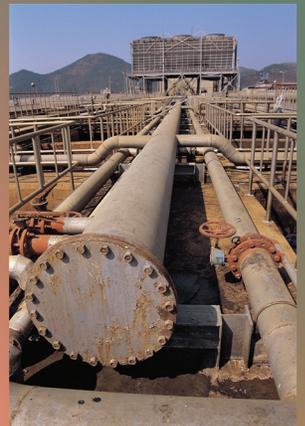


U.S. International Trade Commission

Inspector General Semiannual Report



April 1, 2012-September 30, 2012



Office of Inspector General

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

Commissioners

Irving A. Williamson, Chairman

Daniel R. Pearson

Shara L. Aranoff

Dean A. Pinkert

David S. Johanson

Meredith M. Broadbent

Chairman



UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, DC 20436

November 30, 2012

Message from the Chairman

In accordance with the Inspector General Act of 1978, as amended, 5 U.S.C. App. 3 (the IG Act), the U.S. International Trade Commission (USITC or Commission) hereby transmits the Semiannual Report of the USITC Inspector General for the period April 1, 2012 to September 30, 2012.

The Commission appreciates the work done by the Office of Inspector General in assuring the effectiveness, efficiency, and integrity of Commission programs and operations. Inspector General Philip M. Heneghan and his staff continue to provide invaluable assistance to the Commission. We look forward to continuing to work with Mr. Heneghan as we address the issues raised in his report.

The Inspector General's *Semiannual Report to Congress* identifies the top management and performance challenges in FY 2012 that require significant attention from the USITC. The Commission concurs with the critical challenges identified by the Inspector General. We continue our efforts to address these challenges to ensure that our internal operations are well managed, as evidenced by our receipt of unqualified audit opinions on the Commission's FY 2011 and FY 2012 financial statements. The corrective action plans we have in place will answer the challenges identified by the Inspector General, and we already have completed a number of these corrective actions.

The actions we are taking with respect to the Inspector General's identified broad management challenges on (1) internal control, (2) financial management, and (3) using information technology to improve staff productivity, are summarized in Part I of this message. Part II of this message addresses the status of specific corrective actions that were taken in response to Inspector General recommendations.

I. Addressing Management and Performance Challenges

A. Internal Control

The Commission takes its responsibility for establishing and maintaining an effective system of internal controls seriously. It has already taken or is in the process of taking a number of steps to ensure the Commission's control environment meets the Federal Managers' Financial Integrity Act's objectives of effective and efficient operations, reliable financial reporting, and compliance with laws and regulations.

In the financial management area, where control weaknesses were initially identified, the USITC has developed its first comprehensive accounting manual that establishes policies and procedures on how financial management transactions should be accounted for on a consistent basis. Moreover, the Commission made significant progress with respect to strengthening its ability to maintain an effective system of internal control when it hired an experienced Chief Financial Officer (CFO) who has recruited well-qualified people to assist him. The Commission recognizes the importance of proper agency-wide training on internal controls and the CFO's office has held training sessions across the Commission in order to enhance agency awareness on what proper internal controls are, why they are important, and how to ensure that they continue operating as designed.

Following initiatives begun last year, program managers have continued to document detailed procedures of their operations through process mapping, with the objective of gaining a better understanding of how they can carry out their mission more effectively and efficiently. The Commission is committed to a comprehensive program of documenting and improving its processes to ensure that daily tasks are performed in accordance with management's intentions.

As a result of the foregoing initiatives, the Commission has begun to change its culture as it relates to adherence to internal controls. The sustained commitment to systems of internal controls will help ensure that we are on the right track to accomplishing our goals.

B. Financial Management

The Commission recognizes that in order for managers to make well informed business decisions it needs a comprehensive financial management program that provides managers with a tailored view of financial data. Such a program must include systems that integrate and coordinate budget formulation, execution, and financial reporting. To move towards this capability, the Commission is upgrading the type and format of budget data available through current systems.

The development of a new financial management program, the formation of the Office of the Chief Financial Officer (OCFO), and the recruitment of highly qualified staff are steps the Commission has taken to ensure that all stakeholders are well informed of budget priorities and methodologies. These steps should help address the management challenge of transforming financial management from an accounting exercise to a process that provides

transparency and accountability in the formulation, execution, performance, and management of agency budgetary resources.

Through the establishment of the new Executive Management Council and its associated subcommittees, the Commission has established a cross-cutting management and communications system that will help ensure that all senior managers can effectively contribute toward setting agency-wide objectives, including those related to financial management. This new system has the benefit of better integrating agency-wide objectives, including those related to strategic and performance objectives, human capital planning, and financial management.

C. Using Information Technology to Improve Staff Productivity

Information technology is integral to the Commission's operations and the productivity of its staff. The Commission recognizes that more needs to be done in this area to support and improve staff productivity, and is committed to doing so. Staff frequently perform Commission work while off premises, and should be able to do so in the event that the primary data center becomes unavailable. The Chief Information Officer (CIO) has already taken steps to prepare for an alternate data center through virtualization and expanded bandwidth. In the coming Fiscal Year, the Commission will complete its work in support of the alternate data center and enhanced remote access capabilities.

II. Actions on Recommendations

A. Actions on Inspector General Recommendations Made in this Reporting Period

During this semiannual reporting period, the Inspector General issued four new reports that included a total of 23 new recommendations. The Commission issued management decisions on all 20 recommendations contained in the first three reports. As the fourth report was only issued in the last month of the reporting period and management decisions for corrective actions on the 3 recommendations in that report were not due until after the completion of the reporting period, management decisions were timely delivered in the first month of the subsequent period.

The Commission made management decisions for all recommendations made in prior periods, and completed final action on management decisions for two reports during this reporting period. The Commission remains focused on addressing and resolving all of its outstanding management decisions.

B. Actions on Recommendations Made from Prior Periods

- (1) The Report notes that the Commission has not yet completed final action as it relates to COOP planning. As referenced in 1.C above, the Commission plans to complete its work in support of the alternate data center and enhanced remote access capabilities in the coming Fiscal Year, as scheduled.

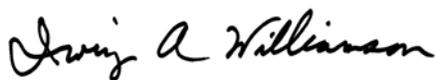
- (2) The Report notes that the Commission has not completed final action on a 2010 recommendation to bring its transit program into compliance with applicable laws and regulations. The Commission requested the Comptroller General of the United States to review its transit program. The decision, rendered on August 3, 2012, stated that the Commission's transit program would be in compliance with applicable laws and regulations if it were needed to avoid significant impairment to the Agency's operating efficiency. The Commission has temporarily continued its [subsidized] transit program in Fiscal Year 2013 while it collects information needed to render a decision on significant impairment. The Commission plans to make this determination by May 31, 2013.

- (3) The Report notes that the Commission has not completed final action on recommendations associated with the audit of accounts management. This audit called on OCIO to evaluate opportunities to reduce the number of authentication systems in use. This task remains in progress, but other significant IT infrastructure changes required to be put in place by the end of FY2012 increased the time required to effectively complete the accounts management task. Management decisions are expected to be completed in the first half of FY2013.

The statistical tables required under the IG Act are included as Appendix A to this report.

C. Actions on External Reviews

During the reporting period, the Commission made progress addressing recommendations from previous external reviews conducted by different oversight agencies. These included a review by the U.S. Equal Employment Opportunity Commission (EEOC) of the Commission's EEO program and a review by the Office of Personnel Management (OPM) of human capital management. During the reporting period the Commission completed final action on all the outstanding EEOC recommendations. This included an update to the USITC's anti-harassment/discrimination-free policy, a revision to the Agency's reasonable accommodations procedures for individuals with disabilities, and progress reports and analyses on trigger and barrier elements in the workplace. During the reporting period the Commission also continued to make progress carrying out the management decisions associated with the human capital management evaluation. This included work on a draft strategic human capital plan and an evaluation of USITC's training program. The training report is expected to be delivered in December 2012. During the reporting period the OPM notified the Commission of an upcoming human capital management evaluation set to begin in March of 2013. The Commission is currently preparing materials for the review.



Irving A. Williamson
Chairman



UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, DC 20436

October 31, 2012

OIG-KK-018

Commissioners:

Attached is the Semiannual Report summarizing the activities of the Office of Inspector General for the period April 1, 2012, to September 30, 2012.

During this period, we issued four reports and made 23 recommendations to promote the efficiency, effectiveness, and integrity of the Commission's operations. We also developed an annual plan that identified 14 potential areas for review in fiscal year 2013.

I would like to thank you for your commitment to strengthening the operations of the Commission and supporting the work of my office. During this reporting period, the Commission completed final action on 38 Inspector General recommendations and eight recommendations made by external oversight organizations.

Philip M. Heneghan
Inspector General

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Table 1: Reporting Requirements Index

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

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

Semiannual Report Requirements

The IG Act requires each Inspector General to prepare a Semiannual Report that summarizes the activities of the office. As such, this report covers the period from April 1, 2012, through September 30, 2012. The 17 requirements, shown in Table 1, are specified in the IG Act and must be included in the report. The layout of this Semiannual Report is described below.

This Semiannual Report starts with a description of the Management Challenges Report, OIG-MR-13-02, which identified the three most significant management challenges facing the Commission. It then summarizes the results of the four reports issued during this period, describes significant recommendations from prior reports where final action is not complete, and summarizes the hotline and investigation activities of the Inspector General. The next section provides a summary of the reviews conducted by external parties related to the Commission along with the status of recommendations issued. The last sections supply information on other reportable activities such as Congressional activity, participation in the Council on Inspectors General for Integrity and Efficiency, other compliance activities, and our Peer Review status. Additional tables at the end of the report detail statistics on Office of Inspector General reports and recommendations.

Top Management and Performance Challenges

The Inspector General is required by statute to identify the most significant management and performance challenges facing the Commission in the coming year. The Inspector General provided the Commission with a report, OIG-MR-13-02 on October 15, 2012. The report identified the challenges based on information learned from audit, evaluation,

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and inspection work, a general knowledge of the Commission's programs and activities, and input from management regarding challenges facing the agency and efforts the agency has taken to address them. The management and performance challenges identified by the Office of Inspector General include the three areas identified in Table 2.

Table 2: Management and Performance Challenges

Management and Performance Challenges
1. Internal Control
2. Financial Management
3. Using Information Technology to Improve Staff Productivity

1. Internal Control

The Commission's management is responsible for establishing and maintaining a system of internal controls that can ensure effective and efficient operations, reliable financial reporting, and compliance with laws and regulations. Recent reviews have identified issues associated with weak or in some cases non-existent internal controls. The most significant weaknesses identified were related to the *Federal Manager's Financial Integrity Act* and OMB Circular A-123, *Management's Responsibility for Internal Control*.

Although initially identified in the financial management area, the internal control weaknesses appear to be a systemic problem throughout the Commission. Given the Commission's long standing culture of undocumented and informal processes to complete daily tasks, it is likely to take a sustained level of commitment to improve overall levels of internal control. Documented and consistent processes and procedures are necessary to provide a reasonable level of assurance that offices are operating in an efficient and cost-effective manner.

The most significant challenge will be to manage the cultural changes associated with implementing new systems of internal control throughout the Commission. This will require first line supervisors to check, inspect, or review the work of subordinates to make sure the new procedures are being followed.

2. Financial Management

As a result of its disclaimer on the 2009 financial statements, the Commission recognized the importance of implementing corrective actions to address financial management

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deficiencies. Improvements resulted in a qualified opinion on the 2010 financial statements and an unqualified opinion on the 2011 financial statements. In addition, the Commission recently hired a Chief Financial Officer to oversee financial management activities of the Commission.

The Commission is responsible to ensure that managers have access to timely, reliable, and practical information to make informed decisions. The Commission does not have the systems required to integrate and coordinate budget formulation, execution, and financial reporting into a comprehensive financial management program that provides accountability for agency funds and provides essential data to managers for decision making purposes.

The Commission's budget formulation and execution process can provide better information on past execution to decision makers. This means that decisions impacting resource allocations for agency operations are made without sufficient input from key stakeholders who have the necessary information.

Budget formulation, budget execution, accounting, and financial reporting should be fully integrated and have processes that promote accountability. The lack of timely and practical financial reports deprive managers of information needed to effectively monitor the expenditure of funds, evaluate program performance, and make informed financial decisions on their programs and operations.

The management challenge will be to transform the current approach to financial management from an accounting exercise to a process that provides for accountability in the formulation, execution, performance, and management of agency budgetary resources.

3. Using Information Technology to Improve Staff Productivity

Knowledge workers require a stable, productive information technology platform to efficiently and effectively perform their work. Skilled staff are expected to perform their mission whether on or off premises, and the platform supporting their work should be resilient enough to allow work to continue even in the absence of the primary data center.

The CIO has taken steps to prepare for an alternate data center through virtualization and expanded bandwidth. However, the complexity introduced with virtualization and difficulties encountered with the bandwidth upgrade must be understood and addressed to ensure that the alternate data center can function as intended.

Temporary outages such as full fileservers have negatively impacted staff working locally, and a remote access platform inconsistent with the desktop experience has

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lowered the productivity of Commission staff working offsite. To improve productivity, the Commission should prioritize the appropriate skills and resources in the right areas to ensure that both basic and enhanced services work well and contribute to a stable, consistent environment to effectively serve its staff regardless of their location, or the situation at the primary data center.

Inspector General Reports Issued During this Period

The Inspector General issued four reports with a total of 23 recommendations during this reporting period. The Commission made management decisions on 20 recommendations in three reports, and the Inspector General agreed with all the management decisions. Management decisions on the remaining recommendations from the fourth report were not due until after this reporting period had closed.

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

Table 3: Reports by Subject Matter

Reports by Subject Matter				
Subject Matter	Report Number	Report Title	Date Issued	Number of Recommendations
Operations	OIG-ER-12-08	Evaluation of Modifications to the Harmonized Tariff Schedule	06/13/2012	8
Operations	OIG-ER-12-09	Evaluation on Controlling Confidential Business Information and Business Proprietary Information	06/20/2012	6
IT Security	OIG-AR-12-10	Audit of Software Licensing	08/16/2012	6
Operations	OIG-ER-12-11	Evaluation of the Trade Remedy Office	09/12/2012	3
Total Recommendations Issued During This Reporting Period				23
<i>NOTE: There were no questioned costs, unsupported costs or funds identified that could be put to better use in any of these reports.</i>				

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The title, key findings, and summary information of each of the reports are provided as follows.

Audit of Software Licensing, OIG-AR-12-10

RESULT: The audit determined that the Commission was not paying for all installed software.

We performed an audit of software and the associated licensing agreements installed on the network to determine if the Commission had paid for all applications installed on the network. We collected and analyzed information describing the software installed on the network, and compared this to the Commission's proof of licensing for these products. We found that the Commission did not have a complete record of all software installed on its network.

We also found that the Commission did not always clearly understand the terms of its license agreements, as a result they did not comply with the license terms for some of its installed software. Until the Commission knows the software licensing obligations for applications on its network, it cannot ensure that it is paying for all installed software.

We issued six recommendations to address the problems identified with the Commission's software licensing obligations for applications installed on its network. The Chairman agreed with the findings and made management decisions to implement the recommendations.

Evaluation of Modifications to the Harmonized Tariff Schedule, OIG-ER-12-08

RESULT: The evaluation found that the Commission did not accurately reflect changes to the Harmonized Tariff Schedule of the United States in a timely manner.

We reviewed four documents that prompted 423 changes to the Harmonized Tariff Schedule to determine if the modifications had been completed correctly and provided to the public on or before the effective date. Of the 423 modifications evaluated, we identified 45 substantive errors and other typographical errors. We identified two problem areas associated with the inaccurate modifications to the Harmonized Tariff Schedule and two problem areas related to the integrity and transparency of Harmonized Tariff Schedule information provided through the public website. These problem areas are listed below:

- 1) The Commission did not have a documented standard procedure for making changes to the Harmonized Tariff Schedule.
- 2) The Commission did not have a documented supervisory review process for changes made to the Harmonized Tariff Schedule.

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- 3) The Commission did not track corrections made to the Harmonized Tariff Schedule.
- 4) The Commission presented inconsistent versions of the Harmonized Tariff Schedule on the Commission's website.

We issued eight recommendations to address the problem areas identified in the evaluation report. The Chairman concurred with our assessment and made management decisions to implement all of the recommendations. The Commission completed action on five of the eight recommendations during this reporting period.

Evaluation on Controlling Confidential Business Information and Business Proprietary Information, OIG-ER-12-09

RESULT: The evaluation determined that the Commission did not effectively control the use and retention of Confidential Business Information and Business Proprietary Information at the end of investigations and proceeding.

The Commission's Electronic Document Information System (EDIS) is the repository for all documents filed in relation to an investigation or proceeding conducted by the Commission. This evaluation was limited to nonrecord CBI/BPI documents maintained outside of EDIS.

We evaluated the Commission's policies, procedures, and practices for controlling the use and retention of CBI/BPI at the end of investigations and proceedings. We found:

- The Commission's policies were outdated and incomplete;
- Individuals maintained CBI/BPI indefinitely as a routine practice as a matter of convenience and preference; and
- Individuals had not been adequately trained to handle, control, and destroy nonrecord copies of CBI/BPI.

We identified two problem areas and issued six recommendations. The Chairman agreed with our assessment, acknowledged the problem areas and developed management decisions to address the recommendations.

Evaluation of the Trade Remedy Assistance Office, OIG-ER-12-11

RESULT: The evaluation determined that the Trade Remedy Assistance Office was fulfilling its statutory duties under 19 USC 1339.

We evaluated the operations of the Trade Remedy Assistance Office to determine if the Commission was fulfilling its statutory duties under 19 USC 1339. The Trade Remedy

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Assistance Office is unique among agencies administering trade laws in that it is a statutorily mandated office, whose purpose is to provide information on trade remedies to the public and assistance to small businesses seeking trade remedies.

We reviewed regulations, interviewed staff, and surveyed individuals that had used the Trade Remedy Assistance Office. We found that the Commission provided information and assistance consistent with the requirements under the statute.

We determined that the Commission had been fulfilling its duties under the statute and identified two areas for improvement. We issued three recommendations to address the areas for improvement. The Chairman agreed with the findings of the report and was in the process of developing management decisions to address the recommendations at the time the reporting period closed.

Significant Recommendations from Prior Periods

The Inspector General identified recommendations from prior periods as significant. The recommendations are associated with disaster planning, testing major applications, and having an alternate processing facility. They are significant because the Commission may be unable to restore core business functions or minimize the disruption of services if an event were to occur. A listing that identifies these recommendations along with the report number is provided in Table 4.

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Hotline and Investigations

Investigations and Inquiries – Overview

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

The Inspector General reviews and analyzes all complaints received to determine the appropriate course of action. In instances where it is determined that something less than a full investigation is appropriate, the Inspector General may conduct a preliminary inquiry into the allegation. If the information obtained during the inquiry indicates that a full investigation is warranted, the Inspector General will commence an investigation of the allegation.

OIG Hotline Contacts

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

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

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

Investigations and Inquiries

The Inspector General did not have any investigation or inquiry activity to report during this reporting period.

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External Reviews Completed During this Period

The Commission did not have any external reviews completed during this reporting period.

Status of Actions Related to External Reviews Completed During Prior Periods

U.S. Equal Employment Opportunity Commission – EEO Program Review

The Equal Employment Opportunity Commission (EEOC) performed an evaluation of the Commission's progress towards becoming a model Equal Employment Opportunity (EEO) workplace. The evaluation measured whether the Commission meets the six essential elements of a model EEO program, as defined by Title VII of the Civil Rights Act of 1964, and Section 501 of the Rehabilitation Act of 1973, as amended.

The final report was issued on December 15, 2010, and contained 11 recommendations to improve five of the six essential elements of a model EEO program. The report also acknowledged that the Commission had attained maximum efficiency in Element 5, regarding the ability to resolve most workplace issues through informal methods.

The Commission has developed management decisions to address the recommendations. In the prior reporting period, the Commission had completed final action on three of the recommendations. During this reporting period the Commission completed final action on all eight of the remaining recommendations.

Office of Personnel Management – Human Resources Review

The Office of Personnel Management completed an external review of the Commission's human resource program on August 26, 2009. The purpose of the review was to evaluate the human capital program at the Commission. This evaluation resulted in 83 recommendations made to the Commission to ensure compliance with laws and to strengthen the management and administration of the Commission's human capital program.

The Commission made management decisions to implement all of the recommendations and in prior reporting periods completed final action on 73 of the recommendations. The Commission did not take final action on any of the remaining 10 management decisions

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during this reporting period, but has instituted plans to implement them in the subsequent reporting period.

Congressional Activities

The Inspector General responded to two congressional inquiries this reporting period. The first inquiry was from the Ranking Member of the House Committee on Finance, and the Ranking Member of the Senate Committee on Homeland Security and Governmental Affairs, Permanent Subcommittee on Investigations. They were seeking information on the status of the Commission's open and unimplemented recommendations. We first provided this information in March of 2010, and it has since become an annual data call to the Inspector General community.

The second request was received from the Chairman and Ranking Minority Member of the Committee on Oversight and Government Reform. They were requesting information on the use of seven-day letters, a description of serious or flagrant problems that were not reported to Congress, and to obtain my office's understanding of section 4 (a) (5) of the IG Act.

Council on Inspectors General for Integrity and Efficiency Activities

The Inspector General has actively participated in meetings and supported the efforts of the Council on Inspectors General for Integrity and Efficiency (CIGIE).

The Office of the Inspector General staff have volunteered to serve as members on various working groups and committees that address cross-cutting issues such as, knowledge management, cloud computing, investigations, cyber security, new media, small agencies concerns, and legislative issues.

Federal Financial Management Improvement Act Reporting

The IG Act and the Federal Financial Management Improvement Act of 1996 (FFMIA) require the Inspectors General of certain agencies to report "instances and reasons" when the agency has not met intermediate target dates established in a remediation plan to

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bring the agency's financial management system into substantial compliance with the FFMIA. The Commission is not subject to the FFMIA; however, it voluntarily seeks to comply with most of its requirements. During this reporting period, there were no events giving rise to a duty to report under FFMIA.

Peer Review

The last peer review of the Office of Inspector General was for the period ending September 30, 2009, and the report was issued on May 27, 2010. All recommendations made during the review were implemented by September 16, 2010. The full report is posted on our web site.

The peer review schedule is set by the CIGIE. The next audit peer review will cover the period through September 2012. In addition, my office is scheduled to perform an audit peer review of another Agency that will cover fiscal year 2013.

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

Prior Significant Recommendations Where Corrective Action Has Not Been Completed	
Report Number	Recommendation
OIG-AR-04-05	Ensure major applications and general support system contingency plans are updated and tested in accordance with NIST SP-800-34 guidelines.
OIG-AR-04-05	With respect to each mission-critical application and general support system, determine if an alternate processing facility is necessary and identify the respective facility. At this alternate facility, contingency plans should be tested and arrangements made for its use in the event of a major interruption or disaster.

Table 5: Reports with Questions and Unsupported Costs

Reports with Questioned and Unsupported Costs Section 5(a)8			
Description	Number of Reports	Questioned Costs	Unsupported Costs
Reports for which no management decision has been made by the commencement of the reporting period.	0	\$0	\$0
Reports issued during the reporting period.	4	\$0	\$0
Subtotals		\$0	\$0
Reports for which a management decision was made during the reporting period.	3	\$0	\$0
• Dollar value of disallowed costs.	0	\$0	\$0
• Dollar value of allowed costs.	0	\$0	\$0
Reports for which no management decision has been made by the end of the reporting period.	1 ¹	\$0	\$0

¹ Management decisions were received in response to three of the four reports issued during this reporting period; management decisions on report number OIG-ER-12-11 were not due until after the reporting period had closed.

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

Reports with Recommendations that Funds be Put to Better Use Section 5(a)9		
Description	Number of Reports	Funds Put to Better Use
Reports for which no management decision has been made by the commencement of the reporting period.	0	\$0
Reports issued during the reporting period.	4	\$0
Subtotals		\$0
Reports for which a management decision was made during the reporting period.	3	
<ul style="list-style-type: none"> • Dollar value of recommendations agreed to by management. 		\$0
<ul style="list-style-type: none"> • Dollar value of recommendations not agreed to by management 		\$0
Reports for which no management decision has been made by the end of the reporting period.	1 ²	\$0
Subtotals		\$0

² Management decisions were received in response to three of the four reports issued during this reporting period; management decisions on report number OIG-ER-12-11 were not due until after the reporting period had closed.

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

Reports With Final Action Completed During this Reporting Period					
Reports Issued This Reporting Period					
Report Title	# of Recs.	Mgt. Decisions	Final Action Complete in Prior Periods	Final Action Complete This Period	
Totals	0	0	0	0	
Prior Reporting Periods					
Report Title	# of Recs.	Mgt. Decisions	Final Action Complete in Prior Periods	Final Action Complete This Period	
1	Audit of Incident Management, OIG-AR-11-16	8	8	1	7
2	Audit of Patch Management, OIG-AR-11-17	4	4	1	3
Totals	12	12	2	10	

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Table 8: Status of Reports Issued Without Final Action

Status of Reports Issued Without Final Action						
This Reporting Period						
	Report Title	# of Recs.	Mgt. Decisions	Decisions IG Disagrees With	Final Action Complete	Final Action Not Complete
1	Evaluation of Modifications to HTS, OIG-ER-12-08	8	8	0	5	3
2	Evaluation of Controlling CBI/BPI, OIG-ER-12-09	6	6	0	0	6
3	Audit of Software Licensing, OIG-AR-12-10	6	6	0	0	6
4	Evaluation of TRAO, OIG-ER-12-11	3	0	0	0	3
Subtotal Current Period		23	20	0	5	18
Prior Reporting Periods						
	Report Title	# of Recs.	Mgt. Decisions	Final Action Complete Prior Periods	Final Action Complete This Period	Final Action Not Complete
1	FISMA FY 2004 Performance Audit, OIG-AR-04-05	14	14	12	0	2
2	Compliance with Laws and Regulations, OIG-AR-11-04	2	2	1	0	1
3	Audit of Account Management, OIG-AR-11-11	8	8	5	1	2
4	Inspection of Physical Security, OIG-SP-11-12	22	22	0	8	14
5	Audit of Continuous Monitoring, OIG-AR-11-15	4	4	0	3	1
6	Report on Internal Control for FY 2011, OIG-AR-12-03	12	12	2	4	6
7	Management Letter for FY 2011 Financial Statement Audit, OIG-ML-12-05	3	3	1	1	1
8	Audit of Title VII Preliminary Process, OIG-AR-12-06	2	2	0	1	1
9	Evaluation of Employee Out-Processing Program, OIG-ER-12-07	11	11	0	5	6
Subtotal Prior Period		78	78	21	23	34

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Appendix A

Appendix A: Chairman's Statistical Tables

Table A: Reports with Disallowed Costs

Total Number of Reports and the Dollar Value of Disallowed Costs		
Description	Number of Reports	Dollar Value of Disallowed Costs
Reports issued during the period.	4	\$0
Reports for which final action had not been taken by the commencement of the reporting period.	11	\$0
Reports on which management decisions were made during the reporting period.	3	\$0
Reports for which final action was taken during the reporting period.	2	\$0
<ul style="list-style-type: none"> • Dollar value of disallowed costs, recovered by management. 		\$0
<ul style="list-style-type: none"> • Dollar value of disallowed costs written off by management. 		\$0
Reports for which no final action has been taken by the end of the reporting period.	13	\$0

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

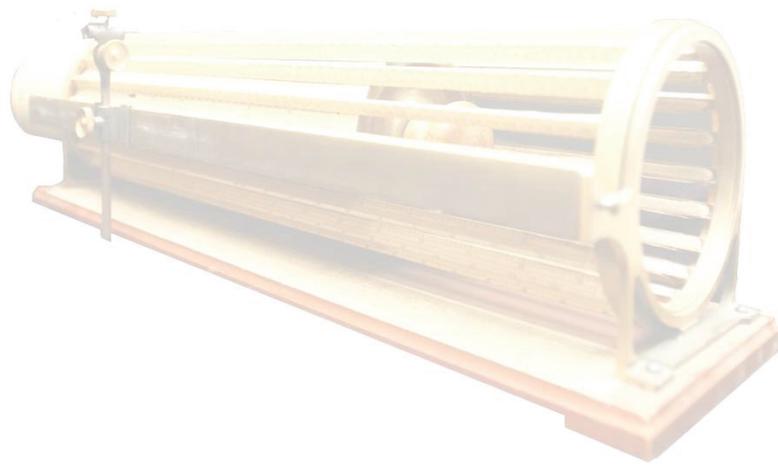
Reports with Recommendations that Funds be Put to Better Use		
Description	Number of Reports	Funds Put to Better Use
Reports for which final action had not been taken by the commencement of the reporting period.	11	\$0
Reports on which management decisions were made during the reporting period.	3	\$0
Reports for which final action was taken during the reporting period including:	2	\$0
<ul style="list-style-type: none"> • Dollar value of recommendations that were actually completed. 		\$0
<ul style="list-style-type: none"> • Dollar value of recommendations that management has subsequently concluded should not or could not be completed. 		\$0
Reports for which no final action has been taken by the end of the reporting period.	13	\$0

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Appendix A

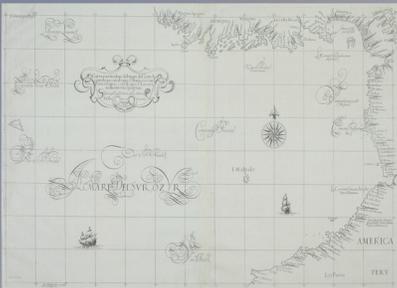
Table C: Prior Year Management Decisions Without Final Action

Prior Year Audit Reports On Which Management Decisions Have Been Made but Final Action has Not Been Taken				
Audit Report	Date Issued	Disallowed Costs	Funds Put to Better Use	Reason Final Action has Not Been Taken
OIG-AR-04-05	09/27/2005	\$0	\$0	Provided in Section II.B(1) of the Chairman's Letter
OIG-AR-11-04	11/10/2010	\$0	\$0	Provided in Section II.B(2) of the Chairman's Letter
OIG-AR-11-11	06/29/2011	\$0	\$0	Provided in Section II.B(3) of the Chairman's Letter



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

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