



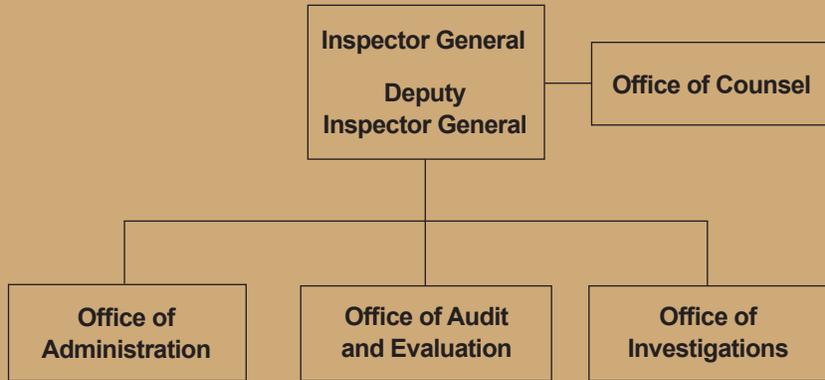
**U.S. Department of Commerce  
Office of Inspector General**

# **Semiannual Report to Congress**

**September 2017**



# OFFICE OF INSPECTOR GENERAL




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## Oversight Areas

Office of the Secretary  
 Bureau of Economic Analysis  
 Bureau of Industry and Security  
 Economic Development Administration  
 Economics and Statistics 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. Census Bureau  
 U.S. Patent and Trademark Office

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Office of Inspector General**

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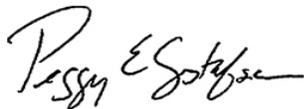
# FROM THE INSPECTOR GENERAL

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 September 30, 2017.

This report summarizes work 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*—OIG completed nine audits, inspections, and public investigative reports. These products addressed programs and personnel associated with the Economic Development Administration (EDA), Economics and Statistics Administration (ESA), Minority Business Development Agency (MBDA), National Oceanic and Atmospheric Administration (NOAA), National Telecommunications and Information Administration (NTIA), and the Department itself.

In September 2017, 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) 2018, 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 Commerce 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 of Commerce. Below is a summary of our final report, issued September 29, 2017, on the Department's top management and performance challenges for FY 2018.

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## Challenge 1: Delivering a Timely 2020 Census That Maintains or Improves Data Quality but Costs Less Per Household Than the 2010 Census

Early this decade, the U.S. Census Bureau (the Bureau) committed to conducting the 2020 Census at a lower cost per household (adjusted for inflation)—while continuing to maintain high quality—than the last decennial, to end decades of rising costs. Over the past three decennial censuses, the per-household cost had climbed from approximately \$45 in 1990 and \$80 in 2000 to \$92 in 2010 (in 2020 constant dollars). To stop these escalating costs, the Bureau estimated that it could avoid \$5.2 billion in 2020 Census costs (compared with repeating the 2010 design in 2020) through major cost saving innovations in its operational design.

However, as this decade progressed, the Bureau has scaled back its cost avoidance projections. Our audit work has identified that the 2020 Census Life-Cycle Cost Estimate is not auditable, and the Bureau failed to capture information during research and testing that could help update or assess the accuracy of the estimate. Unaccounted-for costs and cost overruns have affected the address canvassing operation, information technology (IT) development, and other areas—leading the Bureau recently to reduce its cost avoidance estimate.

This challenge focuses on the following areas for management attention:

- Maintaining Bureau leadership continuity to ensure that a reengineered, cost-effective decennial census occurs on schedule and produces quality results
- Developing an accurate 2020 Census Life-Cycle Cost Estimate that can be validated by stakeholders
- Implementing new, reengineered processes and systems in time to perform as needed

## Challenge 2: Ensuring the Continuity of Environmental Satellite Observations

NOAA satellite data and imagery are essential to understanding, predicting, and tracking weather and other environmental phenomena. NOAA's primary sources of these observations are satellites in geostationary and polar orbits.

NOAA's constellation of Geostationary Operational Environmental Satellites (GOES) maintains a constant watch over the Western hemisphere for tracking and forecasting severe

storms. On November 19, 2016, NOAA launched the first of NOAA's GOES-R series of satellites with new, advanced instruments and capabilities. Upon reaching its orbit 10 days after launch, GOES-R was re-designated as GOES-16 on November 29, 2016.

Polar satellites circle above the Earth from pole to pole, observing the entire globe approximately twice a day. Their data provide important input for numerical weather prediction systems' 3–7 day forecasts. Joint Polar Satellite System (JPSS) satellites, which include a demonstration-turned-operational satellite known as Suomi National Polar-orbiting Partnership (NPP), fulfill NOAA's responsibility for the afternoon polar orbit. JPSS-1 is anticipated to launch in November 2017, more than 6 months past its formal commitment date.

Beyond its own satellites and those of international and intergovernmental partners, NOAA is seeking to leverage capabilities in the emerging sector of commercial space services. To this end, NOAA has initiated a pilot program to assess commercially-provided environmental data.

To mitigate the risk of gaps and ensure short- and long-term continuity of NOAA satellite data and imagery, this challenge focuses on the following areas for management attention:

- Transitioning GOES-16 and JPSS-1 into operations
- Managing risk in the acquisition and development of the next-in-series satellites
- Revising Polar Follow-On (PFO) program baselines in accordance with the Administration's priorities
- Assessing the viability of using commercial data in weather forecasts

### Challenge 3: Securing Department Systems and Information

Over the past 5 years, previous versions of our *Top Management and Performance Challenges Facing the Department of Commerce* report have encouraged the Department to continually improve the effectiveness of its security measures protecting the confidentiality, integrity, and availability of critical systems and information. However, our recent and ongoing audits confirm that the Department continues to encounter serious challenges to securing its critical systems, including national security systems. Furthermore, persistent security weaknesses with implementing basic security controls and measures significantly increase the likelihood of system and information compromise.

Given these considerations, this challenge focuses on the following cybersecurity areas for immediate management attention:

- Continuing security improvements for the Department's national security systems
- Ensuring security controls are effectively implemented and conducting high-quality security control assessments
- Securing cloud-based systems
- Implementing multi-factor authentication for all privileged users
- Implementing a cohesive approach to cybersecurity across the Department

#### **Challenge 4: Deploying a Nationwide Public Safety Broadband Network (NPSBN)**

The Middle Class Tax Relief and Job Creation Act of 2012 established the First Responder Network Authority (FirstNet) as an independent authority within NTIA to implement a NPSBN dedicated for first responders. On March 30, 2017, FirstNet selected AT&T as its partner in the development of the NPSBN. The contract will be performed over the next 25 years.

With the partnership now underway, FirstNet's immediate challenges include the following:

- Deploying and ensuring the sustainability of the NPSBN
- Ensuring the successful performance of the contract awarded to AT&T
- Maximizing state opt-ins and participant subscriptions
- Strengthening operational controls

#### **Challenge 5: Efficiently and Effectively Enforcing Laws That Promote Fair and Secure Trade**

As the federal government's lead trade and investment promotion agency, the Department faces the challenge of helping U.S. companies be more competitive abroad and attracting foreign investment while protecting U.S. national security interests. Those missions are carried out by the International Trade Administration (ITA), which assists U.S. exporters sell their products overseas and enforces U.S. trade laws and agreements, and the Bureau of Industry and Security (BIS), which administers and enforces U.S. export control laws and regulations. In the area of international trade, the current Administration has prioritized enforcing laws that promote fair and secure trade. A series of directives involving international trade have underscored that priority. For example, an April 29, 2017, executive order directed the Secretary, the U.S. Trade Representative, and other heads of executive departments and agencies, as appropriate, to take every appropriate and lawful action to address violations of trade law, abuses of trade law, or instances of unfair treatment. Therefore, ITA and BIS must utilize their resources effectively and efficiently as they participate in government-wide efforts to ensure fair trade that protects national security.

This challenge focuses on the following areas for management attention:

- Enhancing U.S. economic competitiveness through efficient administration of trade enforcement remedies and effective export promotion activities
- Facilitating U.S. exports by implementing export control reform changes while enhancing enforcement

#### **Challenge 6: Modernizing the Department's Legacy IT Systems and Improving Data Quality**

Although the Department has undertaken numerous initiatives to modernize its IT systems, it continues to rely on antiquated legacy systems to support some of its key functions and processes. For example, the lack of a centralized and integrated financial management system continues to create reporting and oversight challenges for the Department—including the ability to effectively report financial data and monitor financial activity across its operating units. In addition, the U.S. Patent and Trademark Office (USPTO) continues to face challenges in its mission-critical modernization from legacy IT systems to next-generation technology and services.

This challenge focuses on the following areas for management attention:

- Identifying a long-term solution to replace Commerce Business Solutions
- Transitioning USPTO from legacy to next-generation IT systems
- Maintaining current, accurate, and complete data to effectively manage real property

### **Challenge 7: Implementing Processes to Improve Management of the Department's Contracts, Grants, and Cooperative Agreements**

Procurement continues to be a significant support mechanism for the Department's overall mission. The Department's management of contracts, grants, and cooperative agreements has long presented a challenge by virtue of the large amounts of money at stake. In FY 2016, the Department obligated approximately \$3.2 billion for goods and services related to satellite acquisitions, support for intellectual property operations, management of coastal and ocean resources, IT, and construction and facilities management. Additionally, in FY 2016, the Department obligated approximately \$1.4 billion in financial assistance awards (grants and cooperative agreements). Appropriate administration of public funds must always be a priority, but, in this climate of constrained budgets, the use of billions of taxpayer dollars requires particular attention from Departmental management.

Key challenges include the following:

- Strengthening processes to govern the appropriate use of noncompetitive contracts and maximize the use of competition
- Developing and maintaining a competent acquisition workforce to support the Department's mission
- Improving oversight and monitoring of MBDA Business Centers (MBCs) to ensure accurate reporting of program goals and efficient use of program funds
- Fostering high ethical standards throughout the Department and its contracting programs to maintain the public trust



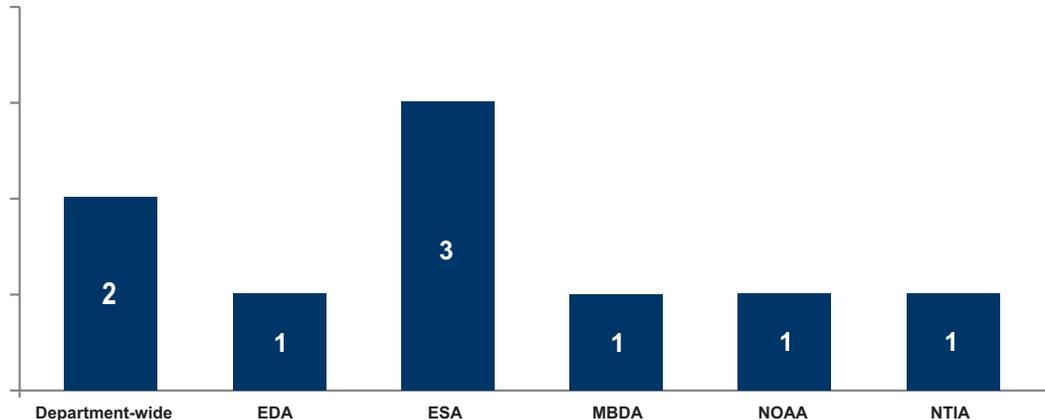
# DEPARTMENT-WIDE MANAGEMENT

The **U.S. Department of Commerce** works to help American companies become more innovative and successful at home and more competitive abroad. It creates the conditions for economic growth and opportunity by promoting innovation, entrepreneurship, competitiveness, and stewardship.

The Department accomplishes its mission by providing national and local weather services; developing key economic and demographic data (including the Census); advancing technological and scientific innovation; protecting and restoring environmental resources; promoting international trade; and supporting local, regional, and national economic development. These activities affect U.S. business and industry daily and play a critical role in the nation's economic well-being.

## COMPLETED WORKS (BY OVERSIGHT AREA)

During this reporting period—in addition to issuing its *Top Management and Performance Challenges Facing the Department of Commerce*—OIG completed nine audit, inspection, and public investigation reports.



<sup>a</sup> Completed work concerning NTIA includes one investigative report regarding the Broadband Technology Opportunities Program (BTOP).

## FY 2016 COMPLIANCE WITH IMPROPER PAYMENT REQUIREMENTS (OIG-17-025-I)

Our review objectives were to (1) assess whether the Department complied with all applicable improper payment requirements and (2) evaluate the accuracy and completeness of its reporting, as well as its performance in recapturing improper payments.

Our review found that the Department met the Office of Management and Budget (OMB) criteria for compliance with the Improper Payments Information Act of 2002. In addition, our evaluation of the Department's accuracy and completeness of its reporting, as well as its performance in recapturing improper payments, revealed that the Department can improve its U.S. Department of Commerce FY 2016 Agency Financial Report reporting, as it understated improper payment estimates for the funds NOAA received under the Disaster Relief Appropriations Act.

We recommended that the Deputy Chief Financial Officer and Director for Financial Management

- develop a process to ensure that the sampling methodology and formulas in future statistical sampling and estimation plans are followed, in order to accurately calculate estimated improper payments for programs deemed susceptible to significant improper payments.

## SELECTED COMMERCE BUREAUS COULD IMPROVE REVIEW PROCEDURES AND DOCUMENTATION RELATED TO UNLIQUIDATED OBLIGATIONS (OIG-17-026-A)

Our objective for the audit was to evaluate the effectiveness of each operating unit's obligation and deobligation review policies and procedures implemented since our June 2013 audit report *Monitoring of Obligation Balances Needs Strengthening* (OIG-13-026-A). In our 2013 report, we concluded that Department-wide controls over the management of unliquidated obligations (ULO) needed strengthening. We also concluded that effective management of outstanding obligation balances allows bureaus to review and deobligate unneeded funds, promoting a better use of federal resources.

For this audit, we reviewed the following bureaus: BIS, ESA, Bureau of Economic Analysis, ITA, MBDA, National Technical Information Service, and the Office of the Secretary.

In this follow-up audit, we concluded that the selected bureaus achieved the intended effect of our prior audit report recommendations by reducing their cumulative ULO balances by \$50 million (or 20 percent since June 2013). We found that some of the bureaus did not fully implement Departmental policy. Specifically, three of the seven bureaus tested did not develop any bureau-specific policies to conduct periodic obligation reviews. In addition, for 11 percent of the sampled obligations tested, we found that respective bureaus could not provide acceptable explanations that the outstanding balances were needed.

We recommended that the selected bureaus' Chief Financial Officers instruct their respective ULO oversight managers to do the following:

- Develop or enhance detailed bureau-specific policies for monitoring obligations and encourage deobligation as outlined in the Department of Commerce Policy for Undelivered Obligations, including policies that require (a) maintaining adequate justifications for valid obligation balances; and (b) timely deobligation actions for balances no longer needed.
- Follow up on the obligations specifically identified in this report and take appropriate action.

#### **FY 2017 CYBERSECURITY INFORMATION SHARING ACT AUDIT (SEE ALSO TABLE 9 ON PAGE 59)**

As required by the Cybersecurity Information Sharing Act of 2015 (CISA), OIG initiated an audit to assess the Department's implementation of sharing cybersecurity information. Based on the information obtained during our audit, we provided responses to the inspectors general (including the Departments of Commerce, Defense, Energy, Homeland Security, Justice, and Treasury, as well as the Office of the Director of National Intelligence) jointly-developed questions on CISA compliance. Our responses have assisted in creating an interagency report on the actions of the executive branch of the federal government to carry out this law.

Our objective was to review the actions of the Department to carry out cybersecurity information sharing from the time that CISA was enacted in 2015. We observed that the Department has complied with the requirements of CISA and has established the Commerce Threat Intelligence Portal for the dissemination throughout the Department of cyber threat information received from the Department of Homeland Security. We also observed that several Departmental bureaus identified network connectivity issues, which limited their participation in the sharing program.

#### **CHIEF EXECUTIVE OFFICER OF DEPARTMENTAL CONTRACTOR CHARGED WITH FALSE STATEMENTS AND IMPROPER BILLING**

On June 8, 2017, the Chief Executive Officer (CEO) and owner of a company that was awarded \$3.1 million in contracts that were part of the Department of Commerce's Afghanistan Investment and Reconstruction Task Force pleaded guilty to one count of Major Fraud Against the United States. The CEO made material false statements in obtaining the contracts and improperly billed the government for \$1,189,697.53 under the contracts. As part of the plea agreement, the CEO agreed to responsibility for restitution in an amount equal to the amount that the government was overbilled. The U.S. Attorney's Office for the District of Columbia prosecuted the case; the CEO's sentencing is scheduled for October 20, 2017.





# BUREAU OF INDUSTRY AND SECURITY

The **Bureau of Industry and Security** is primarily responsible for administering and enforcing the nation's system for controlling exports of sensitive dual-use goods and technologies. BIS's major functions include formulating and implementing export control policy; processing export license applications; conducting various policy, technical, and economic analyses; promulgating regulations; conducting industry outreach; and enforcing the Export Administration Act and regulations. BIS has three primary organizational units:

***Export Administration***—Implements U.S. export control and nonproliferation laws and policies through export licensing, commodity classifications, and advisory opinions; technical, economic, foreign availability, and policy analyses; promulgation of regulations; and industry outreach. It also conducts various defense industry activities and enforces industry compliance with arms control treaties.

***Export Enforcement***—Participates in reviews of export license applications and conducts criminal and administrative investigations relating to the export control portions of the Export Administration Act and regulations. It also administers and enforces the anti-boycott provisions of the act and regulations.

***Chief Financial Officer and Office of Administration***—Advises senior leadership on business and IT issues and oversees policies and procedures for administrative functions for programs including budget and finance, human resources and workforce issues, corporate analysis and risk management, IT operations and cyber security, acquisitions, audits and investigations, and Freedom of Information Act requests.

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## **FORMER EMPLOYEE CONVICTED OF BRIBERY AND CONSPIRACY TO COMMIT BRIBERY**

On September 8, 2017, following a trial by jury, a federal judge sentenced a former BIS employee to 48 months imprisonment, 2 years of supervised release, and forfeiture of approximately \$224,500 based on convictions for bribery and conspiracy to commit bribery. The investigation leading to the conviction determined that the former employee solicited and received bribes from a local businessperson to whom a contract and subcontract for a BIS data migration project was steered. One of the businessperson's companies made \$208,000 in payments to a restaurant business owned by the BIS employee; many of these payments were concealed through false and fictitious invoices created by the BIS employee. The businessperson's companies reaped over \$1 million in profits from the BIS data migration contract and subcontract. On June 30, 2017, following a guilty plea, a federal judge sentenced the businessperson to 24 months of probation, including 12 months of home detention, and a \$25,000 fine. The businessperson also signed a Consent Order of Forfeiture agreeing to a monetary judgment of \$1,079,346.49. OIG worked the joint investigation with the Federal Bureau of Investigation (FBI), the Defense Criminal Investigative Service, and the U.S. Attorney's Office for the Eastern District of Virginia, Alexandria Division, to prosecute this case.



# 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.

## **EDA CAN STRENGTHEN ITS POLICIES AND PROCEDURES FOR MONITORING ULOS (OIG-17-023-A)**

Our objective was to evaluate the effectiveness of EDA obligation and deobligation practices, as well as review policies and procedures that were implemented since our June 2013 audit report, *Monitoring of Obligation Balances Needs Strengthening* (OIG-13-026-A).

In this follow-up audit, 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. As a result, we identified approximately \$3 million in ULOs that could have been deobligated.

We recommended 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, and
- develop and implement bureau-specific policies and procedures for conducting timely obligation reviews of all open balances.

## **FORMER EMPLOYEE SENTENCED FOR FRAUD AND STOLEN VALOR**

As previously reported in our Semiannual Report to Congress in March 2015 and March 2016, a former EDA employee pled guilty to Wire Fraud. The investigation revealed that the former EDA employee made false and conflicting claims to various agencies in an effort to fraudulently obtain benefits. Further, while at EDA, the former employee presented false military orders to fraudulently recoup leave. On June 1, 2017, a federal judge sentenced the former EDA employee to 36 months incarceration, 3 years of supervised release, restitution payment of \$646,300.76, and 80 hours of community service. The Social Security Administration OIG, Veterans Affairs OIG, Office of Personnel Management OIG, and General Services Administration (GSA) OIG all participated in this investigation.



# ECONOMICS AND STATISTICS ADMINISTRATION

The **Economics and Statistics Administration** analyzes economic activity, formulates policy options, and produces a major share of the U.S. government's economic and demographic statistics. ESA has one constituent operating unit and two primary operating units:

***Office of the Chief Economist***—Provides the Department with expertise on key economic forces affecting the U.S. economy, delivering timely, relevant, and credible economic analysis and advice to government leaders and the public.

***Census Bureau***—Publishes a wide variety of statistical data about the nation's people and economy, conducting approximately 200 annual surveys in addition to the decennial census of the U.S. population and the quinquennial census of industry.

***Bureau of Economic Analysis***—Prepares, develops, and interprets national income and product accounts (summarized by the gross domestic product), as well as aggregate measures of international, regional, and state economic activity.

## **2020 CENSUS: THE ADDRESS CANVASSING TEST REVEALED COST AND SCHEDULE RISKS AND MAY NOT INFORM FUTURE PLANNING AS INTENDED (OIG-17-024-A)**

The audit's original objective was to assess the risk that the Address Canvassing Test would not accomplish its stated goals. However, after we began audit fieldwork, the Bureau removed the term "goals" from the test plan. As a result, we modified our audit objective to review the Address Canvassing Test's cost and schedule, as well as in-field and in-office components of the test.

We found the following:

- In-office address canvassing (IOAC) will cost significantly more than initially estimated.
- Active block resolution (ABR) may not finish in time for the 2020 Census in-field address canvassing operation.
- The Bureau's controls for monitoring ABR have weaknesses.
- The Bureau did not achieve some of the original test objectives.

In addition, we also documented test limitations and risks.

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

- Update the 2020 Census Life-Cycle Cost Estimate to reflect more accurate IOAC cost estimates, including any plans to address the ABR quality control backlog.
- Increase ABR production rates and reduce the quality control backlog to ensure that ABR is completed prior to 2020 Census address canvassing.
- Create a production schedule and implement a clerk-level quality monitoring process for ABR.
- Ensure that (a) testing activities are adequately planned and remain on schedule and (b) new design innovations are prepared to function as designed.

## **2020 CENSUS: EVALUATION OF INTERACTIVE REVIEW ADDRESS CANVASSING OPERATION REVEALED ISSUES WITH QUALITY ASSURANCE CONTROLS (OIG-17-030-I)**

The objective of the review—which began in December 2015—was to gain an understanding of the Interactive Review process and evaluate the quality control procedures developed to ensure accurate results. This review supplemented the previously issued 2016 Address Canvassing Test audit report, *2020 Census: The Address Canvassing Test Revealed Cost and Schedule Risks and May Not Inform Future Planning as Intended* (OIG-17-024-A).

We found the following:

- Quality assurance calculations are not clearly documented.
- Census performed fewer quality assurance reviews because adjudicators forgave coverage errors.

In addition, we identified that the Bureau did not complete a formal cost estimate for the Interactive Review operation.

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

- Finalize the quality assurance plan for IOAC and provide clear explanations of the error rate in this document and other plans that describe the internal controls.
- Ensure that current practices for forgiving errors is addressed when devising business rules to meet the 5 percent undetected error rate in the final quality assurance plan.

**AWARDING OF U.S. CENSUS BUREAU NONCOMPETITIVE CONTRACTS DID NOT CONSISTENTLY FOLLOW FEDERAL ACQUISITION REGULATIONS AND COMMERCE ACQUISITION POLICIES (OIG-17-031-A)**

The audit's objective was to determine whether the Bureau's contracting personnel properly awarded noncompetitive contracts.

Overall, we found that the Bureau's contracting personnel did not properly award 25 of the 28 noncompetitive contracts reviewed because they did not comply with at least one or more of the key Federal Acquisition Regulations (FAR), *Commerce Acquisition Manual (CAM)*, and Bureau's pre-award requirements. Based on our review, we estimate the Bureau could have potentially saved 20 percent in acquisition costs, approximately \$9.3 million, which we consider to be questioned costs.

Specifically, we found the following:

- Sole source contracts were awarded without proper support documents and approval.
  - Statutory authorities were incorrectly used to justify awarding noncompetitive contracts.
  - Market research was not sufficient to support noncompetitive justification.
  - Price reasonableness determination documentation was missing or lacked rationale.
  - Sole source justifications were missing required content.
  - Justifications did not have proper approval authority.
  - There was insufficient evidence of contract review board (CRB) decisions.
- Contract files were not properly maintained.

We recommended that the Bureau's Chief, Acquisition Division

- Strengthen controls to enforce FAR and CAM documentation policies and procedures for planning and justifying other than full and open competition acquisitions.
- Reemphasize to contracting officers the requirement to adequately justify sole source procurements when using the only one responsible source and unusual and compelling urgency statutory authorities in accordance with FAR requirements.
- Require contracting officers to maintain supporting documentation in the contract file describing the specific steps taken during market research and the results of the market research conducted.

- 
- Require contracting officers to retain, as part of the contract file, all supporting documentation used to establish price reasonableness determinations.
  - Require contracting officers to ensure that sole source justification documents are approved at the appropriate level and that the justification documents include all elements as required by the FAR.
  - Enforce current policies and procedures regarding the CRB process to include maintaining evidence of board meetings, decisions, and outcomes.
  - Clarify how contracting officers should address and document Office of General Counsel's (OGC's) comments on noncompetitive contracts.
  - Improve controls to properly maintain and safeguard contract files.
  - Ensure training is provided for contracting personnel to correct identified deficiencies.



# INTERNATIONAL TRADE ADMINISTRATION

INTERNATIONAL  
**TRADE**  
ADMINISTRATION

The **International Trade Administration** is the premier resource for American companies competing in the global marketplace. ITA strengthens the global competitiveness of U.S. industry, promotes trade and investment, and ensures fair trade through the rigorous enforcement of U.S. trade laws and agreements. ITA is organized into three business units that work together to achieve ITA's mission:

***Industry and Analysis***—Enhances the international competitiveness of U.S. industry, expands its market access, and increases its exports by devising and implementing innovative international trade, investment, and export promotion strategies utilizing in-depth quantitative and qualitative analysis and leveraging ITA's industry relationships.

***Enforcement and Compliance***—Safeguards and enhances the competitive strength of U.S. industries against unfair trade through the enforcement of U.S. trade remedy laws and ensures compliance with trade agreements negotiated on behalf of U.S. industries.

***Global Markets***—Assists and advocates for U.S. businesses in international markets to foster U.S. economic competitiveness and prosperity. Global Markets effectively helps U.S. businesses, partners, and stakeholders enter and expand into international markets, addressing barriers to trade, winning foreign governmental procurements, and attracting inward investment.

### **ITA EMPLOYEE TERMINATED FOR THEFT OF GOVERNMENT FUNDS**

In October 2016, OIG initiated an investigation following a report that approximately \$6,600 was missing from a District Export Council (DEC) PayPal account used by the ITA at trade events. Our investigation established that the subject in the case had unauthorized access to the account and, upon obtaining the account information, the individual proceeded to withdraw funds for personal use by transferring money from the DEC PayPal account to a personal PayPal account. The individual also purchased items online using the DEC PayPal account. The U.S. Department of Justice declined prosecution of the case because the individual cooperated with the investigation and also repaid the funds. OIG referred the case to ITA for administrative action and ITA subsequently terminated the individual's federal service employment. In addition, ITA officials made administrative remedies to protect the DEC accounts from unauthorized access in the future.



# MINORITY BUSINESS DEVELOPMENT AGENCY

The **Minority Business Development Agency** was created to help minority-owned and -operated businesses achieve effective and equal participation in the American free enterprise system and overcome the social and economic disadvantages that have limited their participation in the past. MBDA provides management and technical assistance to minority firms upon request, primarily through a network of business development centers. It also promotes and coordinates the efforts of other federal agencies in assisting or providing market opportunities for minority businesses.

## MBDA CAN IMPROVE PROCESSES TO MORE EFFECTIVELY MONITOR COOPERATIVE AGREEMENTS (OIG-17-029-A)

The objective of our audit was to review the adequacy of MBDA's management of its cooperative agreements. Overall, we did not find significant problems with the process for awarding cooperative agreements; however, opportunities exist to improve the administering of these agreements. Specifically, we found the following:

- MBDA did not provide adequate oversight for some MBCs and did not identify, resolve, and maintain documentation of MBC deficiencies.
- MBDA's oversight of program income and non-federal cost share requirements does not ensure MBCs provide their share of project costs for each funding period.
- Current policies and procedures do not ensure quality reporting of some of MBDA's performance accomplishments.

We recommended that the MBDA National Director do the following:

- Comply with the interagency agreement and *Department of Commerce Grants and Cooperative Agreements Manual (Grants Manual)* by ensuring that program analysts (a) document results of their site visits; (b) document recommended remedies for deficiencies identified through site visits; (c) document that single audit findings have been fully resolved; and (d) provide all this information to the NOAA grants officer for inclusion in the official award file.
- Coordinate with NOAA Acquisition and Grants Office (AGO) to ensure the grants officer provides single audit reports for MBDA's review and comment as required by the interagency agreement.
- Comply with the interagency agreement and *Grants Manual* by ensuring the program office notifies the grants officer when there are potential or existing problems, financial inconsistencies, or noncompliance on MBC agreements.
- Implement procedures to work with the grants officer to: (a) identify and follow up with MBCs that have not met program income and non-federal cost share requirements during each funding period of the agreement; and (b) ensure program income collected that exceeds the budgeted amount is used to further program purposes.
- Establish guidance to assist MBCs in reporting jobs created and retained.
- Implement the necessary controls for verifying the reasonableness and accuracy of MBC reported jobs created and retained data before approving the transactions.
- Enforce procedures detailed in the *MBDA Business Center Program Standards Handbook* requiring that MBCs submit mandatory documents to support performance transactions.
- Ensure performance results are verified and included in the appropriate annual performance reports.
- Implement procedures to ensure that supporting documentation to validate MBC performance accomplishments and monitor cooperative agreements are properly stored, maintained, and accessible to program office staff.



# NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

The **National Oceanic and Atmospheric Administration's** mission is to understand and predict changes in Earth's environment, as well as conserve and manage coastal and marine resources to meet our nation's economic, social, and environmental needs. NOAA does this through six line offices:

***National Environmental Satellite, Data, and Information Services***—

Provides secure and timely access to global environmental data and information from satellites to promote and protect the nation's security, environment, economy, and quality of life.

***National Marine Fisheries Service***—Is responsible for the stewardship of the nation's ocean resources and their habitat.

***National Ocean Service***—Provides data, tools, and services that support coastal economies and their contribution to the national economy.

***National Weather Service***—Provides weather, water, and climate data forecasts, and warnings for the protection of life and property and enhancement of the national economy.

***Office of Marine and Aviation Operations***—Manages and operates NOAA's fleet of 16 research and survey ships and 9 aircraft.

***Office of Oceanic and Atmospheric Research***—Provides the research foundation for understanding the complex systems that support our planet.

## NOAA: REPAIR NEEDS DATA NOT ACCURATE, AND REAL PROPERTY UTILIZATION NOT MONITORED ADEQUATELY (OIG-17-032-A)

The audit's objective was to assess whether NOAA is effectively managing real property, specifically whether NOAA has an adequate understanding of its repair needs, and is monitoring real property utilization.

We found that NOAA does not have current, accurate, and complete repair needs data needed to effectively manage its portfolio of real property and is not monitoring utilization.

- *NOAA does not have current, accurate, and complete repair needs data to effectively manage real property.* NOAA is required to verify and maintain the accuracy of its data reported in the Federal Real Property Management System (FRPM). We found that NOAA could not substantiate the amounts that were reported in FRPM for all 18 properties reviewed. This occurred because insufficient controls were in place to ensure that (a) the reviewed facilities were adequately documenting facility deficiencies, and (b) the amounts reported in FRPM were periodically updated as more accurate data became available.
- *NOAA does not adequately monitor office space utilization.* The Department requires operating units to perform an analysis of their real property assets at least every 5 years. We found that no formal NOAA-wide analysis or monitoring of utilization occurred for existing facilities, and facility specific utilization goals were not created when the standard utilization rate was not reasonable. All NOAA line offices also indicated that they do not have a formal review process for assessing utilization of existing facilities, and that they perform an analysis only when acquiring new office or warehouse space or with a renovation of space within an existing facility. Due to the lack of monitoring, NOAA cannot determine whether all facilities are being used as efficiently as possible.

We recommended that NOAA's Chief Administrative Officer:

- Implement a process to track and segregate repair needs and deferred maintenance [deficiency lists should be complete and prioritized, and include ongoing monitoring by facility management and the results of periodic facility condition assessments (FCAs)].
- Continue NOAA's process to ensure necessary real property assets have current FCAs, and that the assessments are periodically updated or reassessed.
- Establish controls to verify the accuracy and completeness of existing data in FRPM and to update FRPM as necessary.
- Periodically monitor facility condition index levels for compliance with departmental goals and take corrective action when necessary.
- Establish controls to periodically monitor the utilization of existing real property assets categorized as office space for progress toward the standard utilization rate, or facility specific goal when facilities are not able to achieve the standard utilization rate goal due to mission or facility constraints (controls should ensure compliance with the requirements of Department Administrative Order (DAO) 217-21).

## **NOAA EMPLOYEES ISSUED LETTERS OF REPRIMAND FOR MISCONDUCT**

In an update to our investigation into environmental stewardship on a NOAA research vessel, reported in our *Semiannual Report to Congress* (September 2015), two NOAA employees were issued letters of reprimand in June 2017 for conduct unbecoming a federal employee—specifically failing to treat discharges of bilge water and record the discharges properly. In addition, NOAA concurred with our recommendations to improve its operations and ensure accountability and compliance with rules and regulations, to include: enhancing inspection practices and procedures; providing mandatory fleet-wide training on environmental compliance; rotating shipboard engineering crews on a regular basis; eliminating any appearance(s) of nepotism onboard NOAA vessels; and providing training on the importance of disclosing violations of law, policy, or mismanagement to the proper authorities.

## **NOAA EMPLOYEES REMOVED FOR UNETHICAL CONDUCT**

Following an OIG investigation that established two NOAA employees created fraudulent receipts for reimbursement of local travel expenses, NOAA removed the individuals from federal service for unethical conduct. OIG substantiated the allegations that the individuals misused an account with a company that developed and offered various point-of-sale, e-commerce, and merchant services hardware and software products in order to create fraudulent receipts for bogus taxicab trips. The NOAA employees submitted the receipts, totaling approximately \$4,500, to the Department for reimbursement between April 2014 and August 2016. After federal and local authorities declined prosecution, OIG referred the matter to NOAA for administrative action. NOAA removed both individuals from federal service in September 2017.

## **NOAA EMPLOYEE INDICTED AND ARRESTED IN CHILD PORNOGRAPHY CASE**

In June 2017, a federal grand jury in the U.S. District Court for the District of Oregon returned a one-count indictment charging a NOAA employee with possession of child pornography based upon a joint Department of Commerce OIG and FBI investigation. The evidence in the joint case established that the employee stored illicit images on a government computer. Following the indictment, the U.S. District Court for the District of Oregon issued an arrest warrant and the FBI executed the arrest. NOAA placed the employee on indefinite suspension. The investigation is ongoing at this time.

## **FORMER NOAA EMPLOYEE SENTENCED TO 4 YEARS IN CHILD PORNOGRAPHY CASE**

As reported in our *Semiannual Report to Congress* (March 2017), a former NOAA employee was convicted of a one count of Child Pornography in the U.S. District Court for the District of South Carolina during that same month. Our investigation established that the individual, employed as an IT specialist assigned to a NOAA ship, accessed illicit images via the Internet while aboard the vessel. In August 2017, a federal judge sentenced the individual to 4 years imprisonment followed by a lifetime of supervised release. OIG special agents completed the case by obtaining a confession, seizing evidence from both government and personal property during the course of the investigation, and conducting all the necessary digital data analysis to obtain the evidence in the case.

## **FORMER NOAA EMPLOYEE INDICTED AND ARRESTED FOR FALSE CLAIMS AND CONFLICT OF INTEREST**

In September 2017, pursuant to a joint investigation led by the Department of Commerce Office of Security and OIG, the FBI arrested a former NOAA employee who was previously indicted for submitting false claims and engaging in conflicts of interest while working for

the Department. The indictment included five counts of submitting false claims on time and attendance reports between June 2012 and July 2013, as well as three counts of violating conflicts of interest between February 2013 and April 2016. The former research oceanographer resigned from NOAA in April 2016. The U.S. Attorney's Office, Southern District of Florida is prosecuting the case.



# NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION

The **National Telecommunications and Information Administration** serves as the executive branch's principal adviser to the President on domestic and international telecommunications and information policy issues. NTIA manages the federal use of the electromagnetic spectrum, provides grants for national information and public broadcasting infrastructure projects, and performs telecommunications research and engineering. It works to enhance citizens' access to cable television, telephone, and other telecommunications services, and educates state and local governments and other entities on ways to use IT and telecommunications more effectively.

## **ALLEGED UNALLOWABLE COSTS UNDER NTIA BROADBAND TECHNOLOGY OPPORTUNITIES PROGRAM GRANT (14-0480)**

On June 15, 2017, the OIG released a report presenting the findings of our investigation into alleged unallowable costs related to an NTIA Broadband Technology Opportunities Program (BTOP) grant to the State of West Virginia. The report presented evidence that the Executive Office of West Virginia (EOWV) reimbursed a grant subrecipient—Frontier, West Virginia, Inc. (Frontier)—from BTOP grant funds for approximately \$4.7 million in costs that were unallowable under the applicable rules and regulations. The evidence further established that Frontier placed a significantly greater amount of “maintenance coil” on the BTOP project than the company had previously represented to the public, EOWV, and OIG.

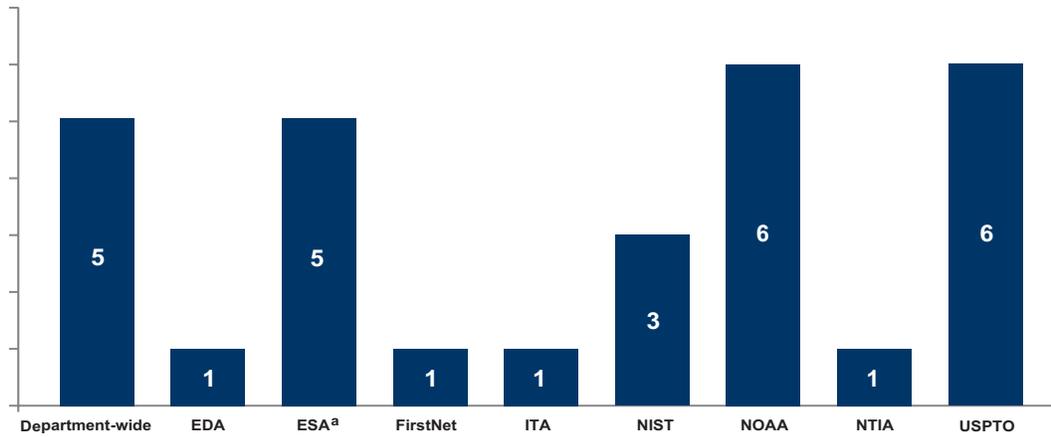
With respect to unallowable costs, OIG found that (1) the EOWV reimbursed Frontier \$465,000 for invoice processing fees that were unreasonable, unallocable, and not supported by adequate documentation, and (2) the EOWV paid Frontier at least \$4.24 million in unallowable indirect “loadings” charges (e.g., overhead and administrative expenses).

NTIA responded to OIG’s report, agreed with its findings, and submitted an action plan.

# WORK IN PROGRESS

## WORK IN PROGRESS (BY OVERSIGHT AREA)

During this reporting period, 29 OIG audit and evaluation projects were initiated or underway.



<sup>a</sup> All five ESA works in progress concern the Census Bureau.

## DEPARTMENT-WIDE

### Audit of the Office of the Secretary Working Capital Fund (WCF)

To evaluate controls over the Office of the Secretary’s WCF in FY 2016 and follow up on the related findings and recommendations identified in our previous audit of the fund.

### Audit of FY 2017 Federal Information Security Management Act (FISMA) Compliance

To assess the effectiveness of the Department’s information security program and practices.

### Audit of Department Implementation of Uniform Guidance for Receiving and Processing Single Audits

To evaluate the implementation of Departmental and bureau policies and procedures in meeting *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* requirements.

### Audit of Department’s FY 2017 Consolidated Financial Statements (to include 3 separate reports)

To monitor a contract auditor who will determine whether the financial statements are presented fairly, in all material respects, in accordance with the 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.

### **Audit of the Department's Digital Accountability and Transparency Act of 2014 (DATA Act)**

To assess (1) the completeness, timeliness, quality, and accuracy of FY 2017, second quarter financial and award data submitted to Treasury for publication on USASpending.gov, and (2) the implementation and use of the government-wide financial data standards established by OMB and Treasury.

## **ECONOMIC DEVELOPMENT ADMINISTRATION**

### **Audit of EDA Public Works and Economic Adjustment Assistance Program's Post-Award Effectiveness**

To assess EDA's grant program effectiveness by evaluating its FY 2016 post-award performance pertaining to Public Works and Economic Adjustment Assistance grants.

## **ECONOMICS AND STATISTICS ADMINISTRATION**

### **Audit of the Census Bureau Use of Blanket Purchase Agreements (BPAs)**

To determine whether the Bureau established and administered BPAs in accordance with laws, regulations, and agency guidance.

### **Assessment of the Census Bureau's Implementation of the Risk Management Framework**

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.

### **Audit of 2020 Census Background Check Preparedness**

To (1) assess the Bureau's internal policies and procedures for conducting background checks on temporary 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.

### **Audit of 2020 Census Local Office Leasing**

To evaluate the Bureau's (1) criteria for determining the number and location of field offices and process for developing the criteria; (2) plan for using government-owned and government-leased office space and determine associated cost savings, if any; and (3) planned process for cooperation with GSA in implementing the Field Infrastructure operation, including the schedule of activities.

### **Audit of the Census Bureau's 2018 End-to-End Test: Address Canvassing Operation**

To (1) assess the performance of address canvassing field operations and (2) determine whether IOAC correctly identified blocks for in-field address canvassing.

## **FIRST RESPONDER NETWORK AUTHORITY**

### **Audit of FirstNet's Management of Band 14 Incumbent Spectrum Relocation Grant Program**

To evaluate FirstNet's management of the Band 14 Incumbent Spectrum Relocation Grant Program.

## **INTERNATIONAL TRADE ADMINISTRATION**

### **Audit of ITA's Cloud-Based Systems Security Posture**

To determine whether key security measures are in place to adequately protect ITA systems that utilize cloud computing services.

## **NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY**

### **Audit of NIST Security and Foreign National Access**

To review National Institute of Standards and Technology (NIST) compliance with foreign national access policies and procedures of NIST facilities and information systems.

### **Audit of NIST Oversight and Practices to Close Out Contract Files**

To determine whether NIST contracting personnel are timely closing out contracts and de-obligating unneeded funds in accordance with federal and Departmental regulations.

### **Audit of NIST's Efforts to Conduct Research and Development for Public Safety Communications**

To assess whether NIST is appropriately using funds allocated by the Middle Class Tax Relief and Job Creation Act of 2012 to conduct public safety communications research and development, including NIST's management of the Public Safety Innovation Accelerator Program.

## **NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION**

### **Audit of NOAA's Ship Fleet Maintenance and Repair**

To determine whether the NOAA Office of Marine and Aviation Operations coordinates ship maintenance and repairs of its fleet using the Shipboard Automated Maintenance Management system.

### **Audit of NOAA's Use of BPAs**

To determine whether NOAA established and administered BPAs in accordance with laws, regulations, and agency guidance.

### **Audit of Joint Polar Satellite System (JPSS) Program Performance and Polar Follow-On (PFO) Baseline Establishment**

To assess the cost, schedule, and technical performance of selected components of the JPSS program, as well as the establishment of PFO program baselines.

### **Audit of NOAA Grants NAN11NMF4380267 and NAN10NMF4380435 Awarded to the Washington State Recreation and Conservation Office (RCO)**

To determine whether the Recreation and Conservation Office (1) complied with grant terms and conditions, administrative requirements, cost principles, and audit requirements, (2) claimed allowable, allocable, and reasonable costs under the selected grant awards, and (3) met performance requirements of the grants.

### **Audit of NOAA Grants NA10NMF4380436 and NA11NMF4380259 Awarded to the Northwest Indian Fisheries Commission**

To determine whether the Commission (1) complied with grant terms and conditions, administrative requirements, cost principles, and audit requirements, (2) claimed allowable, allocable, and reasonable costs under the selected grant awards, and (3) met performance requirements of the grants.

### **Audit of GOES-R Development, Testing, and Transition into Operations**

To assess the adequacy of GOES-S, -T, and -U development and testing, and GOES-16 transition into operations, per NOAA and National Aeronautics and Space Administration (NASA) standards. We will also monitor NOAA's progress in developing and reporting on flight and ground segment contracting actions and changes to minimize cost increases.

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## **NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION**

### **Audit of Efforts Associated with Completing the LA-RICS Project**

To assess the effectiveness of the NTIA's oversight of its grant award to the Los Angeles Regional Interoperable Communications System (LA-RICS) Authority.

## **U.S. PATENT AND TRADEMARK OFFICE**

### **Audit of Patent Trial and Appeal Board (PTAB) Trial and Appeal Pendencies**

To evaluate USPTO's process to measure and report Patent Trial and Appeal Board trial and appeal pendencies.

### **Audit of USPTO's Performance Indicators for Prioritized Countries**

To assess USPTO's process to select prioritized countries of interest in need of improved intellectual property protection and enforcement, and to determine whether USPTO's performance indicators for selected prioritized countries are measured and reported appropriately.

### **Audit of USPTO's Trademark Next Generation Program Management**

To determine whether USPTO provided effective program management of the Trademark Next Generation implementation.

### **Audit of USPTO's FY 2017 Financial Statements (to include 2 separate reports)**

To monitor a contract auditor who will determine whether the financial statements are presented fairly, in all material respects, in accordance with the 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's Monetary Awards for Patent Examiners**

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

### **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***

To determine whether USPTO has taken appropriate corrective actions on recommendations made in report OIG-13-032-A.

# STATISTICAL DATA

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

<b>TABLES</b>	<b>PAGE(S)</b>
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**TABLE 1. 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.

<b>Allegations Received</b>	
Total hotline contacts	733
Contacts related to Departmental programs	311
Number of hotline referrals to Departmental management	238
<b>Investigative Caseload</b>	
Investigations opened this period	32
Investigations closed/completed this period	43
Investigations in progress as of September 30, 2017	80 <sup>a</sup>
<b>Reports</b>	
Total number of investigative reports issued during the reporting period	10 <sup>b</sup>
<b>Prosecutive Actions and Monetary Results</b>	
Total number of individuals or entities referred to the Department of Justice for criminal prosecution	5
Total number of entities referred to state/local prosecuting authorities	4
Indictments/Informations	3
Convictions	2
Monetary issues identified (waste, questioned costs, recoveries, and fines)	\$6,451,347 <sup>c</sup>
<b>Administrative Actions</b>	
Suspension/Debarment	0
Disciplinary action	6 <sup>d</sup>

<sup>a</sup> This figure excludes 25 cases pending Department of Justice prosecution or agency action.

<sup>b</sup> This figure represents the total number of investigative reports issued to Departmental agencies for administrative action.

<sup>c</sup> This figure includes \$4.7 million in grant costs identified as unallowable by an OIG investigation.

<sup>d</sup> This figure includes one employee who retired after investigative report was issued.

## TABLE 2. AUDIT RESOLUTION AND FOLLOW-UP

The Inspector General Act of 1978, as amended, requires us to present in this report audits issued before the beginning of the reporting period (April 1, 2017) for which no management decision had been made by the end of the period (September 30, 2017). 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.

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 September 30, 2017. The following table summarizes modification and appeal activity during the reporting period.

Report Category	Modifications	Appeals
Actions pending (April 1, 2017)	0	0
Submissions	0	0
Decisions	0	0
Actions pending (September 30, 2017)	0	0

## TABLE 3. AUDIT, EVALUATION, 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.

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

Questioned costs <sup>a</sup>	\$9,348,707
Value of audit recommendations that funds be put to better use <sup>b</sup>	\$5,244,016
<b>Total potential monetary benefits</b>	<b>\$14,592,723</b>
Value of audit recommendations agreed to by management <sup>c</sup>	\$37,066,775

<sup>a</sup> **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.

<sup>b</sup> **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.

<sup>c</sup> **Value of audit recommendations agreed to by management:** This is the sum of (1) disallowed costs and (2) funds 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.

<b>Report Category</b>	<b>Number</b>	<b>Questioned Costs (\$)</b>	<b>Unsupported Costs (\$)</b>
A. Reports for which no management decision had been made by the beginning of the reporting period	2	20,052,723	12,314
B. Reports issued during the reporting period	1	9,348,707	0
<b>Total reports (A+B) requiring a management decision during the period</b>	<b>3</b>	<b>29,401,430</b>	<b>12,314</b>
C. Reports for which a management decision was made during the reporting period <sup>a</sup>	2	20,052,723	12,314
i. Value of disallowed costs		20,052,723	12,314
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	9,348,707	0

<sup>a</sup> 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 “recommendation that funds be put to better use.”

<b>Report Category</b>	<b>Number</b>	<b>Value (\$)</b>
A. Reports for which no management decision had been made by the beginning of the reporting period	2	11,770,036
B. Reports issued during the reporting period	2	5,244,016
<b>Total reports (A+B) requiring a management decision during the period</b>	<b>4</b>	<b>17,014,052</b>
C. Reports for which a management decision was made during the reporting period <sup>a</sup>	4	17,014,052
i. Value of recommendations agreed to by management		17,014,052
ii. Value of recommendations not agreed to by management		0
D. Reports for which no management decision had been made by the end of the reporting period	0	0

<sup>a</sup> 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 6. REPORT TYPES FOR THIS PERIOD

**Performance audits** are engagements that provide assurance or conclusions based on an evaluation of sufficient, appropriate evidence against stated criteria such as specific requirements, measures, or defined business practices. Performance audits provide objective analysis so that management and those charged with governance and oversight can use 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.

**Evaluations and inspections** include evaluations, inquiries, and similar types of reviews that do not constitute an audit or investigation. An inspection is defined as a process that evaluates, reviews, studies, or analyzes the programs and activities of a department or agency to provide information to managers for decision making; makes recommendations for improvements to programs, policies, or procedures; and identifies where administrative action may be necessary.

Type	Number of Reports	Table Number
Performance audits	6	Table 6-a
Evaluations and inspections	3	Table 6-b
Published investigative reports	1	Table 6-c
<b>Total</b>	<b>10</b>	

TABLE 6-A. PERFORMANCE AUDITS

Report Title	Report Number	Date Issued	Funds to Be Put to Better Use (\$)	Amount Questioned (\$)	Amount Unsupported (\$)
<b>Economic Development Administration</b>					
<i>EDA Can Strengthen Its Policies and Procedures for Monitoring ULOs</i>	OIG-17-023-A	04.27.2017	3,124,732	0	0
<b>Economics and Statistics Administration</b>					
<i>2020 Census: The Address Canvassing Test Revealed Cost and Schedule Risks and May Not Inform Future Planning as Intended</i>	OIG-17-024-A	05.11.2017	0	0	0
<i>Awarding of U.S. Census Bureau Noncompetitive Contracts Did Not Consistently Follow Federal Acquisition Regulations and Commerce Acquisition Policies</i>	OIG-17-031-A	09.25.2017	0	9,348,707	0
<b>Minority Business Development Agency</b>					
<i>MBDA Can Improve Processes to More Effectively Monitor Cooperative Agreements</i>	OIG-17-029-A	09.05.2017	0	0	0
<b>National Oceanic and Atmospheric Administration</b>					
<i>NOAA: Repair Needs Data Not Accurate, and Real Property Utilization Not Monitored Adequately</i>	OIG-17-032-A	09.27.2017	0	0	0
<b>Office of the Secretary</b>					
<i>Selected Commerce Bureaus Could Improve Review Procedures and Documentation Related to Unliquidated Obligations</i>	OIG-17-026-A	06.12.2017	2,119,284	0	0

**TABLE 6-B. EVALUATIONS AND INSPECTIONS**

<b>Report Title</b>	<b>Report Number</b>	<b>Date Issued</b>	<b>Funds to Be Put to Better Use (\$)</b>	<b>Amount Questioned (\$)</b>	<b>Amount Unsupported (\$)</b>
<b>Economics and Statistics Administration</b>					
<i>2020 Census: Evaluation of Interactive Review Address Canvassing Operation Revealed Issues with Quality Assurance Controls</i>	OIG-17-030-I	09.13.2017	0	0	0
<b>Office of the Secretary</b>					
<i>FY 2016 Compliance with Improper Payment Requirements</i>	OIG-17-025-I	05.12.2017	0	0	0
<i>Top Management and Performance Challenges Facing the Department of Commerce in Fiscal Year 2018</i>	OIG-17-033	09.29.2017	0	0	0

**TABLE 6-C. PUBLISHED INVESTIGATIVE REPORTS**

<b>Report Title</b>	<b>Report Number</b>	<b>Date Issued</b>
<i>Alleged Unallowable Costs Under NTIA Broadband Technology Opportunities Program Grant</i>	14-0480	06.15.2017

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

None of the following tables include classified or sensitive nonpublic recommendations, recommendations from recurring, annual audits (such as financial statement audits), or 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 2014 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 September 30, 2017, and those for which the action plans are not due until after September 30, 2017. Columns 6 through 7 of table 7 provide details on only “unresolved” recommendations.

- During FY 2014, OIG issued 15 products with 76 total recommendations. As of September 30, 2017, four, or 5 percent, of these recommendations were resolved but still unimplemented.
- During FYs 2015–2017, OIG issued 62 products with 280 total recommendations. As of September 30, 2017, 71, or 25 percent, of these recommendations were resolved but still unimplemented. Seven of these resolved but unimplemented recommendations had potential monetary benefits of \$87,094,835.

As of September 30, 2017, 4 of the 19 products issued in FY 2017 were unresolved. These 4 products had 25 total recommendations that were unresolved (and unimplemented). One of these unresolved (and unimplemented) recommendations had potential monetary benefits of \$9,348,707.

Operating Unit	Subtotal Unimplemented Recs Issued FY 2014	Potential Monetary Benefits of Unimplemented Recs Issued FY 2014	Subtotal Unimplemented Recs Issued FYs 2015–2017 with Action Plan	Potential Monetary Benefits of Unimplemented Recs Issued FYs 2015–2017	Subtotal FY 2017 Recs Awaiting Action Plan	Potential Monetary Benefits of FY 2017 Recs Awaiting Action Plan
Bureau of Economic Analysis	0	0	0	0	0	0
Bureau of Industry and Security	0	0	0	0	0	0
Economic Development Administration	0	0	9	\$49,583,402	0	0
Economics and Statistics Administration	4	0	13	0	11	\$9,348,707
First Responder Network Authority	0	0	0	0	0	0
International Trade Administration	0	0	3	0	0	0
Minority Business Development Agency	0	0	0	0	9	0
National Institute of Standards and Technology	0	0	2	0	0	0
National Oceanic and Atmospheric Administration	0	0	18	\$31,810,445	5	0
National Technical Information Service	0	0	0	0	0	0

<b>Operating Unit</b>	<b>Subtotal Unimplemented Recs Issued FY 2014</b>	<b>Potential Monetary Benefits of Unimplemented Recs Issued FY 2014</b>	<b>Subtotal Unimplemented Recs Issued FYs 2015–2017 with Action Plan</b>	<b>Potential Monetary Benefits of Unimplemented Recs Issued FYs 2015–2017</b>	<b>Subtotal FY 2017 Recs Awaiting Action Plan</b>	<b>Potential Monetary Benefits of FY 2017 Recs Awaiting Action Plan</b>
<b>National Telecommunications and Information Administration</b>	0	0	6	\$3,526,056	0	0
<b>Office of the Secretary</b>	0	0	15	\$2,174,932	0	0
<b>U.S. Patent and Trademark Office</b>	0	0	5	0	0	0
<b>TOTAL</b>	<b>4</b>	<b>0</b>	<b>71</b>	<b>\$87,094,835</b>	<b>25</b>	<b>\$9,348,707</b>

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

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

OIG defines a **resolved but unimplemented recommendation** as one (a) to which the operating unit(s) agreed to OIG recommendations and (b) for which OIG approved the action plan submitted by the operating unit(s). Table 7-a lists recommendations that are “resolved” but unimplemented.

For 77 reports that were issued during FYs 2014–2017, as of September 30, 2017, there were 28 performance audit, evaluation, and inspection reports that had 75 resolved but unimplemented recommendations. As of September 30, 2017:

- For 15 reports issued during FY 2014, there were 2 reports that had 4 resolved but unimplemented recommendations.
- For 62 reports issued during FY 2015–2017, there were 26 reports that had 71 resolved but unimplemented recommendations. Potential monetary benefits of \$87,094,835 were associated with 7 unimplemented recommendations.

Recommendations from all performance audit, evaluation, and inspection reports issued prior to FY 2014 have been implemented.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
12.03.2013	OIG-14-003, <i>2020 Census Planning: Research Delays and Program Management Challenges Threaten Design Innovation</i>	8	8	2	0

### Objective(s)

Our audit objectives for reviewing the 2020 Census research program were to (1) assess the implementation status of each individual project in the 2020 Census design effort, including the extent of implementation, time frames for completion, milestones, deliverables, and impact on the overall design program, (2) assess the Bureau’s plans to evaluate each research project, including whether accurate and reliable data will be available to determine each project’s impact on design efforts, and (3) determine if governance and internal controls are adequate to manage the design effort.

### Finding(s)

We found that (1) the current Census schedule shows research delays and lacks budget integration, (2) research quality assurance strategy is undeveloped, and (3) program management plans incorporate best practices, but implementation is inconsistent.

### Unimplemented Recommendation(s)

**Recommendation 6:** We recommend that the Director of the Census Bureau create a more structured process for research and testing review by drafting guidelines that specify responsibilities of the Scientific and Methodological review panels and the research teams; requirements for documenting interaction between research teams and panels; and an approval process that includes documentation of the panel’s findings, recommendations, and endorsements of the team’s work at key stages of the research.

**Recommendation 7:** We recommend that the Director of the Census Bureau ensure research outputs are usable and on time to drive the trade-off analysis process and develop a vehicle for communicating key decisions and events, as well as a policy for determining which decisions and events should be communicated and what the content should be.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
05.21.2014	OIG-14-021, <i>The Census Bureau Lacks Accurate and Informative Cost Data to Guide 2020 Census Research Through a Constrained Budget Environment</i>	4	4	2	0

#### Objective(s)

We conducted this audit to (1) evaluate the Bureau's process for implementing mandatory budget reductions, (2) assess the effects of these reductions on the Bureau's ability to reduce the per-household cost of the 2020 Census, and (3) evaluate the roles of the Department and ESA in monitoring the Bureau's progress toward this goal.

#### Finding(s)

We found that (1) due to inaccurate cost information, the impact of budget reductions cannot be determined, (2) budget fund transfers prevent the Bureau from validating budget estimates and identifying inaccurate project costs, (3) the Decennial Program does not have support for budget requests, and (4) ESA should develop a stronger oversight process for monitoring the Decennial Program's progress in reducing 2020 decennial census costs.

#### Unimplemented Recommendation(s)

**Recommendation 1:** We recommend that the Director of the Census Bureau develop a process to ensure project costs reflect actual level of effort (a) in the short term, by requiring all Census employees to accurately record project hours through webTA, and (b) in the long term, by implementing an activity-based costing system, with appropriate internal controls, that reflects actual project cost and reconciles with the accounting system.

**Recommendation 3:** We recommend that the Director of the Census Bureau develop a process to validate budget estimates that (a) incorporates actual costs recorded in the accounting system and (b) uses budget-to-actual-cost information to identify incorrect project charges.

10.14.2014	OIG-15-001, <i>Audit of the Department's Cloud Computing Efforts Identified Contractual Deficiencies</i>	2	2	1	0
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#### Objective(s)

Our audit objectives were to evaluate the Department's efforts to adopt cloud computing technologies and to review executed contracts between the Department's bureaus and cloud service providers for compliance with applicable standards.

#### Finding(s)

We found that (1) cloud-computing contracts are missing required clauses and (2) the Department's cloud services are not Federal Risk and Authorization Management Program (FedRAMP)-compliant.

#### Unimplemented Recommendation(s)

**Recommendation 2:** We recommend that the Department's Chief Information Officer ensure that Commerce bureaus employing cloud services that do not meet FedRAMP requirements conduct effective continuous monitoring of the services' security controls in order to minimize potential risks.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	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	8	6	\$46,458,670 Funds to Be Put to Better Use

**Objective(s)**

Our audit objectives were to determine whether EDA effectively responds to performance problems and changes to distressed or underserved communities within the Revolving Loan Fund (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) (potential monetary benefits for unimplemented recommendation 3)**

**Recommendation 1:** We recommend that the Assistant Secretary of Commerce for Economic Development direct the appropriate EDA regional officials to reimplement the RLF Management System or a replacement system that includes standard grantee reporting, program monitoring, and file maintenance.

**Recommendation 2:** We recommend that the Assistant Secretary of Commerce for Economic Development direct the appropriate EDA regional officials to develop an improved process for monitoring grantee sequestrations of excess funds, default rates, and semiannual reporting requirements, as well as timely corrective actions for noncomplying RLFs.

**Recommendation 3:** We recommend that the Assistant Secretary of Commerce for Economic Development direct the appropriate EDA regional officials to document determinations on whether RLFs with multiple periods of excess funds should be terminated, transferred, or consolidated—or have funds partially deobligated or transferred from them.  
Potential monetary benefits: \$46,458,670 funds to be put to better use.

**Recommendation 5:** We recommend that the Assistant Secretary of Commerce for Economic Development direct the appropriate EDA regional officials to develop an improved process for identifying required single audits and enforcing the consequences of noncompliance.

**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.

**Recommendation 7:** We recommend that the Assistant Secretary of Commerce for Economic Development direct the appropriate EDA regional officials to document considerations and potential consequences of possible RLF program adjustments, including defederalization of funds, transferring funds to other EDA programs, and sunset provisions.

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	9	1	0
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**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) the 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 time frame.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
08.06.2015	OIG-15-034, <i>The Department Must Strengthen Controls over Premium-class Travel Justification, Approval, and Reporting</i>	7	7	2	\$55,648 Questioned Costs

**Objective(s)**

The objective of this audit was to evaluate controls over the Department's premium-class travel spending.

**Finding(s)**

We found that (1) premium-class travel was not properly supported and/or justified, (2) unauthorized officials approved use of premium-class travel, and (3) premium-class travel reported to GSA was inaccurate/incomplete.

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

**Recommendation 1:** We recommend that the Chief Financial Officer and Assistant Secretary for Administration revise relevant Departmental directives, such as DAO 215-10, to include policies and procedures that all operating unit reasonable accommodation coordinators (RACs) must follow when coordinating with a traveler's supervisor on the use of premium-class travel accommodations due to a medical necessity. The directives should specifically address (a) requests for premium-class travel accommodations when the traveler has a medical disability, (b) requests for premium-class travel accommodations when the traveler has a special need, (c) elements required to be contained in medical certification statements, including those mandated by the Federal Travel Regulation (FTR), (d) updates to certifications based on the duration of the condition (transitory or lifetime), and (e) documentation of RACs analysis regarding appropriateness of premium-class travel accommodations, as well as rationale or basis for decision.

Potential monetary benefits: \$55,648 questioned costs.

**Recommendation 2:** We recommend that the Chief Financial Officer and Assistant Secretary for Administration develop a standardized training protocol for RACs to (a) educate them on the revised policies and procedures and (b) provide implementation guidance to ensure that operating unit RACs obtain FTR-compliant certifications, as well as document the basis for each decision made regarding the appropriateness of premium-class travel accommodations.

12.18.2015	OIG-16-012, <i>Broadband Technology Opportunities Program Recipients Retaining Excess Equipment at End of Projects</i>	3	3	3	\$3,526,056 Questioned Costs
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**Objective(s)**

The purpose of our audit was to assess the effectiveness of NTIA's procedures for identifying and disposing of inventories of excess BTOP equipment.

**Finding(s)**

We found that (1) BTOP recipients had \$3.5 million in excess equipment and (2) recipients improperly retained equipment disposal proceeds. Additionally, we noted that expired projects were not closed out in a timely manner.

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

**Recommendation 1:** We recommend that the Assistant Secretary for Communications and Information of the NTIA make a determination on the need for the \$3.5 million in excess inventories, including making sure that the state recipients are following their respective state laws and procedures.

Potential monetary benefits: \$3,526,056 questioned costs.

**Recommendation 2:** We recommend that the Assistant Secretary for Communications and Information of the NTIA develop procedures to address how all current and closed out recipients can itemize (in a uniform format) current excess equipment, including the use and purpose of vehicles on hand.

**Recommendation 3:** We recommend that the Assistant Secretary for Communications and Information of the NTIA develop additional procedures to aid recipients and program officials responsible for the disposition of excess equipment at end of projects, including methods for determining equipment transfers and values.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
02.23.2016	OIG-16-018, <i>The U.S. Census Bureau's Efforts to Ensure an Accurate Address List Raise Concerns over Design and Lack of Cost-Benefit Analysis</i>	4	4	1	0

#### Objective(s)

Our audit objectives were to (1) assess the methods and costs of continuously updating the Master Address File Topologically Integrated Geographic Encoding and Referencing database; (2) determine how efforts, such as the FY 2015 Address Validation Test, support the accuracy of the Master Address File; and (3) evaluate the preparation of the Local Update of Census Address program for the 2020 decennial census.

#### Finding(s)

We found that (1) the Bureau did not collect cost data or conduct a cost-benefit analysis for either the validation test or the partial block canvassing test, (2) the Bureau did not establish benchmarks before assessing the success of statistical modeling, and (3) decision to eliminate Local Update of Census Address participation options increases the risk of not receiving address updates from some 2010 participants.

#### Unimplemented Recommendation(s)

**Recommendation 1:** We recommend the Census Bureau Director collect cost information during testing to fully inform design decisions.

03.23.2016	OIG-16-023, <i>NIST Working Capital Fund Budgetary Controls Are in Place, but Issues with Carryover Balances, Policies, and Time Charges Should Be Addressed</i>	3	3	2	0
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#### Objective(s)

The overall objective of our audit was to evaluate specific budgetary and fund controls over the NIST WCF in FYs 2012–2014. Specifically, our objectives were to determine whether (1) the carryover balance in the WCF is valid and supported; (2) funds received in advance on reimbursable agreements were legally available when earned; and (3) controls for building overhead rates and distributing charges to NIST projects, divisions, and organizational units are implemented and functioning as intended.

#### Finding(s)

We found that (1) carryover balances for reimbursable agreements are reviewed annually, but procedures to evaluate the need for carryover balances in remaining fund sources need improvement, (2) funds received in advance on reimbursable agreements were legally available when earned, (3) controls for building overhead rates and distributing charges to NIST projects, divisions, and organizational units were implemented, and (4) some engineering lab employees use projected rather than actual time when charging to projects.

#### Unimplemented Recommendation(s)

**Recommendation 1:** We recommend that the NIST Director and the Associate Director for Management Resources establish a process to evaluate and justify carryover balances in the “all other funds” category of the WCF.

**Recommendation 2:** We recommend that the NIST Director and the Associate Director for Management Resources establish policy and procedures to (a) calculate earned net income in conformance with federal accounting principles which accurately represent the significant WCF components and (b) ensure that earned income balances are periodically reviewed and significant excess or insufficient balances are fully addressed.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
04.18.2016	OIG-16-025, <i>The Census Working Capital Fund Lacks Transparency</i>	6	6	1	0

#### Objective(s)

The objective of this audit was to evaluate the budgetary controls over the Bureau's 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 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	9	3	0
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#### Objective(s)

Our objectives for this evaluation were to (1) determine the progress of PFO planning, (2) monitor ongoing 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 2:** In order to ensure a successful transition of responsibility for developing and sustaining the JPSS common ground system, we recommend that the NOAA Administrator ensure the program's transition plan framework is subjected to expert, independent review.

**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	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
06.07.2016	OIG-16-032, <i>2020 Census: The Bureau Has Not Reported Test Results and Executed an Inadequately Designed 2015 Test</i>	4	4	1	0
<b>Objective(s)</b>					
Our audit had two objectives: to assess (1) whether the Bureau's reengineered and automated operational control system (OCS) for managing fieldwork functioned as expected, and (2) the Bureau's progress for determining whether enumerators are able to use employee-owned mobile devices to collect household data, as well as the status of the Bureau's efforts to overcome policy and legal issues associated with the use of those devices.					
<b>Finding(s)</b>					
We found that (1) despite numerous briefings, the Bureau has yet to issue reports detailing the results from its field tests conducted between calendar years 2012 and 2015, (2) the 2015 Census Test design prevents the Bureau from answering its research questions, (3) innovative operational control features lacked controls and did not always function properly, and (4) the Bureau did not charge 2015 Census Test contract costs in accordance with cost accounting requirements.					
<b>Unimplemented Recommendation(s)</b>					
<b>Recommendation 4:</b> We recommend that the Director of the Census Bureau ensure that all contract costs are charged in accordance with cost accounting requirements, so all test costs can be correctly reported.					
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	5	0
<b>Objective(s)</b>					
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.					
<b>Finding(s)</b>					
The findings of this report are For Official Use Only, and not included in this publicly released <i>Semiannual Report to Congress</i> .					
<b>Unimplemented Recommendation(s)</b>					
The recommendations of this report are For Official Use Only, and are not included in this publicly released <i>Semiannual Report to Congress</i> .					
08.26.2016	OIG-16-043, <i>Successful Cyber Attack Highlights Longstanding Deficiencies in NOAA's IT Security Program</i>	8	8	2	0
<b>Objective(s)</b>					
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.					
<b>Finding(s)</b>					
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.					
<b>Unimplemented Recommendation(s)</b>					
<b>Recommendation 2:</b> We recommend that NESDIS Assistant Administrator formally review Internet exposed web applications and determine if access from the Internet is justified.					
<b>Recommendation 8:</b> 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.					

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
09.30.2016	OIG-16-048, <i>Follow-up Audit on Recommendations from Audit Report No. OIG-13-031-A, Classified Information Policies and Practices at the Department of Commerce Need Improvement</i>	3	3	3	0

#### Objective(s)

The Reducing Over-Classification Act of 2010 (Pub. L. No. 111-258 [October 7, 2010]) mandates that each inspector general with an officer or employee authorized to make original classification decisions conduct two evaluations to promote the accurate classification of information. The first evaluation was completed by September 30, 2013; a second, to be completed by September 30, 2016, must review progress made after the first. Our audit objective was to determine whether the Department took appropriate corrective actions on recommendations made in OIG's 2013 report.

#### Finding(s)

We found that the Office of Security satisfactorily implemented corrective actions for recommendations 3 and 5, but either did not fully implement or address recommendations 1, 2, and 4.

#### Unimplemented Recommendation(s)

We recommend that the Director, Office of Security, fully implement recommendations 2 and 4 as agreed to in OIG report number OIG-13-031-A. Specifically:

**Recommendation 1:** Promote and enforce user reviews of classified documents.

**Recommendation 2:** Ensure custodians are trained and understand their responsibilities to account for, control, and purge classified materials.

**Recommendation 3:** Establish controls to ensure that accurate data is entered into Security Manager Database system.

11.30.2016	OIG-17-007, <i>National Weather Service's Oversight of Service Contracts, Document Retention, and Reporting Needs Improvement</i>	3	3	1	0
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#### Objective(s)

The objective of this audit was to evaluate whether the National Weather Service (NWS) has adequate controls in place to ensure compliance with applicable laws and regulations for personnel support acquired through service contracts.

#### Finding(s)

Our audit disclosed deficiencies concerning NWS' control over the administration and oversight of service contracts. Specifically, we determined that in 3 of the 20 service contracts reviewed the administration and oversight had characteristics that may be perceived as an improper employer-employee relationship.

The audit also disclosed that NOAA needs to strengthen control over retention of key documents and reporting of information to Congress. As a result, we are making recommendations to strengthen internal control over NOAA's and NWS' administration and oversight of service contractors, document retention, and reporting.

#### Unimplemented Recommendation(s)

**Recommendation 3:** We recommend that the Director of NWS, along with the Under Secretary of Commerce for Oceans and Atmosphere and NOAA Administrator, develop procedures to ensure its responses to Congressional requests specify any applicable data limitations related to the provided information.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
12.02.2016	OIG-17-006, <i>Biweekly Reporting on Conference Spending by the Department of Commerce</i>	2	2	2	0

#### Objective(s)

This memorandum provides the results of OIG's analysis of biweekly conference spending reports provided by the Department of Commerce.

#### Finding(s)

We found that (a) USPTO is likely under-reporting its FY 2016 conference activity to OIG, and (b) it is unclear whether the Census Bureau is under-reporting its FY 2016 conference activity to OIG.

#### Unimplemented Recommendation(s)

**Recommendation 1:** To assist the Office of Administrative Programs in managing the reporting process of conference planning spending requirements, we recommend that the Chief Financial Officer and Assistant Secretary for Administration provide clarification to USPTO and the Census Bureau on the types of conferences required to be reported, per OMB Memorandum M-12-12, applicable appropriations legislation, and GSA Bulletin FTR 14-02.

**Recommendation 2:** To assist the Office of Administrative Programs in managing the reporting process of conference planning spending requirements, we recommend that the Chief Financial Officer and Assistant Secretary for Administration determine whether adjustments to Section 2.5 of the Department's Conference Policy are needed to better comply with the reporting requirements of OMB Memorandum M-12-12, applicable appropriations legislation, and GSA Bulletin FTR 14-02, and adjust as needed.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
02.02.2017	OIG-17-013, <i>Audit of the Geostationary Operational Environmental Satellite–R Series: Improvements in Testing, Contract Management, and Transparency Are Needed to Control Costs, Schedule, and Risks</i>	11	11	8	\$20,040,409 Questioned Costs  \$3,943,450 Funds to Be Put to Better Use

### Objective(s)

Our objectives were to assess the adequacy of GOES–R development as the program completes system integration and test activities for the flight and ground segments in preparation for launch and data distribution, per NOAA and NASA standards.

### Finding(s)

We found that (1) an unapproved test change damaged the satellite and exposed weaknesses in cost estimation that informed award fee determination, (2) delay in definitizing core ground system re-plan resulted in increased costs and risk, (3) spacecraft project management reviews are not conducted in a transparent manner, and (4) NESDIS does not consistently calculate or report geostationary satellite coverage gap probability.

### Unimplemented Recommendation(s) (potential monetary benefits for unimplemented recommendations 3 and 6)

**Recommendation 2:** We recommend that the NESDIS Assistant Administrator direct GOES–R Program to establish a reporting mechanism that tracks mishap or damage costs with appropriate contract management personnel.

**Recommendation 3:** We recommend that the NESDIS Assistant Administrator direct NASA to modify the spacecraft contract's performance evaluation plan to specify that both direct and indirect costs are used in determining a major breach of safety for future evaluation periods. Potential monetary benefits: \$10,299,050 questioned costs and \$3,943,450 funds to be put to better use

**Recommendation 5:** We recommend that the NOAA Deputy Under Secretary for Operations determine whether the spacecraft contractor was entitled to receive award fee payment for period 12.

**Recommendation 6:** We recommend that the NOAA Deputy Under Secretary for Operations direct NOAA AGO to develop a policy on timely disposition of requests for equitable adjustment (REAs). Potential monetary benefits: \$9,741,359 questioned costs

**Recommendation 7:** We recommend that the NOAA Deputy Under Secretary for Operations direct AGO to provide more detailed status of REAs and unpriced change orders for programs presented at NOAA/NASA Program Management Council meetings that have been unresolved for over 6 months (e.g., how long they have been unresolved or undefinitized, plan for resolution or definitization, and estimated value).

**Recommendation 8:** We recommend that the NOAA Deputy Under Secretary for Operations direct AGO to develop a mechanism to regularly communicate status of REAs and unpriced change orders that have been unresolved for over 6 months to senior NOAA leadership for programs not presented at NOAA/NASA Program Management Council meetings (e.g., how long they have been unresolved or undefinitized, plan for resolution or definitization, and estimated value).

**Recommendation 10:** We recommend that the NESDIS Assistant Administrator ensures that (a) the GOES–R program captures meeting minutes for project management reviews identifying all action items, decisions, and significant points of discussion and (b) all future NESDIS funded contract meeting and review deliverables require minutes.

**Recommendation 11:** We recommend that the NESDIS Assistant Administrator create a documented, periodic, and consistent geostationary imagery gap probability summary for comparison with policy.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
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	3	\$7,826,586 Funds to Be Put to Better Use

#### Objective(s)

Our objective was to evaluate the effectiveness of NOAA's ULO review policies and procedures implemented since our June 2013 audit report, which reviewed the Department-wide controls over the management of ULO balances.

#### Finding(s)

We found that (1) NOAA's procedures for ULO monitoring were ineffective and (2) NOAA's ULO deobligation process can be improved.

#### 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 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.

02.28.2017	OIG-17-017, <i>Enforcement and Compliance Needs to Update and Consistently Implement Its Quality Assurance Policies and Practices</i>	4	4	3	0
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#### Objective(s)

Our objective was to assess Enforcement and Compliance's (E&C's) efforts to ensure timely and accurate preliminary and final determinations for antidumping duty (AD) and countervailing duty proceedings, including investigations and administrative reviews, and the results of regulatory reviews.

#### Finding(s)

We found that (1) quality assurance policies were applied inconsistently for calculations, but E&C generally followed its concurrence process and (2) E&C issued statutory determinations on time, but 22 percent of regulatory cases were completed after the deadlines established by internal metrics.

#### Unimplemented Recommendation(s)

**Recommendation 1:** We recommend that the Assistant Secretary for E&C update and implement standard quality assurance processes across Antidumping Duty/Countervailing Duty Operations enforcement offices, and train analysts and supervisors on the revised quality assurance policies.

**Recommendation 3:** We recommend that the Assistant Secretary for E&C develop a process to track and certify completion of quality assurance processes and provide case analysts with training to correct any errors discovered in calculation review panels as they arise.

**Recommendation 4:** We recommend that the Assistant Secretary for E&C revise workplace processes, including those for assigning cases, to better meet or document adjusted deadlines for regulatory cases.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
03.14.2017	OIG-17-018, <i>Expanding Monitoring Controls Will Strengthen the Management of the State and Local Implementation Grant Program (SLIGP)</i>	4	4	3	0
<b>Objective(s)</b>					
Our objective was to evaluate NTIA's management of SLIGP.					
<b>Finding(s)</b>					
We found that (1) existing NTIA and NIST monitoring controls are incomplete and (2) NTIA did not maintain readily available assessments of each recipient's status toward accomplishing SLIGP priorities.					
<b>Unimplemented Recommendation(s)</b>					
<b>Recommendation 1:</b> We recommend that the NTIA Assistant Secretary for Communications, in coordination with NIST, implement procedures to verify grant-related activities and costs reported on Performance Progress Reports, and perform draw-down trend analyses.					
<b>Recommendation 2:</b> We recommend that the NTIA Assistant Secretary for Communications consolidate monitoring efforts to provide a current assessment of each recipient's status in completing the six SLIGP priorities required by the Federal Funding Opportunity.					
<b>Recommendation 3:</b> We recommend that the NTIA Assistant Secretary for Communications communicate periodically to SLIGP recipients their status of achieving program priorities.					
03.14.2017	OIG-17-019, <i>EDA Public Works and Economic Adjustment Assistance Grant Recipient Selections Were Generally Made Competitively But Its Merit-Based Selection Process Can Be Further Improved</i>	2	2	1	0
<b>Objective(s)</b>					
Our objective was to evaluate the effectiveness of EDA's FYs 2014 and 2015 solicitation, evaluation, and selection processes to determine whether the Public Works and Economic Adjustment Assistance grant recipient selections were made competitively and on a merit basis as required by federal, Departmental, and agency regulations.					
<b>Finding(s)</b>					
We found that EDA's recipient selection controls are effective but can be improved.					
<b>Unimplemented Recommendation(s)</b>					
<b>Recommendation 2:</b> We recommend that the Assistant Secretary of Commerce for Economic Development ensure compliance with the <i>Policy and Operations Manual</i> requirement of maintaining decision-making independence between Investment Review Committee members and Regional Directors when considering a grant application.					

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
03.16.2017	OIG-17-020, <i>2020 Census: 2016 Census Test Indicates the Current Life-Cycle Cost Estimate Is Incomplete and Underestimates Nonresponse Followup Costs</i>	5	5	4	0

#### Objective(s)

We initiated our 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 nonresponse followup (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.

#### Finding(s)

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.

#### Unimplemented Recommendation(s)

**Recommendation 1:** We recommend that the Director of the Census Bureau ensure that the 2020 Census Life-Cycle Cost Estimate accurately reflects all relevant cost factors and excluded costs are documented.

**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.

**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.

**Recommendation 5:** We recommend that the Director of the Census Bureau revise training to ensure field staff are adequately prepared to conduct proxy interviews and securely transmit paper questionnaires for processing.

03.24.2017	OIG-17-021, <i>Inadequate Security Practices, Including Impaired Security of Cloud Services, Undermine USPTO's IT Security Posture</i>	12	12	5	0
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#### 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-FedRAMP 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 4:** We recommend that the USPTO Chief Information Officer ensure that all applicable security controls are implemented and assessed for all non-FedRAMP compliant services already in-use, or discontinue use of such services.

**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.

**Recommendation 10:** We recommend that the USPTO Chief Information Officer establish vulnerability scanning procedures that require credentialed scanning of all system components as required by Department and USPTO policies.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
03.29.2017	OIG-17-022, 2020 Census: Census Bureau Needs to Improve Controls over Administrative Records	4	4	2	0

#### Objective(s)

Our objective was to assess the Bureau's controls for obtaining, using, retaining, and disposing of administrative records and third-party data as part of its planning for the 2020 Census.

#### Finding(s)

We found that (1) project review and approval documentation did not include all required elements, (2) risk of unauthorized browsing or access without a 'need-to-know' not adequately minimized, (3) access to administrative records was not restricted in response to expired training records, and (4) administrative record data files were not deleted as scheduled.

#### Unimplemented Recommendation(s)

**Recommendation 2:** We recommend that the Director of the Census Bureau improve controls over access to administrative records to ensure staff have a justified need-to-know to access administrative record data, and appropriate documentation is retained.

**Recommendation 4:** We recommend that the Director of the Census Bureau improve controls over the retention and disposal process of administrative records to ensure records are deleted or returned to data providers in accordance with agreements.

04.27.2017	OIG-17-023, EDA Can Strengthen Its Policies and Procedures for Monitoring ULOs	2	2	2	\$3,124,732 Funds to Be Put to Better Use
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#### 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 our June 2013 audit report number OIG-13-026-A, *Monitoring of Obligation Balances Needs Strengthening*.

#### 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.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
05.11.2017	OIG-17-024, 2020 Census: The Address Canvassing Test Revealed Cost and Schedule Risks and May Not Inform Future Planning as Intended	4	4	4	0

#### Objective(s)

Our objective was to assess the risk that the Address Canvassing Test would not accomplish its stated goals. However, after we began audit fieldwork, the Bureau removed the term “goals” from the test plan. As a result, we modified our audit objective to review the Address Canvassing Test’s cost and schedule, as well as in-field and in-office components of the test.

#### Finding(s)

We found that (1) IOAC will cost significantly more than initially estimated, (2) ABR may not finish in time for the 2020 Census in-field address canvassing operation, (3) the Bureau’s controls for monitoring ABR have weaknesses, and (4) the Bureau did not achieve some of the original test objectives. In addition, we also documented test limitations and risks.

#### Unimplemented Recommendation(s)

**Recommendation 1:** We recommend that the Director of the U.S. Census Bureau update the 2020 Census Life-Cycle Cost Estimate to reflect more accurate IOAC cost estimates, including any plans to address the ABR quality control backlog.

**Recommendation 2:** We recommend that the Director of the U.S. Census Bureau increase ABR production rates and reduce the quality control backlog to ensure that ABR is completed prior to 2020 Census address canvassing.

**Recommendation 3:** We recommend that the Director of the U.S. Census Bureau create a production schedule and implement a clerk-level quality monitoring process for ABR.

**Recommendation 4:** We recommend that the Director of the U.S. Census Bureau ensure that (a) testing activities are adequately planned and remain on schedule and (b) new design innovations are prepared to function as designed.

06.12.2017	OIG-17-026, Selected Commerce Bureaus Could Improve Review Procedures and Documentation Related to Unliquidated Obligations	2	2	2	\$2,119,284 Funds to Be Put to Better Use
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#### 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 1)

**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 *Department of Commerce Policy for Undelivered Obligations*, including policies that require (a) maintaining adequate justifications for valid obligation balances; and (b) timely deobligation actions for balances no longer needed.

Potential monetary benefits: \$2,119,284 funds to be put to better use.

**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.

## TABLE 7-B. UNRESOLVED FY 2017 RECOMMENDATIONS FROM AUDIT, EVALUATION, AND INSPECTION REPORTS

Table 7-b includes only audit, evaluation, and inspection reports with unresolved recommendations. These include reports with no approved action plan as of September 30, 2017, and reports for which the action plans are not due until after the reporting period ending on September 30, 2017.

Table 7-b lists four performance audit, evaluation, and inspection reports, which had 25 unresolved recommendations when they were issued in September 2017. One of these unresolved recommendations has potential monetary benefits of \$9,348,707.

Summaries of these reports appear in pages 15–17, 21, and 23.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Accepted by Management	Reason	Potential Monetary Benefits of Unresolved Recommendations
09.05.2017	OIG-17-029, <i>MBDA Can Improve Processes to More Effectively Monitor Cooperative Agreements</i>	9	0	Action Plan Due 11.06.2017	0

### Unresolved Recommendations

**Recommendation 1:** We recommend that the MBDA National Director comply with the interagency agreement and the *Grants Manual* by ensuring that program analysts: (a) document results of their site visits; (b) document recommended remedies for deficiencies identified through site visits; (c) document that single audit findings have been fully resolved; and (d) provide all this information to the NOAA grants officer for inclusion in the official award file.

**Recommendation 2:** We recommend that the MBDA National Director coordinate with NOAA AGO to ensure the grants officer provides single audit reports for MBDA's review and comment as required by the interagency agreement.

**Recommendation 3:** We recommend that the MBDA National Director comply with the interagency agreement and *Grants Manual* by ensuring the program office notifies the grants officer when there are potential or existing problems, financial inconsistencies, or noncompliance on MBC agreements.

**Recommendation 4:** We recommend that the MBDA National Director implement procedures to work with the grants officer to: (a) identify and follow up with MBCs that have not met program income and non-federal cost share requirements during each funding period of the agreement and (b) ensure program income collected that exceeds the budgeted amount is used to further program purposes.

**Recommendation 5:** We recommend that the MBDA National Director establish guidance to assist MBCs in reporting jobs created and retained.

**Recommendation 6:** We recommend that the MBDA National Director implement the necessary controls for verifying the reasonableness and accuracy of MBC reported jobs created and retained data before approving the transactions.

**Recommendation 7:** We recommend that the MBDA National Director enforce procedures detailed in the *MBDA Business Center Program Standards Handbook* requiring that MBCs submit mandatory documents to support performance transactions.

**Recommendation 8:** We recommend that the MBDA National Director ensure performance results are verified and included in the appropriate annual performance reports.

**Recommendation 9:** We recommend that the MBDA National Director implement procedures to ensure that supporting documentation to validate MBC performance accomplishments and monitor cooperative agreements are properly stored, maintained, and accessible to program office staff.

09.13.2017	OIG-17-030, <i>2020 Census: Evaluation of Interactive Review Address Canvassing Operation Revealed Issues with Quality Assurance Controls</i>	2	0	Action Plan Due 11.13.2017	0
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### Unresolved Recommendations

**Recommendation 1:** We recommend that the Acting Director of the U.S. Census Bureau finalize the quality assurance plan for IOAC and provide clear explanations of the error rate in this document and other plans that describe the internal controls.

**Recommendation 2:** We recommend that the Acting Director of the U.S. Census Bureau ensure that current practices for forgiving errors is addressed when devising business rules to meet the 5 percent undetected error rate in the final quality assurance plan.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Accepted by Management	Reason	Potential Monetary Benefits of Unresolved Recommendations
09.25.2017	OIG-17-031, <i>Awarding of U.S. Census Bureau Noncompetitive Contracts Did Not Consistently Follow Federal Acquisition Regulations and Commerce Acquisition Policies</i>	9	0	Action Plan Due 11.27.2017	\$9,348,707 Questioned Costs

#### Unresolved Recommendations (potential monetary benefits for unresolved recommendation 3)

**Recommendation 1:** We recommend that the Bureau's Chief, Acquisition Division strengthen controls to enforce FAR and CAM documentation policies and procedures for planning and justifying other than full and open competition acquisitions.

**Recommendation 2:** We recommend that the Bureau's Chief, Acquisition Division reemphasize to contracting officers the requirement to adequately justify sole source procurements when using the only one responsible source and unusual and compelling urgency statutory authorities in accordance with FAR requirements.

**Recommendation 3:** We recommend that the Bureau's Chief, Acquisition Division require contracting officers to maintain supporting documentation in the contract file describing the specific steps taken during market research and the results of the market research conducted. Potential monetary benefits: \$9,348,707 questioned costs.

**Recommendation 4:** We recommend that the Bureau's Chief, Acquisition Division require contracting officers to retain, as part of the contract file, all supporting documentation used to establish price reasonableness determinations.

**Recommendation 5:** We recommend that the Bureau's Chief, Acquisition Division require contracting officers to ensure that sole source justification documents are approved at the appropriate level and that the justification documents include all elements as required by the FAR.

**Recommendation 6:** We recommend that the Bureau's Chief, Acquisition Division enforce current policies and procedures regarding the CRB process to include maintaining evidence of board meetings, decisions and outcomes.

**Recommendation 7:** We recommend that the Bureau's Chief, Acquisition Division clarify how contracting officers should address and document OGC's comments on noncompetitive contracts.

**Recommendation 8:** We recommend that the Bureau's Chief, Acquisition Division improve controls to properly maintain and safeguard contract files.

**Recommendation 9:** We recommend that the Bureau's Chief, Acquisition Division ensure training is provided for contracting personnel to correct identified deficiencies.

09.27.2017	OIG-17-032, <i>NOAA's Repair Needs Data Is Not Accurate and Does Not Adequately Monitor Real Property Utilization</i>	5	0	Action Plan Due 11.27.2017	0
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#### Unresolved Recommendations

**Recommendation 1:** We recommend that NOAA's Chief Administrative Officer implement a process to track and segregate repair needs and deferred maintenance (deficiency lists should be complete and prioritized, and include ongoing monitoring by facility management and the results of periodic FCAs).

**Recommendation 2:** We recommend that NOAA's Chief Administrative Office continue NOAA's process to ensure necessary real property assets have current FCAs, and that the assessments are periodically updated or reassessed.

**Recommendation 3:** We recommend that NOAA's Chief Administrative Officer establish controls to verify the accuracy and completeness of existing data in the FRPM and to update FRPM as necessary.

**Recommendation 4:** We recommend that NOAA's Chief Administrative Office periodically monitor condition index levels for compliance with departmental goals and take corrective action when necessary.

**Recommendation 5:** We recommend that NOAA's Chief Administrative Officer establish controls to periodically monitor the utilization of existing real property assets categorized as office space for progress toward the standard utilization rate, or facility specific goal when facilities are not able to achieve the standard utilization rate goal due to mission or facility constraints (controls should ensure compliance with the requirements of DAO 217-21).

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

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

<b>Date Report Issued</b>	<b>OIG Report No. and Title</b>	<b>Date Action Plan Was Due</b>	<b>Date Action Plan Was Received</b>	<b>Aggregate Potential Cost Savings Associated with Recommendations</b>
<b>02.02.2017</b>	<b>OIG-17-013, <i>Audit of the Geostationary Operational Environmental Satellite–R Series: Improvements in Testing, Contract Management, and Transparency Are Needed to Control Costs, Schedule, and Risks</i></b>	<b>04.04.2017</b>	<b>06.20.2017</b>	<b>\$20,040,409 Questioned Costs</b>  <b>\$3,943,450 Funds to Be Put to Better Use</b>
<b>Objective(s)</b>				
Our objectives were to assess the adequacy of GOES–R development as the program completes system integration and test activities for the flight and ground segments in preparation for launch and data distribution, per NOAA and NASA standards.				
<b>Finding(s)</b>				
We found that (1) an unapproved test change damaged the satellite and exposed weaknesses in cost estimation that informed award fee determination, (2) delay in definitizing core ground system re-plan resulted in increased costs and risk, (3) spacecraft project management reviews are not conducted in a transparent manner, and (4) NESDIS does not consistently calculate or report geostationary satellite coverage gap probability.				
<b>06.12.2017</b>	<b>OIG-17-026, <i>Selected Commerce Bureaus Could Improve Review Procedures and Documentation Related to Unliquidated Obligations</i></b>	<b>08.12.2017</b>	<b>08.30.2017</b>	<b>\$2,119,284 Funds to Be Put to Better Use</b>
<b>Objective(s)</b>				
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.				
<b>Finding(s)</b>				
We found that policies and procedures for reviewing and monitoring ULOs can be improved.				

**TABLE 8. REPORTS ON INVESTIGATIONS CONCERNING SENIOR GOVERNMENT EMPLOYEES**

<b>OIG Case No.</b>	<b>Narrative Description of Investigations Involving Senior Government Employees Where Allegations of Misconduct Were Substantiated<sup>a</sup></b>
<b>12-1077</b>	On April 13, 2017, OIG closed a joint investigation involving an allegation that a senior government employee at ITA abused and neglected his or her children while working at a foreign post. The Diplomatic Security Service (DSS), which led the investigation, did not uncover credible evidence to establish that the ITA employee abused either of the children but did conclude that child neglect occurred and that the ITA employee made several false statements to DSS investigators. Additionally, OIG found that the ITA employee misused government computer and official email account for inappropriate purposes, in violation of the Standards of Ethical Conduct. OIG referred the matter for administrative action to ITA, which notified OIG that the employee retired from federal service.
<b>14-0408</b>	In June 2015, OIG issued an investigative report finding that a senior government employee at the U.S. Census Bureau, recruiting to fill a critical position at the agency, failed to adhere to several rules and regulations related to federal contracting and recruiting. OIG made several recommendations, including that (a) the Bureau consider appropriate action regarding the officials involved with the compliance matters discussed in the report and (b) it consider taking appropriate action to strengthen Bureau acquisition operations (see our September 2015 Semiannual Report to Congress). On March 22, 2017, OIG received the agency's final response to its report and closed the investigation on April 25, 2017.
<b>16-1367</b>	On May 22, 2017, OIG closed an investigation into allegations that a senior government employee at the U.S. Census Bureau had been viewing sexually explicit material online and conducting searches utilizing terms consistent with child pornography. OIG's investigation established that the Bureau employee had been conducting inappropriate searches online, but OIG discovered no images of pornography or child pornography. The Department of Justice declined the case for prosecution and OIG referred it for administrative action. In March 2017, the Bureau reported that it had entered into a settlement agreement, in which the employee agreed to voluntarily resign and never apply for, accept, or hold a position within the Department of Commerce.
<b>17-0013</b>	In October 2016, OIG received allegations that a senior government employee misused a Department computer and also engaged in improper conduct. Our investigation established that the individual used the government computer for unauthorized purposes, including to view illicit material and install unauthorized computer software. OIG provided the results of our investigation to the agency for appropriate administrative action. In June 2017 the agency issued the individual a Notice of Proposed Suspension and subsequently, in August 2017, the senior official voluntarily retired from the Department.

<sup>a</sup> In keeping with section 5(e)(1)(C) of the Inspector General Act of 1978, as amended, this chart reports only closed cases.

**TABLE 9. DESCRIPTION OF CLOSED AND NON-PUBLIC INSPECTIONS, EVALUATIONS, AUDITS, AND CERTAIN INVESTIGATIONS (INSPECTIONS, EVALUATIONS, AND AUDITS)**

<b>Date Report Issued</b>	<b>OIG Report Title</b>	<b>Narrative Description</b>
<b>07.12.2017</b>	<i>FY 2017 Cybersecurity Information Sharing Act Audit</i>	<p>As required by CISA, OIG initiated an audit to assess the Department's implementation of sharing cybersecurity information. Based on the information obtained during our audit, we provided responses to jointly-developed questions on CISA compliance from the inspectors general of the Departments of Commerce, Defense, Energy, Homeland Security, Justice, and Treasury, as well as the Office of the Director of National Intelligence. Our responses have assisted in creating an interagency report on the actions of the executive branch of the federal government to carry out this law.</p> <p>Our objective was to review the actions of the Department to carry out cybersecurity information sharing from the time that CISA was enacted in 2015. We observed that the Department has complied with the requirements of CISA and has established the Commerce Threat Intelligence Portal for the dissemination throughout the Department of cyber threat information received from the Department of Homeland Security. We also observed that several Department bureaus identified network connectivity issues, which limited their participation in the sharing program.</p>

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

OIG Case No.	Narrative Description for Closed Cases of Investigations Involving Senior Government Employees Not Disclosed to Public
12-1077	On April 13, 2017, OIG closed a joint investigation involving an allegation that a senior government employee at ITA abused and neglected his or her children while working at a foreign post. DSS, which led the investigation, did not uncover credible evidence to establish that the ITA employee abused either of the children but did conclude that child neglect occurred and that the ITA employee made several false statements to DSS investigators. Additionally, OIG found that the ITA employee misused government computer and official email account for inappropriate purposes, in violation of the Standards of Ethical Conduct. OIG referred the matter for administrative action to ITA, which notified OIG that the employee retired from federal service.
14-0415	On June 27, 2017, OIG closed an investigation into allegations that a senior government employee at NOAA engaged in excessive government travel, that the senior employee failed to obtain the proper approvals, and that employees in the official's office engaged in various misconduct, including miscoding purchases, engaging in split purchase card transactions, and permitting outside entities to use NOAA facilities without charge. The allegations were generally unsubstantiated. OIG did find that the senior official had previously failed to obtain proper travel approvals; however, the official has since corrected that issue. In addition, although OIG found that the evidence substantiated the allegation that the office allowed certain outside entities to use its facilities without charge, the evidence showed that this is a Department-wide issue that the Department is currently addressing. Further, OIG found evidence indicating that some employees may have engaged in split purchase transactions and referred this issue to NOAA for any action it deems necessary. OIG closed this case without further action.
16-0996	On May 11, 2017, OIG closed an investigation into allegations that two senior government employees retaliated against an employee for making protected disclosures. OIG did not substantiate the complainant's allegations of whistleblower retaliation and closed the matter without further investigative activity.
16-1161	In April 2017, OIG closed an investigation into allegations that a senior government employee at NIST ordered another employee to amend a report. OIG's investigation determined that the manager did order the amendment, but it was under the scope of the manager's duties and authority to do so.
16-1364	In April 2017, OIG closed an investigation regarding allegations that a senior government employee at NOAA committed travel voucher fraud by not indicating certain conference-provided meals, and that the same employee also awarded grants to a company for which the employee sat on the board of directors. OIG's investigation determined the allegations were unsubstantiated. The employee properly indicated meals provided on travel vouchers, was not involved in the awarding of grants to the organization in question, and was a board member for the organization only based on employment with NOAA.
16-1367	On January 12, 2017, OIG closed an investigation into allegations that a senior government employee at the U.S. Census Bureau had been viewing sexually explicit material online and conducting searches utilizing terms consistent with child pornography. OIG's investigation established that the Bureau employee had been conducting inappropriate searches online, but OIG discovered no images of pornography or child pornography. The Department of Justice declined the case for prosecution and OIG referred it for administrative action. On January 18, 2017, the Bureau entered into a settlement agreement: the employee agreed to voluntarily resign and will never apply for, accept, or hold a position within the Department of Commerce.
16-1455	On April 10, 2017, OIG closed an investigation into allegations that a senior government employee at NOAA had engaged in improper lobbying activities. OIG investigation determined that the employee's alleged activities did not violate any laws, rules, regulations, or Department policies, and that the official received approval from NOAA's OGC to engage in the alleged activities. OIG closed the case without further action.
16-1577	On April 18, 2017, OIG closed an investigation into allegations that a supervisor at FirstNet retaliated against an employee for making protected disclosures. OIG determined that there was insufficient evidence to establish a whistleblower reprisal violation and closed the case without further action.
17-0013	In October 2016, OIG received allegations that a senior government employee misused a Department computer and also engaged in improper conduct. Our investigation established that the individual used the government computer for unauthorized purposes, including to view illicit material and install unauthorized computer software. OIG provided the results of our investigation to the agency for appropriate administrative action. In June 2017 the agency issued the individual a Notice of Proposed Suspension and subsequently, in August 2017, the senior official voluntarily retired from the Department.
17-0023	On April 10, 2017, OIG closed an investigation into the allegation that a senior government employee at NOAA contracted out a task to a firm that did not have the requisite training and experience for the project. The complaint also alleged that the contractor hired the spouse of a relevant NOAA employee, despite the fact that the spouse had no experience or qualification to work on this matter. After an initial assessment as a preliminary investigation, OIG determined to refer the matter to NOAA.

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OIG Case No.	Narrative Description for Closed Cases of Investigations Involving Senior Government Employees Not Disclosed to Public
17-0066	On May 5, 2017, OIG closed an investigation involving allegations that a senior government employee violated the laws requiring transparency in government relations and interactions with the business community. Following our review, OIG found no evidence of misconduct or inappropriate behavior. As such, the allegations were unsubstantiated and OIG closed the investigation without further investigative activity.
17-0569	On August 17, 2017, OIG closed an investigation into an alleged improper relationship between a senior government employee at NOAA and the CEO of a NOAA contractor that may have affected the procurement process. Because none of the witnesses interviewed by OIG were able to provide any specificity or firsthand knowledge about contracting improprieties or an improper relationship between the two parties, OIG found the complaint to be lacking in further investigative merit and closed the matter.
17-0677	On June 16, 2017, OIG closed an investigation into a possible violation of financial conflict-of-interest rules by a senior government employee at ITA involving the employee's participation in matters while owning an interest in an industry mutual fund. OIG's investigation found insufficient evidence that the official's participation in these matters had a direct and predictable effect on the official's financial interest. OIG closed the investigation without further investigative activity.

# REPORTING REQUIREMENTS

The Inspector General Act of 1978, as amended, 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	63
5(a)(1)	Significant Problems, Abuses, and Deficiencies	6–27
5(a)(2)	Significant Recommendations for Corrective Action	6–27
5(a)(3)	Prior Significant Recommendations Unimplemented	63
5(a)(4)	Matters Referred to Prosecutorial Authorities	33
5(a)(5) and 6(c)(2)	Information or Assistance Refused	63
5(a)(6)	Listing of Audit Reports	37–38
5(a)(7)	Summary of Significant Reports	6–27
5(a)(8)	Audit Reports—Questioned Costs	35
5(a)(9)	Audit Reports—Funds to Be Put to Better Use	35
5(a)(10)	Prior Reports with Unimplemented and/or Unresolved Recommendations	39–58, 63
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5(a)(12)	Significant Management Decisions with Which OIG Disagreed	64
5(a)(14)	Results of Peer Review	64
5(a)(15)	Peer Review Recommendations Unimplemented	N/A
5(a)(16)	Peer Reviews Conducted by OIG	N/A
5(a)(17)	Investigative Reports Issued and Referrals for Criminal Prosecution	N/A
5(a)(18)	Description of Metrics Used for Determining the Data in 5(a)(17)	64
5(a)(19)	Reports on Investigations Concerning Senior Government Employees	59
5(a)(20)	Description of Whistleblower Retaliation Instances	N/A
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	59–61

The following section includes information required under the Inspector General 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 in the semiannual report 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. Comments concerning legislative and regulatory initiatives affecting Departmental programs are discussed, as appropriate, in relevant sections of the report.

## **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. There were two instances of management not responding within 60 days of receiving a report (see table 7-c).

## **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): RESULTS OF PEER REVIEW**

The most recent peer review of the Office of Audit and Evaluation was conducted in 2015 by the OIG for the Board of Governors of the Federal Reserve System and the Consumer Financial Protection Bureau (FRB OIG). FRB OIG's System Review Report of our audit operations is available on our website. We received a pass rating, the highest available rating. We have implemented all of FRB OIG's recommendations for process and policy improvements.

On September 20, 2017, OIG's 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)(18): DESCRIPTION OF METRICS USED FOR DETERMINING THE DATA IN 5(A)(17)**

The metrics used for the statistical data referenced in the table referenced above include the following: ensure data input is completed accurately; obtain data extraction via reports generated in OIG's case management system; and complete quality assurance with supporting documentation in the case files and discussions with individual investigative personnel.



# ACRONYMS AND ABBREVIATIONS

<b>ABR</b>	active block resolution	<b>ESA</b>	Economics and Statistics Administration
<b>AGO</b>	Acquisition and Grants Office	<b>FAR</b>	Federal Acquisition Regulations
<b>BIS</b>	Bureau of Industry and Security	<b>FBI</b>	Federal Bureau of Investigation
<b>BPA</b>	blanket purchase agreement	<b>FCA</b>	facility condition assessment
<b>BTOP</b>	Broadband Technology Opportunities Program	<b>FedRAMP</b>	Federal Risk and Authorization Management Program
<b>Bureau</b>	U.S. Census Bureau	<b>FirstNet</b>	First Responder Network Authority
<b>CAM</b>	Commerce Acquisition Manual	<b>FRB OIG</b>	Board of Governors of the Federal Reserve System and the Consumer Financial Protection Bureau OIG
<b>CEO</b>	Chief Executive Officer	<b>Frontier</b>	Frontier, West Virginia, Inc.
<b>CISA</b>	Cybersecurity Information Sharing Act of 2015	<b>FRPM</b>	Federal Real Property Management System
<b>CRB</b>	contract review board	<b>FTR</b>	Federal Travel Regulation
<b>DAO</b>	Department Administrative Order	<b>FY</b>	fiscal year
<b>DATA Act</b>	Digital Accountability and Transparency Act of 2014	<b>GOES</b>	Geostationary Operational Environmental Satellites
<b>DEC</b>	District Export Council	<b>Grants Manual</b>	Department of Commerce Grants and Cooperative Agreements Manual
<b>DOC</b>	Department of Commerce	<b>GSA</b>	General Services Administration
<b>DOS OIG</b>	U.S. Department of State and the Broadcasting Board of Governors OIG	<b>IOAC</b>	in-office address canvassing
<b>DSS</b>	Diplomatic Security Service	<b>IT</b>	information technology
<b>E&amp;C</b>	Enforcement and Compliance		
<b>EDA</b>	Economic Development Administration		
<b>EOWV</b>	Executive Office of West Virginia		

<b>ITA</b>	International Trade Administration	<b>RAC</b>	reasonable accommodation coordinator
<b>JPSS</b>	Joint Polar Satellite System	<b>REA</b>	request for equitable adjustment
<b>LA-RICS</b>	Los Angeles Regional Interoperable Communications System	<b>RLF</b>	Revolving Loan Fund
<b>MBC</b>	MBDA Business Center	<b>SLIGP</b>	State and Local Implementation Grant Program
<b>MBDA</b>	Minority Business Development Agency	<b>U.S.</b>	United States
<b>NASA</b>	National Aeronautics and Space Administration	<b>ULO</b>	unliquidated obligation
<b>NESDIS</b>	National Environmental Satellite, Data, and Information Service	<b>USPTO</b>	U.S. Patent and Trademark Office
<b>NIST</b>	National Institute of Standards and Technology	<b>WCF</b>	working capital fund
<b>NOAA</b>	National Oceanic and Atmospheric Administration		
<b>NPP</b>	National Polar-orbiting Partnership		
<b>NPSBN</b>	Nationwide Public Safety Broadband Network		
<b>NRFU</b>	nonresponse followup		
<b>NTIA</b>	National Telecommunications and Information Administration		
<b>NWS</b>	National Weather Service		
<b>OCS</b>	operational control system		
<b>OGC</b>	Office of the General Counsel		
<b>OIG</b>	Office of Inspector General		
<b>OMB</b>	Office of Management and Budget		
<b>PFO</b>	Polar Follow-On		



# REPORT

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To improve the programs and operations of the Department of Commerce through independent and objective oversight.