United States
International Trade Commission

Agency Financial Report

Fiscal Year 2015

November 2015

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Message from the Chairman

I am pleased to transmit the *FY 2015 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 accurate, timely, and insightful analysis on an evolving range of international trade matters.

The Commission reviews its strategic goals and objectives annually. During the year, the Commission also began to integrate enterprise risk management principles into its planning and budget formulation processes, which will improve the efficiency and effectiveness of the Commission's decision-making.

Program Accomplishments

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

The Commission made substantial progress toward achieving its strategic objectives in FY 2015, meeting or exceeding most of its annual performance goals and improving upon agency performance in other areas. This year, the agency instituted 99 new investigations and completed 106 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 and objective manner, produced sound determinations, and provided relief when warranted under the statute. In FY 2015, our import injury investigations covered a broad range of products, including solar panels, tires for passenger vehicles and light trucks, freight containers, and flat-rolled steel products, among other things. Our unfair import investigations covered a similarly wide array of products, which included televisions, windshield wipers, electronic devices, toner cartridges, outdoor grills, headphones, trampolines, and toys, among other things. The

Commission also improved the efficiency of its 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. Intended to fill critical information gaps for policy makers, the Commission's economic investigations covered a variety of topics in 2015, including trade, investment and industrial policies in India, the competitiveness of the U.S. rice industry, environmental goods, U.S. exports to Cuba, and a retrospective analysis of Trade Promotion Authority. In addition, the agency compiled the 2015 Harmonized Tariff Schedule and its updates.

The Commission also made steady progress on its management and administrative goals during 2015, particularly in the areas of human resources, financial management, and information technology management. The agency continued to strengthen its strategic planning and performance management processes, improve internal controls, and incorporate enterprise risk management principles into its administrative and budgeting processes. The Commission also continued to strengthen the security and effectiveness of its information systems, which will help enhance the productivity and efficiency of staff.

FY 2015 Agency Financial Report

The Commission's FY 2015 financial statement audit resulted in an unmodified opinion by the independent accounting firm Davis and Associates, monitored by the Inspector General. The independent auditors identified no material weaknesses, significant deficiencies, or instances of non-compliance with laws and regulations. During FY 2015, 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 our internal controls over operations meet the objectives of FMFIA, as of September 30, 2015, with the exception of the material weaknesses described in the Chairman's Statement of Assurance section of this report. Additionally, I can provide reasonable assurance that, as of June 30, 2015, the Commission's 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, 2015, 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.

In closing, I want to acknowledge the hard work, dedication, and commitment of our employees as they continue to successfully carry out the mission of our agency.

Meredith M. Broadbent

November 16, 2015

Management's Discussion and Analysis

Introduction

The United States International Trade Commission (Commission or USITC) FY 2015 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. The USITC has chosen to produce an AFR and Annual Performance Report (APR). The USITC will issue its FY 2015 Annual Performance Report when it issues its Congressional Budget Justification in February 2016.

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.

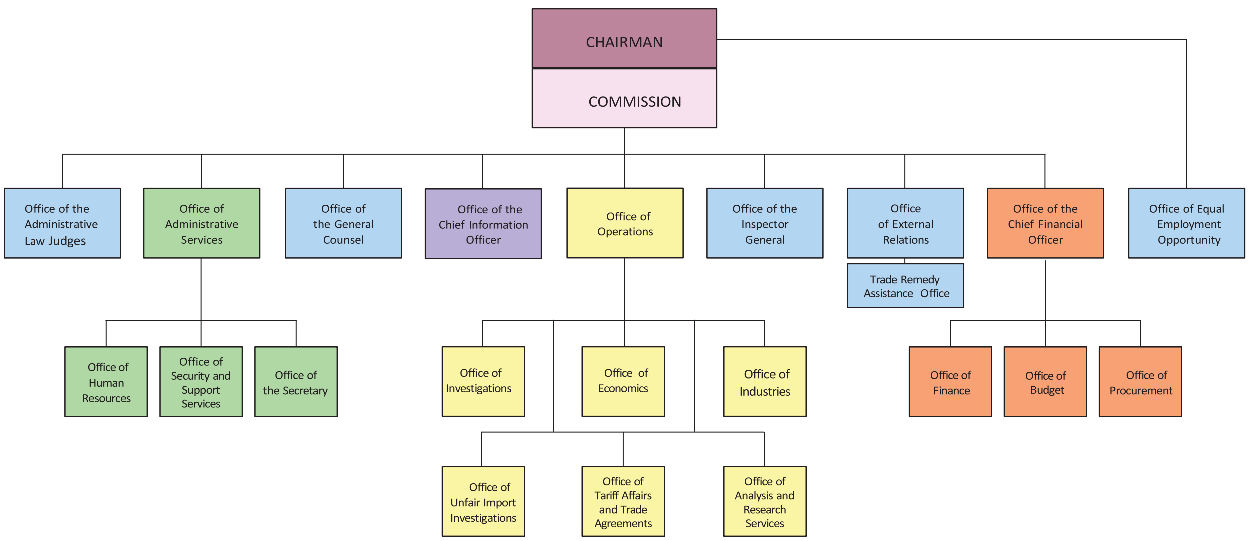
Organization

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. Schmidtlein.

Each of the six Commissioners serves a term of nine years, unless appointed to fill an unexpired term. The terms are set by statute[1] 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 (ALJ);
- Office of the General Counsel (GC);
- Office of External Relations (ER), including the Trade Remedy Assistance Office (TRAO);

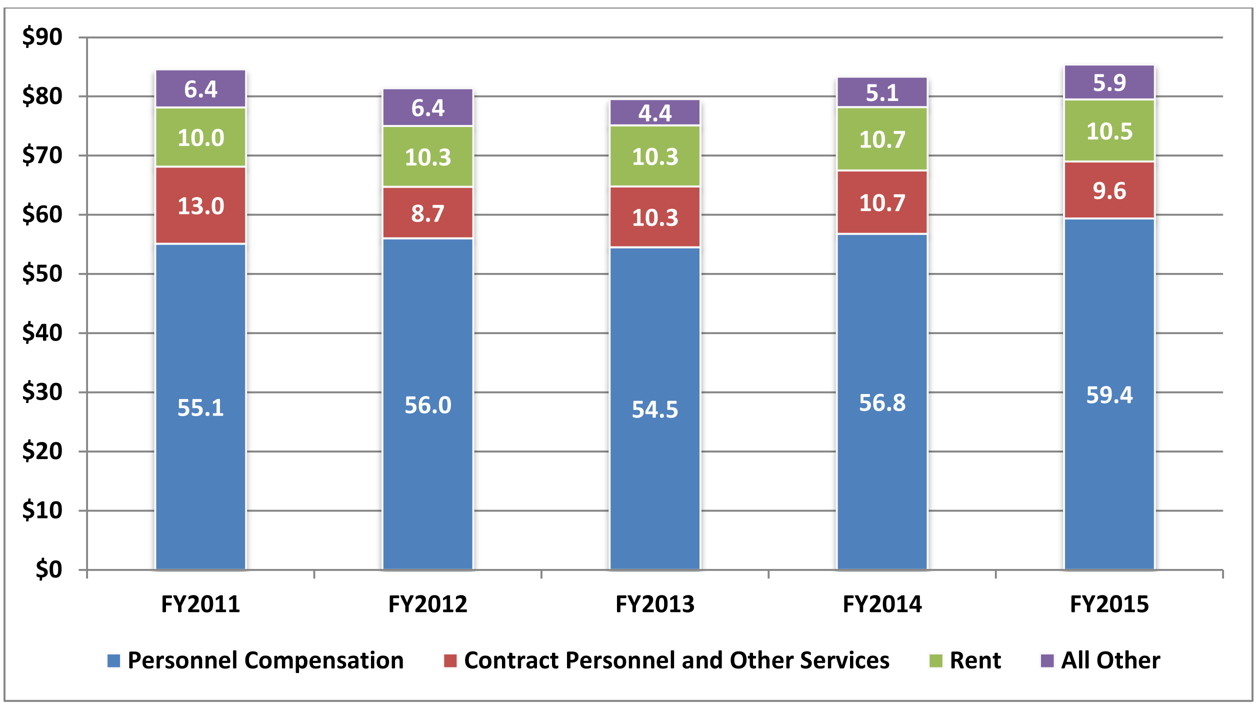
[1] 19 U.S.C § 1330, Organization of Commission.

- 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 (OIG); 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 2015, the Commission obligated a total of $85.4 million; $59.4 million or 69.6 percent was obligated for all employees to include permanent, temporary, and term. Rental for occupied space amounted to $10.5 million or 12.3 percent. Contract services obligated was $9.6 million or 11.2 percent and primarily supported network operations and software development. All Other was composed primarily of equipment, supplies, and leasehold improvements that amounted to $5.9 million or 6.9 percent.[2]



[2] Dollar amounts include prior year carryover and will not balance to the FY2015 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 2015.

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. During FY 2015, the Commission issued its corresponding Annual Performance Plan for FY 2015–2016. 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 began to integrate enterprise risk management into its planning and budget formulation processes. The agency also identified low-priority program activities and duplicative/outdated congressionally mandated reports.

The Performance Plan sets out annual measures that correspond to the broader strategic goals, performance goals, and strategies identified in the Strategic Plan. The Commission's FY 2016 Budget Justification describes the operational processes, human capital, 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
Strategic Goal 1 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
Strategic Goal 2 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
Management Goal 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
Cross-cutting Objectives	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 2015 by meeting or exceeding the majority of its annual performance goals. The agency focused on improving the timeliness of its determinations, enhancing its analytical and management capabilities, achieving efficiencies in its information collection and other data management activities, improving internal controls, enhancing cybersecurity, developing data presentation tools, 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.[3]

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 2015, the Commission met all of the performance goals associated with this strategic objective.[4]

The Commission met its statutory deadlines throughout the year, as it delivered its import injury determinations on time. The Commission also made significant progress on a number of the performance goals associated with its section 337 investigations. After extensive analysis, the Commission determined that designating investigations as more or less complicated is not

[3] Title VII investigation activity increased slightly in FY 2015. In FY 2015, 47 investigations and reviews were instituted and 47 were completed. The case load for section 337 held steady in FY 2015. There were 36 new investigations instituted and 11 new ancillary actions filed bringing the total of new investigations for the fiscal year to 47. During the year, there were 88 active investigations; 50 investigations were completed.

[4] There were no ancillary proceedings concluded on the merits during the fiscal year for which a timeliness goal had been established.

practicable, and is removing this performance goal. Commission staff continued to focus in FY 2015 on ways to reduce the length of investigations through other means. In FY 2015 the average length of section 337 investigations concluded on the merits decreased from 17.1 months to 15.6 months. During the year, the Commission made initial attempts to measure the effectiveness and efficiency of three pilot programs pertaining to the conduct of these investigations, and will continue such efforts in the future.[5]

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.[6] During FY 2015, the Commission also evaluated agency decision-making based on an analysis of judicial and NAFTA panel remands from FY 2014 to determine if there were any patterns or issues that the Commission needed to consider going forward. This ongoing evaluation, which began in FY 2014, will continue during FY 2016 and will include any remands from FY 2015.

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. Investigation participants, as well as the public, benefit by having a more detailed and broader understanding of investigative procedures and processes.

During FY 2015, the agency met or made substantial progress on the performance goals for this objective. Although the Commission made progress with respect to the development of its Title VII data system, a new system designed to provide information regarding its import injury (Title VII) investigations, the agency has delayed full implementation and deployment of the system to FY 2016–FY 2017 because of budget constraints. The agency met its target of posting information on its import injury investigation case webpages within specific timeframes during the second half of FY 2015, but was not able to implement a tracking system during the first half of the year.

In addition, the Commission continued to meet or exceed performance goals related to public outreach and availability of documents in the Commission's Electronic Document Information

[5] The three pilot programs concern initial disclosures, early disposition, and e-discovery case management.

[6] 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.

System (EDIS). The Commission also initiated an effort in FY 2015 to update the filing and search capabilities within EDIS, with deployment expected in FY 2016. The Commission sought feedback from participants in its import injury proceedings through a web-based survey and roundtable discussions. Survey responses and the roundtable discussions provided useful feedback with regard to potential changes that could result in helpful information for the Commission and potentially reduce the burden on parties. Commission staff will analyze these suggestions, along with recent changes implemented by staff, and will take action as appropriate. Going forward, the Commission plans to issue the survey biennially to allow time to effectively implement the feedback it receives from survey respondents.

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

By statute, the Commission is responsible for providing independent advice, analysis, and information to Congress, the President, and the Office of the United States Trade Representative (USTR) in a number of areas. In response to U.S. policymakers' requests, the Commission and its staff provide objective information and analysis on a variety of topics, both through formal investigations under section 332 and other provisions 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.

In FY 2015, active Commission fact-finding investigations covered a wide range of topics, such as: U.S. exports to Cuba; a retrospective on Trade Promotion Authority; the competitiveness of the U.S. rice industry; environmental goods; and trade, investment, and industrial policies in India.[7] Commission staff also provided technical support to Congress and USTR throughout the year.

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. The agency deployed a new electronic system for maintaining and searching the HTS, enhancing the accessibility of the information to the public.

[7] In FY 2015, five 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 in the Administration and Congress 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 2015, the Commission met or made progress on achieving most of the annual performance goals supporting the objective of providing timely and accessible analysis and information. The agency made significant progress in improving information it provides to the public by publishing reports that are section 508 compliant, and has improved the efficiency of its 508 compliance process. The agency also developed a series of interactive graphs that provide the public with trade data from its annual *Trade Shifts* reports, and continued to provide an interactive database for its annual *Trade Shifts* and *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.

The Commission committed significant resources in the last two fiscal years to develop a data management system for the HTS to ensure that tariff information is accessible, transparent, and up-to-date. The agency met its performance goal related to the accuracy of HTS information in the fourth quarter, after the new HTS system was deployed, but did not meet the target during the first half of the fiscal year. In addition, despite some delays in responses due to technical problems in the second quarter of FY 2015, the agency was still able to exceed its annual target for response timeliness to public inquiries concerning the HTS. The Commission made substantial progress toward the goal of developing a new trade data system to replace the DataWeb, but did not meet the goal of completing the system due to priority shifts that affected resources. The agency expects to deploy the replacement system in FY 2016. The agency also had to defer work on developing on-line technical information modules for the public and staff, due to workload constraints.

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. In order to better respond to shifts in public policy priorities, the agency established performance goals regarding acquisition of information, development of analytical tools, and investment in human capital, which enable the agency to respond to shifts in public policy priorities.

The Commission met the three performance goals that support the objective of producing high-quality analysis, information, and insights. The agency regularly met with its congressional and executive branch customers throughout the year. The Commission used feedback it received from these customers to help prioritize its research and other capacity-building efforts. During the year, the agency also enhanced its economic modeling capabilities; expanded its analysis of topics such as energy markets, different types of non-tariff measures, and supply chains; and furthered its research capabilities related to the impact of trade-related agreements.

Additionally, the Commission initiated an effort to measure the extent to which its basic research efforts directly or indirectly contribute to its statutory work. The agency developed an improved method to measure these contributions, and a more efficient approach for tracking research to requested products.

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. Three management objectives and two cross-cutting objectives support management's goal of advancing the agency's mission in an efficient and effective way. These management objectives align with three functional areas: human resources; budget, acquisitions, and finance; and information technology. The FY 2015 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 2015, the Commission met all but one of its performance goals concerning human capital. The agency continued to make progress in strengthening internal controls pertaining to documentation and met its annual performance goal concerning accuracy and completeness of case files. The agency also made progress in shortening recruitment and hiring timeframes, but fell short of its goal to complete 85 percent of hiring actions within established timeframes. The agency met its goals to develop baselines concerning stakeholder satisfaction with recruiting efforts and opportunities for professional development.

Management Objective 1.2 Money: Provide good stewardship of taxpayer funds

Financial oversight and sound stewardship of appropriated funds are fundamental aspects of the accountability and transparency 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 unmodified audit opinion on the agency's financial statements.

In FY 2015, the Commission met annual performance goals relating to accurate and timely financial reporting and status reporting of procurement actions. The agency reduced certain procurement administrative lead times (PALT) by five percent, effective October 1, 2015. However, the agency did not meet its goal of reducing the share of procurement actions that exceeded the established timeframes in comparison with FY 2014 levels. The agency improved its ability to track the cost of responding to policymakers' statutory requests for analysis and information. The agency received an annual unmodified audit on the agency's FY 2015 financial statements, as it did for FY 2014. The agency made progress on developing a survey to measure internal customer satisfaction, but did not fully meet its target of more accurately capturing customer feedback in FY 2015.

Management Objective 1.3 Technology: 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 2015, the Commission met or made progress on the majority of its annual information technology targets. The agency met its FY 2015 goal to review and update its information technology management policies. To help ensure a robust security posture, the agency achieved initial operating capability of HSPD-12 during FY 2015. The agency made substantial progress on implementing and verifying security configuration baselines for all new enterprise wide operating systems during FY 2015, though it did not fully meet its target. The agency made progress on its goal to make its major systems open data compliant, but was not able to reach its goal of 100 percent compliance because of budget and staffing constraints. It expects to achieve this goal in FY 2016. Similarly, the agency made significant progress in tracking systems availability, but at the end of the fiscal year did not have sufficient data to assess whether it had reached its FY 2015 target. The agency showed improvement in user satisfaction for information technology service and delivery, but fell short of its FY 2015 goal.

Cross-cutting objectives

The Commission set two cross-cutting objectives in its FY 2014–2018 Strategic Plan. Both support improvements in various aspects of the agency's operations.

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

In FY 2015, the Commission met most of the performance goals supporting this objective. The agency met its goal to identify specific areas within the Federal Employee Viewpoint Survey (FEVS) for improvement. The agency also met its goal to increase stakeholder satisfaction with EDIS, as measured by its EDIS satisfaction survey. However, the agency did not meet its goal of making continuous improvements to the Commission's web presence, as measured by its website satisfaction score.

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 (EMS). 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 made progress in evaluating EMS system requirements, but did not fully meet its goal of developing EMS system requirements and evaluating risks, costs, and benefits.

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 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 OIG.

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 weaknesses described below.

With respect to the overall adequacy and effectiveness of internal control within the agency, I hereby submit a qualified statement. The Commission remediated the one material weakness that was reported in FY 2014. During the course of this year, however, the Commission has identified material weaknesses in three aspects of the information technology management program that relate to noncompliance with laws and regulations. Management has discussed these weaknesses, has developed corrective action plans to address them, and will monitor the implementation of these action plans to ensure that the weaknesses are eliminated in FY 2016.

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 assessed the effectiveness of its 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 September 30, 2015, 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 FY 2015, 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, 2015, the appropriate policies and controls were in place to mitigate the risk of fraud and inappropriate charge card practices.

Meredith M. Broadbent
Chairman
November 16, 2015

Overview of Financial Results

Overview of Financial Statements

The Commission received an unmodified opinion on its FY 2015 financial statements.

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

Assets: At the end of FY 2015, the Commission's balance sheet showed total assets of $20.1 million, an increase of $1.2 million or 6.3 percent over FY 2014. This was due to an increase in Fund Balance with Treasury of $2.5 million (20.2 percent) and a decrease in Property, Plant and Equipment (PP&E) of $1.4 million (22.2 percent).

Liabilities: At the end of FY 2015, the Commission's total liabilities were $8.7 million, an increase of $1.1 million or 14.6 percent over FY 2014. The 14.6 percent increase is due to an increase in federal accounts payable and payroll taxes as well as non-federal accounts payable and 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 $78,649 or 0.7 percent. The increase is due primarily to an increase in unexpended appropriations of $1.7 million and a decrease in cumulative results of operations of $1.6 million.

Summary of the Statement of Net Cost

The Commission's net cost of operations for FY 2015 was $87.8 million, an increase of $1.0 million or 1.2 percent over FY 2014. The increase in net cost of operations was the result of more operating and program expenses and less depreciation and amortization expenses.

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 2015, total budgetary resources were $85.9 million. This represents an increase of $680 thousand, or 0.8 percent, from the FY 2014 total budgetary resources of $85.3 million. The Commission was appropriated $84.5 million in FY 2015 and $83 million in FY 2014. The unobligated balance at October 1 increased by $86 thousand (33.5 percent), prior year recoveries decreased $173 thousand (14.0 percent), and offsetting collections decreased $733 thousand (94.4 percent).

Additionally, direct obligations were $85.6 million and net outlays totaled $81.9 million this fiscal year. This represents an increase in direct obligations of $680 thousand (.8 percent) and an increase in net outlays of $32 thousand or 0.04 percent over FY 2014.

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).

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 and 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 2015, the Commission evaluated the internal controls over the 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*. 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 (GPRA), as amended by the GPRA Modernization Act

The Government Performance and Results Act of 1993 (GPRA) 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. The GPRA Modernization Act of 2010 updates the Federal Government's performance management framework, retains and amplifies some aspects of the GPRA, reconfirms the requirements of the original GPRA legislation, and requires quarterly performance reporting.

The Commission complied with the requirements specified by the law and followed the guidance provided in OMB Circular A-11 (2015), *Preparation, Submission and Execution of the Budget.* Examples include:

- published the agency's Strategic Plan and identified two mission-related strategic goals with two objectives for each goal, a management goal with three management objectives, and two cross-cutting objectives;
- issued the agency's combined Annual Performance Plan for FY 2015 – 2016 and Annual Performance Report for FY 2014 (APP-APR). The APP-APR described the agency's programmatic and management goals for FY 2015 and FY 2016, documented the agency's performance and accomplishments for FY 2014, and discussed challenges going forward; and
- conducted an inventory of reports that are routinely required to be submitted to Congress and identified unnecessary and duplicative reports.

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 of 2002, as amended by the Federal Information Security Modernization Act of 2014

The Federal Information Security Management Act of 2002 (FISMA 2002) requires each federal agency to establish and maintain an information security program for all non-national security information and information systems. To further improve cybersecurity and clarify oversight responsibilities, Congress passed Federal Information Security Modernization Act of 2014 (FISMA 2014). FISMA 2014 is intended to address the increasing sophistication of cybersecurity attacks, promote the use of automated security tools with the ability to continuously monitor and diagnose the security posture of federal agencies, and provide for improved oversight of federal agencies' information security programs.

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 order to sustain accountability and responsibility for the success of the Commission's information security program and provide the focus and strategic presence necessary for the program to achieve its objectives, the OCIO hired a Chief Information Security Officer. With new management direction, OCIO was able to significantly improve its security posture this year. For example, the Office conducted a comprehensive inventory of both authorized and unauthorized agency information systems and engaged an Information Systems Security Line of Business from another Federal agency for independent security control assessments. The Office actively participated in the Department of Homeland Security's (DHS) Continuous Diagnostics and Mitigation (CDM) program which will enable the information system's stakeholders to know the security posture of the network at any given time by identifying and ranking problems for priority resolution. The OCIO engaged DHS to scan for vulnerabilities on the agency's externally facing systems through the DHS Cyber Hygiene

Program. Finally, the OCIO engaged DHS for penetration testing activities on the USITC network in the DHS Risk and Vulnerability Assessment program and addressed issues found by DHS.

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 (DNP) 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 $666 in FY 2015.

Inspector General Act

The 1988 amendments to the Inspector General Act of 1978 established the Commission's 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. The Commission refers debts to the Treasury Offset Program (TOP). Further information is available in Other Accompanying Information, Improper Payments Information Reporting Details.

Anti-Deficiency Act

The Anti-Deficiency Act prohibits federal employees from:

- making or authorizing an expenditure from, or creating or authorizing an obligation under, any appropriation or fund in excess of the amount available in the appropriation or fund unless authorized by law;
- involving the government in any obligation to pay money before funds have been appropriated for that purpose, unless otherwise allowed by law;
- 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; and
- making obligations or expenditures in excess of an apportionment or reapportionment, or in excess of the amount permitted by agency regulations.

The agency implemented effective internal controls to track commitments, and ensured managers are knowledgeable about the current year's appropriations and budget to ensure compliance. The agency did not have any Anti-Deficiency Act violations during FY 2015.

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

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

During FY 2015, the Commission had interagency agreements with 11 agencies: Department of Homeland Security, General Services Administration, Department of Interior, Department of Health and Human Services, Government Printing Office, Office of Personnel Management, United States Department of Agriculture, Department of Commerce, Department of Labor, United States Postal Service, and the National Archives and Records Administration.

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 2015 Annual Financial Report. The independent accounting firm of Davis and Associates, LLC, monitored by the Inspector General, issued an unmodified opinion on the Commission's FY 2015 financial statements. Along with the unmodified 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;
- upgraded its contract writing system, providing the Office of Procurement with enhanced acquisition life cycle processes and reporting not available in the old system;
- updated the Travel System Guides, Contracting Officer's Representative (COR) Handbook, Purchase Card handbook, and the Financial Management Manual, to assist agency personnel with understanding and compliance related to travel and financial processes; and
- continued to improve the transparency of its internal budget process, utilizing an Enterprise Risk Management framework, again increasing managers' control and accountability over funds for which they were responsible.

Looking forward to FY 2016, in addition to sustaining its audit readiness, the Commission will:

- continue the development of transactional reports that promote the reconciliation of account balances across Offices;
- expand its internal controls program and test and evaluate key controls, and also incorporate the risk process into the ongoing activities of the Commission; and
- develop and automate financial management reports that meet 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 2015 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 2016.

John M. Ascienzo
Chief Financial Officer
November 16, 2015

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

UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, DC 20436

November 9, 2015 IG-NN-032

Chairman Broadbent:

This memorandum transmits the results of the audit (OIG-AR-16-03) of the Commission's financial statements for the fiscal years ended September 30, 2015 and 2014.

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, participating in discussions, and reviewing the audit planning, inspection of selected 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, 2015, 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

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, 2015, 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).

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, 2015, 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.

1. 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, 2015 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
November 5, 2015

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

UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, DC 20436

November 9, 2015 IG-NN-033

Chairman Broadbent:

This memorandum transmits the Independent Auditor's Report on Internal Control (OIG-AR-16-04) associated with the audit of the Commission's financial statements for fiscal year 2015.

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, 2015, 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

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, 2015, and have issued our report thereon dated November 5, 2015. 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 2015 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, 2015.

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, 2015

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

UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, DC 20436

November 9, 2015 IG-NN-034

Chairman Broadbent:

This memorandum transmits the Independent Auditor's Report on Compliance with Laws and Regulations (OIG-AR-16-06) associated with the audit of the Commission's financial statements for fiscal year 2015.

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, 2015, 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, 2015, and have issued our report thereon dated November 5, 2015. 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 2015 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, 2015

Principal Financial Statements

U.S. INTERNATIONAL TRADE COMMISSION
BALANCE SHEET
As of September 30, 2015 and 2014
(in dollars)

	2015	2014
Assets:		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	$ 15,219,682	$ 12,663,547
Total Intragovernmental	15,219,682	12,663,547
Accounts receivable (Note 3)	21,621	11,945
Property, plant, and equipment, net (Note 4)	4,853,440	6,236,065
Total Assets	**$ 20,094,743**	**$ 18,911,557**
Liabilities:		
Intragovernmental:		
Accounts payable (Note 6)	905,523	729,813
Employer contributions and payroll taxes payable (Note 5)	406,633	327,317
Unfunded FECA liability (Note 5)	281	242
Total Intragovernmental	1,312,437	1,057,372
Accounts payable (Note 6)	1,616,501	1,203,312
Accrued funded payroll (Note 5)	1,549,031	1,311,934
Actuarial FECA liability (Note 5)	2,611	1,119
Unfunded leave (Note 5)	4,176,277	3,978,583
Total Liabilities	**$ 8,656,857**	**$ 7,552,320**
Net position:		
Unexpended appropriations	10,741,995	9,091,170
Cumulative results of operations	695,891	2,268,067
Total Net Position	**11,437,886**	**11,359,237**
Total Liabilities and Net Position	**$ 20,094,743**	**$ 18,911,557**

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, 2015 and 2014

(in dollars)

	2015	2014
Program Costs:		
Total Program Costs	**$ 87,754,048**	**$ 86,730,774**

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 CHANGES IN NET POSITION

For the years ended September 30, 2015 and 2014

(in dollars)

	2015	2014
Cumulative Results of Operations:		
Beginning Balance	$ 2,268,067	$ 3,438,958
Budgetary Financing Sources:		
Appropriations used	82,849,176	81,737,069
Other Financing Sources (Non-Exchange)		
Imputed financing (Note 9)	3,332,697	3,822,814
Total Financing Sources	86,181,873	85,559,883
Net Cost of Operations	(87,754,048)	(86,730,774)
Net Change	(1,572,175)	(1,170,891)
Cumulative Results of Operations	**$ 695,891**	**$ 2,268,067**
Unexpended Appropriations:		
Beginning Balance	$ 9,091,170	$ 7,828,239
Budgetary Financing Sources:		
Appropriations received	84,500,000	83,000,000
Appropriations used	(82,849,176)	(81,737,069)
Total Budgetary Financing Sources	1,650,824	1,262,931
Total Unexpended Appropriations	10,741,995	9,091,170
Net Position	**$ 11,437,886**	**$ 11,359,237**

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, 2015 and 2014
(in dollars)

	2015	2014
Budgetary Resources		
Unobligated balance, brought forward, Oct 1	$ 342,442	$ 256,532
Recoveries of unpaid prior year obligations	1,061,425	1,234,713
Appropriations (discretionary and mandatory)	84,500,000	83,000,000
Spending authority from offsetting collections (discretionary and mandatory)	43,367	776,375
Total budgetary resources	$ 85,947,234	$ 85,267,620
Status of Budgetary Resources		
Obligations incurred	85,605,581	84,925,178
Unobligated balance, end of year:		
Apportioned	341,652	342,442
Total budgetary resources	$ 85,947,234	$ 85,267,620
Change in Obligated Balance		
Unpaid obligations, brought forward, Oct 1	12,321,105	11,345,336
Uncollected payments, Fed sources, brought forward, Oct 1 (+/–)	–	(26,752)
Obligated balance, start of year (net)	12,321,105	11,318,584
Obligations incurred	85,605,581	84,925,178
Outlays (gross)	(81,987,231)	(82,714,695)
Recoveries of prior year unpaid obligations	(1,061,425)	(1,234,713)
Change in uncollected payments, Fed sources (+/–)	–	26,752
Obligated balance, end of year (net)	**$ 14,878,030**	**$ 12,321,105**
Unpaid obligations, end of year (gross)	14,878,030	12,321,105
Uncollected customer payments from federal sources, end of year	–	–
Obligated balance, end of year (net)	**$ 14,878,030**	**$ 12,321,105**
Budget Authority and Outlays, Net:		
Budget authority, gross	84,543,367	83,776,375
Actual offsetting collections	(43,367)	(803,126)
Change in uncollected payments, Fed sources (+/–)	–	26,752
Budget authority, net	$ 84,500,000	$ 83,000,000
Outlays, gross	81,987,231	82,714,695
Actual offsetting collections	(43,367)	(803,126)
Outlays, net	**$ 81,943,865**	**$ 81,911,568**

Totals may not add due to rounding.

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

United States International Trade Commission
Notes to Financial Statements
September 30, 2015 and 2014

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 2015. FY 2014 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 $84,500,000 to the USITC for salaries and expenses in FY 2015 and $83,000,000 in FY 2014.

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 the Civil Service Retirement System (CSRS), the Federal Employees Retirement System (FERS) which became effective on January 1, 1987, the Federal Employees Retirement System-Revised Annuity Employees (FERS-RAE), which became effective on January 1, 2013 or the Federal Employees Retirement System-Further Revised Annuity Employees (FERS-FRAE), which became effective on January 1, 2014. Most federal employees hired after December 31, 1983, are automatically covered by FERS, FERS-RAE, or FERS-FRAE 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, FERS-RAE, and FERS-FRAE contributions made by employer agencies and covered employees are comparable to the U.S. Government's estimated service costs. For FERS, FERS-RAE and FERS-FRAE covered employees, the Commission made contributions of 13.4 percent, 11.1 and 8.1 percent, respectively, of basic pay. Employees participating in FERS, FERS-RAE or FERS-FRAE are covered under the *Federal Insurance Contribution Act (FICA)* for which both the Commission and employees contributed 6.2 percent of salaries up to $118,500 and $117,000 during calendar years 2015 and 2014, 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	2015	2014
Fund balance		
Appropriated funds	$ 15,219,682	$ 12,663,547
Total	**$ 15,219,682**	**$ 12,663,547**
Status of Fund Balance with Treasury		
Unobligated balance available	341,652	342,442
Obligated balance not yet disbursed	14,878,030	12,321,105
Total	**$ 15,219,682**	**$ 12,663,547**

Note 3. Accounts Receivable

The balance of accounts receivable was $21,621 and $11,945 at September 30, 2015 and September 30, 2014, respectively. The non-governmental receivable is for parking associated with the Commission's leased building and vendor and employee debts entered in the Treasury Offset Program.

Receivable Type	2015	2014
Intragovernmental	$ –	$ –
Non-governmental	21,621	11,945
Total	**$ 21,621**	**$ 11,945**

Note 4. Property, Plant, and Equipment, Net

Depreciation and amortization expense was $1,893,265 and $2,296,877 for fiscal years ending September 30, 2015 and 2014, 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, 2015

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	$	5,841,331	$	4,250,143	$	1,591,188
Software	S/L		100,000	5		4,588,321		3,704,802		883,519
Software in Development	-		–	–		–		–		–
Leasehold Improvements	S/L		50,000	5-13		6,459,464		4,402,119		2,057,345
Leasehold Improvements in Progress	–		–	–		321,388		–		321,388
Total	**–**	**$**	**–**	**–**	**$**	**17,210,504**	**$**	**12,357,065**	**$**	**4,853,440**

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	Varies		6,134,496		3,407,389		2,727,107
Leasehold Improvements in Progress	–		–	–		584,579		–		584,579
Total	**–**	**$**	**–**	**–**	**$**	**17,862,028**	**$**	**11,625,963**	**$**	**6,236,065**

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	2015	2014
Intragovernmental		
Unfunded FECA liability	$ 281	$ 242
Total Intragovernmental	281	242
Accrued annual leave	4,176,277	3,978,583
Actuarial FECA liability	2,611	1,119
Total liabilities not covered by budgetary resources	4,179,170	3,979,944
Total liabilities covered by budgetary resources	4,477,687	3,572,376
Total Liabilities	**$ 8,656,857**	**$ 7,552,320**

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 $177,712 and $138,120 as of September 30, 2015 and 2014, respectively. For FY 2015, amounts were principally owed to GSA for administrative support services. For FY 2014, amounts were principally owed to GSA and the Government Printing Office for administrative support services and printing services, respectively.

The amounts reported below as real estate taxes payable, $727,810 and $591,693, represent unpaid property taxes for the periods (1) January 1, 2015 to September 30, 2015, and (2) January 1, 2014 to September 30, 2014, respectively. These amounts represent taxes that are invoiced and generally paid annually by September for the previous calendar year to 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	2015	2014
Intragovernmental		
Accounts payable to trading partners	$ 177,712	$ 138,120
Real estate taxes payable	727,810	591,693
Total Intragovernmental	905,523	729,813
Non-federal		
Accounts payable to vendors	1,616,501	1,203,312
Total Accounts Payable	**$ 2,522,023**	**$ 1,933,125**

Note 7. Leases

The USITC has operating leases for its buildings and no capital leases. The USITC's lease for its headquarters building amounted to $10.0 million and $9.3 million for FY 2015 and FY 2014, respectively. In FY 2007, the USITC entered into a 10-year operating lease with the 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, 2015 are as follows:

Fiscal Year	
2016	$ 10,382,511
2017	10,583,097
Total Future Minimum Lease Payments	**$ 20,965,608**

Note 8. Commitments and Contingencies

The USITC has certain claims 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: T*he 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 $10,400,343 and $8,748,729 as of September 30 FY 2015 and FY 2014, respectively.

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

For FY 2014 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 2015 and the Consolidated And Further Continuing Appropriations Act, 2015.

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		2015		2014
Fiduciary net assets, beginning of year	$	156,624	$	162,461
Cash collections from cease and desist bonds		2,190		52,489
Cash disbursements to beneficiaries		–		(58,326)
Fiduciary Net Assets, end of year	**$**	**156,814**	**$**	**156,624**

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 2015, the USITC reconciled the difference between the $85.6 million in obligated resources and the $87.8 million in the net cost of operations and for FY 2014, the difference between the $84.9 million in obligated resources and the $86.7 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	2015	2014
Resources Used to Finance Activities:		
Budgetary resources obligated:		
Obligations incurred	$ 85,605,581	$ 84,925,178
Less: Spending authority from offsetting collections and recoveries	1,104,792	2,037,840
Obligations net of offsetting collections and recoveries	84,500,790	82,887,338
Other Resources:		
Imputed financing from costs absorbed by others	3,332,697	3,822,814
Total resources used to finance activities	**87,833,487**	**86,710,152**
Resources used to finance items not part of the net cost of operations:		
Change in budgetary resources obligated for goods, services, and benefits ordered but not yet provided	1,651,614	1,150,269
Resources that fund expenses recognized in prior periods	9,676	(27,409)
Resources that finance the acquisition of assets	510,639	1,318,452
Total resources used to finance items not part of the net cost of operations	**2,171,929**	**2,441,312**
Total resources used to finance the net cost of operations	**85,661,557**	**84,268,840**
Components of net cost of operations that will not require or generate resources in the current period		
Components requiring or generating resources in future periods:		
Increase/decrease in annual leave liability	197,694	181,450
Increase/decrease in worker's compensation	1,531	(16,393)
Total components of net cost of operations that will require or generate resources in future periods	199,226	165,057
Components not requiring or generating resources:		
Depreciation and amortization	1,893,265	2,296,877
Total components of net cost of operations that will not require or generate resources in current period	**2,092,491**	**2,461,934**
Net Cost of Operations	**$ 87,754,048**	**$ 86,730,774**

Other Accompanying Information

Management and Performance Challenges

Inspector General's Summary of Management and Performance Challenges

UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, DC 20436

September 30, 2015

OIG-NN-030
OIG-MR-15-16

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 2016: Internal Controls, and IT Management. 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.

The Standards for Internal Control in the Federal Government (Green Book) defines internal control as "a continuous built-in component of operations, effected by people" and identifies five components for internal control. In order for a system of internal control to be effective, all five components must be effectively designed, implemented, and operating. In addition, all five components must be working together in an integrated manner.

The control environment is the foundation for a system of internal control. One principal of the control environment is the establishment of an organizational structure, assignment of responsibility, and delegations of authority to meet the objectives of the Commission. We completed a recent audit of the Commission’s directives management system, which included a review of these control environment elements. The audit found that the Commission’s directives were not current, and the directives contained outdated assignments of responsibility and delegations of authority. The results of the audit identified weaknesses in each of the five components of internal control. The audit also highlighted another internal control issue within the Commission. Management has not integrated monitoring of existing controls into their routine processes to ensure they are working effectively. The Commission had designed a process to manage the directives and keep them current. However, this process was not followed, and management did not assess whether the process was properly designed, or whether it produced the intended results.

The Commission has recognized the importance of having strong internal controls. The Commission has consistently acknowledged and responded to internal control weaknesses identified in reports issued by the Office of Inspector General. However, even with the strides taken by the Commission over the past five years, there is still an underlying assumption that because specific actions were completed the problems have been resolved. Management needs to take further actions to ensure that controls work effectively and achieve the desired results.

The Commission has committed to improve and strengthen the internal control environment. One significant improvement over the past year has been senior management engagement to identify and assess risks, and use this information as a management tool to make informed decisions. The Commission must continue the engagement of senior management in all aspects of internal control to 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.

IT Management:

The Commission's effectiveness has been hampered by problems of performance and stability of the underlying IT infrastructure. These problems include such issues as lengthy login delays, inaccessible network drives, and missing archived emails.

Today's knowledge workers require a rock-solid IT foundation upon which to fulfill the work of the Commission. This foundation must be developed and managed effectively to enhance, and not delay, the work of Commission staff. When the Commission's IT systems do not work effectively, staff are unnecessarily stressed, deadlines are risked, and innovative staff find alternate means of accomplishing their work. This should not be the case in 2015, and the Commission should prioritize a stable technology platform to serve its staff.

Over the past year the Office of Inspector General reported that the Commission did not effectively use a software inventory to manage its network. To maintain control of its network, the Commission should develop a method to authorize software on its network, and remove unauthorized software. The nature of today's IT threats require constant vigilance, and the most effective means of control is through a proactive authorization process to allow the execution of known good software, perform continuous detection, and remove unauthorized software. In today's threat environment, malicious software can be easily masked to prevent detection by conventional antivirus software. Malicious software attacks could result in the loss of critical proprietary data, and the leakage of that data could harm the Commission's reputation and ability to complete its mission.

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, cataloging external administrative reports in a manageable database, 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 Challenges

UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, DC 20436

COMMENTS ON MANAGEMENT CHALLENGES
IDENTIFIED BY THE INSPECTOR GENERAL

I In his memorandum dated September 30, 2015, the USITC Inspector General identified two management challenges for FY 2015, one involving internal controls and the other involving information technology (IT) management at the Commission. As required by the Reports Consolidation Act of 2000, the Inspector General also assessed the USITC's progress in addressing these challenges.

The Commission agrees with the Inspector General's statement on the management challenges facing the agency, and is pleased that the Inspector General has reported that the agency made progress on these challenges in FY 2015. The Commission will continue its efforts to address these challenges in FY 2016.

Management Challenge: Internal Control

As the Inspector General notes in his memorandum, the Commission recognizes the importance of, and has made progress towards, establishing a meaningful program of internal controls over the past several years. Because it will require a complex effort to address this issue completely, the Commission is approaching corrective action as a multi-year initiative that will ultimately transform the internal control culture within our Agency.

The Commission has adopted a number of practices to advance the agency's understanding and use of internal controls. Specifically, over the past several years, the Commission has introduced internal controls into its new and existing processes, and implemented annual evaluations of its office-level and agency-wide controls. The Commission also uses strategic and performance planning to establish goals that will improve the effectiveness of its operations and strengthen its internal control regime.

During the past fiscal year, the Commission has completed development of its enterprise risk management framework, which is designed to identify, prioritize, and manage institutional risk. Moreover, the Commission's managers have begun integrating enterprise risk management principles into their performance planning and budget formulation processes. As the agency further integrates enterprise risk management concepts into its strategic planning and budget processes, it will continue to improve its performance and decision-making and better effectuate its strategic plan.

The Inspector General identified the Commission's directives management system as an area that needs considerable improvement. The Commission acknowledges the importance of having a clear, effective, and integrated system of directives that is updated in a timely manner. In FY 2015, the Commission convened a working group (consisting of the agency's Chief Administrative Officer, General Counsel and Director of Internal Controls, among others) to develop an improved directive management system. The improved system will correct the shortcomings of our existing system and satisfy the *Standards for Internal Control in the Federal Government* issued by the Comptroller General. The Inspector General's focus on the directives system has provided the working group with a better perspective on how the system can be improved. It has also strengthened the Commission's commitment to improving its internal controls programs.

The working group expects to provide its proposal for the improved system to the Commission by the summer of 2016.

Management Challenge: IT Management

Information technology is integral to the Commission's mission. The Commission acknowledges that it needs to improve the performance of its IT systems in order to maximize the productivity of its staff. As the Inspector General has reported in his memorandum, the Commission has made progress in the IT area. Nonetheless, with the recent hiring of a new Chief Information Officer, the Commission expects to make significant additional improvements in the area, focusing on improving the performance and stability of its IT infrastructure, managing IT software and hardware assets better, and enhancing the capabilities of its business systems.

During the fiscal year, the Commission improved the performance and stability of its IT infrastructure in several ways. To address a significant decline in the performance of the agency's workstations, the agency's Chief Information Officer established a working group to identify the software and hardware issues causing the performance problems. Taking a phased approach to the issue, the working group made improvements in the software configurations of the agency's workstations, leading to demonstrable improvements in the performance of the workstations. The working group also improved performance by replacing the Commission's oldest computers with new laptops and upgrading the memory and drives of older laptops. The Commission plans to continue improving its software and hardware configuration issues in FY 2016.

As funding becomes available, the Commission will also improve its hardware configuration by initiating a staged, multi-year effort to move its data center to an off-site location. This move will reduce the risks associated with the data center's current on-site location and provide a more stable IT environment for the Commission's users. By moving the data center to an off-site location, the Commission will reduce the risks of network failure that might result from the current location's unreliable climate control, occasional power outages, and single-line communications connection. When the Commission moves the data center to the off-site location, the Commission will be able to upgrade the end-of-life technology currently used in the existing data center. It will also be able to improve email and other services by moving them to a cloud-based solution.

With respect to managing its IT assets, the Commission is generating an inventory of all software currently installed on its systems for the purpose of improving their security. From this inventory, the Commission will prepare a list of authorized software, develop a means to detect unauthorized software installed on its network, and establish a process to reconcile authorized software. In addition, the Commission plans to expand its use of whitelisting to cover all IT systems, except for those that cannot be managed through whitelisting. Once this process is completed, the Commission will have in place a more comprehensive process for identifying and removing unauthorized software from its systems.

The Commission will also continue to enhance its business systems in FY 2016. For example, the Commission is consolidating the training applications used throughout the Commission into a single training application, thereby improving the efficiency of the training process and reducing redundancies in the process. The Commission is also developing a new, on-line database that will make information relating to antidumping and countervailing duty investigations more readily available to internal and external users. It is also improving its Electronic Document Information System (EDIS) by making it easier for users to file and search for documents in the system. Similarly, the Commission is preparing digital versions of the book and documents in its library, which will make it easier for users to access and review these materials. Finally, the Commission is working to enhance the capabilities of its online database for Section 337 investigations by making opinions of the Commission and its administrative law judges available to internal and external customers in a more timely manner.

In sum, the Commission remains committed to improving its systems of internal controls and the performance of our IT network. We agree with the Inspector General that we have made progress in these areas but need to make more progress over the next few years. We appreciate the Inspector General's efforts to identify needed areas of improvement and his advice on how best to make these improvements.

Meredith M. Broadbent
Chairman
November 16, 2015

Summary of Financial Statement Audit and Management Assurances

Table 1: Summary of Financial Statement Audit (as of September 30, 2015)

Audit Opinion: Unmodified					
Restatement: No					
Material Weaknesses	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Ending Balance**
Total Material Weaknesses	0	0	0	0	0

Table 2: Summary of Management Assurances (as of September 30, 2015)

Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)						
Statement of Assurance: Unqualified						
Material Weaknesses	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
Total Material Weaknesses	0	0	0	0	0	0
Effectiveness of Internal Control over Operations (FMFIA § 2)						
Statement of Assurance: Qualified						
Material Weaknesses	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
Security risk in an agency program as it relates to compliance with the Federal Information Security Management Act (FISMA)	✓		✓			
Risk in an agency IT program as it relates to compliance with a law/regulation related to systems		✓				✓
Risk in an agency IT program as it relates to compliance with a law/regulation related to networks		✓				✓
Risk in an agency IT program as it relates to compliance with a law/regulation related to network users		✓				✓
Total Material Weaknesses	1	3	1	0	0	3

Compliance with financial management system requirements (FMFIA § 4)						
Statement of Assurance: Unqualified[1]						
Non-Conformances	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
Total Non-Conformances	0	0	0	0	0	0
Compliance with Federal Financial Management Improvement Act (FFMIA)						
	Commission			**Auditor**		
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		

[1] 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 2015 appropriated funding for the program is $84.5 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. In addition, the USITC evaluates the internal controls required to supplement the shared service provider's controls as outlined in the SSAE 16.

Intra-governmental transactions, accounts payables, and payments to agency employees are reviewed as part of the agency's internal control program under OMB Circular A-123, Appendix A, *Internal Control over Financial Reporting* and Appendix C, *Requirements for Effective Estimation and Remediation of Improper Payments*.

For FY 2015 the USITC non-Federal payment is $12.3 million (disbursements plus accounts payable) and payroll is $58.6 million for a combined total of $70.9 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 $1,063,470 (1.5% improper payment rate) and $10 million of all non-Federal payments and payments to Federal employees. The USITC's total improper payments for FY 2015 are $900; therefore, the agency is not 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. The USITC addresses 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 financial internal control program contributes to our efforts to identify 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 the Treasury's DNP Business Center 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.

	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	$ 10.7M[1]	0	0	0	0
Reviews with all other databases[2]	All agency payments submitted to shared service provider	$ 10.7M	0	0	0	0

[1] $10.7M is cash disbursements paid to non-Federal vendors. Total non-Federal payments are $12.3M; difference of $1.6M is accounts payable or amounts obligated to be paid.

[2] Databases are 1) Systems for Awards Management-Exclusion Records – Private; 2) List of Exculded 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 TOP. If an improper payment is identified as an overpayment to the USITC the vendor is promptly paid.

The table below shows the result of improper payments identified through internal audits and by the agency's shared service provider for FY 2015.

Reason for Improper Payment	Overpayments	Underpayments	Amount Recaptured in FY 2015
Administrative processing *	$ 900	$ –	$ 80
Total	**$ 900**	**$ –**	**$ 80**

* Labor hour correction and health benefit change of departing employees.

The following table shows overpayments identified in previous fiscal years. The vendor invoice overpayments were detected through internal audit. The administrative processing overpayment was detected by the agency's shared service provider.

Reason for Improper Payment	Overpayments	Underpayments	Amount Recaptured in FY 2015
Failure to correctly verify vendor invoice amount	$ 18,743	$ –	$ 5,564
Administrative processing *	7,621	–	423
Total	**$ 26,364**	**$ –**	**$ 5,987**

* Leave balance correction for a departing employee.

Freeze the Footprint

The Commission leases all buildings under an intra-agency agreement with GSA and as such does not provide square footage data to the Federal Real Property Profile (FRPP).

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, 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.

Appendix B

Abbreviations and Acronyms

Acronyms	Terms
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
ALJ	Administrative Law Judges
CDM	Continuous Diagnostics and Mitigation
Commission	United States International Trade Commission
COR	Contracting Officer’s Representative
CSRS	Civil Service Retirement System
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
EMS	Enterprise Management 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

Acronyms	Terms
FERS-FRAE	Federal Employees Retirement System-Further Revised Annuity Employees
FEVS	Federal Employee Viewpoint Survey
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
FRPP	Federal Real Property Profile
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
HI	Hospital Insurance
HR	Office of Human Resources
HTS	Harmonized Tariff Schedule
IBC	Interior Business Center
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
NAFTA	North American Free Trade Agreement
OARS	Office of Analysis and Research Services
OAS	Office of Administrative Services

Acronyms	Terms
OASDI	Old-Age, Survivors, and Disability Insurance
OB	Office of Budget
OCFO	Office of the Chief Fiancial Officer
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 for 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
URAA	Uruguay Round Agreements Act
USITC	United States International Trade Commission
USSGL	United States Standard General Ledger
USTR	United States Trade Representative

Contact Information

United States International Trade Commission	500 E Street, SW Washington, DC 20436
General Information Number	202-205-2000
Internet Home Page	http://www.usitc.gov/
Strategic Plan Internet Site	http://usitc.gov/press_room/documents/USITC_2014-2018_StrategicPlan_final.pdf
Agency Financial Report (AFR)	
AFR Internet Site	http://www.usitc.gov/strategic_plan.htm
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