



UNITED STATES
INTERNATIONAL
TRADE COMMISSION

IG

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

April 1, 2000 - September 30, 2000

October 2000

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 are listed below:

OIG AUDIT AND MANAGEMENT REVIEW

| | |
|---------------------------|--|
| Public Law (P.L.) 97-255 | Federal Managers' Financial Integrity Act |
| P.L. 97-365 | Debt Collection Act of 1982 |
| 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(4) |
| 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

October 30, 2000

TO: THE COMMISSION AND THE UNITED STATES CONGRESS

I hereby submit this *Semiannual Report*: April 1-September 30, 2000, which summarizes the major activities and accomplishments of the Office of Inspector General (OIG), U.S. International Trade Commission (Commission). The submission of this report is in accordance with the Inspector General Act of 1978, as amended (IG Act). Section 5 of the IG Act requires that the Chairman transmit this report to the appropriate committees or subcommittees of the Congress within 30 days of its receipt.

During this reporting period, our office completed two audits and one inspection of the Commission's programs and operations. The audits were *Evaluation of Personnel/Payroll and Financial Services Provided to the Commission by the Department of the Interior* and *Review of the Commission's Information Resources Management Function*. The inspection was on the *Independent Evaluation of EDIS II (Review of Business Case and Assessment of Cost-Benefit Analysis)*. As a result, OIG has made several recommendations and suggestions to the Commission for program improvements. In addition, one audit which had outstanding recommendations was closed during this reporting period.

I appreciate the support of all Commission employees in achieving the accomplishments set forth in this report.

A handwritten signature in blue ink, appearing to read "Dev Jagadesan".

Dev Jagadesan
Acting Inspector General

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COMMISSION'S TOP MANAGEMENT CHALLENGES

This section of the semiannual report has been added in response to findings presented in the GAO report "Views on Semiannual Reporting," GAO/AIMD-99-203 (August 1999). GAO found that congressional staff as well as management staff recommended Inspectors General semiannual reports place additional emphasis on identifying top management challenges and report on actions taken by agency management to implement Office of Inspector General (OIG) recommendations.

Outlined below are the "Top Five Management Challenges" facing the International Trade Commission (Commission) as identified by the OIG. Through audits, inspections and other assistance, the OIG has been pro-actively helping the Commission in addressing these challenges. Recent OIG activities relating to each management challenge are summarized below.



1. Human Capital Management

Human capital is the agency's largest resource and its effective management provides a continuous challenge for the Commission. Because of the Commission's unique mission and functions, many external factors affect the Commission's workload. Additionally, the 1994 amendments to the antidumping and countervailing duty laws have increased the Commission's workload. Adequately predicting and aligning human capital resources to address the Commission's workload provides a significant resource management challenge. Also, Federal government employment statistics indicate the federal government is heading towards a human capital crisis because of the significant number of employees becoming eligible for retirement and simultaneous recruitment challenges in a competitive job market.

The OIG provided a management report to the Commission analyzing current workforce trends. The OIG analysis showed that the Commission faces the same challenges as the other federal agencies in this area. More specifically, nearly a third of the Commission's workforce will be eligible for regular retirement by the year 2005. Information from this analysis will form the basis for future reviews that will provide additional assistance to the Commission in this area.



2. Performance Based Management

The Commission faces the challenge of successfully implementing performance based management. Meeting this challenge requires the Commission to collect accurate outcome data, measure progress, and make necessary programmatic changes. The Commission needs to align the budget formulation process with its strategic plan; and make budgetary decisions in the context of its strategic plan. The Commission also needs to continue to improve management effectiveness through greater automation and integration of its budget, procurement, asset management, and other financial management processes. Additionally, the Commission's Strategic Plan needs to incorporate more fully the requirements for information resources management.

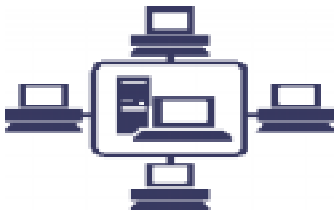
During this period, OIG conducted an audit of the Commission's personnel/payroll and financial management systems. Recommendations from this audit, when implemented, are expected to improve management effectiveness through greater automation and integration of administrative systems and through the improved flow of personnel and financial management information to the Commission's managers.



3. Redesigning Business Processes

The Commission's current business processes are still largely paper-centric. However, advances in information technology offer the promise of automated processes that could reduce paperwork and provide greater economy and efficiency of operation. In addition, the Government Paperwork Elimination Act (GPEA) offers an incentive for reducing paperwork by according electronic records and signatures the same legal status as paper. The Commission thus has an opportunity to revise and improve efficiency in its current business processes through greater reliance on electronic filing, storage, retrieval and dissemination of information. This is particularly true for improving efficiency in its core business process of conducting import investigations involving receipt from, and transmission to parties and others of substantial amounts of paperwork.

During this period, OIG conducted a cost-benefit analysis that was performed to support a decision for replacing the Commission's Electronic Document Imaging System (EDIS). One of the principal suggestions from this inspection was the need to consider an electronic document submission and handling system more fully compliant with GPEA.



4. Information Resources Management

The rapid evolution of information technology, particularly in the areas of networking and telecommunications, presents the Commission with enormous opportunities for modernizing its information and management systems. The introduction of additional automation into the Commission's business processes will promote greater economy and efficiency while freeing up human capital for higher level activities such as planning, evaluation and research. Likewise, the application of modern web-based information architectures can transform the way the Commission interacts with its customers and the public.

The challenge for the Commission is to provide the leadership to promote a shared vision of constant improvement in its business systems through the application of modern information technology.

The Congress has recognized the priority of information technology in government through legislation such as the Clinger-Cohen Act of 1996. During this reporting period, OIG conducted an audit of the Commission's compliance with the Clinger-Cohen Act. As a result of this audit, we made one of our most important recommendations to the Commission, namely, that the Commission appoint a Chief Information Officer reporting independently and directly to the Chairman. We made this recommendation despite our recognition that implementation of this recommendation will present the Commission with a significant recruiting and budget challenge. However, our audit revealed that such a position could produce tremendous benefits to the Commission in the area of information resources management.

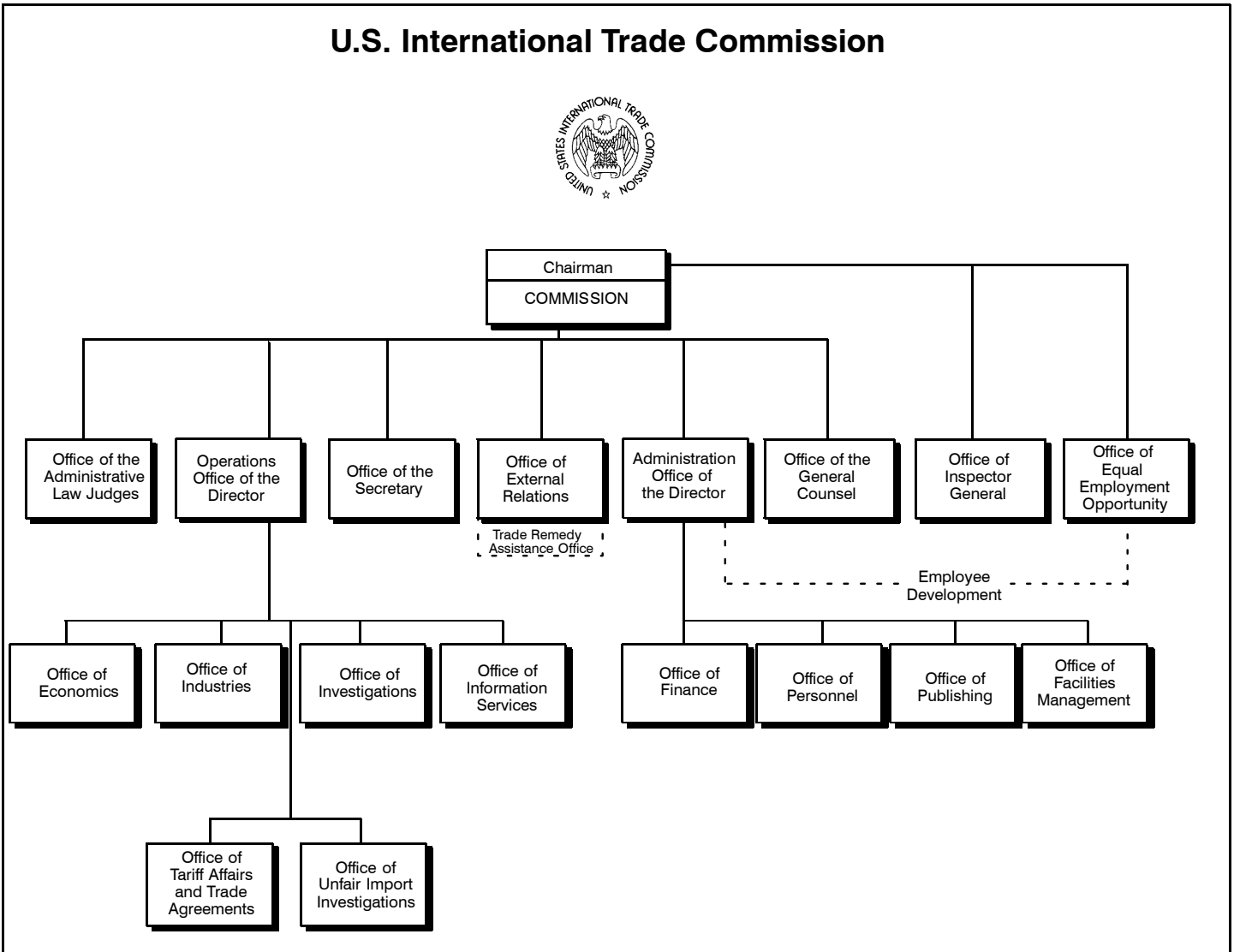


5. Information Security

Managing the security risks associated with the Commission's growing reliance on information technology is a continuing challenge. In particular, the Commission, like many federal agencies and private organizations, needs to find efficient ways to ensure that information security risks affecting Commission operations are assessed fully and to implement appropriate controls to mitigate these risks.

To this end, the OIG recently performed several inspections and is actively engaged in continuous review of this area.

U.S. International Trade Commission



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

Information Security Committee (INFOSEC)

Authority: Directive 1345.0, dated 7/31/90

Labor-Management Occupational Safety and Health Committee

Authority: Adm. Order 98-10, dated 9/16/98, Adm. Order 99-03, dated 2/5/99, and Adm. Order 99-08, dated 9/29/99

Labor-Management Partnership Council

Authority: Adm. Order 99-05, dated 3/25/99

Strategic Planning Committee (SPC)

Authority: Adm. Order 98-05, dated 3/5/98

COMMISSION PROFILE

<http://www.usitc.gov>

The Commission is an independent, quasi-judicial, nonpartisan Federal agency established by Congress with broad investigative powers on matters of trade. The mission of the Commission is twofold: administer U.S. trade remedy laws in a fair and objective manner; and provide the President, U.S. Trade Representative, and the Congress with independent, quality advice and information on matters of international trade and competitiveness. Major Commission activities include:

- Import Injury Investigations**—The Commission makes determinations in a variety of import injury investigations, primarily antidumping and countervailing duty (AD/CVD) 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 role as a “think tank” on international trade, exploring and providing 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.

The Commission has six Commissioners, appointed by the President and confirmed by the Senate, who serve one term of nine years, unless appointed to fill an unexpired term. No more than three Commissioners may be of the same political party. The current Commissioners are Stephen Koplan, Deanna Tanner Okun, Lynn M. Bragg, Marcia E. Miller, Jennifer A. Hillman, and Thelma J. Askey.

The Chairman and Vice Chairman are designated by the President and serve a two-year statutory term. The Chairman is responsible, within statutory limits, for the administrative functions of the Commission.

During this semiannual period there was a change in the Chairmanship and Vice-Chairmanship due to the expiration of the previous Chairman and Vice-Chairman's terms. The President designated Stephen Koplan as Chairman and Deanna Tanner Okun as Vice-Chairman. Their terms began on June 17, 2000 and expire on June 16, 2002.

In Fiscal Year (FY) 2000, the Commission had \$47.2 million in available funds (\$44.5 million appropriation) and a staffing plan for 390.5 permanent positions and 30 term positions. All of its employees are located in one building at 500 E Street, SW, Washington, DC.



Stephen Koplan, Chairman



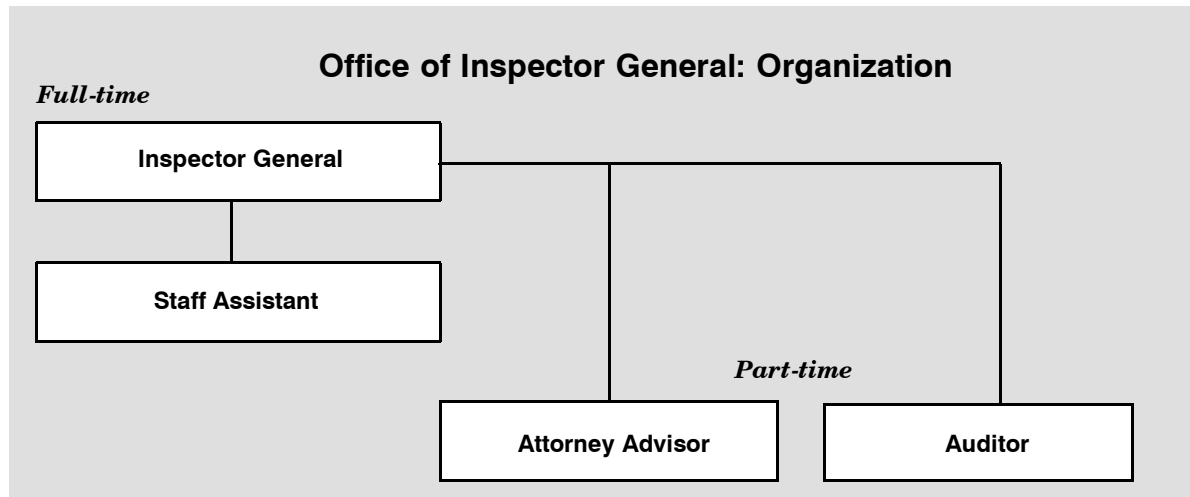
Deanna Tanner Okun, Vice Chairman

THE OFFICE OF INSPECTOR GENERAL

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

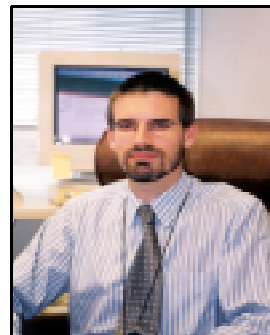
The Commission established the OIG pursuant to the 1988 amendments to the Inspector General Act. The Inspector General reports directly to the Chairman. The Inspector General is responsible for directing and carrying out audits, investigations, and inspections relating to Commission programs and operations.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

In FY 2000 the OIG was allocated 3.5 staff years. This provided for two full-time (Inspector General and a staff assistant) and two part-time (attorney-advisor and an auditor) positions.



The Commission also allocated \$75,000 for OIG audit and review services for FY 2000.

As part of the Commission's summer student program, Chrys A. Carey joined the OIG staff on June 19, 2000, and worked through August 25, 2000.



AUDITS

Audit Report List

Two audit reports were issued during this period. They were:

- Evaluation of Personnel/Payroll and Financial Services Provided to the Commission by the Department of the Interior; and
- Review of the Commission's Information Resources Management Function.

As of September 30, 2000, ongoing audits included:

- Evaluation of USITC Records Management; and
- Evaluation of USITC E-FOIA Implementation

Pending actions on one audit report were completed and are presented on page 15.

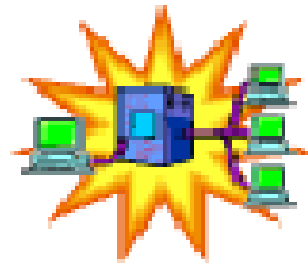


U.S. International Trade Commission

Summary of Significant Audits

- Evaluation of Personnel/Payroll and Financial Services Provided to the Commission by the Department of the Interior, OIG-AR-04-00 (July 25, 2000)

<http://www.usitc.gov/oig/OIG-AR-04-00.pdf>



Since 1996, the Commission has been using personnel/payroll and financial management services provided by the National Business Center (NBC) of the Department of the Interior (DOI). NBC is providing personnel payroll services to the Commission through its Federal Personnel Payroll System (FPPS). NBC is providing financial management services to the Commission through the Federal Financial System (FFS).

The objective of this audit was to identify and evaluate services available from DOI and make any recommendations for improvements in the Commission's utilization of these services as well as for new services the Commission should consider adopting.

Based on our audit we found that the Commission was not using current services offered by NBC effectively. In the case of FPPS, we found that the Commission had not been using some FPPS task automation features. This resulted in over reliance on time-consuming manual procedures characterized by double and triple entry of the same data. Also, the Commission was not taking advantage of the recently developed FPPS Data Mart as a source of timely and extensive personnel management information.

In the case of FFS, we found the Commission was not taking advantage of many FFS task automation features. There had also been insufficient attention given to the need for integration of the Commission's financial systems. An example was the use of an automated procurement system that had no interface with FFS. Also, there was insufficient control being exercised over optional technical services provided by NBC, and timely and relevant information reporting to the Commission's managers was not being performed.

We found that the Commission could use some new or additional services provided by DOI. These included an on-line data mart of personnel information, a data warehouse of financial information and an employee self-service feature. We also found that DOI could provide more assistance in meeting the Commission's requirements for dissemination of

timely and relevant personnel and financial management information. We reached this conclusion after conducting a survey of Commission managers and incorporating their information requirements into an example of a periodic report that could be generated by DOI.

An important outgrowth of this audit was development of a methodology to assess the adequacy of integration and automation of the Commission's financial management systems. Based largely on the requirements stated in OMB Circular A-127(Rev), we defined the following three principles for assessing the Commission's financial systems:

- Electronic Linkage** - Systems and subsystems should be capable of electronically communicating with each other without human intervention.
- Compatible Interface** - Data should be capable of being passed from one system or subsystem to another, and being accepted for processing.
- One Time Data Entry** - Data to be processed by any part of the Financial Management System should only have to be entered once.

Based on our audit findings we offered 21 recommendations to the Commission for improving its current working relationship with DOI, for using FPPS and FFS to provide information reporting that more effectively meets the requirements of Commission managers, and for making use of some additional FPPS and FFS services currently provided or soon to be provided by NBC. We also identified \$3,836 in costs that could be used for other purposes if the employee self service function were implemented. We obtained management agreement and a plan of action for all our recommendations.

- 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>



The Clinger-Cohen Act of 1996 was designed to improve information resources management (IRM) in federal agencies. Among the Act's most important provisions are:

- Agencies shall design and implement a process for maximizing the value and assessing and managing the risks of Information Technology (IT) acquisitions.
- Agencies shall establish goals for improving agency operations and delivery of services to the public through the effective use of IT.
- Agencies shall ensure that performance measurements are prescribed for IT used by or to be acquired by the agency.
- Agencies shall analyze their missions and, based on this analysis, revise agency mission-related and administrative processes as appropriate before making significant investments in IT that supports those processes.
- Agencies shall appoint a Chief Information Officer (CIO) who will advise and assist the agency head and other senior management officials on acquisition of IT and the management of information resources (IR) and who will promote the effective and efficient design of the agency IRM processes.

The objectives of this audit were to: (1) determine what changes, if any, should be made to the Commission's IRM function to conform to guidance in the Clinger-Cohen Act, and (2) review the Commission's current organization and processes for IRM and determine what improvements, if any, should be made.

We found that the Commission was not in full compliance with the Clinger-Cohen Act and its associated amendments to the Paperwork Reduction Act. We found that IRM at the Commission was fragmented, with responsibilities spread across several offices. This contributed to an uneven application of resources across the Commission and a lack of focus on supporting the Commission as a whole. We also found that the Commission's Information Resources Management Steering Committee (IRMSC) was not performing its

primary function of aligning IT investments with the Commission's strategic objectives effectively.

Based on our audit findings we made several recommendations for improving the Commission's IRM function. Our primary recommendation was that the Commission appoint a CIO and assign sufficient responsibilities and resources to this position so that the CIO could provide unified direction to the Commission's IRM. We made recommendations for: strengthening the IRMSC; updating the IRM Strategic Plan; improving the management of the Commission's IRM personnel; and improving information security planning.

AUDIT FOLLOW-UP

Pending actions on one audit were completed.

Audit of the USITC Financial Statements for Fiscal Years 1998 and 1999, Audit Report, OIG-AR-03-00 (March 24, 2000). <http://www.usitc.gov/oig/OIG-AR-03-00.pdf>. Management agreement was reached on March 24, 2000.

Based on our findings we made the following significant recommendations:

- Standardize the form and content of blanket purchase agreement call records and make them available on the local area network for read only access by contract specialist and finance personnel;
- Require the call records be reviewed by contract specialists on a regular basis to ensure compliance with FAR and terms of the blanket purchase agreements; and
- Use call records as the basis for recording obligations for blanket purchase agreements and other indefinite delivery agreements.

All agreed upon actions were completed on September 18, 2000.

INSPECTIONS

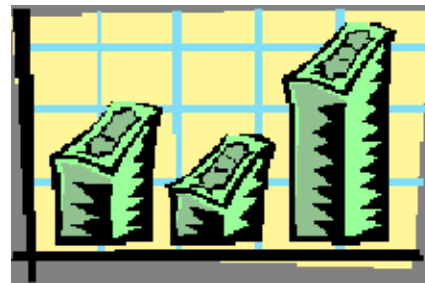
Inspection Report List

During this period one inspection report was issued as summarized below.

Summary of Significant Inspections

Independent Evaluation of EDIS II (Review of Business Case and Assessment of Cost-Benefit Analysis), Inspection Report, OIG-IR-03-00 (September 29, 2000).

<http://www.usitc.gov/oig/OIG-IR-03-00.pdf>



The purpose of this Inspection was to assess the validity of the Cost-Benefit Analysis (CBA) submitted to the Information Resources Steering Committee (IRMSC) to support a decision on replacing the Commission's Electronic Document Imaging System (EDIS) with an updated EDIS-II system.

We made the following findings regarding the CBA provided to the IRMSC:

- The CBA did not provide a complete basis for its estimates of costs and benefits for EDIS.
- The CBA did not consider all significant operating costs associated with EDIS.
- Assumptions and constraints regarding cost savings were not adequately documented.
- The CBA did not use discounting of future costs and benefits as specified by OMB Circular A-94 and in accordance with standard practice.

- The CBA did not consider alternatives to the proposed EDIS-II solution, as specified by OMB Circular A-94. In particular, the CBA did not adequately consider an all-electronic filing and distribution alternative that would fully accord with the provisions of the Government Paperwork Elimination Act (GPEA) of 1998.

In view of our findings regarding the CBA, we suggested that the Commission conduct a new Benefit-Cost Analysis (BCA) that conforms to the methodology specified by OMB Circular A-94 and illustrated in our report. We also suggested the Commission consider amending the current EDIS II request for proposal (RFP). We made a final suggestion that the IRMSC consider issuing guidance on the proper methodology to be used in evaluating the Commission's IT investments. Such guidance should draw upon OMB Circular A-94 and the lessons learned from the EDIS BCA as documented by our report.

INVESTIGATIONS

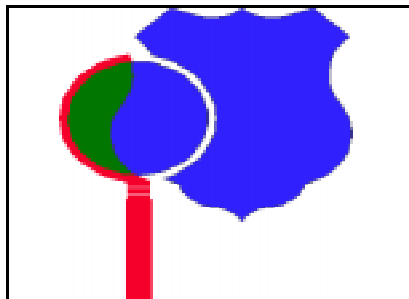
The OIG investigates complaints and information received concerning possible violations of laws, rules, and regulations, mismanagement, abuse of authority, and waste of funds. These investigations are in response to allegations, complaints, and information received from employees of USITC, other government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

Summary of Investigative Activity

A summary of investigative activity is presented below.

| Case Workload | | Referrals Processed | | Investigative Results | |
|----------------|---|--|---|------------------------------------|---|
| Open (4/1/00) | 0 | Received | 6 | Referrals for Prosecution | 0 |
| Initiated | 1 | Initiated Investigation | 1 | Referrals Declined for Prosecution | 0 |
| Closed | 0 | Referred to Commission | 0 | Administrative Action | 0 |
| Open (9/30/00) | 1 | Evaluated but No Investigation Initiated | 5 | | |

During this reporting period, one case was initiated and remains open.



OTHER ACTIVITIES

Regulatory Review

The Inspector General Act, 5 U.S.C. App. 3, 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.

OIG evaluates the impact that new or revised procedures will have on the economy and efficiency of programs and operations. OIG reviewed and commented on several draft internal directives such as *Information Security* and *Transportation Fringe Benefit Program*. The Commission issued a Directive on *Attendance and Leave*.

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 we reviewed the following GAO reports related to international trade:

- “World Trade Organization: Status of China’s Trade Commitments to the United States and Other Members” (Letter Report, 05/16/2000, GAO/NSIAD-00-142).
- “World Trade Organization: U.S. Experience to Date in Dispute Settlement System” (Briefing Report, 06/14/2000”, GAO/NSIAD/OGC-00-196BR).
- “World Trade Organization: Issues in Dispute Settlement” (Letter Report, 08/09/2000, GAO/NSIAD-00-210).

There were no recommendations in these reports directly affecting the Commission.

Liaison Activities

The Acting Inspector General is an active member of the Inspector General community. He 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. He 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 Executive Counsel on Integrity and Efficiency was established by Executive Order on May 11, 1992. It consists of Designated Federal Entity Inspectors General and representatives of the Office of Government Ethics, the Office of Special Counsel, the Federal Bureau of Investigations and the Office of Management and Budget.

The IG, along with other audit officials, was invited by GAO to comment on possible revisions to the Government Auditing Standards (Yellow Book) which would revise provisions regarding government auditors' organizational independence. The proposed revisions would make certain Federal Inspectors General no longer organizationally independent to perform certain audits.

We commented that the proposed revision set a new requirement of independence for government auditing which, if carried into execution, would violate the statutory duties and responsibilities of the Federal Inspectors General. The Inspector General Act created Inspectors General as independent units to perform audits, inspections and investigations. To change the independence standards for government auditing so as to deny organizational independence of Federal Inspectors General in the absence of clear congressional authority to change the scope of the Inspector General Act would overstep the authority of the GAO to prescribe standards for government auditors.

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 | 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 | None |
| Section 5(a)(4) | Summary of matters referred to prosecutive authorities and the prosecutions and convictions which have resulted | 19 |
| 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 | 11–19 |
| Section 5(a)(8) | Statistical tables showing Audit Reports–Questioned Costs | 24 |
| Section 5(a)(9) | Statistical tables showing Audit Reports–Funds Put to Better Use | 25 |
| 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 | 1 | \$3,836 |
| Subtotals (A+B) | 1 | \$3,836 |
| C. For which a management decision was made during the reporting period | 1 | \$3,836 |
| (i) Dollar value of recommendations that were agreed to by management | 1 | \$3,836 |
| (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 |

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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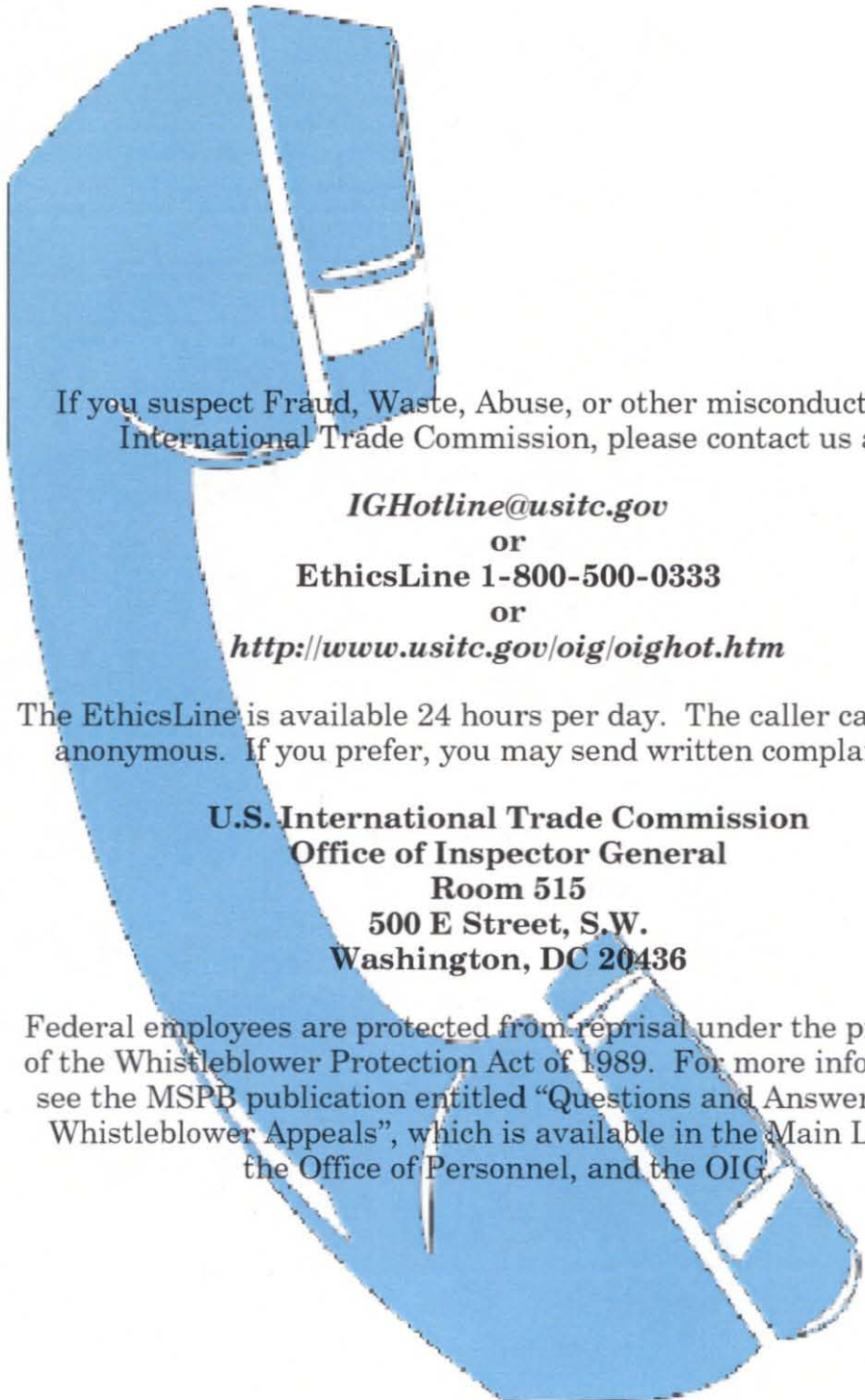
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