



UNITED STATES
INTERNATIONAL
TRADE COMMISSION

IG

USITC Office of the Inspector General
**Semiannual
Report**

October 1, 2001-March 31, 2002

April 2002

STATUTORY AND ADMINISTRATIVE RESPONSIBILITIES

The Inspector General Act of 1978 (Public Law 95-452), as amended, sets forth specific requirements for semiannual reports to be made to the Chairman for transmittal to the Congress. A selection of other statutory and administrative reporting and enforcement responsibilities and authorities of the Office of Inspector General (OIG) are listed below:

OIG AUDIT AND MANAGEMENT REVIEW

Public Law (P.L.) 97-255		Federal Managers' Financial Integrity Act of 1982
P.L.	1041-34	Debt Collection Improvement Act of 1996
P.L.	101-576	Chief Financial Officers Act of 1990
P.L.	102-486	Energy Policy Act of 1992
P.L.	103-62	Government Performance and Results Act of 1993
P.L.	103-355	Federal Acquisition Streamlining Act of 1994
P.L.	103-356	Government Management Reform Act of 1994
P.L.	104-106	Information Technology Management Reform Act of 1996
P.L.	104-208	Federal Financial Management Improvement Act of 1996
General Accounting Office Government Auditing Standards		

CRIMINAL AND CIVIL INVESTIGATIVE AUTHORITIES

Title 5	United States Code, section 552a
Title 18	United States Code, sections on crime and criminal procedures as they pertain to OIG's oversight of departmental programs and employee misconduct
Title 31	United States Code, section 3729 et seq., the False Claims Act



UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, D.C. 20436

May 31, 2002

Inspector General's Message

It is an honor to transmit to the Commission and the Congress the Semiannual Report of the U.S. International Trade Commission Office of Inspector General (OIG) for the period from October 1, 2001 through March 31, 2002.

Since coming to the Commission last July, I have directed the OIG's resources to:

- effect positive change and reduce vulnerabilities in the Commission's programs and operations;
- produce a positive return on invested resources; and
- fulfill the needs of the Commission and its stakeholders.

During the past 6 months, the Office of Inspector General has reviewed mission critical activities such as the Commission's Research Program and essential human resources programs such as the Family-Friendly Workplace Program. We also have investigated inappropriate activities such as Government Travel Card abuse.

I have assembled a highly experienced team, and we look forward to working constructively with the Commission to further our common goal of ensuring the effectiveness, efficiency, and integrity of the Commission's contribution to the development and implementation of sound and informed U.S. trade policy.

A handwritten signature in black ink, appearing to read "Kenneth F. Clarke".

Kenneth F. Clarke
Inspector General

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COMMISSION'S TOP MANAGEMENT CHALLENGES

The “Top Management Challenges” facing the International Trade Commission (Commission/ITC) as identified by the Office of Inspector General (OIG)—as well as recent OIG activities relating to each challenge—are discussed below. Through audits, inspections and other assistance, the OIG has been helping the Commission to address these challenges.

Information Security

The information that the Commission processes and generates is a valuable asset that management must protect from loss, misuse, unauthorized access or modification. The challenge the Commission faces in providing such protection is how to apply adequate resources to ensure sufficient information security. Although much of this information is in electronic form, it resides in a variety of hardware platforms and software applications, accessible through various communications links. At present, the Commission’s data could be susceptible both to physical and electronic threats.

Congress enacted the Government Information Security Reform Act (GISRA) in 2000 to help federal organizations protect government information resources. GISRA provides that agencies centralize information security management under their Chief Information Officers (CIO). The need for centralized information security management results, in part, from the highly interconnected nature of modern information systems. While in the process of establishing its own CIO office, the Commission has appointed both an acting CIO and an Information Security Officer to coordinate the information security program.

Another important provision of GISRA is that agency Inspectors General conduct an annual independent evaluation of their agency’s information security program and practices. This evaluation is to include appropriate tests of information security controls and an assessment of agency compliance with GISRA requirements and related information security policies, procedures, standards and guidelines. Accordingly, we conducted a comprehensive audit of the Commission’s information security program, summarized on page 13. We plan to further evaluate selected aspects of the Commission’s information security program in fiscal year (FY) 2002. In addition, the OIG has met weekly with the acting CIO and the Information Security Officer to monitor progress implementing planned information security improvements.

COMMISSION'S TOP MANAGEMENT CHALLENGES—*Continued*

Human Capital

Human capital is the Commission's largest resource, with salaries and personnel benefits representing 71 percent of the budget. The Commission maintains an expert staff of professional international trade and nomenclature analysts, investigators, attorneys, economists, computer specialists and administrative support personnel. All employees are located at 500 E Street, SW, Washington, DC 20436. At the end of FY 2002, the Commission employed a total of 368 permanent employees.

The Commission faces a continuing challenge in matching its workforce to its workload. The Commission's unique mission and functions as well as external factors make workload forecasting difficult. For example, by the beginning of FY 2002, the Commission had completed three of the busiest years in its history, primarily due to the need to conduct sunset reviews on all outstanding Antidumping and Countervailing Duty orders. As mandated by the Uruguay Round Agreements Act (URAA), the Commission was required to review 309 orders, some dating from the 1960s, eventually consolidated on the basis of product coverage into 105 grouped investigations. The URAA provided a 3-year transition period to conduct these initial reviews, known as transition reviews, beginning July 1998 and ending July 2001. During this 3-year transition period, the average annual number of completed import injury investigations rose to 54 per year—a 157 percent increase over the prior 3-year period (FY 1996-1998). The Commission managed the increased transition workload through a combination of internal temporary reassignments and term appointments but without additions to permanent staff.

Half of the transition orders remain in place and will have to be reviewed again beginning in FY 2004. Now a permanent part of the Commission's workload, there will be at least 5 to 10 groups of orders reviewed every year, in addition to new Antidumping and Countervailing Duty filings. Similarly, the Commission has experienced a significant increase in complaints under section 337 of the Tariff Act of 1930, Investigations of Unfair Practices in Import Trade. The complaints require additional intellectual property-based import investigations, most frequently involving allegations of patent or trademark infringement.

COMMISSION'S TOP MANAGEMENT CHALLENGES—*Continued*

Whether the Commission's workload continues to increase or not, it faces a workforce challenge common to most federal entities: retirement eligibility. We found that by 2005, nearly one third of the Commission's workforce—including half of its supervisors—will be eligible for regular retirement. The Commission, possibly faced with losing its most experienced employees, will be challenged to preserve workforce knowledge and skills.

If there is a positive aspect to the retirement eligibility dilemma, it is that the Commission has a near term opportunity for management realignment. The Commission could streamline management by not replacing some retiring supervisors. Since much of the Commission's investigative and research work is being done by multi-disciplinary teams from various offices, these offices could be realigned from hierarchical to team structures. Another possibility is to realign offices to better reflect the Commission's five strategic operations.

Following up on its earlier Inspection report, "Self-Assessment of the Commission's Human Capital," the OIG completed an inspection finding that the Commission has made good progress in implementing Family-Friendly Workplace programs (see page 15). Such programs help the Commission remain competitive in hiring.

Performance Based Management

The Commission is committed to performance-based management as embodied in the Government Performance and Results Act (GPRA). The challenge for the Commission has been to go beyond performance-based management as an element of high level planning to performance-based management as an actual day-to-day management culture that is interwoven into all aspects of the Commission's operations. This requires not only a clear, understandable definition of the Commission's strategic goals and objectives, but also their translation into supporting goals and objectives for individual offices and individual employees. Once this translation has occurred, there is a need for continuous measurement and evaluation of performance at all levels to assess progress toward goal attainment and to adjust allocation of resources as necessary.

The Commission has made progress in meeting this challenge. Beginning in FY 2000, the Commission implemented a budget structure that allowed nearly all activity costs to be allocated among its five strategic operations. This has enabled the Commission to readily identify and control the resources allocated to the various strategic operations. Also, during the recent audit of the Research Program, the Commission modified its time and attendance management system by adding labor codes to capture time by certain projects,



COMMISSION'S TOP MANAGEMENT CHALLENGES—Continued

and employees were directed to record their time accordingly. With this modification, data can be extracted to go into a labor code database for management's use. The Commission can continue to improve management effectiveness through greater automation and integration of its budget, procurement, asset management, and other financial management processes.

Redesigning Business Processes

Like other federal entities, the Commission is challenged to redesign its business processes to take advantage of modern information technology and management techniques. Many of the Commission's processes are still largely paper-centric. Redesigning these processes to allow more automation and electronic processing can lead to significant improvements in economy and efficiency. Proactive processes, designed to incorporate improved planning methodology, can lead to a workforce that is both more productive and more responsive to customer needs.

The Commission submitted its plan for implementing the Government Paperwork Elimination Act to the Office of Management and Budget (OMB) at the end of FY 2000. Based on a review of all significant transactions between the Commission and the public, the plan set goals for providing options by the end of FY 2003 for those wishing to conduct business with the Commission electronically. The plan may be accessed by Internet at <http://www.usitc.gov/webabout.htm>.

Additionally, the Commission recently agreed to make improvements in its Research Program as a result of an OIG audit. The knowledge and skills developed by the Commission's staff through the Research Program are used to support the Commission's other operations and provide immediate assistance to the Congress and the executive branch on trade issues. While the Commission established a plan for the Research Program that contained strategic goals, general strategies and critical success indicators, the OIG audit found that improvements were needed to identify and prioritize future projects while ensuring resources are effectively used. The OIG made three recommendations to strengthen the Research Program and the actions listed by management met the recommendations' intent (see page 10).



COMMISSION'S TOP MANAGEMENT CHALLENGES—*Continued*

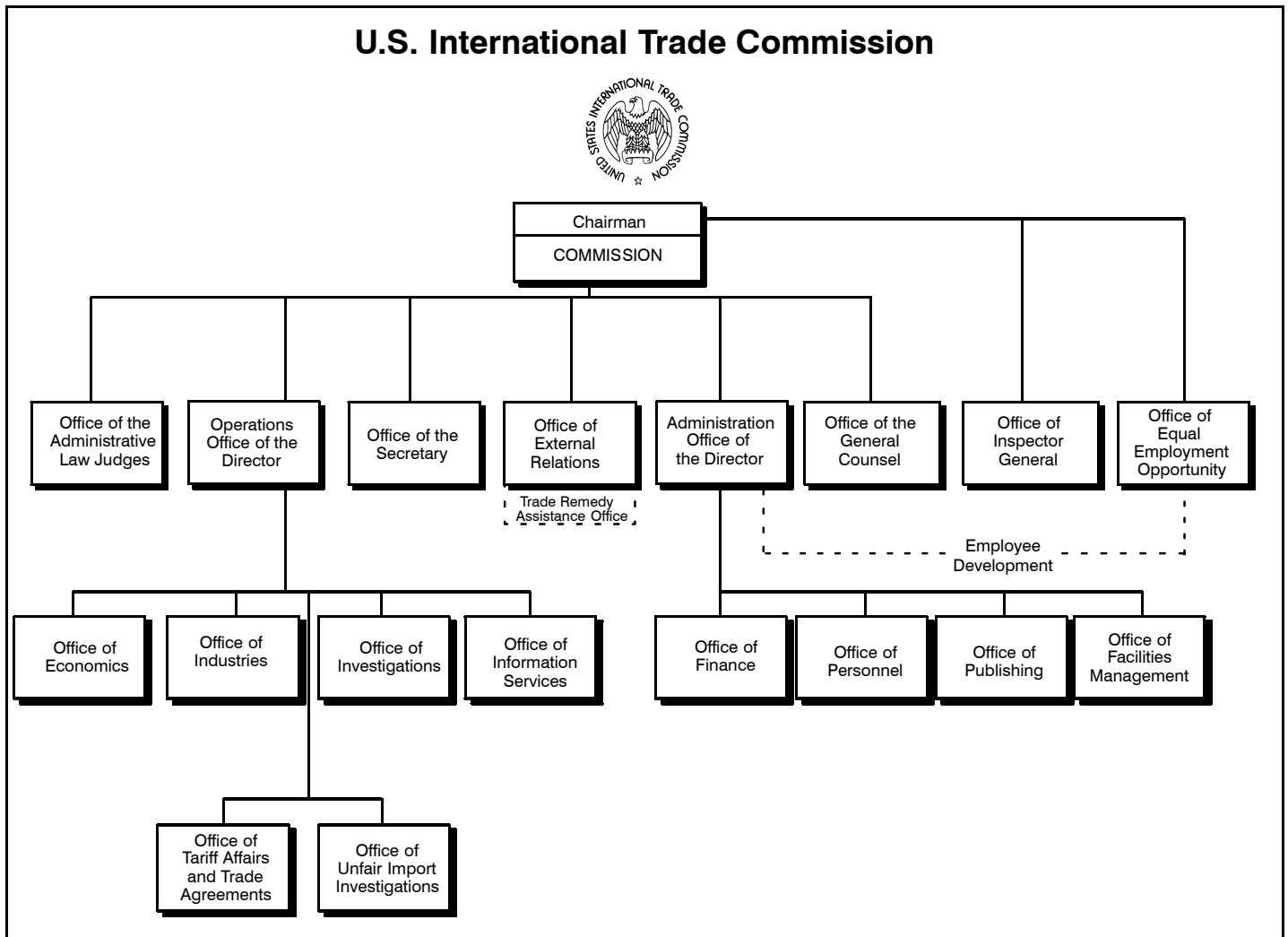
Information Resources Management

Rapidly evolving information technology, particularly in networking and telecommunications, presents the Commission with opportunities for modernizing its information and management systems. Further automating the Commission's business processes should promote greater economy and efficiency while freeing human capital for more effective planning, evaluation and research. Likewise, the application of modern web-based information architectures can enhance the way the Commission interacts with its customers and the public.

The Commission's challenge is to coordinate within its offices and activities a shared vision to constantly improve its business systems by applying modern information technology. Such leadership can assure that information technology is just as applicable to customer relations management as it is to back-office administrative processes, like accounting, to which it has traditionally been applied.

The Congress has recognized the priority of information technology in government through legislation such as the Clinger-Cohen Act of 1996. In response to an OIG audit recommendation, the Commission has taken steps to appoint a Chief Information Officer (CIO) including appointment of an acting CIO.

COMMISSION'S ORGANIZATIONAL STRUCTURE



Budget Committee

Authority: Adm. Order 00-06, dated 7/26/00

Directives Review Committee

Authority: CO71-U-004, dated 7/11/97

Document Imaging Oversight Committee (DIOC)

Authority: Adm. Order 96-06, dated 3/15/96

Executive Resources Board (ERB)

Authority: Adm. Order 00-07, dated 8/22/00

Incentive Awards Committee (IAC)

Authority: Adm. Order 92-27, dated 7/2/92 and Adm. Order 97-02, dated 10/15/96

Information Resources Management Steering Committee (IRMSC)

Authority: Adm. Order 00-08, dated 8/25/00

Labor-Management Occupational Safety and Health Committee

Authority: Adm. Order 01-10, dated 5/1/01

Labor-Management Partnership Council

Authority: Adm. Order 02-05, dated 2/13/02

Strategic Planning Committee (SPC)

Authority: Adm. Order 02-08, dated 5/3/02

COMMISSION PROFILE

<http://www.usitc.gov>

The Commission is an independent, nonpartisan, quasi-judicial federal agency established by Congress to provide trade expertise to both the legislative and executive branches of government. Its mission is to: administer U.S. trade remedy laws within its mandate in a fair and objective manner; provide the President, United States Trade Representative (USTR) and the Congress with independent, quality analysis, information, and support on matters of tariffs and international trade and competitiveness; and maintain the Harmonized Tariff Schedule of the U.S. In so doing, the Commission serves the public by implementing U.S. law and contributing to the development and implementation of sound and informed U.S. trade policy. Major Commission activities include:

- Import Injury Investigations**—The Commission makes determinations in a variety of import injury investigations, primarily antidumping and countervailing duty investigations concerning the effects of unfairly traded imports on a U.S. industry.
- Intellectual Property–Based Investigations**—The Commission adjudicates complaints brought by domestic industries under section 337 of the Tariff Act of 1930 that allege infringement of U.S. intellectual property rights and other unfair methods of competition by imported goods.
- Research**—The Commission’s research program consists of its probable economic effects investigations under section 131 of the Tariff Act of 1930; analysis of trade and competitiveness issues under section 332; and independent assessments on a wide range of emerging trade issues.
- Trade Information Services**—The Commission’s trade information services include such activities as trade remedy assistance; library services; legislative reports; maintenance of the Harmonized Tariff Schedule; Schedule XX; U.S. Schedule of Services Commitments under the General Agreement on Tariffs and Trade/World Trade Organization; preparation of U.S. submissions to the Integrated Database of the World Trade Organization; and certain other information gathering, processing, and dissemination activities.
- Trade Policy Support**—The Commission supports the formulation of U.S. trade policy, providing objective input to both the Executive Branch and the Congress on the basis of the distinctive expertise of its staff.

COMMISSION PROFILE—*Continued*

The Commission has six Commissioners, appointed by the President and confirmed by the Senate, who serve one term of 9 years, unless appointed to fill an unexpired term. No more than three Commissioners may be of the same political party. The Chairman and Vice Chairman are designated by the President and serve a 2-year statutory term. The Chairman is responsible, within statutory limits, for the administrative functions of the Commission.

During this reporting period, Commissioner Dennis M. Devaney's appointment ended on December 20, 2001. Mr. Devaney had been appointed to the Commission by former President Clinton in January 2001 for the period that expired at the end of the first session of the 107th Congress. The current Commissioners are Stephen Koplan, Deanna Tanner Okun, Lynn M. Bragg, Marcia E. Miller, and Jennifer A. Hillman. The current Chairman is Stephen Koplan and the current Vice Chairman is Deanna Tanner Okun.

In FY 2002, the Commission had \$52.7 million in available funds (\$51.44 million appropriation) and a staffing plan for 395.5 permanent positions and 7.7 term/temporary positions. All employees are located in one building at 500 E Street, SW, Washington, DC.



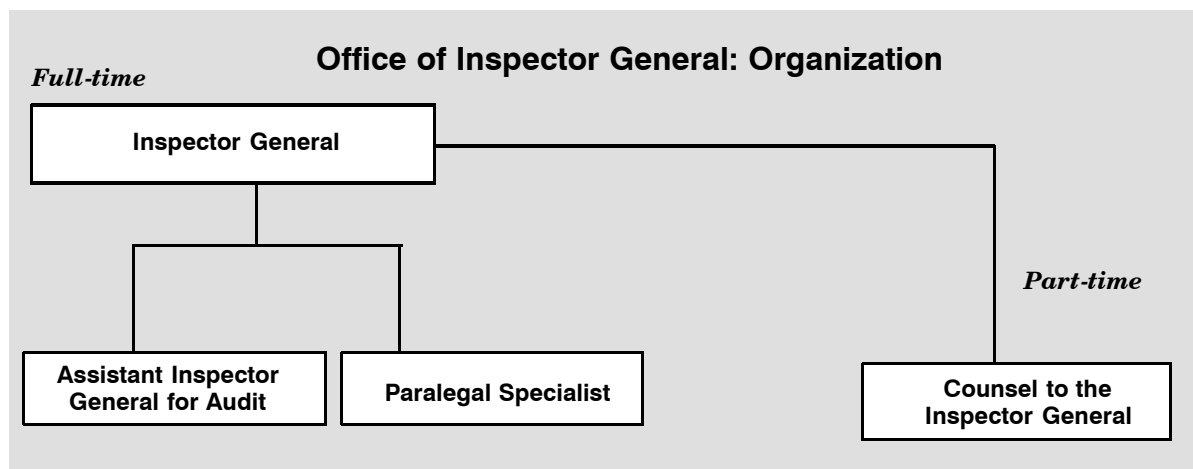
U.S. International Trade Commission

THE OFFICE OF INSPECTOR GENERAL

<http://www.usitc.gov/oig>

The Commission established the OIG pursuant to the 1988 amendments to the Inspector General Act. The Inspector General reports directly to the Chairman. The Inspector General is responsible for directing and carrying out audits, investigations, and inspections relating to Commission programs and operations. The Inspector General also comments and provides recommendations on proposed legislation, regulations, and procedures as to their economy, efficiency and effectiveness.

As shown in the organizational chart, the OIG had three full-time positions and one part-time position in FY 2002.



For FY 2002, the OIG was allocated 3.5 staff years. This provided for three full-time (Inspector General, Assistant Inspector General for Audit, and Paralegal Specialist) and one part-time (Counsel to the Inspector General) positions. During this semiannual period two new employees were hired. The Commission also allocated \$100,000 for OIG contracted audit and review services for FY 2002.

Jean Smith joined the OIG staff on October 9, 2002, as Assistant Inspector General for Audits.



Jennifer Hepler joined the OIG staff on October 9, 2002, as Counsel to the Inspector General.



AUDITS

Audit Report List

We issued one audit report during this period:

- OIG-AR-01-02, Planning Process for the Commission's Research Program** (see page 10)

Generally, the Commission made progress in implementing pending actions recommended in four reports from our last semiannual report:

- OIG-AR-02-01, Evaluation of the USITC's Information Security Program** (see page 13)
- OIG-AR-05-00, Evaluation of USITC's Records Management** (see page 13)
- OIG-AR-01-01, Evaluation of the Commission's Implementation of E-FOIA** (see page 14)
- OIG-AR-01-00, Review of the Commission's Information Resources Management Function** (see page 14)

Summary of Significant Audits

Planning Process for the Commission's Research Program, OIG-AR-01-02 (March 29 2002) <http://www.usitc.gov/oig/OIG-AR-01-02.pdf>

An OIG evaluation of the planning process for the Research Program revealed that customers were generally satisfied with the Commission's research reports, but improvements were needed to identify and prioritize future projects while ensuring resources are effectively used.

The Commission provides independent assessments on a wide range of emerging trade matters. These studies include:

- Trade-related investigations or reports requested by the President, the Congress, the House Committee on Ways and Means, the Senate Committee on Finance or either branch of the Congress, under the authority of Section 332 of the Tariff Act of 1930.
- Probable economic effect investigations at the request of the President, under the authority of Section 131 of the Trade Act of 1974.

AUDITS—*Continued*

The knowledge and skills developed by the Commission's staff through the Research Program are used to support the Commission's other operations and provide immediate assistance to the Congress and the executive branch on trade issues. This operation accounts for approximately 36.1 percent of the Commission's budgetary resources and 38.6 percent of the Commission's work year.

In 1995, the Commission developed its first strategic plan as called for in the Government Performance and Results Act of 1993 (Results Act). The Commission's strategic plan includes a mission statement, a vision statement and the goals and objectives for all of its five operations. The Research Program's goals and objectives section includes strategic goals, general strategies and critical success indicators that will be used to accomplish its program goals. However, the OIG audit found that improvements were needed to identify and prioritize future Research Program projects while ensuring resources are effectively used. Furthermore, areas the Commission may consider taking action to further satisfy its customers are the analysis and subject selection process. Customers believed analysis was not always unique or groundbreaking, and they used other sources of information. Additionally, customers would like to have the Commission issue reports on other suggested subjects.

We made three recommendations to strengthen the planning process—

1. Include an internal and external solicitation of proposed projects for the annual plan, a rationale for the proposed project, and identification of resources needed for the project. A schedule should be prepared identifying the ongoing projects and newly selected projects in priority order.
2. Add a performance indicator that can be linked to the budget, actual costs and management challenges, such as the need to be flexible and respond rapidly to conduct unanticipated projects. This performance indicator should supply sufficient and reliable data to support program management and budgeting of the Research Program.
3. Direct staff to record their time by project, including customer assistance, and ensure that the time and attendance system captures the data necessary for planning, accountability, and performance measurement to measure efficiency and cost effectiveness.



AUDITS—*Continued*

The actions listed in response to the above met the intent of the recommendations. Although management did not agree to add an indicator in the Research Program's Performance Plan, the planned actions to address the third recommendation will allow management to compare estimated costs approved by the Commission with actual project costs and a quarterly report on independent research projects. This data will assist in the support of program management and budgeting.

AUDIT FOLLOW-UP

During this reporting period, the Commission made progress in completing pending actions on three audits from our last semiannual report. However, pending actions remain open on recommendations reported in the previous semiannual report for the following three audits at the end of the reporting period:

Evaluation of the USITC's Information Security Program, OIG-AR-02-01 (September 10, 2001) <http://www.usitc.gov/oig/OIG-AR-02-01.pdf>

This audit resulted in 19 recommendations, all of which were agreed to by management. One recommendation has been implemented. Also, in accordance with GISRA, the Commission provided a detailed plan of action to the Office of Management and Budget on October 31, 2001 which addressed our recommendations. Our recommendations for improving the Commission's Information Security Program were intended to:

- Require development and implementation of a comprehensive entity-wide information security plan that includes all ITC support systems and major applications.
- Bring ITC into conformance with GISRA, OMB Circular A-130, and other applicable information security guidance.
- Resolve identified weaknesses in the Commission's information security plans, policies, procedures and controls.

Evaluation of USITC's Records Management, OIG-AR-05-00 (March 7, 2001) <http://www.usitc.gov/oig/OIG-AR-05-00.pdf>

This audit resulted in 22 recommendations, all of which were agreed to by management. As of April 1, 2002, 18 recommendations had been implemented. The Commission has been working with NARA; however, the remaining four recommendations have not been implemented:

- Review permanent records to verify classification.
- Seek NARA approval for a modified SF 115.
- Seek NARA approval for electronic records storage.
- Identify records scanned by EDIS so they can be disposed.



AUDIT FOLLOW-UP— *Continued*

Evaluation of the Commission’s Implementation of E-FOIA, OIG-AR-01-01 (March 20, 2001) <http://www.usitc.gov/oig/OIG-AR-01-01.pdf>

This audit resulted in five recommendations, all of which were agreed to by management, but two have not yet been implemented:

- Develop a procedure for receiving E-FOIA requests electronically.
- Amend 19 CFR 201.17-21 to emphasize FOIA affirmative access provisions.

Review of the Commission’s Information Resources Management Function, OIG-AR-01-00 (September 29, 2000) <http://www.usitc.gov/oig/OIG-AR-01-00.pdf>

This audit resulted in six recommendations for improving the Commission’s Information Resources Management (IRM). Management agreed to these recommendations, but four have not yet been fully implemented. A summary of the recommendations not yet implemented is as follows:

- Place existing IRM-related offices under the direction of the CIO.
- Strengthen the IRM Committee.
- Improve the management of the Commission’s IRM personnel.
- Improve information security planning.

The Commission has requested that the Office of Personnel Management (OPM) authorize a new Senior Executive Service (SES) position, which will be used for the CIO. Once the SES position is approved, the Chairman believes that filling it will not be a problem. In the interim, the Chairman appointed an acting CIO. Completion of the first three actions listed above awaits the OPM response to the Commission’s request. In addition, the Commission has revised and reissued its directive on information security and issued a new handbook on information security. However, the Commission has not yet completed revision of its information security plan.



INSPECTIONS

Inspection Report List

During this period one inspection report was issued.

Assessment of the Commission's Family-Friendly Programs, OIG-IR-06-01 (March 27, 2002) <http://www.usitc.gov/oig/OIG-IR-06-01.pdf>

The OIG assessed the Commission's family-friendly programs — those programs promoted by the Office of Personnel Management's Office of Family-Friendly Advocacy — in terms of their compliance with statutory and executive level guidance and whether they meet the needs of Commission employees. Seventy-seven percent of employees responding to our survey said that the Commission is “a family-friendly place to work.” Although the Commission's success is commendable, employee survey results and our inspection identified opportunities for the Commission to further enhance family-friendly programs. The Commission has implemented all programs considered mandatory for federal employees except Parent and Elder Care Support Groups. The Commission has implemented all programs considered voluntary except (1) a Voluntary Leave Bank, (2) an On-Site Childcare Center, (3) Low Income Childcare Tuition, and (4) Student Loan Repayment.

In light of these findings we suggested that the Commission:

1. Conduct periodic, comprehensive surveys of its employees to determine their needs and preferences for the total spectrum of family-friendly programs listed in Table 1 of the inspection report;
2. Analyze the total benefits of family-friendly programs to both the Commission and its employees;
3. Use the results of these surveys and benefits analyses to determine whether to institute new family-friendly programs or curtail or terminate existing programs that may not meet the needs of its employees;
4. Establish a policy for on-site support groups;
5. Initiate a program for assisting employees in hard-to-retain series with student loan repayments in exchange for a commitment to a fixed period of service; and
6. Consider the need, if any, for a childcare subsidy program.

INVESTIGATIONS

The OIG investigates possible violations of laws, rules, and regulations, mismanagement, abuse of authority, and waste of funds. These investigations are in response to allegations, complaints, and information received from employees, other government agencies, contractors, and other concerned individuals. The objective of this program is to ensure the integrity of the Commission and assure individuals fair, impartial, and independent investigations.

Summary of Investigative Activity

A summary of investigative activity is presented below.

During this reporting period, four cases were initiated and two remain open. These cases involved alleged conflict of interest, a computer hacking, inappropriate use of Government travel cards, and alleged privacy act violations.

Case Workload		Referrals Processed		Investigative Results	
Open (10/01/01)	1	Received	4	Referrals for Prosecution	0
Initiated	4	Referred to Commission	0	Referrals Declined for Prosecution	1
Closed	3	Referred to other Federal Agencies	1	Administrative Action	1
Open (3/31/02)	2	Evaluated but No Investigation Initiated	0		

Conflict of Interest

The Department of Justice declined to prosecute a former employee for possible conflict of interest while previously employed by the Commission. Because the employee left the Commission and was no longer in federal service, the Chairman sent the employee a private letter of reprimand.



Inappropriate Use of Government Travel Card

An agency employee used the Citicorp Government Travel Card issued to the employee to charge \$2,349.14 for travel, merchandise, gas, entertainment tickets, etc. All of the charges were for personal use, as the employee had not traveled on official government business. The travel card was canceled for nonpayment. After meeting with the Chairman and Inspector General, the employee paid the balance. Because the employee left the Commission and was no longer in federal service, the Chairman sent the employee a private letter of reprimand.

Computer Hacking

An external server was hacked and an electronic referral was sent to the Internet Fraud Complaint Center at the Federal Bureau of Investigations.



OTHER ACTIVITIES

Regulatory Review

The Inspector General Act, 5 U.S.C. Appendix, Section 4(a)(2), requires the OIG to review existing and proposed legislation and regulations and to make recommendations concerning the impact of such legislation or regulations on the economy and efficiency of programs and operations administered by the Commission.

The OIG evaluates the impact that new or revised procedures will have on the economy and efficiency of programs and operations. The OIG reviewed and commented on draft internal directives on mission and functions statements for the Office of Operations, Administration, Facilities Management, and Finance, and the records management program. The OIG reviewed and commented on a Notice of Proposed Rulemaking and Notice Seeking Public Comment on the Electronic Filing Procedures Handbook, a Notice of Interim Rulemaking concerning China safeguard investigations, and a Notice announcing availability of public information.

Management Assistance

Government Information Security Reform Act

The OIG provided the Chairman with a memorandum in response to his request for an analysis of the agency head's obligations under the Government Information Security Reform Act ("GISRA," P.L. 106-398, Title X, October 30, 2000) and Office of Management and Budget guidance for implementing GISRA. In response to the memorandum, the Chairman appointed an acting Chief Information Officer (CIO) to oversee agency compliance with GISRA. The OIG participates in weekly meetings with the acting CIO and an Office of Information Systems representative to monitor accomplishments of the strategy and action plan required by GISRA.

OTHER ACTIVITIES—*Continued*

Electronic Document Information System Replacement (EDIS-II)

In early January, the Assistant Inspector General for Audit met with the Secretary of the Commission to discuss the development of performance measures for an automated system – Electronic Document Information System Replacement (EDIS-II). The Assistant Inspector General provided the Secretary with guidance on creating performance measures, and pointed out key areas that should be considered to benefit the Commission. For example, data collection and analysis capabilities that provide performance data must be assessable, reliable, and collected in the least burdensome manner. Additionally, the ability to make adjustments must be present to recognize unusual activity due to the needs of a particular case.

Research Planning

In February, the Inspector General briefed the Director of Operations on a strategy and methodology to facilitate planning research projects on an annual basis.

General Accounting Office (GAO)

The Inspector General Act states that each Inspector General shall give particular regard to the activities of the Comptroller General of the United States with a view toward avoiding duplication and ensuring effective coordination and cooperation.

During this period, the GAO issued three reports related to international trade:

- Defense Trade: Lessons to Be Learned from the Country Export Exemption. GAO-02-63 March 29, 2002.
- International Trade: Significant Challenges Remain in Deterring Trade in Conflict Diamonds. GAO-02-425T February 13, 2002.
- North American Free Trade Agreement: Coordinated Operational Plan Needed to Ensure Mexican Trucks' Compliance With U.S. Standards. GAO-02-238 December 21, 2001.

These reports included no recommendations for the Commission.

OTHER ACTIVITIES—*Continued*

Liaison Activities

The Inspector General is a member of the Executive Council on Integrity and Efficiency (ECIE), which consists primarily of the Inspectors General at the 34 designated federal entities. The ECIE was established by Executive Order on May 11, 1992 and consists of Designated Federal Entity Inspectors General and representatives of the Office of Government Ethics, the Office of Special Counsel, the Federal Bureau of Investigation and the Office of Management and Budget.

The Inspector General also participates in activities sponsored by the President's Council on Integrity and Efficiency (PCIE), which consists primarily of the Presidentially-appointed Inspectors General. The ECIE and PCIE have identical functions and responsibilities to promote integrity and efficiency and to detect and prevent fraud, waste, and abuse in federal programs.

The Inspector General became a member of the PCIE ECIE Human Resources Committee and identified opportunities for the community to cooperate and coordinate its training plans. He became a Certified Myers Briggs Type Instrument ® (MBTI) Professional and facilitated a team building workshop using the MBTI for multiple Offices of Inspector General at Ft. Belvoir, Virginia.

The Counsel to the Inspector General is a member of the Inter-agency Ethics Council; she also provided a monthly report to the Council on Federal Court cases involving ethics issues. In addition, the OIG responded to a Department of Justice request regarding subpoena authority. Questions about the OIG's subpoena scope of authority, enforcement mechanisms, notifications, privacy protections, issuance standards, qualifiers, procedures, law enforcement needs, benefits, authorities, frequency of use, recommendations and suggested improvements were answered in a table format.

Legislative Liaison Activities

On October 19, 2001, we responded to a request by Senator Charles Grassley (R- Iowa) for information on our prior audits of government travel card and purchase card abuse. We also began an audit of travel card controls.

REPORTING REQUIREMENTS INDEX

The Inspector General Act of 1978, as amended (1988), specifies reporting requirements for semiannual reports.

CITATION	REPORTING REQUIREMENTS	PAGE
Section 4(a)(2)	Recommendations concerning the impact of such legislation or regulations on the economy and efficiency in the administration of programs and operations administered or financed by the Commission	18-20
Section 5(a)(1)	Description of significant problems, abuses, and deficiencies relating to the administration of programs and operations	None
Section 5(a)(2)	Description of the recommendations for corrective action made with respect to significant problems, abuses, or deficiencies	None
Section 5(a)(3)	Identification of each significant recommendation described in previous semiannual reports on which corrective action has not been completed	13-14
Section 5(a)(4)	Summary of matters referred to prosecutive authorities and the prosecutions and convictions which have resulted	16
Section 5(a)(5)	Summary of each report made to the head of the establishment under which information or assistance was unreasonably refused	None
Section 5(a)(6)	Listing of each audit report	10
Section 5(a)(7)	Summary of each significant report	10-12
Section 5(a)(8)	Statistical tables showing Audit Reports–Questioned Costs	22
Section 5(a)(9)	Statistical tables showing Audit Reports–Funds Put to Better Use	23
Section 5(a)(10)	Summary of each audit report issued before the commencement of the reporting period for which no management decision has been made by the end of the reporting period	None
Section 5(a)(11)	Description and explanation of the reasons for 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

Table 1
AUDIT REPORTS WITH QUESTIONED COSTS

	Number of Reports	Dollar Value	
		Questioned Costs	Unsupported Costs
A. For which no management decision has been made by the commencement of the period	0	0	0
B. Which were issued during the reporting period	0	0	0
Subtotals (A+B)	0	0	0
C. For which a management decision was made during the reporting period	0	0	0
(i) Dollar value of disallowed costs	0	0	0
(ii) Dollar value of costs not disallowed	0	0	0
D. For which no management decision has been made by the end of the reporting period	0	0	0
E. Reports for which no management decision was made within six months of issuance	0	0	0

Table 2
AUDIT REPORTS WITH RECOMMENDATIONS
THAT FUNDS BE PUT TO BETTER USE

	Number of Reports	Dollar Value
A. For which no management decision has been made by the commencement of the period	0	0
B. Which were issued during the reporting period	0	0
Subtotals (A+B)	0	0
C. For which a management decision was made during the reporting period	0	0
(i) Dollar value of recommendations that were agreed to by management	1	¹ \$21,380.50
(ii) Dollar value of recommendations that were not agreed to by management	0	0
D. For which no management decision has been made by the end of the reporting period	0	0
E. Reports for which no management decision was made within six months of issuance	0	0

¹ Management agreed to take this action on the basis of our Inspection Report on Family-Friendly Programs.

GLOSSARY

The following definitions apply to the terms used in this report.

- Questioned Cost** means a cost that is questioned by the Office 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 the expenditure of funds for the intended purpose is unnecessary or unreasonable.
- Unsupported Cost** means a cost that is questioned by the Office because the Office found that, at the time of the audit, such cost is not supported by adequate documentation.
- Disallowed Cost** means a questioned cost that management, in a management decision, has sustained or agreed should not be charged to the Government.
- Recommendation that funds be put to better use** means a recommendation by the Office that funds could be used more efficiently if management of an establishment took actions to implement and complete the recommendation, including:
(1) reduction 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 operations of the establishment, a contractor or grantee; (5) avoidance of unnecessary expenditures noted in preaward reviews of contract or grant agreements; or (6) any other savings which are specifically identified.

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