



UNITED STATES
INTERNATIONAL
TRADE COMMISSION

IG

USITC Office of the Inspector General

Semiannual Report

October 1, 2004 - March 31, 2005

April 2005

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
P.L. 107-289	Accountability of Tax Dollars Act of 2002
P.L. 107-347	Federal Information Security Management Act of 2002
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, 2005

Inspector General's Message

I am pleased to transmit to the Commission and the Congress the Office of Inspector General's (OIG) Semiannual Report for the period October 1, 2004 through March 31, 2005.

As Inspector General, I have continued to direct the OIG's resources to:

- effect positive change and reduce vulnerabilities in the Commission's program 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 OIG completed our fourth annual audit of the Commission's information security program and practices as required by the Federal Information Security Management Act. We also completed our first annual audit of the Commission's financial statements, for FY 2004, in accordance with the Accountability of Tax Dollars Act. As part of our independent audit of the Commission's 2004 financial statements, we also issued a management letter that identified other matters.

The OIG will continue working constructively with the Commission to further our common goal of assuring the effectiveness, efficiency and integrity of the Commission's contributions to the development and implementation of sound and informed U.S. trade policy.

A handwritten signature in black ink, reading "Kenneth F. Clarke".

Kenneth F. Clarke
Inspector General



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COMMISSION'S TOP MANAGEMENT CHALLENGES

The “Top Management Challenges” facing the Commission as identified by the OIG—as well as recent OIG activities relating to each challenge—are discussed below. Through audits and inspections, the OIG has been helping the Commission to address these challenges.

We discuss the Commission’s management challenges within the framework of the President’s Management Agenda (PMA) that included five somewhat interrelated Government-wide initiatives: (1) Competitive Sourcing, (2) Improved Financial Performance, (3) Budget and Performance Integration, (4) Expanded Electronic Government, and (5) Strategic Management of Human Capital.

Because the Commission was not among the 24 PMA agencies and has not established PMA deliverables and time lines, neither the Commission nor the OIG has attempted to score its PMA progress. However, the Commission’s FY 2005 and FY 2006 Budget Justifications, as well as its strategic planning documents, expressed the Commission’s commitment to the spirit of the five PMA initiatives. OIG work addressing the Commission’s adherence to that spirit is discussed below.

Management Challenge: Competitive Sourcing. To improve the performance and efficiency of activities that are commercial in nature, the PMA calls for departments and agencies to compare their commercial activities with those of the private sector and determine whether the private sector or government employees should perform the activity. The intended outcome is better service at a lower price.

The Commission has competitively contracted for information technology services, certain editing and publishing services, mailroom and general labor services, cleaning and building maintenance services, and security services. Private sector contract employees comprise more than 10 percent of on-site personnel. In addition, other services are acquired on an as-needed basis, such as virtually all equipment maintenance services, application systems design and development, and certain audit and financial services. For example, the OIG contracts for audit services. Also, the Commission has made competitive awards for consulting services regarding information security, preparation of financial statements, information technology (IT), and human capital planning.

The Commission has stated that its permanent staff is devoted to core agency investigative functions and recurring support activities where the cost of outsourcing is less competitive. In August 2004, the Commission issued its seventh comprehensive list of commercial



COMMISSION'S TOP MANAGEMENT CHALLENGES—*Continued*

activities consistent with the Federal Activities Inventory Reform Act of 1998 (FAIR Act). The Commission has said that it will continue to evaluate competitive alternatives and efficient service contracting options to maximize efficiency and minimize cost. During this period, OIG audits and inspections did not address competitive sourcing.

Management Challenge: Improved Financial Performance. This initiative is to improve the quality and timeliness of financial information so that it can be used to reduce waste, fraud, and abuse and manage federal programs more effectively. The key components of the Commission's total budget were personnel (72 percent) and rent (10 percent). In compliance with 31 USC § 3515 as amended by the Accountability of Tax Dollars Act of 2002, the Commission produced financial statements, notes and a management discussion and analysis for FY 2004. During this period, the OIG's audit found no material weaknesses and resulted in an unqualified opinion on the statements.

Management Challenge: Budget and Performance Integration. OMB plans eventually to expand its examination of federal budget decisions to 100 percent of federal programs. Performance information will be used to (1) end or reform programs that either cannot demonstrate positive results or are clearly failing and (2) put resources in programs that can prove they are successful.

In the Commission's budget, all indirect costs are allocated to the Commission's five operations with the exception of the OIG activities, certain labor and union activities, and certain nonpersonnel costs. These are reported as unallocated indirect costs. The Commission also presents data using a budget object classification methodology. Budget integration efforts to date have allowed Commission managers more effectively to track changes in workload and compare them to changes in cost. In doing so, the Commission is able to determine whether resources are being allocated efficiently. The performance goals and indicators in the Commission's Annual Performance Plan also provide measures by which the agency's activities can be assessed. The Commission's Performance Results Report for FY 2004 was presented in the Performance and Accountability Report submitted to Congress as required by the Accountability of Tax Dollars Act of 2002. During this period, OIG audits and inspections did not address budget and performance integration.

Management Challenge: Expanded Electronic Government. The Expanded Electronic Government Initiative is designed to bring more services to the American citizen over the Internet, make government more efficient, and improve information technology (IT) management throughout the Executive Branch. Agencies continue to manage their IT within a framework the Administration set up to avoid problems before investments are made and taxpayer dollars lost. Agencies must demonstrate that their projects will provide



COMMISSION'S TOP MANAGEMENT CHALLENGES—*Continued*

significant value to the mission, have a reasonable likelihood of success in meeting goals and objectives, incorporate sufficient IT security, help achieve the PMA, and not duplicate other investments.

Every Commission business process—investigations, research, trade information services, trade policy support, and administration—depends on reliable and effective information systems and services. The information that the Commission processes and generates is a valuable asset that management must protect from loss, misuse, unauthorized access or modification. In 2004, the Commission implemented e-Quip, the OPM e-Government initiative for more efficient investigations for employee security clearances. The Commission redesigned its website and made progress on e-Government initiatives such as EDIS and the Interactive Tariff and Trade DataWeb.

The continued challenge the Commission faces is how to apply adequate resources to ensure sufficient information security. Much of this information is in electronic form, resides in a variety of hardware platforms and software applications, and is accessible through various communications links.

Congress enacted the Government Information Security Reform Act (GISRA) in 2000 and the Federal Information Security Management Act of 2002 (FISMA), to help federal organizations protect government information resources. Each agency must centralize information security management under its Chief Information Officer (CIO), as the Commission did in FY 2003. The need for centralized information security management results, in part, from the highly interconnected nature of modern information systems.

Agency Inspectors General are to conduct an annual independent evaluation of agency information security programs and practices. Accordingly, we conducted the fourth annual comprehensive audit of the Commission's information security program during this period. The Commission made significant progress in strengthening its information security program plan during the 2004 fiscal year. However, we made 14 recommendations for improvement with which the Commission concurred (discussed on page 9).

Management Challenge: Strategic Management of Human Capital. Facing substantial prospective retirements, agencies must hire and retain people with needed skills and hold them accountable for serving customers and stakeholders. OMB considered 20 agencies “green” for progress, meaning they had plans in place to assess their workforce and to use every tool at their disposal to recruit and retain the workforce they need to fulfill their missions.



COMMISSION'S TOP MANAGEMENT CHALLENGES—*Continued*

As previously noted, human capital is the Commission's largest resource, with salaries and personnel benefits representing approximately 72 percent of the FY 2005 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 2004, the Commission employed a total of 359 permanent employees.

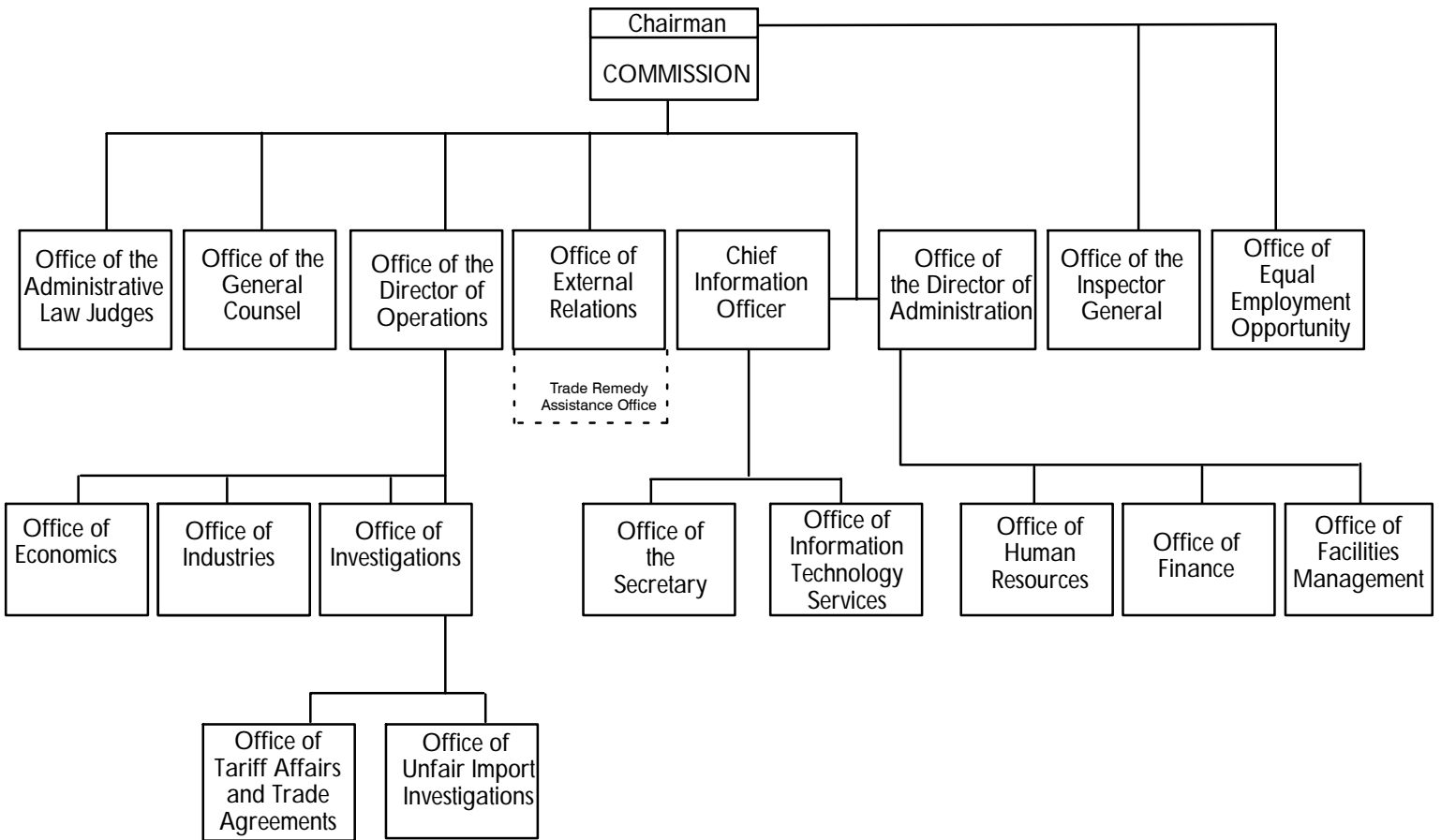
The Commission has made progress in implementing a Human Capital Vision and Strategic Human Capital Plan. Accordingly, the Commission reviewed 100 percent of positions within the Office of Operations, Office of General Counsel and Office of Administration. Not only were needed skills identified but the Commission determined that it can reduce by 20 positions within the next 5 years.

The Commission's skills analyses led it to implement a leadership development program focusing on the competencies needed for mission success. The Commission also continued its focus on work/life initiatives by implementing a policy to reimburse attorneys and certified public accountants for the professional certifications required for their positions as well as a policy to reimburse employees for a portion of their fitness memberships. During this period, OIG audits and inspections did not address human capital management.



COMMISSION'S ORGANIZATIONAL STRUCTURE

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 04-06, dated 6/23/04

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 05-04, dated 2/10/05

Labor-Management Partnership Council
Authority: Adm. Order 03-05, dated 2/11/03

Strategic Planning Committee (SPC)
Authority: Adm. Order 02-08, dated 5/3/02

Senior Executive Service Performance Review Board (PRB)
Authority: Adm. Order 02-09, dated 7/15/02

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, the U.S. 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 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 (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 probable economic effects investigations under section 131 of the Trade Act of 1974 and section 2104 of the Trade Act of 2002; analysis of trade and competitiveness issues under section 332 of the Tariff Act of 1930; and independent assessments on a wide range of emerging trade issues.
- Trade Information Services**—The Commission’s trade information services include such activities as 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 consists of 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 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.

The current Commissioners are Stephen Koplan, Daniel R. Pearson, Charlotte R. Lane, Jennifer A. Hillman, Marcia E. Miller, and Deanna Tanner Okun. The current Chairman is Stephen Koplan and the current Vice Chairman is Deanna Tanner Okun.

In FY 2005, the Commission had an estimated \$61.7 million in available funds and a staffing plan for 388 permanent positions and 25.5 term/temporary positions. All employees are located in one building at 500 E Street, SW, Washington, DC.

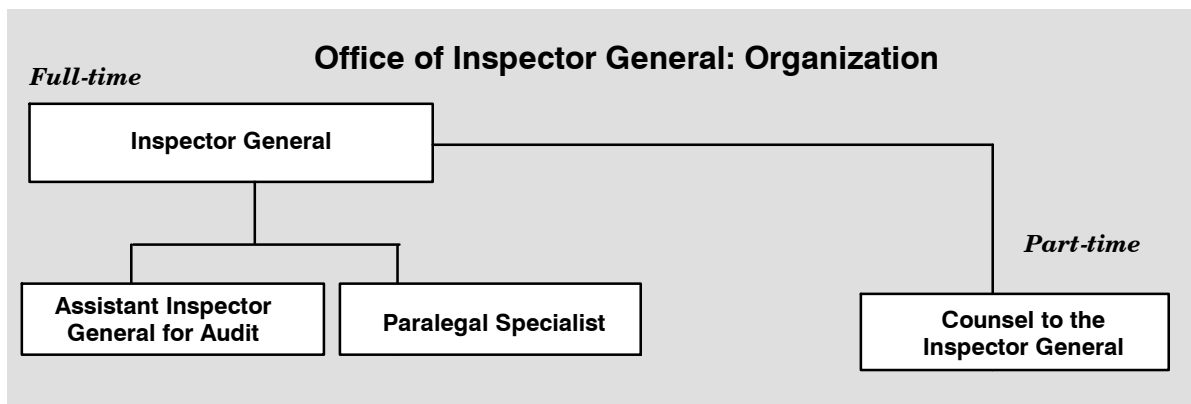
THE OFFICE OF INSPECTOR GENERAL

<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 provides comments and 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 2004.

For FY 2004, the OIG was allocated 3.5 staff years. This provided for three full-time positions (Inspector General, Assistant Inspector General for Audit, and Paralegal Specialist) and one part-time position (Counsel to the Inspector General). The Commission also allocated \$230,000 for OIG contracted audit and review services for FY 2005.



AUDITS

Audit Report List

We issued three audit reports during this period:

- OIG-AR-01-05, Evaluation of the U.S. International Trade Commission's Fiscal Year 2004 Information Security Program and Practices (see page 9)
- OIG-AR-02-05, Independent Audit of the U.S. International Trade Commission's FY 2004 Financial Performance and Statement on the Commission's Management Challenges (see page 10)
- OIG-AR-03-05, Management Letter: Audit of the U.S. International Trade Commission's Financial Statements for the Year Ended September 30, 2004 (see page 11)

Generally, the Commission made progress implementing pending actions recommended in the following reports since issuance of our last Semiannual Report:

- OIG-AR-01-04, Evaluation of the U.S. International Trade Commission's Discretionary Document and Mail Distribution Program (see page 12)
- OIG-AR-03-02, Evaluation of the Commission's Travel Program (see page 12)
- OIG-AR-05-00, Evaluation of USITC's Records Management (see page 13)

Summary of Significant Audits

Evaluation of the U.S. International Trade Commission's Fiscal Year 2004 Information Security Program and Practices, OIG-AR-01-05 (October 6, 2004)
<http://www.usitc.gov/oig/OIG-AR-01-05.pdf>

The OIG conducted our annual independent audit of the Commission's information security program and practices to determine if the Commission: (1) implemented appropriate actions to address recommendations made in OIG-AR-03-03 (September 22, 2003); and (2) met Federal Information Security Management Act criteria.



AUDITS—*Continued*

The Commission made significant progress in strengthening its information security program plan during the 2004 fiscal year. The most commendable accomplishments include:

- Designing and implementing System Security Plans for Commission-owned major applications, notably: EDIS, ITC Net, Publishing Network, Custom Net Import File, Core WebServices and Data Web Cluster;
- Working towards completing a Commission-wide risk assessment as well as application-specific risk assessments; and
- Installing and implementing a new local area network infrastructure (ITC-Net) that was designed to address most of the FY 2003 access control related recommendations.

The Commission must however take further action in order to achieve consistency with U.S. Office of Management and Budget (OMB) Circular A-130, Appendix III *Security of Federal Automated Information Resources* (February, 1996). We made 14 recommendations to improve the Commission's IT security.

In addition to the 13 recommendations from OIG-AR-03-03 (September 22, 2003), this audit identified 1 new weakness. The Commission concurred with our findings and recommendations and implemented 7 of the 14 recommendations at the time of this publication.

Due to the sensitive nature of the information contained in our report, we have limited its distribution.

Independent Audit of the U.S. International Trade Commission's FY 2004 Financial Performance and Statement on the Commission's Management Challenges, OIG-AR-02-05 (November 9, 2004)

<http://www.usitc.gov/oig/OIG-AR-02-05.pdf>

We conducted our first annual audit of the Commission's FY 2004 financial statements and issued an unqualified opinion. We performed the audit in accordance with U.S. generally accepted government auditing standards, which included audit follow-up on recommendations we reported from our prior year's audit titled Audit of the U.S. International Trade Commission's Financial Management System Control, OIG-AR-02-03 (July 24, 2003) <http://www.usitc.gov/oig/OIG-AR-02-03.pdf>, and applicable provisions of the Office of Management and Budget Bulletin 01-02, Audit Requirements for Federal Financial Statements.



The audit found that the financial statements fairly presented the Commission’s financial position as of September 30, 2004, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Additionally, the audit found no material weakness in the Commission’s internal controls and compliance with laws and regulations.

As part of the audit, we also reported on the top management challenges facing the Commission as identified by the OIG—as well as recent OIG activities relating to each challenge. These five challenges—Competitive Sourcing; Improved Financial Performance; Budget and Performance Integration; Expanded Electronic Government; and Strategic Management of Human Capital—are discussed on pages 1 to 4.

Management Letter: Audit of the U.S. International Trade Commission’s Financial Statements for the Year Ended September 30, 2004, OIG-AR-03-05 (March 24, 2005) <http://www.usitc.gov/oig/OIG-AR-03-05.pdf>

As part of our independent audit of the Commission’s 2004 financial statements, we also issued a management letter that identified other matters, not required to be included in our report on the financial statements.

The Commission should strengthen certain internal control areas related to accountable property, depreciation expense, disbursement cutoff, and the timely deposit of cash receipts. In addition, the Commission must abide by all the rules specified by the Federal Managers’ Financial Integrity Act of 1982. We made five recommendations that will assist the Commission in correcting these deficiencies.

The Commission concurred with our findings, and the planned actions met the intent of the recommendations.

AUDIT FOLLOW-UP

Pending recommended actions remain open on three audits reported in the previous semiannual report:

Evaluation of the U.S. International Trade Commission's Discretionary Document and Mail Distribution Program, OIG-AR-01-04 (May 26, 2004)

<http://www.usitc.gov/oig/OIG-IR-01-04.pdf>

The Commission agreed with all six recommendations and fully implemented four. By the end of FY 2005, the Commission intends to complete action to satisfy the remaining two recommendations—

- Issue official guidance on the format (i.e., paper or CD-ROM) to be distributed for final reports and publications by type of customer (e.g., Congress, libraries, law firms).
- Enhance the report distribution procedures by consolidating its mailing lists into one list and recording and tracking in its mailing lists the customers' desired type of report and desired medium (i.e., paper, CD-ROM, and Web site).

Also, the annual verification letter should be revised to specifically request:

- The customer's email address for communicating and sending notices to the customer.
- The customer's report medium preference along with a short description of the delivery time for each type, including the immediate availability of the report and other information from the Commission's Web site.
- An explanation of how the customer would be alerted of the publication's availability.

Evaluation of the Commission's Travel Program, OIG-AR-03-02 (September 30, 2002) <http://www.usitc.gov/oig/OIG-AR-03-02.pdf>

The Commission agreed with all six recommendations, implemented five, but has yet to:

- Issue an Administrative Order directing supervisors to identify and communicate each cardholder's planned travel in order to have the cardholder's authorized charge limit modified accordingly.

AUDIT FOLLOW-UP—*Continued*

With the advent of a major change in the travel service provider, the Commission has postponed a final solution to this issue until the new travel management system is fully operational. Charge limits have been placed on all travel cards Commission-wide and are only removed for international travel. Random audits are conducted by the Office of Finance on travel reports throughout the year. The costs and benefits of further limiting or restricting card usage will be evaluated with the new service provider.

Evaluation of USITC's Records Management, OIG-AR-05-00 (March 7, 2001)

<http://www.usitc.gov/oig/OIG-AR-05-00.pdf>

The Commission agreed with all 22 recommendations, implemented 21, but has yet to:

- Identify records scanned by EDIS so they can be disposed.

The Commission has been working with the National Archives and Records Administration regarding a conflict between the disposition schedule for records created using EDIS and earlier records.

INSPECTIONS

Inspection Report List

During this period we issued no inspection reports.

INVESTIGATIONS

The OIG investigates possible violations of laws, rules, and regulations, mismanagement, abuse of authority, and waste of funds. These investigations may result either from our own audit, inspection and other work or 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

During this reporting period, one new case was initiated, and one case was closed. A summary of investigative activity is presented below.

Case Workload		Referrals Processed		Investigative Results	
Open (09/30/04)	1	Received	0	Referrals for Prosecution	0
Assistance in joint Investigation with other Federal Agencies	1	Referred to OIG Audit & Inspection Divisions	0		
Initiated	1	Referred to Commission	1	Referrals Declined for Prosecution	1
Closed	2	Referred to other Federal Agencies	0	Administrative Action	0
Open (03/31/05)	1	Evaluated but no Investigation Initiated	0		



INVESTIGATIONS—*Continued*

Joint Investigation

The OIG assisted the Federal Bureau of Investigation and U.S. Postal Inspection Service in a joint investigation of an ITC contractor employee, who was allegedly involved in an identity theft fraud ring. The contractor employee was banned from the building. Subsequently, the case was referred to an Assistant United States Attorney, who declined to prosecute.

Personnel Action

The OIG examined the agency's processing of a personnel action by interviewing ITC employees involved in the personnel process and assessing compliance with applicable ITC directives. The OIG found that the Commission's steps in implementing this personnel action were inconsistent with aspects of certain ITC directives. Furthermore, the OIG offered suggestions to address similar situations in the future.



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. During this reporting period, the OIG commented on the draft Student Loan Repayment Program directive and the draft Property Management directive. The ITC issued the final Student Loan Repayment Program directive during the current reporting period. The final directive included several OIG suggestions, including those about the selection process, requiring fully successful performance levels and written agreements.

Government Accountability 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 Government Accountability Office initiated a study of trade remedy laws and completed a report recommending improvements in textile safeguard procedures pertaining to U.S.-China trade (*U.S.-China Trade: Textile Safeguard Procedures Should Be Improved*, GAO-05-296, April 5, 2005). Although GAO officials interviewed Commission officials, the report's findings and recommendations were directed to organizations other than the Commission.

Liaison Activities

The Inspector General is one of 28 DFE Inspectors General, who are members of the Executive Council on Integrity and Efficiency (ECIE). Established by Executive Order 12805 on May 11, 1992, the ECIE is chaired by the Office of Management and Budget and, in addition to the Inspectors General, includes representatives from the Office of Personnel Management, the Office of Government Ethics, the Office of Special Counsel, and the Federal Bureau of Investigations.

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.



OTHER ACTIVITIES—*Continued*

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.

During this period, the Inspector General served on the Board of the Association of Inspectors General, where federal, state and local OIGs share ideas on how to enhance their effectiveness and professionalism. The Inspector General has served for over 3 years as a member of the PCIE ECIE Human Resources Committee.

In addition to Human Resource Committee activities, the Inspector General has for more than 3 years volunteered as an occasional guest instructor for the Inspectors General Auditor Training Institute. As a Certified Myers Briggs Type Instrument® (MBTI) Professional, he facilitated a team building workshop using the MBTI for multiple Offices of Inspector General in Rosslyn, Virginia.

The Assistant Inspector General for Audit (AIGA) is a member of the Financial Statement Audit Network (FSAN) that anticipates potential changes and shares experiences related to auditing their respective agencies' financial statements. She is also a member of the Federal Audit Executive Council (FAEC) established to assist the community in addressing issues that arise in OIG organizations by developing and maintaining databases of information useful to government auditors.

The Counsel to the Inspector General was elected one of the Vice Presidents of the Council of Counsels to the Inspectors General (CCIG). Her duties include recording the minutes of the monthly meetings and assisting with facility arrangements—such as arranging for the March 2005 CCIG meeting that was held at ITC. As a member of the Inter-agency Ethics Council, she continued to provide a monthly report to the Inter-agency Ethics Council on Federal Court cases involving ethics issues.

In addition to her professional contributions to the federal OIG community, the OIG Counsel is a volunteer tutor for a first grade elementary school student. The Commission adopted Amidon Elementary School, a neighboring District of Columbia public school, for which Commission employees voluntarily tutor students in a variety of subjects.

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	17
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	12-13
Section 5(a)(4)	Summary of matters referred to prosecutive authorities and the prosecutions and convictions which have resulted	15
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
Section 5(a)(7)	Summary of each significant report	9-11
Section 5(a)(8)	Statistical tables showing Audit Reports-Questioned Costs	20
Section 5(a)(9)	Statistical tables showing Audit Reports-Funds Put to Better Use	21
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 COSTS⁶

		Dollar Value		
		Questioned Costs	Unsupported Costs	
		Number of Reports		
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

¹ The ITC OIG generally does not perform contract audits that are the basis for mandatory reporting of questioned and unsupported costs.



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	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

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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