FEDERAL MARITIME COMMISSION

PERFORMANCE AND ACCOUNTABILITY REPORT

FISCAL YEAR

2007

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The Federal Maritime Commission's (FMC) Performance and Accountability Report (PAR) provides program and financial information that enables the President, Congress, and the public to assess the performance of the agency relative to its mission and the resources entrusted to it. This PAR satisfies the following legislation:

The Federal Managers' Financial Integrity Act of 1982 requires continuous evaluations and reporting of the adequacy of the systems of internal accounting and administrative controls. The Act can be found at the following URL:

http://www.whitehouse.gov/omb/financial/fmfia1982.html

The Chief Financial Officers Act of 1990 provides for the production and submission of complete, reliable, timely, and consistent financial information for the use of the Executive Branch of the government and the Congress in the financing, management and evaluation of federal programs. The Act can be found at the following URL:

http://www.gao.gov/special.pubs/af12194.pdf

The Reports Consolidation Act of 2000 authorizes agencies to consolidate several reports in order to provide performance, financial and other related information in a more useful manner. The Act can be found at the following URL:

http://www.cbo.gov/showdoc.cfm?index=2193&sequence=0

The Federal Financial Management Improvement Act of 1996 requires the assessment of financial systems to ensure they adhere to government -wide financial requirements. The Act can be found at the following URL:

http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=104_cong_public_laws&docid=f:publ208.104.pdf

The Inspectors General Act of 1978 (amended) requires that the inspector general make available information on management actions taken in response to IG audits. The Act can be found at the following URL:

http://www.access.gpo.gov/uscode/title5a/5a_2_.html

The Government Performance and Results Act of 1993 requires an annual report that measures the performance results of the agency against the established agency goals. The Act can be found at the following URL:

http://www.whitehouse.gov/omb/mgmt-gpra/gplaw2m.html

The Government Management Reform Act of 1994 requires the submission of audited financial statements. The Act can be found at the following URL:

http://govinfo.library.unt.edu/npr/library/misc/s2170.html

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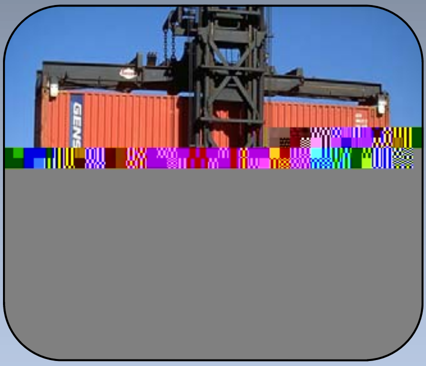


Fiscal Year 2007

A MESSAGE FROM THE COMMISSION

The Federal Maritime Commission's ("FMC" or "Commission") Performance and Accountability Report ("Report" or "PAR") for Fiscal Year ("FY") 2007 will enable industry participants and the general public to become more aware of the Commission's ongoing efforts and successes in the regulation of the shipping industry. We believe that the performance and financial data in the Report are complete and reliable under the Office of Management and Budget guidelines. In a few clearly marked instances, estimates have been used where actual numbers do not yet exist. As data becomes available, those estimates will be replaced with actual figures in subsequent Reports.

The Commission's mission is to:

- Develop and administer policies and regulations that foster a fair, efficient and secure maritime transportation system;
- Protect U.S. maritime commerce from unfair foreign trade practices and market-distorting activities;
- Facilitate compliance with U.S. shipping statutes through oversight and outreach;
- Assist in resolving disputes.

The fundamental mandate underlying the agency's mission is to help remove impediments to fair competition – undue controls, influences or non-market barriers imposed by any nation, carrier, cargo owner or transportation intermediary – which can adversely affect U.S. oceanborne trade. Our regulatory system enables necessary oversight with minimal disruption to the efficient flow of U.S. imports and exports, ensuring fair competition in the ocean transportation industry while allowing the industry to conduct business as efficiently as possible. We are committed to developing programs and processes that will enable the Commission to fulfill this mission in the context of an evolving industry. In doing so, we strive to increase performance efficiencies and the effectiveness of our workforce.

In FY 2007, the Commission set out to achieve eleven specific performance goals. The agency fully achieved four goals, neared full completion of two goals, and made substantial progress towards the completion of five goals. We anticipate that the agency will fully complete these remaining five goals in Fiscal Year 2008. In addition, the Commission continued its substantial progress towards fulfillment of the President's Management Agenda. Notably, the agency received an "unqualified opinion" on its financial statements for the fourth consecutive year. The agency further expanded its use of electronic government by increasing the number of documents available online and by making substantial progress towards agency-wide database integration. Regarding succession planning, the Commission designed and implemented a Senior Executive Service Candidate Development Program, and continued its Emerging Leaders Program.

The Commission is proud of its FY 2007 accomplishments and looks forward to providing high-quality service to the American public in future years.

Sincerely,

A. Paul Anderson Commissioner	Joseph E. Brennan Commissioner	Harold J. Creel, Jr. Commissioner	Rebecca F. Dye Commissioner

November 15, 2007

Chapter One

MANAGEMENT'S DISCUSSION and ANALYSIS

I. Introduction

The Commission is an independent transportation/trade regulatory agency that administers the Shipping Act of 1984 ("Shipping Act") as amended by the Ocean Shipping Reform Act of 1998 ("OSRA"); section 19 of the Merchant Marine Act, 1920; the Foreign Shipping Practices Act of 1988; and Public Law ("P.L.") 89-777 (Passenger Vessel Financial Responsibility). This Report represents the completion of the FMC's program and financial management process for FY 2007, which began with mission and program planning, continued with the formulation and justification of the agency's budget submission to the President and Congress, continued through budget execution, and ended with a report of our program performance and the agency's use of resources. This report was prepared pursuant to the requirements of the Chief Financial Officers Act, as amended by the Reports Consolidation Act, and Office of Management and Budget ("OMB") Circular No A-136, and covers the FMC's activities from October 1, 2006 through September 30, 2007.

II. Vision and Mission Statements

The Federal Maritime Commission's vision is:

> Fairness and efficiency in U.S. maritime commerce.

The Federal Maritime Commission's mission is to:

- Develop and administer policies and regulations that foster a fair, efficient and secure maritime transportation system;
- Protect U.S. maritime commerce from unfair foreign trade practices and market-distorting activities;
- Facilitate compliance with U.S. shipping statutes through oversight and outreach:
- Assist in resolving disputes.

III. Highlights of FY 2007 Performance

The FMC focused on eleven performance goals during FY 2007. Four of the goals were fully completed. Seven of the goals were not met, although progress was made and the agency anticipates meeting those goals during FY 2008.

The FMC met all of its performance goals relating to the fulfillment of its substantive regulatory responsibilities. The agency successfully expanded its ocean transportation intermediary monitoring and audit program, met its goals in addressing unlicensed ocean transportation intermediary ("OTI") activity, and enhanced its passenger vessel financial responsibility oversight. The agency also met its succession planning goals, developing and implementing both a Senior Executive Service Candidate Development Program and an Emerging Leaders Program.

The FMC made progress in meeting its remaining goals, most of which related to electronic filing, database upgrades, and the automation of forms. For example, the agency is close to completing an upgrade of its Internet web site, and has made substantial progress in integrating its Office of Consumer Affairs and Dispute Resolution Services ("CADRS") complaint database with other existing agency databases. The agency continues to work towards its goals of automating several regulatory forms, as well as enabling the regulated community to electronically file monitoring reports and bonds. Finally, the agency's ongoing efforts to redesign its Intranet and to implement a new performance appraisal system, should see substantial progress in FY 2008.

IV. Regulatory Responsibilities

The FMC oversees approximately 5,400 regulated persons, including ocean common carriers, marine terminal operators ("MTOs"), and OTIs. The agency's regulatory responsibilities include:

- Protecting shippers and carriers engaged in the foreign commerce of the U.S. from restrictive or unfair foreign laws, regulations, or business practices that harm U.S. shipping interests or ocean trade. The FMC is authorized to ensure that the foreign commerce of the U.S. is not burdened by non-market barriers to ocean shipping. The agency may take countervailing action to correct unfavorable shipping conditions caused by carriers or foreign governments, and may impose penalties.

- Reviewing operational and pricing agreements among ocean common carriers and MTOs to ensure that they do not have excessively anticompetitive effects. The Shipping Act exempts these agreements from the U.S. antitrust laws, and the FMC reviews and evaluates such agreements to ensure that they do not result in unreasonable increases in transportation cost or unreasonable reductions in transportation service.

- Reviewing and maintaining an electronic system for the filing of service contracts between ocean common carriers and shippers, and service arrangements between non-vessel-operating common carriers ("NVOCCs") and shippers.

- Ensuring that common carriers' rates and charges are available to the shipping public in private, electronically accessible systems.

- Regulating the rates, charges, and rules of government-controlled carriers to ensure that they are just and reasonable and do not unfairly undercut private competitors.

- Ensuring that passenger vessel operators ("PVOs") provide evidence of sufficient financial responsibility to pay judgments for personal injury or death, or to reimburse fares in the event of nonperformance of a voyage or cruise.

- Licensing OTIs to protect the public from unqualified, insolvent, or dishonest companies.

- Ensuring that OTIs maintain sufficient financial responsibility to protect the shipping public from financial loss.

- Investigating potentially discriminatory rates, charges, classifications, and practices of common carriers, MTOs, and OTIs operating in the foreign commerce of the United States.

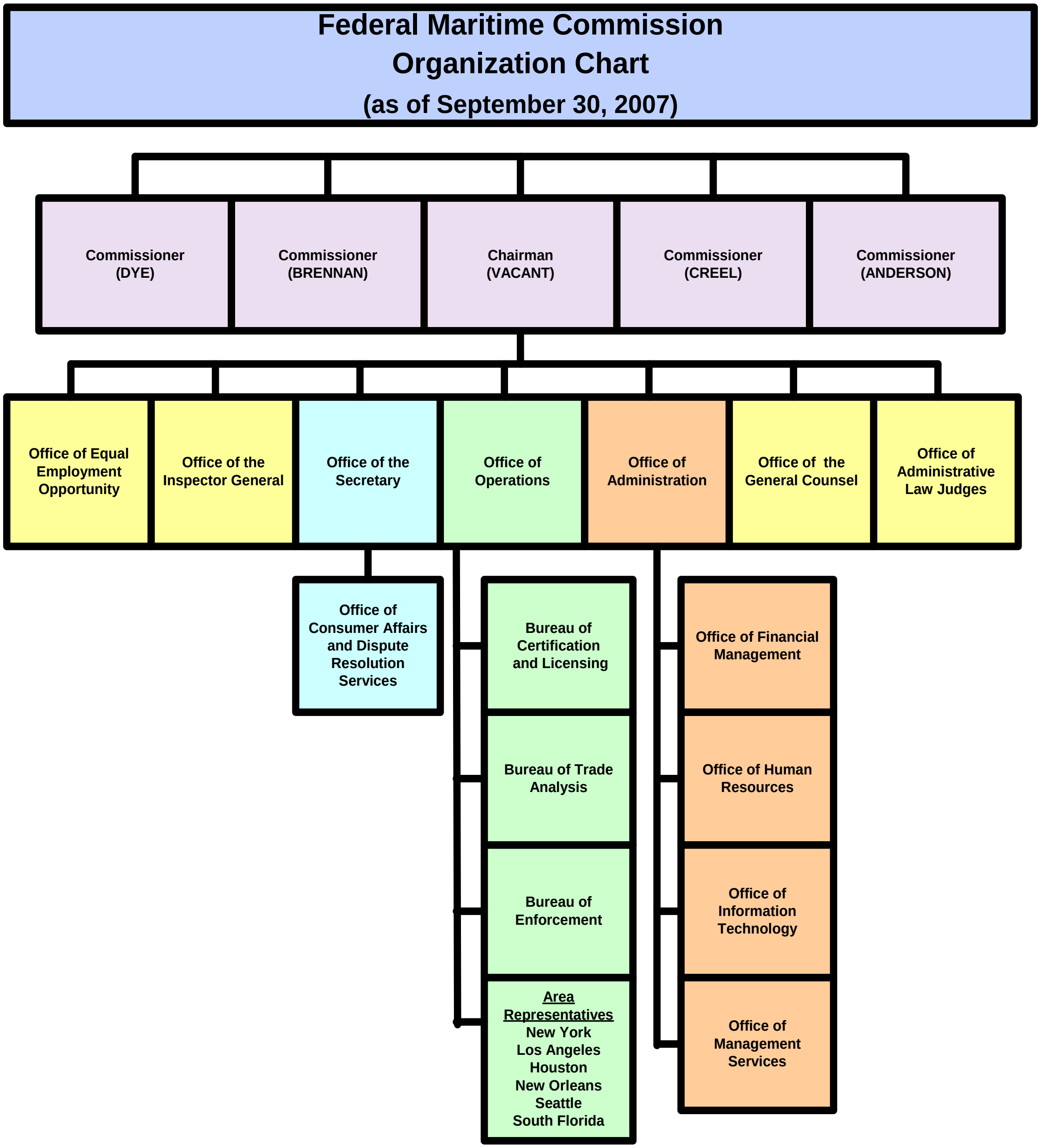
The FMC carries out its regulatory responsibilities by conducting formal and informal investigations. It holds hearings, considers evidence, renders decisions, and issues appropriate orders and implementing regulations. The FMC also adjudicates and mediates disputes involving the regulated community, the general shipping public, and other affected individuals or interest groups.

V. Organizational Structure

The FMC is composed of five Commissioners appointed for five-year terms by the President with the advice and consent of the Senate. No more than three members of the FMC may belong to the same political party. The President designates one of the Commissioners to serve as Chairman. The Chairman is the chief executive and administrative officer of the agency. In FY 2007, the FMC's appropriation totaled $20,427,910, which funded 119 full-time equivalent staff.

The former Chairman resigned from the Commission in November, 2006. The President has designated an individual to fill this position, pending Senate confirmation.

MANAGEMENT'S DISCUSSION and ANALYSIS



VI. President’s Management Agenda

The President’s Management Agenda is intended to make government more citizen-centered, results-oriented, and market-based. The Agenda’s five initiatives are: Strategic Management of Human Capital; Competitive Sourcing; Improved Financial Management; Expanded E-Government; and Budget and Performance Integration. The FMC has achieved success in addressing these initiatives.

A. Strategic Management of Human Capital

A Senior Executive Service Candidate Development Program, which was initiated during FY 2006 to address succession planning needs, was fully implemented during FY 2007, with candidates engaged in training and developmental activities, including temporary assignments within and outside the agency. In FY 2007, the agency graduated the first class from its new Emerging Leaders Program, which was developed for long-range succession planning and to provide mid-level staff and managers an opportunity to develop targeted skills and provide career development. The FMC also initiated an agency-wide Individual Development Plan Program after concluding a pilot of the program; this program was implemented to more effectively target career development needs of individual employees and improve overall agency skill levels.

The agency continued to offer a college tuition reimbursement program, to encourage employees to improve skills needed in the workplace. The FMC also offers a range of flexible work options and employee-friendly and family-friendly programs and policies. These programs include transit subsidies, employee assistance, and adjustable work schedules, among others.

In its recruiting practices, the FMC utilizes a wide range of alternatives, such as those under the Direct-Hire Authority, delegated examining, and the Veterans Employment Opportunities Act. The agency implements e-Government initiatives such as e-clearance, e-payroll, Enterprise Human Resources Integration, and e-learning. The FMC is one of eight small agencies which have joined together as a Consortium to implement eOPF, the electronic Official Personnel Folder (OPF), part of the Enterprise Human Resources Integration initiative. The Consortium has formally partnered with the Office of Personnel Management to acquire eOPF and achieve economies of scale by sharing fixed costs associated with assessment, implementation and conversion. During the fiscal year, the Consortium completed background work necessary to schedule a “fast-track” implementation of eOPF at each agency, and to provide Consortium employees with the ability to more easily access their OPFs and all corresponding personnel documentation retained in the OPF by the agency.

B. Budget and Performance Integration

The FMC continues to make progress in achieving budget and performance integration. In FY 2007, the FMC began a re-assessment of its Government Performance and Results Act (“GPRA”) process, with a focus on how to improve its performance planning. In the coming year, the agency intends to build upon this initiative as its strategic plan is also re-evaluated.

The Strategic Plan and Annual Performance Plan continue to represent the fundamental framework for the agency’s planning and budgeting activities. Funding and full-time equivalent (“FTE”) levels are integrated into the agency’s performance planning document by strategic goal, to identify clearly the budgetary and staff resources that are committed to each goal.

FMC program managers receive reports which show the full cost of their programs, and which compare expenditures to budget allocations. These reports allow managers to plan and manage their programs more efficiently throughout the budget year.

C. Competitive Sourcing

The FMC is committed to acquiring goods and services in an efficient manner. The FMC submitted its FY 2007 Federal Activities Inventory Reform Act Inventory to OMB in June 2007. The Inventory identifies 79 of the agency’s 133 FTEs as commercial activity FTEs. No challenges to its commercial inventories have ever been received.

The Commission is a small agency whose personnel perform many different functions. The number of FTEs has declined from 199 in 1993 to 133 in the President's Budget for FY 2007 (the FMC ended FY 2007 with 119 FTEs). The Commission streamlines and improves efficiencies by committing budgetary resources to a variety of contracts for support services, including interagency/cross-service and commercial agreements for payroll, accounting, procurement, human resources processing, travel, health, excessing property, security guard, transit benefits, office space rent, messenger, and equipment maintenance services.

To carry out its statutory responsibilities as an independent agency the Commission must have a core group of technically qualified individuals to monitor, analyze and investigate conditions in the U.S. foreign commerce and activities of the maritime industry. It also is critical that the agency have sufficient in-house staff who are knowledgeable and impartial in their dealings with foreign governments, the industry, Congress and other government agencies. Therefore, the Commission determined to list those 79 FTEs as exempt from competition (Reason Code A), i.e., the commercial activities are not appropriate for private sector performance.

The Commission is committed to improving and streamlining operations to carry out its mission and strategic goals.

D. Expanded Electronic Government

The FMC continues to expand electronic government. During the fiscal year, the FMC increased the number of filings in significant docketed proceedings available to the public on the agency's website, as well as a significant number of historical agency decisions. Further, the FMC completed development and testing of an automated

VII. Financial Performance

A. Overview

As of September 30, 2007, the financial condition of the FMC was sound with respect to having sufficient funds to meet program needs and adequate control of funds to ensure that obligations did not exceed budget authority. The FMC's accounting services provider, BPD, prepared the agency's financial statements in accordance with accounting standards codified in the Statements of Federal Financial Accounting Standards, and OMB Circular A-136, Financial Reporting Requirements.

The FMC's total budget authority for fiscal year 2007 was $20,427,910. This represents an increase in budget authority of $133,900 over fiscal year 2006's budget of $20,294,010.

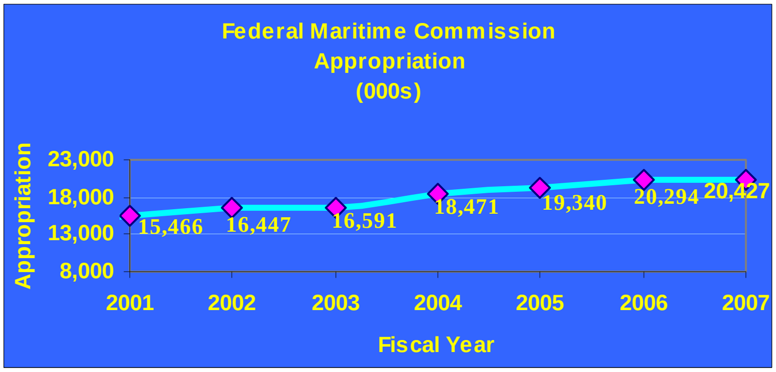


Table A

Although the FMC collects remittances for "user fees" and "fines and penalties," the agency is not authorized to offset any of its budget authority with these funds.

The FMC's single source of funds, Salaries and Expenses, is funded by an annual appropriation that is available for commitments and obligations incurred during the fiscal year in which the authority was granted. As reflected in Table B, approximately 71% of the total appropriation was used for salaries and benefits. Of the remaining budget authority, 1% was used for Commission travel expenses and 28% was used for administrative expenses, also known as operating expenses (e.g., rent, furniture, printing, maintenance). The un-obligated authority balance of $4,511.00 will remain active for four years to service FMC-established requirements.

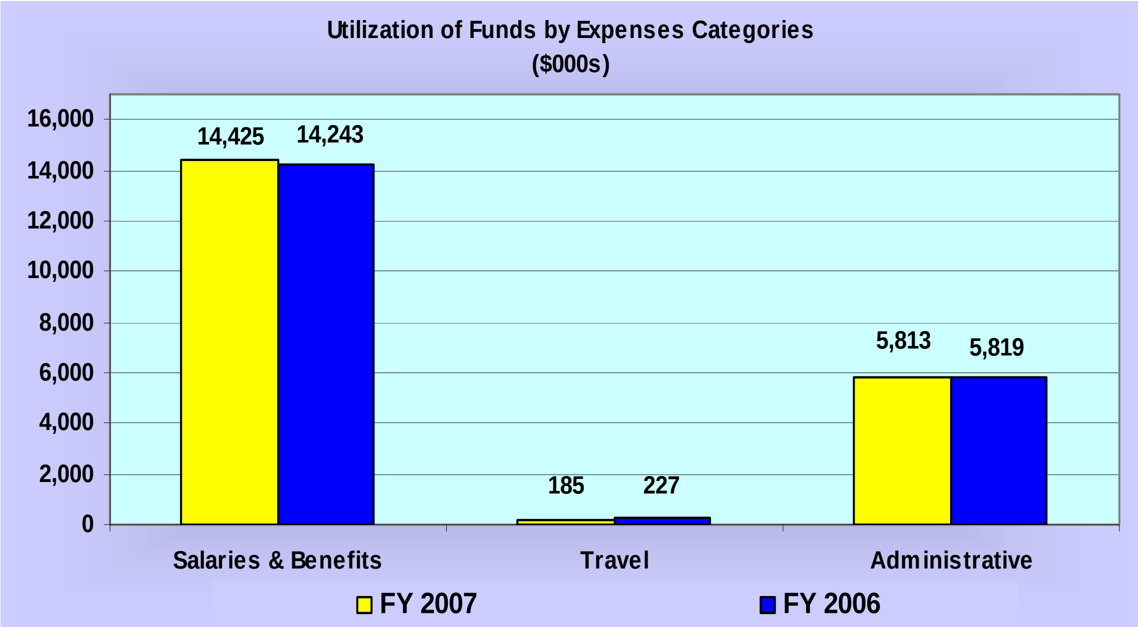


Table B

1. Personnel Strength History

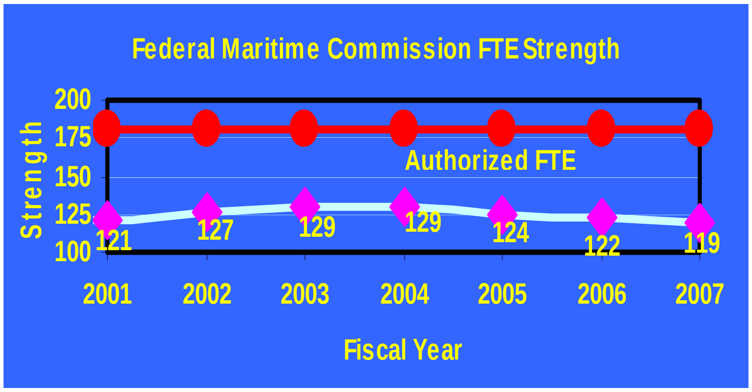


Table C

As reflected in Table C, the FMC's actual FTE level has fluctuated slightly since 2000. After an initial decline in 2001, the FMC experienced modest growth in its FTE level through 2004, followed by a recent decline. The agency has endeavored to develop the appropriate mix of staffing and other available means to effectively accomplish our mission. In recent years, the Commission was authorized a total of 180 full-time-equivalent positions. Due to appropriations levels, the Commission has been required to maintain full-time personnel levels much lower than authorized.

2. Audit Results

The FMC received an unqualified opinion on its FY 2007 financial statements from the auditing firm of Dembo, Jones, Healy, Pennington & Marshal, P.C. under contract through the FMC's Inspector General.

B. Financial Statement Highlights

The FMC's financial statements summarize the financial position and financial activity of the agency. The financial statements, footnotes and the remainder of the required supplementary information appear in Chapter 3, Auditors' Report and Financial Statements. The financial statements have been prepared to report the financial position and results of operations of the entity, pursuant to the requirements of 31 U.S.C. 3515(b). The statements have been prepared from the books and records of the entity in accordance with the formats prescribed by OMB. The statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity. One implication of this is that liabilities cannot be liquidated without legislation that provides resources to do so.

As shown in Table D, the analysis of Net Costs presents the net cost of the FMC's five agency programs from the agency's financial statements. The five programs are: Administration; Operations; Formal Proceedings; Inspector General; and Equal Employment Opportunity. The Statement of Net Costs shows the net cost of operations for the agency as a whole and its sub-organizations and/or programs from the five active appropriations. The Administrative program costs include agency overhead expenses.

Summary of the Statement of Net Cost as of September 30, 2007

	FY 2007	FY 2006
Administration	$8,869,541	$8,449,512
Operations	$7,203,333	$7,132,804
Formal Proceedings	$4,801,085	$4,958,503
Inspector General	$394,294	$469,885
Equal Employment Opportunity	$141,593	$135,722
Net Cost of Program Services	**$21,409,846**	**$21,146,426**

Table D

VIII. Improper Payments Information Act

The Commission has not identified any program that alone constitutes a high-risk for improper payments. Therefore, the FMC considers all of its payments to fall within the realm of high-risk. As such, the FMC has instituted a separation of duties concerning payments that has been very successful in curtailing any improper payments. NFC became the agency's payroll provider in 2002 and is responsible for monitoring and reporting on any payroll-related payments. Any overpayments made to an FMC employee by the NFC on behalf of the FMC are offset by the NFC. In FY 2007, the FMC had no overpayments. The FMC did not identify any improper collections through Intergovernmental Payments and Collections ("IPAC") collections.

IX. Systems, Controls, and Legal Compliance

This section provides information on FMC’s compliance with the:

- Federal Managers’ Financial Integrity Act
- Federal Financial Management Improvement Act
- Prompt Payment Act
- Debt Collection Improvement Act
- Biennial Review of User Fees
- Performance Measure Summary
- Inspector General Act

A. Federal Managers’ Financial Integrity Act

The Federal Managers’ Financial Integrity Act (“FMFIA”) requires that agencies establish management controls over their programs and financial systems. Specifically, section 2 of the FMFIA requires an annual assessment of internal controls necessary to ensure compliance with applicable laws; protect against waste, fraud, and abuse; and ensure receivables and expenditures are properly recorded. Section 4 requires an assessment of conformance with government-wide financial system requirements.

In accordance with guidance issued by OMB, agency program managers conducted reviews of their financial, administrative and program management controls. Every office participated in the review, ensuring comprehensive coverage throughout the agency. Each office head prepared an annual assurance statement that identified any control deficiencies that merited the attention of the agency head. These statements were based on information gathered from various sources, including management’s personal knowledge gained from daily operation of the office, Office of the Inspector General audits/reviews, annual performance plans and reports, and audits of the FMC’s financial statements. Management concluded that controls in effect during FY 2007 provided reasonable assurance that the FMC’s system of internal controls is achieving its objectives. Management control deficiencies, when identified, are addressed at the highest management levels within the agency. For example, the agency’s Chief Information Officer directly oversees corrective actions for significant deficiencies identified in the agency’s information technology area.

Commission’s Assurance Statement

In the absence of a Chairman, the Commission advises that management controls in effect during FY 2007 provided reasonable assurance that, taken as a whole, the FMC’s system of internal controls is achieving the applicable objectives under sections 2 and 4 of the FMFIA.

A. Paul Anderson Commissioner	Joseph E. Brennan Commissioner	Harold J. Creel, Jr. Commissioner	Rebecca F. Dye Commissioner

B. FY 2007 Integrity Act Results

During the fiscal year, the FMC resolved one significant deficiency which was first identified in a previous fiscal year. The deficiency concerned the quality of certification and accreditation (“C&A”) documents and security self-assessments, i.e., that C&A documents developed for the FMC network and applications did not provide enough information to evaluate the threats, vulnerabilities, safeguards and risks associated with operating the systems in a production environment. To resolve the deficiency, the FMC’s Information Technology (“IT”) Security Officer developed updated C&A documents. The FMC is pleased to report that this significant deficiency was resolved.

C. Federal Financial Management Improvement Act

The FFMIA requires agencies to implement and maintain systems that comply substantially with: Federal financial management system requirements; applicable Federal accounting standards; and the standard general ledger at the transaction level. The Act requires the agency head to determine whether the agency’s financial management systems comply with the FFMIA and to develop remediation plans for systems that do not comply.

D. FY 2007 Federal Financial Management Improvement Act Results

The Commission determined that, as of September 30, 2007, the agency’s financial management systems were in substantial compliance with the FFMIA. In making this determination, the Commission considered, among other resources, Inspector General reports as well as audits conducted by outside auditors in previous fiscal years.

E. Prompt Payment Act

The Prompt Payment Act requires agencies to make timely payments to vendors for supplies and services, to pay interest penalties when payments are made after the due date, and to take cash discounts when they are economically justified. In FY 2007, the FMC maintained a percentage of on-time payments at 98.78%. Interest payment in the amount of $72.00 was primarily due to a change in the telecommunication vendor and to billing anomalies. The FMC will continue to strive towards 100% on-time payments in future years. The FMC has maintained a 100% on-time electronic/credit-card payment to its vendors.

F. Debt Collection Improvement Act

The Debt Collection Improvement Act enhances the ability of the government to service and collect debts. The Act centralized the collection of non-tax delinquent debt owed to the government. The collection of delinquent debts is conducted by the Financial Management Service through the Treasury Offset Program, where names and taxpayer identification numbers (“TIN”) are matched against TINs of recipients of government payments. To satisfy the debt, the balance owed the government is deducted or offset from the payment to the entity. All Office of Personnel Management (“OPM”) retirement, vendor, Internal Revenue Service refunds, Social Security benefits, and some federal salary payments are subject to being offset. Federal agencies are required to refer delinquent accounts in excess of 180 days to Treasury for collection. The goal of the FMC is to minimize the amount of delinquent debt owed to the agency.

G. Biennial Review of User Fees

The Chief Financial Officers Act requires agencies to conduct a biennial review of fees and other charges imposed by agencies, and to make revisions to cover program and administrative costs incurred. The fees are posted on the FMC’s website. During FY 2007, the FMC initiated its biennial review, which was nearing completion at the end of the fiscal year. It is anticipated that a revised schedule of fees will be finalized early in FY 2008.

H. Performance Measure Summary

The FMC does not have an in-house financial accounting system, and as a small agency does not receive a Performance Measure Summary from the Department of the Treasury. The agency receives accounting services from BPD located in Parkersburg, WV. The Commission verifies and reconciles all financial statements and reports prior to submission and has remained in compliance with all reporting thresholds, including FACTS I (Federal Agencies’ Centralized Trial-Balance System) reporting, timely reporting, and reconciliation of any financial statement differences.

I. Inspector General Act

Briefly, during fiscal year 2007, the Inspector General completed the following audits/inspections:

- Audit of FY2006 Financial Statements;
- Audit of Contracts FMC-05-00021 and FMC-06-00007, Procurement of Consulting Services;
- Data Accuracy of FMC’s FY 2006 Performance and Accountability Report;
- Penetration Test of the Federal Maritime Commission’s Outward-Facing Network;
- The Federal Maritime Commission’s Implementation of the Federal Information Security Management Act – OMB Report Template.

The Inspector General’s reviews disclosed one instance of approximately $56,000 questioned costs; there were no recommendations made that funds be put to better use. The FMC has addressed a number of recommendations from these reviews, and it is anticipated that the ones which remain outstanding will be completed in FY 2008.

During FY 2007, the agency resolved one significant deficiency which had been identified by the Commission in a previous fiscal year.

The FMC has established and strives to maintain a good record in resolving and implementing audit recommendations presented in Office of Inspector General (“OIG”) reports.

X. Inspector General's Assessment of the Most Serious Management and Performance Challenges Facing the Federal Maritime Commission

FEDERAL MARITIME COMMISSION
800 North Capitol Street, N.W.
Washington, DC 20573

November 1, 2007

Office of Inspector General

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TO: Commissioner Anderson
Commissioner Brennan
Commissioner Dye
Commissioner Creel

FROM: Adam R. Trzeciak
Inspector General

SUBJECT: Inspector General's Statement on the Federal Maritime Commission's Management and Performance Challenges

On November 22, 2000, the President signed the Reports Consolidation Act of 2000 (Public Law 106-531), an amendment to the Chief Financial Officers (CFO) Act of 1990. The Reports Consolidation Act requires inspectors general to provide a summary and assessment of the most serious management and performance challenges facing Federal agencies and their progress in addressing these challenges. The attached document responds to the requirements and provides the annual statement on Commission challenges to be included in the Federal Maritime Commission's (FMC) Performance and Accountability Report (PAR) for Fiscal Year 2007.

This year, the Office of Inspector General (OIG) has identified three management and performance challenges for inclusion in the FMC's FY 2007 PAR. These assessments are based on information derived from a combination of sources, including OIG audit and inspection work, Commission reports, and a general knowledge of the Commission's programs. I am glad to report that the FMC has already devoted significant efforts to address the challenges and progress is being made on these important areas.

The Reports Consolidation Act of 2000 permits agency comment on the inspector general's statements. Agency comments, if applicable, are to be included in the final version of the PAR that is due on November 15, 2007.

Attachment

Office of Inspector General
Management and Performance Challenges

Management & Performance Challenge: To integrate responsibility for information security between the Office of Information Technology (OIT) and FMC program bureaus.
Agency Progress in Addressing the Challenge: The Federal Information Security Management Act of 2002 (FISMA) requires the agency head to ensure that (i) information security management processes are integrated with agency strategic and operational planning processes; and (ii) senior agency management officials play an active role in protecting the information that supports the operations and assets under their control.

A fully integrated agency-wide information security program provides the framework for ensuring that risks are understood and that effective controls are selected and properly implemented. In a recent FMC / IT security evaluation, the OIG concluded that the agency has not adequately documented and implemented its information security program consistent with Office of Management and Budget (OMB) and National Institute of Standards and Technology (NIST) requirements and guidance. While we point to many possible causes for this outcome, we believe that the most likely impediments are (i) the prevailing (and incorrect) presumption that OIT is solely responsible for IT security; and (ii) vesting OIT with the responsibility without the corresponding authority to implement an integrated program. As a consequence, IT managers are making security decisions over data and information without the authority to enforce security policy and the resources needed to implement a robust security program.

The Challenge Ahead: OIT must regularly coordinate with program offices to document, implement and enforce the FMC information security program, which ultimately protects the data used by the program offices. To be most effective, it needs to refocus or redefine IT security responsibilities as agency responsibilities, not only CIO responsibilities. Specifically, FMC should focus on obtaining active involvement by program managers in the security decisions of their systems and adhere to government-wide security guidance in assessing and implementing its security program.

Management & Performance Challenge: Securing the agency's critical systems and networks from destruction, data loss or compromise.

Agency Progress in Addressing the Challenge: Information security is an ongoing challenge at most Federal agencies, including the FMC. Some weaknesses identified by the OIG in past security reviews include untested or inadequate security plans, systems placed into production before accreditation by the CIO, failure to adhere to NIST standards in the certification and accreditation of major applications and the development of contingency plans that do not address all the NIST-required plan elements.

Within the last year, the FMC has made some progress in (i) developing needed policies and procedures addressing many of its IT resources and functions, (ii) certifying and accrediting three major systems, (iii) closing recommendations identified in prior IT security evaluations, (iv) acquiring and implementing patch management software and introducing an in-depth annual computer security awareness program, including an interactive, online security awareness course with an assessment at completion.

The Challenge Ahead: While taking steps to safeguard systems and information from the most creative and sophisticated IT intruders, it is sometimes easy to overlook basic security controls, such as changing default passwords on newly purchased systems, limiting employees' access to systems and data needed to perform their job responsibilities and terminating access to IT resources by separating employees. The challenge for the agency's IT managers is to remain focused on basic security controls as they strive to stay one step ahead of new, highly sophisticated security threats and to balance the competing demands of IT security and operations.

Management & Performance Challenge: To enhance accountability of the Federal Maritime Commission to its stakeholders and to the American taxpayers by focusing on results and tying agency programs to reliable cost and performance data.

Agency Progress in Addressing the Challenge: The Government Performance and Results Act of 1993 (GPRA) holds Federal agencies accountable for using resources efficiently and effectively and achieving program results.

Reviews of other Federal agencies' performance reporting by the Government Accountability Office and their respective IG's have found that performance measures were frequently not clear or quantifiable, some activities lacked performance measures, while other reported performance results were not always valid.

In a recent review of the accuracy of performance information presented in the agency's annual PAR report, the OIG found that the agency communicated inaccurate program performance data to Congress and its stakeholders. These reporting errors resulted from management's decision to rely on estimates rather than actual numbers when reporting results.

The OIG also notes that many of the agency's performance measures are output rather than outcome based. Being a small regulatory agency with a very narrow, albeit important jurisdiction, it is an arduous task to focus on measurable outcomes.

Recognizing the challenges the agency faces in this regard, we also note that other regulatory agencies have developed outcome measures. We encourage the FMC to mirror their efforts and strive to develop measurable outcomes.

The Challenge Ahead: The FMC should strive to ensure the accuracy of performance information reported externally. The strategic plan must be viewed as the first step in laying the foundation for the FMC's budget request and its performance plan, enabling the agency to demonstrate accountability to the public. The agency must focus on outcome-oriented reporting that is accurate and verifiable, develop measurable outcome-oriented goals and make adjustments based on performance feedback and program evaluations. Finally, the FMC must continue to develop cost based accounting systems that enable it to accurately tie costs to performance measures.

CHAPTER TWO

PROGRAM PERFORMANCE

Fiscal Year 2007

Chapter Two

PROGRAM PERFORMANCE

I. Introduction

The FMC's performance management system includes both strategic goals and performance goals and measures. The strategic goals represent the FMC's mission and reflect the overall outcomes the agency is working to achieve. They are:

- Efficient Regulatory Process;
- Compliance;
- Balanced Enforcement;
- Technological Efficiencies; and
- Management Capabilities

The performance goals focus on outcomes that contribute to the agency's strategic goals.

To achieve the FMC's strategic goals, both steady-state activities (i.e., long-term and ongoing regulatory responsibilities) and fiscal-year specific performance goals have been developed. The FMC plans and budgets for its program activities during each fiscal year to ensure that appropriate resources (funds and FTEs) are available to accomplish its steady-state activities and achieve its performance goals.

The Commission's actual performance in FY 2007 is compared with the targeted levels of performance established in the agency's FY 2007 Final Annual Performance Plan. This progress report covers the Commission's efforts in FY 2007 to foster an equitable, secure, and market-driven ocean transportation industry. In FY 2007, the agency focused on eleven performance goals. Four of the goals were fully completed. Seven of the goals were not met, although progress was made and the agency anticipates meeting those goals during FY 2008.

The FMC met all of its performance goals relating to the fulfillment of its substantive regulatory responsibilities. The agency successfully expanded its OTI monitoring and audit program, met its goals in addressing unlicensed OTI activity, and enhanced its passenger vessel financial responsibility oversight. The agency also met its succession planning goals, developing and implementing both a Senior Executive Service Candidate Development Program and an Emerging Leaders Program. The FMC made progress in meeting its remaining goals, most of which related to electronic filing, database upgrades, and the automation of forms. For instance, the agency is close to completing an upgrade of its Internet web site, and made substantial progress in integrating its CADRS complaint database with other existing agency databases. The agency continues to work towards its goals of automating several regulatory forms, as well as enabling the regulated community to electronically file monitoring reports and bonds. Finally, the agency anticipates substantial progress in the next fiscal year with its ongoing efforts to redesign its Intranet and to implement a new performance appraisal system.

The agency has forwarded this report to the President, with a copy to the Director, OMB, and appropriate Congressional committees. Additionally, this report has been placed on the FMC's Internet web site to ensure that it is accessible to interested parties. All Commission employees have been advised to review it. Finally, it should be noted that the Commission does not participate in OMB's Program Assessment Rating Tool (PART) program. Accordingly, no PART program evaluations were conducted during FY 2007.

II. Ongoing Improvements in Performance Management

In FY 2005, the FMC's performance plan for the first time allocated all agency resources, and linked the agency's performance goals directly to its strategic goals, instead of its budget program activities. This demonstrates the FMC's substantial progress in integrating performance management and budget processes, as it fosters efforts to link planning, budgeting and performance more effectively. We continued this process in FY 2006 and FY 2007. Future performance reports will continue to integrate performance management and budget by aligning agency resources with strategic goals.

The FMC will update its Strategic Plan in FY 2008, and as a part of that process is reviewing its performance measurement system, in order to develop a set of performance measures that will facilitate the evaluation of its steady-state activities across several years. In updating the Strategic Plan and moving towards a new performance measurement system, the agency will increase its reporting of ongoing steady-state performance measures, and reduce its reporting of discrete performance measures designed to be concluded as a single-year goal.

III. Trends in Commission Goals and Performance

The Commission acknowledged in its 2003 Strategic Plan that the basic principles of liner shipping were being modified as the shipping industry continued to restructure itself. Given the significant issues the agency was facing in 2003, it identified the actions necessary to ensure that its oversight and legislative initiatives produced a competitive and nondiscriminatory trading environment in the U.S. ocean commerce that was in harmony with and responsive to international shipping practices. During 2004, the Commission built on that analysis and focused its energies and efforts on re-evaluating its organizational structure to ensure that it was aligned and managed in a manner best suited to accomplish its mission. In 2005, the Commission focused on staff and program issues, and emphasized outreach for a more open dialogue with our industry partners and stakeholders in light of the changing dynamics of the ocean shipping industry. In 2006, the agency continued to focus on staff and program issues, and emphasized succession planning and expanding electronic government. In 2007, the Commission set out to automate several regulatory forms and to develop and implement consistent electronic databases across agency programs.

IV. FY 2007 Performance

The following description of the FMC's performance during FY 2007 is organized within the agency's five Strategic Goals. Both ongoing steady-state activities and specific performance goals are contained within each of the five Goals.

A. Efficient Regulatory Process

The primary intention of this Strategic Goal is to minimize regulatory costs by maintaining timely and decisive regulatory processes, and by providing various dispute resolution services. These steps will make the FMC more effective in addressing matters that perpetuate discrimination or preclude industry efficiency, while reducing the costs of pursuing matters before the agency. Decisive action and effective assistance in resolving informal complaints or disputes will help to remove uncertainties as to statutory interpretations or the application of FMC rules. Such uncertainties may impede operational efficiencies or technological changes, and their resolution can foster a more economical ocean shipping system.

37 FTEs and $6,725,000 were expensed to accomplish this Strategic Goal.

1. Steady-state Activities

- Adjudication and resolution of complaints.
- Adjudication and resolution of investigatory proceedings, including fact-findings and show cause proceedings.
- Issuance of rules through the rulemaking process.
- Commission decision-making activities through meetings (formal and notation) that comply with the Government in the Sunshine Act.
- Public information and assistance processes such as press releases, responses to legislative and regulatory inquiries, and compliance with Freedom of Information Act and Privacy Act requirements.
- Other regulatory processes, including appeals of delegated authority actions, policy issuances, and formal petition processes.
- Providing timely legal counsel to the Commission in order to facilitate regulatory action that is consistent with statutory mandates, representing the Commission's interest in matters before Congress and OMB.

- Reviewing and refining Commission rules to determine their economic impact and ensure that they reflect the current industry environment, as well as meet the needs of the Commission's regulatory mandate.
- Compiling, organizing, and maintaining Commission records.
- Monitoring, reviewing and modifying, as necessary, Commission regulations to address changing trade conditions, industry practices or statutory modifications.

2. Performance Goals

A. *Provide for and encourage the electronic filing of monitoring reports & minutes*

STATUS: NOT COMPLETED

This goal will enable industry participants to electronically file reports relating to agreements monitored by the Commission. Due to competing priorities and limited resources, the necessary filing system has not yet been completed. A draft statement of work for a document management and database system to facilitate the electronic filing of agreement minutes, voluntary service contract guidelines, information forms and monitoring reports was completed. Discussions have begun to determine the time required for project completion. Based on these discussions, a new timeline with milestones will be produced.

B. *Automate FMC Forms 78 and 83*

STATUS: NOT COMPLETED

This goal, relating to the agency's oversight of service contracts and NVOCC service arrangements, will enable industry participants to electronically file mandatory information with the Commission. Due to competing priorities and limited resources, the necessary filing system has not yet been completed. A statement of work has been developed for contractor assistance in automating these forms, and using in-house computer resources, a computer program is being developed for an automated database system that enables automated submission of Forms 78 and 83.

C. *Enable the electronic filing of OTI bonds*

STATUS: NOT COMPLETED

This goal, relating to the agency's regulation of OTIs to ensure adequate financial coverage to the shipping public, will enable industry participants to electronically file mandatory bonds. Due to competing priorities and limited resources, the necessary filing system has not yet been completed, but progress was made. The Commission has researched issues related to e-bond filing and has held discussions with the surety industry regarding the matter. The Commission went "live" with the automated Form FMC-18, to which e-bonding is related, at the end of the fiscal year, and plans to further develop the Form FMC-18 project by contracting for development of e-bond filing in the near future. Staff will continue to monitor developments in e-bonding by other federal agencies.

B. Compliance

This Strategic Goal centers on achieving compliance with the substantive provisions of the shipping statutes the FMC administers, and protecting those involved in U.S. ocean commerce from unfair practices. We address this goal particularly by interacting with all sectors of the industry, and by vigilant monitoring of ongoing commercial activities. Accomplishing this goal should minimize unjust discrimination and undue preference or prejudice that may preclude certain shipping interests from obtaining rates or service levels that can render their businesses more economic and efficient. Increasing industry compliance should enable stakeholders to concentrate on fair and legal means of enhancing operational efficiency, secure in the knowledge that competitors are not engaging in illegal actions aimed at improving short-term profits.

43 FTEs and $6,893,000 were expensed to accomplish this Strategic Goal.

1. Steady-state Activities

- Reviewing and maintaining a database of service contracts ("SCs") between ocean common carriers and shippers, and using this database to guard against anticompetitive practices and other unfair prohibited activities under the Shipping Act.
- Ensuring that common carriers' rates and charges are accessible to the shipping public in private, electronically accessible systems.
- Ensuring that OTIs maintain bonds that protect the shipping public from financial losses.
- Providing formal and informal legal opinions and guidance to the Commission's staff and the general public to ensure clarity and understanding of Commission rules and regulations.
- Administering the Commission's international affairs program.
- Conferring with other agencies regarding maritime security.
- Reviewing operational and pricing agreements among ocean common carriers and marine terminals to ensure that they do not unduly restrict competition.
- Issuing passenger vessel certificates evidencing financial responsibility of vessel owners or charterers to pay judgments for personal injury or death or to repay fares for the nonperformance of voyage or cruise.
- Licensing OTIs to protect the public from unqualified, insolvent, or dishonest companies.
- Responding to informal complaints and informal inquiries from Congress and the public relating to Commission responsibilities.
- Acting as a liaison between the FMC and the public by responding and/or coordinating agency responses to public inquiries.
- Maintaining a specialized maritime law library for agency and public use.
- Conducting audit activity of regulated entities, including OTIs and vessel-operating common carriers ("VOCCs"), to promote and ensure compliance with applicable statutes and Commission regulations.
- Responding to inquiries and complaints from the regulated industry and shipping public.
- Providing information, assistance and forms necessary to comply with applicable statutes and Commission regulations including educational seminars.

2. Performance Goals

A. *Expand OTI monitoring/audit program*

STATUS: COMPLETED

This performance goal relates to the Commission's oversight of OTIs to ensure their compliance with relevant statutes and regulations. The goal has been met. The monitoring/audit program has been expanded and audits are now regularly conducted of NVOCCs and ocean freight forwarders. Companies are selected for monitoring/audit based upon information developed internally as well as information and recommendations received from the agency's Area Representatives and internal program units, as well as other sources. In the past year, the number of audits completed increased to 140. The large majority of these were handled as compliance matters. In some cases, the audited company was found to be in compliance. In others, the company took prompt corrective action and the audit was closed without further action. In some instances where more serious violations were found and/or where corrective action was not taken, it was necessary to open an investigation on the basis of the audit findings.

B. *Enhance the PVO monitoring program*

STATUS: COMPLETED

This performance goal relates to the agency's regulation of PVOs to ensure adequate financial responsibility to

protect the public in the event of death or injury to a passenger, or nonperformance of a cruise. The goal has been completed. In FY 2007, the Commission enhanced the PVO monitoring program in several ways. The agency commenced its initial on-site review at the facility of an operator who has established financial responsibility with a surety bond, conducted quarterly reviews of the PVO monitoring files to ensure cruise line operators provided timely and accurate information with respect to the submission of reports and records, and developed PVO procedures to assist staff review of the monitoring process.

C. Balanced Enforcement

This Strategic Goal is designed to foster economic efficiencies, assist maritime security initiatives, promote reliance on marketplace factors, and redress excessive anticompetitive practices harmful to international commerce. The FMC's continuing efforts to address the actions of foreign governments that adversely affect U.S. interests and our nation's foreign trade comport with that aspect of the agency's mission aimed at creating an environment "free of unfair foreign maritime trade practices." The FMC's focus on commercial malpractices enhances the objective of limiting unlawful activities.

17 FTEs and $2,949,000 were expensed to accomplish this Strategic Goal.

1. Steady-state Activities

- Investigating discriminatory rates, charges, classifications, and practices of common carriers, terminal operators, and OTIs operating in the foreign commerce of the U.S.
- Representing the FMC before U.S. courts and other administrative agencies.
- Reviewing staff recommendations and initial decisions for legal sufficiency and preparing final decisions and orders.
- Regulating rates, charges, and rules of government-owned or -controlled carriers to ensure that they are just and reasonable and are not unfairly undercutting private competitors.
- Protecting shippers and carriers engaged in the foreign commerce of the U.S. from restrictive or unfair foreign laws, regulations or business practices that harm U.S. shipping interests or ocean trade.
- Prosecuting formal proceedings initiated by the Commission.
- Monitoring activities and conducting investigations of regulated entities and of service-contract activity to ensure compliance with statutes and regulations administered by the Commission.
- Conducting non-adjudicatory fact-finding proceedings as directed by the Commission.
- Providing liaison between the Commission and the shipping industry, the public and other governmental entities.
- Coordinating and cooperating with other government entities to improve homeland security through effective exchange of information and assistance regarding maritime commerce.

2. Performance Goals

A. *Effectively address unlicensed OTI activity of entities participating in international ocean transportation of household goods*

STATUS: COMPLETED

This performance goal relates to the Commission's licensing program for OTIs. The goal has been achieved. The Commission instituted formal proceedings against nine unlicensed, unbonded NVOCCs holding out service to household goods shippers. Injunctions were obtained in federal district court barring the unlawful operations of the companies still active. Formal proceedings also were instituted against three licensed NVOCCs that had been providing service to the unlicensed companies. Evidence gained in these proceedings has enabled the Commission to pursue formal and informal proceedings against additional unlicensed operators. Since the Commission began pursuing these initiatives, the number of complaints received by the agency's alternative dispute resolution office from household goods shippers has declined significantly.

D. Technological Efficiencies

This Strategic Goal focuses on making effective use of advancements in information technology to improve the efficiency of agency operations and to enhance the exchange of information with external parties. Dynamic changes continue to be made in this area, and the FMC intends to take advantage of any improvement that can enable it to perform its functions more effectively and efficiently.

10 FTEs and $1,799,000 were expensed to accomplish this Strategic Goal.

1. Steady-state Activities

- Implementing a wide range of IT programs and services, including operating the agency's local area network, strategic planning for short-and long-term IT initiatives, IT security, data telecommunications, database development and management, and Internet page development and maintenance to enhance productivity and efficiency.
- Maintaining and updating internal databases to enhance the ability of the public and Commission to obtain relevant program-related information and enhance staff productivity.
- Converting Commission records into electronic format to enable easier public access to information.

2. Performance Goals

A. *Integrate CADRS complaint database with other agency databases*

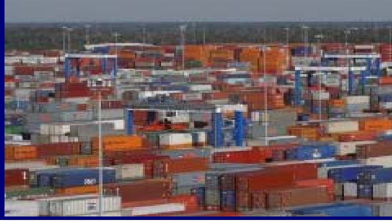
STATUS: NOT COMPLETED.

This goal relates to the agency's CADRS, which receives and works to resolve informal complaints from participants in the shipping industry. The Commission has substantially completed the goal of integrating the CADRS complaint database with other agency databases. CADRS staff worked with agency information technology staff to completely redesign the CADRS database into a Structured Query Language ("SQL") format. Once this effort was completed, relevant portions of the CADRS database were made available on an agency-wide basis to Commission personnel. This allows agency personnel to compare data from the CADRS database with data available from other agency databases. As other agency databases are converted to SQL format, the CADRS database will be fully integrated into other relevant agency databases, thus allowing data comparison to be performed congruently. The full integration of the data will be completed by the end of FY 2008, when other relevant agency databases are fully converted to the SQL format.

B. *Complete the redesign of the agency's Intranet*

STATUS: NOT COMPLETED.

In FY 2007, the Commission intended to complete the goal of redesigning the agency's Intranet. Although the Commission undertook preliminary steps towards implementing this goal, a number of factors prevented the agency from completing this initiative. First, the Commission's webmaster, who was the primary staff person assigned to this project, resigned from the Commission. This occurred just as the Commission began to implement this initiative. Although a replacement webmaster was hired, the new webmaster needed to become familiar with her new responsibilities and was unable to begin this project before the close of the fiscal year. Second, the Chairman of the Commission left his position near the beginning of the fiscal year. Since the remaining Commissioners had to assume all of his administrative responsibilities, the notation workload during this fiscal year nearly tripled. As a consequence, the staff of the office who were assigned responsibility for the redesign, including the webmaster, were busy working on notation items and other related processes and were unable to devote time to the goal of redesigning the Intranet. The Commission intends to complete this goal by the end of FY 2008.



C. *Implement new Internet upgrade*

STATUS: NOT COMPLETED.

The Commission has made significant strides in accomplishing this goal. OMB requires that Federal agencies implement the next-generation Internet protocol (version 6 - “IPv6”) by June 2008. The FMC has developed an inventory of existing internet protocol capable equipment and has determined costs for upgrading its IT infrastructure to support IPv6. Procurement of infrastructure upgrades, including a redundant firewall, routers and other hardware, was effected in FY 2007. The Commission plans to integrate and test this new hardware during the first two quarters of FY 2008, leading to on-time government-wide implementation.

E. Management Capabilities

This Strategic Goal addresses Commission management and operations, and serves as the basis for the agency to accomplish the policy objectives set forth in its mission statement. This Goal also ensures continuation of a comprehensive approach to the strategic management of human capital.

12 FTEs and $2,057,000 were expensed to accomplish this Strategic Goal.

1. Steady-state Activities

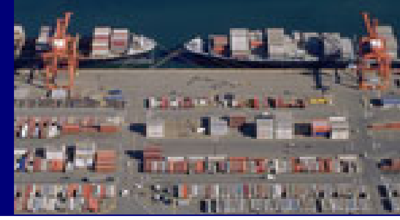
- Executing financial management policies and programs, including developing annual budget justifications for submission to the Congress and OMB, managing agency appropriations, administering internal control systems for agency funds, travel and cash management, and coordinating with contractors who provide accounting and payroll services.
- Fostering human resources management principles, including recruitment and placement, position classification and pay administration, occupational safety and health, employee assistance, employee relations, workforce discipline, performance management and incentive awards, employee benefits, career transition, retirement, employee development and training, personnel security, and an equal employment opportunity.
- Ensuring the program operations of the agency are administratively supported via telecommunications, procurement of administrative goods and services, property management, space, printing and copying, mail and records services, facilities and equipment maintenance, and transportation.
- Promoting economy and efficiency in the administration of, and protecting and detecting waste, fraud and abuse in, the agency’s programs via auditing agency operations.
- Providing guidance to staff regarding administrative matters, including procurement, personnel and contracting issues.
- Ensuring program compliance with various rules and regulations regarding such areas as forms clearance, Paperwork Reduction, Small Business Paperwork Reduction Act, and other federally required reports and submissions.

2. Performance Goals

A. *Fully implement the agency’s succession plan for senior managers, and continue the Emerging Leaders program for internal staff at the GS 11-13 level*

STATUS: COMPLETED.

This performance goal has been achieved. In FY 2006 the agency initiated an SES Candidate Development Program, selecting six candidates to participate. The program was fully implemented, and was in progress during FY 2007, with completion of the program planned for FY 2008. During FY 2007, the candidates received training and participated in developmental assignments both within and outside the agency. The Commission also



graduated its first class under its new Emerging Leaders Program during FY 2007; eight employees took part in the program, receiving valuable training and developmental opportunities throughout the agency. Additionally, Commission staff developed a draft internal training policy incorporating many new elements, including formalizing the Emerging Leaders Program as a permanent part of the Commission's training program.

B. *Evaluate the effectiveness of the Commission's new performance appraisal system*

STATUS: NOT COMPLETED.

The agency initially expected to have a new performance evaluation system in place at the beginning of FY 2007. The agency head and senior executives were taking the final steps necessary to implement the draft performance evaluation system (e.g., considering employee feedback, obtaining Office of Personnel Management approval, providing training for managers and employees, etc.). However, upon the then-Chairman's announcement of his intention to leave the agency, he deferred further progress on the project. The Chairman subsequently resigned from his position on November 30, 2006, and the Commission has operated without a Chairman or Acting Chairman since that time. Senior management determined that without an agency head, it would be impractical to move forward on the project. Once an agency head is sworn in, the new Chairman will be apprised of the draft performance evaluation system and will make a decision on its implementation.

F. Performance Goals from Previous Years

1. FY 2004

Modernize the FMC's RPI database

STATUS: NOT COMPLETED.

Substantial progress was made on this performance goal in FY 2007. The initial programming of the Registered Persons Index ("RPI") database was completed in FY 2006, but when the new program was tested in FY 2007, significant problems were uncovered, requiring substantive programming revisions during FY 2007. The project is near completion and should be operational in early FY 2008.

Complete a rulemaking by 9/30/04 that makes the changes necessary to ensure that PVOs' financial responsibility requirements for nonperformance are providing appropriate protection for the public

STATUS: NOT COMPLETED.

Selection of a final proposal to address financial responsibility requirements for PVOs remains to be resolved. The Commission will continue to examine other areas for rulemaking to strengthen PVO compliance with statutory intent.

2. FY 2005

Develop an automated FMC-18 to permit electronic filing and explore the feasibility of electronic payment and e-signature capability

STATUS: COMPLETED.

In FY 2007, the Commission completed the development of an automated Form FMC-18 system. Form FMC-18 is the application form for an OTI license. The industry cooperated in testing an automated version of Form FMC-18, and the Commission finalized changes during the fiscal year. The optional automated Form FMC-18 was made available on the Commission's website effective September 24, 2007. Applicants and filers may electronically enter data into the automated Form FMC-18 with supporting documentation submitted as scanned attachments. The use of the automated system is not required; interested parties may continue to submit Form FMC-18 in paper format, and those filings will be received and processed in the same manner as before.

Provide opportunity for VOCCs to establish a "best practices" program to limit participation of unlawful entities in ocean transportation

STATUS: NOT COMPLETED.

This performance goal has not been fully achieved, although progress continues to be made. The original goal of developing a "best practices" program for ocean carriers was revised and enlarged to include NVOCCs. The principles and model provisions, developed earlier, have been informally discussed with ocean carriers and NVOCCs. The model provisions may, however, need to be revised further based on the Commission's decision in Docket No. 06-09, *In the Matter of the Lawfulness of Unlicensed Persons Acting as Agents for Licensed Ocean Transportation Intermediaries*. The model provisions, revised as necessary, are scheduled for Commission review in the second quarter of FY 2008.

3. FY 2006

Provide the option of filing carrier & marine terminal agreements online

STATUS: NOT COMPLETED.

Due to competing priorities, the completion date for this project has been extended to January 2009. The Commission has developed a draft statement of work for the use of contractor assistance. Revised milestones are being drafted for completion of the project.

Electronic payment of user fees

STATUS: DISCONTINUED.

This goal has been reconsidered. The Commission has determined that implementation of electronic payments of all types (e.g., fines and penalties in addition to user fees) would best be accomplished through the Department of the Treasury's Pay.gov. The implementation of Pay.gov has been made a performance goal for FY 2008. Therefore, the Commission will no longer carry this goal forward, as it has been supplanted by a more inclusive FY 2008 performance goal.

G. Inspector General and Equal Employment Opportunity

Although the Commission's Office of Inspector General and Office of Equal Employment Opportunity do not set performance goals, they are budget program activities that are integral to the agency's fulfillment of its statutory functions.

1. Office of Inspector General

The Office of the Inspector General operates pursuant to the Inspector General Act of 1978, as amended in 1988. The 1988 amendments created additional statutory offices of inspector general at various designated Federal entities, including the FMC. The OIG is an independent unit within the Commission that conducts audits, reviews operations and programs, investigates possible fraud, waste and abuse of government resources, and promotes economy, efficiency and effectiveness in the programs and operations administered by the Commission.

In FY 2007, the Office of Inspector General:

- Issued an audit of the agency's FY 2006 financial statements and a companion report to management containing financial-related findings and recommendations resulting from the audit;
- Issued reports to management on agency compliance with the FISMA, including a vulnerability scan of the agency's internal network and an external penetration test of its "firewall";

- Performed an audit of contract administration on a large contract for consulting services and an evaluation of the accuracy of information reported to Congress, OMB and agency stakeholders in the FY 2006 PAR;

- Received a clean opinion from a peer review of its quality control program and performed an identical review of a sister OIG;

- Prepared a narrative summary of “management challenges” facing the FMC as it moves forward into the 21st century for inclusion in the FY 2006 PAR; and

- Issued two semiannual reports to Congress discussing the Office’s audit and investigative activity for the fiscal year.

- Performed a preliminary investigation of alleged abuse of FMC resources.

2. Office of Equal Employment Opportunity

The Office of Equal Employment Opportunity (EEO) assists the FMC in carrying out its responsibilities relative to Titles VI and VII of the Civil Rights Act of 1964 and other laws, executive orders, and regulatory guidelines relating to non-discrimination in the federal government and affirmative employment. The Chairman of the FMC has delegated the responsibility of ensuring equal opportunity at the agency to the Director of EEO, who works independently under the direction of the Chairman to provide advice to the Commission's senior staff and management in improving and carrying out its policies and program of non-discrimination, workforce diversity and affirmative employment program planning.

In FY 2007, the Office of EEO:

- Provided support and assistance to managers and supervisors in maintaining and effectively managing a diverse workforce. Senior officials, including Commissioners, were briefed on different aspects of the EEO and diversity management areas;

- Coordinated “No FEAR Act” refresher training for all employees;

- Provided counseling to employees and managers;

- Raised awareness about diversity in the workplace through special commemorative programs throughout the year; and,

- Managed the Commission’s Emerging Leaders Program.

CHAPTER THREE

AUDITORS' REPORTS AND FINANCIAL STATEMENTS

Fiscal Year 2007

AUDITORS' REPORTS AND FINANCIAL STATEMENTS

A Message from the Chief Financial Officer

The FY 2007 PAR highlights for the President, the Congress and the American people the continuing commitment of the Federal Maritime Commission to sound financial management of the resources entrusted to us. I am pleased to present the FMC's financial statements for FY 2007. Our independent auditor has rendered an unqualified opinion on our FY 2007 financial statements. The FMC now has received an unqualified opinion in each of the four years in which independent financial audits have been conducted, which attests to the FMC's commitment to high quality financial management.

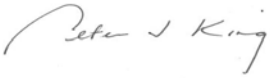
The FMC's financial condition is sound with respect to having sufficient funds to meet its mission and having sufficient internal controls in place to ensure its budget authority is not exceeded.

During FY 2007, the FMC took agency-wide action to institute a more robust internal controls assessment process as part of its increased focus on implementing the requirements of OMB Circular A-123. Our financial management staff is to be commended for consistently finding ways to provide budget information in concise, reliable, and understandable formats. For FY 2007, we completed corrective actions on a number of audit recommendations. Quarterly financial statements were issued 15 days after the end of the quarter, and our FY 2007 PAR is being published on November 15, 2007.

As reported more fully in *Chapter 1* in the section entitled *Federal Managers' Financial Integrity Act*, the Commission mitigated one open significant deficiency during FY 2007**.**

The FMC is committed to efficient and effective management of agency resources. We will focus in FY 2008 on maintaining an unqualified audit opinion**.** I anticipate that in FY 2008 the FMC will continue its high level of quality financial management. Further, during FY 2008 the FMC will engage in a review and possible revision of the agency's Strategic Plan and consider adjustments to its performance planning process.

Sincerely,



Peter J. King
October 15, 2007

AUDITORS' REPORTS AND FINANCIAL STATEMENTS

Dembo, Jones, Healy, Pennington & Marshall, P.C.
Certified Public Accountants and Consultants

Report of Independent Auditors on Compliance with Laws and Regulations

To the Federal Maritime Commission

We have audited the accompanying balance sheet of the Federal Maritime Commission (FMC) as of September 30, 2007, and the related statement of net cost, changes in net position, budgetary resources, and custodial activity for the fiscal year then ended, and have issued our report thereon dated November 6, 2007. We conducted our audit in accordance with: auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and, Office of Management and Budget (OMB) Bulletin No. 07-04, "Audit Requirements for Federal Financial Statements."

The management of the Federal Maritime Commission is responsible for complying with laws and regulations applicable to FMC. As part of obtaining reasonable assurance about whether FMC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts and certain other laws and regulations specified in OMB Bulletin No. 07-04. We limited our tests of compliance to these provisions and we did not test compliance with all laws and regulations applicable to the Federal Maritime Commission.

The results of our tests of compliance with the laws and regulations described in the preceding paragraph disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 07-04.

Providing an opinion on compliance with certain provisions of laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

While this report is intended solely for the information and use of the management of the Federal Maritime Commission, OMB and Congress, it is also a matter of public record, and its distribution is, therefore, not restricted.

Dembo, Jones, Healy, Pennington & Marshall, P.C.

November 6, 2007

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MEMBER: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS AND PKF INTERNATIONAL

AUDITORS' REPORTS AND FINANCIAL STATEMENTS

DJHPM
Dembo, Jones, Healy, Pennington & Marshall, P.C.
Certified Public Accountants and Consultants

**Independent Auditors' Opinion
on the Financial Statements**

To the Federal Maritime Commission

We have audited the accompanying balance sheet of the Federal Maritime Commission (FMC) as of September 30, 2007, and the related statement of net cost, changes in net position, budgetary resources, and custodial activity for the fiscal year then ended. These financial statements are the responsibility of FMC's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Federal Maritime Commission as of September 30, 2006, were audited by other auditors whose report dated November 2, 2006, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, "Audit Requirements for Federal Financial Statements." These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Federal Maritime Commission as of September 30, 2007, and its net costs; changes in net position; budgetary resources; and custodial activities for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management Discussion and Analysis (MD&A) section is not a required part of the basic financial statements of the Federal Maritime Commission but is supplementary information required by the Federal Accounting Standards Advisory Board and OMB Circular A-136, "Financial Reporting Requirements". We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the MD&A. However, we did not audit the information and, accordingly, express no opinion on it.

In accordance with *Governmental Auditing Standards*, we have also issued a report dated November 6, 2007, on our consideration of the Federal Maritime Commission's internal control over financial reporting and a report dated November 6, 2007 on its compliance with certain provisions of laws and regulations. These reports are an integral part of an audit performed in accordance with *Government Auditing Standards*, and, in considering the results of the audits, these reports should be read in conjunction with this report.

While this report is intended solely for the information and use of the management of the Federal Maritime Commission, OMB and Congress, it is also a matter of public record, and its distribution is, therefore, not restricted.

Dembo, Jones, Healy, Pennington & Marshall, P.C.

November 6, 2007

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AUDITORS' REPORTS AND FINANCIAL STATEMENTS

Dembo, Jones, Healy, Pennington & Marshall, P.C.
Certified Public Accountants and Consultants

Report of Independent Auditors on Internal Control

To the Federal Maritime Commission

We have audited the accompanying balance sheet of the Federal Maritime Commission (FMC) as of September 30, 2007, and the related statement of net cost, changes in net position, budgetary resources, and custodial activity for the fiscal year then ended, and have issued our report thereon dated November 6, 2007. We conducted our audit in accordance with: auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, "Audit Requirements for Federal Financial Statements."

In planning and performing our audit, we considered the Federal Maritime Commission's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements. We obtained an understanding of the design effectiveness of internal controls, determined whether they have been placed in operation, assessed control risk, and performed tests of FMC's internal controls. We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin No. 07-04. We did not test all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982, such as those controls relevant to ensuring efficient operations. Our audit was not for the purpose of expressing an opinion on the effectiveness of FMC's internal control. Accordingly, we do not express an opinion on the effectiveness of FMC's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraphs and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we noted no matters involving the internal control and its operation that we considered to be significant deficiencies or material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we will report to management of the Federal Maritime Commission in a separate letter.

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Finally, with respect to internal control related to performance measures reported in the annual performance plan, we obtained an understanding of the design of significant internal controls relating to the existence and completeness assertions, as required by OMB Bulletin No. 07-04. Our procedures were not designed to provide assurance on internal control over reported performance measures, and, accordingly, we do not provide an opinion on such controls.

While this report is intended solely for the information and use of the management of the Federal Maritime Commission, OMB and Congress, it is also a matter of public record, and its distribution is, therefore, not restricted.

Dembo, Jones, Healy, Pennington & Marshall, P.C.

November 6, 2007

Dembo, Jones, Healy, Pennington & Marshall, P.C.
Certified Public Accountants and Consultants

FEDERAL MARITIME COMMISSION
BALANCE SHEETS
As of September 30, 2007 and 2006
(In Dollars)

	2007	2006
ASSETS		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	$ 2,843,269	$ 2,676,163
Total Intragovernmental	2,843,269	2,676,163
Accounts Receivable, Net (Note 3)	66,144	2,961
General Property, Plant and Equipment, Net (Note 4)	7,102	30,353
Other	-	754
TOTAL ASSETS	$ 2,916,515	$ 2,710,231
LIABILITIES		
Intragovernmental:		
Accounts Payable & Other Accrued	$ 22,201	$ 11,145
Payroll Taxes Payable	99,376	102,709
Other Post Employment Benefits	-	8,529
Unfunded FECA Liability	-	495
Custodial Liability	3,157	3,450
Total Intragovernmental	124,734	126,328
Other Liabilities:		
Accounts Payable	293,478	273,774
Accrued Liabilities	820,051	816,239
Payroll Taxes Payable	11,540	11,305
Unfunded Annual Leave	1,012,520	1,061,614
Custodial Liability	62,164	(2,171)
Total Other Liabilities	2,199,753	2,160,761
Total Liabilities	2,324,487	2,287,089
NET POSITION		
Unexpended Appropriations	1,596,624	1,453,216
Cumulative Results of Operations	(1,004,596)	(1,030,074)
Total Net Position	592,028	423,142
TOTAL LIABILITIES AND NET POSITION	$ 2,916,515	$ 2,710,231

The accompanying notes are an integral part of these financial statements.

FEDERAL MARITIME COMMISSION
STATEMENTS OF NET COST
For the Years Ended September 30, 2007 and 2006

(In Dollars)

	2007	2006
PROGRAM COSTS		
Office of Administration		
Gross Costs	$ 8,869,541	$ 8,449,512
Less: Earned Revenue	-	-
Net Program Costs (Note 7)	8,869,541	8,449,512
Other Programs		
Office of Operations	7,203,333	7,132,804
Formal Proceedings	4,801,085	4,958,503
Office of Inspector General	394,294	469,885
Office of EEO	141,593	135,722
Total Other Program Costs (Note 7)	12,540,305	12,696,914
NET COST OF OPERATIONS (Note 8)	$ 21,409,846	$ 21,146,426

The accompanying notes are an integral part of these financial statements.

FEDERAL MARITIME COMMISSION
STATEMENTS OF CHANGES IN NET POSITION
For the Years Ended September 30, 2007 and 2006

(In Dollars)

	2007	2006
CUMULATIVE RESULTS OF OPERATIONS		
Beginning Balances	$ (1,030,074)	$ (919,626)
BUDGETARY FINANCING SOURCES		
Appropriations Used	20,257,069	19,920,517
OTHER FINANCING SOURCES (NON-EXCHANGE)		
Imputed Financing Sources (Note 10)	1,178,255	1,115,461
Total Financing Sources	21,435,324	21,035,978
Net Cost of Operations	21,409,846	21,146,426
Net Changes	25,478	(110,448)
CUMULATIVE RESULTS OF OPERATIONS	(1,004,596)	(1,030,074)
UNEXPENDED APPROPRIATIONS		
Beginning Balances	1,453,216	1,231,683
BUDGETARY FINANCING SOURCES		
Appropriations Received	20,427,910	20,499,000
Other Adjustments	(27,433)	(356,950)
Appropriations Used	(20,257,069)	(19,920,517)
Total Budgetary Financing Sources	143,408	221,533
Total Unexpended Appropriations	1,596,624	1,453,216
NET POSITION	$ 592,028	$ 423,142

The accompanying notes are an integral part of these financial statements.

FEDERAL MARITIME COMMISSION
STATEMENTS OF BUDGETARY RESOURCES
For the Years Ended September 30, 2007 and 2006
(In Dollars)

	2007	2006
BUDGETARY RESOURCES		
Unobligated Balance brought forward, October 1:	$ 126,737	$ 180,856
Recoveries of Prior Year Unpaid Obligations	220,175	150,821
Budget Authority		
Appropriation	20,427,910	20,499,000
Permanently Not Available	(27,433)	(356,950)
TOTAL BUDGETARY RESOURCES	$ 20,747,389	$ 20,473,727
STATUS OF BUDGETARY RESOURCES		
Obligations Incurred		
Direct (Note 14)	$ 20,536,495	$ 20,346,990
Reimbursable	-	-
Subtotal	20,536,495	20,346,990
Unobligated Balance		
Apportioned	4,511	4,636
Unobligated Balance Not Available	206,383	122,101
TOTAL STATUS OF BUDGETARY RESOURCES	$ 20,747,389	$ 20,473,727
CHANGE IN OBLIGATED BALANCE		
Obligated Balance, net		
Unpaid Obligations, brought forward, October 1	$ 2,549,426	$ 2,036,289
Total Unpaid Obligated Balance, net	2,549,426	2,036,289
Obligations Incurred net	20,536,495	20,346,990
Less: Gross Outlays	20,233,371	19,683,032
Less: Recoveries of Prior Year Unpaid Obligations, actual	220,175	150,821
TOTAL, UNPAID OBLIGATED BALANCE, NET, END OF PERIOD	$ 2,632,375	$ 2,549,426
NET OUTLAYS		
Gross Outlays	$ 20,233,371	$ 19,683,032
Less: Offsetting Collections	-	-
NET OUTLAYS	$ 20,233,371	$ 19,683,032

The accompanying notes are an integral part of these financial statements.

FEDERAL MARITIME COMMISSION
STATEMENTS OF CUSTODIAL ACTIVITY
For the Years Ended September 30, 2007 and 2006

(In Dollars)

	2007	2006
REVENUE ACTIVITY:		
Sources of Cash Collections:		
Miscellaneous (Note 12)	$ 1,951,111	$ 1,595,530
Total Cash Collections	1,951,111	1,595,530
Accrual Adjustments	64,041	396
Total Custodial Revenue	2,015,152	1,595,926
DISPOSITION OF COLLECTIONS:		
Transferred to Others (by Recipient)	1,951,088	1,595,530
Increase/(Decrease) in Amounts Yet to be Transferred	64,064	396
NET CUSTODIAL ACTIVITY	$ -	$ -

The accompanying notes are an integral part of these financial statements.

FEDERAL MARITIME COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Federal Maritime Commission (FMC) was established as an independent regulatory agency on August 12, 1961. FMC is responsible for the regulation of ocean borne transportation in the foreign commerce of the United States (U.S.). The principal statutes or statutory provisions administered by the Commission are the Shipping Act of 1984, the Foreign Practices Act of 1988, and section 19 of the Merchant Marine Act of 1920, and sections 2 and 3 of Public Law No. 89-777. Most of these statutes were modified by the passage of the Ocean Shipping Reform Act of 1998, which took effect in 1999.

FMC monitors the activities of ocean common carriers, marine terminal operators, conferences, ports and ocean transportation intermediaries (OTIs) (non-vessel-operating common carriers and ocean freight forwarders) who operate in the foreign commerce of the U.S. to ensure they maintain just and reasonable practices. FMC maintains a trade monitoring and enforcement program designed to detect and appropriately remedy malpractices and violations. FMC monitors the laws and practices of foreign governments which could be potentially restrictive and identifies carriers owned or controlled by foreign governments; processes and reviews agreements and service contracts for compliance with statutory requirements; and reviews common carriers' privately published tariff systems for accessibility and accuracy as required by the Ocean Shipping Reform Act of 1998. FMC also issues licenses to qualified OTIs in the U.S., ensures that all OTIs are bonded or maintain other evidence of financial responsibility, and ensures that passenger vessel operators demonstrate adequate financial responsibility for casualty and nonperformance.

FMC is composed of five Commissioners appointed for five-year terms by the President with the advice and consent of the Senate. The President designates one of the Commissioners to serve as Chairman, who is also the chief executive and administrative officer of FMC.

Congress enacts appropriations to permit FMC to incur obligations for authorized purposes. In fiscal years 2007 and 2006, FMC was accountable for General Fund appropriations. FMC recognizes budgetary resources as assets when cash (funds held by the U.S. Treasury) is made available through the Department of Treasury General Fund warrants.

General Funds are accounts used to record financial transactions arising under congressional appropriations or other authorizations to spend general revenues.

General Fund miscellaneous receipts are accounts established for receipts of non-recurring activity, such as fines, penalties, fees and other miscellaneous receipts for services and benefits.

FEDERAL MARITIME COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (continued)

FMC has custodial collections and custodial receivables that would be considered non-entity assets throughout the fiscal year, but at fiscal year end the collections are all transferred to Treasury. A small amount of receivables still remain on the books.

B. Basis of Presentation

The financial statements have been prepared to report the financial position, net cost of operations, changes in net position, and the status and availability of budgetary resources of the FMC. The statements are a requirement of the Accountability of Tax Dollars Act of 2002. They have been prepared from, and are fully supported by, the books and records of FMC in accordance with the hierarchy of accounting principles generally accepted in the United States of America, standards approved by the principals of the Federal Accounting Standards Advisory Board (FASAB), OMB Circular A-136, *Financial Reporting Requirements* and FMC accounting policies which are summarized in this note. These statements, with the exception of the Statement of Budgetary Resources, are different from financial management reports, which are also prepared pursuant to OMB directives that are used to monitor and control FMC's use of budgetary resources.

The statements consist of the Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, Statement of Budgetary Resources, and the Statement of Custodial Activity. In accordance with OMB Circular A-136, the financial statements and associated notes are presented on a comparative basis. Unless specified otherwise, all amounts are presented in dollars.

C. Basis of Accounting

Transactions are recorded on both an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. These financial statements were prepared following accrual accounting. Budgetary accounting facilitates compliance with legal requirements on the use of federal funds. Balances on these statements may therefore differ from those on financial reports prepared pursuant to other OMB directives that are primarily used to monitor and control FMC's use of budgetary resources.

FEDERAL MARITIME COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Revenues & Other Financing Sources

Congress enacts annual appropriations to be used, within statutory limits, for operating and capital expenditures. Additional amounts are obtained from service fees and reimbursements from other government entities and the public.

Appropriations are recognized as a financing source when expended. Revenues from service fees associated with reimbursable agreements are recognized concurrently with the accrued expenditures for performing the services. Appropriations expended for capitalized property and equipment are recognized as expenses when an asset is consumed in operations.

FMC recognizes as an imputed financing source the amount of accrued pension and post-retirement benefit expenses for current employees paid on our behalf by the Office of Personnel Management (OPM).

There are no earned revenues for the periods ended September 30, 2007 and 2006.

E. Taxes

FMC, as a federal entity, is not subject to federal, state, or local income taxes, and, accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

F. Fund Balance with Treasury

The U.S. Treasury processes cash receipts and disbursements. Funds held at the Treasury are available to pay agency liabilities. FMC does not maintain cash in commercial bank accounts or foreign currency balances.

G. Accounts Receivable

Accounts receivable consists of amounts owed to FMC by the general public and FMC employees. Accounts receivable in the Salaries and Expense Fund represents an employee-related receivable. An allowance for uncollectible accounts receivable from the public is established when, based upon a review of outstanding accounts, management determines that collection is unlikely to occur considering the debtor's ability to pay. Debts six months or more past due are referred to the Department of

FEDERAL MARITIME COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Accounts Receivable (continued)

Treasury for follow-up collection efforts in keeping with the Debt Collection Improvement Act of 1996 (DCIA). Treasury's Debt Management Services (DMS) administers the program and deducts 18 percent from amounts ultimately collected for its fee. Collections, net of fees, are returned to the FMC for distribution to the general fund of the Treasury.

H. Property, Plant and Equipment, Net

FMC's property, plant and equipment is recorded at original acquisition cost and is depreciated using the straight-line method over the estimated useful life of the asset. Major alterations and renovations are capitalized, except wherein the tenant improvement allowance specified in lease agreements covers the costs of certain renovations. Maintenance and repair costs are expensed as incurred. FMC's capitalization threshold is $25,000 for individual purchases. Applicable standard governmental guidelines regulate the disposal and convertibility of agency property, plant and equipment. The useful life classification for capitalized equipment assets is 5 years.

I. Advances and Prepaid Charges

Advance payments are generally prohibited by law. There are some exceptions, such as reimbursable agreements, subscriptions and payments to contractors and employees in select circumstances. Payments made in advance of the receipt of goods and services are recorded as advances or prepaid charges at the time of prepayment and recognized as expenses when the related goods and services are received.

J. Liabilities

Liabilities covered by budgetary or other resources are those liabilities for which Congress has appropriated funds or funding is otherwise available to pay amounts due.
Liabilities not covered by budgetary or other resources represent amounts owed in excess of available Congressionally appropriated funds or other amounts. The liquidation of liabilities not covered by budgetary or other resources is dependent on future Congressional appropriations or other funding. Intragovernmental liabilities are claims against FMC by other federal agencies. Liabilities not covered by budgetary resources on the Balance Sheet are equivalent to amounts reported as Components Requiring or

FEDERAL MARITIME COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Liabilities (continued)

Generating Resources on the Reconciliation of Net Cost to Budget. Additionally, the Government, acting in its sovereign capacity, can abrogate liabilities.

K. Accounts Payable

Accounts payable consists of amounts owed to other federal agencies and the public.

L. Annual, Sick, and Other Leave

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. The balance in the accrued leave account is adjusted to reflect current pay rates. Liabilities associated with other types of vested leave, including compensatory, restored leave, and sick leave in certain circumstances, are accrued at year-end, based on latest pay rates and unused hours of leave. Funding will be obtained from future financing sources to the extent that current or prior year appropriations are not available to fund annual and other types of vested leave earned but not taken. Nonvested leave is expensed when used. Any liability for unused sick leave by a Civil Service Retirement System (CSRS)-covered employee is transferred to the Office of Personnel Management upon the retirement of that individual. No credit is given for sick leave balances upon the retirement of Federal Employee's Retirement System (FERS)-covered employees.

M. Accrued and Actuarial Workers' Compensation

A liability is recorded for actual and estimated future payments to be made for workers' compensation pursuant to the Federal Employees' Compensation Act (FECA). The actual costs incurred are reflected as a liability because FMC will reimburse the Department of Labor (DOL) two years after the actual payment of expenses. Future appropriations will be used for the reimbursement to DOL. The liability consists of (1) the net present value of estimated future payments calculated by the DOL, and (2) the unreimbursed cost paid by DOL for compensation to recipients under the FECA.

N. Retirement Plans

FMC employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS). FERS was established by the enactment of Public Law 99-335. Pursuant to this law, FERS and Social Security automatically cover most employees hired after December 31, 1983. Employees hired before January 1,

FEDERAL MARITIME COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Retirement Plans (continued)

1984 elected to join either FERS and Social Security, or remain in CSRS. All employees are eligible to contribute to the Thrift Savings Plan (TSP). For those employees participating in the FERS, a TSP account is automatically established and FMC makes a mandatory one percent contribution to this account. In addition, FMC makes matching contributions, ranging from one to four percent, for FERS eligible employees who contribute to their TSP accounts. Matching contributions are not made to the TSP accounts established by CSRS employees. For FERS participants, FMC also remits the employer's share of the required contribution.

FERS employees and certain CSRS reinstatement employees are eligible to participate in the Social Security program after retirement.

FMC recognizes the imputed cost of pension and other retirement benefits during the employees' active years of service. OPM actuaries determine pension cost factors by calculating the value of pension benefits expected to be paid in the future and communicates these factors to FMC for current period expense reporting. OPM also provides information regarding the full cost of health and life insurance benefits. FMC recognized the offsetting revenue as imputed financing sources to the extent these expenses will be paid by OPM.

FMC does not report on its financial statements information pertaining to the retirement plans covering its employees. Reporting amounts such as plan assets, accumulated plan benefits, and related unfunded liabilities, if any, is the responsibility of the OPM.

O. Use of Estimates

Management has made certain estimates when reporting assets, liabilities, revenue, and expenses, and in the note disclosures. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FEDERAL MARITIME COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Net Position

Net position is the residual difference between assets and liabilities and is comprised of unexpended appropriations and cumulative results of operations. Unexpended appropriations represent the amount of unobligated and unexpended budget authority. Unobligated balances are the amount of appropriations or other authority remaining after deducting the cumulative obligations from the amount available for obligation. The cumulative results of operations is the net result of FMC's operations since inception.

Q. Imputed Costs/Financing Sources

Federal Government entities often receive goods and services from other Federal Government entities without reimbursing the providing entity for all the related costs. In addition, Federal Government entities also incur costs that are paid in total or in part by other entities. An imputed financing source is recognized by the receiving entity for costs that are paid by other entities. FMC recognized imputed costs and financing sources in fiscal years 2007 and 2006 to the extent directed by OMB.

R. Contingencies

Liabilities are deemed contingent when the existence or amount of the liability cannot be determined with certainty pending the outcome of future events. FMC recognizes contingent liabilities, in the accompanying balance sheet and statement of net cost, when it is both probable and can be reasonably estimated. FMC discloses contingent liabilities in the notes to the financial statements when the conditions for liability recognition are not met or when a loss from the outcome of future events is more than remote. In some cases, once losses are certain, payments may be made from the Judgment Fund maintained by the U.S. Treasury rather than from the amounts appropriated to FMC for agency operations. Payments from the Judgment Fund are recorded as an "Other Financing Source" when made. There are no contingencies that require disclosure.

S. Expired Accounts and Cancelled Authority

Unless otherwise specified by law, annual authority expires for incurring new obligations at the beginning of the subsequent fiscal year. The account in which the annual authority is placed is called the expired account. For five fiscal years, the expired account is available for expenditure to liquidate valid obligations incurred during the unexpired period. Adjustments are allowed to increase or decrease valid obligations incurred during the unexpired period but not previously reported. At the end of the fifth expired year, the expired account is cancelled.

FEDERAL MARITIME COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Reclassification

Certain fiscal year 2006 balances have been reclassified, retitled, or combined with other financial statement line items for consistency with current year presentation. Under Statements of Federal Financial Accounting Standards No. 7, OMB has reclassified the Statement of Financing to be presented in a note as Reconciliation of Net Cost of Operations to Budget.

NOTE 2. FUND BALANCE WITH TREASURY

Fund balance with Treasury as of September 30, 2007 and 2006 consisted of:

	2007	2006
Fund Balances		
Appropriated Funds	$ 2,843,269	$ 2,676,163
Total Fund Balance	$ 2,843,269	$ 2,676,163
Status of Fund Balance with Treasury		
Unobligated Balance		
Available	$ 4,511	$ 4,636
Unavailable	206,383	122,101
Obligated Balance not yet Disbursed	2,632,375	2,549,426
Total	$ 2,843,269	$ 2,676,163

The unavailable unobligated fund balances represents the amount of appropriations for which the period of availability for obligation has expired. This balance is available for upward adjustments of obligations incurred only during the period for which the appropriation was available for obligation or for paying claims attributable to the appropriations.

NOTE 3. ACCOUNTS RECEIVABLE, NET

Accounts receivable balances as of September 30, 2007 and 2006 were as follows:

	2007	2006
With the Public	$ 141,144	$ 2,961
Allowance for Loss on Receivables	75,000	-
Total Accounts Receivable, Net	$ 66,144	$ 2,961

FEDERAL MARITIME COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006

NOTE 3. ACCOUNTS RECEIVABLE, NET (CONTINUED)

The accounts receivable is primarily made up of balances from two non-federal vendors. One receivable for $7,208 is a net assessment of a penalty resulting from an FMC enforcement action. A second receivable for $56,923 represents an amount due from a contractor for unsupported claims that were paid by the agency.

NOTE 4. GENERAL PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment account balances as of September 30, 2007 and 2006 were as follows:

Schedule of Property, Plant and Equipment as of September 30, 2007

Description	Acquisition Cost	Accumulated Depreciation	Net Book Value
Office Equipment 5 yrs.	$ 350,588	$ 343,486	$ 7,102

Schedule of Property, Plant and Equipment as of September 30, 2006

Description	Acquisition Cost	Accumulated Depreciation	Net Book Value
Office Equipment 5 yrs.	$ 419,982	$ 389,629	$ 30,353

NOTE 5. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities on FMC's Balance Sheet as of September 30, 2007 and 2006, include liabilities not covered by budgetary resources, which are liabilities for which congressional action is needed before budgetary resources can be provided. Although future appropriations to fund these liabilities are likely and anticipated, it is not certain that appropriations will be enacted to fund these liabilities. Liabilities not covered by budgetary resources consist of unfunded leave. Balances are $1,012,520 and $1,061,614 as of September 30, 2007 and 2006, respectively.

FEDERAL MARITIME COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006

NOTE 6. LEASES

FMC occupies office space under six lease agreements that are accounted for as operating leases. The lease locations and terms are listed below:

LOCATION	TERM	LEASE EXPIRATON DATE
Washington DC	10 years	01/02/2012
Jamaica, New York	12 months	01/01/2008
Jamaica, New York	12 months	01/01/2008
Seattle, WA	2 years	05/31/2008

The lease amounts vary from year to year depending on the specific lease. The schedule of future payments for the term of the leases is as follows:

Operating Leases

Fiscal Year	Lease Payments
2008	$ 2,763,733
2009	2,770,460
2010	2,795,448
2011	2,821,193
2012	2,847,718
Thereafter	237,690
Total Future Payments	$ 14,236,242

The operating lease amount does not include estimated payments for leases with annual renewal options.

NOTE 7. INTRAGOVERNMENTAL COSTS

Intragovernmental costs represent goods and services exchange transactions made between two reporting entities within the Federal government, and are in contrast to those with non-federal entities (the public). Intragovernmental costs include payments to federal vendors for personnel benefits, rent, utilities, and other services. Payments made to non-federal entities (the public) are comprised primarily of employee salaries and other services. Such costs are summarized as follows:

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NOTE 7. INTRAGOVERNMENTAL COSTS (CONTINUED)

	2007	2006
Office of Administration:		
Intragovernmental Costs	$ 5,641,709	$ 5,487,121
Public Costs	3,227,832	2,962,391
Total Office of Administration Costs	$ 8,869,541	$ 8,449,512
Office of Operations:		
Intragovernmental Costs	$ 1,155,565	$ 1,145,281
Public Costs	6,047,768	5,987,523
Total Office of Operations	$ 7,203,333	$ 7,132,804
Formal Proceedings:		
Intragovernmental Costs	$ 753,220	$ 754,837
Public Costs	4,047,865	4,203,666
Total Formal Proceedings	$ 4,801,085	$ 4,958,503
Office of Inspector General		
Intragovernmental Costs	$ 43,570	$ 51,228
Public Costs	350,724	418,657
Total Office of Inspector General	$ 394,294	$ 469,885
Office of EEO:		
Intragovernmental Costs	$ 18,754	$ 17,798
Public Costs	122,839	117,924
Total Office of EEO	$ 141,593	$ 135,722
Total Intragovernmental costs	$ 7,612,818	$ 7,456,265
Total Public costs	13,797,028	13,690,161
Total Net Cost	$ 21,409,846	$ 21,146,426

FMC had no earned revenues.

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NOTE 8. OPERATING/PROGRAM COSTS

Costs by major budgetary object classification as of September 30, 2007 and 2006 are as follows:

Budgetary Object Classifications	2007	2006
Personnel and Benefits	$ 15,530,048	$ 15,434,367
Travel and Transportation	186,959	190,462
Rents, Communication & Utilities	3,290,761	3,066,101
Printing and Contractual Services	1,930,738	2,083,582
Supplies and Materials	227,805	186,800
Equipment	243,821	184,886
Miscellaneous	(286)	228
Total	$ 21,409,846	$ 21,146,426

NOTE 9. BUDGETARY RESOURCE COMPARISONS TO THE BUDGET OF THE UNITED STATES GOVERNMENT

Statement of Federal Financial Accounting Standards No. 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting, calls for explanations of material differences between amounts reported in the Statement of Budgetary Resources (SBR) and the actual balances published in the Budget of the United States Government (President's Budget). However, the President's Budget that will include FY07 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2008 and can be found at the OMB Web site: http://www.whitehouse.gov. The 2008 Budget of the United States Government, with the Actual column completed for 2006, has been reconciled to the Statement of Budgetary Resources and there were no material differences.

NOTE 10. IMPUTED FINANCING SOURCES

FMC recognizes as imputed financing the amount of accrued pension and post-retirement benefit expenses for current employees. The assets and liabilities associated with such benefits are the responsibility of the administering agency, the Office of Personnel Management (OPM). For the periods ended September 30, 2007 and 2006, respectively, imputed financing from OPM was $1,178,255 and $1,115,461.

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NOTE 11. UNDELIVERED ORDERS AT THE END OF THE PERIOD

Beginning with FY 2006, the format of the Statement of Budgetary Resources has changed and the amount of undelivered orders at the end of the period is no longer required to be reported on the face of the statement. Statement of Federal Financial Accounting Standards No. 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting, states that the amount of budgetary resources obligated for undelivered orders at the end of the period should be disclosed. For the periods ended September 30, 2007 and 2006, undelivered orders amounted to $1,385,730 and $1,326,478, respectively.

NOTE 12. CUSTODIAL ACTIVITY

FMC is an administrative agency collecting for another entity or the General Fund. As a collecting entity, FMC measures and reports cash collections and refunds, which are reported as custodial activity on the "Statement of Custodial Activity". The type of cash collected is for fines, penalties and administrative fees. A small portion is for interest on the past due fines. Another part of the custodial activity is application for licenses issued to qualified ocean transportation intermediaries (OTIs) in the U.S., petitions, status changes and special permission fees.

Custodial receipts are broken out in the following general receipt funds:

	2007
Misc. Fines, Penalties and Forfeitures	$1,372,037
General Fund Proprietary Receipts (license fees)	587,738
Refund of Moneys Erroneously Received and Covered	(8,664)
Total Custodial Collections	$1,951,111

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NOTE 13. RECONCILIATION OF NET COST OF OPERATIONS TO BUDGET

	2007	2006
Resources Used to Finance Activities:		
Budgetary Resources Obligated		
Obligations Incurred	$ 20,536,495	$ 20,346,990
Less: Spending Authority from Offsetting Collections and Recoveries	220,175	150,821
Obligations Net of Offsetting Collections and Recoveries	20,316,320	20,196,169
Less: Offsetting Receipts	-	-
Net Obligations	20,316,320	20,196,169
Other Resources		
Imputed Financing from Costs Absorbed by Others	1,178,255	1,115,461
Net Other Resources Used to Finance Activities	1,178,255	1,115,461
Total Resources Used to Finance Activities	$ 21,494,575	$ 21,311,630
Resources Used to Finance Items Not Part of the Net Cost of Operations		
Change in Budgetary Resources Obligated for Goods, Services and Benefits Ordered but Not Yet Provided	$ 59,250	$ 275,652
Resources that Fund Expenses Recognized in Prior Periods	48,731	149
Other Resources or Adjustments to Net Obligated Resources That Do Not Affect Net Cost of Operations	-	-
Total Resources Used to Finance Items Not Part of the Net Cost of Operations	107,981	275,801
Total Resources Used to Finance the Net Cost of Operations	$ 21,386,594	$ 21,035,829
Components of the Net Cost of Operations that will Not Require or Generate Resources in the Current Period		
Components Requiring or Generating Resources in Future Periods		
Increase in Annual Leave Liability	$ -	$ 91,057
Other	-	-
Total Components of Net Cost of Operations that will Require or Generate Resources in Future Periods	-	91,057
Components Not Requiring or Generating Resources:		
Depreciation and Amortization	9,373	20,085
Revaluation of Assets or Liabilities	13,879	-
Other	-	(545)
Total Components of Net Cost of Operations that will Not Require or Generate Resources	23,252	19,540
Total Components of Net Cost of Operations that will Not Require or Generate Resources in the Current Period	23,252	110,597
Net Cost of Operations	$ 21,409,846	$ 21,146,426

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NOTE 14. APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED

FMC has $20,536,495 of direct obligations incurred against amounts apportioned under Category A funds. FMC has no reimbursable obligations incurred nor any balance in exempt from apportionment.

I. Required Supplementary Information

A. Summary of Financial Statement Audit for the Year Ending September 30, 2007.

Audit Opinion	Unqualified				
Restatement	No				
Material Weaknesses	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Ending Balance**
None Reported					

B. Summary of Management Assurances for the Year Ending September 30, 2007.

Effectiveness of Internal Control over Operations (FMFIA § 2)						
Statement of Assurance	Unqualified					
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
None Reported	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Total Material Weaknesses	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**
Conformance with fiancial management system requirements (FMFIA § 4)						
Statement of Assurance	Systems conform to financial system requirements					
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
None Reported	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Total Material Weaknesses	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**
Conformance with Federal Financial Improvement Act (FFMIA)						
	Agency			Auditor		
Overall Substantial Compliance	n/a*			n/a*		
1. System Requirements	n/a*			n/a*		
2. Accounting Standards	n/a*			n/a*		
3. USSGL at Transaction Levels	n/a*			n/a*		

* OMB Bulletin 07-04 identifies the requirement of the 24 CFO Act agencies to conform with the FFMIA. The bulletin states that agencies subject to the ATDA and Government Corporation Control Act are not subject to the requirements of the FFMIA.

GLOSSARY OF ACRONYMS

-B-

BPD	Bureau of the Public Debt

-C-

CADRS	Office of Consumer Affairs and Dispute Resolution Services
C&A	Certification and Accreditation Services
CIO	Chief Information Officer

-E-

EEO	Equal Employment Opportunity
e-OPF	Electronic Official Personnel File

-F-

FACTS	Federal Agencies' Centralized Trial-Balance System
FFMIA	Federal Financial Management Improvement Act
FISMA	Federal Information Security Management Act
FMC/Commission	Federal Maritime Commission
FMFIA	Federal Managers' Financial Integrity Act
FTE	Full Time Equivalent
FY	Fiscal Year

-G-

GPRA	Government Performance and Results Act
GS	General Schedule

-I-

IG	Inspector General
IPAC	Intergovernmental Payments and Collections
IPv6	Internet Protocol Version 6
IRS	Internal Revenue Service
IT	Information Technology

-M-

MTO	Marine Terminal Operator

-N-

NFC	National Finance Center
NIST	National Institute of Standards and Technology
NVOCC	Non-Vessel-Operating Common Carrier

GLOSSARY OF ACRONYMS

-O-

OMB	Office of Management and Budget
OSRA	Ocean Shipping Reform Act of 1988
OTI	Ocean Transportation Intermediary

-P-

P.L.	Public Law
PAR	Performance and Accountability Report
PART	Program Assessment Rating Tool
PVO	Passenger Vessel Operator

-R-

RPI	Regulated Persons Index

-S-

SC	Service Contract
SES	Senior Executive Service
Shipping Act	Shipping Act of 1984
SQL	Structured Query Language

-T-

TIN	Taxpayer Identification Number

-U-

URL	Uniform Resource Locator
U. S.	United States

-V-

VOCC	Vessel-Operating Common Carrier