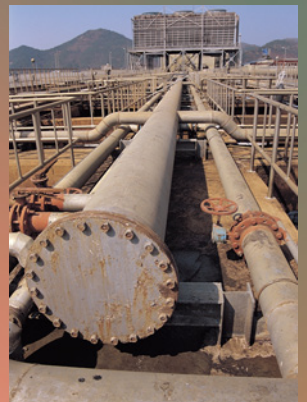


# U.S. International Trade Commission

## *Inspector General Semiannual Report*



**April 1, 2016 - September 30, 2106**



Office of Inspector General

*The U.S. International Trade Commission is an independent, nonpartisan, quasi-judicial federal agency that provides trade expertise to both the legislative and executive branches of government, determines the impact of imports on U.S. industries, and directs actions against certain unfair trade practices, such as patent, trademark, and copyright infringement. USITC analysts and economists investigate and publish reports on U.S. industries and the global trends that affect them. The agency also maintains and publishes the Harmonized Tariff Schedule of the United States.*

#### *Commissioners*

*Irving A. Williamson, Chairman  
David S. Johanson, Vice Chairman  
Dean A. Pinkert  
Meredith M. Broadbent  
F. Scott Kieff  
Rhonda K. Schmidlein*

Chairman



---

**UNITED STATES INTERNATIONAL TRADE COMMISSION**

---

WASHINGTON, DC 20436

Nov. 30, 2016

**Message from the Chairman**

In accordance with the Inspector General Act of 1978, as amended, 5 U.S.C. App. 3 (IG Act), the U.S. International Trade Commission (“USITC,” or “Commission”) transmits the Inspector General’s Semiannual Report of the USITC, for the April 1, 2016 to September 30, 2016 period.

The Commission appreciates the Office of Inspector General’s continuing efforts to ensure the effectiveness, efficiency, and integrity of the Commission’s operations. Inspector General Philip Heneghan and his staff have provided valuable assistance to the Commission and its staff throughout the year on these issues. Our agency has benefitted significantly from his analysis of our operations.

The Semiannual Report identifies the agency’s top management and performance challenges from the Inspector General’s perspective. The Commission agrees with his assessment of these challenges. The Commission will address these issues and take the steps needed to improve its operations. Moreover, the Commission appreciates the great efforts made by Commission staff to resolve these issues and the Inspector General’s acknowledgement that progress has been made on these matters during the year.

Part I of this message discusses the steps that the Commission has taken during the reporting period to address the internal control and information technology challenges identified by the Inspector General. Part II discusses the Commission’s responses to the specific recommendations made by the Inspector General in his reports that have not yet been fully addressed by the Commission.

## I. Addressing General Management and Performance Challenges

### A. Internal Control

As the Inspector General notes in his memorandum, the Commission has recognized the importance of having strong internal controls and has consistently acknowledged and responded to internal control weaknesses. Since the issue of internal controls was first identified as a management challenge, the Commission has been committed to improving and strengthening its internal control environment and, as discussed below, has made significant strides in this critical area. The Commission will continue to provide resources to bolster its internal controls environment and has undertaken several multi-year corrective action initiatives to ensure that controls are working effectively on a continuous basis.

One ongoing high priority corrective action initiative which has consumed significant resources relates to the improvement of the Commission's directives management system; the Inspector General's memorandum noted that the system is outdated and lacked accountability for its upkeep. Senior management and staff established an Internal Rules working group that met regularly throughout Fiscal Year 2016 to review the Commission's current system of internal rules and directives to address the issues identified by the Inspector General. The working group found that in order to update the directive management system it had at the same time to update its entire system of internal rules. As of October 2016, the working group had completed drafts of policy and procedure documents that form the basis for a new system of internal rules and had sent documentation to the General Counsel for legal sufficiency review. Once legal sufficiency review is completed by the General Counsel, the entire suite of proposed policies and procedures will be transmitted to the Commission for review by early 2017. The proposed system clearly defines the various internal rules, procedures for drafting internal rules and review procedures once a rule is implemented, and provides accountability in case procedures are not followed. Implementing the new internal rules system will be a priority for the Commission in FY 2017.

The Commission has also implemented numerous program improvements that advance the agency's understanding and utilization of internal controls and risk management. Among these are changes made to the agency's annual Statement of Assurance process, incorporation of improved governance activities and the further progression of its Enterprise Risk Management (ERM) program.

The Commission incorporated newly revised Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Controls* requirements and best practices into its Statement of Assurance process, developing new internal control templates that tied directly to the Government Accountability Office (GAO) *Standards for Internal Control in the Federal Government* (Green Book) and expanded the sources of documentary evidence used to develop findings. The Director of Internal Control and Risk Management (ICRM) met with Office Directors throughout the year to coordinate their assessments and discuss findings based on these standards.

This fiscal year, the Commission asked the agency's Performance Management and Strategic Planning Committee (PMSPC) to serve as the internal control oversight board to monitor risk management and internal control systems. The PMSPC met regularly throughout the year to review risk management and internal control documentation, make assessments, and recommend action and prioritization of resources.

During the past fiscal year, the Commission used its established ERM framework to address the full spectrum of the organization's external and internal risks in a comprehensive manner. The ERM framework provides the Commission with better insight about how to most effectively prioritize resource allocations to ensure successful mission delivery. Since its inception in FY 2014, the Commission's ERM has evolved, through continuous assessment, program enhancements and management/committee participation to its current state in which the program is integrated within various agency activities where risk discussions occur as part of decision-making processes.

As the agency further develops and integrates enterprise risk management and internal control activities into its management processes, a mature and effective system of risk management and internal control can be achieved. This effort has the full support of leadership and senior management across the agency.

## **B. IT Management**

The Commission has continued to build on the momentum of the last year in improving the IT platforms for stabilizing operations, supporting mission functions, and reducing cybersecurity risks. While accomplishing these goals, the Office of the Chief Information Officer (OCIO) has begun implementing infrastructure modernizations that will improve the current network, optimize the network configuration architecture for the new dual datacenter project, and enable future plans for cloud utilization.

The Commission has dedicated significant resources to improving its hardware configuration management and risk mitigation by initiating its dual datacenter project. We remain on schedule to deliver 80% replication of all applications by early 2017.

The Commission has also made significant progress in improving its IT security posture and management of IT assets by closing out in FY-2016 twenty-five management decisions (MDs) in response to IG findings or self-initiated external assessments. The actions taken to close twelve MDs that were in response to IG findings included expanded whitelisting, device management, and patching. The Commission also closed out thirteen management decisions in response to medium and high level findings identified in the OCIO's self-initiated DHS assessment. The Commission remains committed to addressing and closing out additional management decisions in FY 2017.

As discussed below, in FY 2016, the Commission made significant advances in IT asset inventory management, configuration management, and cybersecurity.

The Commission has made several changes in order to better manage its software and hardware

assets. Hardware is inventoried biannually and assigned ownership based on use and location. Software is scanned regularly for security, license administration, whitelisting management, and baseline compliance.

In order to improve device management, security, and operability, the United States Government Configuration Baseline (USGCB) has been applied and maintained for all workstations; bringing the Commission into compliance with the Federal government-wide mandate. Mobile device configurations are managed via our secure, containerized MaaS360 solution. These standardized configurations improve the Commission's ability to manage and safeguard network devices against intrusion or exposure to vulnerabilities, as well as ensuring optimal operations.

To improve our Cybersecurity posture, the Commission asked DHS to perform on an ongoing basis Risk and Vulnerability Assessments (RVA). When risks are identified they were remediated as quickly as possible.

The Commission is deploying new technologies to meet shifting priorities and goals while at the same time seeking to avoid introducing unnecessary obstacles to daily operations. In response to competing demands for finite IT resources, the Commission created a new Project Management Group to identify and mitigate potential risks earlier in project lifecycles. The group works with various offices throughout the agency to address their IT requirements for various projects, and mitigates risks with the use of standards, oversight, and open and transparent communications.

The implementation of a portal to support work on miscellaneous tariff bills posed challenges due to the amount of work required in a very short timeframe, but the Commission was able to accomplish this major task on time by reprioritizing and diverting resources from other projects. In FY 2017, the Commission expects both to complete work on the portal and to restore resources to these other projects to the extent funding permits.

In FY 2016 the Commission signed a new Service Desk contract. The integration of the new Service Desk has been virtually seamless and the Commission has already benefitted from operational improvements such as the recent deployment of self-help portal to allow users to report and track issues, search a knowledge base to find solutions to common issues, and even allow a user to independently unlock a network account or reset a password.

The Commission also enhanced its IT business systems in an effort to improve the effectiveness of the Commission's operations. OCIO continues to support previously completed and deployed information solutions for 337 investigations and the Harmonized Tariff System (HTS).

Development work is underway for a new version of EDIS and a re-designed DataWeb – including the recently deployed Trade Monitoring component. The Commission recently procured, and is in the process of deploying, an enterprise Business Intelligence solution to improve information accessibility and dissemination, and decision making.

In sum, the Commission remains committed to improving its system of internal rules, its risk management process, and its IT systems and management. We appreciate the Inspector General's

efforts to identify areas of improvement and his advice on how to successfully improve the efficiency and effectiveness of our operations.

## II. **Actions on Recommendations**

### **A. Actions Taken on Inspector General Recommendations in this Reporting Period**

During this reporting period, the Inspector General issued six new reports containing six new recommendations for management action.<sup>1</sup> The Commission issued management decisions on all of these recommendations in a timely manner during this reporting period.

The Commission completed final action on a number of management decisions contained in seven reports issued by the Inspector General during this or prior reporting periods.<sup>2</sup> The Commission is committed to addressing all of the remaining management decisions. The Commission's actions on outstanding recommendations from prior periods are summarized below.

### **B. Actions on Recommendations Made in Prior Periods**

#### (1) Audit of Hardware Inventory (OIG-AR-15-11).

In this audit, the Inspector General concluded that the Commission managed its hardware inventory effectively but made several recommendations to improve its practices in this area. The Commission has completed four of the five open management decisions. Work on the remaining management decision, to populate inventory information, has begun with the implementation of a new Manage Engine system. The Commission plans to close out the final management decision by March 2017.

#### (2) Audit of Software Inventory (OIG-AR-15-12).

The Commission has addressed the final open management decision to deploy software whitelisting. All management decisions for this audit are complete.

#### (3) Audit of Directives Management (OIG-AR-15-14).

In this audit, the Inspector General concluded that the Commission needed to improve the clarity, consistency and usefulness of its system of internal rules. To address his recommendations, the Commission established a senior-level working group to design an understandable, accessible and usable system of internal rules. The working group has developed a proposal for the new internal rules system that is now under legal review. The Commission anticipates approval of the new

---

<sup>1</sup> See Table 3 of the Inspector General's report.

<sup>2</sup> See Tables 7 and 8 of the Inspector General's report.

system in FY 2017. The Commission is committed to building a strong, integrated, and clear system of internal rules that will address the Inspector General's concerns.

(4) Audit of the Commission's Patching Process (OIG-AR-14-02).

The Commission has completed thirty-two of thirty-four management decisions associated with this audit. The Commission is working with the Inspector General to address the remaining two management decisions and determine the appropriate level of network complexity in light of the recent DHS Binding Operational Directive 16-02 (September 27, 2016).

(5) Evaluation on Controlling Confidential Business Information and Business Proprietary Information ("CBI/BPI") (OIG-ER-12-09).

The Commission has completed action on all six management decisions associated with this audit. The Commission's CUI Task Force drafted new internal directives to address the handling and disposition of CBI/BPI, and established new records management and information security practices. Directive 1340.1 "USITC Management of National Security Classified and Controlled Unclassified Information" and Directive 3150.2, USITC Records Management Program, became effective on June 14, 2016. The Commission has also implemented mandatory records management training, which now occurs on an annual basis. It will also begin mandatory training on the handling and disposition of CBI/BPI (CUI) in the summer of 2017 when the Information Security Oversight Office (ISOO) publishes a series of CUI training tools. Training must be completed by May 2018 according to the ISOO mandate. A CUI handbook is currently in draft and will be issued in FY 2017. The USITC Records Management Handbook was released in 2015. New guidance from the National Archives and Records Administration is now being incorporated into the current handbook and the updated version will be issued in FY 2017.

(6) Assessment of the Commission's Website Encryption (OIG-MR-16-10)

The Commission has begun work on the first of the two management decisions associated with this audit by implementing encryption for all websites, implementing HTTP Strict Transport Security (HSTS) on several of its websites and addressing some of the remaining issues. The second management decision for routine website testing is being addressed by inclusion of Commission websites in the regular DHS HTTPS Cyber Hygiene report. The Commission anticipates completion of both management decisions by the December 31, 2016 date specified in OMB M-15-13.

(7) Management Letter – Ethics Training (OIG-ML-16-07)

In this management letter, the Inspector General recommended that the Commission's Designated Agency Ethics Officer provide supplemental ethics training to its senior level employees, including Commissioners and Administrative Law Judges ("ALJs"), as well as senior executive service ("SES") and Schedule C appointees. In response, the Commission provided supplemental ethics



training to all such employees, and provided in-person training to the Commission and the agency's ALJs, on the standards of conduct, travel gift acceptance, and the Hatch Act. Accordingly, the Commission has closed out both management decisions related to this management letter.

(8) 2016 Charge Card Risk Assessment Report (OIG-MR-16-09)

In the annual risk assessment of the Commission's charge card program, the Inspector General concluded that the Commission should move away from its manual purchase card holder (PCH) records and instead fully utilize the Citibank Card Management System. To address his recommendations, the Commission discontinued the use of manual (paper) PCH records, and instead it now electronically enters and keeps updated individual profiles of each of its Purchase Card Holders in the web-based Citibank Card Management System. Restricted access is in place to ensure the consistent accuracy of information contained therein. The Commission now manages all required changes and/or updates to PCH information electronically within Citibank's web-based system. As a result of these actions, all management decisions related to this matter were closed.

**C. Actions on External Reviews**

In 2015, the Commission's Chief Information Officer voluntarily asked the DHS to perform a Risk and Vulnerability Assessment of USITC Information Technology networks. In this assessment, DHS examined the extent to which our networks are vulnerable to malicious attacks from outside entities. DHS found that there were sixteen critical, high, moderate, and low areas of vulnerability that the Commission needed to address. The Commission immediately remediated the critical vulnerabilities and has now fully remediated nine areas of vulnerability including seven during the reporting period. The Commission continues to address the remaining findings, prioritizing them by the level of risk involved.

In March 2016, the U.S. Equal Employment Opportunity Commission (EEOC), Office of Federal Operations (OFO) met with the Commission to review the status of its EEO program with respect to its: (1) Schedule A hiring authority; (2) anti-harassment program; (3) reasonable accommodation program; (4) barrier analysis focused on access to executive level positions; and (5) compliance with EEOC's Management Directives. In July, the EEOC provided 14 recommendations focusing on each of the areas identified above. The Commission is in the process of formulating management decisions to address the recommendations.

We attach the statistical tables required under the IG Act as Appendix A to this report.

Sincerely,



Irving A. Williamson  
Chairman





---

## UNITED STATES INTERNATIONAL TRADE COMMISSION

---

WASHINGTON, DC 20436

October 31, 2016

OIG-OO-032

Commissioners:

Attached is the Semiannual Report summarizing the activities of the Office of Inspector General for the period April 1, 2016 to September 30, 2016.

During this period, we issued six reports and made six recommendations to promote the efficiency, effectiveness, and integrity of the Commission's operations. The Commission provided management decisions for all of the recommendations we made during this reporting period. The Commission completed final action on one of the six recommendations we made during this reporting period and four recommendations we made in prior reporting periods.

I would like to thank you for your commitment to strengthening the integrity of the Commission's operations; and for your support of the work of my office.

Philip M. Heneghan  
Inspector General



U.S. International Trade Commission  
Inspector General Semiannual Report

---

**TABLE OF CONTENTS**

<b>Office of Inspector General.....</b>	<b>1</b>
<b>Semiannual Report Requirements .....</b>	<b>1</b>
<b>Top Management and Performance Challenges.....</b>	<b>2</b>
Internal Control:.....	2
IT Management:.....	3
<b>Inspector General Reports Issued During this Period .....</b>	<b>5</b>
Management Letter - Wireless Program Management, OIG-ML-16-11 .....	5
Management Report – IPERA Determination, OIG-MR-16-12.....	6
Evaluation of Public Website Security, OIG-ER-16-13 .....	6
Report to Congress for Cybersecurity Act of 2015, OIG-MR-16-14 .....	7
Management Letter – Off-site Storage Facilities, OIG-ML-16-16.....	7
<b>Significant Recommendations from Prior Periods .....</b>	<b>7</b>
<b>Hotline and Investigations.....</b>	<b>8</b>
Investigations and Inquiries – Overview .....	8
OIG Hotline Contacts .....	8
Summary of Matters Referred to Prosecuting Authorities .....	9
Investigations .....	9
<b>External Reviews Completed During this Period .....</b>	<b>9</b>
Equal Employment Opportunity Commission.....	9
<b>Status of Actions Related to External Reviews Completed During Prior Periods ...</b>	<b>10</b>
Department of Homeland Security .....	10
<b>Reviews Completed for Other Offices of Inspector General .....</b>	<b>10</b>
<b>Congressional Activities .....</b>	<b>11</b>
<b>Council on Inspectors General for Integrity and Efficiency.....</b>	<b>11</b>
<b>Federal Financial Management Improvement Act Reporting .....</b>	<b>12</b>
<b>Peer Review .....</b>	<b>12</b>

**U.S. International Trade Commission**  
**Inspector General Semiannual Report**

---

**Tables**

Table 1: Reporting Requirements Index .....	iii
Table 2: Management and Performance Challenges .....	2
Table 3: Reports by Subject Matter .....	5
Table 4: Significant Recommendations from Prior Reports.....	13
Table 5: Reports with Questioned or Unsupported Costs.....	13
Table 6: Reports with Recommendations that Funds be Put to Better Use .....	14
Table 7: Reports With Final Action Completed During This Reporting Period .....	15
Table 8: Status of Reports Issued Without Final Action .....	16

**Appendices**

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

# U.S. International Trade Commission

## Inspector General Semiannual Report

Table 1: Reporting Requirements Index

<b>Reporting Requirements Index</b>		
<b>IG Act</b>	<b>Description</b>	<b>Page</b>
Section 4(a)(2)	Review of Legislation	None
Section 5(a)(1)	Description of Significant Problems, Abuses, and Deficiencies	2
Section 5(a)(2)	Description of Recommendations for Corrective Action with Respect to Significant Problems, Abuses, and Deficiencies	4-7
Section 5(a)(3)	Significant Recommendations From Prior Reports on Which Corrective Action Has Not Been Completed	7, 13
Section 5(a)(4)	A Summary of Matters Referred to Prosecuting Authorities	None
Section 5(a)(5)	Summary of Instances Where Information or Assistance was Unreasonably Refused	None
Section 5(a)(6)	Listing by Subject Matter of each Report Issued during this Reporting Period	5
Section 5(a)(7)	Summary of Significant Reports	4-7
Section 5(a)(8)	Statistical Table showing Questioned and Unsupported Costs	13
Section 5(a)(9)	Statistical Table showing Recommendations Where Funds Could be Put to Better Use	14
Section 5(a)(10)	Summary of Audit Reports Issued Before the Start of the Reporting Period for Which no Management Decision Has Been Made	None
Section 5(a)(11)	Description of Any Significant Revised Management Decisions	None
Section 5(a)(12)	Information Concerning any Significant Management Decision with Which the Inspector General is in Disagreement	None
Section 5(a)(13)	Information described under section 5(b) of FFMIA	12
Section 5(a)(14)	Results of Peer Review Completed During This Period or Date of Last Peer Review	12
Section 5(a)(15)	List of Any Outstanding Recommendations From Peer Review	None
Section 5(a)(16)	List of any Peer Reviews Conducted of Another Office of Inspector General During this Period	None





# U.S. International Trade Commission

## Inspector General Semiannual Report

---

### **Office of Inspector General**

The U.S. International Trade Commission established the Office of Inspector General pursuant to the 1988 amendments to the *Inspector General Act* (IG Act). The Inspector General provides audit, evaluation, inspection, and investigative services covering all Commission programs and operations. The mission of the Inspector General is to promote and preserve the effectiveness, efficiency, and integrity of the Commission. The Office of Inspector General's activities are planned and conducted based on requirements of laws and regulations, requests from management officials, allegations received from Commission personnel and other sources, and the Inspector General's initiative.

---

### **Semiannual Report Requirements**

The IG Act requires each Inspector General to prepare a report, semiannually, that summarizes the activities of the office. This Semiannual Report covers the period from April 1, 2016 through September 30, 2016. The 17 requirements shown in Table 1 are specified in the IG Act and must be included in the report. The layout of this Semiannual Report is described below.

This Semiannual Report starts with a description of the Management and Performance Challenges Report, OIG-MR-16-15, which identified two management challenges facing the Commission and the actions management has taken to address these challenges. It then summarizes the results of the other reports issued during this period, describes significant recommendations from prior reports where final action is not complete, and summarizes the hotline and investigative activities of the Inspector General. The next section provides a summary of other reviews of the Commission conducted by external parties, along with the status of recommendations from those reports. The last sections supply information on other reportable activities such as congressional activity, participation in the Council of Inspectors General for Integrity and Efficiency, other compliance activities, and our Peer Review status. Additional tables at the end of the report detail statistics on Office of Inspector General reports and recommendations.

---

# U.S. International Trade Commission

## Inspector General Semiannual Report

---

### Top Management and Performance Challenges

The Inspector General is required by statute to identify the most significant management and performance challenges facing the Commission in the coming year. The Inspector General provided the Commission with a report (OIG-MR-16-15) on September 13, 2016. The report identified the challenges based on information learned from audit, evaluation, and inspection work, a general knowledge of the Commission’s programs and activities, and input from management regarding challenges facing the agency. The management and performance challenges identified by the Office of Inspector General include the two areas identified in Table 2. Following the table is a short discussion of the two challenges and the efforts the agency has taken to address them.

Table 2: Management and Performance Challenges

<b>Management and Performance Challenges</b>
1. Internal Control
2. Information Technology Management

#### **Internal Control:**

The Commission’s management is responsible for establishing and maintaining a system of internal controls. These internal controls are the plans, policies, procedures, and organizational environment that managers use to ensure their programs and operations are achieving the intended results through the effective use of public resources.

The Standards for Internal Control in the Federal Government (Green Book) defines internal control as “a continuous built-in component of operations, effected by people” and identifies five components for internal control. In order for a system of internal control to be effective, all five components must be effectively designed, implemented, and operating. In addition, all five components must be working together in an integrated manner.

The control environment is the foundation for a system of internal control. One principal of the control environment is the establishment of an organizational structure, assignment of responsibility, and delegations of authority to meet the objectives of the Commission. Last year we completed an audit of the Commission’s directives management system, which included a review of these control environment elements. The audit found that the

# U.S. International Trade Commission

## Inspector General Semiannual Report

---

Commission's directives were not current, and the directives contained outdated assignments of responsibility and delegations of authority. The lack of monitoring the directives led to weaknesses in each of the five components of internal control. Monitoring is necessary to determine if the system of internal control is properly designed, working as intended, and achieving the desired results. One of the underlying reasons was the lack of accountability; individuals had roles and responsibilities within the process, but no one was held accountable for the overall success of the Commission's system of internal control.

The Commission has recognized the importance of having strong internal controls. The Commission has consistently acknowledged and responded to internal control weaknesses identified in reports issued by the Office of Inspector General. However, even with the strides taken by the Commission over the past five years, there is still an underlying assumption that once specific actions have been taken to close recommendations the problems have been resolved. The Commission needs to evaluate the results of the actions taken to ensure the new controls have been properly designed and are working as intended to achieve the desired results.

The Commission has shown continued commitment towards improving and strengthening the internal control environment. The enterprise risk management program continues to mature and has been integrated into the budget process to assist management in making informed decisions. Because enterprise risk management is an iterative process, the Commission must keep management focused on maturing its processes and procedures, ensuring that program risk assessments are completed and used to inform the enterprise risk, identifying new and emerging risks, reevaluating the risks impact/probability scores for reasonableness, and assessing whether mitigation strategies are working effectively.

The Commission must continue the engagement of senior management in all aspects of internal control to ensure buy-in across programmatic and administrative offices and to make certain it can be sustained over a long period of time in order to achieve a mature and effective internal control program. The Commission will be challenged to manage and drive the cultural changes associated with the development and implementation of an effective organizational internal control program.

### **IT Management:**

Daily attention to the four foundational, critical security controls remains the cornerstone of securing the Commission's network. These controls are: (1) Inventory of authorized and unauthorized devices, (2) Inventory of authorized and unauthorized software, (3) Secure Configurations for Hardware and Software on Mobile Device Laptops, Workstations, and Servers, and (4) Continuous vulnerability assessment and remediation.

# U.S. International Trade Commission

## Inspector General Semiannual Report

---

The Commission has plans to deploy new technologies to meet shifting priorities and goals, such as a new data center and the implementation of a portal to support work on miscellaneous tariff bills. New projects introduce new risks as the focus moves from maintenance operations to developing and deploying new systems.

The most secure and functional network is one which is best understood by technical staff. A simpler network is easier to understand and maintain, and maximizes the chance to achieve effective security. The Commission should continue work to simplify its network, by continuing to refine and minimize its unnecessary applications, eliminate unnecessary internet protocol (IP) address space and subnetworks, and rely on built-in functionality of modern software instead of maintenance intensive add-ons such as third-party email archiving software.

The transition to a new Help Desk and IT engineering contracts also present opportunities and challenges. Recent experience demonstrated a challenge to maintain progress in secure configurations, when staff laptops were deployed, only to be removed the next day because they were found to have vulnerabilities due to missing patches.

The Commission has identified and begun to implement business systems designed to automate and improve the effectiveness of the Commission's operations. These new systems include collecting electronic data for some Title VII investigations, consolidating different databases of 337 data, cataloging external administrative reports in a manageable database, and modernizing the Harmonized Tariff Schedule business processes and information systems. Taking advantage of automation should improve the integrity, effectiveness, and efficiency of all the Commission's work.

The Commission's professional staff require a consistent and stable IT foundation, which is required to work effectively today. This foundation must be developed and managed effectively to enhance, and not delay, the work of Commission staff. If the Commission's IT systems do not work effectively, staff are unnecessarily stressed, deadlines are risked, and staff are forced to find alternate means of accomplishing their work. The Commission should continue to focus on the delivery of and maintenance of a stable technology platform to serve its staff.

---

U.S. International Trade Commission  
Inspector General Semiannual Report

**Inspector General Reports Issued During this Period**

The Inspector General issued six reports with six recommendations during this reporting period. The Commission made management decisions on all of the recommendations, and the Inspector General agreed with all the management decisions.

A listing of each report issued during this reporting period, by subject matter, is provided in Table 3.

Table 3: Reports by Subject Matter

Reports by Subject Matter				
Subject Matter	Report Number	Report Title	Date Issued	Number of Recommendations
Administrative	OIG-MR-16-12	IPERA Determination	05/10/2016	0
Administrative	OIG-MR-16-15	Management and Performance Challenges	09/13/2016	0
Administrative	OIG-ML-16-16	Management Letter – Off-site Storage Facilities	9/19/2016	1
IT Security	OIG-ML-16-11	Management Letter - Wireless Program Management	05/12/2016	2
IT Security	OIG-ER-16-13	Evaluation of Public Website Security	07/25/2016	3
IT Security	OIG-MR-16-14	Report to Congress for Cybersecurity Act of 2015	08/12/2016	0
<b>Total Recommendations Issued During This Reporting Period</b>				<b>6</b>
<i>NOTE: There were no questioned costs, unsupported costs or funds identified that could be put to better use in any of these reports.</i>				

The title, key findings, and summary information of each report are provided below.

**Management Letter - Wireless Program Management, OIG-ML-16-11**

RESULT: The report found the Commission was not managing its wireless defense program.

During our evaluation of USITC’s wireless defense network, we found that the Commission had configured its wireless defense system to identify all non-Commission wireless networks as “Malicious” even if they were not attached to the USITC network. The Commission also configured its wireless defense system to “Contain” networks it had labeled as “Malicious”. As a result, the Commission disabled all detected non-Commission wireless networks, which included Wi-Fi hotspots and wireless networks of our neighbors.

# U.S. International Trade Commission

## Inspector General Semiannual Report

---

The configuration problems we identified required immediate and substantial changes to the management of the Commission's wireless defense program. We terminated the evaluation and issued a Management Letter with two recommendations that addressed the configuration problems.

### **Management Report – IPERA Determination, OIG-MR-16-12**

RESULT: The Inspector General determined the Commission is in compliance with the Improper Payments Elimination and Recovery Act (IPERA).

IPERA requires agencies to review all programs and activities to identify areas that may be susceptible to significant improper payments. Additionally, it requires the Inspector General to determine if the Commission is in compliance with IPERA and submit a report each fiscal year to the head of the agency, the Committee on Homeland Security and Governmental Affairs, the Committee on Oversight and Governmental Reform, and the Comptroller General.

### **Evaluation of Public Website Security, OIG-ER-16-13**

RESULT: The evaluation determined the Commission had securely managed its public websites.

We evaluated the security of Commission's public website to determine if it had implemented the following top four security controls rated as "very high" for the mitigation of attacks by the National Security Agency.

1. Inventory of Authorized and Unauthorized Devices;
2. Inventory of Authorized and Unauthorized Software;
3. Security Configurations for Hardware and Software on Laptops, Workstations, and Servers; and
4. Continuous Vulnerability Assessment and Remediation.

We found that the Commission had a complete inventory of its web applications, a complete inventory of the servers providing web services, achieved low vulnerability scores for its infrastructure, and with only two exceptions out of 43 servers, the Commission had performed continuous mitigation and diagnostics of its network.

While the Commission had effectively secured its public websites, we did identify two areas for improvement, which included (1) perform credentialed scans for all hosts, and (2) perform internal web application security scanning. We issued three recommendations to improve the security of the Commission's public websites.

# U.S. International Trade Commission

## Inspector General Semiannual Report

---

### **Report to Congress for Cybersecurity Act of 2015, OIG-MR-16-14**

**RESULT:** The report found that the Commission does not have the capability to detect or prevent the exfiltration of personally identifiable information.

The Cybersecurity Act of 2015 requires the Inspector General to submit a report each year on various aspects of the Commission's information systems containing personally identifiable information. Our review found that the Commission followed the appropriate standards for logical access to its systems. However, the Commission did not have data loss prevention capabilities and had limited forensics and visibility capabilities to monitor and detect exfiltration of threats, to prevent the unauthorized transfer of data. The report was issued to the appropriate committees of jurisdiction in the Senate and the House of Representatives as well as the Chairman of the Commission.

### **Management Letter – Off-site Storage Facilities, OIG-ML-16-16**

**RESULT:** The report found that the Commission did not compete an acquisition that exceeded the micro-purchase threshold.

During an audit, we reviewed contract and cost data for two self-storage units that the Commission was renting. We found that the annual costs exceeded the micro-purchase threshold, but the Commission had not completed the procurement as required by the Federal Acquisition Regulations. We issued a letter to management with one recommendation to address the problem identified.

---

## **Significant Recommendations from Prior Periods**

The Commission has 14 recommendations described in prior semiannual reports where corrective action has not been completed. The Inspector General has identified four recommendations all of which are related to the Commission's system of internal rules as significant. A brief summary of the significant recommendations from prior periods is described below.

The Inspector General issued a report that focused on directives management. Directives management is a core function within the system of internal rules that defines the Commission's governance culture and plays a key role in internal control activities. The audit found that directives were out of date, inconsistent, and the system was difficult to use. The Inspector General issued recommendations to the Commission related to the development of a directives management framework to assign responsibility and accountability to meet the objectives of the Commission, set the tone for employee

# U.S. International Trade Commission

## Inspector General Semiannual Report

---

conduct and expected behavior and set the direction for how the Commission complies with certain laws and regulations in its daily operations. The Inspector General also issued recommendations for establishing a periodic review process to ensure the directives are current, relevant, readily accessible, and easily understood.

---

### **Hotline and Investigations**

#### **Investigations and Inquiries – Overview**

In accordance with professional standards and guidelines, the Inspector General conducts investigations and inquiries of criminal, civil, and administrative wrongdoing involving Commission programs, operations, and personnel. Investigations may involve possible violations of regulations regarding employee responsibilities and conduct, Federal criminal law, and other statutes and regulations pertaining to the activities of the Commission.

The Inspector General reviews and analyzes all complaints received to determine the appropriate course of action.

The Inspector General conducts a preliminary inquiry into the complaint. If the information obtained during the preliminary inquiry indicates that a full investigation is appropriate, the Inspector General will commence an investigation of the allegation.

#### **OIG Hotline Contacts**

The OIG maintains a Hotline for reporting information about suspected waste, fraud, abuse, or mismanagement involving Commission programs or operations. Information may be provided by telephone, fax, email, mail, or through a web-based form. Upon request, a provider's identity will be kept confidential. Reports may also be made anonymously.

We receive complaints from employees, contractors, and the public that involve the Commission's areas of responsibility. We examine these complaints to determine whether there is any indication of Commission wrongdoing or misconduct. If the complaint does not relate to the USITC, we refer the complaint to the appropriate agency for response. If the complaint does not have merit, we close the matter.



# U.S. International Trade Commission

## Inspector General Semiannual Report

---

The OIG has worked to increase awareness of the Hotline throughout the Commission by creating a series of Hotline posters and holding OIG Outreach sessions with Commission offices.

### **Summary of Matters Referred to Prosecuting Authorities**

The Inspector General did not refer any matters to prosecuting authorities during this reporting period.

### **Investigations**

The Inspector General did not have any investigations to report during this reporting period.

---

## **External Reviews Completed During this Period**

### **Equal Employment Opportunity Commission**

The Equal Employment Opportunity Commission's Office of Federal Operations performed a review of agency progress towards implementing the government-wide priorities and strategies identified in their Federal Complement Plan. The review examined information related to the use of Schedule A Hiring Authority; implementation of reasonable accommodation and anti-harassment programs; and employment barriers to senior level positions and selected mission-critical operations.

The final report was issued on July 25, 2016. The report contained 14 recommendations to the Commission. Many of the recommendations were related to collecting and analyzing data to identify if there are any discrimination barriers in the selection of executive level positions and improve management's ability focus on root cause resolutions. The Commission is in the process of developing management decisions to address the recommendations.

# U.S. International Trade Commission

## Inspector General Semiannual Report

---

### **Status of Actions Related to External Reviews Completed During Prior Periods**

#### **Department of Homeland Security**

The Commission requested the Department of Homeland Security to perform a risk and vulnerability assessment of the Commission's information security posture. The assessment was composed of both remote and onsite testing of the Commission's information security posture. The assessment identified a number of problem areas that presented risk to the Commission's systems and data, including vulnerabilities caused by insecure web applications, ineffective internal security policies, and inadequate internal intrusion detection prevention strategies. The assessment did highlight the Commission's effective deployment of whitelisting, resulting in the Commission's resistance to external phishing attempts.

The assessment resulted in 16 recommendations for action to improve the Commission's information security posture. The Commission made management decisions to address all of the recommendations and in prior reporting periods completed final action on two recommendations. During this reporting period the Commission completed final action on seven recommendations. The Commission continues to work on the remaining seven recommendations.

---

### **Reviews Completed for Other Offices of Inspector General**

Section 6(a)(3) of the Inspector General Act of 1978, as amended, gives the Inspector General the authority to obtain assistance for carrying out the duties and responsibilities provided by the Act from any other Federal agency.

The Inspector General assists other Offices of Inspector General by performing independent information technology reviews. The reviews can cover a wide array of information technology subject areas such as: penetration testing, vulnerability assessments, configuration review, and evaluation of monitoring and incident detection and remediation.

To facilitate assistance, the Inspector General will enter into a Memorandum of Understanding with the other Federal agency, in accordance with 31 U.S.C. 1535, the Economy Act of 1932, as amended. The Memorandum of Understanding describes the

# U.S. International Trade Commission

## Inspector General Semiannual Report

---

subject area to be independently reviewed, scope, methodology, cost, schedule, and any associated deliverables in writing before work is to be commenced.

---

### **Congressional Activities**

The Inspector General responded to a Congressional request for information during this reporting period from the Chairman and Ranking Member of the Committee on Oversight and Government Reform. The Committee was seeking information on open and unimplemented recommendations, reports not disclosed to the public, and insuring the Inspector General has complete, unfiltered, and timely access to agency records.

The Inspector General also transmitted two annual reports as required by public law. The first report, affirmed the Commission's compliance with the Improper Payment Elimination and Recovery Act. The second report, mandated by the Cybersecurity Act of 2015, requested information related to the Commission's practices for protecting data in systems that contain personally identifiable information.

---

### **Council on Inspectors General for Integrity and Efficiency**

The Inspector General has actively participated in meetings and supported the efforts of the Council on Inspectors General for Integrity and Efficiency (CIGIE). The Office of the Inspector General staff have volunteered to serve as members on various working groups and committees that address cross-cutting issues such as, knowledge management, cloud computing, investigations, cyber security, new media, small agency concerns, and legal matters.

The report Evaluation of Public Website Security, OIG-ER-16-13, described earlier was part of a CIGIE sponsored cross-cutting review conducted by 18 different Inspectors General.

---

# U.S. International Trade Commission

## Inspector General Semiannual Report

---

### **Federal Financial Management Improvement Act Reporting**

The IG Act and the Federal Financial Management Improvement Act of 1996 (FFMIA) require the Inspectors General of certain agencies to report “instances and reasons” when the agency has not met intermediate target dates established in a remediation plan to bring the agency’s financial management system into substantial compliance with the FFMIA. The Commission is not subject to the FFMIA; however, it voluntarily seeks to comply with most of its requirements. During this reporting period, there were no events giving rise to a duty to report under FFMIA.

---

### **Peer Review**

The Office of Inspector General had a peer review performed by the Equal Employment Opportunity Commission’s Office of Inspector General. The final report, issued on April 18, 2016, determined that the system of quality control for conducting audits was suitably designed and implemented, and received a peer review rating of pass. The Equal Employment Opportunity Commission’s Office of Inspector General did not make any recommendations. The peer review schedule is set by the CIGIE. The next peer review of my office will be in two years.

---

# U.S. International Trade Commission

## Inspector General Semiannual Report

Table 4: Prior Significant Recommendations Where Corrective Action Has Not Been Completed

<b>Prior Significant Recommendations Where Corrective Action Has Not Been Completed</b>	
<b>Report Number</b>	<b>Recommendation</b>
OIG-AR-15-14	Recommendation 1: Update policy to clearly define the different types of internal rules. Recommendation 2: Define standard format and content requirements for each type of internal rule. Recommendation 4: Deploy an effective process to perform periodic reviews of the directives. Recommendation 9: Require delegations of authority and agency designations to include authoritative sources and core responsibilities.

Table 5: Reports with Questions and Unsupported Costs

<b>Reports with Questioned and Unsupported Costs Section 5(a)8</b>			
<b>Description</b>	<b>Number of Reports</b>	<b>Questioned Costs</b>	<b>Unsupported Costs</b>
Reports for which no management decision has been made by the commencement of the reporting period.	0	\$0	\$0
Reports issued during the reporting period.	6	\$0	\$0
<b>Subtotals</b>		<b>\$0</b>	<b>\$0</b>
Reports for which a management decision was made during the reporting period.	6	\$0	\$0
• Dollar value of disallowed costs.		\$0	\$0
• Dollar value of allowed costs.		\$0	\$0
Reports for which no management decision has been made by the end of the reporting period.	0	\$0	\$0
<b>Subtotals</b>	<b>6</b>	<b>\$0</b>	<b>\$0</b>

# U.S. International Trade Commission

## Inspector General Semiannual Report

Table 6: Reports w/ Recommendations that Funds be Put to Better Use

<b>Reports with Recommendations that Funds be Put to Better Use Section 5(a)9</b>		
Description	Number of Reports	Funds Put to Better Use
Reports for which no management decision has been made by the commencement of the reporting period.	0	\$0
Reports issued during the reporting period.	6	\$0
<b>Subtotals</b>		<b>\$0</b>
Reports for which a management decision was made during the reporting period.	6	
<ul style="list-style-type: none"> <li>• Dollar value of recommendations agreed to by management.</li> </ul>		\$0
<ul style="list-style-type: none"> <li>• Dollar value of recommendations not agreed to by management</li> </ul>		\$0
Reports for which no management decision has been made by the end of the reporting period.	0	\$0
<b>Subtotals</b>		<b>\$0</b>

# U.S. International Trade Commission

## Inspector General Semiannual Report

Table 7: Reports With Final Action Completed During this Reporting Period

<b>Reports With Final Action Completed During this Reporting Period</b>					
<b>Reports Issued This Reporting Period</b>					
	Report Title	# of Recs.	Mgt. Decisions	Final Action Complete in Prior Periods	Final Action Complete This Period
1	IPERA Determination, OIG-MR-16-12	0	0	0	0
2	Report to Congress for Cybersecurity Act of 2015, OIG-MR-16-14	0	0	0	0
3	Management and Performance Challenges Report, OIG-MR-16-15	0	0	0	0
<b>Totals</b>		0	0	0	0
<b>Prior Reporting Periods</b>					
	Report Title	# of Recs.	Mgt. Decisions	Final Action Complete in Prior Periods	Final Action Complete This Period
1	Evaluation of Controlling CBI/BPI, OIG-ER-12-09	6	6	5	1
2	Audit of Software Inventory, OIG-AR-15-12	7	7	6	1
3	Management Letter – Ethics Training, OIG-ML-16-07	1	1	0	1
4	2016 Charge Card Risk Assessment Report, OIG-MR-16-09	3	3	0	3
<b>Totals</b>		17	17	11	6

# U.S. International Trade Commission

## Inspector General Semiannual Report

Table 8: Status of Reports Issued Without Final Action

<b>Status of Reports Issued Without Final Action</b>						
<b>This Reporting Period</b>						
Report Title	# of Recs.	Mgt. Decisions	Decisions IG Disagrees With	Final Action Complete	Action Not Complete	Action Not Complete
1	Management Letter - Wireless Program Management, OIG-ML-16-11	2	2	0	1	1
2	Evaluation of Public Website Security, OIG-ER-16-13	3	3	0	0	3
3	Management Letter – Off-site Storage Facilities, OIG-ML-16-16	1	1	0	0	1
<b>Totals</b>		6	6	0	1	5
<b>Prior Reporting Periods</b>						
Report Title	# of Recs.	Mgt. Decisions	Final Action Complete Prior Periods	Final Action Complete This Period	Action Not Complete	Action Not Complete
1	Assessment of USITC Website Encryption, OIG-MR-16-10	2	2	0	0	2
2	Audit of Hardware Inventory, OIG-AR-15-11	5	5	2	2	1
3	Audit of Directives Management, OIG-AR-15-14	11	11	1	0	10
4	Audit of Patching Process, OIG-AR-14-02	7	7	5	1	1
<b>Totals</b>		25	25	8	3	14



# U.S. International Trade Commission

## Appendix A

### Appendix A: Chairman's Statistical Tables

Table A: Reports with Disallowed Costs

<b>Total Number of Reports and the Dollar Value of Disallowed Costs</b>		
<b>Description</b>	<b>Number of Reports</b>	<b>Dollar Value of Disallowed Costs</b>
Reports issued during the period.	6	\$0
Reports for which final action had not been taken by the commencement of the reporting period.	8	\$0
Reports on which management decisions were made during the reporting period.	6	\$0
Reports for which final action was taken during the reporting period.	7	\$0
<ul style="list-style-type: none"> <li>• Dollar value of disallowed costs, recovered by management.</li> </ul>		\$0
<ul style="list-style-type: none"> <li>• Dollar value of disallowed costs written off by management.</li> </ul>		\$0
Reports for which no final action has been taken by the end of the reporting period.	7	\$0

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

<b>Reports with Recommendations that Funds be Put to Better Use</b>		
<b>Description</b>	<b>Number of Reports</b>	<b>Funds Put to Better Use</b>
Reports for which final action had not been taken by the commencement of the reporting period.	8	\$0
Reports on which management decisions were made during the reporting period.	6	\$0
Reports for which final action was taken during the reporting period including:	7	\$0
<ul style="list-style-type: none"> <li>• Dollar value of recommendations that were actually completed.</li> </ul>		\$0
<ul style="list-style-type: none"> <li>• Dollar value of recommendations that management has subsequently concluded should not or could not be completed.</li> </ul>		\$0
Reports for which no final action has been taken by the end of the reporting period.	7	\$0

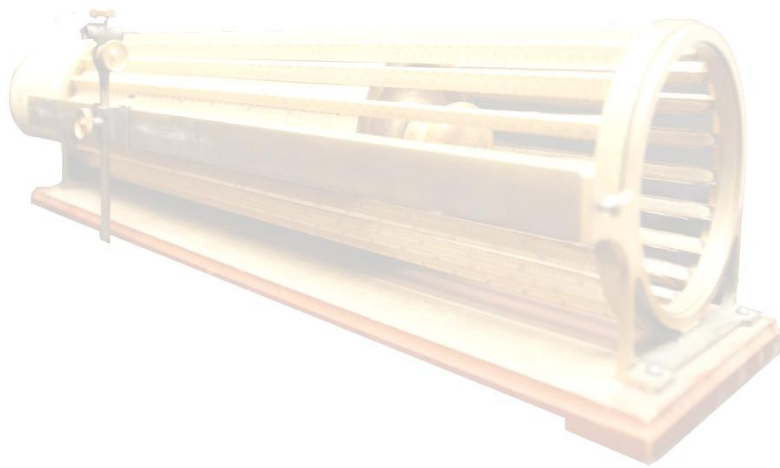
# U.S. International Trade Commission

## Appendix A

---

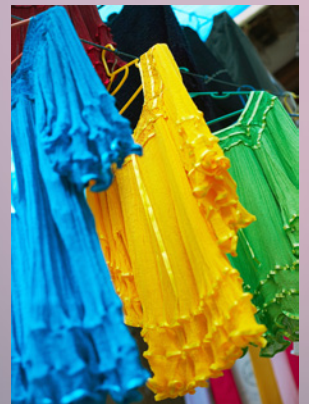
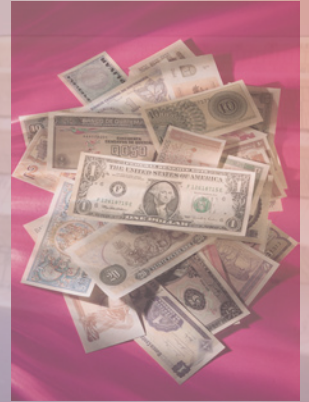
Table C: Prior Year Management Decisions Without Final Action

<b>Prior Year Audit Reports On Which Management Decisions Have Been Made but Final Action has Not Been Taken</b>				
Audit Report	Date Issued	Disallowed Costs	Funds Put to Better Use	Reason Final Action has Not Been Taken
OIG-AR-14-02	11/12/2013	\$0	\$0	Provided in Part II B of the Chairman's Message
OIG-AR-15-11	07/22/2015	\$0	\$0	Provided in Part II B of the Chairman's Message
OIG-AR-15-14	09/02/2015	\$0	\$0	Provided in Part II B of the Chairman's Message



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

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



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

Office: 202-205-6542  
Fax: 202-205-1859  
Hotline: 202-205-6542  
OIGHotline@USITC.GOV