

October 2001



UNITED STATES
INTERNATIONAL
TRADE COMMISSION

IG

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

April 1, 2001 - September 30, 2001



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 Inspector General (OIG) are listed below:

OIG AUDIT AND MANAGEMENT REVIEW

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

CRIMINAL AND CIVIL INVESTIGATIVE AUTHORITIES

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



UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, D.C. 20436

November 30, 2001

Inspector General's Message

It is an honor to transmit to the Commission and the Congress the Semiannual Report of the U.S. International Trade Commission Office of Inspector General (OIG) for the period from April 1, 2001, through September 30, 2001.

Since coming to the Commission on July 16, 2001, I have begun to direct the OIG's resources to:

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

As the second Inspector General of the U.S. International Trade Commission, I intend to provide the Commission and the Congress with sound and feasible recommendations to optimize the effectiveness of programs and operations; to investigate fraud by those who administer the Commission's programs; and to work with the Commission to resolve any previously identified management issues or areas of concern.

My staff and I look forward to continuing to work constructively with the Commission to further our common goal of ensuring the effectiveness, efficiency, and integrity of its contribution to the development and implementation of sound and informed U.S. trade policy.

A handwritten signature in black ink that reads "Kenneth F. Clarke". The signature is written in a cursive style.

Kenneth F. Clarke
Inspector General

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COMMISSION'S TOP MANAGEMENT CHALLENGES

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



Information Security

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

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

Another important provision of GISRA is that agency Inspectors General conduct an annual independent evaluation of their agency’s information security program and practices. This evaluation is to include appropriate tests of information security controls and an assessment of agency compliance with GISRA requirements and related information security policies, procedures, standards and guidelines. Accordingly, we conducted a comprehensive audit of the Commission’s information security program, summarized on page 11. We plan to further evaluate selected aspects of the Commission’s information security program in FY 2002.

COMMISSION'S TOP MANAGEMENT CHALLENGES—*Continued*



Human Capital Management

Human capital is the Commission's largest resource, with salaries and personnel benefits representing 75 percent of the budget. The Commission maintains an expert staff of professional international trade and nomenclature analysts, investigators, attorneys, economists, computer specialists and administrative support personnel. All employees are located at 500 E Street, SW, Washington, DC 20436. At the end of fiscal year (FY) 2001, the Commission employed a total of 340.5 permanent employees.

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

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



COMMISSION'S TOP MANAGEMENT CHALLENGES—*Continued*

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

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

Following up on its earlier Inspection report, "Self-Assessment of the Commission's Human Capital," the OIG is currently conducting an inspection of the Commission's progress in implementing Family-Friendly Workplace programs.

COMMISSION'S TOP MANAGEMENT CHALLENGES—*Continued*



Performance Based Management

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

The Commission has made progress in meeting this challenge. Beginning in FY 2000, the Commission implemented a budget structure that allowed nearly all activity costs to be allocated among its five strategic operations. This has enabled the Commission to readily identify and control the resources allocated to the various strategic operations. To fully achieve performance budgeting capability, the Commission should further refine the budget structure to identify resources allocated to specific performance objectives. The Commission can continue to improve management effectiveness through greater automation and integration of its budget, procurement, asset management, and other financial management processes.

The OIG is currently conducting an inspection of the Commission's strategic planning process.

COMMISSION'S TOP MANAGEMENT CHALLENGES—*Continued*



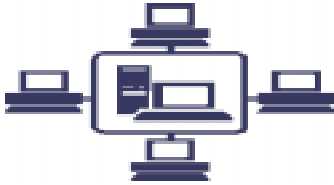
Redesigning Business Processes

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

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

The OIG is currently conducting an audit evaluating possible process improvements for planning and conducting the Commission's research program.

COMMISSION'S TOP MANAGEMENT CHALLENGES—*Continued*



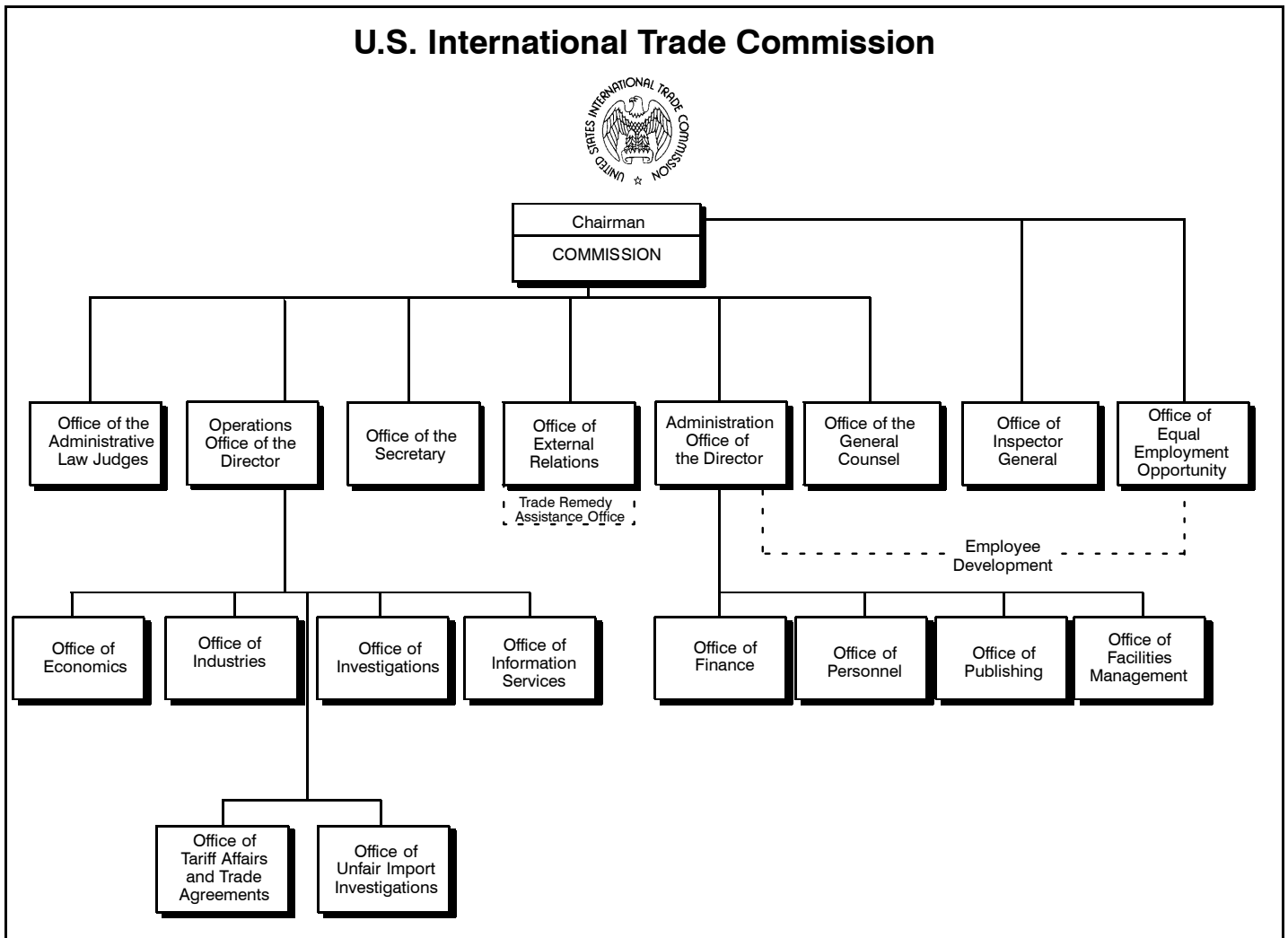
Information Resources Management

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

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

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

COMMISSION'S ORGANIZATIONAL STRUCTURE



Budget Committee

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

Directives Review Committee

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

Document Imaging Oversight Committee (DIOC)

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

Executive Resources Board (ERB)

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

Incentive Awards Committee (IAC)

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

Information Resources Management Steering Committee (IRMSC)

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

Labor-Management Occupational Safety and Health Committee

Authority: Adm. Order 0-01, dated 5/1/01

Labor-Management Partnership Council

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

Strategic Planning Committee (SPC)

Authority: Adm. Order 01-06, dated 3/1/01

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 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.

COMMISSION PROFILE—Continued

<http://www.usitc.gov>

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

The current Commissioners are Stephen Koplan, Deanna Tanner Okun, Lynn M. Bragg, Marcia E. Miller, Jennifer A. Hillman, and Dennis M. Devaney. The current Chairman is Stephen Koplan and the current Vice Chairman is Deanna Tanner Okun.

In FY 2001, the Commission had \$48.8 million in available funds (\$48.1 million appropriation) and a staffing plan for 390.5 permanent positions and 17.5 term/temporary positions. All employees are located in one building at 500 E Street, SW, Washington, DC.



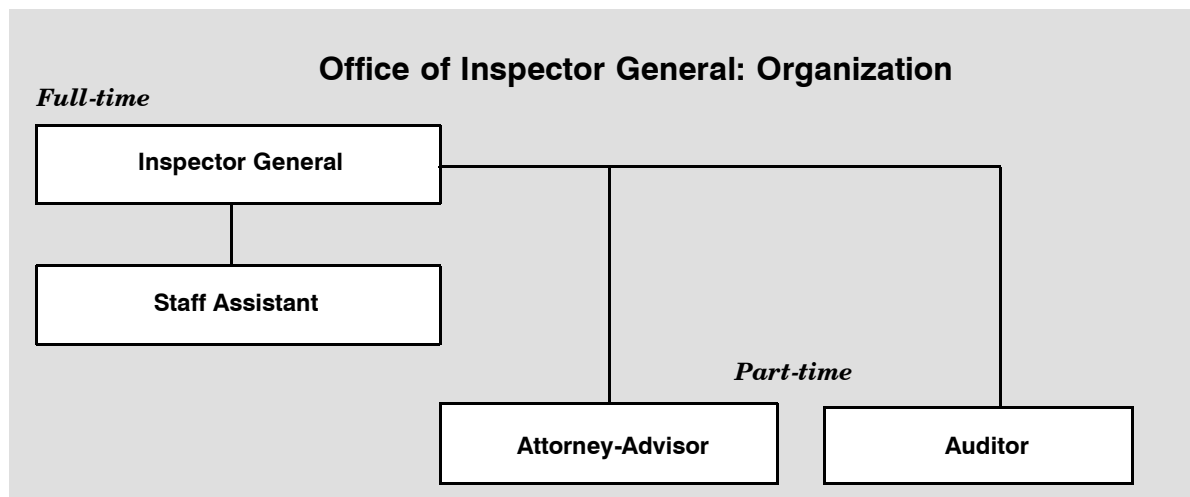
U.S. International Trade Commission

THE OFFICE OF INSPECTOR GENERAL

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

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

As shown in the organizational chart, the OIG had two full-time positions and two part-time positions in FY 2001.



For FY 2002, the OIG was allocated 3.5 staff years. This provided for three full-time (Inspector General, Assistant Inspector General for Audit, and a Staff Assistant) and one part-time (Attorney-Advisor) positions. The Commission also allocated \$135,200 for OIG audit and review services for FY 2002.

Kenneth F. Clarke joined the OIG staff on July 16, 2001, as Inspector General. Candidates have accepted offers for the Assistant Inspector General for Audit and Attorney-Advisor positions, which are anticipated to be filled by October 9, 2001.



AUDITS

Audit Report List

We issued one audit report during this period:

- OIG-AR-02-01, Evaluation of the U.S. International Trade Commission's Information Security Program (see page 12)**

The Commission completed pending actions recommended in one audit report:

- OIG-AR-04-00, Evaluation of Personnel/Payroll and Financial Services Provided to the Commission by the Department of the Interior (see page 15)**

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

- OIG-AR-05-00, Evaluation of USITC's Records Management (see page 15)**
- OIG-AR-01-01, Evaluation of the Commission's Implementation of E-FOIA (see page 16)**
- OIG-AR-01-00, Review of the Commission's Information Resources Management Function (see page 16)**

AUDITS—Continued

Summary of Significant Audits

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



The Government Information Security Reform Act (GISRA) was enacted in October 2000. Recognizing the need to protect the government's information resources, GISRA requires agencies to develop and implement plans, policies and procedures to provide adequate security of information resources commensurate with assessed risks. It also provides a comprehensive framework for establishing and ensuring the effectiveness of controls over federal information resources. Part of this framework is a requirement that agency OIG's conduct an annual independent evaluation of the information security program and practices of their agency.

We conducted this audit in accordance with the methodology outlined in the General Accounting Office (GAO) *Federal Information System Controls Audit Manual (FISCAM)*. We evaluated the Commission's information systems and security plans, controls, procedures, practices, standards, and policies covering the six FISCAM control areas: security program planning and management, access controls, applications program change controls, segregation of duties, operating system security, and service continuity. Our evaluation also included the Commission's controls over servers, databases, email server, firewall, networks (ITC-net and Publishing net), and communication equipment (routers and switches).

Our evaluation covered the physical and logical security controls and security administration procedures and practices for assessing risk, providing training, granting personnel access, maintaining and monitoring security controls within the infrastructure, and responding to actual or attempted security breaches. Our review covered information system and security controls for the Commission's major information system applications.

AUDITS—*Continued*

We also evaluated shared security administration controls and procedures between the Commission and the Department of the Interior (DOI) with respect to two applications—Federal Financial System and Federal Personnel Payroll System—which reside on DOI’s mainframe computer located at its National Business Center (NBC) in Denver, Colorado. We obtained an independent assessment from DOI of physical and logical security controls over the facilities, including backup and recovery facilities, used to safeguard and protect software and the Commission’s data.

Based on our audit, we found that the Commission had not fully developed and implemented an entity-wide security program designed to assure that adequate security is provided for all ITC information collected, processed, transmitted, stored, or disseminated in general support systems and major applications. In addition, the Commission had not implemented the necessary policies, standards, and procedures consistent with prevailing government-wide criteria issued by OMB and other responsible agencies.

We also found that the Commission had not developed security plans or assigned security responsibility for some of its major applications. Some applications had not been authorized for processing or had not been periodically reviewed as provided for in OMB Circular A-130. Other findings were related to observed weaknesses in security training, access controls, system software controls, software development and change controls, and segregation of duty controls.

Although the Commission had not yet implemented GISRA provisions relating to assignment of information security responsibilities to the CIO, the Commission was in the process of establishing a CIO office. In the meantime, it had appointed an Information Security Officer to coordinate information security for the Commission.

Our 19 recommendations for improving the Commission’s information security program were intended to:

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

AUDITS—*Continued*

In general, the Commission concurred with our findings and recommendations. In accordance with GISRA, the Commission will provide a detailed plan of action to OMB by October 31, 2001, which will address our recommendations. This plan of action will serve as the basis for our audit follow up during FY 2002.

AUDIT FOLLOW-UP

During this reporting period, the Commission completed pending actions on one audit and made progress in completing pending actions on three audits from our last semiannual report.

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>

As of the last semiannual report, 17 of 21 recommendations from this audit had been implemented. During the current reporting period, the remaining four recommendations have been implemented as follows:

- Update Commission documentation to reflect current time, attendance and payroll policies and procedures.
- Develop a plan for implementing an integrated procurement subsystem for FFS that includes electronic commerce functionality.
- Plan and conduct a joint evaluation of the FPPS datamart.
- Implement the SF-52 automated processing service offered by FPPS.

All agreed upon actions were completed by July 31, 2001.

Pending actions still open on recommendations reported in the previous semiannual report for the following three audits at the end of the reporting period:

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

This audit resulted in 22 recommendations, all of which were agreed to by management. As of October 1, 2001, 15 recommendations had been implemented. The remaining seven recommendations that have not yet been implemented are summarized as follows:

- Update and revise the Commission's internal records management directive.
- Review permanent records to verify classification.
- Seek NARA approval for a modified SF 115.
- Phase out the use of the level P-1 storage area for records storage.

AUDIT FOLLOW-UP—*Continued*

- Develop office policies for minimization of the costs of records storage.
- Seek NARA approval for electronic records storage.
- Identify records scanned by EDIS so they can be disposed.

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

This audit resulted in five recommendations, all of which were agreed to by management, but are not yet implemented. These audit recommendations are summarized as follows:

- Annually publish FOIA-required information in the Federal Register.
- Change procedures for notification and documentation of delayed E-FOIA responses.
- Improve procedures for accounting for FOIA fees.
- Develop a procedure for receiving E-FOIA requests by e-mail.
- Amend 19 CFR 201.17-21 to emphasize FOIA affirmative access provisions.

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

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

- Appoint a CIO and assign sufficient responsibilities and resources to this position so that the CIO can provide unified direction to the Commission's IRM.
- Place existing IRM-related offices under the direction of the CIO.
- Strengthen the IRM Committee.
- Improve the management of the Commission's IRM personnel.
- Improve information security planning.



AUDIT FOLLOW-UP—*Continued*

The Commission has requested that the Office of Personnel Management (OPM) designate the CIO as a Senior Executive Service position. Completion of the first three actions listed above awaits the OPM response to the Commission's request. In addition, the Commission has revised and reissued its directive on information security and issued a new handbook on information security. However, the Commission has not yet completed revision of its information security plan.



INSPECTIONS

Inspection Report List

During this period no Inspection Reports were issued, but two inspections were nearing completion. One inspection addresses the Commission's progress in completing its Strategic Plan, Annual Performance Plan, and Annual Performance Report as called for in the Government Performance and Results Act. The other addresses the Commission's progress in implementing various programs associated with the Family-Friendly Workplace.

INVESTIGATIONS

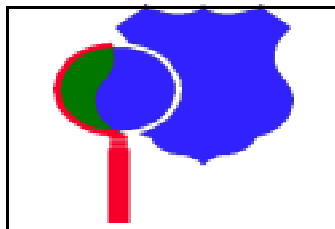
The OIG investigates complaints and information received concerning possible violations of laws, rules, and regulations, mismanagement, abuse of authority, and waste of funds. These investigations are in response to allegations, complaints, and information received from employees, other government agencies,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

Summary of Investigative Activity

A summary of investigative activity is presented below.

Case Workload		Referrals Processed		Investigative Results	
Open (4/1/01)	1	Received	2	Referrals for Prosecution	0
Initiated	0	Initiated Investigation	0	Referrals Declined for Prosecution	0
Closed	0	Referred to Commission	0	Administrative Action	0
Open (9/30/01)	1	Evaluated but No Investigation Initiated	2		

During this reporting period, no new cases were initiated, and one case regarding an alleged conflict of interest by a former employee was still under consideration for prosecution.



OTHER ACTIVITIES

Regulatory Review

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

The OIG evaluates the impact that new or revised procedures will have on the economy and efficiency of programs and operations. The OIG reviewed and commented on proposed administrative orders for a Transportation Fringe Benefits Program and Establishment of a Tax Free Fringe Benefit Program for Parking and Authorization for Partial Subsidy. The OIG concurred in the cancellation of certain other administrative orders. The OIG reviewed and commented on Notice of Proposed Rulemaking to amend 19 C.F.R. Parts 201, 204, 206 and 207 to correct, clarify, and harmonize different parts of the rules, and conform the rules to current practice. The OIG also reviewed and commented on a draft Notice of Proposed Rulemaking amending on an interim basis 19 C.F.R. Part 206 to provide disclosure of confidential business information under administrative protective order in certain proceedings.

GAO

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

During this period, the GAO requested Commission assistance relating to the following matters:

- World Trade Organization Ministerial Conference and the proposed agenda and timing for a new round of trade negotiations
- Financial statement audit requirements

During this period we reviewed the following GAO reports related to international trade:

- Free Trade Area of the Americas: April 2001 Meetings Set Stage for Hard Bargaining to Begin. GAO-01-706T May 8, 2001
- International Trade: Comparison of U.S. and European Union Preference Programs. GAO-01-647 June 8, 2001

OTHER ACTIVITIES—Continued

- North American Free Trade Agreement: U.S. Experience With Environment, Labor, and Investment Dispute Settlement Cases. *GAO-01-933*. July 20, 2001.
- Trade Adjustment Assistance: Improvements Necessary, but Programs Cannot Solve Communities' Long-Term Problems. *GAO-01-988T*. July 20, 2001.
- Trade Adjustment Assistance: Experiences of Six Trade-Impacted Communities. *GAO-01-838*. August 24, 2001
- Free Trade Area Of The Americas: Negotiators Move Toward Agreement That Will Have Benefits, Costs to U.S. Economy. *GAO-01-1027*. September 7, 2001

The ITC was mentioned in two of these reports, GAO-01-1027 and GAO-01-647. The ITC was mentioned eight times in GAO-01-1027 as a source of data used in the report. The ITC was mentioned four times in GAO-01-647 in connection with GAO-ITC coordination activities.

There were no recommendations in the GAO reports that we reviewed that were directed to the Commission.

Liaison Activities

The Inspector General provided more than 10 days of classroom instruction for the Inspectors General Auditor Training Institute. Having recently served as the Institute's Director, the Inspector General designed and taught "Analytical Techniques for Improving Processes for Auditors and Evaluators" for the Railroad Retirement Board OIG in Chicago, Illinois; the U.S. Department of Justice OIG in Denver, Colorado; and multiple Offices of Inspector General in Ft. Belvoir, Virginia. He also taught "Team Writing from Entrance Conference through Final Report" and facilitated a team building workshop using the Myers Briggs Type Instrument® for multiple Offices of Inspector General in Ft. Belvoir.





OTHER ACTIVITIES—*Continued*

The Inspector General is a member of the Executive Council on Integrity and Efficiency (ECIE), which consists primarily of the Inspectors General at the 34 designated federal entities. The Executive Council on Integrity and Efficiency (ECIE) was established by Executive Order on May 11, 1992 and consists of Designated Federal Entity Inspectors General and representatives of the Office of Government Ethics, the Office of Special Counsel, the Federal Bureau of Investigation and the Office of Management and Budget. The Inspector General also participates in activities sponsored by the President's Council on Integrity and Efficiency (PCIE), which consists primarily of the Presidentially-appointed Inspectors General. The ECIE and PCIE have identical functions and responsibilities to promote integrity and efficiency and to detect and prevent fraud, waste, and abuse in federal programs.

Legislative Liaison Activities

On March 30, 2001 we submitted written responses to questions the Acting Inspector General had received during his March 15 testimony before the House Subcommittee on Government Reform.

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	20-21
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	15-17
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	11
Section 5(a)(7)	Summary of each significant report	12-14
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

		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

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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