



UNITED STATES  
INTERNATIONAL  
TRADE COMMISSION

USITC Office of the Inspector General

# Semiannual Report

April 1, 1999 - Sept. 30, 1999

# IG

October 1999

# STATUTORY AND ADMINISTRATIVE RESPONSIBILITIES

The Inspector General Act of 1978 (Public Law 95452), as amended, sets forth specific requirements for semiannual reports to be made to the Secretary for transmittal to the Congress. A selection of other statutory and administrative reporting and enforcement responsibilities and authorities are listed below:

## 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

INSPECTOR GENERAL



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UNITED STATES INTERNATIONAL TRADE COMMISSION

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WASHINGTON, D.C. 20436

October 29, 1999

TO: THE COMMISSION AND THE UNITED STATES CONGRESS

I hereby submit this *Semiannual Report: April 1, 1999 - September 30, 1999* 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. Section 5 of the Inspector General Act requires that the Chairman transmit this report to the appropriate committees of the Congress within 30 days of its receipt.

During this reporting period, our office completed four inspections of the Commission's programs and operations. As a result, OIG has made several recommendations and suggestions to the Commission for program improvements. In addition, two audits which had outstanding recommendations and two investigations were closed during this reporting period. There were no open investigations at the end of this reporting period.

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

A handwritten signature in black ink, appearing to read "Dev Jagadesan". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

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 that Inspectors General semiannual reports should place additional emphasis on identifying top management challenges and reporting 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). Through audits, inspections and other assistance, the OIG has been pro-actively helping the Commission in addressing these challenges. OIG recent activities relating to each management challenge are summarized below.



### **1. Year 2000 Issues**

The Commission has taken significant strides to get its infrastructure and computer systems "Year 2000 (Y2K)-ready." A single official, who is assisted by a Y2K Committee, was appointed to oversee the Commission's Y2K efforts. The Commission is actively in the process of remediation and formulating contingency plans.

OIG activities in this area include an audit completed in March 1999, as reported in the previous semiannual report, and a July 1999 follow-up inspection reported in this semiannual report. OIG found in its last inspection that remediation has progressed to the point that, barring any unforeseen obstacles, remediation will be completed several months prior to January 1, 2000. The main challenge that the Commission faces in the near future is to effectively educate employees and customers regarding Y2K issues. The implementation of the Y2K contingency plans would also present a significant challenge to the Commission should that become necessary.



## **2. Human Resource 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, 1994 amendments to the antidumping and countervailing duty laws have progressively increased the Commission's workload starting in 1999. In the past, historical data provided a relatively good barometer for workload estimates. Presently, however, historical data has become increasingly unreliable as a measure of future demands. Adequately predicting and aligning human capital resources to address the Commission's workload provides a significant resource management challenge. Currently the Commission has an eight percent vacancy rate.

OIG activity in this area includes an audit of the Commission's efforts to prepare for sunset reviews as reported in the previous semiannual report. Audit follow-up information regarding this audit is provided in this semiannual report.



## **3. Performance Based Management**

The Commission's initial steps in implementing performance based management have been successful. The Commission still faces the challenge of collecting accurate outcome data, measuring progress, and making programmatic changes. The Commission faces the need to align the budget formulation process with its strategic plan.

Recent activity in this area includes an OIG inspection which reviewed the Commission's ability to report on performance measurement goals. This inspection was reported in the previous semiannual report. Additionally, OIG has an ongoing audit of the Commission's budget development and allocation process.





#### **4. Financial Statements**

The Commission faces a challenge in attempting to achieve an unqualified Financial Statements opinion in light of existing and new federal requirements.

In our previous semiannual report, OIG reported on our audit of the Commission's Financial Statements for Fiscal Years 1998 and 1997. OIG expressed the opinion that the statements of the financial position of the Commission as of September 30, 1998, and 1997, present fairly, in all material respects, the financial position of the Commission. Currently there is an ongoing audit of the Commission's Financial Statements for fiscal years 1999 and 1998.

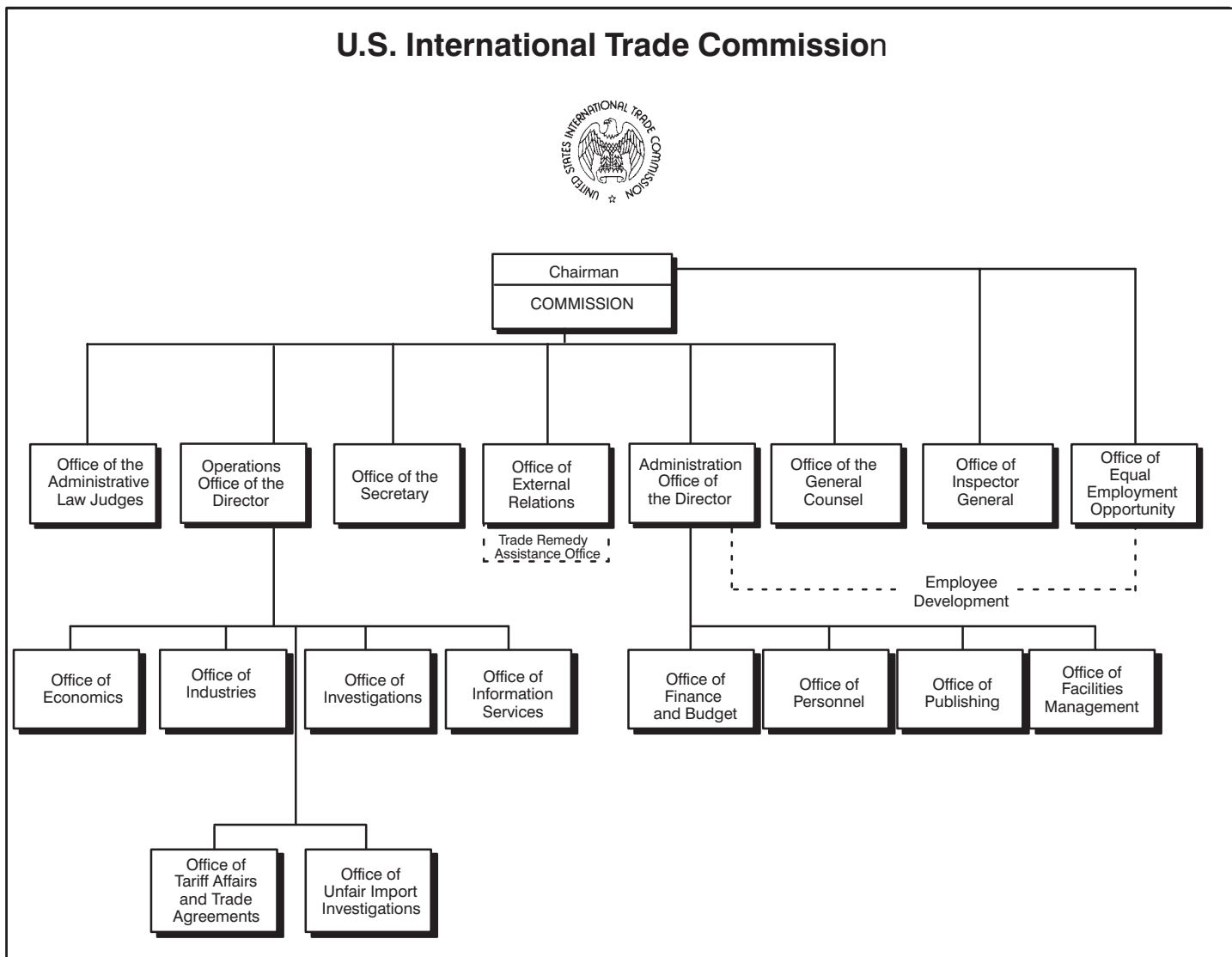


#### **5. Information Resources Management**

Rapid changes in information technology present enormous opportunities for improving business processes. The Commission faces the challenge of efficiently managing information resources to capitalize on these opportunities. This requires that the Commission be able to anticipate and measure the benefits afforded by information technology solutions that also provide adequate security.

Recently, the OIG performed several inspections regarding security of information systems as reported in the previous semiannual report and in this semiannual report. OIG is currently conducting an audit in this area on the Commission's compliance with the Clinger-Cohen Act of 1996. The recommendations in this audit will be aimed at assisting the Commission in addressing this management challenge.

## U.S. International Trade Commission



**Budget Committee**

Authority: CO70-S-042, dated 5/16/95 and CO71-W-005, dated 1/27/99

**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 98-08, dated 8/13/98

**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 94-01, dated 10/12/93

**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

**The Year 2000 Committee (Y2K)**

Authority: CO71-W-006, dated 1/27/99

## 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 Lynn M. Bragg, Marcia E. Miller, Carol T. Crawford, Jennifer A. Hillman, Stephen Koplan and Thelma J. Askey.

The Chairman and Vice Chairman are designated by the President and serve a two-year statutory term. The current Chairman and Vice Chairman respectively are Lynn M. Bragg and Marcia E. Miller whose terms expire on June 17, 2000. The Chairman is responsible, within statutory limits, for the administrative functions of the Commission.

In Fiscal Year (FY) 1999, the Commission had an appropriation of \$44.4 million and a staffing plan for 394.5 permanent positions and 24 term positions. All of its employees are located in one building at 500 E Street, SW, Washington, DC.

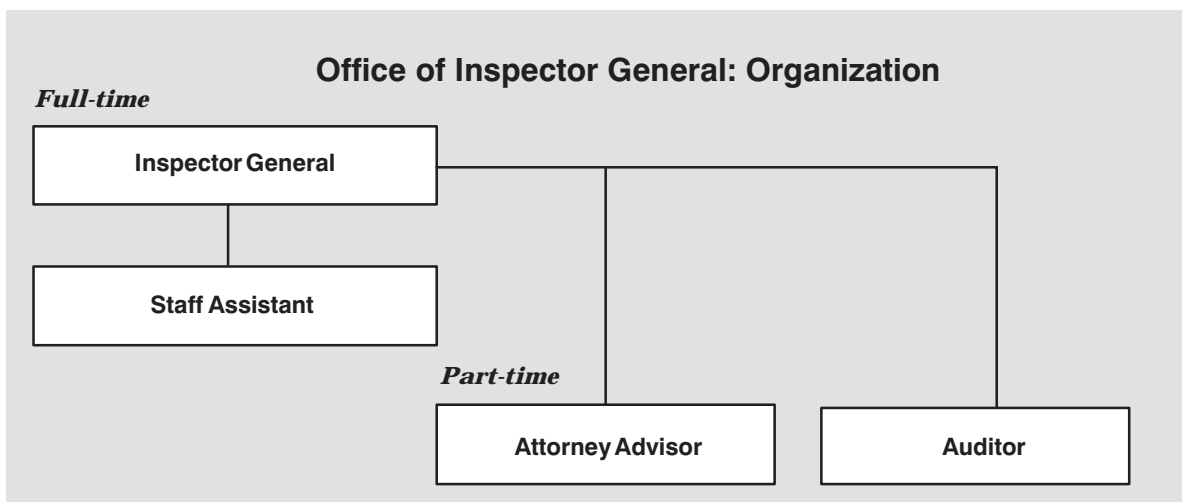
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## THE OFFICE OF INSPECTOR GENERAL

<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 1999 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 1999.

On May 29, 1999, the Inspector General Jane E. Altenhofen resigned from the Commission. Ms. Altenhofen was first appointed Inspector General on April 17, 1989. Ms. Altenhofen accepted a position as Inspector General at the National Labor Relations Board. On June 6, 1999, the Chairman appointed Dev Jagadesan, the OIG Attorney-Advisor, as Acting Inspector General.



*Jane Altenhofen, Inspector General  
April 17, 1989 - May 29, 1999*

On May 9, 1999, Judith Borek, the OIG auditor was reassigned as a special assistant to the Director of the Office of Administration. On September 26, 1999, Harold E. Thompson was appointed as the auditor.



*Judith Borek*

## AUDITS

No audit reports were issued during this period.

As of September 30, 1999, ongoing audits included:

- Review of the Commission's Comparison of Budget Development and Allocation Processes;
- Audit of the USITC Financial Statements for Fiscal Years 1999 and 1998; and
- Review of the Commission's Information Resources Management Function.

Pending actions on two audit reports were completed and are presented below.

### Audit Follow-up

**Evaluation of the Commission's Efforts to Prepare for Sunset Reviews, OIG-AR-01-99 (October 30, 1998)** <http://www.usitc.gov/oig/OIG-AR-01-99.pdf>. The Uruguay Round Agreements Act, approved in late 1994, amended the antidumping and countervailing duty laws to require the review of all outstanding antidumping and countervailing duty orders in existence since January 1, 1995, over a three-year "transition period" that began in July 1998 and ends in June 2001. These reviews are commonly referred to as "Sunset Reviews." This audit was used to evaluate the impact of the Sunset Review provisions on the Commission's workload, and the adequacy of the Commission's preparation to conduct mandated activities.

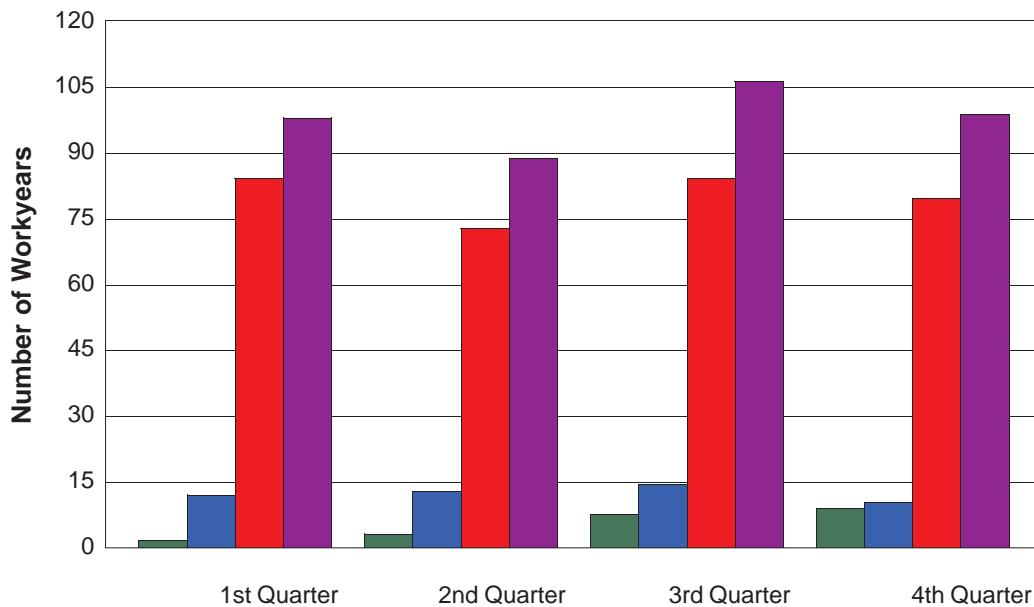
OIG found that the Sunset activity code established to record hours worked on Sunset Reviews was improperly defined and inconsistently used. Additionally, OIG found the Commission's FY 1999 Budget Justification adopted a lower level of resources needed for the Sunset Reviews, in contrast to the higher level estimated by the Budget Committee. Two recommendations were made as a part of this report, both of which the Commission has adopted. OIG recommended that:

- The Commission revise the Sunset activity code used to track hours spent on Sunset Reviews and advise employees on its proper use; and
- The Commission ensure that the Commission's FY 2000 Budget Justification accurately reflects the Commission's decisions for workyears and positions for title VII resources.

Management agreement was reached on this report on October 30, 1998.

In our last semiannual report, OIG reported that from October 11, 1998 through March 13, 1999, only four workyears were charged to the Sunset activity code in contrast to the 22 workyears adopted by the Commission for the budget justification. For the FY, 21.44 workyears were actually charged to Sunset activities.

### Agency-Wide Sunset Workyears Recorded by Quarters: Fiscal Year 1999



	Sunset Workyears	1.67	3.09	7.65	9.03
	Title VII Workyears	12.07	12.92	14.39	10.22
	Other Workyears	84.23	72.84	84.29	79.67
	<b>Total Workyears</b>	<b>97.96</b>	<b>88.85</b>	<b>106.32</b>	<b>98.91</b>



**Review of Commission's Implementation of Simplified Acquisition Procedures, OIG-AR-02-98 (March 19, 1998)** <http://www.usitc.gov/oig/OIG-AR-02-98.pdf>. The objective of this review was twofold: (1) determine what changes the Commission made to policies and procedures pursuant to the Federal Acquisition Streamlining Act (FASA) concerning the use of purchase cards, micro-purchases, and small purchases; and (2) identify ways in which the Commission could further streamline the procurement process.

OIG found that Commission guidance did not reflect revised acquisition thresholds and simplified acquisition procedures. Also, OIG found that procurement policies did not promote FASA streamlined processes or the use of the purchase card. Three significant recommendations were made as a part of this report, all of which the Commission has adopted. OIG recommended that:

- The Commission simplify the procurement process by using bulk funding, eliminating unnecessary forms and approvals, using Visa checks, increasing the use of purchase cards, and automating procedures;
- The Commission improve internal controls by canceling unneeded purchase card authority, using built-in automated purchase card controls, performing periodic verifications of purchase card transactions, and strengthening record management procedures; and
- The Commission establish formal requirements for training cardholders (before issuance of purchase cards) and non-procurement staff on an ongoing basis.

Management agreement was reached on this report on March 19, 1998.

The Commission has implemented OIG recommendations by revising Directive 3601.2 Procurement Policy and Procedures issued on September 27, 1999. The Commission is also finalizing a substantially revised ITC Purchase Card Holder's Handbook and a new ITC Cost Center Manager's Handbook.

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## INSPECTIONS

During this period four inspection reports were issued.



**Review of the Electronic Dockets Information System's Security, Inspection Report, OIG-IR-03-99 (April 1, 1999)**

<http://www.usitc.gov/oig/OIG-IR-03-99.pdf>. The Electronic Dockets Information System (EDIS) is a system that the Secretary of the Commission uses to manage the intake and dissemination of Commission public and non-public documents. EDIS On-Line, a component of EDIS, will allow the general public to access the public documents contained on the docket via the Internet, while allowing Commission employees access to public and non-public documents on the docket via the Commission's Intranet. EDIS On-Line can be found at <http://dockets.usitc.gov>.

The objective of this inspection was to identify potential security risks and to confirm that public users are restricted to public areas of the EDIS On-Line system. OIG found that within the limited parameters of the vulnerability assessment, external users were properly limited to information in the public directories. However, the testing revealed several potential security-related considerations. OIG suggested changes that would enhance the security of EDIS On-Line. These include limiting the number of unsuccessful authentication attempts, separating public and non-public data on separate servers, increasing access control, upgrading software, considering the use of a commercial product to control access to information, implementing a checking mechanism, and limiting access to internal printers to internal users.

The Commission implemented the security enhancements immediately. Further, as a part of an overall EDIS upgrade, some of which is related to Y2K activities, modified security enhancements are being incorporated.



**Evaluation of the Commission's Non-Tax Debt and Debt Collection Practices, OIG-IR-04-99 (June 28, 1999)** <http://www.usitc.gov/oig/OIG-IR-04-99.pdf>. OIG conducted a review of the Commission's compliance with the Debt Collection Improvement Act of 1996 (DCIA). This review was a part of a government-wide review of non-tax delinquent debt owed the United States. The objectives of the government-wide audit were to determine whether the reported \$60 billion in non-tax delinquent debt accurately represents the universe of non-tax delinquent debt and to assess how much of the delinquent debt could be collected.

Further, the objectives of this review were to determine whether the Commission had non-tax delinquent debt to report and to assess whether the delinquent debts are collectible. OIG also evaluated the Commission's portfolio management activities to ensure that its practices minimize revenue loss.

OIG found that the Commission has taken some steps toward meeting the objectives put forth by the DCIA, which are to (1) maximize collections of delinquent debts owed to the Federal government and (2) reduce losses arising from inadequate debt management activities. Accordingly, the Commission has issued interim Debt Collection regulations that implement the DCIA.

The review revealed that the Commission had approximately \$7,000 in salary and health benefit overpayments to 37 employees that were not collected in a timely manner. New procedures were implemented by the Commission to ensure that salary and health benefit overpayments are collected as they are identified.

The review found several areas where improvements are necessary in the debt management area. The review was based on evaluating the Commission's most recent debt collection which revealed that the Commission did not effectively process the collection in accordance with DCIA or its own regulations. As a result, the Commission spent more in resources attempting to collect the debt than the amount of the debt collected. OIG found that the Commission's problems in this area stem from improper implementation of its regulations in contrast to the substantive content of the regulations. Thus, suggestions for improvements centered on the Commission following its debt collection regulations. Additionally, OIG in this review identified again that the recording of accounts receivable is a recurring problem for the Commission.

**Follow-up Review of the Commission's Preparation for the Year 2000, OIG-IR-05-99 (July 23, 1999)** <http://www.usitc.gov/oig/OIG-IR-05-99.pdf>. OIG conducted a follow-up inspection to Evaluation of the Commission's Preparation for the Year 2000, Audit Report OIG-AR-03-99 (February 9, 1999). In that report, OIG found that the extent of the impact of the Y2K problem on Commission operations was not documented or well understood. Neither of the first two phases (awareness or assessment) in addressing the Y2K problem had been completed on a Commission-wide basis. The Commission had not implemented an institutional approach, and overall Commission efforts to address the Y2K problem were insufficient to ensure a reasonable level of risk to uninterrupted operation in Y2K.

As a result of those findings, the Chairman designated the Director of Operations as the agency official to oversee the Commission's efforts to prepare for Y2K. The Director assembled a Y2K Committee which reports to the Commission biweekly on progress.

The objective of this inspection was to review the progress made by the Commission in implementing recommendations and suggestions made in Audit Report OIG-AR-03-99 and to identify areas in which the Commission could be more proactive to minimize disruption because of Y2K issues. OIG found that the Commission made significant progress since the time of our audit. The Commission updated the inventory of all information systems and completed remediation of many mission-critical components. The OIG noted that the Commission should continue to monitor and update the inventory of systems and components as new hardware and software are added to Commission inventories. Also, the Commission needed to anticipate lead time necessary to complete renovation work. The Commission completed an Action Plan with a Master Schedule of Y2K events. OIG suggested that the current Action Plan should be used to measure actual progress versus planned progress on tasks in order for the Y2K Committee to drive parties to closure and more accurately predict when major Y2K-related efforts would actually be completed.

The Commission identified mission-critical processes and associated information systems. The Commission identified "first tier functions" as those that must operate during any potential disruption or the agency may face serious adverse consequences. The Commission's first tier functions are: (1) building security, (2) payroll, (3) remediation of Y2K problems, and (4) basic communications. The Commission identified "second tier functions" as those that are crucial to the Commission's long-term operations, but could be postponed in the event of a massive disruption. The Commission's second tier functions include investigation and research activities that fulfill the agency's mission. Detailed contingency planning for all first and second tier functions is substantially complete. The Commission has also been submitting quarterly progress reports to the Office of Management and Budget and on June 15, 1999, submitted a high-level contingency plan.

**Review of the Commission's Time Keeping Practices Regarding Federal Holidays, OIG-IR-06-99 (September 3, 1999)** <http://www.usitc.gov/oig/OIG-IR-06-99.pdf>. This inspection reviewed the Commission's timekeeping practices regarding holidays for employees working Compressed Work Schedules (CWS). The OIG evaluated whether Commission employees on CWS would have been entitled to additional hours for holidays by applying the proper federal rules in lieu of an existing Commission Directive and policy. The OIG found that the Commission's Directive and resulting timekeeping practices did not conform to federal statutes and regulations. As a result, OIG determined each employee working a CWS was entitled to 1 to 4 hours of holiday time for the five holidays (during the period 12/25/98-5/31/99) reviewed. In total, 142 Commission employees were entitled to 389 additional hours as shown in the table.

Findings		
Number of Employees	Number of Hours of Additional Holiday Time	Totals
11	1	11
25	2	50
96	3	288
10	4	40
<u>142</u>		<u>389</u>

The Commission is in the process of revising its Directives in this area. OIG noted that the Commission should apply an appropriate administrative remedy to restore the hours owed to employees as a result of the Commission's holiday time keeping practices. OIG also suggested that the Commission immediately follow guidance provided by 5.C.F.R. §610.406 in calculating holiday hours for employees working CWS.

The Commission responded by immediately implementing guidance provided in 5 C.F.R § 610.406 in calculating holiday hours for employees working CWS. The Commission is making a determination as to an appropriate remedy in restoring past hours for periods not covered by this review.

## INVESTIGATIONS

### Summary of Investigative Activity

A summary of investigative activity is presented below.

During this reporting period, two cases were closed, both of which were open as of March 31, 1999. The closed cases involved procurement of an economic model and reimbursement of program functions and are described below.

No new cases were initiated this reporting period.

Case Workload		Referrals Processed		Investigative Results	
Open (4/1/99)	2	Received	2	Referrals for Prosecution	0
Initiated	0	Initiated Investigation	0	Referrals Declined for Prosecution	0
Closed	2	Referred to Commission	2	Administrative Action	2
Open 9/30/99	0	Evaluated but No Investigation Initiated	2		

### Procurement of Economic Model

OIG conducted an investigation in response to allegations regarding the Commission's procurement of an economic model. Among the allegations were that the contract was improperly sole sourced, the Commission did not receive the model described in the contract, and the relationship of the Contracting Officer's Technical Representative (COTR) with the contractor was improper.

OIG issued an investigative report on January 27, 1999. OIG found that the sole source justification incorrectly identified the proposal as unsolicited, the contract was only partially fulfilled in that the data provided was not in the requested format, Commission employees may have done some work that was to be delivered as part of the contract, and the COTR had a relationship with the main contract employee which gave the appearance of impropriety. The possible ethics violation was referred to the Designated Agency Ethics Official (DAEO) for review. The DAEO found a possible ethics violation. The matter was referred to the supervisor who, based on OIG findings and the DAEO findings, intended to give the COTR a letter of reprimand. However, the COTR resigned from employment prior to receiving the letter of reprimand.

### **Reimbursement of Program Functions**

OIG conducted an investigation to determine whether Commission employees seeking reimbursements for expenses incurred as a result of their involvement in Equal Employment Opportunity (EEO) related programs and activities had received disparate treatment. OIG's Report of Investigation was issued to the Commission on September 30, 1997.

OIG found that the Commission's Director of EEO should be reimbursed for personal funds spent in paying for a musical performance during "Irish-American Heritage Month." The Director of the Office of Finance and Budget (OFB) disagreed that this was an eligible expense. Therefore, OIG and Director of OFB each requested a Comptroller General decision on the reimbursement.

On July 19, 1999, the Comptroller General issued a decision stating the Commission may reimburse the Director of EEO. On August 6, 1999, the Director of EEO was reimbursed. The decision is also significant beyond this particular reimbursement in that the Comptroller General clearly stated that this type of claims settlement authority resides with the Chairman of the Commission.



## 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 eight draft internal rules. Subjects included the composing and publishing of Commission publications, merit promotion program, attendance and leave, preparing records management, funds control, staff research papers, procurement policy and procedures, and mission and functions statements for the Offices of Administration, Publishing, and Facilities Management.

### ***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.

### ***Inspectors General Independence***

The United States Supreme Court, in a 5-4 vote decided the case of *National Aeronautics and Space Administration v. Federal Labor Relations Authority*, Slip Op. No. 98-369 (June 17, 1999). The issue in this case was whether OIG agents are "representatives" of federal agencies under the Federal Service Labor-Management Relations Statute (FSLMRS). The Court held that an investigator employed in NASA's OIG can be considered a representative of NASA when examining a NASA employee under the FSLMRS. The FSLMRS permits union representation at employee examinations conducted "by a representative of the agency" if the employee believes that the examination will result in disciplinary action and requests such representation. On July 28, 1999, the Inspector General Community met to discuss the scope and implications of the Court's decision. The OIG is currently reviewing investigative policies to determine whether current OIG policies need to be changed in light of this decision.



***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.

GAO issued *Inspectors General: Views on Semiannual Reporting* (GAO/AIMD- 99-203) in August 1999, which is directly relevant to semiannual reports issued by Inspectors General. In that report, GAO found that for the periods reviewed, semiannual reports in general addressed the reporting requirements of the Inspector General Act. Further, GAO solicited the views of congressional staff on suggested improvements to semiannual reports. Congressional staff indicated that the semiannual report should include top management issues and additional insight into the actions being taken by management to implement Inspector General recommendations. This semiannual report incorporates those suggestions.

Four GAO reports were issued in which GAO previously notified the Commission that it would be seeking the Commission's input. The reports are:

- International Monetary Fund: Trade Policies of IMF Borrowers (GAO/NSIAD/GGD-99-174), June 22, 1999;
- International Monetary Fund: Approach Used to Establish and Monitor Conditions For Financial Assistance (GAO/GGD/NSIAD-99-168), June 22, 1999;
- Fresh Produce: Potential Consequences of Country-of-Origin Labeling, (GAO/T-RCED-99-112), April 21, 1999; and
- Audit of Governmentwide Financial Statements, (GAO-AMID-99-130), March 31, 1999.

GAO notified the Commission that it would be conducting a review to provide information to the Chairman of the House Committee on Ways and Means, Subcommittee on Trade regarding the World Trade Organization Ministerial meeting taking place in November/December 1999.

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## 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
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	9-15
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	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	9-11
Section 5(a)(7)	Summary of each significant report	9-15
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**  
**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**  
**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	0	0
(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

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