



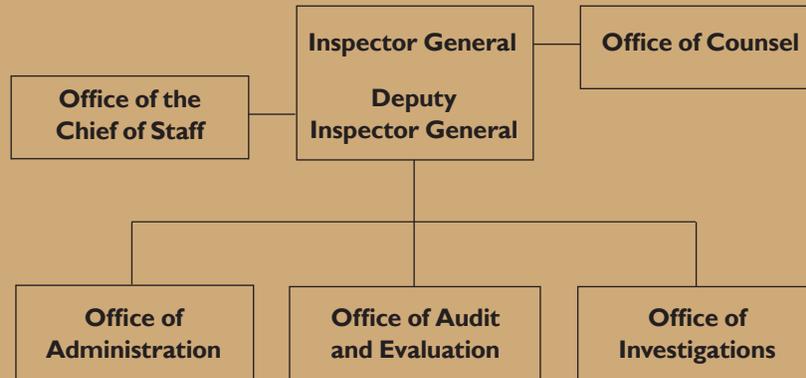
**U.S. Department of Commerce  
Office of Inspector General**

# **Semiannual Report to Congress**

**March 2020**



# OFFICE OF INSPECTOR GENERAL



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## Oversight Areas

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

## OIG Main Number

Inspector General . . . . . 202-482-4661

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## More Information

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

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# FROM THE INSPECTOR GENERAL

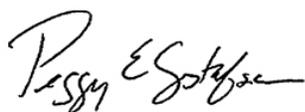
I am pleased to present the U.S. Department of Commerce Office of Inspector General's (OIG's) *Semiannual Report to Congress* for the 6 months ending March 31, 2020.

This report summarizes work that we initiated and completed during this semiannual period on a number of critical Departmental activities. Over the past 6 months—in addition to issuing our annual *Top Management and Performance Challenges Facing the Department of Commerce*—our office issued 20 products related to our audit, evaluation, and inspection work. These products addressed programs and personnel associated with the Bureau of Industry and Security (BIS), U.S. Census Bureau, U.S. Economic Development Administration (EDA), First Responder Network Authority (FirstNet), International Trade Administration (ITA), National Oceanic and Atmospheric Administration (NOAA), U.S. Patent and Trademark Office (USPTO), and the Department itself. This report also describes our investigative activities addressing programs and personnel associated with ITA, Minority Business Development Agency (MBDA), National Institute of Standards and Technology (NIST), NOAA, USPTO, and the Department itself.

In October 2019, 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) 2020, 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.

As expected of an activity of such significance and substantial cost, the 2020 Census has been a major focus of our efforts and will remain so throughout this year. Over the course of the last decade, we have completed a number of audits, evaluations, and pieces of Congressional correspondence related to this decennial census—on issues such as recruiting, background checks, testing, cybersecurity, budget, contracts, benchmarks, address lists, nonresponse followup (NRFU), and general operations. Additionally, we are currently auditing numerous 2020 Census-related activities to include equipment oversight, the address canvassing operation, its integrated communications contract, and cybersecurity (see page 35). We recognize that the Census Bureau has delayed decennial operations due to the coronavirus disease and, as a result, is seeking to extend the apportionment count delivery to the president until April 30, 2021. Even with these delays, my office continues to look forward to supporting the Census Bureau as it completes this Constitutionally-mandated undertaking, and we will continue to monitor and report on related operations through independent and objective oversight.

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



PEGGY E. GUSTAFSON

# TOP MANAGEMENT AND PERFORMANCE CHALLENGES FACING THE DEPARTMENT OF COMMERCE

We are required by statute (see 31 U.S.C. § 3516(d)) to report annually the most serious management and performance challenges facing the Department. Below is a summary of our final report, issued October 16, 2019, on the Department's top management and performance challenges for FY 2020.

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## **Challenge 1: Conducting an Accurate 2020 Census Enumeration While Realizing Expected Efficiency and Estimated Cost-Effectiveness**

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

- Successfully implementing and integrating all operations and information technology (IT) systems, as well as completing performance and scalability (P&S) testing in time for the 2020 Census
- Ensuring data quality
- Motivating hard-to-count populations to respond to the decennial census
- Effectively monitoring contracts to validate performance, control cost, and achieve 2020 Census goals

## **Challenge 2: Ensuring the Success of Current and Future Satellite Programs**

Our FY 2020 top management and performance challenges include these priority areas related to NOAA's satellite programs and the Department's role in space traffic management:

- Responding to acquisition and development challenges of next-in-series satellites
- Quantifying cost efficiencies of the proposed Polar Weather Satellites program
- Mitigating frequency interference risks to environmental satellite missions
- Making progress toward an optimal next-generation satellite system architecture
- Determining the Department's role in space traffic management

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

Our FY 2020 top management and performance challenges include these priority areas related to FirstNet:

- Obtaining and maintaining public safety participation
- Ensuring the successful performance of the contract awarded to AT&T
- Effectively and efficiently reinvesting capital to upgrade and modernize the NPSBN

#### **Challenge 4: Managing an Increasing Demand for Intellectual Property Rights**

Our FY 2020 top management and performance challenges include these priority areas related to USPTO:

- Ensuring a thorough, timely, and fair patent examination and review process
- Strengthening the integrity of the trademark register
- Improving the management of IT systems and operations

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

Our FY 2020 top management and performance challenges include these priority areas related to IT security:

- Securing cloud IT infrastructure to ensure a successful decennial census
- Implementing compensating security controls to protect the Department's legacy systems
- Improving incident handling capabilities at the Enterprise Security Operations Center
- Working closely with bureaus to implement the Department's continuous monitoring capability

#### **Challenge 6: Refining Processes and Enhancing Capacity for Trade Enforcement Efforts**

Our FY 2020 top management and performance challenges include these priority areas related to trade enforcement:

- Refining existing processes for adjudicating Section 232 exclusion requests to ensure requests for existing and future products are processed objectively and timely
- Ensuring processes and staff capacity to address new covered transactions subject to foreign investment reviews

#### **Challenge 7: Effectively Managing the Significant Increase in Disaster Relief Funding to EDA**

Our FY 2020 top management and performance challenges include these priority areas related to disaster relief funds:

- Balancing the threat of agency elimination with the execution of increased disaster relief fund responsibilities
- Acquiring and maintaining sufficient staff with appropriate proficiency

#### **Challenge 8: Preparing the Acquisition Workforce to Administer and Monitor Departmental Resources**

Our FY 2020 top management and performance challenges for the Department include these priority areas related to acquisitions:

- Developing and maintaining a competent acquisition workforce to support the Department's mission
- Improving effectiveness in the planning and governing of NOAA's ship fleet recapitalization acquisitions
- Improving contract administration to ensure proper contract closure
- Improving control of contract and grant file management
- Training contracting officer's representatives and other contract administrators in accordance with regulatory requirements and contract terms

# DEPARTMENT-WIDE MANAGEMENT

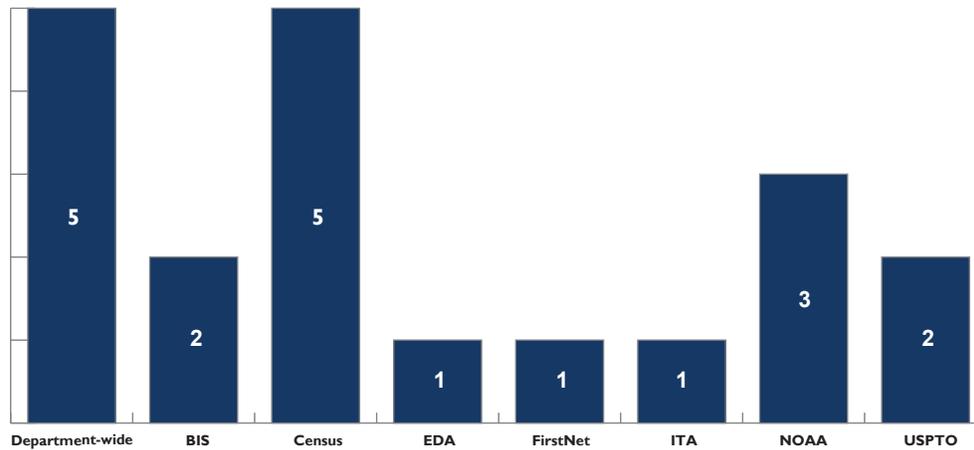


The **U.S. Department of Commerce's** (the Department's) mission is to create the conditions for economic growth and opportunity.

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

## COMPLETED WORKS (BY OVERSIGHT AREA)

During this reporting period—in addition to issuing our *Top Management and Performance Challenges Facing the Department of Commerce*—our office completed 20 products related to our audit, evaluation, and inspection work.



## AUDIT OF THE DEPARTMENT'S DIGITAL ACCOUNTABILITY AND TRANSPARENCY ACT OF 2014 SUBMISSION FOR THE FIRST QUARTER OF FISCAL YEAR 2019 (OIG-20-004-A)

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

We contracted with KPMG LLP, an independent public accounting firm, to conduct an audit of the Department's first quarter FY 2019 DATA Act submission. KPMG conducted its audit in accordance with *Government Auditing Standards* and the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Federal Audit Executive Council's *Inspectors General Guide to Compliance Under the DATA Act*.

In summary, KPMG identified the following:

- The Department submitted data of a "Higher" quality (i.e., the error rate corresponded to the quality level "Higher" in the *Inspectors General Guide to Compliance Under the DATA Act*).
- The data contained no errors related to timeliness, but did have error rates of 3.46 percent and 10.29 percent related to completeness and accuracy, respectively, which were attributable to both the Department and external parties. The Department's error rates, which excludes those attributable to third parties, were 0.81 percent for completeness and 4.74 percent for accuracy.
- The Department implemented and used the government-wide financial data standards established by OMB and the Treasury under the DATA Act.

## DEPARTMENT OF COMMERCE FY 2019 CONSOLIDATED FINANCIAL STATEMENTS AUDITS (OIG-20-008-A, OIG-20-011-A)

KPMG, an independent public accounting firm, performed the audit in accordance with U.S. generally accepted auditing standards, standards applicable to financial audits contained in *Government Auditing Standards*, and OMB Bulletin No. 19-03, *Audit Requirements for Federal Financial Statements*.

In its financial statement audit report (OIG-20-008-A) of the Department, KPMG

- determined that the financial statements were fairly presented, in all material respects, and in conformity with U.S. generally accepted accounting principles;
- identified three significant deficiencies in internal control over financial reporting related to weaknesses in the accounting for internal use software and prepaid expenses, and deficiencies in IT general controls; and
- identified no instances of reportable noncompliance with applicable laws, regulations, contracts, and grant agreements, as well as no instances in which the Department's financial management systems did not substantially comply with relevant requirements of the Federal Financial Management Improvement Act of 1996.

As part of this audit, KPMG evaluated general IT controls supporting the Department's financial reporting and issued a separate IT report (OIG-20-011-A), which includes detailed information on the weaknesses in general IT controls identified in the audit.

## 2020 ANNUAL LETTER TO THE OFFICE OF MANAGEMENT AND BUDGET RE: GOVERNMENT CHARGE CARD ABUSE PREVENTION ACT OF 2012 (OIG-20-017-M)

The Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act) and OMB's implementing guidance require each OIG to perform annual risk assessments, as well as to submit semiannual reports to OMB, in coordination with the Department, of employee purchase or integrated card violations and the resulting actions taken. Where annual travel card spending for an agency exceeds \$10 million, the Charge Card Act and OMB M-13-21 require periodic audit or reviews of the agency's travel card program. In FY 2018, the Department had \$30.1 million in travel card expenses. OIGs must also submit an annual purchase and travel card audit recommendation status report to OMB. Below is a summary of the actions we took during FY 2019 to fulfill these requirements, as well as additional information on our related work.

We provided information regarding known and completed reviews and investigations of fraudulent use or abuse of purchase cards that resulted in fraud, loss to the government, or misappropriation of funds or assets for the Department's July 2019 and January 2020 reports to OMB. Currently, there are no open recommendations concerning the use of government cards.

While we did not conduct a travel card audit or review of FY 2018 transactions, we did conduct a risk assessment for illegal, improper, or erroneous FY 2018 purchase card, travel card, and fleet card transactions. We based the risk assessment on an analysis of trends and variances from the previous year. We assessed each bureau, and the resulting scores determined the bureaus fell within a reasonable range of risk. The composite risk score of all the bureaus decreased one percent from FY 2017 to FY 2018.

## **FAILURES IN THE DEPARTMENT'S SECURITY PROGRAM RESULTED IN EXPOSURE OF SENSITIVE TRADE INFORMATION TO UNVETTED FOREIGN NATIONALS (OIG-20-018-A)**

Our audit objectives were to determine whether the (1) processes used to vet contract staff given administrative access to the Enterprise Web Solutions (EWS) system are adequate; (2) Department followed a sufficient process to identify the impact level of the EWS system; (3) Office of the Chief Information Officer took appropriate actions to protect the information on the EWS system after it was granted an authorization to operate in 2018; and (4) contract used to procure EWS services and systems complied with Department acquisition regulations. Because of the serious nature of the cybersecurity issues identified, we determined that this audit report would address the first three objectives, while a separate, follow-on audit may address the fourth.

We found that the Department did not protect sensitive data on the EWS system. Many of the problems we identified indicated that the Department had serious and pervasive issues that allowed exposure of sensitive data.

Specifically, we found the following:

- The Department exposed sensitive data to unvetted foreign nationals working outside the United States.
- Unauthorized foreign nationals accessed and modified the EWS system after their contract had been terminated.
- The Department mishandled the response to unauthorized access by foreign nationals.
- The Department failed to account for sensitive data on its systems.

We recommended that the Deputy Secretary of Commerce ensure that the Office of the Chief Information Officer does the following:

- Implement additional checks into contract policies and procedures to ensure all access to Department systems and data is properly vetted by the Department's Office of Security (OSY).
- Conduct a thorough review of the contractor and subcontractor access granted to all Department systems and ensures this access is limited and appropriate based upon the purpose of the system, data contained on the system, and the contractor's level of required duties.
- Establish and implements a process that ensures the information system security officer(s) or other assigned system staff regularly validate that user access to Department systems is appropriate.
- Fully document its rationale, based upon the outcome of the Department's investigation, for not reporting the exposure of sensitive data from the former Secretary's briefing book as a major incident, as defined by OMB guidance.

We also recommended that the Deputy Secretary of Commerce ensure that OSY does the following:

- Investigate the Department's mishandling of sensitive briefing book data in accordance with its security policies.

In addition, we recommended that the Deputy Secretary of Commerce ensure that the Office of the Chief Information Officer does the following:

- Establish and follow clear procedures when revoking access to Department systems, a process that should include the system owner, information system security officer, and contracting officer's representative, when appropriate.

- Review and revise incident response procedures so that appropriate communication protocols are established and enforced to ensure timely and accurate information sharing.
- Identify staff with incident response and system recovery roles and ensure that they have regular training regarding their responsibilities, the role of the Enterprise Security Operations Center, and the use of system backups.
- Include an additional step to review the completed task when revoking system access, with a requirement for assignment of an individual responsible for ensuring all access has been removed.
- Review and revise the process used for system impact analysis to ensure that it is sufficiently rigorous and has adequate checks to ensure the process produces accurate results.
- Reassess all Office of the Secretary systems to ensure that the designated impact level analyses are accurate and appropriate to protect Department systems.
- Determine if any systems outside of the Office of the Secretary produce data for the Secretary's briefing book and, if systems are identified, determines if these systems have accurate and appropriate system impact levels.

### **CORRESPONDENCE TO CONGRESS SUMMARIZING OIG ACTIVITIES RELATED TO THE FY 2019 SMALL BUSINESS INNOVATION RESEARCH PROGRAM**

On November 22, 2019, the Inspector General sent a letter to the House Committee on Science, Space, and Technology, the House Committee on Small Business, and the Senate Committee on Small Business and Entrepreneurship. In accordance with 15 U.S.C. § 638b(c), the letter reported on requested data and information regarding cases related to the Small Business Innovation Research (SBIR) program for FY 2019.

During FY 2019, we received one case referral relating to the SBIR program. However, based on the particular SBIR program detailed, the referral was sent by our office to the appropriate investigative agency for resolution. In addition, we participated in one joint investigation that was opened before FY 2019 that was declined for criminal prosecution due to a lack of evidence and is pending closure.

We did not close any cases without action during FY 2019 in which fraud, waste, or abuse was "determined to have occurred" regarding an SBIR program investigation. Our estimated FY 2019 expenditures involving SBIR program investigations was \$543.05; no funds were recovered or saved as a result of our SBIR-related activities.

### **NIGERIAN NATIONAL PLEADED GUILTY TO CHARGES RELATING TO COMPUTER HACKING SCHEME THAT TARGETED GOVERNMENT EMPLOYEES**

A Nigerian national extradited from Canada pled guilty for his alleged role in a scheme that defrauded vendors of office products valued at nearly \$1 million by "phishing" email login information from government employees. The subject pled guilty to one count of conspiracy to commit wire fraud (18 U.S.C. § 1349). As part of the plea agreement, the subject will consent to the entry of a forfeiture money judgement in the amount of \$68,618.14. Sentencing is pending.

### **FALSE PERSONATION OF A DEPARTMENT OF VETERANS AFFAIRS POLICE OFFICER BY A DEPARTMENT EMPLOYEE**

In February 2020, our office closed an investigation into an allegation of false personation of a U.S. Department of Veterans Affairs (VA) police officer by a Department of Commerce employee. Our office found the Department employee possessed a legacy-style VA badge and credentials and misrepresented themselves as a retired VA police officer. The case was declined for criminal prosecution. Subsequently, the Department employee voluntarily terminated their employment with the Department.



# BUREAU OF INDUSTRY AND SECURITY



The **Bureau of Industry and Security**'s mission is to advance U.S. national security, foreign policy, and economic objectives by ensuring an effective export control and treaty compliance system and promoting continued U.S. strategic technology leadership.

## **MANAGEMENT ALERT: CERTAIN COMMUNICATIONS BY DEPARTMENT OFFICIALS SUGGEST IMPROPER INFLUENCE IN THE SECTION 232 EXCLUSION REQUEST REVIEW PROCESS (OIG-20-003-M)**

On October 28, 2019, we issued a management alert to the Secretary of Commerce regarding a lack of transparency that contributes to the appearance of improper influence in decision-making for tariff exclusion requests under Section 232 of the Trade Expansion Act of 1962, as amended. Issues regarding this topic came to our attention during fieldwork for an ongoing audit of BIS' and ITA's processes and procedures for reviewing and adjudicating Section 232 exclusion requests.

In our management alert, we noted that Department officials and interested parties discussed information about pending exclusion requests that was not included in the official record. Following some of these off-record communications, Department officials took subsequent action consistent with such communications, giving the appearance that the Section 232 exclusion request review process is not transparent and that decisions are not rendered based on evidence contained in the record. Additionally, we noted that BIS changed an internal criterion used to review exclusion requests before posting them online at the request of an objector, creating the perception of undue influence.

We proposed that BIS should immediately take action to ensure the transparency of the Section 232 exclusion request review process. Specific actions that BIS should consider include (1) regarding all decisions as final once they are posted online, or amending the rules to allow for appeals; (2) creating a formal process for modifying internal criteria that is used to review exclusion requests, in order to ensure internal criteria are properly vetted and approved prior to implementation; and (3) documenting all discussions with interested parties, and directing all emails concerning specific exclusion requests to BIS' official organizational email addresses, to ensure that the correspondence becomes part of the official record.

## **LACK OF DEFINED PROCESSES AND PROCEDURES IMPEDE EFFORTS TO MONITOR END-USE CHECK PERFORMANCE (OIG-20-019-A)**

Our objective was to assess the effectiveness of BIS' efforts to ensure foreign end users are suitable to receive and use controlled U.S. exports in accordance with the Export Administration Regulations. As a result of audit planning, we decided to focus on assessing BIS' plan to target end-use checks (EUCs). Specifically, we sought to identify whether BIS had criteria to target EUCs and assess how well it adhered to them in FYs 2015–2017.

Overall, we found that BIS needs to improve its efforts to effectively track and monitor EUC performance to ensure the appropriate foreign end users receive and use controlled U.S. exports in accordance with the Export Administration Regulations.

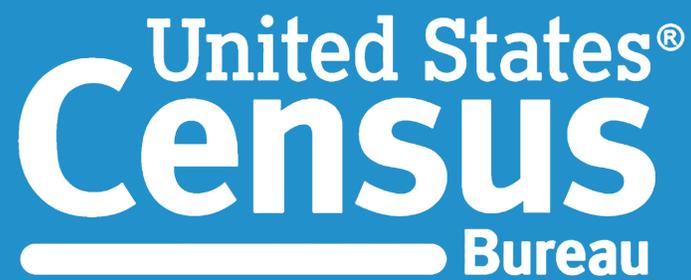
Specifically, we found the following:

- BIS is unable to adequately determine whether EUCs met its targeting criteria.
- BIS did not fully screen export transactions that used the Strategic Trade Authorization license exception.

We recommended that the Under Secretary of Commerce for Industry and Security do the following:

- Develop standard operating procedures (SOPs) for staff responsible for selecting and reviewing EUCs to ensure that (a) data are entered accurately, consistently, completely, and in a timely manner, and (b) EUCs are selected per targeting criteria.
- Develop a process that ensures that reasons for selecting EUCs align with the criteria and that the reasons are recorded consistently and accurately in the Investigative Management System Redesign.
- Develop a contingency plan to (a) conduct enhanced monitoring of certain export filings, should Automated Export System controls fail in the future, and (b) reinforce guidance for screening export transactions that used the Strategic Trade Authorization license exception whose consignees were associated with ineligible countries.

**U.S. CENSUS BUREAU**



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

## **MANAGEMENT ALERT: CRITICAL 2020 CENSUS SYSTEMS FAILED TO MEET PEAK RECRUITING DEMANDS DURING TESTING (OIG-20-010-M)**

On November 21, 2019, we issued a management alert to the Director of the Census Bureau regarding the Decennial Applicant Personnel and Payroll System (DAPPS) and the Census Hiring and Employment Check (CHEC) system. Issues regarding these systems came to our attention during our audit fieldwork related to the 2020 Census P&S Test.

In our management alert, we noted that DAPPS and the CHEC system failed phases 3 and 4 of the P&S Test and, as of July 8, 2019, were unable to perform at the scale needed to support decennial census peak recruiting. According to Bureau personnel, these systems failed because of either inadequate infrastructure or inefficiencies in the software. Personnel from the Bureau also stated that P&S retesting would occur in November 2019; however, peak recruiting—or the time during which DAPPS and CHEC will experience high demands—began in January 2020, which left little time to resolve any additional issues discovered during retesting. In addition, the Bureau did not have an adequate, documented contingency plan in place in case the proposed solutions did not work.

To address the potential impact on the 2020 Census program, we proposed that the Bureau should formalize a contingency plan that includes alternative methods to ensure employees are cleared, hired, processed, and paid in a timely manner.

## **IG LETTER TO NC CONGRESSIONAL DELEGATION REGARDING THE CENSUS BUREAU'S BACKGROUND CHECK AND HIRING PROCESS (OIG-20-012-M)**

On December 10, 2019, the Inspector General responded to a request made by Representatives Alma Adams, David Price, Ted Budd, G. K. Butterfield, and Senator Richard Burr regarding the Census Bureau's background check and hiring process. The Congressional request was made in light of the Bureau's employment of a registered sex offender at its Charlotte area census office (ACO). The Bureau employee began working in August 2018 as a regional recruiting manager for the Charlotte ACO after successfully completing a pre-employment suitability determination, despite having a prior criminal record. He was arrested on March 12, 2019, charged with two felonies (sexual offense with a child, indecent liberties with a child), and subsequently terminated on March 14, 2019.

At Congressional request, our office specifically addressed the following:

- The hiring and vetting processes at the Charlotte ACO, and what happened in the hiring of the individual.
- Whether the Bureau and third-party contractors are adhering to existing policies regarding employee background checks.
- What steps, if any, the Bureau has taken to address the concerns in our prior audit report *2020 Census: The Bureau's Background Check Office Is Not Fully Prepared for the 2020 Census*, issued on February 27, 2018 (final report number OIG-18-015-A).
- What immediate and long-term steps must be taken to ensure that similar mistakes do not occur again.

Our review of the individual's background investigation process included reviewing the case file, interviews with Bureau management, and reviewing applicable policies and statutes that were in place at the time of the individual's hiring. Based on this review—although current U.S. Office of Personnel Management (OPM) requirements permit a person with criminal convictions to be hired into federal service under certain conditions—we found that the hiring of the individual did not follow OPM or Bureau guidelines, bringing into question the Bureau's judgement in this case.

To ensure that similar mistakes do not occur again, our office stated that the Bureau should take the following actions:

- Review all prior favorable suitability determinations made by both a specific specialist and Census Investigative Services supervisor, to ensure that the determinations and final adjudications were properly determined and supported.
- Implement quality assurance reviews of Census Investigative Services supervisory determinations, to ensure that supervisors are conducting adequate reviews, and that adjudications are properly determined and supported.
- Continue to train specialists and supervisors—and emphasize the importance of the supervisory role in making final suitability determinations during the background review process.

### **2020 CENSUS: SOME DECENNIAL CENSUS DATA QUALITY ASSURANCE METHODS WERE NOT TESTED OR DID NOT WORK AS INTENDED DURING THE 2018 END-TO-END CENSUS TEST (OIG-20-016-A)**

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

We found the following:

- The Bureau has not fully tested some activities designed to ensure the quality of 2020 Census respondent data.
- The Bureau's reengineered approach to NRFU closeout has not been adequately tested.
- Potentially unqualified field staff completed cases during NRFU.
- Unresolved NRFU alerts may not help the Bureau maintain or improve the quality of decennial census data.

In addition, and noted in an "Other Matters" section of our report, we discuss how (1) NRFU quality assurance lacks segregation of duties and (2) the Bureau must still improve its training for NRFU operation proxy procedures.

We recommended that the Director of the Census Bureau do the following:

- Develop a strategy to immediately address quality assurance issues that may occur during the early stages of the self-response and NRFU operations.
- Determine the optimal time during NRFU to begin closeout procedures and ensure that systems support those procedures prior to the 2020 Census.
- Correct automated training system failures that occurred during the 2018 End-to-End Census Test (E2E Test) and implement and monitor controls to ensure that field staff are qualified before working in the field.
- Monitor the resolution of alerts at a national level to identify whether alerts are (a) resolved timely and (b) functioning correctly during the operation.
- Develop a strategy to remedy alert issues and communicate appropriate procedures and instructions to field staff if monitoring efforts identify issues.

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## **REQUEST FOR INFORMATION PURSUANT TO THE INSPECTOR GENERAL ACT OF 1978, AS AMENDED (OIG-20-020-M)**

On March 12, 2020, the Inspector General issued a memorandum to the Director of the Census Bureau about the potential impact that the coronavirus known as COVID-19 could have on 2020 Census operations.

To assist our ongoing oversight of the 2020 Census—and, in particular, the Bureau’s contingency planning for a major public health emergency—the Inspector General requested that the Bureau provide answers to the following questions, along with all relevant documentation, by March 20, 2020:

- What contingency plans does the Bureau have in place to fully conduct the 2020 Census during a major health crisis?
- What plans does the Bureau have to address a situation where social distancing measures become widespread—and households become reluctant, or refuse altogether, to engage with enumerators as part of the NRFU operation?
- What training, if any, has the Bureau prepared to provide to staff and enumerators during a health crisis, when social distancing is one mitigating measure that households might take?
- What communications, if any, has the Bureau provided staff and enumerators regarding foreseeable challenges in the 2020 Census, given that it will now occur during a major health crisis?
- Will enumerators be provided with personal protective equipment (PPE) for use during enumeration? If so, what specific PPE will they be issued—and have they been, or will they be, trained in the proper use of PPE?

As of March 31, 2020, our examination into the matter was ongoing.

## **2020 CENSUS: THE CENSUS BUREAU’S OVERSIGHT OF CONTRACTOR PERFORMANCE DURING THE 2018 END-TO-END TEST’S CENSUS QUESTIONNAIRE ASSISTANCE OPERATION WAS DEFICIENT IN SOME AREAS AND DID NOT IMPLEMENT SOME LESSONS LEARNED FOR THE OPERATION (OIG-20-022-A)**

Our audit objectives were to determine how previous internal assessments informed the operation, how the Census Questionnaire Assistance (CQA) contract was planned, and how its costs were managed. Specifically, we sought to (1) determine whether the Bureau (a) implemented effective internal controls for controlling the cost of the CQA contract and (b) sufficiently supported the workloads and cost drivers used to estimate the CQA contract cost; and (2) determine whether the Bureau will be able to inform the 2020 Census CQA operation by utilizing lessons learned during the 2010 Census, the 2017 Census Test, and the 2018 E2E Test.

Our testing did not identify significant deficiencies in the Bureau’s internal controls over how CQA contractor invoices are processed. Our testing of a sample of monthly contractor invoices from July 2016 to July 2018, specifically for labor charges and overhead costs, found that the costs charged were in line with the contract’s negotiated rates. Additionally, the Bureau was generally able to support the workloads and cost drivers for the CQA contract costs based on an independent government cost estimate dated February 18, 2016, which was prior to the contract award. We found that key assumptions such as contact center employee labor, facility space costs, workspace allocations, staffing ratios, and the number of calls received per customer service representative, were supported.

However, we found issues with the internal controls used to manage the CQA contract, specifically performance, and the resolution of lessons learned from previous tests.

Specifically, we found the following:

- The Bureau did not fully implement high-impact lessons learned from the 2017 Census Test.
- The Bureau's oversight of the CQA contractor's performance was deficient in some areas.

We recommended that the Director of the Census Bureau do the following:

- Review and implement high-impact lessons learned from the 2017 Census Test and the 2018 E2E Test prior to the 2020 CQA operation.
- Revise the award fee plan of the CQA contract to ensure compliance with the Federal Acquisition Regulation and OMB requirements to incentivize the contractor's performance.
- Develop a process to verify the accuracy of the contractor's daily operational reports.



# U.S. 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 SHOULD DEVELOP A WORKFORCE PLAN AND IMPROVE ITS HIRING ACCOUNTABILITY TO SUCCESSFULLY AWARD AND ADMINISTER THE DISASTER SUPPLEMENTAL FUNDS APPROPRIATED BY THE BIPARTISAN BUDGET ACT OF 2018 (OIG-20-014-A)**

Our audit objective was to determine whether the EDA's workforce planning process for awarding and administering the Disaster Supplemental funds was adequate and effective.

We found the following:

- EDA has not developed and implemented a comprehensive workforce plan to meet the current and future needs of the organization.
- EDA's recruitment efforts are significantly behind its established milestones to ensure that EDA has adequate staff available to handle the increased workload.

We recommended that EDA's Assistant Secretary of Commerce for Economic Development direct appropriate EDA staff to conduct the following:

- Develop and implement a comprehensive workforce plan to (a) determine optimal staffing levels needed (both at headquarters and in the affected regions), and (b) identify any potential staffing shortfalls or gaps.
- Develop and implement specific accountability metrics, in conjunction with Human Capital Client Services as applicable, including (a) transparent milestones, which can be used to measure the actual progress of the job opportunity announcements (JOAs) throughout the hiring process, and (b) performance metrics and training guidelines to ensure EDA staff are fully trained on the JOA processing requirements.

# FIRST RESPONDER NETWORK AUTHORITY



The **First Responder Network Authority's** mission is to ensure the building, deployment, and operation of the nationwide broadband network that equips first responders to save lives and protect U.S. communities.

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## NTIA AND FIRSTNET SHOULD IMPROVE CONTROLS TO STRENGTHEN THE FEE COLLECTION PROCESS (OIG-20-015-A)

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

We found the following:

- The *National Telecommunications and Information Administration and First Responder Network Authority Standard Operating Procedures for Fee Review* is incomplete.
- FirstNet received approximately \$830,000 in interagency services without a signed agreement.

We recommended that the NTIA Assistant Secretary for Communications and Information do the following:

- Develop comprehensive procedures for reviewing and reconciling FirstNet fee proposal data.
- Coordinate with FirstNet's Office of the Chief Financial Officer to develop procedures for the transfer of funds out of the suspense account.

We also recommended that the FirstNet Chief Executive Officer do the following:

- Coordinate with NIST and other appropriate parties to develop controls to ensure FirstNet and NIST meet the requirements of the Department's *Agreements Handbook*.

# INTERNATIONAL TRADE ADMINISTRATION



INTERNATIONAL  
**T R A D E**  
ADMINISTRATION

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

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## **MANAGEMENT ALERT: U.S. & FOREIGN COMMERCIAL SERVICE NEEDS TO ADDRESS URGENT ISSUES IN THE OFFICER PROMOTION PROCESS**

**(OIG-20-005-M)**

On November 7, 2019, we issued a management alert on ITA's 2018 U.S. & Foreign Commercial Service (US&FCS) officer promotion process. Our objective was to determine whether US&FCS, which is part of ITA's Global Markets business unit, adhered to applicable laws, regulations, and policies when conducting the 2018 officer promotion process. During our fieldwork, we identified three issues that required immediate attention:

- For one selection board, our comparison of individual board member scores to compiled board member scores showed discrepancies.
- Office of Foreign Service Human Capital may have incorrectly completed promotion eligibility verifications.
- US&FCS did not secure sensitive information related to its officer promotion process.

The information in this advisory will be included in a later evaluation report and will contain recommendations, along with any Departmental actions taken in response to this advisory. We did not request a formal response to this advisory. The advisory was posted to our public website.

### **ITA EMPLOYEE RECEIVED DUAL COMPENSATION**

In February 2020, our office closed an investigation into allegations that an ITA employee received dual compensation while working for ITA and serving full-time in the U.S. Air Force (USAF) Reserve. Our office substantiated the allegations. The individual was in an active duty status with the USAF under medical continuation orders while serving as a fulltime ITA employee for approximately 5 months in 2017. The individual received compensation from both the USAF and ITA during this time without taking the appropriate leave with ITA. The case was declined for criminal prosecution. The USAF issued a letter of reprimand to the individual and entered a debt against the individual for the dual compensation the USAF paid. Our office referred the matter to ITA, and ITA took no administrative action against the individual.

# MINORITY BUSINESS DEVELOPMENT AGENCY



**MINORITY BUSINESS  
DEVELOPMENT AGENCY**  
U.S. DEPARTMENT OF COMMERCE

The **Minority Business Development Agency's** mission is to promote the growth of minority owned businesses through the mobilization and advancement of public and private sector programs, policy, and research.

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## **MBDA GRANTEE AGREES TO REPAY FUNDS RELATED TO A SCHEME TO FALSIFY PERFORMANCE DATA**

An MBDA grantee disclosed they discovered an employee of a Minority Business Development Center had been falsifying center performance data related to a cooperative agreement issued by NOAA on behalf of MBDA. An investigation determined the falsification of performance data allowed the grantee to receive additional funding that would not otherwise be authorized. The grantee agreed to repay MBDA the entire federal share for 1 performance year of the cooperative agreement. On October 16, 2019, the grantee repaid MBDA \$317,900.

# NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY

The logo for the National Institute of Standards and Technology (NIST) is displayed in a bold, white, sans-serif font. The letters 'N', 'I', 'S', and 'T' are connected and stylized, with the 'I' and 'S' sharing a common vertical stroke.

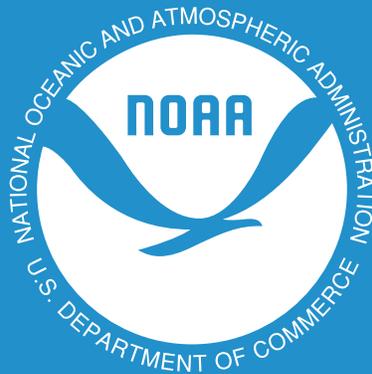
The **National Institute of Standards and Technology** promotes U.S. innovation and industrial competitiveness by advancing measurement science, standards, and technology in ways that enhance economic security and improve our quality of life.

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## **NIST CHEMIST (ZP-05) BROUGHT CONTRABAND INTO A NIST LABORATORY AND SEXUALLY HARASSED AN EMPLOYEE**

In February 2020, our office closed an investigation into allegations involving a NIST chemist bringing contraband into a NIST laboratory and sexually harassing another employee. The allegations were substantiated by NIST police, who reported their findings to our office. The NIST chemist was removed from their management position and ceased all contact with the employee the NIST chemist was accused of sexually harassing. The NIST chemist retired prior to the closure of the investigation.

# NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION



The **National Oceanic and Atmospheric Administration's** mission is to understand and predict changes in climate, weather, oceans, and coasts, to share that knowledge and information with others, and to conserve and manage coastal and marine ecosystems and resources.

## **NOAA'S OFFICE OF MARINE AND AVIATION OPERATIONS NEEDS TO IMPROVE THE PLANNING AND GOVERNING OF ITS SHIP FLEET RECAPITALIZATION EFFORT (OIG-20-006-A)**

Our objective was to determine whether NOAA Office of Marine and Aviation Operations (OMAO) performed effective acquisition planning for its construction of new ships.

Based on our review, we found that the initial acquisition planning for two Class A ships was not adequate. Specifically, we identified the following:

- Schedule slippages have delayed ship construction and increased costs.
- NOAA's ship fleet acquisition planning was not effectively governed.
- OMAO did not provide adequate oversight of fleet recapitalization funds.

We recommended that the Director of NOAA Corps and OMAO do the following:

- Develop a detailed contingency plan to reduce the risks associated with delays. The plan should address (a) capability and capacity gaps and (b) the cost of maintaining aging ships and utilizing alternatives.
- Establish a reporting mechanism to notify Congress and other key stakeholders proactively of significant updates or changes to the current fleet recapitalization plan.

We also recommended that the Under Secretary of Commerce for Oceans and Atmosphere and Assistant Secretary of Commerce for Oceans and Atmosphere and Deputy NOAA Administrator do the following:

- Develop a detailed plan of program governance, which (a) delineates how OMAO will comply with applicable acquisition requirements, (b) clearly defines roles and responsibilities, (c) identifies stakeholder communication needs, and (d) defines a formal evaluation, approval, and decision follow-up process.
- Assign a qualified project officer and alternate who are both properly certified for the total program dollars and tasked with effectively monitoring all activities and deliverable progress (e.g., invoice review and approval) that are contained in each interagency agreement order.
- Reinforce proper certification and training for the project officer and alternate.
- Provide a reconciliation report of the \$3,387,714 unsupported costs to OIG.

In addition, we recommended that the Director of NOAA Corps and OMAO do the following:

- Create a centralized file maintaining all required documentation for all orders placed under the current interagency agreement between NOAA and the Navy for recapitalization of NOAA's ship fleet.

## **SUPPLEMENTAL MEMORANDUM ON REPORT NO. OIG-19-021-A, AUDIT OF NOAA FINANCIAL ASSISTANCE AWARDS TO THE GULF STATES MARINE FISHERIES COMMISSION (OIG-20-007-A)**

The objective of our audit was to determine whether the Gulf States Marine Fisheries Commission claimed costs that are allowable, allocable, and reasonable.

During our audit, we found that the Gulf States Marine Fisheries Commission claimed \$5,030,452 in unallowable costs.

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

- Recover the amount disallowed from the \$5,030,452 questioned costs in accordance with the audit resolution process outlined in Department Administrative Order (DAO) 213-5.
- Require the Gulf States Marine Fisheries Commission to implement procedures to ensure access to adequate documentation to support subrecipient claimed costs and provide assurances of access to subrecipient personnel for audit purposes.

### **THE JOINT POLAR SATELLITE SYSTEM: PROGRAM CAN INCREASE THE LIKELIHOOD OF MISSION SUCCESS BY FURTHER APPLYING NASA PROCESSES TO ITS SPACECRAFT DEVELOPMENT EFFORTS (OIG-20-021-A)**

Our objective was to assess the cost, schedule, and technical performance of the Joint Polar Satellite System (JPSS) Program's spacecraft acquisition and development efforts. Specifically, we sought to (1) determine the extent to which cost and schedule changed from the original Program baselines, and (2) identify changes and challenges to the Program's technical baseline.

We found that, from March 2015 to November 2019, the cost of the JPSS-2 spacecraft firm-fixed-price contract increased by \$28.6 million—or 12 percent—to \$273.4 million, and the schedule for completing the spacecraft had been delayed 14 months. We identified several technical performance issues that contributed to the cost increase and schedule delays. Notably, completing development of field programmable gate arrays (FPGAs) in the payload interface electronics continues to be a major challenge towards finalization of the JPSS-2 spacecraft.

Specifically, we found the following:

- The Program can reduce risk by implementing a more comprehensive methodology for FPGA development.
- The Program can further reduce risk to FPGAs by applying National Aeronautics and Space Administration (NASA) guidance for software development.
- Metrics related to payload interface electronics development have improved, but the Program needs additional measures to understand and track FPGA development progress.

We recommended that the NOAA Assistant Administrator for Satellite and Information Services direct the Program to do the following:

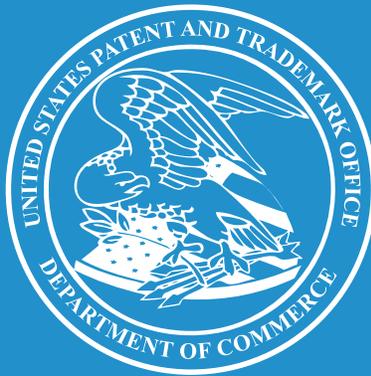
- Review Goddard Space Flight Center methodology for FPGA development and determine necessary actions to reduce the risk of its FPGA developments.
- Determine the extent to which it can apply NASA software requirements and guidance to FPGA developments in order to reduce mission risk.
- Determine the extent to which it can implement additional FPGA-level metrics that allow Program management to track the design according to NASA guidance.

### **FORMER NOAA CONTRACTOR INDICTED IN U.S. DISTRICT COURT**

On November 12, 2019, a former NOAA contractor was indicted in the U.S. District Court for the District of South Carolina on four counts of 18 U.S.C. § 1001 (False Statements). The indictment was a result of a joint investigation among the Defense Criminal Investigative Service, Naval Criminal Investigative Service, and our office. The investigation determined the contractor falsely certified several invoices wherein they claimed to have paid their subcontractors when they had not.



# U.S. PATENT AND TRADEMARK OFFICE



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

## **USPTO FY 2019 FINANCIAL STATEMENTS AUDITS (OIG-20-009-A, OIG-20-013-A)**

KPMG, an independent public accounting firm, performed the audit in accordance with U.S. generally accepted auditing standards, standards applicable to financial audits contained in *Government Auditing Standards*, and OMB Bulletin No. 19-03, *Audit Requirements for Federal Financial Statements*.

In its financial statement audit report of USPTO (OIG-20-009-A), KPMG

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

As part of this audit, KPMG evaluated general IT controls supporting USPTO's financial reporting and issued a separate IT report (OIG-20-013-A), which includes detailed information on the weaknesses in general IT controls identified in the audit.

## **USPTO EMPLOYEE SENTENCED FOLLOWING CONVICTION FOR SEXUAL EXPLOITATION OF MINORS**

In January 2020, a USPTO employee was sentenced to 24-months incarceration and ordered to pay nearly \$10,200 in fines and assessments following an October 2019 conviction in the U.S. District Court for the Middle District of Florida for the sexual exploitation of children. As previously reported in our March 2019 *Semiannual Report to Congress*, our office initiated this investigation after receipt of information from a child exploitation task force, wherein a USPTO employee was suspected to be involved in the distribution of child pornography from a Virginia residence. It was later determined the suspect moved to Florida but continued to work for USPTO. In February 2020, the individual resigned from federal service after receiving written notification of a proposal for removal from service based upon the October 2019 conviction.

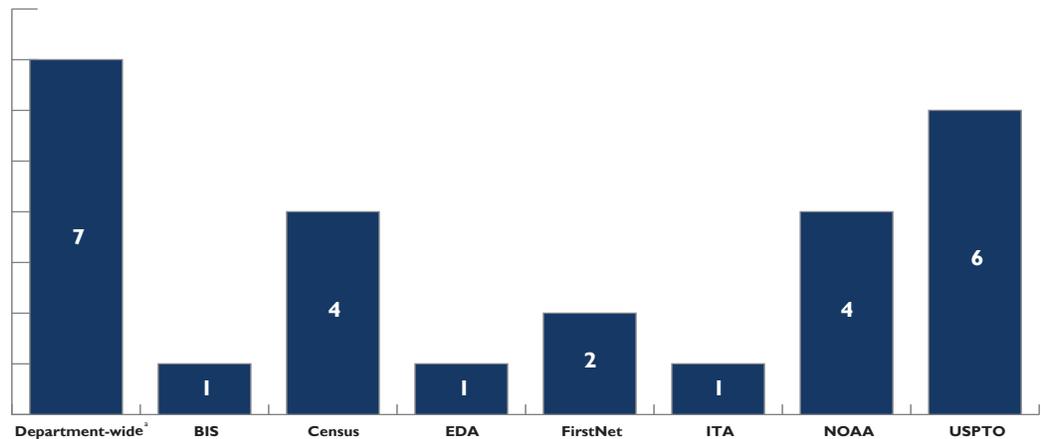
## **INTELLIGENT PATENT SERVICES, LLC (IPS) OWNER SENTENCED AFTER PLEADING GUILTY TO BAIT ADVERTISING**

Updating an investigation reported in our September 2019 *Semiannual Report to Congress*, IPS's owner pled guilty to one count of bait advertising in January 2020. The subject was sentenced to unsupervised probation for 1 year and 150 community service hours, and ordered to pay \$5,303.50 in assessed fines and costs (\$4,975 was actual restitution).

# WORK IN PROGRESS

## WORK IN PROGRESS (BY OVERSIGHT AREA)

During this reporting period, 26 OIG audit, evaluation, and inspection projects were initiated or underway.



<sup>a</sup> Our audit of the Department-wide oversight and practices to close out contract files will result in an audit report, addressed to the Office of the Secretary, that examines contracts issued by the Census Bureau, NIST, and NOAA.

## DEPARTMENT-WIDE

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

To determine whether Departmental contracting personnel administered contract closeout procedures in accordance with federal and Departmental regulations.

### Audit of the Department's Fleet Management Practices

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

### Review of the Department's FY 2019 Compliance with Improper Payment Requirements

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

### Audit of Enterprise Services Performance in Managing and Overseeing Accenture Blanket Purchase Agreement No. DOCSS130116BU0004 and Subsequent Call Orders

To determine whether Enterprise Services effectively and efficiently managed contractor performance of the Accenture Federal Services, LLC, blanket purchase agreement DOCSS130116BU0004 and subsequent call orders in accordance with federal regulations and Department policy.

### **FY 2020 Department of Commerce Consolidated Financial Statements Audit (will result in 2 separate reports)**

To monitor the independent public accounting firm contracted to determine whether the financial statements are presented fairly, in all material respects, in accordance with generally accepted accounting principles; to 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 FY 2020 Federal Information Security Modernization Act (FISMA) Compliance**

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

### **Audit of the Department's Compliance with the Geospatial Data Act of 2018**

To review of the Department's compliance with the (1) standards for geospatial data, including metadata for geospatial data established under section 757; (2) requirements under subsection 759(a); and (3) limitation on the use of federal funds under section 759A.

## **BUREAU OF INDUSTRY AND SECURITY**

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

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

## **U.S. CENSUS BUREAU**

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

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

### **Evaluation of the U.S. Census Bureau's 2020 Census Address Canvassing Operation**

To determine whether the Bureau implemented an effective strategy for completing the 2020 Census address canvassing operation and producing a complete and accurate address list.

### **Audit of the U.S. Census Bureau's IT Security Measures Supporting the 2020 Census**

To determine the effectiveness of security measures for select IT systems that support the 2020 Census.

### **Evaluation of Laptop Computers Used in the 2020 Census Address Canvassing Operation**

To determine whether the Bureau's staff verified that laptop computers deployed for the 2020 Census Address Canvassing operation were (1) collected and accounted for at the end of the operation and (2) cleansed of all Bureau data in accordance with the terms and conditions in the decennial device as a service contract.

## **U.S. ECONOMIC DEVELOPMENT ADMINISTRATION**

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

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

## FIRST RESPONDER NETWORK AUTHORITY

### **Audit of FirstNet's Contract Oversight**

To determine whether FirstNet's actions for overseeing the NPSBN contract requirements related to network hardening and resiliency are sufficient to meet its program mission.

### **Audit of FirstNet's Subcontract Oversight**

To determine whether FirstNet's actions for overseeing AT&T's subcontract management of the NPSBN contract are sufficient to meet federal laws, regulations, and contract provisions.

## INTERNATIONAL TRADE ADMINISTRATION

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

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

## NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

### **Audit of NOAA's JPSS Instruments Acquisition and Development**

To assess the cost, schedule, and technical performance of the JPSS Program's acquisition and development effort for selected instruments.

### **Evaluation of NOAA's Ship Fleet Requirements Management Processes**

To determine the adequacy of NOAA's ship fleet requirements management processes.

### **Audit of the Western Pacific Sustainable Fisheries Fund Grants to the Western Pacific Regional Fishery Management Council**

To determine whether the Council (1) claimed allowable, allocable, and reasonable costs under the grant awards, and (2) received the goods and services paid for by the grant awards; to determine whether NOAA provided adequate oversight and monitoring.

### **Audit of Geostationary Operational Environmental Satellite–R Series (GOES-R) Program Progress in Achieving Launch Readiness for the GOES-T Mission**

To assess the program's progress in achieving launch readiness for the GOES-T mission.

## U.S. PATENT AND TRADEMARK OFFICE

### **Audit of USPTO's Oversight of the Software Development and Integration–Next Generation Contracts**

To determine whether USPTO provided adequate oversight of Software Development and Integration–Next Generation contracts.

### **Audit of USPTO's Small Business Utilization**

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

### **Audit of USPTO's Backup and Restoration Policies, Procedures, and Practices of the Patent Capture and Application Processing System (PCAPS)**

To determine whether USPTO has adequate data recovery and contingency plans in place to ensure operational availability of PCAPS.

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### **Evaluation of the Patent Term Adjustment (PTA) and Patent Term Extension (PTE) Processes**

To determine whether USPTO (1) calculates and awards PTA and PTE in compliance with relevant statutes, regulations, and case law; (2) has adequate internal controls to ensure the proper calculation and award of PTA and PTE; and (3) uses valid and reliable data to calculate PTA and PTE.

### **Evaluation of the Patent Trial and Appeal Board (PTAB) Operations**

To (1) assess PTAB's processes; (2) identify risk areas within PTAB; and (3) identify any internal and external challenges PTAB faces, and the significance and impacts of these challenges.

### **Audit of USPTO FY 2020 Financial Statements (will result in 2 separate reports)**

To monitor the independent public accounting firm contracted to determine whether the financial statements are presented fairly, in all material respects, in accordance with generally accepted accounting principles; to 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.

# STATISTICAL DATA

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

<b>TABLES</b>	<b>PAGE(S)</b>
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## TABLE I. OFFICE OF INVESTIGATIONS STATISTICAL HIGHLIGHTS FOR THIS PERIOD

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

**Allegations processed** presents the number of complaints from employees, stakeholders, and the general public that were handled by our Compliance and Ethics 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	594
Contacts related to Departmental programs	500
Number of hotline referrals to Departmental management	320
<b>Investigative Caseload</b>	
Investigations opened this period	17
Investigations closed/completed this period	26
Investigations in progress as of March 31, 2020	63 <sup>a</sup>
<b>Reports</b>	
Total number of investigative reports issued during the reporting period	0
<b>Prosecutive Actions and Monetary Results</b>	
Total number of individuals or entities referred to the U.S. Department of Justice for criminal prosecution	5
Total number of entities referred to state/local prosecuting authorities	0
Indictments/Informations	0
Convictions	1
Monetary recoveries (Fines, Restitution, Settlements, Judgments, and Administrative Remedies)	\$388,411 <sup>b</sup>
<b>Administrative Actions</b>	
Suspension/Debarment actions	3
Disciplinary actions	4 <sup>c</sup>

<sup>a</sup> This figure excludes 59 investigations consisting of 20 pending prosecution or completion of judicial proceedings, 6 pending agency action, 15 preliminary investigations, 16 requests for assistance, and 2 investigations pending closure.

<sup>b</sup> This figure includes fines, restitutions, and recoveries in cases worked independently by our office, as well as our participation in multiagency investigations.

<sup>c</sup> This figure includes action taken with regards to personnel actions and termination of contracts and/or grants.

## TABLE 2. AUDIT RESOLUTION AND FOLLOW-UP

The IG Act requires us to present in this report information concerning audits issued before the beginning of the reporting period (October 1, 2019) for which no management decision had been made by the end of the period (March 31, 2020). 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. The following table summarizes modification and appeal activity during the reporting period.

Report Category	Modifications	Appeals
Actions pending (October 1, 2019)	0	2 <sup>a</sup>
Submissions	0	0
Decisions	0	0
Actions pending (March 31, 2020)	0	2

<sup>a</sup> The two appeal actions reported here were not included in our September 2019 *Semiannual Report to Congress* because the grantees did not initially make OIG aware of the appeals and OIG did not learn of the appeals until this reporting period.

### TABLE 3. AUDIT AND INSPECTION STATISTICAL HIGHLIGHTS FOR THIS PERIOD

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

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

Questioned costs <sup>a</sup>	\$5,030,452
Value of audit recommendations that funds be put to better use <sup>b</sup>	\$11,895,000
<b>Total potential monetary benefits</b>	<b>\$16,925,452</b>
Value of audit recommendations agreed to by management <sup>c</sup>	\$302,532,687

<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 to be put to better use that are agreed to by management during resolution. Disallowed costs are the amount of costs that were questioned by the auditors or the agency action official and subsequently determined—during audit resolution or negotiations by a contracting officer—not to be charged to the government.

**TABLE 4. AUDITS WITH QUESTIONED COSTS**

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

<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	1	1,166,790	355,721
B. Reports issued during the reporting period	1	5,030,452	5,030,452
<b>Total reports (A+B) requiring a management decision during the period</b>	<b>2</b>	<b>6,197,242</b>	<b>5,386,173</b>
C. Reports for which a management decision was made during the reporting period <sup>a</sup>	2	6,197,242	5,386,173
i. Value of disallowed costs		6,197,242	5,386,173
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	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 5. AUDITS WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE**

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

<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	1	284,440,445
B. Reports issued during the reporting period	1	11,895,000
<b>Total reports (A+B) requiring a management decision during the period</b>	<b>2</b>	<b>296,335,445</b>
C. Reports for which a management decision was made during the reporting period <sup>a</sup>	2	296,335,445
i. Value of recommendations agreed to by management		296,335,445
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.

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

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

**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.

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

**Other public reports** from this period are comprised of correspondence—including one memorandum to Congress, one memorandum to OMB, three management alerts, and a request for information pursuant to the IG Act—as well as our annual top management challenges report. Management alerts are memorandums that our office issues as an interim mechanism for alerting the Secretary, Department heads, Congress, and other officials of significant preliminary findings or matters requiring urgent attention.

### TABLE 6. SUMMARY OF REPORT TYPES FOR THIS PERIOD

Type	Number of Reports	Table Number
Performance audits	10	Table 6-a
Financial statement audits	4	Table 6-b
Other public reports	7	Table 6-c
<b>Total</b>	<b>21</b>	

**TABLE 6-A. PERFORMANCE AUDITS**

Report Title	Report Number	Date Issued	Funds to Be Put to Better Use (\$) <sup>a</sup>	Amount Questioned (\$)	Amount Unsupported (\$)
<b>Bureau of Industry and Security</b>					
<i>Lack of Defined Processes and Procedures Impede Efforts to Monitor End-Use Check Performance</i>	OIG-20-019-A	03.02.2020	0	0	0
<b>U.S. Census Bureau</b>					
<i>2020 Census: Some Decennial Census Data Quality Assurance Methods Were Not Tested or Did Not Work as Intended During the 2018 End-to-End Census Test</i>	OIG-20-016-A	01.30.2020	0	0	0
<i>2020 Census: The Census Bureau's Oversight of Contractor Performance During the 2018 End-to-End Test's Census Questionnaire Assistance Operation Was Deficient in Some Areas and Did Not Implement Some Lessons Learned for the Operation</i>	OIG-20-022-A	03.24.2020	0	0	0
<b>U.S. Economic Development Administration</b>					
<i>EDA Should Develop a Workforce Plan and Improve its Hiring Accountability to Successfully Award and Administer the Disaster Supplemental Funds Appropriated by the Bipartisan Budget Act of 2018</i>	OIG-20-014-A	01.27.2020	0	0	0
<b>First Responder Network Authority</b>					
<i>NTIA and FirstNet Should Improve Controls to Strengthen the Fee Collection Process</i>	OIG-20-015-A	01.30.2020	0	0	0
<b>National Oceanic and Atmospheric Administration</b>					
<i>NOAA's Office of Marine and Aviation Operations Needs to Improve the Planning and Governing of Its Ship Fleet Recapitalization Effort</i>	OIG-20-006-A	11.12.2019	11,895,000	0	3,387,714 <sup>a</sup>
<i>Supplemental Memorandum on Report No. OIG-19-021-A, Audit of NOAA Financial Assistance Awards to the Gulf States Marine Fisheries Commission</i>	OIG-20-007-A	11.12.2019	0	5,030,452	5,030,452
<i>The Joint Polar Satellite System: Program Can Increase the Likelihood of Mission Success by Further Applying NASA Processes to Its Spacecraft Development Efforts</i>	OIG-20-021-A	03.24.2020	0	0	0
<b>Office of the Secretary</b>					
<i>Audit of the Department's Digital Accountability and Transparency Act of 2014 Submission for the First Quarter of FY 2019</i>	OIG-20-004-A	10.29.2019	0	0	0

Report Title	Report Number	Date Issued	Funds to Be Put to Better Use (\$) <sup>a</sup>	Amount Questioned (\$)	Amount Unsupported (\$)
<i>Failures in the Department's Security Program Resulted in Exposure of Sensitive Trade Information to Unvetted Foreign Nationals</i>	OIG-20-018-A	02.11.2020	0	0	0

<sup>a</sup> In OIG-20-006-A, we reported \$3,387,714 in unsupported costs. This amount represents payments that OMAO did not sufficiently review or for which OMAO did not maintain adequate support. However, by not reporting this amount in our final audit as "questioned costs," our office did not provide the auditee a sufficient opportunity to disallow the costs. Because of this, the \$3,387,714 in unsupported costs is not tracked in tables 4, 7, 7-a, and 7-c of this *Semiannual Report to Congress* as a questioned cost.

#### TABLE 6-B. FINANCIAL STATEMENT AUDITS

Report Title	Report Number	Date Issued	Funds to Be Put to Better Use (\$)	Amount Questioned (\$)	Amount Unsupported (\$)
<b>Office of the Secretary</b>					
<i>Commerce FY 2019 Consolidated Financial Statements Audit</i>	OIG-20-008-A	11.19.2019	0	0	0
<i>Review of Information Technology Controls in Support of the Fiscal Year 2019 Department of Commerce Consolidated Financial Statement Audit</i>	OIG-20-011-A	12.10.2019	0	0	0
<b>U.S. Patent and Trademark Office</b>					
<i>USPTO FY 2019 Financial Statements Audit</i>	OIG-20-009-A	11.19.2019	0	0	0
<i>Review of Information Technology Controls in Support of the Fiscal Year 2019 USPTO Financial Statement Audit</i>	OIG-20-013-A	12.18.2019	0	0	0

#### TABLE 6-C. OTHER PUBLIC REPORTS

Report Title	Report Number	Date Issued
<i>Top Management and Performance Challenges Facing the Department of Commerce in FY 2020</i>	OIG-20-001	10.16.2019
<i>Management Alert: Certain Communications by Department Officials Suggest Improper Influence in the Section 232 Exclusion Request Review Process</i>	OIG-20-003-M	10.28.2019
<i>Management Alert: U.S. &amp; Foreign Commercial Service Needs to Address Urgent Issues in the Officer Promotion Process</i>	OIG-20-005-M	11.07.2019
<i>Management Alert: Critical 2020 Census Systems Failed to Meet Peak Recruiting Demands During Testing</i>	OIG-20-010-M	11.21.2019
<i>IG Letter to NC Congressional Delegation Regarding the Census Bureau's Background Check and Hiring Process</i>	OIG-20-012-M	12.10.2019
<i>2020 Annual Letter to the Office of Management and Budget re: Government Charge Card Abuse Prevention Act of 2012</i>	OIG-20-0017-M	01.31.2020
<i>Request for Information Pursuant to the Inspector General Act of 1978, as Amended</i>	OIG-20-020-M	03.12.2020

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

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

Recommendations from all performance audit, evaluation, and inspection reports issued prior to FY 2016 have been implemented.

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

**Unresolved recommendations** include those with no approved action plan as of March 31, 2020, or those for which the action plans are not due until after March 31, 2020. Columns 6 through 7 of table 7 provide details on “unresolved” recommendations.

Table 7-a provides details on FY 2016–2020 performance audit, evaluation, or inspection reports that have resolved but unimplemented recommendations. When issued, these 76 reports had 377 total recommendations. As of March 31, 2020,

- 24 of the 76 reports (32 percent) had resolved but unimplemented recommendations;
- 89 of 377 total recommendations (24 percent) were resolved but unimplemented; and
- 7 of these resolved but unimplemented recommendations had potential monetary benefits of \$8,613,080,560.

Table 7-b provides details on six FY 2020 performance audit reports with 28 unresolved recommendations.

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

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

Operating Unit	FY 2016–2017 Unimplemented Recs (Resolved)	Potential Monetary Benefits of FY 2016–2017 Unimplemented Recs	FY 2018–2020 Unimplemented Recs (Resolved)	Potential Monetary Benefits of FY 2018–2020 Unimplemented Recs	Unresolved FY 2020 Recs	Potential Monetary Benefits of Unresolved FY 2020 Recs
Bureau of Economic Analysis	0	0	0	0	0	0
Bureau of Industry and Security	0	0	0	0	3	0
U.S. Census Bureau	1	0	22	0	8	0
U.S. Economic Development Administration	2	\$3,124,732	0	0	2	0
First Responder Network Authority	0	0	3	0	0	0
International Trade Administration	0	0	0	0	0	0
Minority Business Development Agency	0	0	0	0	0	0
National Institute of Standards and Technology	0	0	0	0	0	0
National Oceanic and Atmospheric Administration	4	\$7,826,586	33	\$8,602,129,242	3	0
National Technical Information Service	0	0	0	0	0	0
National Telecommunications and Information Administration	0	0	0	0	0	0
Office of the Secretary	5	0	8	0	12	0
U.S. Patent and Trademark Office	2	0	9	0	0	0
<b>TOTAL</b>	<b>14</b>	<b>\$10,951,318</b>	<b>75</b>	<b>\$8,602,129,242</b>	<b>28</b>	<b>\$0</b>

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

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

Recommendations from all performance audit, evaluation, and inspection reports issued prior to FY 2016 have been implemented.

- **FY 2016:** OIG issued 26 reports with a total of 109 recommendations. As of March 31, 2020, 9 recommendations (8 percent of FY 2016 recommendations) were resolved but unimplemented. There are no unimplemented recommendations with potential monetary benefits.
- **FY 2017:** OIG issued 20 reports with a total of 88 recommendations. As of March 31, 2020, 5 recommendations (6 percent of FY 2017 recommendations) were resolved but unimplemented. Two unimplemented recommendations have potential monetary benefits of \$10,951,318 in funds to be put to better use.
- **FY 2018:** OIG issued 14 reports with a total of 85 recommendations. As of March 31, 2020, 14 recommendations (16 percent of FY 2018 recommendations) were resolved but unimplemented. Two unimplemented recommendations have potential monetary benefits of \$8,584,037,000 in funds to be put to better use.
- **FY 2019:** OIG issued 12 reports with a total of 79 recommendations. As of March 31, 2020, 45 recommendations (57 percent of FY 2019 recommendations) were resolved but unimplemented. One unimplemented recommendation has potential monetary benefits of \$1,166,790 in questioned costs.
- **FY 2020:** OIG issued 10 reports with a total of 44 recommendations. As of March 31, 2020, OIG had approved action plans for 4 of these reports with 16 recommendations. With regard to these recommendations, 44 recommendations (100 percent) were resolved but unimplemented. One unimplemented recommendation has potential monetary benefits of \$5,030,042 in questioned costs. One unimplemented recommendation has potential monetary benefits of \$11,895,000 in funds to be put to better use.

The remaining 6 unresolved reports and their 28 recommendations are listed under table 7-b.

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

**Objective(s)**

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

**Finding(s)**

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

**Unimplemented Recommendation(s)**

**Recommendation 2:** We recommend that the Director of the Census Bureau obtain an opinion from the Department of Commerce Office of the General Counsel 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).

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
04.26.2016	<b>OIG-16-026</b> , <i>The Joint Polar Satellite System: Further Planning and Executive Decisions Are Needed to Establish a Long-term, Robust Program</i>	9	2	0
<b>Objective(s)</b>				
Our objectives for this evaluation were to (1) determine the progress of Polar Follow-On (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.				
<b>Finding(s)</b>				
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.				
<b>Unimplemented Recommendation(s)</b>				
<b>Recommendation 8:</b> 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.				
<b>Recommendation 9:</b> 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.				
08.04.2016	<b>OIG-16-040</b> , <i>Review of IT Security Policies, Procedures, Practices, and Capabilities in Accordance with the Cybersecurity Act of 2015</i>	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	<b>OIG-16-043</b> , <i>Successful Cyber Attack Highlights Longstanding Deficiencies in NOAA's IT Security Program</i>	8	1	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 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.				
02.03.2017	<b>OIG-17-014</b> , <i>NOAA Reviews of Unliquidated Obligations Could Be Improved with Greater Review Frequency and Additional Documentation</i>	3	1	\$7,826,586 Funds to Be Put to Better Use
<b>Objective(s)</b>				
Our objective was to evaluate the effectiveness of NOAA's unliquidated obligation (ULO) review policies and procedures implemented since the June 2013 audit report, which reviewed the Department-wide controls over the management of ULO balances.				
<b>Finding(s)</b>				
We found that (1) NOAA's procedures for ULO monitoring were ineffective and (2) NOAA's ULO deobligation process can be improved.				
<b>Unimplemented Recommendation(s) (potential monetary benefits for unimplemented recommendation 2)</b>				
<b>Recommendation 2:</b> We recommend that the NOAA Administrator instruct the NOAA Chief Financial Officer and the Director of the Acquisition and Grants Office 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.				

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
03.24.2017	OIG-17-021, <i>Inadequate Security Practices, Including Impaired Security of Cloud Services, Undermine USPTO's IT Security Posture</i>	12	2	0
<b>Objective(s)</b>				
Our objective was to determine whether key security measures are in place to adequately protect USPTO systems that utilize databases to store business information.				
<b>Finding(s)</b>				
We found that USPTO (1) failed to implement the required security controls for cloud-based subsystems, (2) used non-Federal Risk and Authorization Management Program compliant cloud services without proper security assurance, and (3) deficiently implemented fundamental security controls, which increased the cybersecurity risk of USPTO systems.				
<b>Unimplemented Recommendation(s)</b>				
<b>Recommendation 6:</b> 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.				
<b>Recommendation 7:</b> We recommend that the USPTO Chief Information Officer ensure that unsupported databases are upgraded or replaced in a timely manner.				
04.27.2017	OIG-17-023, <i>EDA Can Strengthen Its Policies and Procedures for Monitoring ULOs</i>	2	2	<b>\$3,124,732 Funds to Be Put to Better Use</b>
<b>Objective(s)</b>				
Our objective was to evaluate the effectiveness of EDA obligation and deobligation practices as well as review policies and procedures that were implemented since the June 2013 audit report number OIG-13-026-A, <i>Monitoring of Obligation Balances Needs Strengthening</i> .				
<b>Finding(s)</b>				
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.				
<b>Unimplemented Recommendation(s) (potential monetary benefits for unimplemented recommendation 1)</b>				
<b>Recommendation 1:</b> 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.				
<b>Recommendation 2:</b> 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.				
01.08.2018	OIG-18-011, <i>NOAA Office of Marine and Aviation Operations Does Not Fully Utilize the Shipboard Automated Maintenance Management System to Coordinate Ship Maintenance and Repairs</i>	2	2	<b>\$5,000,000 Funds to Be Put to Better Use</b>
<b>Objective(s)</b>				
Our objective was to determine whether NOAA OMAO coordinates ship maintenance and repairs of its fleet using the Shipboard Automated Maintenance Management System (SAMMS).				
<b>Finding(s)</b>				
We found that OMAO does not consistently use SAMMS to coordinate ship maintenance and repairs of its fleet.				
<b>Unimplemented Recommendation(s) (potential monetary benefits for unimplemented recommendation 1)</b>				
<b>Recommendation 1:</b> We recommend that the Director, OMAO, and the NOAA Corps initiate action to terminate the interagency agreement with the Military Sealift Command and discontinue using SAMMS. Potential monetary benefits: \$5,000,000 funds to be put to better use.				
<b>Recommendation 2:</b> We recommend that the Director, OMAO, and the NOAA Corps conduct a comprehensive study to identify a maintenance management system that meets the capabilities necessary to fulfill NOAA ship fleet maintenance requirements.				

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
02.27.2018	OIG-18-015, 2020 Census: The Bureau's Background Check Office Is Not Fully Prepared for the 2020 Census	6	1	0

#### Objective(s)

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

#### Finding(s)

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

#### Unimplemented Recommendation(s)

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

04.30.2018	OIG-18-018, 2020 Census: The Number and Location of Area Census Offices May Not Reflect NRFU Workload Demands and Will Not Result in Projected Cost Savings	3	3	0
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#### Objective(s)

Our objectives of this audit were to evaluate (1) the criteria and process for determining the number and locations of field offices; (2) the Bureau's plans for reducing costs associated with the fewer number of field offices as part of reengineered field operations; and (3) the planned process for collaboration between the Bureau and the General Services Administration (GSA) for implementing the ACO leasing program.

#### Finding(s)

We found that, while the Bureau developed a model for determining the number of ACOs, only six of the seven required criteria were defined, allowing us to test the Bureau's compliance with them. We also found that, although the estimated workload totals and staffing ratios informing the model changed, the number of ACOs required for field operations remained the same. In addition, several risks currently jeopardize ACO space acquisition, requiring enhanced risk planning to address cost and schedule implications, and the Bureau's initial "cost avoidance" estimates associated with the ACO space acquisition program are unsupported and unlikely to be realized.

#### Unimplemented Recommendation(s)

**Recommendation 1:** We recommend that the Director of the U.S. Census Bureau assess the impact the increased NRFU workload totals and enumerator ratios will have on the NRFU operation and document, monitor, and periodically validate the assumptions for ACO planning throughout the remaining 2020 Census planning activities.

**Recommendation 2:** We recommend that the Director of the U.S. Census Bureau (a) reassess ACO space acquisition risk register items' cost and schedule impacts and risk ratings, and create contingency plans to effectively address risks and (b) formalize the roles and responsibilities of GSA and Bureau personnel tasked with ACO space acquisition activities.

**Recommendation 3:** We recommend that the Director of the U.S. Census Bureau (a) ensure cost reduction estimates are reasonable and supportable and (b) identify and include potential cost overruns related to space acquisition activities as part of any contingency funding for the 2020 Census.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
07.09.2018	<b>OIG-18-021</b> , <i>Polar Follow-On: NOAA Must Maintain Cost Efficiencies and Refine Launch Strategy for JPSS-3 and JPSS-4 Missions</i>	7	5	<b>\$8,579,037,000 Funds to Be Put to Better Use</b>

#### Objective(s)

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

#### Finding(s)

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

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

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

**Recommendation 3:** We recommend that the Assistant Administrator for Satellite and Information Services ensures that National Environmental Satellite, Data, and Information Service (NESDIS) completes policy and plans that will guide polar satellite launch decisions.

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

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

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

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

08.02.2018	<b>OIG-18-024</b> , <i>The Joint Polar Satellite System: Program Must Use Realistic Schedules to Avoid Recurrence of Ground Project Delays and Additional Cost Increases</i>	10	3	0
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#### Objective(s)

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

#### Finding(s)

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

#### Unimplemented Recommendation(s)

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

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

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

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

#### Objective(s)

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

#### Finding(s)

We found that the Bureau did not follow its risk management framework process. Specifically, we found that (1) the Bureau had not continuously monitored critical security controls and failed to document the resulting risks, (2) authorizing officials lacked information about significant cybersecurity risks, and (3) the Bureau did not effectively manage common controls.

#### Unimplemented Recommendation(s)

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

**Recommendation 2:** We recommend that the Bureau's Chief Information Officer ensure that management is informed when risks are omitted from Risk Management Program System (RMPS) reports.

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

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

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

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

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

02.06.2019	OIG-19-008, <i>2020 Census: Issues Observed During the 2018 End-to-End Census Test's Address Canvassing Operation Indicate Risk to Address List Quality</i>	6	3	0
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#### Objective(s)

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

#### Finding(s)

We found (1) in-office address canvassing did not correctly identify blocks for in-field address canvassing at the Providence test site; (2) resolution of alerts indicating potential instances of low quality and fraud/abuse was sometimes untimely or non-existent; (3) the Bureau's ability to inform the 2020 Census address canvassing operation using the 2018 E2E Test faces some limitations; and (4) the Bureau is unsure of whether 26 Listers who updated addresses were qualified. In addition—and as part of our fieldwork—we conducted on-site observations of Listers during the test and observed instances of some Listers' noncompliance with procedures.

#### Unimplemented Recommendation(s)

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

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

**Recommendation 5:** We recommend the Director of the U.S. Census Bureau assess the risks to the 2020 Census that have arisen as a result of the limitations identified during the 2018 E2E Test's address canvassing operation.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
03.13.2019	OIG-19-012, <i>USPTO Needs to Improve Management over the Implementation of the Trademark Next Generation System</i>	6	6	0

#### Objective(s)

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

#### Finding(s)

Overall, we found USPTO did not provide effective oversight of TMNG implementation. Specifically, we found (1) USPTO investment board members did not exercise adequate oversight to correct or terminate underperforming TMNG investments; (2) weaknesses exist in the Capital Planning and Investment Control (CPIC) process; and (3) USPTO provided ineffective project management and oversight for the TMNG examination tool.

#### Unimplemented Recommendation(s)

**Recommendation 1:** We recommend that the Under Secretary of Commerce for Intellectual Property and Director of USPTO ensure the CPIC Review Board (CRB) adheres to the requirements in the CPIC policies and procedures. Specifically, if an investment is identified by the CRB as not meeting expectations as it pertains to schedule, budget, or other factors, ensure that the CRB alerts the IT Investment Review Board with recommendations for appropriate action.

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

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

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

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

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

06.13.2019	OIG-19-014, <i>Inadequate Management of Active Directory Puts USPTO's Mission at Significant Cyber Risk</i>	8	3	0
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#### Objective(s)

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

#### Finding(s)

We found that USPTO (1) inadequately managed its Active Directory, and (2) poorly protected its critical IT assets hosting Active Directory.

#### Unimplemented Recommendation(s)

**Recommendation 4:** We recommend that the Under Secretary of Commerce for Intellectual Property and Director of USPTO direct the Chief Information Officer to ensure Personal Identity Verification card technology compatibility with on-going and future system development for USPTO next-generation applications, and switch Personal Identity Verification enforcement to a per-user basis, when technically feasible.

**Recommendation 5:** We recommend that the Under Secretary of Commerce for Intellectual Property and Director of USPTO direct the Chief Information Officer to finalize the vulnerability-scanning SOP and ensure it includes requirements to verify scanning tools are updated prior to scans and credentialed scanning is performed on physical and virtual machines.

**Recommendation 7:** We recommend that the Under Secretary of Commerce for Intellectual Property and Director of USPTO direct the Chief Information Officer to work with USPTO contracting officers to ensure effective government oversight of contractors performing vulnerability assessment scans.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
06.19.2019	OIG-19-015, <i>The Census Bureau Must Correct Fundamental Cloud Security Deficiencies in Order to Better Safeguard the 2020 Decennial Census</i>	8	8	0

### Objective(s)

Our audit objective was to determine the effectiveness of security processes and controls for select cloud-based IT systems supporting the 2020 Census.

### Finding(s)

We found that (1) unsecured GovCloud root user keys caused severe risks to 2020 Census cloud environments, (2) unimplemented security baselines that document system settings and configurations left critical systems vulnerable, and (3) basic security practices were not fully implemented to protect Title 13 data hosted in the cloud.

### Unimplemented Recommendation(s)

**Recommendation 1:** We recommend that the Chief Information Officer of the U.S. Census Bureau manage the GovCloud root user account according to federal and Departmental requirements. This must include a standardized, documented process to disable the use of all GovCloud root user accounts during the environment creation process for any new GovCloud environments.

**Recommendation 2:** We recommend that the Chief Information Officer of the U.S. Census Bureau assess all Amazon Web Services user accounts in accordance with NIST account management requirements and conduct periodic reviews as part of Office of Information Security assessments.

**Recommendation 3:** We recommend that the Chief Information Officer of the U.S. Census Bureau reassess, implement, and continuously monitor security baselines within all cloud environments.

**Recommendation 4:** We recommend that the Chief Information Officer of the U.S. Census Bureau perform technical assessments to validate implementation of security baselines as part of the Bureau's cloud systems' initial and ongoing assessments.

**Recommendation 5:** We recommend that the Chief Information Officer of the U.S. Census Bureau track all Title 13 data that is stored and processed in Bureau cloud environments. This must include coordination between cloud administrators, operational staff, and Office of Information Security personnel.

**Recommendation 6:** We recommend that the Chief Information Officer of the U.S. Census Bureau expedite the implementation of the backup solution in progress and ensure it is followed in accordance with NIST guidance.

**Recommendation 7:** We recommend that the Chief Information Officer of the U.S. Census Bureau formally document and ensure the implementation of controls compensating for lack of disaster recovery planning or engage in disaster recovery planning if the Bureau is unable to meet its obligation to compensate for the lack of disaster recovery planning.

**Recommendation 8:** We recommend that the Chief Information Officer of the U.S. Census Bureau develop and approve an exit strategy for all Bureau cloud systems, which includes details for completely and securely removing data from the cloud service provider.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
08.12.2019	OIG-19-021, <i>Audit of NOAA Financial Assistance Awards to the Gulf States Marine Fisheries Commission</i>	6	6	\$1,166,790 Questioned Costs

### Objective(s)

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

### Finding(s)

We found that the Commission (1) claimed, along with its subrecipients, questioned costs totaling \$1,166,790; (2) did not follow contract procurement and program income requirements; and (3) cannot verify that it met matching requirements.

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

**Recommendation 1:** We recommend the Director of NOAA Grants Management Division recover the amount disallowed from the \$1,166,790 questioned costs in accordance with the audit resolution process outlined in DAO 213-5. Potential monetary benefits: \$1,166,790 questioned costs.

**Recommendation 2:** We recommend the Director of NOAA Grants Management Division require the Commission to implement procedures to monitor subrecipients' compliance with terms and conditions of awards, including ensuring adequate documentation exists to support costs claimed and verifying that amounts claimed are based on actual expenses incurred.

**Recommendation 3:** We recommend the Director of NOAA Grants Management Division require the Commission to implement internal controls to ensure it allocates costs among federal programs in compliance with federal cost principles and uniform administrative requirements and uses other revenue sources to cover costs that are unallowable for federal awards.

**Recommendation 4:** We recommend the Director of NOAA Grants Management Division require that the Commission implement procurement procedures to ensure it performs cost or price analysis on procurement contracts and obtains grants officer approval for sole-source contracts.

**Recommendation 5:** We recommend the Director of NOAA Grants Management Division determine whether unreported program income is due to the federal government and require that the Commission implement procedures to properly report, monitor, and spend program income in accordance with grant award terms and conditions.

**Recommendation 6:** We recommend the director of NOAA Grants Management Division require the Commission to implement procedures to ensure match contributions comply with uniform administrative requirements, federal cost principles, and federal records retention requirements.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
08.12.2019	<b>OIG-19-022</b> , <i>Geostationary Operational Environmental Satellite—R Series: Program Success Requires Added Attention to Oversight, Risk Management, Requirements, and the Life-Cycle Cost Estimate</i>	11	8	0

#### Objective(s)

Our primary objective was to assess the adequacy of the GOES-R program's satellite development and testing, and the transition of launched satellites into operations. Our second objective was to monitor the program's progress on contracting actions and changes to minimize cost increases.

#### Finding(s)

For our first objective, we identified inadequacies in the development, testing, and operations of the satellites. For our second objective, we found that the program's life-cycle cost will increase due to the complexities of its ground system technical refresh. Specifically, we identified (1) Advanced Baseline Imager issues highlight the need for increased oversight in technical, programmatic, and contractual areas; (2) GOES-R series magnetometers are less accurate than the previous series, revealing opportunity for NOAA to refine its threshold requirement; (3) the GOES-R program did not identify and manage risk to the availability of GOES-East and GOES-West orbital positions; and (4) ground system server replacement will increase the program's life-cycle cost and presents risk management challenges.

#### Unimplemented Recommendation(s)

**Recommendation 2:** We recommend that the Assistant Administrator for Satellite and Information Services ensure an independent review of changes to the Advanced Baseline Imager contract's performance evaluation plan occurs to determine their rationale, appropriateness, and need for further actions.

**Recommendation 3:** We recommend that the Assistant Administrator for Satellite and Information Services ensure the GOES-R program updates reliability analyses for Advanced Baseline Imager, the satellite, and constellation, specifically given the unique conditions of the hardware on GOES-16 and GOES-17 and any design changes for GOES-T and GOES-U.

**Recommendation 5:** We recommend that the Deputy Under Secretary for Operations ensure that NOAA conducts analysis to determine distinct geomagnetic field measurement accuracy threshold and objective requirement specifications and ensure appropriately supported requirements are reflected in GOES-R program documents.

**Recommendation 6:** We recommend that the Deputy Under Secretary for Operations ensure the NOAA Space Weather Prediction Center updates its geomagnetic field observation accuracy requirement validation documentation.

**Recommendation 7:** We recommend that the Deputy Under Secretary for Operations ensure NOAA assesses whether GOES are the optimal satellites to achieve geomagnetic field observation requirements, using an analysis of alternatives or similar cost-benefit approach.

**Recommendation 8:** We recommend that the Assistant Administrator for Satellite and Information Services ensure that the GOES-R program formally manages risk to geostationary orbital positions for both current and future satellite programs.

**Recommendation 9:** We recommend that the Assistant Administrator for Satellite and Information Services ensure the GOES-R program updates its LCCE incorporating results from Department's independent assessment.

**Recommendation 11:** We recommend the Assistant Administrator for Satellite and Information Services ensure the GOES-R program develops a plan to limit the risk of vendor lock-in for ground system sustainment.

09.30.2019	<b>OIG-19-026</b> , <i>The Department Needs to Improve Its Capability to Effectively Share Cyber Threat Information</i>	4	4	0
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#### Objective(s)

Our objective was to determine the capabilities and practices of the Department to carry out cybersecurity information sharing.

#### Finding(s)

We found (1) the Department lacked an internal automated sharing capability; (2) the Commerce Threat Intelligence Portal (CTIP) application was not accessible by all bureaus; and (3) the Department lacked adequate information sharing policies, procedures, and training.

#### Unimplemented Recommendation(s)

**Recommendation 1:** We recommend that the Chief Information Officer finalize CTIP licensing and interconnection agreements and utilize the CTIP Application Programming Interface to automate Department bureaus' ingestion of cyber threat information.

**Recommendation 2:** We recommend that the Chief Information Officer ensure that all Department bureaus have access to CTIP.

**Recommendation 3:** We recommend that the Chief Information Officer ensure information sharing policies and procedures are compliant with the applicable documents that were created by the U.S. Department of Homeland Security, U.S. Department of Justice, U.S. Department of Defense, and the Office of the Director of National Intelligence.

**Recommendation 4:** We recommend that the Chief Information Officer complete a comprehensive CTIP user guide and make it available to all Department bureaus.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
10.29.2019	OIG-20-004, <i>Audit of the Department's Digital Accountability and Transparency Act of 2014 Submission for the First Quarter of FY 2019</i>	4	4	0

#### Objective(s)

The audit objectives were to assess the (1) completeness, accuracy, timeliness, and quality of the Department's FY 2019, first quarter financial and award data (Files A, B, C, D1, and D2) submitted for publication on USASpending.gov; and (2) Department's implementation and use of the government-wide financial data standards established by OMB and Treasury.

#### Finding(s)

For objective 1, we determined the Department submitted data of a higher quality. However, the Department did not submit certain data completely or accurately. Overall, for the 350 sampled transactions, we tested 15,087 individual data elements and identified 2,163 errors, which resulted in the following error rates: completeness 3.46 percent, accuracy 10.29 percent, and timeliness 0 percent. Of the 2,163 errors identified, 765 were attributable to the Department, which resulted in the following error rates: completeness 0.81 percent, accuracy 4.74 percent, and timeliness 0 percent. The remaining 1,398 exceptions were attributable to third parties external to the Department. For Objective 2, we determined that the Department implemented and used the government-wide financial data standards established by OMB and Treasury under the DATA Act.

#### Unimplemented Recommendation(s)

**Recommendation 1:** We recommend that Department management configure Grants Online to allow the modification number to properly interface with Financial Assistance Broker System.

**Recommendation 2:** We recommend that Department management evaluate the effectiveness of the automated logic test reports implemented in June 2019 to the Federal Procurement Data System-Next Generation data error checking system to determine if they are improving the quality of the DATA Act data elements, or if additional actions are needed.

**Recommendation 3:** We recommend that Department management configure Budget Accounting Purchase System to record the Parent Award ID Number associated with contracts.

**Recommendation 4:** We recommend that Department management evaluate the changes implemented in June 2019 to the contract writing system that maximize the number of data elements that are shared between the contract writing system and Federal Procurement Data System-Next Generation, to determine if they are improving the quality of the DATA Act data elements or if additional actions are needed.

11.12.2019	OIG-20-006, <i>NOAA's Office of Marine and Aviation Operations Needs to Improve the Planning and Governing of Its Ship Fleet Recapitalization Effort</i>	7	7	\$11,895,000 Funds to be Put to Better Use
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#### Objective(s)

Our objective was to determine whether NOAA OMAO performed effective acquisition planning for its construction of new ships.

#### Finding(s)

We found that (1) schedule slippages have delayed ship construction and increased costs; (2) NOAA's ship fleet acquisition planning was not effectively governed; and (3) OMAO did not provide adequate oversight of fleet recapitalization funds.

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

**Recommendation 1:** We recommend that the Director of NOAA Corps and OMAO develop a detailed contingency plan to reduce the risks associated with delays. The plan should address (a) capability and capacity gaps and (b) the cost of maintaining aging ships and utilizing alternatives. Potential monetary benefits: \$11,895,000 funds to be put to better use.

**Recommendation 2:** We recommend that the Director of NOAA Corps and OMAO establish a reporting mechanism to notify Congress and other key stakeholders proactively of significant updates or changes to the current fleet recapitalization plan.

**Recommendation 3:** We recommend that the Under Secretary of Commerce for Oceans and Atmosphere and Assistant Secretary of Commerce for Oceans and Atmosphere and Deputy NOAA Administrator develop a detailed plan of program governance, which (a) delineates how OMAO will comply with applicable acquisition requirements, (b) clearly defines roles and responsibilities, (c) identifies stakeholder communication needs, and (d) defines a formal evaluation, approval, and decision follow-up process.

**Recommendation 4:** We recommend the Under Secretary of Commerce for Oceans and Atmosphere and Assistant Secretary of Commerce for Oceans and Atmosphere and Deputy NOAA Administrator assign a qualified project officer and alternate that are both properly certified for the total program dollars and tasked with effectively monitoring all activities and deliverable progress (e.g., invoice review and approval) that are contained in each interagency agreement order.

**Recommendation 5:** We recommend that the under Secretary of Commerce for Oceans and Atmosphere and Assistant Secretary of Commerce for Oceans and Atmosphere and Deputy NOAA Administrator reinforce proper certification and training for the project officer and alternate.

**Recommendation 6:** We recommend that the Under Secretary of Commerce for Oceans and Atmosphere and Assistant Secretary of Commerce for Oceans and Atmosphere and Deputy NOAA Administrator provide a reconciliation report of the \$3,387,714 unsupported costs to OIG.

**Recommendation 7:** We recommend that the Director of NOAA Corps and OMAO create a centralized file maintaining all required documentation for all orders placed under the current interagency agreement between NOAA and the Navy for recapitalization of NOAA's ship fleet.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
11.12.2019	<b>OIG-20-007</b> , <i>Supplemental Memorandum on Report No. OIG-19-021-A, Audit of NOAA Financial Assistance Awards to the Gulf States Marine Fisheries Commission</i>	2	2	\$5,030,452 Questioned Costs

#### Objective(s)

The objective of our audit was to determine whether the Commission claimed costs that are allowable, allocable, and reasonable.

#### Finding(s)

We found that the Commission claimed \$5,030,452 in unallowable costs.

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

**Recommendation 1:** We recommend the Director of NOAA Grants Management Division recover the amount disallowed from the \$5,030,452 questioned costs in accordance with the audit resolution process outlined in DAO 213-5.

Potential monetary benefits: \$5,030,452 questioned costs.

**Recommendation 2:** We recommend the Director of NOAA Grants Management Division require the Commission to implement procedures to ensure access to adequate documentation to support subrecipient claimed costs and provide assurances of access to subrecipient personnel for audit purposes.

01.30.2020	<b>OIG-20-015</b> , <i>NTIA and FirstNet Should Improve Controls to Strengthen the Fee Collection Process</i>	3	3	0
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#### Objective(s)

Our objectives were to determine whether FirstNet's processes for setting, collecting, and managing fees, and NTIA's processes for reviewing and approving the fees, are consistent with legislative and contractual requirements.

#### Finding(s)

We found that (1) the NTIA and FirstNet *Fee Review SOP* is incomplete and (2) FirstNet received approximately \$830,000 in interagency services without a signed agreement.

#### Unimplemented Recommendation(s)

**Recommendation 1:** We recommend that the NTIA Assistant Secretary for Communications and Information develop comprehensive procedures for reviewing and reconciling FirstNet fee proposal data.

**Recommendation 2:** We recommend that the NTIA Assistant Secretary for Communications and Information coordinate with FirstNet's Office of the Chief Financial Officer to develop procedures for the transfer of funds out of the suspense account.

**Recommendation 3:** We recommend the FirstNet Chief Executive Officer coordinate with NIST and other appropriate parties to develop controls to ensure FirstNet and NIST meet the requirements of the Department's *Agreements Handbook*.

## TABLE 7-B. UNRESOLVED FY 2020 RECOMMENDATIONS FROM AUDIT, EVALUATION, AND INSPECTION REPORTS

Table 7-b includes audit, evaluation, and inspection reports with unresolved recommendations (i.e., OIG has not yet approved auditees' action plans). Either OIG is reviewing an action plan submitted, or the action plan is not due until after March 31, 2020.

The six reports listed have a total of 28 unresolved recommendations.

Summaries of these reports appear in pages 7–8, 11, 14–16, 19, and 30.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Reason	Potential Monetary Benefits of Unresolved Recommendations
01.27.2020	OIG-20-014, <i>EDA Should Develop a Workforce Plan and Improve its Hiring Accountability to Successfully Award and Administer the Disaster Supplemental Funds Appropriated by the Bipartisan Budget Act of 2018</i>	2	OIG Received Action Plan on 03.24.2020 and Issued Concurrence on 04.01.2020	0

### Unresolved Recommendation(s)

**Recommendation 1:** We recommend that EDA's Assistant Secretary of Commerce for Economic Development direct appropriate EDA staff to develop and implement a comprehensive workforce plan to (a) determine optimal staffing levels needed (both at headquarters and in the affected regions), and (b) identify any potential staffing shortfalls or gaps.

**Recommendation 2:** We recommend that EDA's Assistant Secretary of Commerce for Economic Development direct appropriate EDA staff to develop and implement specific accountability metrics, in conjunction with Human Capital Client Services as applicable, including (a) transparent milestones, which can be used to measure the actual progress of the JOAs throughout the hiring process, and (b) performance metrics and training guidelines to ensure EDA staff are fully trained on the JOA processing requirements.

01.30.2020	OIG-20-016, <i>2020 Census: Some Decennial Census Data Quality Assurance Methods Were Not Tested or Did Not Work as Intended During the 2018 End-to-End Census Test</i>	5	OIG Reviewing Action Plan	0
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### Unresolved Recommendation(s)

**Recommendation 1:** We recommend that the Census Bureau Director develop a strategy to immediately address quality assurance issues that may occur during the early stages of the self-response and NRFU operations.

**Recommendation 2:** We recommend that the Census Bureau Director determine the optimal time during NRFU to begin closeout procedures and ensure that systems support those procedures prior to the 2020 Census.

**Recommendation 3:** We recommend that the Census Bureau Director correct automated training system failures that occurred during the 2018 E2E Test and implement and monitor controls to ensure that field staff are qualified before working in the field.

**Recommendation 4:** We recommend that the Census Bureau Director monitor the resolution of alerts at a national level to identify whether alerts are (a) resolved timely and (b) functioning correctly during the operation.

**Recommendation 5:** We recommend that the Director of the U.S. Census Bureau develop a strategy to remedy alert issues and communicate appropriate procedures and instructions to field staff if monitoring efforts identify issues.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Reason	Potential Monetary Benefits of Unresolved Recommendations
02.11.2020	OIG-20-018, <i>Failures in the Department's Security Program Resulted in Exposure of Sensitive Trade Information to Unvetted Foreign Nationals</i>	12	Action Plan Due 04.11.2020	0

#### Unresolved Recommendation(s)

**Recommendation 1:** We recommend that the Deputy Secretary of Commerce ensure that the Office of the Chief Information Officer implements additional checks into contract policies and procedures to ensure all access to Department systems and data is properly vetted by OSY.

**Recommendation 2:** We recommend that the Deputy Secretary of Commerce ensure that the Office of the Chief Information Officer conducts a thorough review of the contractor and subcontractor access granted to all Department systems and ensures this access is limited and appropriate based upon the purpose of the system, data contained on the system, and the contractor's level of required duties.

**Recommendation 3:** We recommend that the Deputy Secretary of Commerce ensure that the Office of the Chief Information Officer establishes and implements a process that ensures the information system security officer(s) or other assigned system staff regularly validate that user access to Department systems is appropriate.

**Recommendation 4:** We recommend that the Deputy Secretary of Commerce ensure that the Office of the Chief Information Officer fully documents its rationale, based upon the outcome of the Department's investigation, for not reporting the exposure of sensitive data from the former Secretary's briefing book as a major incident, as defined by OMB guidance.

**Recommendation 5:** We recommend that the Deputy Secretary of Commerce ensure that OSY investigate the Department's mishandling of sensitive briefing book data in accordance with its security policies.

**Recommendation 6:** We recommend that the Deputy Secretary of Commerce ensure that the Office of the Chief Information Officer establishes and follows clear procedures when revoking access to Department systems, a process that should include the system owner, information system security officer, and contracting officer's representative, when appropriate.

**Recommendation 7:** We recommend that the Deputy Secretary of Commerce ensure that the Office of the Chief Information Officer reviews and revises incident response procedures so that appropriate communication protocols are established and enforced to ensure timely and accurate information sharing.

**Recommendation 8:** We recommend that the Deputy Secretary of Commerce ensure that the Office of the Chief Information Officer identifies staff with incident response and system recovery roles and ensure that they have regular training regarding their responsibilities, the role of Enterprise Security Operations Center, and the use of system backups.

**Recommendation 9:** We recommend that the Deputy Secretary of Commerce ensure that the Office of the Chief Information Officer includes an additional step to review the completed task when revoking system access, with a requirement for assignment of an individual responsible for ensuring all access has been removed.

**Recommendation 10:** We recommend that the Deputy Secretary of Commerce ensure that the Office of the Chief Information Officer reviews and revises the process used for system impact analysis to ensure that it is sufficiently rigorous and has adequate checks to ensure the process produces accurate results.

**Recommendation 11:** We recommend that the Deputy Secretary of Commerce ensure that the Office of the Chief Information Officer reassess all Office of the Secretary systems to ensure that the designated impact level analyses are accurate and appropriate to protect Department systems.

**Recommendation 12:** We recommend that the Deputy Secretary of Commerce ensure that the Office of the Chief Information Officer determines if any systems outside of Office of the Secretary produce data for the Secretary's briefing book and, if systems are identified, determines if these systems have accurate and appropriate system impact levels.

03.02.2020	OIG-20-019, <i>Lack of Defined Processes and Procedures Impede Efforts to Monitor End-Use Check Performance</i>	3	Action Plan Due 05.02.2020	0
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#### Unresolved Recommendation(s)

**Recommendation 1:** We recommend that the Under Secretary of Commerce for Industry and Security develop SOPs for staff responsible for selecting and reviewing EUCs to ensure that data are entered accurately, consistently, completely, and in a timely manner and EUCs are selected per targeting priorities.

**Recommendation 2:** We recommend that the Under Secretary of Commerce for Industry and Security develop a process that ensures that reasons for selecting EUCs align with the criteria and that the reasons are recorded consistently and accurately in the Investigative Management System Redesign.

**Recommendation 3:** We recommend that the Under Secretary of Commerce for Industry and Security develop a contingency plan to (a) conduct enhanced monitoring of certain export filings, should Automated Export System controls fail in the future, and (b) reinforce guidance for screening export transactions that used the Strategic Trade Authorization license exception whose consignees were associated with ineligible countries.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Reason	Potential Monetary Benefits of Unresolved Recommendations
03.24.2020	<b>OIG-20-021</b> , <i>The Joint Polar Satellite System: Program Can Increase the Likelihood of Mission Success by Further Applying NASA Processes to Its Spacecraft Development Efforts</i>	3	<b>Action Plan</b> <b>Due 05.24.2020</b>	0
<b>Unresolved Recommendation(s)</b>				
<b>Recommendation 1:</b> We recommend that the NOAA Assistant Administrator for Satellite and Information Services direct the Program to review Goddard Space Flight Center methodology for FPGA development and determine necessary actions to reduce the risk of its FPGA developments.				
<b>Recommendation 2:</b> We recommend that the NOAA Assistant Administrator for Satellite and Information Services direct the Program to determine the extent to which it can apply NASA software requirements and guidance to FPGA developments in order to reduce mission risk.				
<b>Recommendation 3:</b> We recommend that the NOAA Assistant Administrator for Satellite and Information Services direct the Program to determine the extent to which it can implement additional FPGA-level metrics that allow Program management to track the design according to NASA guidance.				
03.24.2020	<b>OIG-20-022</b> , <i>2020 Census: The Census Bureau's Oversight of Contractor Performance During the 2018 End-to-End Test's Census Questionnaire Assistance Operation Was Deficient in Some Areas and Did Not Implement Some Lessons Learned for the Operation</i>	3	<b>Action Plan</b> <b>Due 05.24.2020</b>	0

#### Unresolved Recommendation(s)

**Recommendation 1:** We recommend that the Director of the U.S. Census Bureau review and implement high-impact lessons learned from the 2017 Test and 2018 E2E Test prior to the 2020 CQA operation.

**Recommendation 2:** We recommend that the Director of the U.S. Census Bureau revise the award fee plan of the CQA contract to ensure compliance with the Federal Acquisition Regulation and OMB requirements to incentivize the contractor's performance.

**Recommendation 3:** We recommend that the Director of the Census Bureau develop a process to verify the accuracy of the contractor's daily operational reports.

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

There were 10 instances during this semiannual period of an operating unit within the Department taking longer than 60 days to provide an action plan that was approved by OIG and addressed the recommendations of a final report.

<b>Date Report Issued</b>	<b>OIG Report No. and Title</b>	<b>Date Action Plan Due</b>	<b>Date OIG Approved the Management Decision</b>	<b>Aggregate Potential Cost Savings Associated with Recommendations</b>
<b>06.19.2019</b>	<b>OIG-19-015, <i>The Census Bureau Must Correct Fundamental Cloud Security Deficiencies in Order to Better Safeguard the 2020 Decennial Census</i></b>	<b>08.19.2019</b>	<b>11.06.2019</b>	<b>0</b>
<b>Objective(s)</b>				
The objective of this audit was to determine the effectiveness of security processes and controls for select cloud-based IT systems supporting the 2020 Census.				
<b>Finding(s)</b>				
We found that (1) unsecured GovCloud root user keys caused severe risks to 2020 Census cloud environments, (2) unimplemented security baselines that document system settings and configurations left critical systems vulnerable, and (3) basic security practices were not fully implemented to protect Title 13 data hosted in the cloud.				
<b>08.12.2019</b>	<b>OIG-19-021, <i>Audit of NOAA Financial Assistance Awards to the Gulf States Marine Fisheries Commission</i></b>	<b>10.28.2019</b>	<b>12.03.2019</b>	<b>\$1,166,790 Questioned Costs</b>
<b>Objective(s)</b>				
The objectives of our audit were to determine whether the Gulf States Marine Fisheries Commission (1) claimed costs that are allowable, allocable, and reasonable; (2) complied with award terms and conditions as well as administrative requirements, cost principles, and audit requirements of federal awards; (3) met matching requirements using allowable funds and costs that are properly calculated and valued; and (4) achieved programmatic objectives for each award.				
<b>Finding(s)</b>				
We found that the Commission (1) claimed, along with its subrecipients, questioned costs totaling \$1,166,790; (2) did not follow contract procurement and program income requirements; and (3) cannot verify that it met matching requirements.				
<b>08.12.2019</b>	<b>OIG-19-022, <i>Geostationary Operational Environmental Satellite—R Series: Program Success Requires Added Attention to Oversight, Risk Management, Requirements, and the Life-Cycle Cost Estimate</i></b>	<b>10.11.2019</b>	<b>02.06.2020</b>	<b>\$284,440,445 Funds to be Put to Better Use</b>
<b>Objective(s)</b>				
Our primary objective was to assess the adequacy of the GOES-R program's satellite development and testing, and the transition of launched satellites into operations. Our second objective was to monitor the program's progress on contracting actions and changes to minimize cost increases.				
<b>Finding(s)</b>				
We found that (1) Advanced Baseline Imager issues highlight the need for increased oversight in technical, programmatic, and contractual areas; (2) GOES-R series magnetometers are less accurate than the previous series, revealing opportunity for NOAA to refine its threshold requirement; (3) the GOES-R program did not identify and manage risk to the availability of GOES-East and GOES-West orbital positions; and (4) ground system server replacement will increase the program's life-cycle cost and presents risk management challenges.				
<b>08.22.2019</b>	<b>OIG-19-023, <i>USPTO Did Not Provide Adequate Oversight of Monetary Awards to Ensure Patent Examiners Receive Accurate Payments</i></b>	<b>10.21.2019</b>	<b>11.07.2019</b>	<b>0</b>
<b>Objective(s)</b>				
Our audit objective was to determine whether USPTO monetary awards were (a) granted in compliance with the relevant award criteria and (b) sufficiently documented.				
<b>Finding(s)</b>				
We found that USPTO did not (1) have a standardized process to calculate award payments; (2) validate the addition or accuracy of examiner-related hours included in award calculations; and (3) provide adequate evidence to support award payments.				

Date Report Issued	OIG Report No. and Title	Date Action Plan Due	Date OIG Approved the Management Decision	Aggregate Potential Cost Savings Associated with Recommendations
09.30.2019	OIG-19-026, <i>The Department Needs to Improve Its Capability to Effectively Share Cyber Threat Information</i>	11.29.2019	12.05.2019	0
<b>Objective(s)</b>				
Our audit objective was to determine the capabilities and practices of the Department to carry out cybersecurity information sharing.				
<b>Finding(s)</b>				
We found that (1) the Department lacked an internal automated sharing capability; (2) the CTIP application was not accessible by all bureaus; and (3) the Department lacked adequate information sharing policies, procedures, and training.				
10.29.2019	OIG-20-004, <i>Audit of the Department's Digital Accountability and Transparency Act of 2014 Submission for the First Quarter of FY 2019</i>	12.30.2019	02.04.2020	0
<b>Objective(s)</b>				
The audit objectives were to assess the (1) completeness, accuracy, timeliness, and quality of the Department's FY 2019, first quarter financial and award data (Files A, B, C, D1, and D2) submitted for publication on USASpending.gov; and (2) Department's implementation and use of the government-wide financial data standards established by OMB and Treasury.				
<b>Finding(s)</b>				
For objective 1, we determined the Department submitted data of a higher quality. However, the Department did not submit certain data completely or accurately. Overall, for the 350 sampled transactions, we tested 15,087 individual data elements and identified 2,163 errors, which resulted in the following error rates: completeness 3.46 percent, accuracy 10.29 percent, and timeliness 0 percent. Of the 2,163 errors identified, 765 were attributable to the Department, which resulted in the following error rates: completeness 0.81 percent, accuracy 4.74 percent, and timeliness 0 percent. The remaining 1,398 exceptions were attributable to third parties external to the Department. For Objective 2, we determined that the Department implemented and used the government-wide financial data standards established by OMB and Treasury under the DATA Act.				
11.12.2019	OIG-20-006, <i>NOAA's Office of Marine and Aviation Operations Needs to Improve the Planning and Governing of Its Ship Fleet Recapitalization Efforts</i>	01.13.2020	03.23.2020	<b>\$11,895,000 Funds to be Put to Better Use</b>
<b>Objective(s)</b>				
Our objective was to determine whether NOAA OMAO performed effective acquisition planning for its construction of new ships.				
<b>Finding(s)</b>				
We found that (1) schedule slippages have delayed ship construction and increased costs; (2) NOAA's ship fleet acquisition planning was not effectively governed; and (3) OMAO did not provide adequate oversight of fleet recapitalization funds.				
11.12.2019	OIG-20-007, <i>Supplemental Memorandum on Report No. OIG-19-021-A, Audit of NOAA Financial Assistance Awards to the Gulf States Marine Fisheries Commission</i>	01.13.2020	02.05.2020	<b>\$5,030,452 Questioned Costs</b>
<b>Objective(s)</b>				
The objective of our audit was to determine whether the Commission claimed costs that are allowable, allocable, and reasonable.				
<b>Finding(s)</b>				
We found that the Commission claimed \$5,030,452 in unallowable costs.				

<b>Date Report Issued</b>	<b>OIG Report No. and Title</b>	<b>Date Action Plan Due</b>	<b>Date OIG Approved the Management Decision</b>	<b>Aggregate Potential Cost Savings Associated with Recommendations</b>
<b>01.27.2020</b>	<b>OIG-20-014</b> , <i>EDA Should Develop a Workforce Plan and Improve its Hiring Accountability to Successfully Award and Administer the Disaster Supplemental Funds Appropriated by the Bipartisan Budget Act of 2018</i>	<b>03.27.2020</b>	<b>Not Received as of 03.31.2020</b>	<b>0</b>

**Objective(s)**

Our audit objective was to determine whether EDA's workforce planning process for awarding and administering disaster supplemental funds was adequate and effective.

**Finding(s)**

We found that (1) EDA has not developed and implemented a comprehensive workforce plan to meet the current and future needs of the organization and (2) EDA's recruitment efforts are significantly behind its established milestones to ensure that EDA has adequate staff available to handle the increased workload.

<b>01.30.2020</b>	<b>OIG-20-016</b> , <i>2020 Census: Some Decennial Census Data Quality Assurance Methods Were Not Tested or Did Not Work as Intended During the 2018 End-to-End Census Test</i>	<b>03.30.2020</b>	<b>Not Received as of 03.31.2020</b>	<b>0</b>
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**Objective(s)**

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

**Finding(s)**

We found that (1) the Bureau has not fully tested some activities designed to ensure the quality of 2020 Census respondent data; (2) the Bureau's reengineered approach to NRFU closeout has not been adequately tested; (3) potentially unqualified field staff completed cases during NRFU; and (4) unresolved NRFU alerts may not help the Bureau maintain or improve the quality of decennial census data.

**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>19-0063</b>	In February 2020, our office closed an investigation into allegations involving a NIST chemist bringing contraband into a NIST laboratory and sexually harassing another employee. The allegations were substantiated by NIST police, who reported their findings to our office. The NIST chemist was removed from their management position and ceased all contact with the employee the NIST chemist was accused of sexually harassing. The NIST chemist retired prior to the closure of the investigation.

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

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**TABLE 9. DESCRIPTIONS OF INSTANCES OF WHISTLEBLOWER RETALIATION**

There were no instances of confirmed whistleblower retaliation during this semiannual period.

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

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

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

During this semiannual period, we issued four products and two pieces of correspondence that were not disclosed to the public.

Date	Product	Issued	Title	Narrative Description
10.17.2019	<i>Fiscal Year 2019 Federal Information Security Modernization Act Annual Report</i>			<p>To meet obligations under FISMA, we completed an audit of the Department of Commerce's FISMA compliance by assessing the effectiveness of the Department's information security program and practices. Specifically, we reviewed a representative subset of 12 IT systems from the Census Bureau, NIST, NOAA, and the Office of the Secretary to assess compliance with FISMA requirements.</p> <p>Our assessments found that for the five functional areas we reviewed (Identify, Protect, Detect, Respond, and Recover), the Department had defined most of the needed policy and procedures. However, we found that the Department did not consistently implement its IT security policies and procedures for any of the functional areas.</p>
11.04.2019	<i>Audit of Enterprise Services' Performance in Managing and Overseeing Select High-Dollar Contracts</i>			<p>On February 22, 2019, we initiated an audit of Enterprise Services' performance in managing and overseeing select high-dollar contracts. Our objective was to determine whether Enterprise Services effectively and efficiently managed contractor performance of select high-dollar contracts in accordance with federal regulations and Department policies.</p> <p>Based upon our review, we discussed our concerns with Bureau management, who responded to our concerns. Based on interviews with Departmental and Bureau personnel who confirmed ongoing issues with the Accenture contract, on November 4, 2019, we issued a memorandum to inform the Department that we had decided to terminate the audit of Enterprise Services' performance in managing and overseeing select high-dollar contracts—and we announced an audit of Enterprise Services' performance in managing and overseeing the Accenture contract DOCSSI30116BU0004 and subsequent call orders.</p>
12.10.2019	<i>Review of Information Technology Controls in Support of the Fiscal Year 2019 Department of Commerce Consolidated Financial Statement Audit</i>			<p>The Chief Financial Officers' Act (CFO Act) of 1990, as amended by the Government Management Reform Act of 1994, requires the preparation of annual audited financial statements covering all accounts and activities for the 24 federal departments and agencies, including the U.S. Department of Commerce, which is audited at the Department level.</p> <p>KPMG, an independent public accounting firm, performed this audit on our behalf to determine whether general IT controls were properly designed and operating effectively to support the Department's financial reporting. KPMG identified 23 findings and made 38 recommendations.</p>

Date Product Issued	Title	Narrative Description
<b>12.18.2019</b>	<i>Review of Information Technology Controls in Support of the Fiscal Year 2019 USPTO Financial Statement Audit</i>	<p>The CFO Act of 1990, as amended by the Government Management Reform Act of 1994, requires the preparation of annual audited financial statements covering all accounts and activities of each office, operating unit, and activity of 24 federal departments and agencies, including the U.S. Department of Commerce, which is audited at the Department level. In addition, USPTO prepares separate stand-alone financial statements covering its accounts and activities, which are audited at the USPTO level.</p> <p>KPMG, an independent public accounting firm, performed this audit on our behalf to determine whether general IT controls were properly designed and operating effectively to support USPTO's financial reporting. KPMG identified six findings and made seven recommendations.</p>
<b>03.11.2020</b>	<i>Audit of the U.S. Census Bureau's 2020 Census Performance and Scalability Test</i>	<p>On February 26, 2019, we initiated an audit of the Bureau's 2020 Census P&amp;S Test. Our objective was to determine whether the Bureau completed phases 1 through 4 in accordance with the 2020 Census P&amp;S Test plan phase requirements and schedule. To accomplish our objective, we interviewed Bureau officials and contractors to gain an understanding of test requirements and scheduling practices. Additionally, we reviewed the Bureau's contingency plans for decennial census systems.</p> <p>After this review and discussions with Bureau management, we concluded that further work on this audit is not needed at this time. On March 11, 2020, we issued a memorandum to inform the Bureau that we closed out this audit.</p>
<b>03.31.2020</b>	<i>The Census Bureau Has Not Adjudicated Hundreds of Individuals Identified as Highest-Risk in OPM Background Investigations</i>	<p>On March 31, 2020, we issued a memorandum to the Director of the Census Bureau regarding our concern about the Bureau's backlog of un-adjudicated OPM background investigations. During our evaluation of the Bureau's 2020 address canvassing operation—including the hiring of adequate staff who received timely background check processing—we were informed by the Department's OSY that more than 10,000 closed OPM investigations, dating back as far as October 2014, have not received post-employment adjudication. Of these, more than 700 of the individuals have been deemed the highest risk, and nearly 300 of these individuals were employed by the Bureau in FY 2019. By failing to adjudicate background investigations with potentially serious suitability issues, the Bureau increases the risk to the public, as well as Bureau systems and facilities.</p> <p>On February 19, 2020, we discussed with Bureau managers our results. This memorandum summarized the results of our work to date.</p>

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

<b>OIG Case No.</b>	<b>Narrative Description for Closed Cases of Investigations Involving Senior Government Employees Not Disclosed to Public</b>
<b>17-1383</b>	In November 2019, our office closed an investigation into allegations involving a USPTO official directing work to a family member to benefit their own financial interest. Our investigation did not uncover any evidence of criminal activity in connection with the complaint, and the case was closed without further action.

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# REPORTING REQUIREMENTS

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

SECTION	TOPIC	PAGE(S)
4(a)(2)	Review of Legislation and Regulations	73
5(a)(1)	Significant Problems, Abuses, and Deficiencies	4–33
5(a)(2)	Significant Recommendations for Corrective Action	4–33
5(a)(3)	Prior Significant Recommendations Unimplemented	73
5(a)(4)	Matters Referred to Prosecutorial Authorities	39
5(a)(5) and 6(c)(2)	Information or Assistance Refused	73
5(a)(6)	Listing of Audit Reports	43–45
5(a)(7)	Summary of Significant Reports	4–33
5(a)(8)	Audit Reports with Questioned Costs	42
5(a)(9)	Audit Reports with Funds to Be Put to Better Use	42
5(a)(10)	Prior Reports with Unimplemented and/or Unresolved Recommendations	46–62, 73
5(a)(11)	Significant Revised Management Decisions	74
5(a)(12)	Significant Management Decisions with Which OIG Disagreed	74
5(a)(14) and 5(a)(15)	Results of Peer Review	74
5(a)(16)	Peer Reviews Conducted by OIG	74
5(a)(17)	Investigative Reports Issued and Referrals for Criminal Prosecution	39
5(a)(18)	Description of Metrics Used for Determining the Data in 5(a)(17)	75
5(a)(19)	Reports on Investigations Concerning Senior Government Employees	66
5(a)(20)	Description of Whistleblower Retaliation Instances	67
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	68–71

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

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

This section requires the inspector general of each agency to review existing and proposed legislation and regulations relating to that agency's programs and operations. Based on this review, the inspector general is required to make recommendations concerning the impact of such legislation or regulations on (1) the economy and efficiency of the management of programs and operations administered or financed by the agency or (2) the prevention and detection of fraud and abuse in those programs and operations. Some of OIG's audits examine compliance with existing laws, regulations, and other legal requirements. OIG's reports of such audits describe findings and include recommendations on any action necessary to address such findings. OIG is also a participant in CIGIE and its regular review of legislative and regulatory items that affect the inspector general community at large and individual departments. Further, during this reporting period, OIG reviewed legislation and regulation—including, but not limited to—H.R. 4382, Integrity Committee Transparency Act of 2019; Public Law No. 116-117, The Payment Integrity Information Act of 2019; S. 2618, Bonuses for Cost-Cutters Act of 2019; and FAR Cases 2018-007 (Applicability of Inflation Adjustments of Acquisition-Related Thresholds), 2019-001 (Analysis for Equipment Acquisitions), 2019-008 (Small Business Program Amendments), 2019-009(p) (Prohibition on Contracting with Entities Using Certain Telecommunications and Video Surveillance Services or Equipment), 2019-14 (Strengthening America's Cybersecurity Workforce), 2019-016, Maximizing Use of American-Made Goods, Products, and Materials), 2019-019 (Update to Excess Personal Property Procedures), and 2020-001 (Revocation of Executive Order on Nondisplacement of Qualified Workers).

## **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, inspection, and evaluation 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, inspection, and/or evaluation 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, inspection, and evaluation 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. See table 7-c, "Reports for Which Management Took Longer Than 60 Days to Respond," for summaries of 10 instances during this semiannual period of an operating unit within the Department taking longer than 60 days to provide an action plan that addressed the recommendations of a final report (as required by DAO 213-5).

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

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

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

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

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

On March 15, 2018, our Office of Audit and Evaluation (OAE) received official notification of its peer review of its audit operations by the OIG for NASA. NASA OIG's System Review Report of our audit operations is available on our website. We received a *pass* rating, the highest available rating. We received three recommendations: (1) to update OIG's OAE Audit Directives of 2014 (Audit Directives 2014) to include GAGAS requirements for an annual analysis and summarization of results of OIG's monitoring process, and ensure that this update includes policies and procedure to address this requirement timely; (2) to provide additional guidance to ensure that audit teams consistently hold and document the results of meetings to discuss fraud risks and the procedures performed during fraud risk assessments; and (3) for supervisors to provide additional guidance to all OIG OAE staff to ensure that all audit file work papers are completed and reviewed prior to report issuance. We have implemented procedures for the first two recommendations and are in the process of updating all OAE policies—including implementing all of NASA OIG's recommendations for process and policy improvements. We anticipate issuing the revised policy by December 31, 2020.

On May 30, 2019, our OAE received official notification of its peer review of its inspection and evaluation operations by the OIGs of GSA and the Federal Deposit Insurance Corporation (FDIC), conducted in accordance with CIGIE Inspection and Evaluation Committee guidance. GSA-FDIC OIG assessed the extent to which our office met seven required *CIGIE Quality Standards for Inspection and Evaluation* standards. GSA-FDIC OIG determined that our policies and procedures generally met the seven standards. We received one recommendation for when we review and revise our *Audit Directives 2014*: the revision should include policies and procedures for safeguarding confidential information and ensuring that inspection and evaluation work is CIGIE Blue Book compliant prior to the reporting stage. We are in the process of updating all OAE policies, including implementing GSA-FDIC OIG's recommendation for process and policy improvements. We anticipate issuing the revised policy by December 31, 2020.

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

In November 2019, our Office of Investigations completed its peer review of investigative operations for the OIG of the U.S. Nuclear Regulatory Commission and Defense Nuclear Facilities Safety Board (NRC OIG). We found that NRC OIG's system of internal safeguards and management procedures for its investigative functions were in compliance with the quality standards established by CIGIE and the applicable Attorney General guidelines.

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

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

# ACRONYMS AND ABBREVIATIONS

<b>ACO</b>	area census office	<b>EUC</b>	end-use check
<b>BIS</b>	Bureau of Industry and Security	<b>EWS</b>	Enterprise Web Solutions
<b>BTOP</b>	Broadband Technology Opportunities Program	<b>FDIC</b>	Federal Deposit Insurance Corporation
<b>CFO Act</b>	Chief Financial Officers' Act of 1990	<b>FirstNet</b>	First Responder Network Authority
<b>Charge Card Act</b>	Government Charge Card Abuse Prevention Act of 2012	<b>FISMA</b>	Federal Information Security Modernization Act
<b>CHEC</b>	Census Hiring and Employment Checkr	<b>FPGA</b>	field programmable gate array
<b>CIGIE</b>	Council of the Inspectors General on Integrity and Efficiency	<b>FY</b>	fiscal year
<b>CPIC</b>	Capital Planning and Investment Control	<b>GAGAS</b>	Generally Accepted Government Auditing Standards
<b>CQA</b>	Census Questionnaire Assistance operation	<b>GOES</b>	Geostationary Operational Environmental Satellites
<b>CRB</b>	CPIC Review Board	<b>GSA</b>	General Services Administration
<b>CTIP</b>	Commerce Threat Intelligence Portal	<b>ID</b>	identification
<b>DAO</b>	Department Administrative Order	<b>IG Act</b>	Inspector General Act of 1978, as amended
<b>DAPPS</b>	Decennial Applicant Personnel and Payroll System	<b>IPS</b>	Intelligent Patent Services, LLC
<b>DATA Act</b>	Digital Accountability and Transparency Act of 2014	<b>IT</b>	information technology
<b>DOC</b>	U.S. Department of Commerce	<b>ITA</b>	International Trade Administration
<b>E2E Test</b>	2018 End-to-End Census Test	<b>JOA</b>	job opportunity announcement
<b>EDA</b>	U.S. Economic Development Administration	<b>JPSS</b>	Joint Polar Satellite System
		<b>MBDA</b>	Minority Business Development Agency
		<b>NASA</b>	National Aeronautics and Space Administration

<b>NC</b>	North Carolina	<b>PTE</b>	Patent Term Extension
<b>NESDIS</b>	National Environmental Satellite, Data, and Information Service	<b>RMPS</b>	Risk Management Program System
<b>NIST</b>	National Institute of Standards and Technology	<b>SAMMS</b>	Shipboard Automated Maintenance Management System
<b>NOAA</b>	National Oceanic and Atmospheric Administration	<b>SBIR</b>	Small Business Innovation Research
<b>NPSBN</b>	Nationwide Public Safety Broadband Network	<b>SOP</b>	standard operating procedure
<b>NRC OIG</b>	U.S. Nuclear Regulatory Commission and Defense Nuclear Facilities Safety Board	<b>TMNG</b>	Trademark Next Generation
<b>NRFU</b>	nonresponse followup	<b>Treasury</b>	U.S. Department of the Treasury
<b>NTIA</b>	National Telecommunications and Information Administration	<b>U.S.</b>	United States
<b>OAE</b>	Office of Audit and Evaluation	<b>U.S.C.</b>	United States Code
<b>OIG</b>	Office of Inspector General	<b>ULO</b>	unliquidated obligation
<b>OMAO</b>	Office of Marine and Aviation Operations	<b>US&amp;FCS</b>	U.S. & Foreign Commercial Service
<b>OMB</b>	Office of Management and Budget	<b>USAF</b>	U.S. Air Force
<b>OPM</b>	U.S. Office of Personnel Management	<b>USPTO</b>	U.S. Patent and Trademark Office
<b>OSY</b>	Office of Security	<b>VA</b>	U.S. Department of Veterans Affairs
<b>P&amp;S</b>	Performance and Scalability	<b>WCF</b>	working capital fund
<b>PCAPS</b>	Patent Capture and Application Processing System		
<b>PFO</b>	Polar Follow-On		
<b>PPE</b>	personal protective equipment		
<b>PTA</b>	Patent Term Adjustment		
<b>PTAB</b>	Patent Trial and Appeal Board		



# REPORT

# FRAUD & WASTE ABUSE



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