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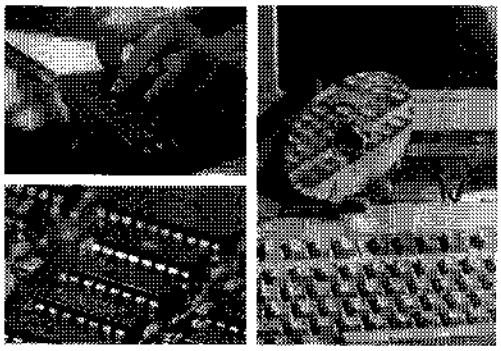
Office of Inspector General
United States
International Trade Commission

AUDIT REPORT

OIG-AR-01-00

Review of the Commission's Information Resources Management Function

September 29, 2000



Office of Inspector General
U.S. International Trade Commission

INSPECTOR GENERAL

UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, D.C. 20436

September 29, 2000

We hereby submit Audit Report No. OIG-AR-01-00, *Review of the Commission's Information Resources Management Function*, for the Commission's implementation of our recommendations.

The principal product of the Commission is information in the form of rulings, determinations, advice, research reports, databases, etc. The Commission relies upon information processes that combine both human and information technology (IT) resources to generate its work products. The design of these processes and the development and allocation of resources for these processes is the responsibility of the Commission's Information Resource Management (IRM) function.

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

- Agencies shall design and implement a process for maximizing the value and assessing and managing the risks of IT acquisitions.

- Agencies shall establish goals for improving agency operations and delivery of services to the public through the effective use of IT.

- Agencies shall ensure that performance measurements are prescribed for IT used by or to be acquired by the agency.

- Agencies shall analyze their missions and, based on this analysis, revise agency mission-related and administrative processes as appropriate before making significant investments in IT that supports those processes.

- Agencies shall appoint a Chief Information Officer (CIO) who will advise and assist the agency head and other senior management officials on acquisition of IT and the management of information resources (IR) and who will promote the effective and efficient design of the agency IRM processes.

The purpose of our audit was to evaluate the Commission's current IRM function and to recommend changes and improvements consistent with the Clinger-Cohen Act. We found, as did a 1987 U.S. General Accounting Office audit, that the Commission's IRM function was highly fragmented. Our primary recommendation is that the Commission appoint a CIO and assign sufficient responsibilities and resources to this position so that the CIO can provide unified direction to the Commission's IRM.

We also found shortcomings in the Commission's efforts to align information resources and strategic objectives. To address these shortcomings we made recommendations for strengthening the Information Resources Management Steering Committee (IRMSC) and updating the IRM Strategic Plan. We also made recommendations for improving the management of the Commission's IRM personnel and improving information security planning.

Because the Commission's work is so information intensive, its main avenue for improvement in its products and services is through improving its IR. The recommendations we have made will provide the procedural framework for such improvement. We recognize that a significant capital investment is necessary to implement our primary recommendation. However, this investment could reap many benefits in the immediate future for the Commission.

A draft of this report was submitted for comment to the Chairman and Commissioners on February 14, 2000, with courtesy copies to Office Directors. In response, the Chairman agreed to the establishment of a CIO office, contingent on the availability of resources. On September 25, 2000, the Chairman approved a plan to implement the recommendations contained in this report. The approved plan is attached as Appendix VI.

Dev Jagadesan
Acting Inspector General

Audit Report No. OIG-AR-01-00

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U.S. International Trade Commission

TABLE OF CONTENTS

Page

I. Introduction 1

II. Objectives 1

III. Methodology and Scope 1

IV. Background 2

A. The Clinger-Cohen Act 2
B. Evolution of the Commission's IRM Organization and Process 3

V. Commission's Current Organization 4

VI. Commission's Investments for Information Resources 6

VII. Findings and Recommendations 7

A. Designation of a Chief Information Officer 7
B. Need for Organizational Change 8
C. The Commission's IRM Process 12
D. Personnel Assessment 13
E. Security Plan 14

VIII. Summary of Recommendations 16

Appendix I - Methodology and Scope I-1

Appendix II - Summary of IRM Provisions of the Clinger-Cohen Act II-1

Appendix III - Summary of IRM Provisions of the Paperwork Reduction Act III-1

Appendix IV - Functions and Responsibilities of IRM Offices and the IRMSC IV-1

Appendix V - History of Changes in the Commission's Organizations for IRM since 1989 . . . . . V-1

Appendix VI - Memorandum from the Chairman (CO-74-X-015) VI-1

REVIEW OF THE COMMISSION'S INFORMATION RESOURCES MANAGEMENT FUNCTION

I. INTRODUCTION

The Clinger-Cohen Act of 1996 (Act) and the amendments by the Act to the Paperwork Reduction Act of 1995 (PRA) are based on best practices used by leading public and private organizations to more effectively manage Information Technology (IT).

The Act requires Executive Agencies to design and implement processes that maximize the value of IT acquisitions while managing the risks of those acquisitions. The intent of the Act is the integration of IT decisions with the processes for making budget, financial, and program management decisions, thus explicitly recognizing and elevating the importance of IT. Thus, agencies must analyze mission-related and administrative processes, revising them as appropriate. Additionally, processes should be benchmarked against comparable processes of public or private sector organizations.

As used in this report, the term, Information Resources Management (IRM), refers to the process of managing information resources to accomplish the mission of the International Trade Commission (Commission). Information Resources (IR) include information itself, as well as related resources such as personnel, equipment, funds, and IT. IT is a subset of IR and refers to the hardware and software operated by the Commission to accomplish particular functions, regardless of the technology involved (e.g. computers, telecommunications, etc.).

II. OBJECTIVES

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

III. METHODOLOGY AND SCOPE

Cotton & Company, LLP, was retained by the Office of Inspector General, to review the Commission's IRM function, with emphasis on the Commission's progress toward implementing the Act. When performing our work, we considered the Commission's size and the benefits of maintaining the current level of operating efficiency with future costs that may result from our recommendations. Our recommendations are intended to maintain the present level of efficiency in the Commission's use of personnel resources within the requirements of the Act and relevant regulations. Additional detail regarding the methodology and scope is contained in Appendix I.

IV. BACKGROUND

A. The Clinger-Cohen Act

"Under the Clinger-Cohen Act, decisions about IT investments are based on quantitative and qualitative factors associated with costs, benefits, and risks of those investments."

The Clinger-Cohen Act is the most prominent of all recent IT reform legislation. The Act applies to all executive agencies. In addition, the conference report (No. 104-450) for the Act provides that government entities that do not expressly fall under the Act should comply to the extent consistent with good government. The Act also amends certain sections of the PRA. A section-by-section summary of the Act and the PRA is provided in Appendices II and III, respectively.

The Act promotes the evaluation and adoption of best management and acquisition practices used by both private and public organizations. Additionally, under the Act, decisions about IT investments are based on quantitative and qualitative factors associated with costs, benefits, and risks of those investments.

Performance data is used to demonstrate how well IT expenditures support improvements to agency programs through measurements such as reduced costs, improved employee productivity, and higher customer satisfaction.

The Act requires the appointment of an executive-level Chief Information Officer (CIO). The designation of the CIO was accomplished by amendment of the PRA. The PRA previously required a "senior official," now designated as the CIO. The CIO retains responsibilities defined under the Act. The Act incorporated these changes to elevate the importance of IT management within federal agencies.

The Act also streamlines the IT acquisition process by eliminating the General Services Administration's central acquisition authority, placing procurement responsibility directly with Federal agencies, and encouraging the adoption of smaller, modular IT acquisition projects.

Additional key elements of the Act are summarized below:

1. **Establishing processes for selecting and managing IT investments.** The Act provides for agencies to design and implement a process for maximizing the value and assessing and managing the risks of IT acquisitions. The Act lists specific elements that agencies must include in that process and requires integration of the process with those for making budget, financial, and program management decisions.

2. **Revising agency processes.** Before making significant investments in IT, agencies must analyze agency mission-related processes and administrative

processes, revising them as appropriate. Agencies should benchmark their processes against comparable processes of public or private organizations.

3. **Assessing information security.** Agencies must ensure that information security policies, procedures, and practices adequately protect resources.

4. **Assessing agency IRM skills.** As part of the Government Performance and Results Act strategic planning and performance evaluation, agencies are called on to assess:

   a. Personnel requirements regarding IRM knowledge and skills.
   b. The extent to which positions and personnel at executive and management levels in the agency meet those requirements. Agencies must develop strategies and plans for hiring, training, and providing professional development to rectify weaknesses found.

B. Evolution of the Commission's IRM Organization and Process

In 1987, the U.S. General Accounting Office (GAO) conducted an audit of the overall operations of the Commission. In February 1987, the GAO issued a report entitled "Observations on the Operations of the International Trade Commission." Appendix III of that report dealt with the Commission's IRM activities.

The GAO report made two principal observations relating to IRM: (1) the Commission's organization and management approach for IRM is fragmented, and (2) the Commission's planning process for IRM is inadequate. Following are pertinent excerpts from the GAO report:

> We observed that ITC's organizational and management structure for information resources is fragmented. The planning process has not been sufficient to provide the information needed for the systematic acquisition and use of information resources. Comprehensive analyses required by federal regulations have not been performed and documented.
>
> The Paperwork Reduction Act requires that a senior official, reporting directly to the agency head, be accountable and responsible for all of the agency's IRM activities and functions. However, the ITC's designated senior official is not involved in many of these activities and functions.

> Although the Director of Operations is ITC's designated senior official for information resources, he does not have the authority or responsibility for planning, directing, and controlling all IRM activities as prescribed in the PRA and implementing regulations. IRM responsibilities at ITC are dispersed among various program and administrative offices, a planning committee, and the Director of Operations. Each program and administrative office independently identifies information resource needs without direction from an approved Agency-wide IRM plan.
>
> ITC has not developed an overall IRM plan and has not established any policy or issued guidelines to implement a comprehensive planning process.

In order to address GAO concerns about "fragmented" organizational and management structure for IR, the Commission engaged Arthur Andersen & Company (Arthur Andersen), at a cost of $127,000, to review the Commission's organization for IRM. In its final report of July 1988, Arthur Andersen recommended a reorganization which would establish a separate Office of Information Technology Planning, headed by a CIO, and move the Office of Data Systems from the Office of Operations to the Office of Administration. The Commission did not accept the recommendation for establishing a separate IT planning office. However, the Commission did accept the recommendation for relocating the Office of Data Systems. The Commission also contracted, at a cost of $1,400, with the GSA's Federal IRM Planning Support Center (FIPSC) to review the proposed move. In a report dated August 14, 1989, the FIPSC indicated its agreement with the proposed establishment of an Office of Information Resources Management (OIRM) under the Director of Administration.

Since 1989, the Commission's organization for IRM has undergone numerous changes. These changes are detailed at Appendix V. The end result of these changes is that the Commission now has essentially the same organization for IRM that it had before the GAO audit. In Section VII, we take note of the continuing nature of the conditions initially observed by the GAO and offer appropriate recommendations to address these conditions.

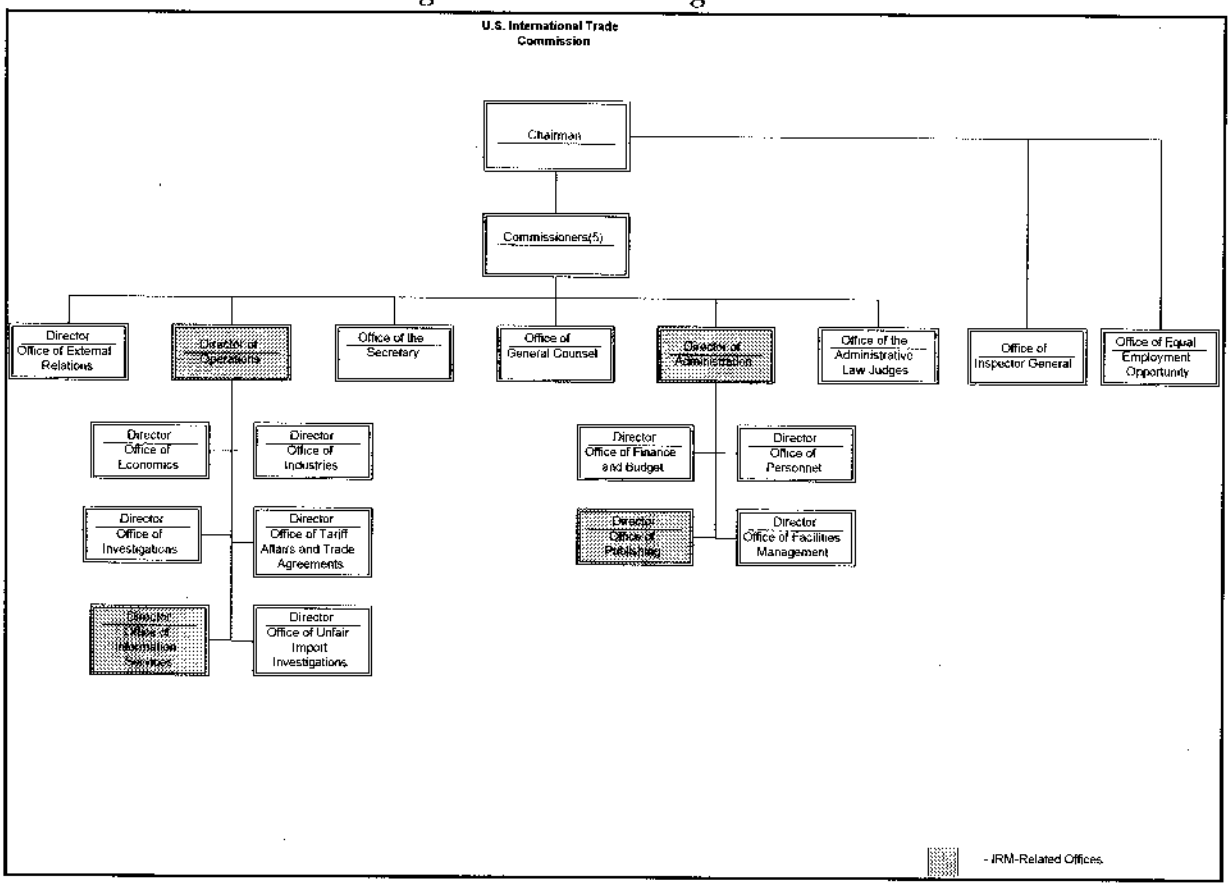
V. COMMISSION'S CURRENT ORGANIZATION

There are four offices, the Office of Operations, the Office of Administration, the Office of Information Services (OIS), and the Office of Publishing, that currently have the principal responsibility for IRM within the Commission.[1] The organizational relationship between these offices is shown in Figure 1 on the next page. The Director of the Office of Operations is currently designated as the Commission's senior official for IRM and Chairman of the

[1]Until recently, the Office of Finance and Budget (OFB) was also involved in the IRM process to the extent that it was responsible for managing the formulation, justification, presentation and execution of the Commission's budget. However, on May 10, 2000, OFB was abolished. Finance/accounting responsibilities were assigned to a new Office of Finance, and budgeting responsibilities were assigned to the Director, Administration.

Information Resources Management Steering Committee (IRMSC)[2]. The Director of Administration is responsible for all Commission procurement, including IT procurement. OIS has the major responsibility for planning, management and operation of the Commission's non-publishing-related IT resources. The Office of Publishing is responsible for planning, management and operation of the Commission's IT resources for document preparation and publication. A more detailed description of the functions and responsibilities of these offices and the IRMSC is provided in Appendix IV.

Figure 1 - USITC Organization



[2]The IRMSC is composed of the following members: Director, Office of Operations, Director, Office of Administration, Director, OIS, General Counsel, Secretary, and the Director, Office of External Relations, Adm. Order 00-08, dated August 25, 2000.

VI. COMMISSION'S INVESTMENTS FOR INFORMATION RESOURCES

The Commission's current IT investments include a server-based local area network, an Oracle database management system, a modern publishing facility, and audio-visual equipment. Each employee has a desktop computer incorporating general and special purpose software.

In addition to these investments, the Commission utilizes substantial computing resources owned by the U.S. Department of Interior (DOI) to perform IT functions for personnel, payroll and accounting.

The budget data in Table 1 reflects the Commission's historical and planned IR investments.

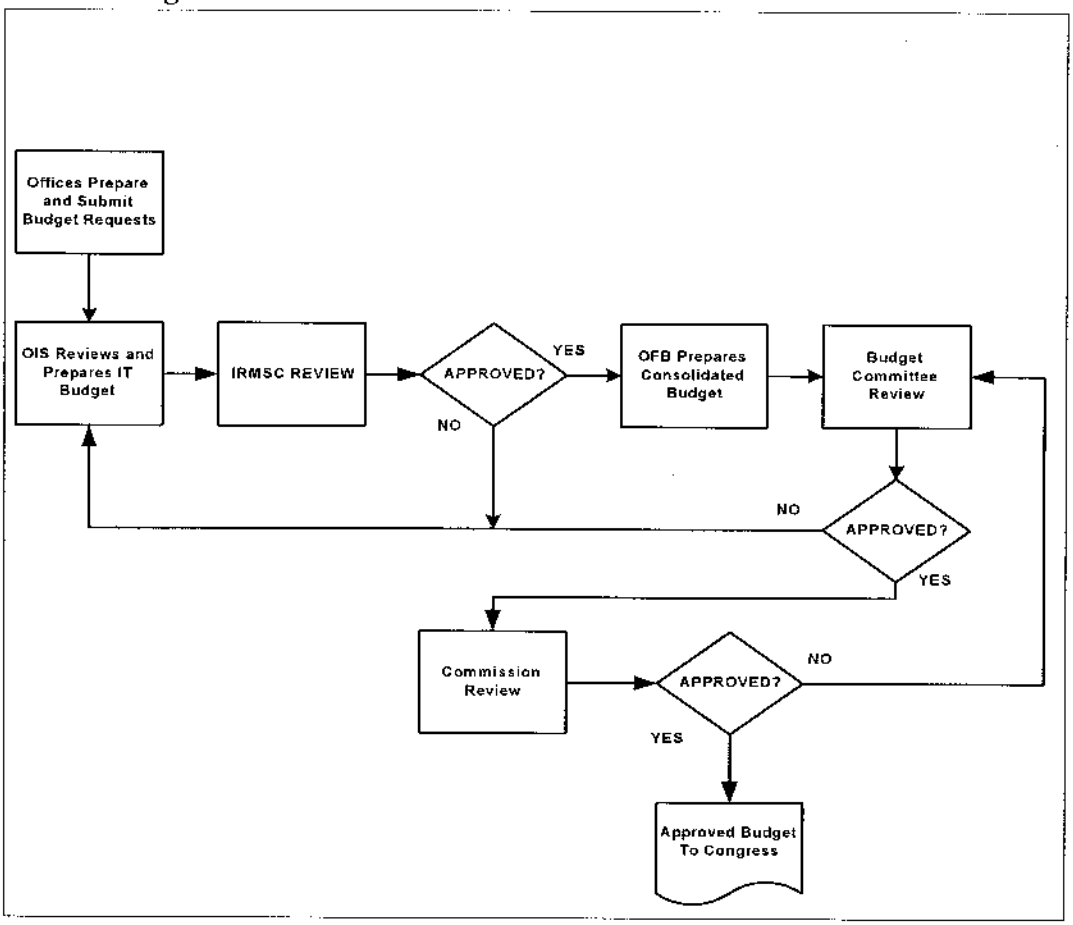
Table 1 - ITC Budget for Information Resources

	Fiscal Year	All IR Except New IT (Includes Personnel, Contracts & Data Processing)	New IT Equipment (Hardware)	New IT Supplies (Includes Software)	Total
OIS	1999	$4,580,900	$302,100	$82,500	$4,965,500
	2000	6,103,700	600,000	120,000	6,823,700
	2001	6070800	785,000	145,000	7,000,800
Total		$16,755,400	$1,687,100	$347,500	$18,790,000
Publishing	1999	$1,171,900	$360,800	$166,700	$1,699,400
	2000	1,332,800	180,000	225,000	1,737,800
	2001	1,332,000	420,000	300,000	2,052,000
Total		$3,836,700	$960,800	$691,700	$5,489,200

A flow diagram depicting the Commission's current process for selecting and funding IR investments is provided in Figure 2 on the next page. The role of the IRMSC in this process is to insure that the Commission's IR investments are aligned with the Commission's strategic plans and objectives. The process shown in Figure 2 applies to IR projects included in the regular budget cycle. Proposed new projects which have not been included in the regular budget cycle are submitted to OIS for review. If funding is available, OIS can approve projects of less than $25,000. Projects requiring more than $25,000 of funding are forwarded to the IRMSC for review and recommendation for approval.[3] Final approval of such projects is made by the Chairman and Commission.

[3]According to AO 94-01, dated October 12, 1993 the threshold for review is $25,000, however, Directors of Operations, Administration and OIS stated the IRMSC currently reviews projects that exceed a $50,000 threshold.

Figure 2 - Investment Process for Information Resources



VII. FINDINGS AND RECOMMENDATIONS

A. Designation of a Chief Information Officer

Currently the Director of Operations is designated as the senior official responsible for IRM under PRA by AO 93-15, Appointment of Senior Official for IRM, dated April 2, 1993. AO 93-15 rescinded AO 90-08, which had designated the Director of Administration as the senior IRM official under the PRA.

Section 3506 of the PRA was amended by Section 5125(a) of the Act by striking out "senior official" and inserting "Chief Information Officer." The amended provisions of the PRA that are of most significance to the Commission's organization for IRM are the following:

> (a)(2)(A).....the **head of each agency shall designate a Chief Information Officer who shall report directly to such agency head to carry out the responsibilities of the agency under this chapter.**(emphasis added)

> (c) With respect to the collection of information and the control of paperwork, each agency shall - (1) establish a process within the office headed by the Chief Information Officer designated under subsection (a), **that is sufficiently independent of program responsibility** to evaluate fairly whether proposed collections of information should be approved under this chapter, to..... (emphasis added).

To fully comply with this statute, the Commission should appoint a CIO who reports directly to the Chairman and who is independent of the Office of Operations.

OIG Audit Recommendation

1 ***We recommend that the Commission establish a separate position designated as the Commission's Chief Information Officer, reporting directly to the Commission through the Chairman.***

- ***Integrate the CIO function into the Strategic Plan.***
- ***Designate the CIO as a member of the budget committee.***

B. Need for Organizational Change

There is a need at the Commission to design and implement a process for maximizing the value and assessing and managing the risks of its IT acquisitions. The Commission's main product is information of one kind or another. Given the limitations on human resources available to the Commission for the foreseeable future, the Commission must rely on upgrading IT as the principal means for improving products and services. To do this in a constrained funding environment, the Commission must have in place an organization and a process that will yield the greatest possible return on IT investment.

1. Integrated Management of IR

We found, as did the GAO, that the Commission's organization and management structure for IR are fragmented. IRM responsibilities are currently dispersed among various program offices (Operations and OIS) and administrative offices (Publishing, Procurement and Finance and Budget), the IRMSC, and the Director of Operations. As indicated in Table 1, the Commission's IT cost center responsibilities are split between OIS under the Director of Operations and the Office of Publishing under the Director of Administration. In addition, OFB (see footnote 1) expended a large portion of OIS cost center funds on DOI support without significant input or oversight by OIS. The PRISM procurement system under the Director of Administration is a major IR system that is not receiving sufficient oversight by OIS. Essentially, all the major systems external to the Office of Operations are going their own way without central direction and control. That direction has to come from an empowered, centralized office such as the recommended CIO Office.

a. Integrated Procurement of IT

The process for procuring IT requires that the following functions be performed: (1) evaluation of Commission requirements for IT, (2) development of specifications for hardware/software to meet Commission IT requirements, (3) evaluation of hardware/software proposed to meet Commission IT requirements, (4) managing development of new IT solutions or procurement of existing IT solutions, and (5) managing installation and integration of hardware/software procured to meet Commission IT requirements. The responsibility for performing these functions is currently divided among several offices. There is a need for a single office, such as the recommended CIO office, to provide centralized, integrated management of these functions in order to efficiently allocate IT procurement funds among competing Commission priorities.

b. Integrated Security Management

OIS has not been able to fulfill the Commission's requirements for security planning (see Section VII. E). Placement of the security function in an office with a Commission-wide focus, such as the recommended CIO office, would allow a better and more integrated approach to security management for the Commission as a whole.

c. Integrated Management of IR Personnel

The management of IRM personnel is scattered across multiple offices. The various offices that have IRM personnel management responsibilities such as OIS, Office of Administration, OFB, Office of Personnel, and Office of Publishing each have their own management approach. The current organizational placement of OIS minimizes its effectiveness in fulfilling its intended role of supporting integrated management of all the Commission's IRM personnel. The recommended CIO office can provide the needed focal point for integrated management of IRM personnel.

2. Commission-wide Support

We found that OIS is more effectively meeting its responsibilities to the Office of Operations, while not so effectively meeting other Commission-wide responsibilities. By virtue of the organizational structure within the Office of Operations, OIS subordinates its Commission-wide duties and responsibilities to the priorities of the Office of Operations. For example, a review of the position description(PD) for the Director of OIS indicated that 13 out of 15 duties and responsibilities of the position are Commission-wide in scope. The other two involve the Office of Operations. However, the performance evaluation plan for the Director, OIS indicates that his performance would be considered unsatisfactory if "Office of Information Services objectives fail to reflect Office of Operations priorities."

a. Rationalizing the Commission's Organization for IRM

We found that the preponderance of OIS responsibilities are Commission-wide in nature. Most information system functions such as network maintenance, computer maintenance and

telecommunications management provide support for the organization as a whole. OIS manages the Commission network, e-mail services, and help desk which are Commission-wide. OIS is responsible for the Commission's IT architecture, computer security plan and computer security awareness training. OIS is responsible for the Commission's Strategic IRM plan and its update. Most, if not all of the resources to perform these Commission-wide functions are concentrated in OIS in the Office of Operations. It would be more logical to place these resources and functions in an office with a Commission-wide orientation, such as the recommended CIO office.

b. Implementing a Management Information System

The Commission's managers need up-to-date and relevant personnel and financial information to effectively manage their resources. The source of this information is the personnel/payroll and financial management system operated for the Commission by DOI. OIS would be better able to design and implement a system for distributing this information throughout the Commission if it were placed in an office with a Commission-wide orientation such as the recommended CIO office.

c. Management of DOI Data Processing Services

DOI currently provides data processing services to support the Commission's personnel, payroll and financial management functions. Current personnel in the Office of Administration do not have sufficient expertise to monitor and manage the technical aspects of the services provided by DOI.

d. Upgrading the Procurement System

The Office of Administration currently uses the PRISM acquisition tracking system to assist in performing its procurement function. There appears to be a need to update the PRISM, or acquire a new system, to provide more task automation, greater integration with the rest of the financial system and more e-commerce functionality. The Office's contract specialists do not have sufficient expertise to monitor and manage the technical aspects of such an upgrade. The recommended CIO office should be capable of providing the necessary technical assistance for this task.

3. Summary of Benefits from Reorganizing IRM Management

Consistent with past studies on this subject (Section IV. B), we conclude that it is in the best interests of the Commission as a whole, to reorganize the Commission's management structure so that the Office of Information Services and Office of Publishing report to the recommended CIO office (See Figure 3 on next page).

The following benefits would result:

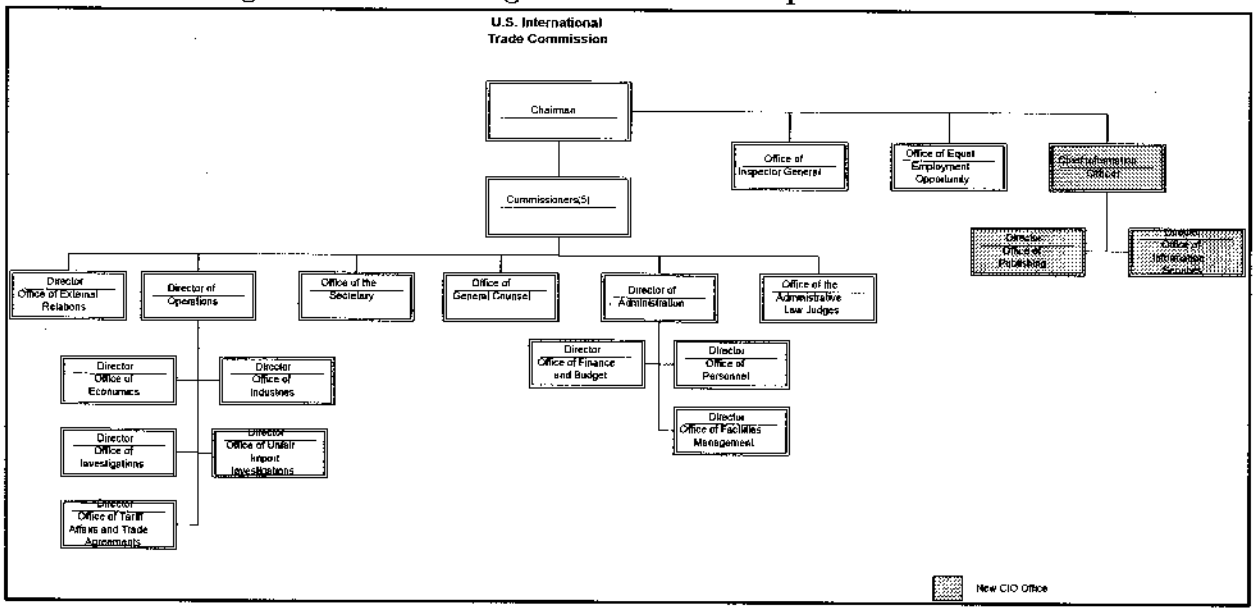
- Demonstrated compliance with the Act and PRA.

- Improved support for the Commission as a whole.
- Resolution of the concerns expressed by the GAO in 1987 that the Commission lacked a unitary approach to acquisition of IT resources.
- Development of systems and processes for disseminating personnel and financial management information out to all parts of the Commission.
- Provision of the necessary expertise for technical management of DOI services.
- More efficient and more integrated approach to management of the Commission' IT resources as a whole.
- Better and more integrated approach to security management.
- Creation of a more effective CIO position in which IRM responsibility is under the direction of one person with the authority for the entire Commission.
- More integrated management of IT procurement.

2 ***We recommend that the Commission modify its management structure so that the Office of Information Services and Office of Publishing report to the CIO, when the position is established and filled.***

OIG Audit Recommendation

Figure 3 - USITC Organization with Proposed CIO Office



C. The Commission's IRM Process

1. IRMSC

Designating a CIO to report to the Commission through the Chairman, and reorganizing the Office of Information Services and Office of Publishing to report to the CIO, will centralize IRM and eliminate the fragmentation of responsibilities observed by the GAO. Although these recommendations are designed to centralize IRM, there is still the need for the IRMSC. The IRMSC serves a useful purpose by performing independent reviews of IRM, and bringing together both users and developers to provide the overall perspective needed to insure that the Commission's IR are effectively applied to the Commission's strategic objectives. Thus, as the principal user representative, the Director of Operations should continue to serve as IRMSC Chairman, at least until our recommendations 1 and 2 are implemented.

One of the functions prescribed for the CIO by the Act is to "monitor the performance of IT programs of the agency, evaluate the performance of those programs on the basis of the applicable performance measurements, and advise the head of the agency whether to continue, modify, or terminate a program or project." Since this is also what the Chairman, IRMSC, should be doing, it follows that, once appointed, the CIO should assume the Chairmanship of the IRMSC.

Currently, the IRMSC is not effectively performing its assigned functions. In part, this lack of effectiveness is due to gaps in established policies and, in part, to a lack of implementation of established policies.

An example of a current policy gap is that AO 94-01 does not provide for IRMSC review of the Office of Publishing's budget. As indicated in Table 1, the Office of Publishing accounts for a significant portion of total Commission spending for IT. To be effective, the IRM process must consider the entirety of the Commission's program for IT investments. Another policy gap is that AO 94-01 does not provide for IRMSC follow-up reviews of programs once they have been initially approved. This removes much of the management discipline required for successful program execution.

The most serious shortcoming in the IRMSC, however, is the lack of activity. A review of IRMSC minutes indicates that the committee meets infrequently and only in response to an external request. Most recently, the Committee has not even met to consider the IT budget submission and, instead, has relied on the Budget Committee to carry out these responsibilities. Without an active and involved IRMSC, the Commission's investments in IT will be lacking in the strategic direction required to meet the Commission's overall performance objectives. We suggest that the Chairman, IRMSC, plan a meeting schedule that more effectively implements the objectives of AO 94-01, to include at least one annual meeting to consider the budget for IT programs.

OIG Audit Recommendation

3 We recommend that the Director of Administration revise AO 94-01 to provide for: (1) designation of the CIO as chairman of the IRMSC, (2) inclusion of the Office of Publishing Cost Center in the IRMSC budget review process, and (3) follow-up reviews of approved IT programs to assess progress toward established goals.

2. Strategic Plan and Results-Based Management

Another shortcoming in the Commission's IRM process is the lack of criteria for measuring the contribution of IT to the Commission's strategic objectives. Criteria are needed to evaluate the worth of a particular IT investment and to determine if the IT investment has met the intended objective.

PRA, Section 3506(b)(2), Federal Agency Responsibilities, provides that agencies are to develop and maintain a strategic IRM plan prescribing how IRM activities help accomplish agency missions. Based on the Act, Section 5123, Performance and Results-Based Management, paragraph (3), the Commission should prescribe performance measurements for IT assets now being used, or that will be acquired, and determine if those performance measurements capture, and quantify how well such assets support Commission programs.

The Strategic IRM plan is not fully effective in the IRM process because the plan is not being updated. One management issue to be addressed is the need to assign specific responsibilities and deadlines for the preparation of the plan.

OIS has drafted the Commission's IRM Strategic Plan. The plan does not yet, however, provide either performance goals and measurement criteria for the IRM function or a summary of the Commission's computer security plan. Additionally, the Commission has not established results-based evaluation criteria for managing IT assets.

The following recommendation is designed to enhance the Commission's framework for IT management through the creation of a baseline IT plan and assignment of responsibilities for its preparation and updating.

OIG Audit Recommendation

4 We recommend that the Director, Office of Information Services, finalize the IRM Strategic Plan. The plan should include performance goals and results-based evaluation criteria for managing IT resources and a summary of the computer security plan. Upon appointment, the CIO should be assigned the responsibility for annual review and update of the IRM Strategic Plan.

D. Personnel Assessment

The successful application of IR in meeting the Commission's strategic goals and objectives is heavily dependent on the knowledge and skills of Commission personnel who have IRM responsibilities. As goals and objectives change and as technology changes, so must the required knowledge and skills required by the Commission's IRM personnel. The Commission thus faces

a continuing challenge to identify the knowledge and skills required by its IRM personnel and to meet these requirements through appropriate training and recruitment efforts.

The Act prescribes certain responsibilities for the agency CIO in maintaining the qualifications of IRM personnel. These responsibilities are embodied in the following recommendation.

OIG Audit Recommendation

5 ***We recommend that the Commission's CIO annually perform the following tasks as part of the strategic planning process:***

- ***Assess the requirements established for Commission personnel regarding knowledge and skill in IRM and the adequacy of such requirements.***
- ***Assess the extent to which the positions and personnel of the Commission meet those requirements.***
- ***Develop strategies and specific plans for hiring, training and professional development as necessary to rectify any deficiencies in meeting those requirements.***
- ***Report to the Chairman of the Commission on the progress made in improving IRM capability.***

Until appointment of a CIO, the Director, OIS should perform these tasks.

E. Security Plan

We noted the following characteristics about the Commission's information security plan:

1. Major information systems (the Federal Financial System and Payroll Personnel Systems) outsourced via a memorandum of understanding with DOI and linked to the Commission through telecommunications networks are excluded. The Commission maintains a separate security plan for Electronics Dockets Information System (EDIS), which was not integrated into the Commission's computer security plan.

2. Security of certain categories of information was prescribed by older Commission directives:

   1. Directive 1345, Information Security Program (7/31/90).
   2. Directive 1360.1, Automated Data Security Procedures (7/21/93).
   3. Directive 7102.1, Guidelines for Using the USITC Local Area Network for Electronic Mail and Bulletin Board Purposes (1/8/90).

   We saw no indication that these directives were addressed or incorporated by reference in the information security plan.

3. Rules applicable to non-technical users were prescribed in the security plan, but those applicable to systems personnel with high-level access to the system were not adequately prescribed.

4. The Commission has not approved the information security plan.

5. A summary of the security plan was not incorporated into the strategic IRM plan (currently in draft).

Office of Management and Budget Circular A-130, Appendix III, Security of Federal Automated Information Resources, Part A, Requirements, Section 3, Automated Information Security Programs, provides that agencies implement and maintain a program to assure that adequate security is provided for all information collected, processed, transmitted, stored, or disseminated in general support systems and major applications. Part A, Section 3, paragraph a, Controls for General Support Systems, part (2), System Security Plan, provides that agencies incorporate a summary of security plans into the strategic IRM plan required by PRA and Section 8(b) of this circular.

Section 5123 of the Act provides that agencies must ensure that the information security policies, procedures and practices of the agency are adequate.

Our recommendation is designed to help strengthen the Commission's data security.

6 We recommend that the Director, Office of Information Services, revise the information security plan. The plan should address rules applicable to high-level systems users, contents of applicable previous security directives, security matters pertaining to outsourced systems, and EDIS security. Upon appointment, the CIO should be assigned responsibility for annual review and updating of the information security plan.

OIG Audit Recommendation

VIII. SUMMARY OF RECOMMENDATIONS

Based on our review of the Commission's IRM function and recent legislation pertaining to IRM, we recommend that:

1) The Commission establish a separate position designated as the Commission's Chief Information Officer, reporting directly to the Commission through the Chairman, and that the Commission integrate the CIO function into the strategic planning process and designate the CIO as a member of the budget committee.

2) The Commission modify its management structure so that the Office of Information Services and Office of Publishing report to the CIO, when the position is established and filled.

3) The Director of Administration revise AO 94-01 to provide for: (1) designation of the CIO as Chairman of the IRMSC, (2) inclusion of the Office of Publishing Cost Center in the IRMSC budget review process and (3) follow-up reviews of approved IT programs to assess progress toward established goals.

4) The Director, Office of Information Services, finalize the IRM Strategic Plan. The plan should include performance goals and results-based evaluation criteria for managing IT resources and a summary of the computer security plan. Upon appointment, the CIO should assume responsibility for annual review and update of the IRM strategic plan.

5) The CIO make an annual assessment of the knowledge and skill requirements of IRM personnel and the extent to which these requirements are being met. The CIO should develop plans for remedying any deficiencies and should report to the Chairman on the progress being made in improving IRM capability. Until appointment of a CIO, the Director, OIS, should perform these tasks.

6) The Director, Office of Information Services, revise the information security plan. The plan should address rules applicable to high-level systems users, contents of applicable previous security directives, security matters pertaining to outsourced systems, and EDIS security. Upon appointment, the CIO should be assigned responsibility for annual review and updating of the information security plan.

APPENDIX I

METHODOLOGY AND SCOPE

Cotton & Company, LLP was retained by the Office of Inspector General, to review the Commission's IRM function, with emphasis on the Commission's progress towards implementing the Clinger-Cohen Act. We performed our work according to the criteria established by the General Accounting Office's *Yellow Book* as applicable. These standards require that we obtain sufficient relevant data to afford a reasonable basis for our conclusions and recommendations.

When performing our work we considered the Commission's size and the benefits of maintaining its current level of operating efficiency with future costs that may result from our recommendations. Our recommendations are intended to maintain the present level of efficiency in the Commission's use of personnel resources, within the requirements of the Clinger-Cohen Act and relevant regulations.

As part of this engagement, we considered the Clinger-Cohen Act, the Paperwork Reduction Act of 1995, The Chief Financial Officers' Act of 1990, the Federal Acquisition Streamlining Act of 1994 (Title V), and the Government Performance and Results Act of 1993.

We also considered relevant Federal regulations including:

1. OMB Circular A-11, Preparation and Submission of Budget Estimates;
2. OMB Circular A-130, Management of Federal Information Resources;
3. OMB Memorandum M-97-02, Funding Information Systems Investments;
4. Executive Order 13011, Federal Information Technology; and
5. Other guidance issued by the Chief Information Officers' Council.

Additionally, we studied the Directives and Administrative Orders issued by the Commission relating to IRM policies and procedures. We studied mission statements of specific offices and organizational units that are involved in IT management. We reviewed the Commission's budget presentations to Congress, the five-year Strategic Plan, the five-year IT Strategic Plan currently in draft, and the Commission's Computer Security Plans. We studied previous relevant audit reports issued by the Commission's, IG, GAO, and other pertinent consultant reports issued to the Commission's management.

We interviewed the directors of the offices of operations and administration and some of their senior staff. We also interviewed and corresponded with the director of the OIS. In addition, the OIG contacted office directors in the Office of the Secretary, Office of the General Counsel, Office of Economics, Office of External Relations, Office of Equal Employment Opportunity,

APPENDIX I

Office of Industries, Office of Investigations, Office of Tariff Affairs and Trade Agreements, and Office of Unfair Import Investigations.

We assessed how effectively the Commission has implemented the provisions of the Clinger-Cohen Act and the Act's associated legislation and regulations. We identified certain areas where the Commission is not in compliance with the Clinger-Cohen Act and the Act's associated legislation or regulations; and we identified areas that need improvement, and developed appropriate findings and recommendations.

No limitations were placed on the scope of our work by the Commission, and we were provided all information that was necessary to analyze, investigate and document the facts to formulate our findings and recommendations.

We conducted our work during May to July 1999, and coordinated the follow up with the IG and Commission management into the summer of 2000. We express our appreciation for the cooperation extended to us by office directors and staffs of the Offices of Operations, Administration, and Information Services, Secretary, General Counsel, Economics, External Relations, Equal Employment Opportunity, Industries, Investigations, Tariff Affairs and Trade Agreements, and Unfair Import Investigations.

An exit conference was held on January 24, 2000 with Charlie Hayward and Mano Govindaraj, Auditors, Cotton & Company LLP; Pamela Dyson, Director, Office of Publishing; Lynn Featherstone, Director, Office of Investigations; Martin Smith, Director, OIS; Steve McLaughlin, Dircctor, Office of Administration; Paul Bardos, Assistant General Counsel, Office of General Counsel; Judith Borek, Auditor, Office of Inspector General; and Linda Linkins Assistant to the Director, Office of Operations.

SUMMARY OF IRM PROVISIONS OF THE CLINGER-COHEN ACT

I. THE CLINGER-COHEN ACT

What is now known as the Clinger-Cohen Act was originally enacted as Division D, Federal Acquisition Reform Act, and Division E, Information Technology Management Reform Act [Public Law (PL) 104-106], of the National Defense Authorization Act for Fiscal Year 1996 (PL 104-450). Divisions D and E were renamed as the Clinger-Cohen Act by the Omnibus Consolidated Appropriations Act (PL 104-208) of 1997.

II. OMB REQUIREMENTS

The Clinger-Cohen Act requires OMB to:

1. Issue directives to executive agencies regarding capital planning and investment control, revisions to mission-related and administrative processes, and information security;

2. Promote and improve the acquisition and use of IT through performance-based and results-based management;

3. Use the budget process to analyze, track, and evaluate the risks and results of major agency capital investments in IT information systems, and enforce accountability of agency heads; and

4. Report to Congress on the agencies' progress and accomplishments.

The Clinger-Cohen Act amends the Paperwork Reduction Act (PRA) to require executive agency heads to appoint CIOs at a senior level, responsible for the agency's IRM activities and reporting directly to the agency head.

III. EXECUTIVE AGENCY REQUIREMENTS

The Clinger-Cohen Act provides that Executive Agencies are to:

1. Design and implement a process for maximizing the value and assessing and managing the risks of IT acquisitions. The Clinger-Cohen Act lists specific elements agencies must include in that process and requires integration of the process with the processes for making budget, financial, and program management decisions.

2. Analyze agency mission-related processes and administrative processes, revising them as appropriate, and they must benchmark their processes against comparable processes of public or private sector organizations.

3. Ensure that information security policies, procedures, and practices are adequate to protect the agency's resources.

4. Assess, as part of the Government Performance and Results Act strategic planning and performance evaluation process, (1) requirements for agency personnel regarding knowledge and skills in IRM, and (2) the extent to which positions and personnel at executive and management levels in the agency meet those requirements. Agencies must develop strategies and plans for hiring, training, and professional development to rectify any deficiencies found.

IV. SUMMARY OF RELEVANT CLINGER-COHEN ACT SECTIONS

Relevant sections of the Clinger-Cohen Act are summarized and discussed below:

A. **Section 5002. Definitions.** Provides definitions of key IT terms, including the following:

1. *Information Technology:* Any equipment or interconnected system or subsystem of equipment, that is used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission or reception of data or information by the executive agency.

2. *Information Resources*: Information and related resources such as personnel, equipment, funds, and IT.

3. *Information Resources Management*: The process of managing information resources to accomplish agency missions and to improve agency performance, including through the reduction of information collection burdens on the public.

B. **Section 5113. Performance-based and results-based management.** Describes the functions and duties of the Director of Office of Management and Budget. Emphasis is on Capital Planning and Investment Control (Section 5112), and Performance-based, Results-based management (Section 5113). The Clinger-Cohen Act explicitly requires proper compliance with the PRA. Subtitle B, Director of the Office of Management and Budget, Section 5111, states: "In fulfilling the responsibility to administer functions assigned under ... [44 USC

Chapter 35] the director shall comply with this title with respect to the specific matters covered by this title."

C. **Section 5121. Responsibilities.** In the context of 44 USC Chapter 35, provides that the agency head is to comply with the provisions of Clinger-Cohen Act in fulfilling the duties under the PRA.

D. **Section 5122. Capital planning and investment control.** Provides that the Agency Head is to design and implement in the agency a process for maximizing the value and assessing and managing the risks of the IT acquisitions of the executive agency. Several requirements for this process are described. They include:

1. Criteria to be applied for acquisition of IT;

2. Selection of investments in keeping with those criteria;

3. Monitoring the progress of IT investments;

4. Management of IT investments;

5. Evaluation of the results of such investments, and;

6. Integrating these with the budget, financial and program management decisions of the agency.

E. **Section 5123. Performance and results-based management.** Provides the Agency head is to:

1. Establish goals for improving the delivery of services to the public through the effective use of IT.

2. Prepare an annual report to be included in the budget submission to Congress on the progress towards achieving these goals.

3. Ensure that performance measurements are prescribed for IT used or acquired for the agency, and that these measure how well the IT supports the agency's programs.

4. Ensure the information security policies, procedures, and practices are adequate.

F. **Section 5124. Acquisitions of information technology.** This section deals with the authority of Agency Heads to acquire IT.

G. **Section 5125. Agency Chief Information Officer.** Section 5125(a) modifies Section 3506 of PRA by striking out the term "Senior Official" and replacing it with a new designation, "Chief Information Officer".

According to Section 5125(b), an executive agency CIO is responsible for the following:

1. Providing advice and other assistance to the head of the executive agency and other senior management personnel to ensure that IT is acquired and IR are managed for the executive agency, in a manner that is consistent with this act and the Paperwork Reduction Act.

2. Developing, maintaining and facilitating the implementation of a sound and integrated IT architecture for the agency.

3. Promoting the effective and efficient design and operation of all major IRM processes, including improvements to work processes of the agency.

Section 5125(c) applies to the duties and qualifications of Chief Information Officers of Federal agencies listed in 31 USC Section 901(b). The Commission is, however, not one of the agencies listed in 31 USC 901(b). The conference report accompanying the Clinger-Cohen Act provides that the conferees intend that CIOs, in agencies other than those listed in 31 USC Section 901(b), perform essentially the same duties as CIOs in those agencies.

Section 5125(c)(3)(A) through (D) require that executive agencies must:

1. Assess the requirements established for agency personnel regarding knowledge and skill in IRM.

2. Assess the extent to which the positions and personnel at the executive level of the agency and the positions and personnel at the management level of the agency below the executive level meet those requirements.

3. Rectify any deficiency in meeting those requirements; develop strategies and specific plans for hiring, training and professional development.

4. Report to the head of the agency on the progress made in improving IRM capability.

H. **Section 5126. Accountability.** This section requires that each agency head is accountable to ensure that the accounting, financial, and asset management and other information systems are designed, developed, maintained, and used

effectively to provide financial and performance data for financial statements. This section also requires such information to be reliable, consistent, and timely. The head of the agency is also accountable to ensure that the statements support assessments and revisions of mission-related processes and administrative processes of the executive agency and the capability to measure performance of investments made by the agency.

I. **Section 5127. Significant deviations.** The head of each agency is responsible under Section 3506(b)(2) to identify any major IT acquisition program that has significantly deviated from cost, performance or schedule goals established for the program. Subtitle D provides descriptions of certain responsibilities regarding efficiency, security and privacy of federal computer systems, most of which are under the authority of the Secretary of Commerce. Subtitle E applies to national security systems, and does not need detailed consideration for this audit.

J. **Section 5201. Procurement procedures.** The Federal Acquisition Regulatory Council shall ensure that the process for acquisition of IT is simplified, clear, and understandable and provides the capability to incorporate commercial IT in a timely manner.

K. **Section 5402. Identification of excess and surplus computer equipment.** Not later than six months after the enactment of this Act, the head of each agency is responsible to take an inventory of all computer equipment under the control of that official. In turn, in accordance with title II of the Federal Property and Administrative Services Act of 1949, the head of the agency will maintain an inventory of excess or surplus computer equipment.

SUMMARY OF IRM PROVISIONS OF THE PAPERWORK REDUCTION ACT

I. THE PRA OF 1995

The purpose of the Paperwork Reduction Act (PRA) is to minimize the public's paperwork burdens resulting from the collection of information by or for the federal government, to coordinate federal information resource management policies, to improve the dissemination of public information, and to ensure the integrity of the federal statistical system. PRA also requires agencies to indicate in strategic information management plans how they are applying IR to improve the productivity, efficiency, and effectiveness of government programs, including improvements in the delivery of services to the public.

PRA requires OMB, in consultation with agency heads, to set annual government-wide goals for the reduction of information collection burdens by at least 10 percent during fiscal years 1996 and 1997 and 5 percent during each of the next 4 fiscal years. It also requires OMB, in consultation with agency heads, to set annual agency goals that reduce information collection burdens imposed on the public to the maximum extent practicable. Agencies cannot conduct or sponsor a collection of information unless the agency has taken a number of specified actions and OMB has approved the collection, though the full Commission may void an OMB disapproval. OMB may not approve the collection of information for a period in excess of 3 years. PRA requires OMB to conduct pilot projects to test alternative policies and procedures.

Relevant sections are summarized below.

A. **Section 3502.** Provides some definitions, included in the following sub-paragraphs:

1. The term 'information resources' means information and related resources, such as personnel, equipment, funds, and IT.

2. The term 'information resources management' means the process of managing IR to accomplish agency missions and to improve agency performance, including through the reduction of information collection burdens on the public.

3. The term 'information system' means a discrete set of IR organized for the collection, processing, maintenance, use, sharing, dissemination, or disposition of information.

4. The term 'information technology' has the same meaning as the term 'automatic data processing equipment' as defined by Sections 111(a)(2) and (3)(c)(i) through (v) of the Federal Property and Administrative Services Act of 1949 40 USC Sections 759(a)(2) and (3)(c)(i) through (v).

B. **Sections 3503, 3504 and 3505.** Describes the setting up of an Office of Information and Regulatory Affairs under the Office of Management and Budget (OMB) and the functions of the Director, OMB and this office.

C. **Section 3506. Federal agency responsibilities.**

1. Subsection (a)(2)(A) requires that a "senior official" be designated to carry out the agency's responsibilities under this act. This senior official is to report to the Head of the Agency. Note: Section 5125 of the Clinger-Cohen Act amended the words "senior official" to Chief Information Officer.

2. Paragraph (a)(3) requires that this senior official head an office responsible for ensuring agency compliance with the IRM responsibilities established under this chapter.

3. Subsection (a)(4) states that, "Each agency program official shall be responsible and accountable for IR assigned to and supporting the programs under such official", and "shall define program information needs and develop strategies, systems and capabilities to meet those needs." Under this section, it would appear that all departmental heads of the Commission are responsible to acquire sufficient knowledge about IRM, so as to satisfy this section.

4. Paragraph (b)(2) states "in accordance with guidance by the Director, [each agency shall] develop and maintain a strategic IRM plan that shall describe how IRM activities help accomplish agency missions."

5. Paragraph (b) subparagraph (3)(A) states "ensure that IRM operations and decisions are integrated with organizational planning, budget, financial management, human resources management and program decisions".

6. Paragraph (h) deals with Federal Information Technology, and states that each agency shall, among others:

   a. Assume responsibility and accountability for IT investments.

   b. Promote the use of IT by the agency to improve the productivity, efficiency, and effectiveness of agency programs.

FUNCTIONS AND RESPONSIBILITIES OF IRM OFFICES AND THE IRMSC

A. **Office of Operations.** The Office of Operations is responsible for coordinating and directing the Commission's investigative, analytical, and research work. The Director of Operations reports directly to the Commission and currently has the following IRM-related responsibilities:

1. Designated as the Senior Official for IRM in accordance with the PRA.

2. Serving as Chairman of the IRM Steering Committee (IRMSC).

3. Serving as Chairman of the Information Security Committee.

B. **Office of Information Services.** OIS is responsible for providing IT support for all program, administrative, and executive offices of the Commission. The Director, OIS, reports to the Director of Operations. Specific IRM-related responsibilities of Director, OIS include:

1. Administering the Commission's computer network, major application systems, and voice and data communications system, including Help Desk service.

2. Implementing major IT projects, including analysis of requirements and research of technical alternatives; technical assistance for acquisition of outside products and services; and installing, configuring, and troubleshooting system components.

3. Developing and maintaining computer systems and programs to produce analytical reports on international trade and related data, and other computer applications required by the Commission, using a variety of programming languages and tools.

4. Maintaining the central database facility of the Commission, including the Commission's database of international trade and tariff information.

5. Supporting program offices through acquisition and distribution of information content in any medium (paper, electronic), and coordinating information requirements agency-wide.

6. Operating or supporting the Commission's Web sites.

7. Managing the computer and information systems security program.

8. Managing the Commission's records management program. Managing and establishing procedures for accountability of ADP equipment.

9. Coordinating strategic and operating plans, and an information architecture that promotes the goals of the Commission.

10. Serving on the IRMSC.

11. Serving on the Information Security Committee.

C. **Office of Administration.** The Office of Administration is responsible for coordinating, directing and controlling the administrative and management functions of the Commission. The Director of Administration reports directly to the Commission. IRM-related responsibilities of the Director of Administration include:

1. Managing all IT procurement.

2. Chairing the Budget Committee.

3. Serving on the IRMSC.

4. Serving on the Information Security Committee.

5. Serving as the Personnel Security Officer for the Commission.

6. Supervising IR in Publishing, OFB and Procurement.

D. **Office of Publishing.** The Office of Publishing is responsible for supporting the Commission's requirements for production of text, audiovisual and broadcast material. The Director, Office of Publishing reports to the Director, Office of Administration. IRM-related responsibilities of the Director of Publishing include:

1. Administering the publishing management program, which includes Government publications design and composition, visual design and presentation, electronic file preparation, and printing functions (both electronic printing and traditional offset printing and binding).

2. Maintaining an independent computer publishing and digital printing network. Responsible for all property management matters associated with the independent network.

3. Administering and maintaining all agency-wide publishing programs.

4. Managing the budget and accounting for the centralized agency-wide publishing cost center.

5. Administering and managing the agency-wide audiovisual and cable broadcast programs.

   a. Developing and disseminating agency-wide guidance on report layout and design, publication production guidelines, and printing and finishing processes in coordination with the program offices.

   b. Developing and providing technical support, training, and guidance on publication production, electronic composition, digital printing, formatting and converting electronic documents for printing, and electronic file preparation in coordination with the program offices.

E. **Information Resources Management Steering Committee (IRMSC).** The IRMSC is responsible for establishing IRM policies and procedures, identifying IRM requirements and establishing IRM priorities, based on the requirements of the Commission as a whole. The IRMSC is charged with the responsibility to ensure that IRM initiatives have top management support. The IRMSC also is responsible for assisting the Senior Agency Official for IRM (The Director of Operations) in coordinating major IRM initiatives. In particular, the IRMSC is responsible for:

1. Coordinating and integrating the strategic IRM plan with the Commission's budget process.

2. Creating standards and procedures for managing and coordinating decentralized information systems.

3. Promoting:
   a. "Top-down" centralized management of information life-cycle activities and IRM functions.
   b. An integrated approach to IRM.
   c. The cost and value of IRM.
   d. The use of new technologies to improve the effective use and dissemination of information.

4. Periodically reviewing all IRM expenditures with the IRM cost center managers as well as reviewing and approving:
   a. The annual IRM cost center budget from the Director, OIS, in coordination with the Commission's program managers.
   b. IRM expenditures not provided in the IRM cost center budget, or in excess of $25,000. Directors of Operations, Administration and OIS state the threshold they use for review is $50,000.

5. Assisting the OIS and the Procurement Division in the acquisition of IRM goods and services.

6. Establishing IRM subcommittees and working groups as needed.

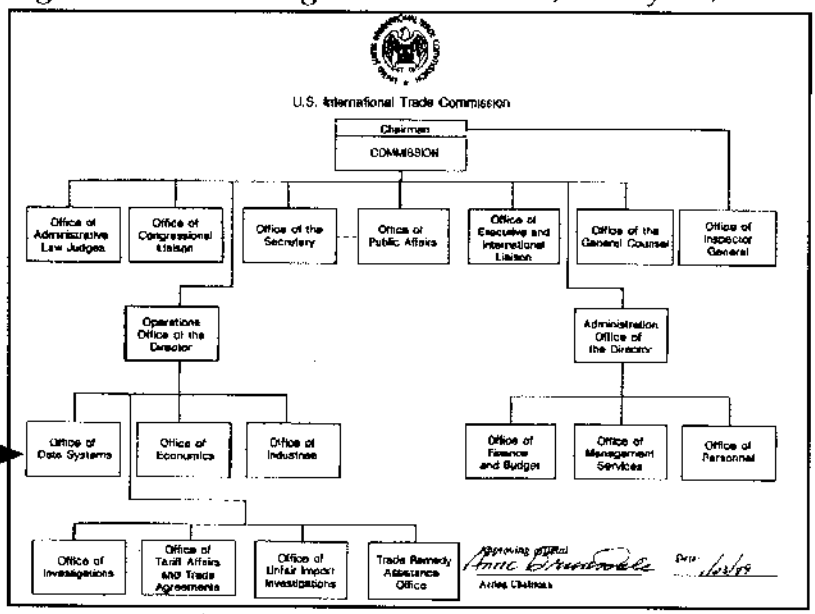
7. Preparing an assessment of personnel resources and IT skills, including those in the OIS and other of the Commission's offices; and developing a plan for using those resources, including defining responsibilities and roles for Commission personnel outside OIS that possess technical proficiency in automation skills.

8. Overseeing periodic reviews of selected IRM program activities for compliance with General Services Administration and OMB review programs.

HISTORY OF CHANGES IN THE COMMISSION'S ORGANIZATION FOR IRM SINCE 1989

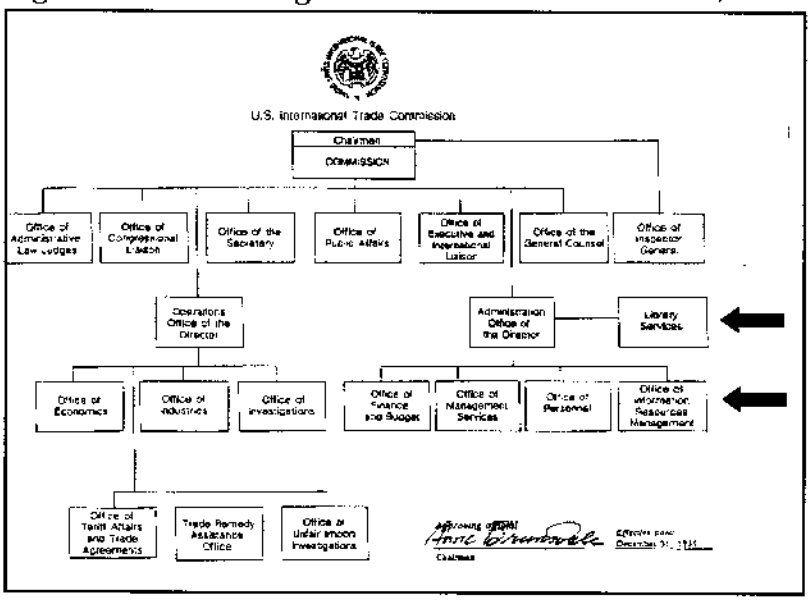
Prior to 1989, the Commission's IRM function was primarily the responsibility of the Office of Data Systems in the Office of Operations. Based on the Arthur Andersen study in 1988 and GSAs Federal IRM Planning Support Center (FIPSC) review in 1989, organizational changes were made which transferred the IRM function to the Office of Administration.

Figure 4 - USITC Organization January 23, 1999



In October 1989, the Library Services Division of the Office of Data Systems was transferred to the Office of Administration, reporting to the Director of Administration. In December 1989, the remainder of the Office of Data Systems, including the Statistical Services Division, was moved to the Office of Administration and redesignated as the OIRM. Also, in December 1989, the Director of Administration replaced the Director of Operations as the designated senior official for IRM.

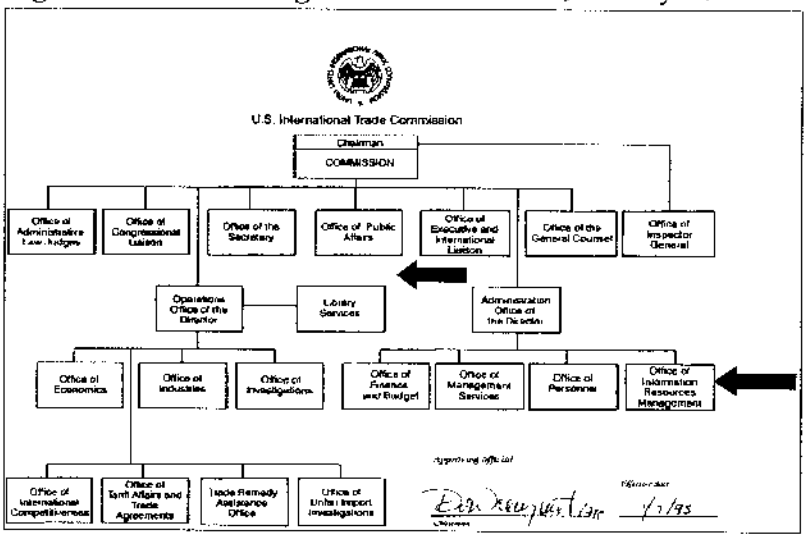
Figure 5 - USITC Organization December 31, 1989



Figures 4 and 5 show the Commission's organization before and after these changes, respectively.

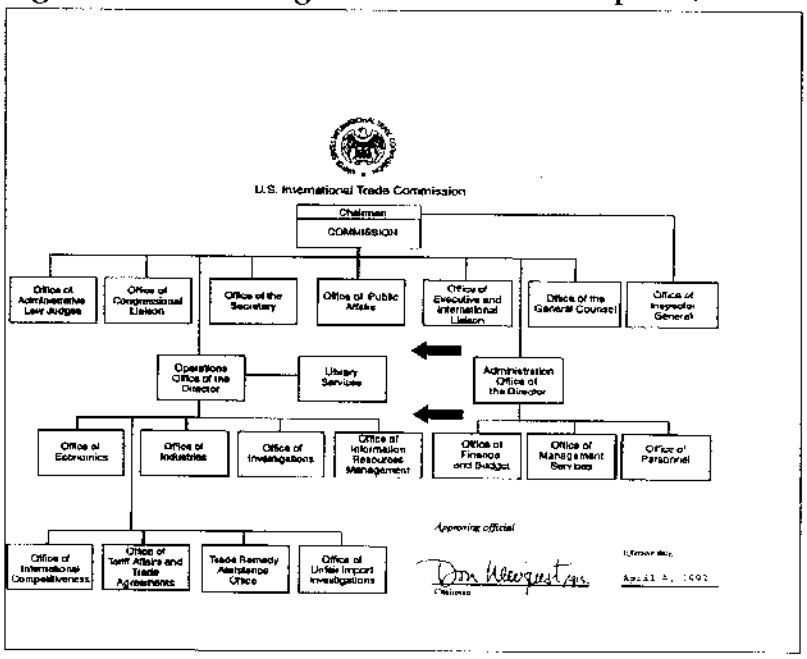
With regard to the Information Systems Planning Committee (ISPC), an advisory body reporting directly to the Chairman, Arthur Andersen recommended that it be changed to allow for senior management involvement and a mechanism for user representation through subcommittees. The FIPSC also recommended a committee of more senior managers and a change in title to reflect its responsibilities for IRM. The Chairman agreed with these recommendations and on January 5,1990, issued Administrative Order (AO) 90-09 which abolished the ISPC and established the Information Resources Management Steering Committee (IRMSC). The Director of Administration was designated as the Chairman of the Committee. Other members included the Director of Operations, the Executive Assistant to the Chairman, the Director of OIRM, and three rotating members. The primary mission of the IRMSC was to oversee long range IRM planning and to review and approve a long range plan developed by the Director, OIRM to meet the Commission's IT needs. Subsequently, the Director, Office of Operations was designated Chairman of the IRMSC by AO 93-16, dated April 7, 1993.

Figure 6 - USITC Organization January 7, 1993



In January 1993, the Library Services office and the Statistical Services component of OIRM were moved from the Office of Administration back to the Office of Operations (see Figure 6).

Figure 7 - USITC Organization April 4, 1993



In April 1993, the Director, Office of Operations, was designated as the senior official for IRM replacing the Director of Administration in that capacity. Also, in April 1993, the rest of OIRM was moved to the Office of Operations (see Figure 7) and, in February 1994, was combined with Library

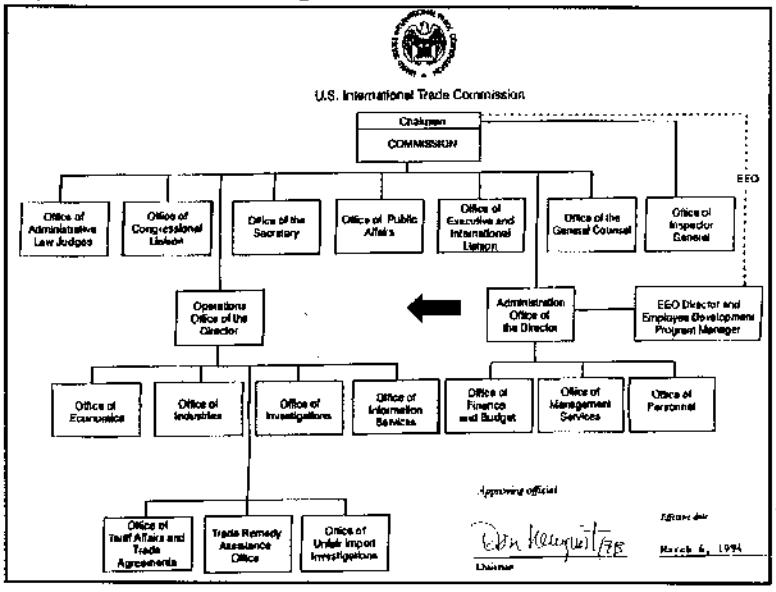
Services and Statistical Services to form what is now Office of Information Services (OIS) (see Figure 8).

A review of Commission records does not indicate the existence of any study, such as preceded the 1989 move, to justify the return of OIRM to the Office of Operations. Commission employees attributed these organizational changes to a perceived lack of responsiveness by the Office of Administration to the requirements of the Office of Operations and to personnel issues within the Office of Administration.

In February 1994, a former employee in the Office of Economics was appointed as the Director OIS and currently remains in that position. The former head of OIRM was appointed as the Assistant Director. These appointments could be interpreted as signaling a decreased emphasis on the role of OIS in supporting Commission-wide IR requirements and an increased emphasis on supporting Office of Operations requirements.

OIS is presently an office within the Office of Operations. OIS is now comprised of three Divisions: Library Services, Statistical and Editorial Services Division, and Information Systems Division.

Figure 8 - USITC Organization March 6, 1994



UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, DC 20436

September 25, 2000 CO74-X-015

MEMORANDUM

TO: Acting Inspector General

FROM: Chairman Koplan

SUBJECT: Agency response to recommendations 1-6 of Draft Report OIG-AR-01-00 (Review of the Commission's IRM Function)

1. ***We recommend that the Commission establish a separate position designated as ITC's Chief Information Officer, reporting directly to the Commission through the Chairman. We also recommend that the Commission: integrate the CIO function into the strategic planning process; designate the CIO as a member of the budget committee.***

Response: Agree, in part

Agreement with this recommendation is limited to the establishment of a Commission CIO and the integration of the CIO function into the strategic planning process and budget committee. As noted below, the Executive Review Board (ERB) is evaluating where in the organizational structure the CIO fits and to whom the CIO reports.

Plan for Implementation:

On May 4, 2000, Chairman Bragg sent a memorandum to you noting her belief that there was general consensus among the Commissioners in support of the proposed creation of a separate position designated as the agency's CIO. The memorandum notes, however, that given the Commission's uncertain financial position at the time, implementation of the proposal would have to wait until the Commission's funding level was more certain.

Since that time our funding situation has stabilized somewhat. Therefore, I have asked the ERB to followup on the initial proposal with the understanding that any final action that would be taken would remain dependent on our fiscal situation. The ERB

has begun the process of preparing a description of the duties and responsibilities of the CIO position. The ERB expects to complete this task by December 2000.

2. ***Recommend that the Commission modify its management structure so the Office of Information Services and Office of Publishing report to the CIO, when the position is established and filled.***

Response: Agree, in part

Plan for implementation:

The ERB will carefully evaluate and address the issue of organizational structure in its review of the creation of a CIO position. The question of what, if any, offices or functions should report to the CIO is receiving scrutiny from the ERB. Their report to me will include a recommendation on this matter.

3. ***We recommend that the Director of Administration revise AO 94-01 to provide for: (1) designation of the CIO as chairman of the IRMSC, (2) inclusion of the Office of Publishing Cost Center in the IRMSC budget review process and (3) followup reviews of approved IT program to assess progress toward established goals.***

Response: Agree

Plan for implementation:

Once the duties and responsibilities of a CIO have been defined by the ERB and agreed upon by the Commission, as noted above, the Office of Administration will revise any and all affected Administrative Orders.

4. ***Finalize the IRM Strategic Plan, to include performance goals and results-based evaluation criteria for managing IT resources and a summary of the computer security plan.***

Recommended response: Agree

Plan for implementation:

The IRM Strategic Plan is a key document for defining how the agency will use information technology and resources to help achieve goals defined in the USITC Strategic Plan and Performance Plan. The IRM Plan will be updated annually by the CIO [1] and will address goals identified in the annual update of agency Performance Plan as well as other requirements for improving current operations and the evolution of the agency's IT Architecture. The target for completion of the annual update will be October 1.

The following tasks are planned to finalize the IRM Strategic Plan for FY2001/2005:

[1] By the Director, OIS, pending appointment of a CIO.

(1) OIS will complete the review of program office requirements and plans that was started in early June. This information will be used in conjunction with the agency Strategic Plan and the FY2001/2002 Performance Plan to identify priority targets for application of information resources.

(2) OIS will finalize elements of the Plan relating to management of IT staff resources and internal processes, including process performance measures. Where applicable, these measures will be validated with agency staff representatives (e.g., via the Technical Review Committee of the IRM/SC.) OIS will also prepare a summary of the Information Security Plan for incorporation in the Strategic Plan.

(3) OIS will consult with the Chairman of the IRM/SC and the Chairman of the Budget Committee as the agency's likely FY2001 resource situation becomes clear to adjust the plan's near-term objectives.

(4) OIS will coordinate with the Chairman of the Strategic Planning Committee to make sure the IRM Strategic Plan reflects the revised USITC Strategic Plan and the final updated USITC Performance Plan for FY2001/2002.

(5) OIS and the Chairman of the IRM/SC will arrange for IRM/SC review and approval (taking into account their input.)

The target for an approved IRM Strategic Plan is October 31, 2000.

5. ***CIO to assess IRM skills annually and report on progress to the Chairman. (Director, OIS to perform this function pending appointment of CIO.)***

Recommended response: Agree

Plan for implementation:

The CIO [2] will annually assess information-technology and information resources management skills required for execution of the IRM Strategic Plan, determine gaps between those requirements and existing staff skills, and recommend strategies for closing the gaps. The strategies will be summarized in the IRM Strategic Plan. Specific recommendations for staffing and for funding for training of information-resources staff, as well as funding to secure special expertise not available on staff, will be incorporated into the annual budget process. The CIO will make other resources-related recommendations to the Chairman as necessary.

The target for implementing this procedure in future years will be October 1 (coincident with the target for the IRM Strategic Plan.) The FY2001/2002 budget recommendations of the Director of OIS includes current recommendations on staffing and funding for training and external sourcing of specialized expertise; the FY2001/2005 IRM Strategic Plan (targeted for November 1, 2000) will include a discussion of human resource requirements.

[2] The Director, OIS, pending appointment of a CIO.

In addition, the CIO will develop and maintain a program of training and information for non-technical staff involved in managing information resources. The target audience for this program includes the members of the IRM Steering Committee and the Budget Committee, as well as representatives from Commissioners' offices who may have responsibility for assessing technology-related proposals. The CIO will work with the ERB to integrate this program into the ERB's other executive development plans.

The target for development of the program is April, 2001.

6. ***Director, OIS, should revise the information security plan. (CIO to review and update plan annually following appointment.)***

Recommended response: Agree

Plan for implementation:

The Commission has an excellent information security record, with no known significant breeches in the past 5 years, virtual immunity from the various viruses and other cyber-security threats that have grabbed headlines recently, and high marks from 2 separate outside reviews of our systems for protection from Internet threats. All this has been delivered at minimal cost, with key staff assigned on an "additional-duties" basis, thanks in great measure to a cooperative and security-aware Commission community.

Responding to former Chairman Bragg's push to update, simplify and reduce the number of USITC Directives, OIS initiated an ambitious consolidation of information security-related Directives last year, and has just submitted a proposed Information Security Directive to the first stage of the Directives Review process. The draft directive will replace 5 current directives. It was designed to combine guidance from various Federal sources, and cover both paper and electronic information, to give staff a single, more comprehensible reference. To make the new guidance as "user-friendly" as possible, program office have been involved throughout the drafting process.

In addition to the policy and guidance in the security Directive, we are required by OMB Circular A-130 to document the security controls for each of the agency's major computer systems, including the general network we all use ("ITCNet") and each "major application system." We have plans in place for ITCNet and for EDIS, which was determined to be the only system qualifying as a "major application system" under OMB's standards. We have recently added specific "rules of the system" for privileged system users (i.e., administrators) to the ITCNet plan, as recommended by the IG's draft report.

The remaining steps to complete the agency's information security planning are:

(1) Make minor changes to the draft Information Security Directive to clarify the relationship between the Directive and the computer system security plans, and respond to other issues that may be raised during the directives review process;

(2) Secure Commission approval of the new Directive. The first "informal" round of comments are due on July 24. We estimate final approval is likely during October.

(3) OIS will work with the manager responsible for the EDIS system (the Secretary) to add "rules of the system" for privileged users, to respond to the IG's specific recommendation;

(4) Combine the ITCNet and EDIS plans into a single document to clarify how they are related and explain how these plans relate to security policy as defined in the Information Security Directive. (Note: this will not be a public document since the plans contain information on the nature of our security controls that might be useful to persons intending to compromise them.)

We estimate this can be completed by October 31, 2000.

CHAIRMAN ACTION:

Approve: ✓ Disapprove: _____

Stephen Koplan 9-29-00

Chairman, Stephen Koplan Date:

The Commission
Director of Operations
Director of Administration