



United States  
International Trade Commission

# Agency Financial Report

Fiscal Year 2014

November 2014



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## MESSAGE FROM THE CHAIRMAN

I am pleased to transmit the *FY 2014 Agency Financial Report* for the United States International Trade Commission. This report documents the Commission's financial performance for the fiscal year and discusses our accomplishments and challenges. The report also provides an overview of the agency's programmatic performance.



The Commission has three important statutory mandates: (1) to make determinations in proceedings involving imports that allegedly injure a domestic industry or that violate U.S. intellectual property rights; (2) to provide independent tariff, trade and competitiveness-related analysis to the Congress and the President; and (3) to maintain the Harmonized Tariff Schedule of the United States. In carrying out these mandates, the Commission independently and objectively investigates unfair trade complaints, impartially administers the relevant trade laws, and helps the President and Congress make informed policy decisions by providing them with accurate, timely, and insightful analysis on an evolving range of international trade matters.

The Commission reviews its strategic goals and objectives annually.

### Program Accomplishments

I would like to highlight the following accomplishments in the last fiscal year.

The Commission made substantial progress toward its strategic objectives during FY 2014 by meeting or exceeding the majority of its annual performance goals and improving upon agency performance in other areas. This year, the agency instituted 100 new investigations and completed 116 investigations in the areas of import injury, intellectual property, and industry and economic analysis.

The Commission conducted import injury and unfair import investigations in a timely, thorough, and objective manner, produced sound determinations, and provided effective relief when warranted under the statute. The Commission also improved the efficiency of investigative processes while reducing the costs of investigations for participating parties.

The Commission supports the development of well-informed trade policy by providing the U.S. Trade Representative and Congress with high-quality economic analysis and technical support.

The Commission's economic investigations help fill critical information gaps for policy makers and covered a wide range of topics in 2014, including environmental goods, the African Growth and Opportunity Act, the role of services in U.S. manufacturing, trade barriers facing U.S. small and medium enterprises, and the impact of digital trade on the U.S. and global economies. In addition, the agency compiled the 2014 Harmonized Tariff Schedule and its updates.

The Commission made steady progress on its management and administrative goals during this fiscal year, particularly in the areas of human resources, financial management, and information technology management. The agency continued to strengthen strategic planning and performance management, improve internal controls and business processes, and broaden the integration of enterprise risk management into planning and budgeting processes. The Commission also continued to strengthen the security of its networks and systems and to ensure that information technology resources enhance productivity and maintain the security of these information assets.

## **FY 2014 Agency Financial Report**

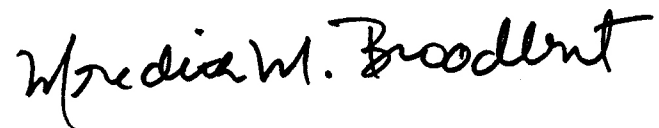
The Commission's FY 2014 financial statement audit resulted in an unqualified opinion by the independent accounting firm Davis and Associates, monitored by the Inspector General. The independent auditors did not identify any material weaknesses, significant deficiencies, or instances of non-compliance with laws and regulations. During FY 2014, the Commission continued to assess and improve internal controls in accordance with OMB Circular A-123, Management's Responsibility for Internal Control. Senior management meets regularly to strengthen the oversight and continuous improvement of Commission operations. The Commission's work is consistent with the provisions of the Federal Managers' Financial Integrity Act of 1982 (FMFIA). Although the Commission is exempt from the requirements of the Federal Financial Management Improvement Act of 1996 (FFMIA), it has complied with the spirit and key provisions of this statute.

I am providing a qualified statement of assurance that the internal controls over operations meet the objectives of FMFIA, as of September 30, 2014 with the exception of a material weakness described in the Chairman's Statement of Assurance section of this report. Additionally, I can provide reasonable assurance that, as of June 30, 2014, the internal controls over financial reporting were in compliance with FMFIA and OMB Circular A-123, Appendix A and no material weaknesses were found in the design or operations of the financial internal controls. Furthermore, as required by the Government Card Abuse Prevention Act of 2012 and OMB Circular

A-123, Appendix B, I can provide reasonable assurance that, as of September 30, 2014, the appropriate controls were in place to mitigate the risk of fraud and inappropriate charge card practices.

The financial information presented herein is complete and accurate, and in accordance with law and Office of Management and Budget guidance. The Commission continues to refine the financial management structure. In FY 2014, the agency established an Internal Control and Risk Management Division (ICRM) to further strengthen its internal control environment.

In closing, I want to acknowledge the hard work, dedication and commitment of our employees in successfully meeting the mission of our agency.

A handwritten signature in black ink that reads "Meredith M. Broadbent". The signature is written in a cursive, flowing style.

Meredith M. Broadbent

November 12, 2014

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# MANAGEMENT'S DISCUSSION AND ANALYSIS

## Introduction

The United States International Trade Commission (Commission or USITC) FY 2014 Agency Financial Report (AFR) presents the results of the Commission's program and financial performance and demonstrates to the Congress, the President, and the public, the USITC's commitment to its mission and accountability for the resources entrusted to it. This report is available at [www.usitc.gov](http://www.usitc.gov). The USITC has chosen to produce an AFR and Annual Performance Report (APR). The USITC will issue its FY 2014 Annual Performance Report when it issues its Congressional Budget Justification in February 2015.



## About the USITC

The USITC is an independent, quasi-judicial federal agency with broad investigative responsibilities on matters of trade. The USITC was established by Congress on September 8, 1916 as the U.S. Tariff Commission. In 1974, the name was changed to the United States International Trade Commission by section 171 of the Trade Act of 1974.

The Commission has specific responsibilities in the application of U.S. trade laws. The agency investigates, generally at the request of private sector parties, the effects of dumped and subsidized imports on domestic industries and conducts global safeguard investigations. It also adjudicates cases involving imports that allegedly infringe intellectual property rights. The Commission also, by law, provides the House Committee on Ways and Means, the Senate Committee on Finance, the President, and, by delegation, the U.S. Trade Representative with objective, thorough, and succinct analysis and information on trade policy and U.S. competitiveness matters. The Commission also has the responsibility of maintaining the U.S. Harmonized Tariff Schedule, the official legal document that specifies the appropriate tariff, if any applied to imported goods. The Commission makes most of its information and analysis available through its website to the public to promote a better understanding of international trade issues.

### Mission

Consistent with its statutory mandate, the Commission makes determinations in proceedings involving imports claimed to injure a domestic industry or violate U.S. intellectual property rights; provides independent tariff, trade and competitiveness-related analysis and information; and maintains the U.S. tariff schedule.

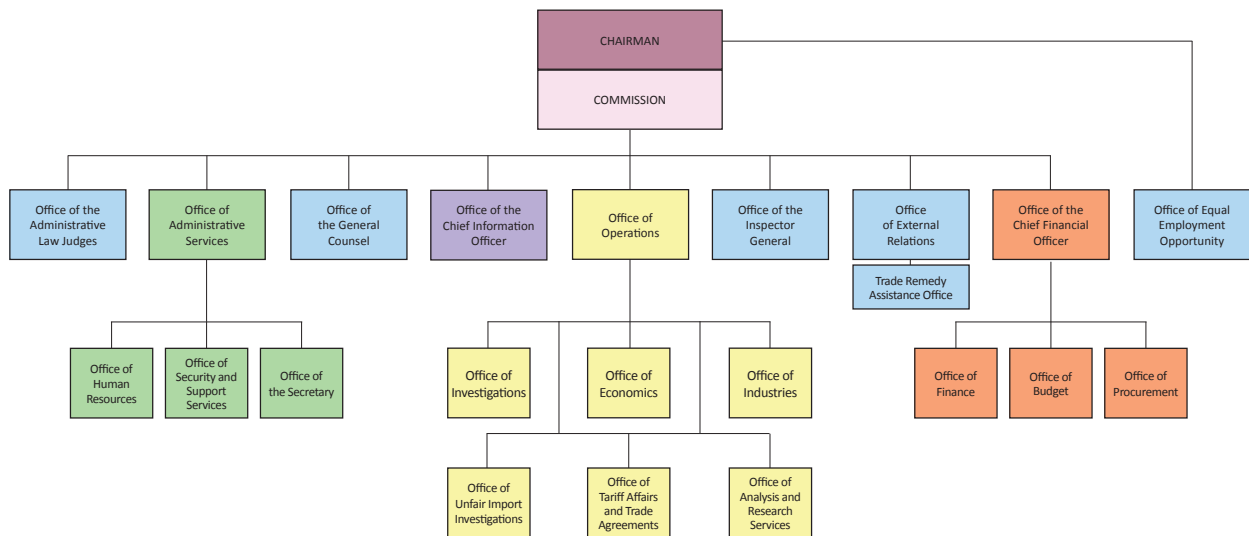
### Organization

#### Commissioners

The USITC is headed by six Commissioners, who are nominated by the President and confirmed by the U.S. Senate. Meredith M. Broadbent, a Republican, is serving as Chairman of the USITC for the term ending June 16, 2016. Dean A. Pinkert, a Democrat, is serving as Vice Chairman. Commissioners currently serving are, in order of seniority, Irving A. Williamson, David S. Johanson, F. Scott Kieff, and Rhonda K. Schmidlein.

Each of the six Commissioners serves a term of nine years, unless appointed to fill an unexpired term. The terms are set by statute<sup>1</sup> and are staggered so that a different term expires every 18 months. A Commissioner who has served for more than five years is ineligible for reappointment. A Commissioner may, however, continue to serve after the expiration of his or her term until a successor is appointed and qualified. No more than three Commissioners may be members of the same political party. The Chairman and the Vice Chairman are designated by the President and serve for a statutory two-year term. The Chairman may not be of the same political party as the preceding Chairman, nor may the President designate two Commissioners of the same political party to serve as The Chairman and Vice Chairman. Currently three Democrats and three Republicans serve as Commissioners.

### Office-Level Organizational Chart



### USITC Staff

USITC staff is organized into offices designed to support the mission of the agency. These include the:

- Office of Operations (OP), and its subordinate Offices of Investigations (INV), Industries (IND), Economics (EC), Tariff Affairs and Trade Agreements (TATA), Unfair Import Investigations (OUII), and Analysis and Research Services (OARS);
- Office of the Administrative Law Judges (OALJ);
- Office of the General Counsel (GC);

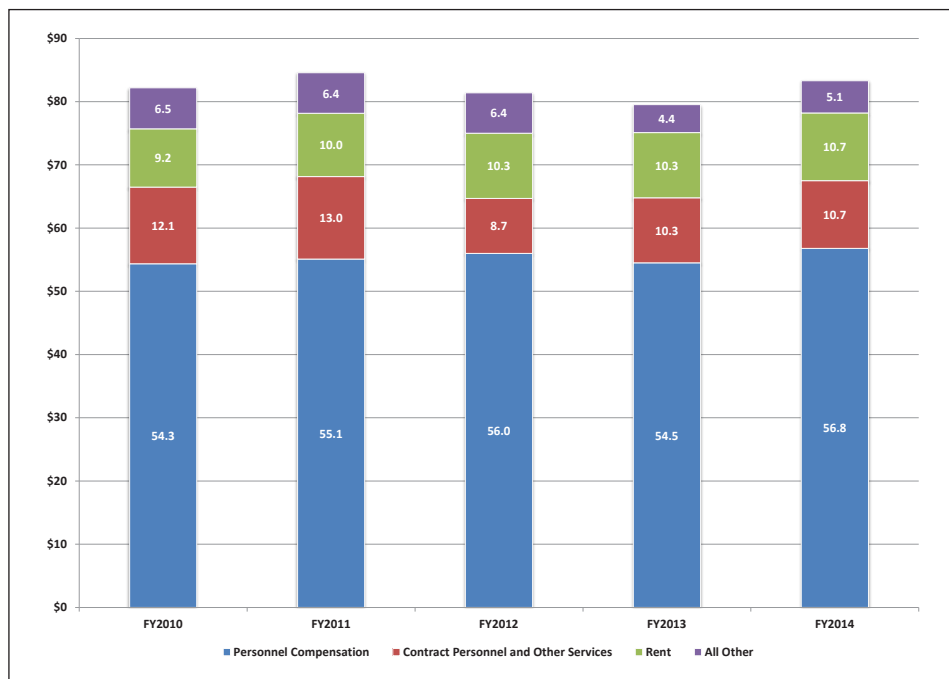
<sup>1</sup> 19 U.S.C § 1330, Organization of Commission.

- Office of External Relations (ER), including the Trade Remedy Assistance Office (TRAO);
- Office of the Chief Financial Officer (OCFO), and its subordinate Offices of Budget (OB), Finance (FIN), and Procurement (PR);
- Office of the Chief Information Officer (OCIO);
- Office of Administrative Services (OAS), and its subordinate Offices of the Secretary (SE), Human Resources (HR), and Security and Support Services (SSS);
- Office of the Inspector General (IG); and
- Office of Equal Employment Opportunity (EEO).

Appendix A provides additional information on the individual offices of the USITC.

## Resources

The Commission has received “no year” appropriations for operations since FY 1993. For FY 2014, the Commission obligated a total of \$83.0 million; \$56.8 million or 68.2 percent was obligated for all employees to include permanent, temporary, and term (figure 1). Rental for occupied space amounted to \$10.7 million or 12.8 percent. Contract services obligated was \$10.7 million or 12.8 percent and primarily supported network operations and software development. All Other was composed primarily of equipment, supplies, and leasehold improvements that amounted to \$5.1 million or 6.1 percent.<sup>2</sup>



<sup>2</sup> Dollar amounts include prior year carryover and will not balance to the FY2014 financial statements.

## Performance Goals, Objectives, and Results

The Commission develops annual performance goals and uses the results to evaluate its performance in order to fulfill its mission efficiently and effectively. This section summarizes the Commission's strategic planning and management activities and provides an overview of its performance during FY 2014.

### Commission Strategic Planning and Management

The Commission issues a Strategic Plan, an Annual Performance Plan, and an Annual Performance Report in accordance with the Government Performance and Results Act of 1993 (GPRA), as amended by the GPRA Modernization Act of 2010 (2010 Act). The Strategic Plan establishes strategic goals, strategic objectives, and performance goals for the Commission. To ensure the effectiveness of strategic planning and budget development, the Commission aligns its budget formulation and execution with its Annual Performance Plan. The Annual Performance Report provides a detailed review of agency performance with respect to the agency's Annual Performance Plan.

During FY 2014, the Commission issued its Strategic Plan for FY 2014–2018, and corresponding Annual Performance Plan for FY 2014–2015. This Performance Plan provides specific annual performance goals that support the agency's strategic and management goals and objectives. During the year, the Commission also identified low-priority program activities.

The Performance Plan sets out annual measures that correspond to the broader strategic goals, performance goals, and strategies identified in the Strategic Plan. The FY 2015 Budget Justification describes the operational processes, skills, and technology, as well as the information and other resources required to meet the performance goals.

### Strategic Goals and Management Priorities

Although the Commission has one program activity set forth in the Budget of the United States Government, the Commission's Strategic Plan for FY 2014–2018 identifies two strategic goals and corresponding strategic objectives.

Goals	Objectives
<b>Strategic Goal 1</b> Investigate and Decide: Produce sound, objective, and timely determinations in investigative proceedings	S1.1 Reliable Process: Conduct expeditious and technically sound investigative proceedings S1.2 Clear Proceedings: Promote transparency and understanding of investigative proceedings
<b>Strategic Goal 2</b> Inform: Produce objective, high-quality, and responsive tariff, trade, and competitiveness-related analysis and information	S2.1 Timely: Deliver timely and accessible analysis and information S2.2 Effective: Produce high-quality analysis and information and strategic insights to support the development of the U.S. trade agenda
<b>Management Goal</b> Achieve agency-wide efficiency and effectiveness to advance agency mission	M1.1 People: Efficiently and effectively recruit and develop highly qualified and flexible human capital M1.2 Money: Provide good stewardship of taxpayer funds M1.3 Technology: Deliver high-performing and secure networks and services
<b>Cross-cutting Objectives</b>	C.1 Use feedback to improve agency operations and enhance employee and customer satisfaction C.2 Improve the resource and performance management capabilities of Commission managers

The Commission’s strategic goals directly support the agency’s mission. The management goal and corresponding objectives relate to three management priority areas: human resources, financial management, and information technology. High performance and goal attainment in each area is necessary to fulfill the agency’s mission and support government-wide initiatives such as those to prevent improper payments, strengthen cybersecurity, and ensure open data. Cross-cutting objectives focus on enhancing transparency and management effectiveness.

For each strategic, management, and cross-cutting objective, the Commission’s Annual Performance Plan identifies strategies to meet these objectives and specific performance goals.

## Summary of Performance Results

The Commission made substantial progress toward its strategic and management goals during FY 2014 by meeting or exceeding the majority of its annual performance goals. The agency focused on improving the timeliness of its determinations and reports, enhancing its analytical and management capabilities, achieving efficiencies in its information collection and other data management activities, improving internal controls, enhancing cybersecurity, and enhancing communication with and outreach to its customers and the general public. Highlights for each strategic and management goal follow.

## **Investigate and Decide: Produce sound, objective, and timely determinations in investigative proceedings**

The Commission administers and applies U.S. laws assessing injury to U.S. industries by subsidized and dumped imports, increased imports that injure a domestic industry, and imports that infringe a domestic intellectual property right or otherwise unfairly injure a domestic industry. U.S. laws, court decisions, and U.S. international obligations require the Commission to reach its determinations based on transparent procedures and a well-developed record. The Commission, and Administrative Law Judges in unfair import investigations under section 337 (which are most often intellectual property-based), must consistently perform thorough investigations and make sound factual findings. The record in each investigation must be developed and analyzed in an objective manner, and the resulting determinations must be well-reasoned, timely, and consistent with the law.

In terms of volume, the Commission's caseload remained steady throughout the year, although the pattern of filings continued to be uneven.<sup>3</sup>

### **Strategic Objective 1.1: Reliable Process: Conduct expeditious and technically sound investigative proceedings**

The Commission has a reputation for conducting prompt, thorough, and independent investigations and engaging in sound decision-making. Timely decisions are critical to the Commission's mission because import injury investigations have statutory deadlines, while section 337 investigations are required by Congress to be resolved at the earliest practicable time. Timely decisions relieve the business uncertainty these disputes cause for private sector participants.

During FY 2014, the Commission met most of the performance goals associated with this strategic objective, and made progress on those it did not fully satisfy.

The Commission met its statutory deadlines throughout the year. The Commission also made significant progress on a number of the performance goals associated with its section 337 investigations. The agency began to analyze various factors associated with the complexity of these investigations. Although initial results were inconclusive, the Commission will focus

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<sup>3</sup> Title VII investigation activity was significant in FY 2014. Institutions and completions for these investigations (44 and 48, respectively) were the highest since FY 2005. The case load for section 337 remained steady in FY 2014. There were 36 new investigations instituted and 13 new ancillary actions filed bringing the total of new investigations for the fiscal year to 49. During the year, there were 100 active investigations; 59 investigations were completed

further analysis in FY 2015 on ways to reduce the length of investigations. In FY 2014 the average length of section 337 investigations concluded on the merits decreased from 19.7 months to 17.1 months. During the year, the Commission also established methods to measure the effectiveness of different pilot programs pertaining to the conduct of these investigations.

In addition, the Commission continued to make significant progress on its efforts to collect information electronically, surpassing its goal of transmitting or receiving 90 percent of import injury questionnaires electronically. Electronic questionnaires allow for more efficient data processing and analysis. Moreover, preliminary feedback from questionnaire recipients suggests that the shift from paper to electronic questionnaires has reduced the time firms spend responding to the Commission by around 25 percent.

During FY 2014 the Commission also initiated a process to evaluate and improve agency decision-making based on an analysis of judicial and North American Free Trade Agreement panel remands from FY 2013 to determine if there were any patterns or issues that the Commission needed to consider going forward. The initial assessment will serve as a basis for an ongoing annual evaluation process.

**Strategic Objective 1.2: Clear Proceedings: Promote transparency and understanding of investigative proceedings**

The Commission recognizes the importance of providing stakeholders in its investigative proceedings with information on the Commission's decision-making process. The Commission promotes transparency by providing accurate, accessible and timely public information about its investigative proceedings. The public and participants benefit by having a much more detailed and broader understanding of investigative procedures and processes.

During FY 2014, the agency met or made substantial progress on the performance goals for this objective. Of note, the Commission made available to the public a new information system that provides information regarding its section 337 investigations. Rather than having to search different areas of the agency's website as well as other websites, the public can access various types of information about these investigations using a single user-friendly search tool. To date, feedback from external and internal users has been quite positive.

In addition, the Commission continued to meet or exceed performance goals related to public outreach and availability of documents from the Commission's Electronic Document Information System (EDIS). The agency made significant progress on improving the timeliness of other



import injury information that is provided on the agency's website. The Commission also sought feedback from participants in its import injury proceedings, focusing on the effectiveness of rules changes related to the conduct of import injury investigations that were put into effect in FY 2014. Survey responses provided useful feedback with regard to potential changes that could result in useful information for the Commission and potentially reduce the burden on parties. Commission staff will analyze these suggestions, along with recent changes implemented by staff.

### **Inform: Produce objective, high-quality, and responsive tariff, trade, and competitiveness-related analysis and information**

The Commission has numerous statutory responsibilities to provide independent advice, analysis, and information to Congress, the President, and the Office of the United States Trade Representative (USTR). In response to U.S. policymakers' requests, the Commission and its staff provide objective information and analysis on numerous topics, both through formal investigations and informal expert assistance. To fulfill its mission, the Commission must provide the highest caliber of information and analysis to U.S. policy makers and the public. Providing this information in a timely manner assists policymakers when they are engaged in trade negotiations or when they are undertaking legislative or other policy actions that affect the U.S. economy and industry competitiveness.

The Commission also publishes and maintains the Harmonized Tariff Schedule of the United States (HTS), which serves the U.S. government as the basis for collecting customs duties, compiling trade data, and formulating many trade actions. The HTS is vital to U.S. businesses, government agencies, and others involved in trade that depend upon access to accurate, current tariff rates and useful trade data.

Commission investigations that were active in FY 2014 covered a wide range of topics, including: the impact of digital trade on the U.S. and global economies; trade and investment performance under the African Growth and Opportunity Act; environmental goods; the competitiveness of the U.S. rice industry; and trade, investment, and industrial policies in India.<sup>4</sup> Commission staff provided technical support to Congress and USTR throughout the year. The agency also updated the HTS twice during the year.

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<sup>4</sup> In FY 2014, seven new investigations were instituted and nine were completed.

**Strategic Objective 2.1: Timely:** Deliver timely and accessible analysis and information

Timely trade and competitiveness information and analysis are often necessary for the Commission's customers to meet negotiation schedules or make time-sensitive decisions. The agency's customers expect it to adhere to statutory deadlines, relevant regulations, and requested delivery dates. The information the Commission provides must be timely, clear, and easily accessible.

During FY 2014, the Commission met or made progress on achieving all of the annual performance goals supporting this objective. The agency made significant progress in improving information it provides to the public by publishing reports that are 508 compliant. The agency also developed a series of interactive dashboards that provide the public with trade data from its annual *Year in Trade* reports. The agency also made progress in updating and strengthening internal controls associated with operational processes. In doing so, it continued to evaluate processes and to identify ways to improve efficiency.

Although the Commission did not meet the goal of deploying an HTS data system by the end of the fiscal year, it did make substantial progress. The agency expects to complete work on this project and deploy the new system during FY 2015. The agency met performance goals related to the accuracy of HTS information and responses to public inquiries concerning the HTS.

**Strategic Objective 2.2 Effective:** Produce high-quality analysis and information and strategic insights to support the development of the U.S. trade agenda

The Commission often receives requests from policymakers that cover issues or areas that have not been evaluated extensively by academics or policy analysts. The requests may require application of different analytic approaches and cover topics that have limited publicly available data. To address these requests, the Commission continuously improves and enhances its information collection processes and analytic methods, as well as the way it maintains and provides information. The performance goals established for this objective focus on targeted acquisition of information, development of analytical tools, and investment in human capital, which allow the agency to respond to shifts in public policy priorities.

The Commission met two performance goals that support this objective and made substantial progress on the third. The agency regularly met with its congressional and executive branch customers throughout the year. The Commission used feedback it received from these custom-

ers to help prioritize its research and other capacity-building efforts. During the year, the agency focused on further enhancing its economic modeling capabilities, examining different aspects of energy markets, non-tariff measures, supply chains, and economic integration within North America.

The Commission also initiated an effort to measure the extent to which its basic research efforts directly or indirectly contribute to its statutory work. The agency established a methodology to measure these contributions and developed a preliminary baseline. It will continue to refine the baseline in early FY 2015.

### **Achieve agency-wide efficiency and effectiveness to advance agency mission**

The Commission is committed to continuous process improvement and support for the Commission's strategic goals and mission. The three management objectives and two cross-cutting objectives support the management goal to advance the agency's mission in an efficient and effective way. The management objectives align with three functional areas: human resources; budget, acquisitions, and finance; and information technology. The FY 2014 performance goals reflect agency management priorities.

#### **Management Objective 1.1 People: Efficiently and effectively recruit and develop highly qualified and flexible human capital**

The Commission is committed to hiring and retaining a highly talented workforce as human capital is critical for mission attainment. As part of the management initiative to improve effectiveness and efficiency in this area, the Commission is working to decrease processing time for hiring actions, improve documentation pertaining to hiring activities, and improve satisfaction with agency hiring practices, employee development, and training.

In FY 2014, the Commission made substantial progress in strengthening internal controls pertaining to documentation and exceeded its annual performance goal. The agency also made progress in shortening recruitment and hiring timeframes, but fell short of its goal to complete 80 percent of hiring actions within established timeframes. Agency managers' responses to an internal management feedback survey generally confirmed this progress, as positive responses increased over FY 2013 levels. However, the annual performance goal was not met. The agency also did not meet its goal to improve stakeholder satisfaction with professional development opportunities.

### **Management Objective 1.2 Money:** Provide good stewardship of taxpayer funds

Financial oversight and stewardship of appropriated funds are fundamental to establishing the accountability and transparency that taxpayers deserve. The President has directed federal agencies to improve efficiency, while maintaining and delivering high-quality services. The Commission has established three long-term performance goals: (1) improve the agency's financial management reports; (2) improve the efficiency and effectiveness of the acquisition process, and (3) maintain an annual unqualified audit opinion on the agency's financial statements.

In FY 2014, the Commission met annual performance goals pertaining to improved, timely financial reporting, the accuracy of its acquisition records, and reductions in established procurement action lead times (PALT). The agency did not meet its goal of reducing the share of procurement actions that exceeded the established timeframes in comparison with FY 2013 levels. However, significant progress was made to reduce delays during the fourth quarter.

### **Management Objective 1.3:** Use information technology to support productivity gains

Information Technology directly and indirectly supports the Commission's mission-related activities. The Commission is committed to using information technology to drive productivity gains in its mission and support functions. The agency also has dedicated a significant effort to enhancing cybersecurity.

In FY 2014, the Commission met the majority of the annual information technology targets. The agency met its systems availability, records management, and user satisfaction goals. The agency made substantial progress in converting the HTS to an open data format. Although it may not meet its FY 2014 goal of increasing availability of open data to 65 percent of major systems by CY 2014, the Commission expects that the new system will be fully deployed by mid-FY 2015. Funding constraints at the beginning of the fiscal year slowed trusted internet connection deployment. The agency expects to meet this goal during the first half of FY 2015.

### **Cross-cutting objectives**

#### **Cross-cutting Objective 1:** Use feedback to improve agency operations and enhance employee and customer satisfaction

The Commission regularly seeks feedback from its customers and employees on various aspects of its operations. The agency uses feedback to help prioritize improvements to agency opera-

tions and to improve the functionality and utility of information it provides on its website and through web applications.

In FY 2014, the Commission met all of the performance goals supporting this objective. Overall, employees responding to the FY 2014 Federal Employee Viewpoint Survey rated the agency more favorably than they did in FY 2013. The agency developed guidelines for internal and external customer feedback surveys that incorporate best survey research practices. The agency also made progress on improving customer satisfaction with its website. It sought user feedback on the functionality of two major information systems: EDIS and the DataWeb. The agency is using this feedback as it begins to redesign both systems during FY 2015.

**Cross-cutting Objective 2: Improve the resource and performance management capabilities of Commission managers**

In recent years the Commission has made significant improvements in the management of its administrative and program operations. Although it has continued to set performance goals focused on incremental automation and consolidation of financial, administrative, and operational information, the agency recognizes that there are limits to this approach. The agency set a long-term performance goal to develop and implement an integrated enterprise management system. The Commission expects that this likely will be a framework used to integrate multiple, smaller systems, but that the framework will allow for development of integrated reports. The agency met its performance goal for FY 2014 by defining the scope of the project and beginning to develop system requirements.

## Management Assurances

The Federal Managers' Financial Integrity Act of 1982 (FMFIA) establishes management's responsibility to assess and report on internal controls. Such controls include program, operational, and administrative areas, as well as accounting and financial management. The FMFIA requires federal agencies to establish controls that reasonably ensure obligations and costs are in compliance with applicable law; funds, property, and other assets are safeguarded against waste, loss, unauthorized use, and misappropriation; and revenues and expenditures are properly recorded and accounted for to maintain accountability over the assets.

The FMFIA requires agencies to annually assess and report on the internal controls that protect the integrity of federal programs (FMFIA Section 2) and whether financial management systems conform to related requirements (FMFIA Section 4). The law requires the head of the agency, based on the agency's internal evaluation, to provide an annual Statement of Assurance on the effectiveness of their management, administrative, and financial controls. Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Internal Control*, implements the FMFIA and defines management's responsibility for internal control in Federal agencies.

The Chairman's FMFIA assurance statement is primarily based on individual assurance statements from component and assessable unit directors. The individual statements assessed internal controls related to the effectiveness of the controls over programs and operations, financial reporting, and compliance with laws and regulations based on internal control assessments, as well as Office of the Inspector General (OIG) reviews, audits, and evaluations.

FMFIA Section 2 requires agencies to establish internal controls and financial systems which provide reasonable assurance that the following objectives are achieved:

- Effective and efficient operations;
- Compliance with applicable laws and regulations; and
- Reliability of financial reporting.

The results of these statements were considered with other sources of information when determining whether any management control weaknesses, deficiencies or non-conformances needed to be reported in the annual assurance statement. Other information sources included, but were not limited to, the following:

- An entity-level control assessment;
- Internal management reviews, self-assessments, and tests of internal controls;
- Management’s personal knowledge gained from daily operations;
- Reports from the OIG and external oversight agencies; and
- Annual performance plans and reports pursuant to the Federal Information Security Management Act (FISMA).

FMFIA Section 4 requires that agencies annually evaluate and report on whether financial management systems conform to government-wide requirements. The Commission evaluated the Statement on Standards for Attestation Engagements (SSAE) 16, *Reporting on Controls at the Service Organization* received from the Department of the Interior’s (DOI), Interior Business Center (IBC) who is the Commission’s financial management shared services provider for financial and payroll systems.

Appendix A of OMB Circular A-123 calls for the agency head to provide a separate statement of assurance on the effectiveness of internal control over financial reporting, in addition to the overall FMFIA assurance statement. The Commission assessed internal control at the entity-level, process, and transaction level.

The effectiveness of process level controls was assessed through detailed test procedures related to the agency’s financial reporting objectives. As part of this effort, the agency performed a review of:

- Significant financial reports;
- Significant line items and accounts;
- Transactions;
- Reporting and regulatory requirements; and
- Existing deficiencies and corrective action plans.

The Government Charge Card Abuse Prevention Act of 2012 requires establishing and maintaining safeguards and internal controls for the charge card program. The Commission assessed the charge card program as directed by the guidance provided in OMB Circular A-123 Appendix B, OMB Memorandum M-12-12 *Promoting Efficient Spending to Support Agency Operations*, and OMB Memorandum M-13-21 *Implementation of the Government Charge Card Abuse Prevention Act of 2012*.

The effectiveness of the Commission's charge card program was assessed through issuance, implementation, and monitoring of new policies and procedures for the charge card program established by the Office of the Chief Financial Officer and a purchase card evaluation performed by the Office of Inspector General.



# Chairman's Statement of Assurance

## Statement of Qualified Assurance

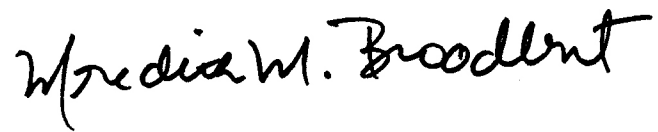
The Commission's management is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the *Federal Managers' Financial Integrity Act of 1982* (FMFIA), Sections 2 and 4 as well as related laws and guidance. The Commission conducted its assessment of internal control over effectiveness and efficiency of operations and compliance with applicable laws and regulations in accordance with Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Internal Control*. Based on the results of this evaluation, the Commission can provide reasonable assurance that its internal controls and financial management systems meet the objectives of FMFIA, with the exception of the material weakness described below.

With respect to the overall adequacy and effectiveness of internal control within the agency, I hereby submit a qualified statement based upon ongoing reviews confirming that the Commission's previously reported material weakness regarding a security risk remains. Remediation of this material weakness is nearing completion and is expected to be fully resolved in fiscal year (FY) 2015. Additionally, no new material weaknesses were identified during the past year.

The Commission can provide reasonable assurance that it is fully compliant with the objectives of Section 4 (Financial Systems) of FMFIA. The agency uses a federal shared services provider, the U.S. Department of Interior's Interior Business Center (IBC), to process its financial data and payroll. The Commission assessed the Report on the U.S. Department of the Interior's Description of Its Oracle Federal Financial System and the Suitability of the Design and Operating Effectiveness of Its Controls (SSAE 16 – Type 2 Report) and the Report on the U.S. Department of the Interior's Description of Its Federal Personnel and Payroll System and the Suitability of the Design and Operating Effectiveness of Its Controls (SSAE 16 – Type 2 Report).

The Commission also conducted its assessment of the effectiveness of internal control over financial reporting, which includes safeguarding of assets and compliance with applicable laws and regulations, in accordance with Appendix A of OMB Circular A-123. Based on the results of this evaluation, the Commission can provide reasonable assurance that, as of June 30, 2014, its internal control over financial reporting was operating effectively and that no material weaknesses were found in the design or operations of the internal control over financial reporting.

In accordance with the Government Charge Card Abuse Prevention Act of 2012 and OMB Circular A-123, Appendix B, the Commission established and maintained safeguards and internal controls for the charge card program. During the 2014 fiscal year, the Office of the Chief Financial Officer monitored the associated controls for its charge card programs ranging from purchase cards, travel cards, fleet card and convenience checks. Additionally, the Office of Inspector General prepared the required risk assessment of the Commission's charge card program. Based on the work performed by the two offices, the Commission can provide reasonable assurance that, as of September 30, 2014, the appropriate policies and controls were in place to mitigate the risk of fraud and inappropriate charge card practices.

A handwritten signature in black ink that reads "Meredith M. Broadbent". The signature is written in a cursive, flowing style.

Meredith M. Broadbent

November 12, 2014

# Overview of Financial Results

## Overview of Financial Statements

The Commission received an unqualified opinion on its FY 2014 financial statements.

### Summary of the Balance Sheets and Statements of Changes in Net Position

*Assets:* At the end of FY 2014, the Commission's balance sheet showed total assets of \$18.9 million, an increase of \$82,597 or 0.4 percent over FY 2013. This was due to an increase in Fund Balance with Treasury of \$1.1 million (9 percent) and a decrease in Property, Plant and Equipment (PP&E) of \$978 thousand (14 percent).

*Liabilities:* At the end of FY 2014, the Commission's total liabilities were \$7.6 million, a decrease of \$9,441 or 0.1 percent over FY 2013. The 0.1 percent decrease is due to a decrease in non-federal accounts payable offset by increases in employee related payroll accounts.

*Net Position:* The Commission's net position on the Balance Sheet and the Statement of Changes in Net Position was \$11.4 million, an increase of \$92,038 or 0.8 percent. The increase is due primarily to an increase in unexpended appropriations of \$1.3 million and a decrease in cumulative results of operations of \$1.2 million.

### Summary of the Statement of Net Cost

The Commission's net cost of operations for FY 2014 was \$86.7 million, an increase of \$3.5 million or 4.2 percent over FY 2013. The increase in net cost of operations was the result of more appropriations used. FY2013 had a rescission of \$4.1 million that resulted in less appropriations to use.

### Statement of Budgetary Resources

The Statement of Budgetary Resources provides information on budgetary resources made available to the Commission and the status of these resources at the end of the fiscal year. For FY 2014, total budgetary resources were \$85.3 million. This represents an increase of \$4.9 million, or 6.1 percent, from the FY 2013 total budgetary resources of \$80.4 million. The Commission was appropriated \$83 million in FY 2013 and FY 2014. FY 2013 had a rescission of \$4.1 million resulting in less budgetary resources than FY 2014. The unobligated balance at October 1 decreased by \$78 thousand (23.2 percent), prior year recoveries increased \$180 thousand (17.1 percent), and offsetting collections increased \$671 thousand (638.9 percent).

Additionally, direct obligations were \$84.9 million and net outlays totaled \$81.9 million this fiscal year. This represents a increase in direct obligations of \$4.8 million (6.0 percent) and an increase in net outlays of \$96 thousand or 0.1 percent over FY 2013.

## **Limitations on Financial Statements**

The Commission's financial statements were prepared in conformity with the hierarchy of accounting principles approved by the Federal Accounting Standards Advisory Board (FASAB) and OMB Circular No. A-136, *Financial Reporting Requirements*.

The principal financial statements have been prepared to report the financial position and results of operations of the Commission, pursuant to the requirements of 31 U.S.C. 3515(b). While the statements have been prepared from the books and records of the Commission in accordance with U.S. Generally Accepted Accounting Principles (GAAP) for Federal entities and 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.

# Management Controls and Compliance with Laws and Regulations

## Federal Managers' Financial Integrity Act (FMFIA)

The objectives of the Federal Manager's Financial Integrity Act of 1982 are to ensure that the Commission's controls and systems provide reasonable assurance that:

- obligations and costs are in compliance with applicable laws;
- funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation;
- revenues and expenditures are properly recorded and accounted for to permit the preparation of accounts and reliable financial reports and to maintain accountability over assets; and
- programs are efficiently and effectively carried out in accordance with applicable laws and management policy.

In accordance with the Accountability of Tax Dollars Act of 2002 (ATDA), the Commission's financial information is audited annually to help assess if these objectives are being met. Additionally, at the end of each fiscal year, management reviews the operating units' performance data to ensure that performance results can be properly supported.

For FY 2014, the Commission evaluated the internal controls over the effectiveness and efficiency of operations and compliance with applicable laws and regulations in accordance with OMB Circular A-123, *Management's Responsibility for Internal Control*. In addition, the Commission evaluated the effectiveness of internal control over financial reporting in accordance with the requirements of Appendix A of OMB Circular A-123 and assessed the charge card program in accordance with Appendix B of OMB Circular A-123. Based on these evaluations, the Commission provides qualified assurance that its internal controls were operating effectively.

## Government Performance and Results Act

The Government Performance and Results Act of 1993 requires a recurring cycle of performance reporting for federal agencies. This cycle involves five-year strategic plans, annual performance plans, and annual program performance reports.

## **GPRA Modernization Act**

The Act creates a new government wide framework including long-term federal government priority goals and revised federal government performance plan requirements.

## **Federal Financial Management Improvement Act**

Under the Federal Financial Management Improvement Act of 1996 (FFMIA), agencies are required to report on whether their financial management systems substantially comply with the federal financial management systems requirements, applicable federal accounting standards, and the United States Standard General Ledger (USSGL) at the transaction level. Since the Commission is not a CFO Act agency, it is not subject to the FFMIA. The Commission uses the Department of Interior's financial management system and that system is FFMIA compliant. Thus, the Commission's financial management system complied with the requirements of FFMIA and produced records in accordance with USSGL at the transaction level.

## **Federal Information Security Management Act**

The Federal Information Security Management Act of 2002 (FISMA) requires each federal agency to establish and maintain an information security program for all non-national security information and information systems. The Commission's information security program plans, implements, evaluates, and documents remedial action to address any deficiencies in its information security policies, procedures, and practices. In addition, FISMA requires the OIG to perform an annual independent evaluation.

In 2014 the Commission strengthened the security of its networks and systems by adopting a policy and posture founded on four critical controls: active management of processing systems and associated assets; active management of installed software, including software whitelisting; deployment of securely configured systems; and expanded vulnerability scanning and patching. In establishing a cybersecurity policy based on these four critical controls, the Commission improved the security of its networks and systems and resolved a number of Management Decisions addressing IG findings from 2014 and 2013. The Commission recognizes that it must continue to work to ensure that its IT resources are available to staff in a way that enhances their productivity and protects the security of government information assets. Cybersecurity is one of OMB's Cross Agency Priority goals, and the Commission intends to maintain a strong management focus in this area.

## **Accountability of Tax Dollars Act**

ATDA requires the preparation of financial statements by the federal agencies that were exempted by the Chief Financial Officers Act of 1990. OMB Circular A-136, Financial Reporting Requirements, enables agencies to either produce a consolidated Performance and Accountability Report or to produce a separate Agency Financial Report. The Commission chose to produce an Agency Financial Report. This report meets the requirements of the Act.

## **Improper Payments Elimination and Recovery Act**

The Improper Payments Elimination and Recovery Act of 2010 (IPERA), enacted on July 22, 2010, and as amended by the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA), requires the development of policies and procedures for the prevention and detection of improper payments in the federal government. The Act expands on the Improper Payments Information Act of 2002 (IPIA), which requires an initial assessment to identify those programs that are susceptible to significant risk of improper payments.

The Commission's formal, written improper payment identification and recovery plan includes analysis of receivables, analysis of payroll transactions, and sample testing of both payroll and non-payroll disbursements to identify improper payments. In addition, the Commission participates in the Do Not Pay initiative through its shared service provider.

## **Prompt Payment Act**

The Prompt Payment Act of 1982, as amended, provides government-wide guidelines for establishing due dates on commercial invoices and provides for interest payment on invoices paid late. The Commission made late payments resulting in interest penalties of \$341 in FY 2014.

## **Inspector General Act**

The 1988 amendments to the Inspector General Act of 1978 established the Commission's Inspector General (IG). The IG is responsible for overseeing audits, investigations, and inspections of the Commission's programs and operations.

## **Debt Collection Improvement Act**

The Debt Collection Improvement Act of 1996 requires agencies to review and report annually on their internal standards and policies regarding compromising, writing down, forgiving, or

discharging debt. In FY 2014, the Commission referred no debts to Treasury.

### **Anti-Deficiency Act**

The Anti-Deficiency Act prohibits federal agencies from obligating or expending federal funds in advance or in excess of an appropriation or apportionment. The Act also prohibits an agency from accepting voluntary services for the United States, or employing personal services not authorized by law, except in cases of emergency involving the safety of human life or the protection of property. The Commission did not have any Anti-Deficiency Act violations during FY 2014.

### **Economy Act**

The Economy Act of 1933 allows the head of an agency or major organizational unit within a federal agency to place an order with a major organizational unit within the same federal agency or another federal agency for goods or services, if

1. amounts are available;
2. the head of the ordering federal agency or unit decides the order is in the best interest of the United States Government;
3. the federal agency or unit to fill the order is able to provide or get by contract the ordered goods or services; and
4. the head of the federal agency decides ordered goods or services cannot be provided as conveniently or cheaply by a commercial enterprise.

During FY 2014, the Commission had interagency agreements with 11 agencies: Department of Homeland Security, Department of Labor, National Archives and Records Administration, General Services Administration, Government Printing Office, Department of Interior, Office of Personnel Management, United States Postal Service, United States Department of Agriculture, Department of Health and Human Services, and Department of Commerce.



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# FINANCIAL SECTION

## Message from the Chief Financial Officer

I am pleased to present the United States International Trade Commission's financial statements for the FY 2014 Annual Financial Report. The independent accounting firm of Davis and Associates, LLC, monitored by the Inspector General, issued an unqualified opinion on the Commission's FY 2014 financial statements. Along with the unqualified opinion, the Independent Auditor's Report on Internal Control found no material weaknesses or significant deficiencies in the design and operations of the Commission's system of internal controls over financial reporting. This is the second straight year the Commission has received a clean audit opinion with no findings of material weaknesses or significant deficiencies. Behind this success is not only the exceptional work performed by the CFO team, but also the efforts of Cost Center Managers and Contracting Officer's Representatives throughout the Commission. Of course, none of the improvement would have been possible without the commitment and support of the current Chairman and previous Chairmen.

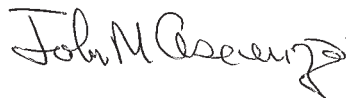
During the past year there were several other key accomplishments. For example, the Commission:

- Met all of its small business procurement and socio-economic goals
- Implemented a new travel management system, Concur, which meets federal mandates under ETS2 requirements and provides enhanced travel reporting capability
- Published the Financial Management Manual, which addresses policy, processes, and procedures to ensure sound financial management discipline
- Improved the transparency of its internal budget process, thereby increasing managers' control and accountability over funds for which they were responsible

Looking forward to FY 2015, in addition to sustaining its audit readiness, the Commission will:

- Upgrade its current contract writing system, providing the Office of Procurement with enhanced acquisition life cycle processes and reporting not available on the current system
- Expand its internal controls program and test and evaluate key controls, and also incorporate the risk process into the ongoing activities of the Commission
- Lay the framework for improved financial management reporting that meets the needs of managers throughout the Commission.

We are pleased with our progress and accomplishments, and we remain committed to ensuring a sound financial management environment. The accomplishments in FY 2014 and the past few years were the result of efforts across the entire organization. The CFO team looks forward to working closely with internal and external stakeholders to make further improvements to the Commission's financial management and internal controls operations in FY 2015.



John M. Ascienzo  
Chief Financial Officer  
November 12, 2014

## Inspector General's Transmittal Letter of Independent Auditor's Report



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### UNITED STATES INTERNATIONAL TRADE COMMISSION

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WASHINGTON, DC 20436

November 12, 2014

OIG-MM-018

Chairman Broadbent:

This memorandum transmits the results of the audit (OIG-AR-15-03) of the Commission's financial statements for the fiscal years ended September 30, 2014 and 2013.

We contracted with the independent certified public accounting firm, Davis & Associates to conduct this audit. The contract required that the audit be performed in accordance with U.S. generally accepted government auditing standards.

My office has policies and procedures that are designed to provide assurance that work performed by non-Federal auditors complies with the auditing standards. These procedures follow the guidelines provided in the GAO/PCIE Financial Audit Manual (FAM650). In connection with this contract, we reviewed Davis & Associates final report and related documentation and made inquiries of its representatives. Our involvement in the audit process consisted of monitoring audit activities, attending meetings, participating in discussions, and reviewing the audit planning, working papers, conclusions, and results.

Our involvement and review of Davis & Associates work disclosed no instances where they did not comply, in all material respects, with the U.S. generally accepted government auditing standards; however, this review cannot be construed as an audit, and is not intended to enable us to express, and we do not express, any opinion on the Commission's financial statements. Davis & Associates is solely responsible for the audit report dated November 5, 2014, and the conclusions expressed in the report.

Thank you for the cooperation and courtesies extended to both Davis & Associates and my staff during this audit.

Sincerely,

Philip M. Heneghan  
Inspector General

## Independent Auditor's Report

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**DAVIS AND ASSOCIATES CERTIFIED PUBLIC ACCOUNTANTS, PLLC**

*Member American Institute of Certified Public Accountants Governmental Audit Quality Center*

### Independent Auditor's Report

**To the Inspector General  
US International Trade Commission**

#### **Report on the Financial Statements**

We have audited the accompanying Consolidated Balance Sheet of the US International Trade Commission (USITC) as of September 30, 2014, and the related Statement of Net Cost, Changes in Net Position and Combined Statement of Budgetary Resources for the year then ended (hereinafter referred to as financial statements). The financial statements of USITC as of September 30, 2013 were audited by other auditors whose report dated December 9, 2013 expressed an unqualified opinion on those statements.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. 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 U.S. Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 14-02, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 14-02 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Opinion**

In our opinion, the Financial Statements referred to above present fairly, in all material respects, the financial position of the US International Trade Commission as of September 30, 2014, and the related

statements of net costs, changes in net position and budgetary resources for the year then ended, in conformity with U.S. generally accepted accounting principles.

### **Other Matters**

#### *Required Supplementary Information*

The information in the Management's Discussion and Analysis is not a required part of the financial statements but is supplementary information required by U.S. generally accepted accounting principles, OMB Circular A-136, *Financial Reporting Requirements*, and the Federal Accounting Standards Advisory Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

The information presented in the *Message from the Chairman*, and the *Other Accompanying Information and Appendices* is presented for purposes of additional analysis and is not required as part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards* and OMB Bulletin No. 14-02, we have also issued our report dated November 5, 2014 on our consideration of USITC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and other matters that are required to be reported under *Government Auditing Standards*. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering USITC's internal control over financial reporting and compliance, and should be read in conjunction with this report in considering the results of our audit.

***Davis & Associates***

Alexandria, Virginia

## Inspector General's Transmittal Letter of Independent Auditor's Report on Internal Control



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### UNITED STATES INTERNATIONAL TRADE COMMISSION

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WASHINGTON, DC 20436

November 12, 2014

OIG-MM-019

Chairman Broadbent:

This memorandum transmits the Independent Auditor's Report on Internal Control (OIG-AR-15-04) associated with the audit of the Commission's financial statements for fiscal year 2014.

We contracted with the independent certified public accounting firm, Davis & Associates, to conduct the financial statement audit. The contract required that the audit be conducted in accordance with U.S. generally accepted government auditing standards and these auditing standards require a report on Internal Control to be produced as part of the audit.

Throughout the audit and at its conclusion, my office followed procedures and conducted a final review that included monitoring the performance of the audit, reviewing Davis & Associates report and related documentation, and making inquiries of its representatives. Our final review disclosed no instances where Davis & Associates did not comply, in all material respects, with the U.S. generally accepted government auditing standards; however, this final review cannot be construed as an audit, and is not intended to enable us to express, and we do not express, any opinion on the Commission's internal control. Davis & Associates is solely responsible for this report dated November 5, 2014, and the conclusions expressed in the report.

Thank you for the courtesies extended to the auditors and my staff during this audit.

Sincerely,

Philip M. Heneghan  
Inspector General

## Independent Auditor's Report on Internal Control

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DAVIS AND ASSOCIATES CERTIFIED PUBLIC ACCOUNTANTS, PLLC

*Member American Institute of Certified Public Accountants Governmental Audit Quality Center*

### Independent Auditor's Report on Internal Control

**To the Inspector General  
US International Trade Commission**

We have audited the accompanying Consolidated Balance Sheet of the US International Trade Commission (USITC) as of September 30, 2014, and have issued our report thereon dated November 5, 2014. 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 U.S. Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 14-02, *Audit Requirements for Federal Financial Statements*.

In planning and performing our audit, we considered USITC's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting was for the limited purpose described in the Responsibilities section of this report and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not test all internal controls relevant to operating objectives as broadly defined in the Federal Managers' Financial Integrity Act of 1982 (FMFIA), such as those controls relevant to ensuring efficient operations.

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 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 reportable condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that misstatements caused by error or fraud, in amounts that would be material in relation to the financial statements being audited, may occur undetected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. In our fiscal year 2014 audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

We noted less significant matter involving internal control and its operation which we have reported to USITC management in a separate letter dated November 5, 2014.

This report is intended solely for the information and use of USITC's management, USITC Office of Inspector General, OMB, the Governmental Accountability Office, and the U.S. Congress, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Davis & Associates*

Alexandria, Virginia  
November 5, 2014



## Inspector General's Transmittal on Independent Auditor's Report on Compliance with Laws and Regulations



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### UNITED STATES INTERNATIONAL TRADE COMMISSION

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WASHINGTON, DC 20436

November 12, 2014

OIG-MM-020

Chairman Broadbent:

This memorandum transmits the Independent Auditor's Report on Compliance with Laws and Regulations (OIG-AR-15-05) associated with the audit of the Commission's financial statements for fiscal year 2014.

We contracted with the independent certified public accounting firm, Davis & Associates, to conduct the financial statement audit. The contract required that the audit be conducted in accordance with U.S. generally accepted government auditing standards and these auditing standards require a report on Compliance with Laws and Regulations to be produced as part of the audit.

The auditors did not identify any instances of noncompliance that would have a direct or material effect on the determination of financial statement amounts.

Throughout the audit and at its conclusion, my office followed procedures and conducted a final review designed to assure that the work performed by non-Federal auditors complied with the auditing standards. Our final review disclosed no instances where Davis & Associates did not comply, in all material respects, with the U.S. generally accepted government auditing standards; however, this final review cannot be construed as an audit, and is not intended to enable us to express, and we do not express, any opinion on the Commission's compliance with laws and regulations. Davis & Associates is solely responsible for this report dated November 5, 2014, and the conclusions expressed in the report.

Thank you for the cooperation and courtesies extended to both Davis & Associates and my staff during this audit.

Sincerely,

Philip M. Heneghan  
Inspector General

## Independent Auditor's Report on Compliance with Laws and Regulations

**DAVIS AND ASSOCIATES CERTIFIED PUBLIC ACCOUNTANTS, PLLC**

*Member American Institute of Certified Public Accountants Governmental Audit Quality Center*

### Independent Auditor's Report on Compliance with Laws and Regulations

To the Inspector General  
US International Trade Commission

We have audited the accompanying Consolidated Balance Sheet of the US International Trade Commission (USITC) as of September 30, 2014, and have issued our report thereon dated November 5, 2014. 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 U.S. Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 14-02, *Audit Requirements for Federal Financial Statements*.

USITC's management is responsible for complying with applicable laws and regulations. As part of obtaining reasonable assurance about whether USITC's financial statements are free of material misstatements, we performed tests of management's compliance with certain laws and regulations, noncompliance with which could have a direct and material effect in the determination of financial statement amounts, and other particular laws and regulations specified in OMB Bulletin 14-02, including those requirements referred to in the Federal Managers' Financial Integrity Act of 1982 (FMFIA). We limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws and regulations applicable to USITC.

Our tests of compliance with selected provisions of laws and regulations for fiscal year 2014 disclosed no instances of noncompliance that would be reportable under U.S. generally accepted government auditing standards or OMB audit guidance. However, the objective of our audit was not to provide an opinion on overall compliance with laws and regulations. Accordingly, we do not express such an opinion.

This report is intended solely for the information and use of USITC's management, USITC Office of Inspector General, OMB, the Governmental Accountability Office, and the U.S. Congress, and is not intended to be, and should not be, used by anyone other than these specified parties.

***Davis & Associates***

Alexandria, Virginia  
November 5, 2014

# Principal Financial Statements

U.S. INTERNATIONAL TRADE COMMISSION

## BALANCE SHEET

As of September 30, 2014 and 2013

(in dollars)

	2014	2013
<b>Assets:</b>		
Intragovernmental:		
Fund balance with Treasury (Note 2)	\$ 12,663,547	\$ 11,575,115
Accounts receivable (Note 3)	-	26,752
Total intragovernmental	12,663,547	11,601,867
Accounts receivable (Note 3)	11,945	12,602
Property, plant, and equipment, net (Note 4)	6,236,065	7,214,491
<b>Total Assets</b>	<b>\$ 18,911,557</b>	<b>\$ 18,828,960</b>
<b>Liabilities:</b>		
Intragovernmental:		
Accounts payable (Note 6)	\$ 729,813	\$ 698,969
Employer contributions and payroll taxes payable (Note 5)	327,317	267,452
Unfunded FECA liability (Note 5)	242	3,758
Total intragovernmental	1,057,372	970,179
Accounts payable (Note 6)	1,203,312	1,642,108
Accrued funded payroll (Note 5)	1,311,934	1,138,347
Actuarial FECA liability (Note 5)	1,119	13,995
Unfunded leave (Note 5)	3,978,583	3,797,132
<b>Total Liabilities</b>	<b>\$ 7,552,320</b>	<b>\$ 7,561,761</b>
<b>Net position:</b>		
Unexpended appropriations	9,091,170	7,828,240
Cumulative results of operations	2,268,067	3,438,959
<b>Total Net Position</b>	<b>\$ 11,359,237</b>	<b>\$ 11,267,199</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 18,911,557</b>	<b>\$ 18,828,960</b>

\*Totals may not add due to rounding

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

U.S. INTERNATIONAL TRADE COMMISSION  
**STATEMENT OF NET COST**  
 For the years ended September 30, 2014 and 2013  
 (in dollars)

	2014	2013
Program Costs:		
<b>Total Program Costs</b>	<b>\$ 86,730,774</b>	<b>\$ 83,249,991</b>

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

U.S. INTERNATIONAL TRADE COMMISSION  
**STATEMENT OF CHANGES IN NET POSITION**  
 For the years ended September 30, 2014 and 2013  
 (in dollars)

	2014	2013
<b>Cumulative Results of Operations:</b>		
Beginning balance	\$ 3,438,958	\$ 4,462,903
Budgetary Financing Sources:		
Appropriations used	81,737,069	78,810,899
Other Financing Sources (Non-Exchange):		
Imputed financing costs (Note 9)	3,822,814	3,415,148
Total Financing Sources	85,559,883	82,226,047
Net Cost of Operations (+/-)	(86,730,774)	(83,249,991)
Net Change	(1,170,891)	(1,023,944)
<b>Total Cumulative Results of Operations</b>	<b>\$ 2,268,067</b>	<b>\$ 3,438,959</b>
<b>Unexpended Appropriations:</b>		
Beginning balance	\$ 7,828,239	\$ 7,773,152
Budgetary Financing Sources:		
Appropriations received	83,000,000	83,000,000
Less: Other adjustments	-	(4,134,013)
Less: Appropriations used	(81,737,069)	(78,810,899)
Total budgetary financing sources	1,262,931	55,088
<b>Total Unexpended Appropriations</b>	<b>9,091,170</b>	<b>7,828,240</b>
<b>Net Position</b>	<b>\$ 11,359,237</b>	<b>\$ 11,267,199</b>

\*Totals may not add due to rounding

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

**U.S. INTERNATIONAL TRADE COMMISSION**  
**STATEMENT OF BUDGETARY RESOURCES**  
 For the years ended September 30, 2014 and 2013  
 (in dollars)

	2014	2013
<b>Budgetary Resources:</b>		
Unobligated balance, brought forward, October 1	\$ 256,531	\$ 334,161
Recoveries of prior year unpaid obligations	1,234,713	1,054,548
Appropriations	83,000,000	78,865,987
Spending Authority from Offsetting Collections (discretionary and mandatory)	776,375	105,075
<b>Total Budgetary Resources</b>	<b>\$ 85,267,620</b>	<b>\$ 80,359,771</b>
<b>Status of Budgetary Resources:</b>		
Obligations Incurred	84,925,178	80,103,240
Unobligated Balance, End of Year:		
Apportioned	342,442	256,531
<b>Total Status of Budgetary Resources</b>	<b>\$ 85,267,620</b>	<b>\$ 80,359,771</b>
<b>Change in Obligated Balance:</b>		
Unpaid Obligations, Brought Forward, October 1	\$ 11,345,336	\$ 14,217,507
Uncollected customer payments from federal sources, Brought Forward Oct 1	(26,752)	(26,752)
Obligated balance, start of year (net)	\$ 11,318,584	\$ 14,190,755
Obligations incurred	84,925,178	80,103,240
Outlays (gross)	(82,714,695)	(81,920,863)
Recoveries of prior year unpaid obligations	(1,234,713)	(1,054,548)
Change in uncollected customer payments from Federal sources	26,752	-
<b>Obligated balance, end of year (net)</b>	<b>\$ 12,321,105</b>	<b>\$ 11,318,584</b>
Unpaid obligations, end of year (gross)	12,321,105	11,345,336
Uncollected customer payments from federal sources, end of year	-	(26,752)
<b>Obligated balance, end of year (net)</b>	<b>\$ 12,321,105</b>	<b>\$ 11,318,584</b>
<b>Budget Authority and Outlays, Net:</b>		
Budget Authority, gross	\$ 83,776,375	\$ 78,971,062
Actual offsetting collections	(803,126)	(105,075)
Change in uncollected customer payments from Federal sources	26,752	-
<b>Budget Authority, net</b>	<b>\$ 83,000,000</b>	<b>\$ 78,865,987</b>
Outlays, gross	82,714,695	81,920,863
Actual offsetting collections	(803,126)	(105,075)
<b>Outlays, net</b>	<b>\$ 81,911,568</b>	<b>\$ 81,815,788</b>

\*Totals may not add due to rounding

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

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## **United States International Trade Commission Notes to Financial Statements September 30, 2014 and 2013**

### **Note 1. Significant Accounting Policies**

#### **A. Reporting Entity**

The United States International Trade Commission (USITC) is an independent agency of the U.S. Government created by an act of Congress and is headed by six commissioners, appointed by the President and confirmed by the U.S. Senate for nine-year terms. The President designates the chairman and vice chairman, each of whom serve two-year terms. The USITC's budget constitutes a single program in the Budget of the United States. Accordingly, the USITC receives a lump sum appropriation. The appropriated funds are "no year" funds and may be obligated for goods and services that are provided in subsequent fiscal years.

The Commission conducts investigations and reports findings relating to imports and the effect of imports on industry, and unfair import practices. The USITC advises the President on the probable economic effect of proposed trade agreements with foreign countries. The USITC also conducts analytical studies and provides reports on issues relating to international trade and economic policy to Congress and the President.

#### **B. Basis of Accounting and Presentation**

The USITC's financial statements conform to Generally Accepted Accounting Principles (GAAP) as promulgated by the Federal Accounting Standards Advisory Board (FASAB). The American Institute of Certified Public Accountants (AICPA) recognizes FASAB Standards as GAAP for federal reporting entities. These principles differ from budgetary reporting principles. The differences relate primarily to the capitalization and depreciation of property, plant, and equipment, as well as the recognition of other long-term assets and liabilities. The statements were prepared in conformity with OMB Circular No. A-136, Financial Reporting Requirements.

The financial statements have been prepared from the books and records of the USITC and include all accounts of all funds under the control of the USITC. Accounting principles generally accepted in the United States of America encompass both accrual and budgetary transactions. 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. Budgetary accounting facilitates compliance with legal constraints and controls over the use

of federal funds. The accompanying financial statements are prepared on the accrual basis of accounting. The USITC's fiscal year (FY) is October 1 through September 30. FY 2014 and FY 2013 financial statements are presented to allow comparison.

**Assets:** Intragovernmental assets are those assets that arise from transactions with other federal entities. Funds with the U.S. Treasury represent intragovernmental assets on the USITC's balance sheet. Fiduciary assets are not assets of the USITC and are not recognized on the balance sheet. The USITC holds cease and desist bonds, which are held for non-federal parties that the USITC does not have the authority to use in its operations. See Note 12, Fiduciary Activities, for additional disclosures.

**Financing Sources:** The USITC has received "no year" appropriations for operations since FY 1993. Appropriations are recognized as a financing source and expensed when related operating expenses are incurred. Differences between appropriations received and those expensed are included as unexpended appropriations. Congress appropriated \$83,000,000 to the USITC for salaries and expenses in both FY 2014 and FY 2013. In FY 2013 there was a rescission of \$4,134,013.

**Fund Balance with the U.S. Treasury:** Cash receipts and disbursements are processed by the Treasury. The fund balance with the U.S. Treasury represents appropriated entity funds in the custody of the U.S. Treasury and is available to pay current liabilities and to finance authorized purchase commitments. The USITC's obligated and unobligated fund balances are carried forward until goods or services are received and payments are made, or until such time as funds are deobligated.

### **C. Property, Plant, and Equipment, Net**

The USITC's portfolio of assets includes IT-related equipment, furniture, software, and leasehold improvements. For financial statement reporting purposes, the USITC does not own heritage assets or plant, as defined in the FASAB Statements of Federal Financial Accounting Standard (SFFAS) No. 6, Accounting for Property, Plant, and Equipment. The USITC therefore reports only the above-mentioned property and equipment in its financial statements. The USITC's operations are housed in a leased structure. In FY 2007, the USITC entered into a 10-year operating lease with the General Services Administration (GSA) for the facility that houses its day-to-day mission operations.

The USITC capitalizes all equipment and furniture when an asset acquisition costs \$50,000 or more and when the acquired asset has a useful life of two or more years. Depreciation



expense for equipment and furniture is calculated using the straight-line method over an estimated economic useful life. Maintenance and license fees associated with equipment are expensed in the accounting period that purchased maintenance and licenses are received.

The USITC capitalizes internal use software (IUS) using the standards defined and prescribed in the SFFAS No. 10, the Accounting for Internal Use Software. Accordingly, the USITC begins to accumulate IUS development costs for equipment integral to the functioning and operation of the software, as well as costs for development work associated with an IUS project when accumulated costs reach \$10,000. When the combined accumulated equipment and IUS development costs reach \$100,000, the IUS project is classified for financial statement reporting purposes as a capital asset and reported in the financial statements as an “in progress” capital asset. Equipment integral to the functioning and operation of the software is not depreciated until the software is placed in service. Upon completion and user acceptance testing, IUS and its associated equipment are reclassified as IUS equipment and software. The equipment is depreciated and the software is amortized using the straight-line (S/L) method over an estimated economic useful life. Maintenance and license fees associated with an IUS capital asset are accrued, expensed, and allocated between accounting periods based on period-of-performance timeframes specified in contractual agreements. Commercial software costs that do not meet the capitalization criteria and thresholds are expensed in the accounting period that the purchased software is received.

The USITC capitalizes all leasehold improvement acquisition costs that are \$50,000 or more and that have a useful life of two or more years. The USITC applies the same accounting treatment and standards to leasehold improvements as it does for IUS, when the leasehold improvement involves multiple stages of completion before work acceptance. For financial reporting purposes, all accumulated costs are captured in an “in progress” account and reported on the financial statements. Upon completion and acceptance of work, the costs are reclassified and reported on the financial statements as a leasehold improvement subject to amortization. Leasehold improvements are amortized over either the remaining life of lease term or the estimated economic useful life of the leasehold improvement, whichever is less.

#### **D. Accrued Annual Leave**

Accrued annual leave is paid from future funding sources and accordingly is reflected as a liability not covered by budgetary resources. Each quarter the balance in the accrued leave account is adjusted to reflect the current leave balances and pay rates. Sick leave and other types of non-vested leave are expensed as taken.

**E. Employee Retirement Plans**

Commission employees participate in either the Civil Service Retirement System (CSRS), the Federal Employees Retirement System (FERS) which became effective on January 1, 1987, or the Federal Employees Retirement System-Revised Annuity Employees (FERS-RAE), which became effective on January 1, 2013. Most federal employees hired after December 31, 1983, are automatically covered by FERS or FERS-RAE, and Social Security. For employees covered by CSRS, the USITC withheld 7.0 percent of base pay earnings. The Commission matches this withholding, and the sum of the withholding and the matching funds is transferred to the Civil Service Retirement System.

FERS and FERS-RAE contributions made by employer agencies and covered employees are comparable to the U.S. Government's estimated service costs. For FERS and FERS-RAE covered employees, the Commission made contributions of 11.9 percent and 9.6 percent, respectively, of basic pay. Employees participating in FERS or FERS-RAE are covered under the Federal Insurance Contribution Act (FICA) for which both the Commission and employees contributed 6.2 percent of salaries up to \$117,000 and \$113,700 during calendar years 2014 and 2013, respectively, into the Old-Age, Survivors, and Disability Insurance (OASDI) program; both the Commission and employees contribute 1.45 percent of salaries (with no upper limit) to Medicare's Hospital Insurance (HI) program.

**F. Net Position**

Net position is the residual difference between assets and liabilities and is composed of unexpended appropriations and the 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. Cumulative results of operations are the net result of the USITC's operations since inception.

## G. Intragovernmental Activities

The USITC records and reports only those government-wide financial matters for which it is responsible and identifies only those financial matters that the USITC has been granted the budget authority and resources to manage.

## H. Use of Estimates

The financial statements are based on the selection of accounting policies and the application of certain accounting estimates, some of which require management to make significant assumptions. Further, the estimates are based on current conditions that may change in the future. Actual results could differ materially from the estimated amounts. The financial statements include information to assist in understanding the effect of changes in assumptions to the related information.

## Note 2. Fund Balance with Treasury

Fund Balance with Treasury is an intragovernmental asset. The Commission fund balance represents funds appropriated by Congress for use by the USITC. No funds are restricted; however, in accordance with section 605 of Title 5 of Public Law 105-277, Congressional approval is required under certain reprogramming or transfer actions.

No discrepancies exist between the Fund Balance reflected in the general ledger and the balance in the Treasury accounts.

Fund Balance with Treasury	2014	2013
A. Fund balance		
Appropriated funds	\$ 12,663,547	\$ 11,575,115
<b>Total</b>	<b>\$ 12,663,547</b>	<b>\$ 11,575,115</b>
B. Status of Fund Balance with Treasury		
Unobligated balance available	342,442	256,531
Obligated balance not yet disbursed	12,321,105	11,318,584
<b>Total</b>	<b>\$ 12,663,547</b>	<b>\$ 11,575,115</b>

### Note 3. Accounts Receivable

The balance of accounts receivable was \$11,945 and \$39,354 at September 30, 2014 and September 30, 2013, respectively. The intragovernmental receivable is the amount GSA overcharged the Commission for real estate taxes for fiscal years 2000 through 2005, while the non-governmental amount is principally the amount due from current and former employees. GSA has declined to repay the prior period funds, so the receivable was written off this fiscal year.

Receivable Type	2014	2013
Intragovernmental	\$ -	\$ 26,752
Non-governmental	11,945	12,602
<b>Total</b>	<b>\$ 11,945</b>	<b>\$ 39,354</b>

### Note 4. Property, Plant, and Equipment, Net

Depreciation and amortization expense was \$2,296,877 and \$2,465,745 for fiscal years ending September 30, 2014 and 2013, respectively, and is included in the accumulated depreciation.

Comparative asset tables summarized by class of property appear below:

#### Property, Plant, and Equipment as of September 30, 2014

Class of Property	Depreciation/ Amortization Method	Capitalization Threshold for Individual Purchases	Service Life (Years)	Acquisition Cost	Accumulated Depreciation/ Amortization	Book Value
Equipment and Furniture	S/L	\$ 50,000	5	\$ 6,774,727	\$ 4,619,774	\$ 2,154,953
Software	S/L	100,000	5	3,802,971	3,598,800	204,171
Software in Development	-	-	-	565,255	-	565,255
Leasehold Improvements	S/L	50,000	5-13	6,134,496	3,407,389	2,727,107
Leasehold Improvements in Progress	-	-	-	584,579	-	584,579
<b>Total</b>	-	-	-	<b>\$17,862,028</b>	<b>\$ 11,625,963</b>	<b>\$ 6,236,065</b>

**Property, Plant, and Equipment as of September 30, 2013**

Class of Property	Depreciation/ Amortization Method	Capitalization Threshold for Individual Purchases	Service Life (Years)	Acquisition Cost	Accumulated Depreciation/ Amortization	Book Value
Equipment and Furniture	S/L	\$ 50,000	5	\$ 6,482,048	\$ 3,637,510	\$ 2,844,538
Software	S/L	100,000	5	3,639,811	3,235,588	404,223
Software in Development	-	-	-	-	-	-
Leasehold Improvements	S/L	50,000	5-13	6,134,496	2,455,989	3,678,507
Leasehold Improvements in Progress	-	-	-	287,223	-	287,223
<b>Total</b>	-	-	-	<b>\$ 16,543,578</b>	<b>\$ 9,329,087</b>	<b>\$ 7,214,491</b>

**Note 5. Liabilities Not Covered by Budgetary Resources**

Liabilities not covered by budgetary authority are not charged to the USITC's appropriation. These liabilities include unfunded Federal Employees' Compensation Act (FECA) liability, accrued annual leave, and actuarial FECA liability.

**Unfunded FECA Liability:** The FECA program is administered by the Department of Labor (DOL). DOL pays valid claims against the USITC and subsequently seeks reimbursement. Reimbursements are paid by the USITC out of current funds.

**Accrued Annual Leave:** Accrued annual leave is paid from future funding sources and accordingly is reflected as a liability not covered by budgetary resources. Each quarter the balance in the accrued leave account is adjusted to reflect the current leave balances and pay rates. Sick leave and other types of non-vested leave are expensed as taken.

**Actuarial FECA Liability:** This represents an estimated liability for future workers compensation claims based on data provided from DOL. DOL calculates the estimate based principally on benefit payments made over the prior 12 quarters.

**Liabilities Covered by Budgetary Resources:** In contrast to the liabilities identified above, all other liabilities are charged to the USITC's appropriation and thus are covered by budgetary resources. These liabilities include accounts payable, employer contributions of taxes and benefits, payroll taxes, and accrued funded payroll. The composition of accounts payable is described in more detail in Note 6, below.

Liabilities Not Covered by Budgetary Resources	2014	2013
Intragovernmental		
Unfunded FECA liability	\$ 242	\$ 3,758
Total Intragovernmental	\$ 242	\$ 3,758
Accrued annual leave	3,978,583	3,797,132
Actuarial FECA liability	1,119	13,995
Total liabilities not covered by budgetary resources	\$ 3,979,944	\$ 3,814,885
Total liabilities covered by budgetary resources	3,572,376	3,746,876
<b>Total Liabilities</b>	<b>\$ 7,552,320</b>	<b>\$ 7,561,761</b>

### Note 6. Accounts Payable

The amounts reported on the Balance Sheet for Accounts Payable represent amounts owed by the USITC to other federal agencies (intragovernmental) and to non-federal entities for goods and services received but not paid by the USITC as of the Balance Sheet date.

Amounts payable to trading partners were \$138,120 and \$162,228 as of September 30, 2014 and 2013, respectively. For FY 2014, amounts were principally owed to GSA administrative support services. For FY 2013, amounts were principally owed to the Department of Homeland Security (DHS), the GPO, and the Office of Personnel Management (OPM) for guard services, printing services, and human resources support services, respectively.

The amounts reported below as real estate taxes payable, \$591,693 and \$536,741, represent unpaid property taxes for the periods (1) January 1, 2014 to September, 2014, and (2) January 1, 2013 to September 30, 2013, respectively. These amounts represent taxes that are invoiced and generally paid annually by September for the previous calendar year to the GSA. Thus, each fiscal year the Commission recognizes twelve months of real estate tax expense – three months of actual expense (Oct.-Dec.) and nine months of accrued expense (Jan.-Sep.).

Amounts shown on the Balance Sheet as payable to vendors represent amounts owed by the USITC to non-federal entities for goods and services received by the USITC in support of mission operations as of the Balance Sheet date.

Accounts Payable	2014	2013
Intragovernmental		
Accounts payable to trading partners	\$ 138,120	\$ 162,228
Real estate taxes payable	591,693	536,741
<b>Total Intragovernmental</b>	<b>\$ 729,813</b>	<b>\$ 698,969</b>
Non-federal		
Accounts payable to vendors	1,203,312	1,642,108
<b>Total Accounts Payable</b>	<b>\$ 1,933,125</b>	<b>\$ 2,341,077</b>

### Note 7. Leases

The USITC has no capital leases. The USITC has operating leases for its buildings and for certain equipment (e.g., copiers). The USITC's lease for its headquarters building amounted to \$9.3 million and \$9.6 million for FY 2014 and FY 2013, respectively. The total cost of equipment rental is less than \$500,000 annually. In FY 2007, the USITC entered into a 10-year operating lease with the General Services Administration (GSA) for the facility that houses its day-to-day mission operations. Future minimum lease payments under leases of commercial property due as of September 30, 2014 are as follows:

Fiscal Year	
2015	\$ 10,647,177
2016	10,962,176
2017	9,925,423
<b>Total Future Minimum Lease Payments</b>	<b>\$ 31,534,776</b>

### Note 8. Commitments and Contingencies

The USITC has certain claims and lawsuits pending against it. USITC management and legal counsel believe that losses, if any, from other claims and lawsuits will not be material to the fair presentation of the USITC's financial statements.

### Note 9. Other Financing Sources (Non-Exchange)

*Imputed Financing:* The amounts remitted to OPM for employees covered by the federal civilian benefit programs generally do not cover the actual cost of the benefits those employees will receive after they retire. As a consequence, the USITC has recognized an "imputed financing" equal to the difference between the cost of providing benefits to USITC's employees and the contributions the USITC remitted for them. The amount of imputed financing is calculated based on a formula provided by OPM.

**Note 10. Undelivered Orders at the End of the Period**

Undelivered orders consist of goods and services ordered and obligated that have not been received. Undelivered orders may be indicative of obligations to cover future delivery of good and services or may represent potential de-obligations. Since the USITC has “no year” funds, it often funds contracts, particularly service contracts, on a calendar year or other annual basis, rather than on a fiscal year basis. Undelivered orders were \$8,748,729 and \$7,598,459 as of September 30 in FY 2014 and FY 2013, respectively.

**Note 11. Explanation of Differences between the Statement of Budgetary Resources and the Budget of the United States Government**

For FY 2013 there were no material differences between amounts reported in the Commission’s Statement of Budgetary Resources and the actual amounts reported on the President’s Budget. There are no material differences between the amounts reported in the Commission’s Statement of Budgetary Resources for FY 2014 and the Consolidated Appropriations Act, 2014.

**Note 12. Fiduciary Activities**

Fiduciary activities are the collection or receipt, and the management, protection, accounting, investment and disposition by the federal government of cash or other assets in which non-federal individuals or entities have an ownership interest that the federal government must uphold.

Fiduciary cash and other assets are not assets of the federal government and accordingly are not recognized on the balance sheet.

Fiduciary net assets held by the USITC consist of cease and desist bonds held for non-Federal recipients.

Fiduciary Assets	2014	2013
Fiduciary net assets, beginning of year	\$ 162,461	\$ 364,172
Cash collections from cease and desist bonds	52,489	8,289
Cash disbursements to beneficiaries	(58,326)	(210,000)
<b>Fiduciary Net Assets, end of year</b>	<b>\$ 156,624</b>	<b>\$ 162,461</b>



**Note 13. Reconciliation of Net Cost of Operations to Budget**

A reconciliation of net cost of operations to budget is presented below to show the relationship between accrual-based (financial accounting) information in the statement of net cost and obligation-based (budgetary accounting) information in the statement of budgetary resources. This reconciliation ensures that the proprietary and budgetary accounts in the financial management system are in balance. For FY 2014, the USITC reconciled the difference between the \$84.9 million in obligated resources and the \$86.7 million in the net cost of operations and for FY 2013, the difference between the \$80.1 million in obligated resources and the \$83.2 million in the net cost of operations by adjusting for offsetting collections/adjustments/recoveries, imputed financing, financing resources not part of the net cost of operations, and depreciation. The details of these reconciliations are as follows:

Reconciliation of Net Cost of Operations to Budget	2014	2013
<b>Resources Used to Finance Activities:</b>		
Budgetary resources obligated:		
Obligations incurred	\$ 84,925,178	\$ 80,103,240
Less: Spending authority from offsetting collections and recoveries	2,037,840	1,159,623
Obligations net of offsetting collections and recoveries	82,887,338	78,943,617
Other Resources:		
Imputed financing from costs absorbed by others	3,822,814	3,415,148
<b>Total resources used to finance activities</b>	<b>86,710,152</b>	<b>82,358,765</b>
<b>Resources used to finance items not part of the net cost of operations:</b>		
Change in budgetary resources obligated for goods, services, and benefits ordered but not yet provided	1,150,269	132,718
Resources that fund expenses recognized in prior periods	(27,409)	656
Resources that finance the acquisition of assets	1,318,452	1,458,153
<b>Total resources used to finance items not part of the net cost of operations</b>	<b>2,441,312</b>	<b>1,591,527</b>
<b>Total resources used to finance the net cost of operations</b>	<b>84,268,840</b>	<b>80,767,238</b>
<b>Components of net cost of operations that will not require or generate resources in the current period:</b>		
<b>Components requiring or generating resources in future periods:</b>		
Increase / decrease in annual leave liability	181,450	97,275
Increase / decrease workers' compensation	(16,393)	(80,267)
<b>Total components of net cost of operations that will require or generate resources in future periods</b>	<b>165,057</b>	<b>17,008</b>
<b>Components not requiring or generating resources:</b>		
Depreciation and amortization	2,296,877	2,465,745
<b>Total components of net cost of operations that will not require or generate resources in the current period</b>	<b>2,461,934</b>	<b>2,482,753</b>
<b>Net Cost of Operations</b>	<b>\$ 86,730,774</b>	<b>\$ 83,249,991</b>

# OTHER ACCOMPANYING INFORMATION

# Management and Performance Challenges

## Inspector General's Summary of Management and Performance Challenges



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### UNITED STATES INTERNATIONAL TRADE COMMISSION

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WASHINGTON, DC 20436

October 6, 2014

OIG-MM-015

Chairman Broadbent:

This memorandum transmits the Inspector General's summary of the top management and performance challenges facing the Commission and briefly assesses management's progress in addressing these challenges.

I have identified two management and performance challenges for fiscal year 2014; Internal Controls and Using Information Technology to Improve Staff Productivity. These challenges were identified based on work by the Office of Inspector General, input from Commission management, and knowledge of the Commission's programs and operations.

Internal Controls:

The Commission's management is responsible for establishing and maintaining a system of internal controls. These internal controls are the plans, policies, procedures, and organizational environment that managers use to ensure their programs and operations are achieving the intended results through the effective use of public resources.

Documented and consistent policies and procedures are necessary to provide a reasonable level of assurance that offices are operating in an efficient and effective manner. However, the policies and procedures are only effective if they are functioning as intended, monitored, and updated. The Commission has taken steps to document procedures through business process mapping. While this is a step in the right direction, many challenges remain in the areas of on-going monitoring for effectiveness and continual process improvement to gain efficiencies.

The Commission also faces similar challenges in the area of risk assessment. Performing risk assessments is a fundamental element within a system of internal controls that has not been a structured part of the Commission's management activities. The Commission has recently taken steps to begin developing a risk assessment framework, but many challenges remain in educating management on risk identification, prioritization, management, and reporting.

The Commission has recognized the importance of having strong internal controls throughout the agency. The Commission's Internal Control and Risk Management Division has been working one-on-one with office directors and designated representatives to promote awareness of internal controls and facilitate the development of a risk management program. The success of this program is heavily reliant upon senior staff remaining engaged and actively managing the system of internal controls within their area of responsibility.

The Commission has been committed to improving and strengthening the internal control environment. At the same time, the Commission understands that the effort must engage leaders broadly, ensure buy-in across programmatic and administrative offices and be sustained over a long period of time in order to achieve a mature and effective internal control program. The Commission will be challenged to manage and drive the cultural changes associated with the development and implementation of an effective organizational internal control program.

Using Information Technology to Improve Staff Productivity:

Information Technology should enable the Commission's knowledge workers to operate more effectively and efficiently. This requires two foundational characteristics: 1) a secure, stable information technology platform and 2) an environment receptive to change and automation.

The Commission faces challenges providing and managing a secure and stable network environment. Over the past year the Office of Inspector General has reported that the four basic critical controls over network security are not in place at the Commission. These four controls are: 1) inventory of hardware, 2) inventory of software, 3) secure configurations, and 4) continuously assess and patch systems. Full implementation of the four controls will result in a stable and secure network that enables productivity.

The Commission developed an aggressive action plan to implement these controls. While the plan addresses all four controls, significant progress has been realized for two of the controls through the implementation of whitelisting and rapid patching. The Commission implemented whitelisting for its workstations and remote access systems—making these systems much more secure—and enabling the Commission to better manage its software inventory. The Commission has also significantly decreased the time it takes the Commission to apply the patches to its systems.

Information technology should be seen as a supporting, fundamental resource, and not as an entity unto itself. Until this concept is embraced, Commission staff will continue to be frustrated and look for ways to be productive despite the technology of the Commission. If the Commission can improve the flexibility, reliability, and performance of its technology, Commission staff will use it to transform the way they work, resulting in a better, more efficient work product.

The Commission faces many challenges implementing information technology solutions to improve staff productivity. To improve productivity, the Commission should prioritize the appropriate skills and resources in the right areas to ensure that both basic and enhanced services

work well and contribute to a stable, consistent environment to effectively serve its staff regardless of their location or the status of the primary data center.

The Commission has identified and begun to implement business systems that will automate and improve the effectiveness of the Commission's operations. These new systems include collecting electronic data for some Title VII investigations, consolidating different databases of 337 data, and modernizing the Harmonized Tariff Schedule business processes and information systems. Taking advantage of automation will improve the integrity, effectiveness, and efficiency of all the Commission's work.

I will continue to work with you, the other Commissioners, and management to reassess our goals and objectives to ensure that my focus remains on the risks and priorities of the Commission.



Philip M. Heneghan  
Inspector General

## Chairman's Response to Inspector General's Summary of Management and Performance



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### UNITED STATES INTERNATIONAL TRADE COMMISSION

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WASHINGTON, DC 20436

#### COMMENTS ON MANAGEMENT CHALLENGES IDENTIFIED BY THE INSPECTOR GENERAL

In his memorandum dated October 6, 2014, the USITC Inspector General identified two management challenges for the 2014 fiscal year, one relating to internal controls and one relating to the use of information technology to improve staff productivity. As required by the Reports Consolidation Act of 2000, the Inspector General also assessed the USITC's progress in addressing these challenges.

The Commission concurs with the Inspector General's identification of these management challenges and is pleased that progress has been made on both challenges during this fiscal year. It will continue its efforts to successfully address these challenges during the 2015 fiscal year.

#### **Management Challenge: Internal Controls**

The Commission recognizes that internal controls management touches every area of its organization. Specifically, internal controls management affects the Commission's administrative, programmatic, information technology, security, compliance, and financial controls at the agency-wide and office-specific level. The Commission has made significant progress toward establishing a meaningful program of internal controls since the Inspector General first identified this issue as a management challenge. Due to the complexity of the actions needed on this issue, the Commission has developed a multi-year initiative that is designed to transform the management structure and culture of the agency.

During the past year, the Commission established a Division of Internal Control and Risk Management and hired a Director for the Division. The Division and its Director are committed to providing dedicated support to the Chairman, the Commission, and the members of the Senior Executive Service (SES) team as they implement their responsibilities to improve internal controls oversight throughout the agency.

The Commission continues to strengthen internal controls in both the financial and operational areas and adopted a number of actions to improve its understanding and use of internal controls. Specifically, the agency has begun integrating internal controls into operating and administrative processes. It has also started to implement annual evaluations of its agency-wide and office-level controls. Moreover, it has begun developing an enterprise risk management framework that will identify and manage institutional risk at the agency. Finally, it has begun identifying, tracking, and testing pre-existing internal controls in order to better gauge their effectiveness and identify areas for improvement.

#### **Using Information Technology to Improve Staff Productivity**

Information technology is integral to the Commission's operations and the productivity of its staff. The Commission recognizes that it needs to do more in this area to support and improve staff productivity. During the 2014 fiscal year, the Commission instituted new leadership to bring about beneficial change in this area.

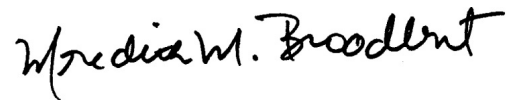
Commission staff are mobile and frequently perform Commission work while traveling or telecommuting, which means that they must be able to maintain consistent access to the agency's information technology systems. Staff also need to maintain continued access to technology services should the Commission's primary data center become unavailable. In 2014, the Commission improved the configuration of its disaster recovery data center and made substantial improvements in its technological support for teleworking. Staff are now able to access the Commission's data and services on a consistent basis, whether they are working in the office or from a remote location.

A secure information technology environment is a critical contributor to staff productivity. Accordingly, in 2014, the Commission strengthened the security of its networks and systems by adopting a technology policy focusing on four critical controls, including: (1) the active management of its processing systems and technology assets; (2) the active management of its installed software, including software whitelisting; (3) the deployment of securely configured systems; and (4) expanded vulnerability scanning and patching. The Commission recognizes that it must ensure that its technology resources effectively enhance staff productivity and fully protect the security of government information assets. Cybersecurity is one of the Office of Management and Budget's Cross Agency Priority goals. The Commission intends to maintain a strong management focus in this area.

As the Commission's operational units continue to document and define their business activities, the knowledge gained will allow the Commission to better use its technology resources to increase staff efficiency and effectiveness. Of particular note, the Commission recently implemented a robust research and analysis tool that provides useful information on the status and history of Section 337 investigations. Now available to both public and internal users, the system, called 337Info, substantially improves the agency's reporting capabilities for section 337 matters. In this fiscal year, the Commission also improved the design and implementation of DataWeb, one of its most widely used trade data applications. Working in collaboration with Census, the Commission began incorporating necessary data revisions in the DataWeb system. The Commission also initiated an effort to redesign and upgrade the DataWeb system, consulting with a wide variety of public and private sector users.



As it continues to evaluate additional business processes, the Commission will adjust the level of resources dedicated to productivity-enhancing information technology.

A handwritten signature in black ink that reads "Meredith M. Broadbent". The signature is written in a cursive, flowing style.

Meredith M. Broadbent  
Chairman  
November 5, 2014

## Summary of Financial Statement Audit and Management Assurances

**Table 1. Summary of Financial Statement Audit (as of September 30, 2014)**

<b>Audit Opinion:</b> Unqualified					
<b>Restatement:</b> No					
<b>Material Weaknesses</b>	<b>Beginning Balance</b>	<b>New</b>	<b>Resolved</b>	<b>Consolidated</b>	<b>Ending Balance</b>
<i>Total Material Weaknesses</i>	0	0	0	0	0

**Table 2. Summary of Management Assurances (as of September 30, 2014)**

<b>Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)</b>						
<b>Statement of Assurance:</b> Unqualified						
<b>Material Weaknesses</b>	<b>Beginning Balance</b>	<b>New</b>	<b>Resolved</b>	<b>Consolidated</b>	<b>Reassessed</b>	<b>Ending Balance</b>
<i>Total Material Weaknesses</i>	0	0	0	0	0	0

<b>Effectiveness of Internal Control over Operations (FMFIA § 2)</b>						
<b>Statement of Assurance:</b> Qualified						
<b>Material Weaknesses</b>	<b>Beginning Balance</b>	<b>New</b>	<b>Resolved</b>	<b>Consolidated</b>	<b>Reassessed</b>	<b>Ending Balance</b>
Security risk in an agency program as it relates to compliance with the Federal Information Security Management Act (FISMA)	✓					✓
<i>Total Material Weaknesses</i>	1	0	0	0	0	1

<b>Compliance with financial management system requirements (FMFIA § 4)</b>						
<b>Statement of Assurance:</b> Unqualified <sup>1</sup>						
<b>Non-Conformances</b>	<b>Beginning Balance</b>	<b>New</b>	<b>Resolved</b>	<b>Consolidated</b>	<b>Reassessed</b>	<b>Ending Balance</b>
<i>Total Non-Conformances</i>	0	0	0	0	0	0

<b>Compliance with Federal Financial Management Improvement Act (FFMIA)</b>		
	<b>Commission</b>	<b>Auditor</b>
1. System requirements	No lack of substantial compliance noted	No lack of substantial compliance noted
2. Accounting Standards	No lack of substantial compliance noted	No lack of substantial compliance noted
3. USSGL at Transaction Level	No lack of substantial compliance noted	No lack of substantial compliance noted

<sup>1</sup> The Commission uses a federal shared services provider, the Department of Interior's (DOI), Interior Business Center (IBC), for financial systems.

## Improper Payments Information Reporting Details

The information presented in this report complies with guidance provided in the *Improper Payments Information Act of 2002* (IPIA) as amended by the *Improper Payments Elimination and Recovery Act of 2010* (IPERA) and the *Improper Payments Elimination and Recovery Improvement Act of 2012* (IPERIA), Office of Management and Budget (OMB) Circular A-136, and Appendix C of OMB Circular A-123, M-15-02, *Requirements for Effective Estimation and Remediation of Improper Payments*.

### Program Review and Risk assessment

The USITC has only one program for budget purposes. The FY 2014 appropriated funding for the program is \$83 million in appropriations. All of the agency's transactions are for employee payroll and benefits, intra-governmental and non-Federal transactions.

The USITC does not maintain its own financial management system, but uses a shared service provider (Interior Business Center/Department of Interior (IBC/DOI)) to process all accounting transactions to include payroll and benefits. The IBC is subject to external audit in accordance with the *Standards for Attestation Engagements* (SSAE) 16. The Office of the CFO (OCFO) examines the SSAE 16 audit results annually to determine if the shared service provider's internal controls are operating effectively to preclude destruction of records, fraud, waste, and abuse. As a result, payroll and benefits are deemed not susceptible to significant risk. Review for overpayment and/or underpayment to Federal employees is conducted periodically. Intra-governmental transactions and accounts payables are reviewed as part of the agency's internal control program under OMB Circular A-123, Appendix A, *Internal Control over Financial Reporting*.

For FY 2014 the USITC non-Federal payment is \$14.2 million (disbursements plus accounts payable) and payroll is \$55.8 million for a combined total of \$70.0 million. IPERA defines "significant" as either (1) improper payments that exceed both \$10 million and 1.5% of program disbursements; or (2) improper payments in excess of \$100 million. Significant improper payments in the USITC's program need to exceed both \$1,050,000 (1.5% improper payment rate) and \$10 million of all non-Federal payments and payments to Federal employees. It is highly unlikely that the USITC is susceptible to significant improper payments.

### Improper Payments Strategy

The 2010 Act requires agencies to conduct payment recapture audits with respect to each program and activity of the agency that expends \$1 million or more annually, if conducting such

audits would be cost-effective. Beginning FY 2013 we focused our strategy to address proper management of payments by:

- Preventing payment errors through documented processes and internal controls;
- Detecting overpayment and underpayments through control testing; and
- Establishing a process with the U.S. Treasury (Treasury Offset Program) to recapture overpayments when identified.

Our strong financial internal control program contributes significantly to our efforts to identify improper payments. During FY 2014 the OCFO did not identify any improper payments.

### Do Not Pay (DNP) Initiative

The OCFO reviews the System for Award Management (SAM) database prior to each acquisition award to ensure the vendor is registered to do business with the Federal government. For post award payments, the IBC sends the weekly payee file to DNP for continuous monitoring. The data sources currently used are:

#### Death Master File (DMF)

- Systems for Awards Management-Exclusion Records – Private
- List of Excluded Individuals/Entities (LEIE)
- System for Award Management (SAM) Entity Registration Records, Private
- Any resulting matches are provided to the OCFO for determination of payment. The IBC has provided DNP services for the Commission since August 2013.

	Number of payments reviewed for improper payments	Dollars of payments reviewed for improper payments	Number of payments stopped	Dollars of payments stopped	Number of improper payments reviewed and not stopped	Dollars of improper payments reviewed and not stopped
Reviews with the DMF only	All agency payments submitted to shared service provider	\$13.0M <sup>1</sup>	0	0	0	0
Reviews with all other databases <sup>2</sup>	All agency payments submitted to shared service provider	\$13.0M	0	0	1	\$5,580

<sup>1</sup> \$13.0M is cash disbursements paid to non-Federal vendors. Total non-Federal payments are \$14.2M; difference of \$1.2M is accounts payable or amounts obligated to be paid.

<sup>2</sup> Databases are 1) Systems for Awards Management-Exclusion Records – Private; 2) List of Excluded Individuals/Entities (LEIE); and 3) System for Award Management (SAM) Entity Registration Records, Private.

## **Payment Recapture Audits**

The IPERA Act of 2010 replaced the recovery auditing program contained in the National Defense Authorization Act of 2002. The 2010 Act requires agencies to conduct recovery audits with respect to each program and activity of the agency that expends \$1 million or more annually, if conducting such audits would be cost-effective.

Once the OCFO has identified an improper payment with a non-Federal vendor, it is USITC's policy to aggressively correct the improper payment. Upon research and analysis of supporting documentation the vendor is contacted for resolution (underpayment to the agency). If it is an ongoing contract, the OCFO will offset the amount to be recovered on the next billing. For all other contracts the vendor is contacted and a receivable is established for collection. If the vendor does not provide payment the debt is entered into the Treasury Offset Program (TOP). If an improper payment is identified as an overpayment to the USITC the vendor is promptly paid.

Internal control reviews within the Office of Human Resources are performed to detect incorrect personnel data input to the Federal Personnel and Payroll System (FPPS) maintained by the agency's shared service provider. Corrected personnel data that affects employee payroll will result in an improper payment. Incorrect personnel data is promptly corrected when detected.

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# APPENDIX A

## U.S. International Trade Commission Staff Offices

### Office of the Administrative Law Judges

The Commission's administrative law judges (ALJs) hold hearings and make initial determinations in investigations under section 337 of the Tariff Act of 1930. If after receipt of a petition, the Commission decides to institute an investigation, the matter is referred to this office. The Chief ALJ assigns each case on a rotational basis to one of the Commission's six ALJs. After a discovery process, a formal evidentiary hearing is held in accordance with the Administrative Procedure Act (APA) (5 U.S.C. 551 et seq.). The ALJ considers the evidentiary record and the arguments of the parties and makes an initial determination (ID), including findings of fact and conclusions of law. The ID becomes the Commission's determination unless the Commission determines to review it or send the matter back to the ALJ for further consideration. Temporary relief may be granted in certain cases.

### Office of the General Counsel

The **General Counsel (GC)** serves as the Commission's chief legal advisor. The GC and the staff attorneys provide legal advice and support to the Commissioners and staff on investigations and research studies, represent the Commission in court and before dispute resolution panels and administrative tribunals, and provide assistance and advice on general administrative matters, including personnel, labor relations, and contract issues.

### Office of Operations

The Commission's core of investigative, industry, economic, nomenclature, and technical expertise is found within the **Office of Operations (OP)**. The following six offices are under the supervision of the Director:

- The **Office of Economics (EC)** conducts investigations primarily under section 332 of the Tariff Act of 1930, section 131 of the Trade Act of 1974, and section 2104 of the Trade Act of 2002. EC also provides expert economic analysis for import injury investigations, as well as other industry and economic analysis products.
- The **Office of Industries (IND)** conducts investigations primarily under section 332 of the Tariff Act of 1930, section 131 of the Trade Act of 1974, and section 2104 of the Trade

Act of 2002. The Office of Industries maintains technical expertise related to the performance and global competitiveness of industries and the impact of international trade on those industries for these studies and import injury investigations

- The **Office of Investigations (INV)** supports the Commission’s mandate to conduct import injury investigations, including those specified in the Tariff Act of 1930, the Trade Act of 1974, the North American Free Trade Agreement (NAFTA) Implementation Act of 1993, and the Uruguay Round Agreements Act (URAA) of 1994.
- The **Office of Tariff Affairs and Trade Agreements (TATA)** implements the Commission’s responsibilities with respect to the HTS and the International Harmonized System.
- The **Office of Unfair Import Investigations (OUII)** participates in adjudicatory investigations, usually involving patent and trademark infringement, conducted under section 337 of the Tariff Act of 1930, both during the pre-institution phase and as a party with no commercial interest in the outcome.
- The **Office of Analysis and Research Services (OARS)** provides research and investigative support. It comprises the library, editorial, knowledge resources, and statistical services.

## Office of External Relations

The **Office of External Relations (ER)** develops and maintains liaison between the Commission and its external customers and is the point of contact with USTR and other executive branch agencies, Congress, foreign governments, international organizations, the public, and the media. The Commission’s Trade Remedy Assistance Office (TRAO), located in ER, provides information about the benefits and remedies available under U.S. trade laws and assists small businesses seeking relief under those laws.

## Office of the Chief Information Officer

The **Office of the Chief Information Officer (OCIO)** provides information technology leadership, a comprehensive services and applications support portfolio, and a sound technology infrastructure to the Commission and its customers. The OCIO seeks to promote, deliver, and manage the secure and efficient application of technology to the Commission’s business activities. OCIO comprises a front office and five divisions: Cybersecurity, Service Delivery, Systems Engineering, Network Support, and Data Management.



## **Office of the Chief Financial Officer**

The **Office of the Chief Financial Officer (OCFO)** compiles the Commission’s annual budget, prepares the appropriation and authorization requests, and closely monitors budget execution. The OCFO also provides support for acquisitions and is responsible for financial reporting. In addition, the OCFO manages the Commission’s internal control program in accordance with FMFIA guidance. Component offices include the Office of Budget, Office of Procurement, and the Office of Finance.

## **Office of Administrative Services**

The **Office of Administrative Services (OAS)** provides human resource services—including collective bargaining with union representatives—information and document management; management of work life issues; facilities management services, and is responsible for all Commission physical and personnel security matters. Component offices include Human Resources, Security and Support Services, and the Office of the Secretary.

## **Office of Inspector General**

The **Office of Inspector General (OIG)** provides audit, evaluation, inspection, and investigative support services covering all Commission programs and strategic operations. The mission of the OIG is to promote and preserve the effectiveness, efficiency, and integrity of the Commission. The OIG activities are planned and conducted based on requirements of laws and regulations, requests from management officials, and allegations received from Commission personnel and other sources.

## **Office of Equal Employment Opportunity**

The **Office of Equal Employment Opportunity (OEEO)** administers the Commission’s affirmative action program. The Director advises the Chairman, the Commission, and USITC managers on all EEO issues; manages and coordinates all EEO activities in accordance with relevant EEO laws and EEO Commission regulations; evaluates the sufficiency of the Agency’s EEO programs and recommends improvements or corrections, including remedial and disciplinary action; encourages and promotes diversity outreach; and monitors recruitment activities to assure fairness in agency hiring practices.

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## APPENDIX B

### Glossary of Acronyms and Abbreviations

AFR	Agency Financial Report
APA	Administrative Procedure Act
APR	Agency Performance Report
ATDA	Accountability of Tax Dollars Act
AICPA	American Institute of Certified Public Accountants
ALJs	Administrative Law Judges
Commission	United States International Trade Commission
CSRS	Civil Service Retirement System
CY	Calendar Year
DataWeb	Interactive Tariff and Trade DataWeb
DHS	Department of Homeland Security
DMF	Death Master File
DNP	Do Not Pay
DOI	Department of Interior
DOL	Department of Labor
EC	Office of Economics
EDIS	Electronic Document Information System
EEO	Equal Employment Opportunity
ER	Office of External Relations
FASAB	Federal Accounting Standards Advisory Board
FECA	Federal Employees' Compensation Act
FERS	Federal Employees Retirement System
FERS-RAE	Federal Employees Retirement System — Revised Annuity Employees
FFMIA	Federal Financial Management Improvement Act
FICA	Federal Insurance Contribution Act

FIN	Office of Finance
FISMA	Federal Information Security Management Act
FMFIA	Federal Managers' Financial Integrity Act
FPPS	Federal Personnel and Payroll System
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GC	General Counsel
GPO	Government Printing Office
GPRA	Government Performance and Results Act
GSA	General Services Administration
HR	Office of Human Resources
HTS	Harmonized Tariff Schedule
IBC	Interior Business Center
ICRM	Internal Control and Risk Management Division
ID	Initial Determination
IG	Inspector General
IND	Office of Industries
INV	Office of Investigations
IPERA	Improper Payments Elimination and Recovery Act
IPERIA	Improper Payments Elimination and Recovery Improvement Act
IPIA	Improper Payments Information Act
IT	Information Technology
IUS	Internal Use Software
LEIE	List of Excluded Individuals/Entities
LLC	Limited Liability Corporation
NAFTA	North American Free Trade Agreement
OALJ	Office of Administrative Law Judges
OARS	Office of Analysis and Research Services
OAS	Office of Administrative Services
OASDI	Old-Age, Survivors, and Disability Insurance
OB	Office of Budget
OCIO	Office of the Chief Information Officer
OIG	Office of Inspector General

OMB	Office of Management and Budget
OP	Office of Operations
OPM	Office of Personnel Management
OUII	Office of Unfair Import Investigations
PALT	Procurement Action Lead Times
PP&E	Property, Plant, and Equipment
PR	Office of Procurement
SAM	System of Award Management
SE	Office of the Secretary
SES	Senior Executive Service
SFFAS	Statement of Federal Financial Accounting Standards
S/L	Straight-Line
SSAE	Statement of Standards for Attestation Engagements
SSS	Office of Security and Support Services
TATA	Office of Tariff Affairs and Trade Agreements
TOP	Treasury Offset Program
TRAO	Trade Remedy Assistance Office
Treasury	U.S. Department of Treasury
URAA	Uruguay Round Agreements Act
USITC	United States International Trade Commission
USSGL	United States Standard General Ledger
USTR	United States Trade Representative

## Contact Information

<b>United States International Trade Commission</b>	500 E Street, SW Washington, DC 20436
General Information Number	202-205-2000
Internet Home Page	<a href="http://www.usitc.gov/">http://www.usitc.gov/</a>
Strategic Plan Internet Site	<a href="http://usitc.gov/press_room/documents/USITC_2014-2018_StrategicPlan_final.pdf">http://usitc.gov/press_room/documents/USITC_2014-2018_StrategicPlan_final.pdf</a>
<b>Agency Financial Report (AFR)</b>	
AFR Internet Site	<a href="http://www.usitc.gov/strategicplan.htm#performance">http://www.usitc.gov/strategicplan.htm#performance</a>
AFR Contact	Debra Straub
AFR Telephone	202-205-3184
AFR E-mail Address	<a href="mailto:debra.straub@usitc.gov">debra.straub@usitc.gov</a>
AFR Fax Number	202-205-1914

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