categorize blocks and implement procedures to prevent errors from continuing.

Recommendation 3: We recommend the Director of the U.S. Census Bureau include a nationally representative statistical sample of passive blocks in the 2020 Census in-field operation and report the estimated number of missed households.

Recommendation 4: We recommend the Director of the U.S. Census Bureau develop procedures to ensure that OCS alerts indicating risks to quality and potential fraud/abuse are resolved in time to prevent continued enumerator error and address potential fraud/abuse.

Recommendation 5: We recommend the Director of the U.S. Census Bureau assess the risks to the 2020 Census that have arisen as a result of the limitations identified during the E2E Test's address canvassing operation.

Recommendation 6: We recommend the Director of the U.S. Census Bureau determine why final training assessment documentation was missing for 26 Listers and develop a management control to ensure that (1) trainee assessments are documented, and (2) only qualified trainees are retained for a 2020 Census Lister position.

03.13.2019	OIG-19-012, USPTO Needs to Improve Management over the Implementation of the Trademark Next Generation System	6	Action Plan Due 05.13.2019	0
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Unresolved Recommendation(s)

Recommendation 1: We recommend that the Under Secretary of Commerce for Intellectual Property and Director of the U.S. Patent and Trademark Office ensure the CRB adheres to the requirements in the CPIC policies and procedures. Specifically, if an investment is identified by the CRB as not meeting expectations as it pertains to schedule, budget, or other factors, ensure that the CRB alerts the ITIRB with recommendations for appropriate action.

Recommendation 2: We recommend that the Under Secretary of Commerce for Intellectual Property and Director of the U.S. Patent and Trademark Office update IT CPIC policies and procedures to establish (a) an attendance requirement for CPIC meetings; (b) that all relevant information is presented to the boards to ensure greater transparency of significant issues; (c) the steps and actions the boards can take when an IT investment is not meeting expectations; and (d) the threshold criteria that the investment boards should use when determining whether to take remedial action.

Recommendation 3: We recommend that the Under Secretary of Commerce for Intellectual Property and Director of the U.S. Patent and Trademark Office strengthen USPTO's IT investment management by ensuring all pending TMNG investments and future IT investments have a complete cost estimate prior to the boards' recommendation and the Chief Information Officer's approval.

Recommendation 4: We recommend that the Under Secretary of Commerce for Intellectual Property and Director of the U.S. Patent and Trademark Office improve USPTO's CPIC process by ensuring CPIC oversight functions are able to verify and ascertain whether completed IT investments were obtained in the most cost-effective way possible.

Recommendation 5: We recommend that the Under Secretary of Commerce for Intellectual Property and Director of the U.S. Patent and Trademark Office continue to address outstanding TMNG development issues using the Path Forward Team.

Recommendation 6: We recommend that the Under Secretary of Commerce for Intellectual Property and Director of the U.S. Patent and Trademark Office develop improvement plans to mitigate risk of significant, recurring problems with TMNG activities that are covered in the TechStat sessions.

TABLE 7-C. REPORTS FOR WHICH MANAGEMENT TOOK LONGER THAN 60 DAYS TO RESPOND

There were three instances during this semiannual period of an operating unit within the Department taking longer than 60 days to provide an action plan that addressed the recommendations of a final report (as required by DAO 213-5).

Date Report Issued	OIG Report No. and Title	Date Action Plan Due	Date Action Plan Received	Aggregate Potential Cost Savings Associated with Recommendations
07.09.2018	OIG-18-021, <i>Polar Follow-On: NOAA Must Maintain Cost Efficiencies and Refine Launch Strategy for JPSS-3 and JPSS-4 Missions</i>	09.07.2018	09.18.2018	\$8,579,037,000 Funds to Be Put to Better Use
Objective(s)				
Our primary objective was to assess the PFO program baselines established in December 2016.				
Finding(s)				
We found that (1) PFO missions' system design depends on maturing the JPSS-2 technical baseline and completing plans for a flexible launch strategy; (2) NOAA has not provided detailed polar satellite system development costs to Congress; and (3) NOAA has identified potential future satellite systems and continues to plan its next-generation space architecture, but goals and timelines for technology insertion are uncertain.				
09.24.2018	OIG-18-026, <i>Audit Of NOAA Pacific Coastal Salmon Recovery Fund Grants to the Northwest Indian Fisheries Commission</i>	02.11.2019	03.13.2019	\$372,027 Questioned Costs
Objective(s)				
Our objectives were to determine whether the Northwest Indian Fisheries Commission (1) claimed allowable, allocable, and reasonable costs, (2) complied with grant terms and conditions, administrative requirements, cost principles, and audit requirements, and (3) met performance requirements of the grants.				
Finding(s)				
We found that the Northwest Indian Fisheries Commission's claimed costs on PCSRF grants were not allowable, allocable, and reasonable. While the Northwest Indian Fisheries Commission complied with most grant terms and conditions, administrative requirements, cost principles and audit requirements that we reviewed, it did not provide the Department with a written statement certifying it protected federal interest in real property when grant funds were used to acquire or improve real property.				
We also determined that the Northwest Indian Fisheries Commission met program performance requirements by working closely with tribal representatives to ensure projects align with PCSRF program objectives and priorities, maintaining regular contact with subrecipients to track progress on salmon recovery projects, and conducting site visits to monitor subrecipient project performance.				
12.20.2018	OIG-19-006, <i>Audit of NOAA Pacific Coastal Salmon Recovery Fund Grants to the Washington State Recreation and Conservation Office</i>	03.29.2019	03.29.2019	\$2,491,000 Questioned Costs
Objective(s)				
Our objectives of our audit were to determine whether RCO (1) claimed allowable, allocable, and reasonable costs; (2) complied with grant terms and conditions, administrative requirements, cost principles, and audit requirements; and (3) met performance requirements of the grants.				
Finding(s)				
We found that RCO claimed costs of \$2,491,000 that were not allowable, not allocable, or unsupported. RCO complied with most grant terms and conditions, administrative requirements, cost principles, and audit requirements that we reviewed. However, it did not follow requirements to protect federal interests when grant funds were used to acquire or improve real property, nor did it follow federal record retention requirements.				

TABLE 8. REPORTS ON INVESTIGATIONS CONCERNING SENIOR GOVERNMENT EMPLOYEES

OIG Case No.	Narrative Description of Investigations Involving Senior Government Employees Where Allegations of Misconduct Were Substantiated ^a
15-1334	<p>On October 24, 2017, we completed an investigation into two contracts that the Census Bureau awarded to one of its former senior government employees. We determined that the Bureau targeted the former senior government employee for a sole source contract, which created the appearance of preferential treatment. We also determined that the former senior government employee, at the request of Bureau personnel, drafted performance work statements for both contracts. As one of those contracts was awarded via a full and open competition, the former employee's participation in drafting a performance work statement created an organizational conflict of interest under the FAR that should have precluded the former employee from competing for the contract.</p> <p>We did not develop any evidence of any potential criminal violations and, as a result, made no referral to the U.S. Department of Justice for prosecutorial consideration. After we referred the matter to the Bureau for its consideration, the Bureau provided a corrective action plan in December 2017. As part of that corrective action plan, the Bureau indicated that it would conduct an internal investigation to determine whether administrative action against any of the named individuals was warranted. After we received from the Bureau no further response after more than a year, we closed the case in February 2019 with no further action.</p>
16-0165	<p>On March 27, 2019, we closed an investigation into alleged time and attendance abuse involving a senior USPTO official. We substantiated the allegations and found that the individual engaged in this activity for a period of approximately 16 months. We referred the matter to the U.S. Department of Justice for prosecutorial consideration; the case was declined. The official entered into an abeyance agreement that resulted in a 45-day suspension and a restitution payment of more than \$8,800 following our referral for appropriate administrative action. No further investigative activities are warranted at this time.</p>
17-0902	<p>On October 31, 2018, we closed an investigation into allegations that a NOAA senior official violated standards of ethical conduct when the employee failed to recuse himself/herself as the selecting official for a position that was awarded to a candidate with whom the official had a personal relationship. Our investigation substantiated the allegations, also finding that the senior official engaged in favoritism and preferential treatment that violated merit systems principles. We did not develop any evidence of any potential criminal violations and, as a result, made no referral to the U.S. Department of Justice for prosecutorial consideration. Following our referral to NOAA for appropriate administrative action, the senior official subsequently resigned and no further action was taken.</p>
19-0327	<p>An investigation by our office found that a senior ITA official regularly sent numerous government emails, including "For Official Use Only" correspondence, from a government email account to a personal email account for a period lasting more than 1 year. In February 2019, the official was removed from federal service.</p>

^a In keeping with section 5(e)(1)(C) of the IG Act, this chart reports only closed cases.

TABLE 9. DESCRIPTIONS OF INSTANCES OF WHISTLEBLOWER RETALIATION

OIG Case No.	Detailed Description of Instances of Whistleblower Retaliation
16-0859	On March 18, 2019, we closed an investigation into alleged whistleblower reprisal involving an executive director of a NOAA grantee. In October 2017, our office sent the Department a Report of Investigation summarizing our findings. In February 2018, the Department recommended relief be granted to the complainant. In October 2018, the complainant signed a resolution agreement that complied with all legal requirements. The Department provided our office with a report summarizing the resolution agreement, which did not include any disciplinary action—the NOAA grantee executive director, who was the individual found to have engaged in retaliation, was not a government official. We closed the case without further action.

TABLE 10. DESCRIPTION OF CLOSED AND NON-PUBLIC INSPECTIONS, EVALUATIONS, AUDITS, AND CERTAIN INVESTIGATIONS

OIG is required to describe both (a) any inspection, evaluation, and audit conducted that is closed and not disclosed to the public and (b) any investigation conducted involving a senior government employee that is closed and not disclosed to the public (see tables 10-a and 10-b, respectively).

TABLE 10-A. DESCRIPTION OF CLOSED AND NON-PUBLIC INSPECTIONS, EVALUATIONS, AND AUDITS

During this semiannual period, we issued correspondence about two audits that were closed, as well as issued one audit that was not disclosed to the public.

Date Product Issued	Title	Narrative Description
10.29.2018	FY 2018 FISMA Annual Report	<p>To meet obligations under FISMA, we completed an audit of the Department's FISMA compliance by assessing the effectiveness of the Department's information security program and practices. Specifically, we reviewed a representative subset of 15 IT systems from BIS, the Census Bureau, NOAA, NTIA, and USPTO to assess compliance with FISMA requirements.</p> <p>Our assessments found that for the five functional areas we reviewed (Identify, Protect, Detect, Respond, and Recover), the Department had largely defined needed policy and procedures. Furthermore, we generally found metrics related to security training, information security continuous monitoring, and incident response were managed and measurable. However, we did not observe consistent implementation of IT security procedures and practices in risk management, configuration management, identity credential and access management, data protection and privacy, and contingency planning across the Department.</p>
11.19.2018	Follow-up Audit on Recommendations from Audit Report No. OIG-13-032-A, USPTO Successfully Implemented Most Provisions of the America Invents Act, but Several Challenges Remain	<p>On November 19, 2018, we issued a memorandum to advise USPTO of our decision to close out the follow-up audit on recommendations made in the September 2013 report number OIG-13-032-A, <i>USPTO Successfully Implemented Most Provisions of the America Invents Act, but Several Challenges Remain</i>.</p> <p>We began the audit on March 23, 2017, with the objective of determining whether USPTO had taken appropriate corrective actions on recommendations made in the report. As part of the audit, we conducted interviews with several USPTO officials. We also obtained relevant documents, such as Leahy-Smith America Invents Act implementation plans, IT planning and execution policies, and patent application quality documents.</p> <p>We determined that USPTO satisfactorily implemented corrective actions that met the intent of our prior recommendations. Therefore, we concluded that further work related to our September 2013 report is not needed at this time.</p>
03.29.2019	Audit of Department Implementation of Uniform Guidance for Receiving and Processing Single Audits	<p>On March 8, 2017, we initiated an audit of the Departmental and bureau implementation of <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)</i>. Our objective was to evaluate the implementation of Departmental and bureau policies and procedures in meeting <i>Uniform Guidance</i> requirements. On March 29, 2019, we issued a memorandum to inform the Department that we had decided to terminate this audit. While we had conducted fieldwork in this matter, the related audit report has not yet been finalized. Due to the revisions and updates to Departmental and bureau policies and procedures regarding federal awards procedures after the initiation of the audit, any potential findings would be obviated. Discontinuing the audit will allow our office to focus its limited resources on other higher-priority work.</p>

TABLE 10-B. DESCRIPTION OF CERTAIN CLOSED AND NON-PUBLIC INVESTIGATIONS

OIG Case No.	Narrative Description for Closed Cases of Investigations Involving Senior Government Employees Not Disclosed to Public
15-1334	<p>On October 24, 2017, we completed an investigation into two contracts that the Census Bureau awarded to one of its former senior government employees. We determined that the Bureau targeted the former senior government employee for a sole source contract, which created the appearance of preferential treatment. We also determined that the former senior government employee, at the request of Bureau personnel, drafted performance work statements for both contracts. As one of those contracts was awarded via a full and open competition, the former employee's participation in drafting a performance work statement created an organizational conflict of interest under the FAR that should have precluded the former employee from competing for the contract.</p> <p>We did not develop any evidence of any potential criminal violations and, as a result, made no referral to the U.S. Department of Justice for prosecutorial consideration. After we referred the matter to the Bureau for its consideration, the Bureau provided a corrective action plan in December 2017. As part of that corrective action plan, the Bureau indicated that it would conduct an internal investigation to determine whether administrative action against any of the named individuals was warranted. After we received from the Bureau no further response after more than a year, we closed the case in February 2019 with no further action.</p>
19-0327	<p>An investigation by our office found that a senior ITA official regularly sent numerous government emails, including "For Official Use Only" correspondence, from a government email account to a personal email account for a period lasting more than 1 year. In February 2019, the official was removed from federal service.</p>

REPORTING REQUIREMENTS

The IG Act specifies reporting requirements for semiannual reports. The requirements are listed below and indexed to the applicable pages of this report.

SECTION	TOPIC	PAGE(S)
4(a)(2)	Review of Legislation and Regulations	59
5(a)(1)	Significant Problems, Abuses, and Deficiencies	4–20
5(a)(2)	Significant Recommendations for Corrective Action	4–20
5(a)(3)	Prior Significant Recommendations Unimplemented	59
5(a)(4)	Matters Referred to Prosecutorial Authorities	27
5(a)(5) and 6(c)(2)	Information or Assistance Refused	59
5(a)(6)	Listing of Audit Reports	31–33
5(a)(7)	Summary of Significant Reports	4–20
5(a)(8)	Audit Reports with Questioned Costs	30
5(a)(9)	Audit Reports with Funds to Be Put to Better Use	30
5(a)(10)	Prior Reports with Unimplemented and/or Unresolved Recommendations	34–50, 59
5(a)(11)	Significant Revised Management Decisions	60
5(a)(12)	Significant Management Decisions with Which OIG Disagreed	60
5(a)(14) and 5(a)(15)	Results of Peer Review	60
5(a)(16)	Peer Reviews Conducted by OIG	60
5(a)(17)	Investigative Reports Issued and Referrals for Criminal Prosecution	27
5(a)(18)	Description of Metrics Used for Determining the Data in 5(a)(17)	60
5(a)(19)	Reports on Investigations Concerning Senior Government Employees	52
5(a)(20)	Description of Whistleblower Retaliation Instances	53
5(a)(21)	Description of Establishment Interference Attempts	N/A
5(a)(22)	Description of Closed and Non-Public Inspections, Evaluations, Audits, and Certain Investigations	54–56

The following section includes information required under the IG Act that is not otherwise addressed in this report, along with supplemental information on select reporting topics:

SECTION 4(A)(2): REVIEW OF LEGISLATION AND REGULATIONS

This section requires the inspector general of each agency to review existing and proposed legislation and regulations relating to that agency's programs and operations. Based on this review, the inspector general is required to make recommendations concerning the impact of such legislation or regulations on (1) the economy and efficiency of the management of programs and operations administered or financed by the agency or (2) the prevention and detection of fraud and abuse in those programs and operations. Many of OIG's audits examine compliance with existing laws, regulations, and other legal requirements. OIG's reports of such audits describe findings and include recommendations on any action necessary to address such findings. For example, the 2019 Annual Letter to OMB examined the Department's compliance with the Government Charge Card Abuse Prevention Act of 2012. OIG also participated in the Council of Inspectors General on Integrity and Efficiency (CIGIE) and its continuous review of legislative and regulatory items that affect the inspector general community at large and individual departments. Further, during this reporting period, OIG reviewed legislation—including, but not limited to, the Good Accounting Obligation in Government Act or "GAO-IG Act" (Pub. L. No. 115-414), the Anti-Deficiency Reform and Enforcement Act of 2018 (H.R. 6891, 115th Congress), the Guidance Out of Darkness Act or "GOOD Act" (H.R. 4809, 115th Congress), and the IG Subpoena Authority Act (H.R. 4917, 115th Congress).

SECTION 5(A)(3): PRIOR SIGNIFICANT RECOMMENDATIONS UNIMPLEMENTED

This section requires identification of each significant recommendation described in previous semiannual reports for which corrective action has not been completed. Section 5(b) requires that the Secretary transmit to Congress statistical tables showing the number and value of audit reports for which no final action has been taken, plus an explanation of why recommended action has not occurred, except when the management decision was made within the preceding year. Information on the status of any audit recommendations can be obtained through OIG upon request.

SECTIONS 5(A)(5) AND 6(C)(2): INFORMATION OR ASSISTANCE REFUSED

These sections require a summary of each report to the Secretary when access, information, or assistance has been unreasonably refused or not provided. There were no reports to the Secretary during this semiannual period.

SECTION 5(A)(10): PRIOR REPORTS WITH UNIMPLEMENTED AND/OR UNRESOLVED RECOMMENDATIONS

This section requires (1) a summary of each audit report issued before the beginning of the reporting period for which no management decision has been made by the end of the reporting period (including the date and title of each such report); (2) an explanation of why a decision has not been made; and (3) a statement concerning the desired timetable for delivering a decision on each such report. There are no audit reports that are more than 6 months old for which no management decision has been made.

This section also requires a summary of each audit report issued before the beginning of the reporting period (1) for which there was no comment returned within 60 days of providing the report to the establishment and (2) for which there are any outstanding unimplemented OIG recommendations, including the aggregate potential cost savings of such recommendations. Please see table 7-C, "Reports for Which Management Took Longer Than 60 Days to Respond," for summaries of three instances during this semiannual period of an operating unit within the Department taking longer than 60 days to provide an action plan that addressed the recommendations of a final report (as required by DAO 213-5).

SECTION 5(A)(11): SIGNIFICANT REVISED MANAGEMENT DECISIONS

This section requires an explanation of the reasons for any significant revision to a management decision made during the reporting period. DAO 213-5, *Audit and Evaluation Resolution and Follow-up*, provides procedures for revising a management decision. During this semiannual period, there were no significant revised management decisions.

SECTION 5(A)(12): SIGNIFICANT MANAGEMENT DECISIONS WITH WHICH OIG DISAGREED

This section requires information concerning any significant management decision with which the inspector general disagrees. DAO 213-5 provides procedures for elevating unresolved audit recommendations to higher levels of Department and OIG management, including their consideration by an agency resolution council. During this period, no audit issues were referred.

SECTION 5(A)(14) AND 5(A)(15): RESULTS OF PEER REVIEW

The most recent peer review of our Office of Audit and Evaluation was completed in 2018 by the Office of the Inspector General for NASA (NASA OIG). NASA OIG's System Review Report of our audit operations is available on our website. We received a *pass* rating, the highest available rating. We are in the process of implementing all of NASA OIG's recommendations for process and policy improvements.

On September 20, 2017, our Office of Investigations received official notification that the system of internal safeguards and management procedures for our investigative function was in compliance with the quality standards established by the Council of the Inspectors General on Integrity and Efficiency and the applicable Attorney General Guidelines. The Peace Corps OIG, with assistance by the computer forensic staff from NASA OIG, conducted the peer review.

SECTION 5(A)(16): PEER REVIEWS CONDUCTED BY OIG

During this period, no peer reviews were conducted by OIG.

SECTION 5(A)(18): DESCRIPTION OF METRICS USED FOR DETERMINING THE DATA IN 5(A)(17)

The metrics used for the statistical data referenced in table 1, *Office of Investigations Statistical Highlights for This Period*, include the following: ensure data input is completed accurately; obtain data extraction via reports generated in our case management system; and complete quality assurance with supporting documentation in the case files and discussions with individual investigative personnel.

ACRONYMS AND ABBREVIATIONS

ACO	area Census office	FY	fiscal year
AGO	Acquisition and Grants Office	GMD	Grants Management Division
BIS	Bureau of Industry and Security	GOES	Geostationary Operational Environmental Satellites
BPA	blanket purchase agreement	GSA	General Services Administration
BTOP	Broadband Technology Opportunities Program	GSMFC	Gulf States Marine Fisheries Commission
Bureau	U.S. Census Bureau	ID	identification
Charge Card Act	Government Charge Card Abuse Prevention Act of 2012	IG Act	Inspector General Act of 1978, as amended
CPIC	Capital Planning and Investment Control	IP	intellectual property
CQA	Census Questionnaire Assistance operation	IT	information technology
CRB	CPIC Review Board	ITA	International Trade Administration
DAO	Department Administrative Order	ITIRB	IT Investment Review Board
DOC	U.S. Department of Commerce	JPSS	Joint Polar Satellite System
E2E Test	2018 End-to-End Census Test	KSP	Kentucky State Police
EDA	Economic Development Administration	LA-RICS	Los Angeles Regional Interoperable Communications System Authority
EWS	Enterprise Web Solutions	NASA	National Aeronautics and Space Administration
FAR	Federal Acquisition Regulation	NESDIS	National Environmental Satellite, Data, and Information Service
FBI	Federal Bureau of Investigation	NIST	National Institute of Standards and Technology
FirstNet	First Responder Network Authority	NOAA	National Oceanic and Atmospheric Administration
FISMA	Federal Information Security Modernization Act		

NPSBN	Nationwide Public Safety Broadband Network
NRFU	nonresponse followup
NTIA	National Telecommunications and Information Administration
OCIO	Office of the Chief Information Officer
OCS	operational control system
OGC	Office of the General Counsel
OIG	Office of Inspector General
OMAO	Office of Marine and Aviation Operations
OMB	Office of Management and Budget
PCSRF	Pacific Coastal Salmon Recovery Fund
PFO	Polar Follow-On
PWS	Polar Weather Satellite
RCO	Recreation and Conservation Office
RLF	Revolving Loan Fund
RMPS	Risk Management Program System
SAMMS	Shipboard Automated Maintenance Management System
TMNG	Trademark Next Generation
U.S.C.	United States Code
ULO	unliquidated obligation
Uniform Guidance	<i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i>
USPTO	U.S. Patent and Trademark Office
WCF	working capital fund

REPORT

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