



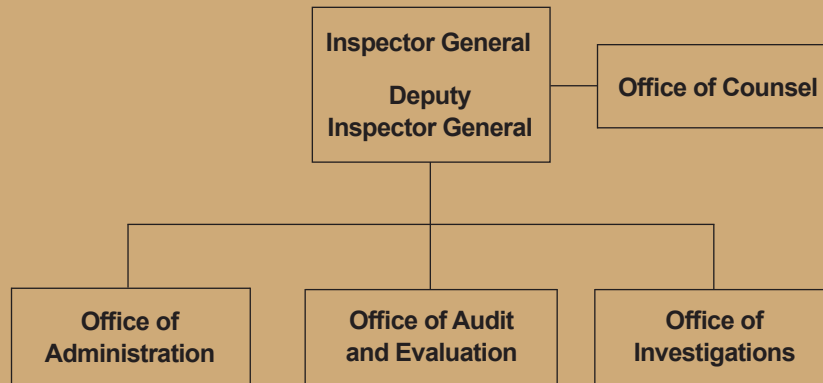
**U.S. Department of Commerce  
Office of Inspector General**

# **Semiannual Report to Congress**

**September 2018**



# OFFICE OF INSPECTOR GENERAL



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## Oversight Areas

Office of the Secretary  
Bureau of Economic Analysis  
Bureau of Industry and Security  
U.S. Census Bureau  
Economic Development Administration  
First Responder Network Authority  
International Trade Administration  
Minority Business Development Agency  
National Institute of Standards and Technology  
National Oceanic and Atmospheric Administration  
National Technical Information Service  
National Telecommunications and Information Administration  
U.S. Patent and Trademark Office

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**U.S. Department of Commerce  
Office of Inspector General**

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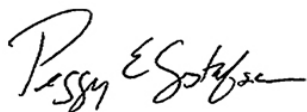
# FROM THE INSPECTOR GENERAL

I am pleased to present the Department of Commerce Office of Inspector General's (OIG's) *Semiannual Report to Congress* for the 6 months ending September 30, 2018.

This year, we mark the 40th anniversary of the Inspector General Act. Our office was one of the original 12 offices of inspector general created in 1978. Since that time, we have been part of a community that has grown to include 73 statutory inspectors general, who collectively oversee the operations of nearly every aspect of the federal government. Every 6 months, we provide Congress with a report detailing our independent oversight of the Department of Commerce during the reporting period. In the years to come, we look forward to continuing our efforts to provide independent and effective oversight of the Department and working with the Council of Inspectors General on Integrity and Efficiency on important issues that cut across our government.

This report summarizes work we initiated and completed during this semiannual period on a number of critical Departmental activities. Over the past 6 months—in addition to our investigative work—our office issued nine audit, evaluation, and inspection reports. These products addressed programs and personnel associated with the U.S. Census Bureau, Economic Development Administration (EDA), National Institute of Standards and Technology (NIST), National Oceanic and Atmospheric Administration (NOAA), and the Department itself.

We thank Secretary Ross, senior officials throughout the Department, and members of Congress and their staffs for their support of our work and for their receptiveness to our recommendations to improve Departmental programs and operations.



PEGGY E. GUSTAFSON

# DEPARTMENT-WIDE MANAGEMENT

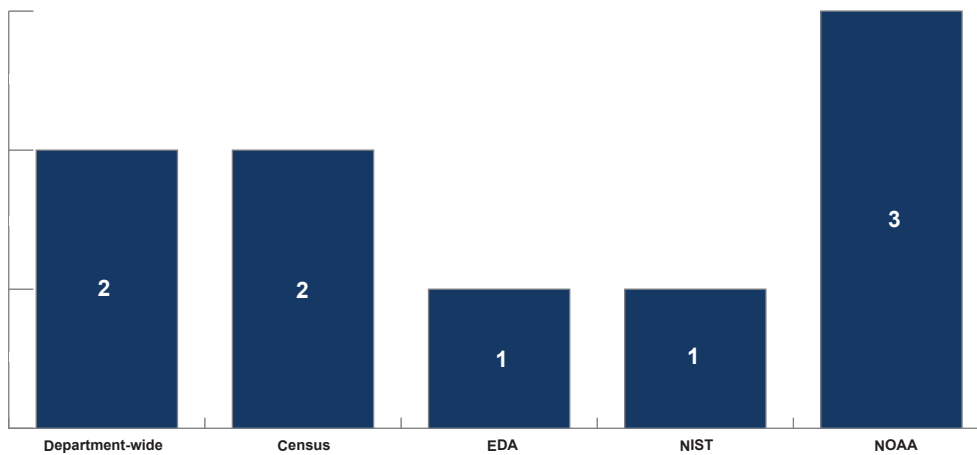


The **U.S. Department of Commerce** works to help American companies become more innovative and successful at home and more competitive abroad. It creates the conditions for economic growth and opportunity by promoting innovation, entrepreneurship, competitiveness, and stewardship.

The Department mission includes providing national and local weather services; developing key economic and demographic data (including the decennial census); advancing technological and scientific innovation; protecting and restoring environmental resources; promoting international trade; and supporting local, regional, and national economic development. These activities affect U.S. business and industry daily and play a critical role in the nation's economic well-being.

## COMPLETED WORKS (BY OVERSIGHT AREA)

During this reporting period, OIG completed nine audit, evaluation, and inspection reports.



### FY 2017 COMPLIANCE WITH IMPROPER PAYMENT REQUIREMENTS (OIG-18-019-I)

OIG's review objectives were to (1) evaluate the Department's fiscal year (FY) 2017 compliance with the Improper Payments Information Act of 2002 (IPIA), as amended, and (2) review the accuracy and completeness of the Department's improper payment (IP) reporting in the *U.S. Department of Commerce FY 2017 Agency Financial Report (AFR)*.

OIG's review found that the Department did not comply with IPIA, because it did not meet one of the six criteria for compliance. Nonetheless, nothing came to OIG's attention during its review suggesting that the IP reporting within the *FY 2017 AFR* was inaccurate or incomplete.

OIG recommended that the Deputy Chief Financial Officer and Director for Financial Management do the following:

- Develop a documented policy and methodology for establishing an IP target rate that includes consideration of factors that could affect the IP rate.
- Implement a process to address cause(s) of increases in the estimated IP rates.

### DEPARTMENT OF COMMERCE WORKING CAPITAL FUND BILLING PRACTICES AND TRANSPARENCY NEED IMPROVEMENT (OIG-18-020-A)

The objective of the audit was to evaluate controls over the Department's working capital fund (WCF) in FY 2016. Specifically, OIG sought to determine whether (1) there were effective controls over the billing and algorithm development processes, (2) relationships of reimbursements and billings to services provided were reasonable, (3) projects utilized performance metrics as management tools to assess project performance, (4) projects' funding levels were adequately supported, and (5) the Office of the Secretary Office of Financial Management (OSFM) Directorate had effective controls over retaining or returning advances received in excess of obligations.

With respect to audit procedures, OIG found that relationships of reimbursements and billings to services provided were generally reasonable and that projects utilized performance metrics. However, during the audit process, OIG identified the following:

- More transparency of carryover balances and billing allocation methods is needed.
- WCF service providers and OSFM did not adhere to established WCF billing requirements.
- WCF lacks adequate documentation to support certain object classes within its final operating budget.

OIG recommended that the Chief Financial Officer and Assistant Secretary for Administration do the following:

- Update the carryover policy and procedures to ensure that both sufficiently describe the carryover process, including key terms and requirements for determining whether excess funds are earned.
- Institute policy and procedures for documenting OSFM's periodic review and evaluation of each project's carryover, which reviews and evaluations will consider input of service providers and customers.
- Develop and implement a communication mechanism that allows key WCF stakeholders to be apprised of the detailed annual carryover results in a timely manner.
- Enhance the *Working Capital Fund Advances and Reimbursements Final Handbook* update process to ensure that it includes a detailed description of the billing allocation method for each project and the levels of services provided for each project.
- Enhance the algorithm preparation and review process for the WCF to ensure that (a) billing allocation supporting data are accurate, complete, current, and sufficient, and (b) algorithm calculations are free from error.
- Enhance the process for maintaining documentation that supports the formulation of each project's final operating budgets in the WCF.

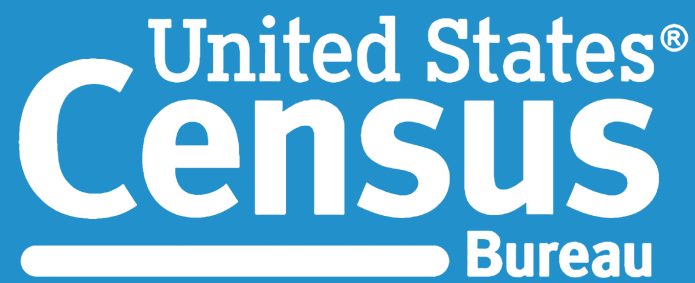
#### **FORMER PRESIDENT OF BODY ARMOR COMPANY AGREES TO PAY \$125,000 FOR FALSE CLAIMS RELATED TO DEFECTIVE BULLETPROOF VESTS**

As OIG previously reported, in March 2018, a Japanese fiber manufacturer and its American subsidiary agreed to pay \$66 million to settle claims involving the sale of defective Zylon fiber used in bulletproof vests. The settlement was part of a larger investigation—headed by the U.S. Department of Justice Civil Division—and resolved allegations that, during 2001–2005, the sole manufacturer of Zylon fiber was aware that it degraded quickly in normal heat and humidity and that the degradation rendered bulletproof vests with this particular fiber unfit for use. In July 2018, the founder and former president of a body armor company agreed to resolve claims under the False Claims Act in connection with the sale of defective Zylon bulletproof vests purchased by the United States for federal, state, local, and tribal law enforcement agencies. As part of the agreement, the individual will relinquish interest in \$1.2 million in assets previously frozen by the United States and will pay an additional \$125,000 to the United States. To date, the overall recoveries have exceeded \$132 million from 18 entities and individuals who participated in the sale of Zylon body armor. In addition to the Department of Commerce OIG, the other agencies involved in the joint investigation included the General Services Administration (GSA) OIG; Defense Criminal Investigative Service; U.S. Army Criminal Investigative Command; U.S. Treasury Inspector General for Tax Administration; U.S. Air Force Office of Special Investigations; Department of Energy OIG; and the Defense Contract Audit Agency.





**U.S. CENSUS BUREAU**



The **U.S. Census Bureau's** mission is to serve as the nation's leading provider of quality data about its people and economy.

## **2020 CENSUS: THE NUMBER AND LOCATION OF AREA CENSUS OFFICES MAY NOT REFLECT NRFU [NONRESPONSE FOLLOWUP] WORKLOAD DEMANDS AND WILL NOT RESULT IN PROJECTED COST SAVINGS (OIG-18-018-A)**

The objectives of this audit were to evaluate (1) the criteria and process for determining the number and locations of field offices; (2) the U.S. Census Bureau's (the Bureau's) plans for reducing costs associated with the fewer number of field offices as part of reengineered field operations; and (3) the planned process for collaboration between the Bureau and GSA for implementing the area Census office (ACO) leasing program.

OIG found that, while the Bureau developed a model for determining the number of ACOs, only six of the seven required criteria were defined, allowing OIG to test the Bureau's compliance with them. OIG also found that, although the estimated workload totals and staffing ratios informing the model changed, the number of ACOs required for field operations remained the same. In addition, several risks currently jeopardize ACO space acquisition, requiring enhanced risk planning to address cost and schedule implications, and the Bureau's initial "cost avoidance" estimates associated with the ACO space acquisition program are unsupported and unlikely to be realized.

OIG recommended that the Director of the U.S. Census Bureau do the following:

- Assess the impact the increased NRFU workload totals and enumerator ratios will have on the NRFU operation and document, monitor, and periodically validate the assumptions for ACO planning throughout the remaining 2020 Census planning activities.
- (a) Reassess ACO space acquisition risk register items' cost and schedule impacts and risk ratings, and create contingency plans to effectively address risks and (b) formalize the roles and responsibilities of GSA and Bureau personnel tasked with ACO space acquisition activities.
- (a) Ensure cost reduction estimates are reasonable and supportable and (b) identify and include potential cost overruns related to space acquisition activities as part of any contingency funding for the 2020 Census.

## **CENSUS BUREAU COULD IMPROVE MONITORING OF BLANKET PURCHASE AGREEMENTS BY COMPLYING WITH KEY FEDERAL ACQUISITION REGULATION AND COMMERCE REQUIREMENTS (OIG-18-023-A)**

The audit objective was to determine whether the Bureau established and administered blanket purchase agreements (BPAs) in accordance with laws, regulations, and agency guidance.

OIG found that the Bureau did not properly establish or administer all of the 17 BPAs that OIG reviewed because contracting officials did not comply with at least one or more of the key Federal Acquisition Regulation (FAR) and *Commerce Acquisition Manual (CAM)* requirements. Based on OIG's review, the total estimated ceiling price of BPAs that did not fully comply with these key requirements was approximately \$2.4 billion (excluding Bureau-established BPAs, which have "no maximum cumulative value" ceilings). Specifically, OIG found that contracting officials did not consistently

- seek vendor price discounts when placing orders against GSA BPAs,
- perform required annual reviews or maintain documentation supporting the reviews that were performed,
- report accurate BPA information in the Federal Procurement Data System–Next Generation (FPDS–NG), and
- maintain contract files to provide a complete history of the acquisitions.

Consequently, the Bureau is missing potential cost savings on BPAs by not consistently requesting price discounts and not conducting annual reviews.

OIG recommended that the Census Bureau Acquisition Division Chief do the following:

- Require contracting officers to request vendor price discounts on all orders or BPAs exceeding the simplified acquisition threshold: (a) before establishing a BPA; (b) before placing an order; or (c) in conjunction with the annual review.
- Require contracting officers to perform annual BPA reviews, properly document the results of the review, and maintain documentation of the reviews in the contract file.
- Reemphasize the importance of entering, reviewing, and approving the accuracy of information entered into the contract action reports to ensure the integrity of the data in FPDS–NG.
- Improve controls to properly maintain and safeguard contract files.
- Ensure that training is provided for contracting personnel to correct identified deficiencies.

### **CENSUS BUREAU CONTRACTOR AND AFFILIATED BUSINESSES DEBARRED FOR INVOLVEMENT IN FRAUD SCHEME**

In April 2018, the Department debarred the chief executive officer (CEO) of a Bureau contractor for a period of 3 years. The Department also debarred three affiliated businesses (including the company that contracted with the Bureau) for 3 years. The debarments were based on the CEO's participation in a bribery and kickback scheme that was investigated by the Federal Bureau of Investigation (FBI). The CEO pleaded guilty to two charges of interstate and foreign travel or transportation in aid of racketeering enterprises, and making fraudulent and false statements in a personal tax return. The conviction of the individual—who was sentenced to 96 months of imprisonment with 3 years of supervised release and ordered to pay \$1,157,120 in restitution—was not directly related to any contract with the Bureau.



# ECONOMIC DEVELOPMENT ADMINISTRATION



The **U.S. Economic Development Administration's** mission is to lead the federal economic development agenda by promoting innovation and competitiveness, preparing American regions for growth and success in the worldwide economy. Its investment policy is designed to establish a foundation for sustainable job growth and the building of durable regional economies throughout the United States. This foundation builds on two key economic drivers: innovation and regional collaboration.

## **BIPARTISAN BUDGET ACT OF 2018: OVERSIGHT CHALLENGES FACING THE ECONOMIC DEVELOPMENT ADMINISTRATION (OIG-18-022)**

On February 9, 2018, the President signed into law the Bipartisan Budget Act of 2018, Public Law No. 115-123, which designated \$600 million in disaster relief funds to EDA. The purpose of this report was to highlight key EDA oversight challenges—based on prior OIG reports and other agencies' relevant work—and identify actions EDA should consider in support of the Act's implementation.

Historically, providing assistance in a post-disaster recovery environment can present various management challenges. Such challenges include awarding funds to recipients that might not be familiar with federal requirements or that do not have prior experience administering federal funds. The significant increase in funding that EDA is responsible for under the Act and the need to ensure that these funds are distributed in a prompt, fair manner and for authorized purposes will place increased demands on EDA's workforce, oversight processes, business practices, and financial management systems. Accordingly, to meet these demands and provide effective oversight, EDA will need to

- follow a comprehensive oversight implementation strategy;
- acquire sufficient staff with the appropriate proficiency to perform duties pertaining to disaster relief financial assistance;
- develop a risk management strategy to strengthen internal control;
- mitigate fraud, waste, and abuse; and
- identify unused funds for use on other eligible projects.

OIG recognized EDA's efforts to successfully implement the Act's requirements. To ensure sufficient consideration of the potential risks discussed in this report, OIG suggested that EDA develop an oversight implementation plan that outlines the key actions EDA already has underway or will take to

- prepare for managing the significant increase of funding and providing reasonable assurance that (a) funds are spent properly and (b) the risk of ineligible and excessive costs borne by taxpayers is mitigated;
- acquire sufficient personnel with relevant expertise to oversee grantees;
- refine risk assessment and mitigation plans to take into account the significant increase in funding;
- identify unused funds promptly for use on other eligible projects;
- take a proactive awareness stance related to the potential for fraud;
- assess outreach program and technical assistance activities in response to the substantial increase in funding for ensuring program integrity and effectiveness;
- enhance accountability and transparency, so that the public can be assured that funds are spent in accordance with federal requirements; and
- establish clear communication with the public to convey expectations and facilitate messages to the public, the media, and other interested parties.

# INTERNATIONAL TRADE ADMINISTRATION



INTERNATIONAL  
**T R A D E**  
ADMINISTRATION

The **International Trade Administration** is the premier resource for American companies competing in the global marketplace. ITA strengthens the global competitiveness of U.S. industry, promotes trade and investment, and ensures fair trade through the rigorous enforcement of U.S. trade laws and agreements.



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## **JAPANESE AUTO PARTS COMPANY PLEADS GUILTY TO ANTITRUST CONSPIRACY AND FINED \$12 MILLION**

On May 31, 2018, a defendant pleaded guilty to one count of violating the Sherman Antitrust Act (15 U.S.C. § 1—Conspiracy to Restrain Trade), and agreed to pay a \$12 million fine for engaging in a criminal conspiracy to affect interstate and United States import trade and commerce. The defendant engaged in a combination of activities to suppress and eliminate competition by agreeing to fix prices, allocate customers, and rig bids for automotive steel tubes sold to Japanese automobile manufacturers and incorporated into vehicles sold in the United States. OIG conducted this investigation jointly with the Department of Justice Antitrust Division's Chicago Office, the FBI, and the U.S. Attorney's Office for the Southern District of Ohio.

# NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY

The logo for the National Institute of Standards and Technology (NIST) is displayed in a bold, white, sans-serif font. The letters 'N', 'I', and 'S' are connected, and the 'T' is separate. The 'I' and 'S' have a unique, stylized design where the vertical strokes are slightly curved and the horizontal strokes are thick.

The **National Institute of Standards and Technology** promotes U.S. innovation and industrial competitiveness by advancing measurement science, standards, and technology in ways that enhance economic security and improve our quality of life.

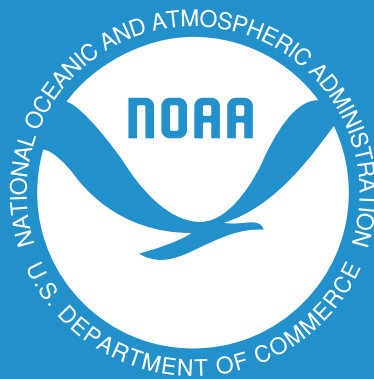
## **NIST SHOULD IMPROVE CONTROLS FOR MONITORING R&D GRANTS AND COOPERATIVE AGREEMENTS (OIG-18-025-A)**

The objective of the audit was to assess whether NIST is appropriately using funds allocated by the Middle Class Tax Relief and Job Creation Act of 2012 to conduct public safety communications research and development (R&D), including NIST's management of the Public Safety Innovation Accelerator Program (PSIAP).

OIG found that NIST, led by its Public Safety Communications Research (PSCR) division and with grants administration support from its Grants Management Division (GMD), established a framework to conduct public safety communications R&D. OIG also found that PSCR established a spending plan to use the \$300 million allocated for public safety communications R&D within the Act's required timeframe. However, OIG identified internal control weaknesses in NIST's monitoring of award recipient performance. Specifically, OIG found that NIST's PSCR did not develop, document, and approve comprehensive programmatic monitoring procedures for its oversight of PSIAP awards and R&D activities.

OIG recommended that the Director of the Communications Technology Laboratory and the NIST Boulder Laboratory Director establish, approve, issue, and train federal program officers (FPOs) on policies and procedures that specify the roles and responsibilities of the FPO and programmatic monitoring activities to administer PSIAP grants and cooperative agreements.

# NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION



The **National Oceanic and Atmospheric Administration's** mission is to understand and predict changes in Earth's environment, as well as conserve and manage coastal and marine resources to meet our nation's economic, social, and environmental needs.

## **POLAR FOLLOW-ON: NOAA MUST MAINTAIN COST EFFICIENCIES AND REFINE LAUNCH STRATEGY FOR JPSS-3 AND JPSS-4 MISSIONS (OIG-18-021-A)**

OIG's primary objective was to assess NOAA's Polar Follow-On (PFO) program baselines established in December 2016. More specifically, OIG's objectives were to (1) assess the maturity of PFO missions' system design for indications of cost, schedule, or performance issues that would threaten the ability of the Joint Polar Satellite System (JPSS) program to execute to its baselines; (2) determine the extent to which NOAA has complied with requirements to report JPSS development costs; and (3) review NOAA efforts to plan for future satellite technologies.

OIG found that (1) PFO missions' system design depends on maturing the JPSS-2 technical baseline and completing plans for a flexible launch strategy; (2) NOAA has not provided detailed polar satellite system development costs to Congress; and (3) NOAA has identified potential future satellite systems and continues to plan its next-generation space architecture, but goals and timelines for technology insertion are uncertain.

In order to mitigate the effects of potential reduced annual program budgets and avoid significant cost increases due to prolonged acquisition schedules, OIG recommended that the NOAA Deputy Under Secretary for Operations ensure that the JPSS program

- include cost avoidance strategies in its risk management plans, including strategies for prioritizing parts buys, initiating long-lead item purchases, and avoiding parts obsolescence issues.

In order to retain flexibility in the launch strategies for JPSS-3 and JPSS-4, OIG recommended that the Assistant Administrator for Satellite and Information Services ensure that the JPSS program

- complete storage plans and cost analyses for instruments and integrated satellites.

Further, OIG recommended that the Assistant Administrator for Satellite and Information Services ensure that the National Environmental Satellite, Data, and Information Service (NESDIS)

- complete policy and plans that will guide polar satellite launch decisions.

In addition, given schedule challenges with heel-to-toe development, OIG recommended that the Assistant Administrator for Satellite and Information Services ensure that NESDIS uses its polar satellite constellation availability analysis to

- reanalyze scheduled launch dates for JPSS-2, -3, and -4.

To ensure cost and programmatic efficiencies are identified for the Polar Weather Satellites (PWS) program, and therefore put future funds to better use, OIG recommended that the Assistant Administrator for Satellite and Information Services ensure that NESDIS

- revise and independently assess the PWS life-cycle cost estimate.

OIG recommended that the Under Secretary of Commerce for Oceans and Atmosphere

- ensure that NOAA provides Congress with satellite system estimated costs in accordance with requirements for its major satellite programs specified in annual appropriations laws.

OIG recommended that the NOAA Deputy Under Secretary for Operations ensure NESDIS

- define goals and timelines for the completion of satellite technology insertion efforts—including the Earth Observing Nanosatellite-Microwave—in order to reduce risk associated with future polar satellite system architectures.

## **THE JOINT POLAR SATELLITE SYSTEM: PROGRAM MUST USE REALISTIC SCHEDULES TO AVOID RECURRENCE OF GROUND PROJECT DELAYS AND ADDITIONAL COST INCREASES (OIG-18-024-A)**

OIG's objective was to assess the cost, schedule, and technical performance of selected components of the JPSS program. Specifically, OIG's objective was to assess factors of the JPSS ground project's efforts to complete the Block 2.0 upgrade of the ground system.

OIG found that (1) the ground system upgrade presented technical challenges and took longer to complete than planned, and (2) the JPSS program can improve its management of the ground system cost-plus-award-fee contract.

In order to promote more efficient future development of the JPSS Common Ground System, OIG recommended that the NOAA Deputy Under Secretary for Operations do the following:

- Institute program management council review of future development plans to ensure it is done in sufficiently small increments with achievable milestones.

Further, OIG recommended that the Assistant Administrator for Satellite and Information Services do the following:

- Ensure that appropriate analyses are conducted to support decisions for omitting or tailoring project life-cycle reviews (e.g., requirements and design reviews).
- Ensure that schedules are estimated using realistic, resource-loaded planning factors.
- Ensure that the contractor conducts sufficient technical peer reviews to limit defects and rework.
- Ensure that the government and contractor formally clarify roles, responsibilities, and expectations for future work to avoid issues that arose during the Block 2.0 integration and test phase.
- Ensure that senior leadership maintains sufficient insight into cost risk on the ground system contract.

In order to improve the management of the JPSS Common Ground System cost-plus-award-fee contract and put remaining award fees to better use, OIG recommended the NOAA Deputy Under Secretary for Operations and the Assistant Administrator for Satellite and Information Services do the following:

- Ensure that the ground system contract's performance evaluation plan (PEP) is revised to incorporate best practices for the use of performance factors and to clarify the award fee determination process.
- Ensure that emphasis items (focus areas) provided to the contractor prior to each award period are clear, prioritized, and aligned with performance criteria.
- Ensure that the award fee determination process is adequately documented in accordance with the PEP and best practices.
- Ensure management controls are adequately integrated within the award fee determination process and that they are consistently implemented.

## AUDIT OF NOAA PACIFIC COASTAL SALMON RECOVERY FUND GRANTS TO THE NORTHWEST INDIAN FISHERIES COMMISSION (OIG-18-026-A)

OIG's objectives were to determine whether the Northwest Indian Fisheries Commission (1) claimed allowable, allocable, and reasonable costs, (2) complied with grant terms and conditions, administrative requirements, cost principles, and audit requirements, and (3) met performance requirements of the grants.

OIG found that the Northwest Indian Fisheries Commission's claimed costs on Pacific Coastal Salmon Recovery Fund (PCSRF) grants were not allowable, allocable, and reasonable. While the Northwest Indian Fisheries Commission complied with most grant terms and conditions, administrative requirements, cost principles and audit requirements that OIG reviewed, it did not provide the Department with a written statement certifying it protected federal interest in real property when grant funds were used to acquire or improve real property.

OIG also determined that the Northwest Indian Fisheries Commission met program performance requirements by working closely with tribal representatives to ensure projects align with PCSRF program objectives and priorities, maintaining regular contact with subrecipients to track progress on salmon recovery projects, and conducting site visits to monitor subrecipient project performance.

OIG recommended that the Director of NOAA GMD do the following:

- Make a determination on the reported \$372,027 in questioned project costs.
- Require the Northwest Indian Fisheries Commission to implement procedures to monitor administrative expenses on PCSRF grants and ensure claimed administrative expenses do not exceed 3 percent of program funds.
- Require the Northwest Indian Fisheries Commission to implement procedures to ensure it retains adequate documentation for all cost transfers to PCSRF awards and maintains records showing cost transfers are allocable to the grant.
- Require the Northwest Indian Fisheries Commission to implement procedures to ensure the indirect cost pool includes only allowable, allocable, and reasonable expenses.
- Require the Northwest Indian Fisheries Commission to ensure its subrecipients (a) comply with cost principles, indirect cost rate agreements, uniform administrative requirements, and federal records retention requirements, (b) submit indirect cost rate proposals on time, and (c) use the current approved indirect cost rate to claim indirect costs on federal grants.
- Reiterate to the Northwest Indian Fisheries Commission its responsibility to ensure subrecipients provide documentation showing compliance with real property requirements of the grant.
- Instruct the Northwest Indian Fisheries Commission to submit to NOAA documentation showing subrecipients perfected statements of the federal interest in real property acquired and improved with 2010 and 2011 PCSRF grants.

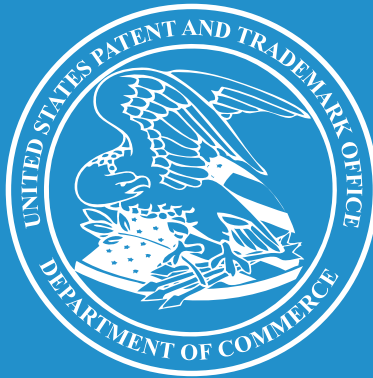
## **TWO NOAA CONTRACTORS CONVICTED AND SENTENCED IN EXTORTION CASE**

As OIG previously reported, the Maryland State Attorney's Office indicted four NOAA security contractors on 11 counts of felony extortion in November 2017. The indictments and arrests were the result of an OIG investigation that found the defendants had solicited payments from NOAA security guards in exchange for passing firearms qualification scores. In March 2018, one defendant pleaded guilty to one count of conspiracy to commit extortion and was sentenced to 18 months' incarceration (suspended) and 18 months' probation. Subsequently, in May 2018, a second defendant pleaded guilty to one count of conspiracy to commit theft. This individual was sentenced to 5 years' incarceration (suspended) and 3 years' probation and was ordered to pay \$1,690 in restitution and a \$1,000 fine. OIG conducted this investigation with the assistance of the Maryland State Police.





# U.S. PATENT AND TRADEMARK OFFICE



The **U.S. Patent and Trademark Office** is the federal agency for granting U.S. patents and registering trademarks. In doing this, the USPTO fulfills the mandate of Article I, Section 8, Clause 8, of the Constitution that the legislative branch “promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.” USPTO registers trademarks based on the commerce clause of the Constitution (Article I, Section 8, Clause 3).

USPTO advises the President of the United States, the Secretary of Commerce, and U.S. government agencies on intellectual property policy, protection, and enforcement; and promotes the stronger and more effective intellectual property protection around the world. USPTO furthers effective intellectual property protection for U.S. innovators and entrepreneurs worldwide by working with other agencies to secure strong intellectual property provisions in free trade and other international agreements. It also provides training, education, and capacity building programs designed to foster respect for intellectual property and encourage the development of strong intellectual property enforcement regimes by U.S. trading partners.

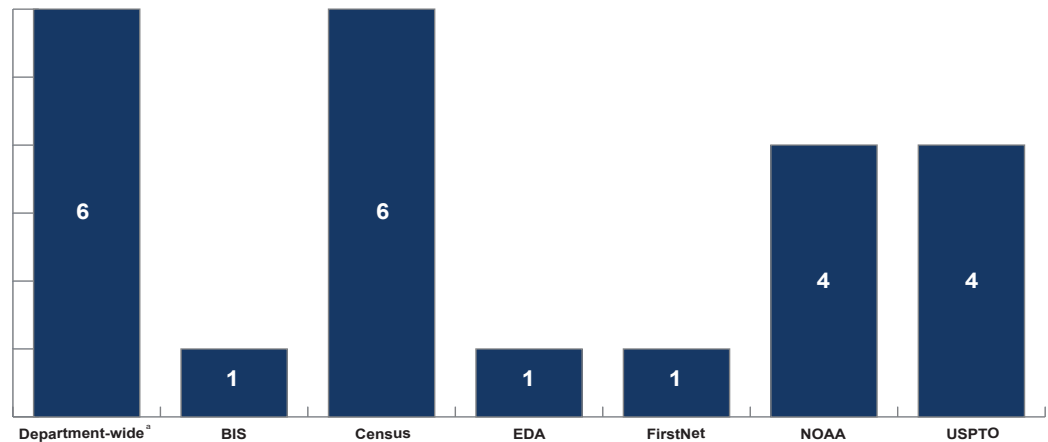
## USPTO EMPLOYEE ARRESTED

In July 2018, a USPTO employee was arrested pursuant to a multi-agency investigation in which OIG assisted in the forensic examination of digital evidence. The individual had an arrest warrant and criminal complaint charging the employee with coercion and enticement of a minor in violation of 18 U.S.C. § 2422(b). On September 27, 2018, the USPTO employee pleaded guilty to a one count violation of 18 U.S.C. § 2251 in the U.S. District Court for the Eastern District of Virginia. Sentencing is scheduled for January 2019 and administrative action is pending.

# WORK IN PROGRESS

## WORK IN PROGRESS (BY OVERSIGHT AREA)

During this reporting period, 23 OIG audit and evaluation projects were initiated or underway.



<sup>a</sup> OIG's audit of the Department-wide oversight and practices to close out contract files will result not in an audit report addressed to the Office of the Secretary, but in four separate audit reports addressed to the Census Bureau, NIST, NOAA, and USPTO.

## DEPARTMENT-WIDE

### Audit of Department-wide Oversight and Practices to Close Out Contract Files

To determine whether the Department administered contract close out procedures in accordance with federal and Departmental regulations.

### Audit of Department Implementation of Uniform Guidance Requirements for Use of Single Audits in Program Management

To evaluate the implementation of Departmental and bureau policies and procedures in meeting the requirements of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* guidance as it relates to the use of single audits to manage a specific award or program.

### Audit of FY 2018 Federal Information Security Modernization Act (FISMA) Compliance

To assess the effectiveness of the Department's information security program and practices.

### Audit of the Department's FY 2018 Consolidated Financial Statements (to include 3 separate reports)

To monitor an independent public accounting firm's audit of the Department's FY 2018 consolidated financial statements, which will determine whether the financial statements are presented fairly, in all material respects, in accordance with generally accepted accounting principles. The audit will also consider the Department's internal control over financial reporting and test compliance with certain provisions of laws, regulations, contracts, and grant agreements that could have a direct and material effect on the financial statements.

### **Audit of the Department's Fleet Management Practices**

To determine whether the Department's fleet program operates in accordance with applicable federal fleet requirements for vehicle operations, acquisitions, and utilization.

### **Top Management and Performance Challenges Facing the Department in FY 2019**

To highlight the most significant management challenges facing the Department (as required annually by the Reports Consolidation Act of 2000).

## **BUREAU OF INDUSTRY AND SECURITY**

### **Audit of BIS' Enforcement Programs for End Users**

To assess the Bureau of Industry and Security's (BIS') efforts to ensure foreign end users are suitable to receive and use controlled U.S. exports in accordance with the Export Administration Regulations.

## **U.S. CENSUS BUREAU**

### **Assessment of the Census Bureau's Implementation of Risk Management Framework (RMF)**

To determine whether RMF methodology adopted by the Bureau presents an accurate picture of cybersecurity risks, including risks associated with common controls, to Bureau management.

### **Audit of the 2018 End-to-End Census Test's Address Canvassing Operation**

To (1) assess the performance of address canvassing field activities and (2) determine whether in-office address canvassing correctly identified blocks for in-field address canvassing.

### **Audit of the Census Bureau's Decennial Cloud-Based Systems**

To determine the effectiveness of security processes and controls for select cloud-based information technology systems supporting the 2020 Decennial Census.

### **Audit of the U.S. Census Bureau's Census Enterprise Data Collection and Processing Program**

To determine whether (1) the Bureau is prepared to test its 2020 Census Security Architecture during the 2018 End-to-End Census Test (E2E Test) and (2) there are cost issues that will affect the readiness of the security architecture, or any other relevant systems.

### **Audit of the U.S. Census Bureau's 2018 End-to-End Census Test's Peak Operations**

To determine whether (1) the Bureau designed the test to inform the 2020 Census; (2) the Bureau performed Non-ID processing and unduplicated responses in a timely manner to reduce the NRFU operation's workload; (3) NRFU systems are included in the test and function as designed; and (4) the test included data quality components identified as success criteria in the test plan.

### **Audit of the 2018 End-to-End Test's Census Questionnaire Assistance Operation (CQA)**

To determine whether the Bureau utilized the results of the 2010 Census Telephone Questionnaire Assistance operation and recent CQA tests to inform the upcoming 2020 Census operation and to assess how CQA contract costs were estimated and are being managed.

## **ECONOMIC DEVELOPMENT ADMINISTRATION**

### **Audit of EDA's Disaster Relief Workforce Planning**

To determine whether EDA's workforce planning process for awarding and administering the Disaster Supplemental funds is adequate and effective.

## FIRST RESPONDER NETWORK AUTHORITY

### **Audit of FirstNet's Efforts to Monitor Task Order 3 of the Contract for the Development of the Nationwide Public Safety Broadband Network**

To determine whether the First Responder Network Authority (FirstNet) properly administered Task Order Number 3, *Deployment, Operation, and Maintenance of the Nationwide Core*, under the AT&T contract.

## NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

### **Audit of NOAA Grants NA11NMF4380267 and NA10NMF4380435 Awarded to the Washington State Recreation and Conservation Office (RCO)**

To determine whether RCO (1) claimed allowable, allocable, and reasonable costs under the selected grant awards, (2) complied with grant terms and conditions, administrative requirements, cost principles, and audit requirements, and (3) met performance requirements of the grants.

### **Audit of Geostationary Operational Environmental Satellites (GOES)-R Development, Testing, and Transition into Operations**

To assess the adequacy of GOES-S, -T, and -U development and testing, and GOES-16 transition into operations, per NOAA and National Aeronautics and Space Administration (NASA) standards. OIG will also monitor NOAA's progress in developing and reporting on flight and ground segment contracting actions and changes to minimize cost increases.

### **Audit of NOAA Office of Marine and Aviation Operations (OMAO) Ship Fleet Acquisition Planning**

To assess the initial acquisition planning and its impact on the schedule, cost, and performance of NOAA's ship fleet recapitalization efforts.

### **Audit of Financial Assistance Awards to Gulf States Marine Fisheries Commission**

To determine whether the Commission followed federal laws and regulations in administering federal awards, complied with matching requirements, and met award performance requirements.

## U.S. PATENT AND TRADEMARK OFFICE

### **Audit of USPTO's Trademark Next Generation Program Management**

To determine whether USPTO provided effective oversight of the Trademark Next Generation implementation.

### **Audit of USPTO's Monetary Awards for Patent Examiners**

To determine whether USPTO granted monetary awards in compliance with the relevant award criteria and were sufficiently documented.

### **Audit of USPTO's Active Directory**

To determine whether USPTO has adequately managed its Active Directory to protect mission critical systems and data.

### **Audit of USPTO FY 2018 Financial Statements (to include 2 separate reports)**

To monitor an independent public accounting firm's audit of USPTO's financial statements, which will determine whether the financial statements are presented fairly, in all material respects, in accordance with generally accepted accounting principles. The audit will also consider USPTO's internal control over financial reporting and test compliance with certain provisions of laws, regulations, and contracts that could have a direct and material effect on the financial statements.



# STATISTICAL DATA

The Inspector General Act of 1978, as amended, (IG Act) requires OIG to present the statistical data contained in the following:

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## TABLE 1. OFFICE OF INVESTIGATIONS STATISTICAL HIGHLIGHTS FOR THIS PERIOD

**Investigative activities** cover investigations opened and closed by OIG; arrests by OIG agents; indictments and other criminal charges filed against individuals or entities as a result of OIG investigations; convictions secured at trial or by guilty plea as a result of OIG investigations; and fines, restitution, and all other forms of financial recoveries achieved by OIG as a result of investigative action. Fines and other financial recoveries refer only to agreements that a judge accepted.

**Allegations processed** presents the number of complaints from employees, stakeholders, and the general public that were handled by OIG's Complaint Intake Unit. Of these, some resulted in the opening of investigations; others were referred to bureaus for internal administrative follow-up. Others were unrelated to Departmental activities or did not provide sufficient information for any investigative follow-up and so were not accepted for investigation or referral.

<b>Allegations Received</b>	
Total hotline contacts	509
Contacts related to Departmental programs	326
Number of hotline referrals to Departmental management	170
<b>Investigative Caseload</b>	
Investigations opened this period	22
Investigations closed/completed this period	45
Investigations in progress as of September 30, 2018	52 <sup>a</sup>
<b>Reports</b>	
Total number of investigative reports issued during the reporting period	6 <sup>b</sup>
<b>Prosecutive Actions and Monetary Results</b>	
Total number of individuals or entities referred to the Department of Justice for criminal prosecution	14
Total number of entities referred to state/local prosecuting authorities	0
Indictments/Informations	2
Convictions	3
Monetary recoveries	\$12,128,090 <sup>c</sup>
<b>Administrative Actions</b>	
Suspension/Debarment actions	4
Disciplinary actions	6

<sup>a</sup> This figure excludes 35 cases pending Department of Justice prosecution or agency action.

<sup>b</sup> This figure represents the total number of investigative reports issued to Departmental agencies for administrative action.

<sup>c</sup> This figure includes fines, restitutions, seizures and forfeitures, and civil judgements and settlements in cases worked independently by OIG, as well as OIG participation in federal multiagency investigations.

## TABLE 2. AUDIT RESOLUTION AND FOLLOW-UP

The IG Act requires OIG to present in this report audits issued before the beginning of the reporting period (April 1, 2018) for which no management decision had been made by the end of the period (September 30, 2018). No audit reports remain unresolved for more than 6 months for this reporting period.

**Audit resolution** is the process by which the Department of Commerce reaches an effective management decision in response to audit reports. **Management decision** refers to management's evaluation of the findings and recommendations included in the audit report and the issuance of a final decision by management concerning its response.

Department Administrative Order (DAO) 213-5, *Audit and Evaluation Resolution and Follow-up*, provides procedures for management to request a modification to an approved audit action plan or for a financial assistance recipient to appeal an audit resolution determination. There was no modification or appeal activity during the 6-month period ending September 30, 2018. The following table summarizes modification and appeal activity during the reporting period.

Report Category	Modifications	Appeals
Actions pending (April 1, 2018)	0	0
Submissions	0	0
Decisions	0	0
Actions pending (September 30, 2018)	0	0

### TABLE 3. AUDIT AND INSPECTION STATISTICAL HIGHLIGHTS FOR THIS PERIOD

**Audits** comply with standards established by the Comptroller General of the United States for audits of federal establishments, organizations, programs, activities, and functions.

**Inspections** include evaluations, inquiries, and similar types of reviews that do not constitute an audit or a criminal investigation.

Questioned costs <sup>a</sup>	\$117,359,398
Value of audit recommendations that funds be put to better use <sup>b</sup>	\$10,325,361,341
<b>Total potential monetary benefits</b>	<b>\$10,442,720,739</b>
Value of audit recommendations agreed to by management <sup>c</sup>	\$85,989,008

<sup>a</sup> **Questioned cost:** This is a cost questioned by OIG because of (1) an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; (2) a finding that, at the time of the audit, such cost is not supported by adequate documentation; or (3) a finding that an expenditure of funds for the intended purpose is unnecessary or unreasonable.

<sup>b</sup> **Value of audit recommendations that funds be put to better use:** This results from an OIG recommendation that funds could be used more efficiently if Department management took action to implement and complete the recommendation. Such actions may include (1) reductions in outlays; (2) deobligation of funds from programs or operations; (3) withdrawal of interest subsidy costs on loans or loan guarantees, insurance, or bonds; (4) costs not incurred by implementing recommended improvements related to the Department, a contractor, or a grantee; (5) avoidance of unnecessary expenditures identified in pre-award reviews of contracts or grant agreements; or (6) any other savings specifically identified.

<sup>c</sup> **Value of audit recommendations agreed to by management:** This is the sum of (1) disallowed costs and (2) funds put to better use that are agreed to by management during resolution. Disallowed costs are the amount of costs that were questioned by the auditors or the agency action official and subsequently determined—during audit resolution or negotiations by a contracting officer—not to be charged to the government.

**TABLE 4. AUDITS WITH QUESTIONED COSTS**

See table 3 for a definition of “questioned cost.” An **unsupported cost** is a cost that is not supported by adequate documentation at the time of the audit. Questioned costs include unsupported costs.

Report Category	Number	Questioned Costs (\$)	Unsupported Costs (\$)
A. Reports for which no management decision had been made by the beginning of the reporting period	1	1,854,385	1,854,385
B. Reports issued during the reporting period	2	117,359,398	117,187,105
Total reports (A+B) requiring a management decision during the period	3	119,213,783	119,041,490
C. Reports for which a management decision was made during the reporting period <sup>a</sup>	1	1,854,385	1,854,385
i. Value of disallowed costs		1,854,385	1,854,385
ii. Value of costs not disallowed		0	0
D. Reports for which no management decision had been made by the end of the reporting period	2	117,359,398	117,187,105

<sup>a</sup> In category C, lines i and ii do not always equal the total in line C because resolution may result in values greater than the original recommendations.

**TABLE 5. AUDITS WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE**

See table 3 for a definition of “recommendations that funds be put to better use.”

Report Category	Number	Value (\$)
A. Reports for which no management decision had been made by the beginning of the reporting period	2	84,134,623
B. Reports issued during the reporting period	3	10,325,361,341 <sup>a</sup>
Total reports (A+B) requiring a management decision during the period	5	10,409,495,964
C. Reports for which a management decision was made during the reporting period <sup>b</sup>	2	84,134,623
i. Value of recommendations agreed to by management		84,134,623
ii. Value of recommendations not agreed to by management		0
D. Reports for which no management decision had been made by the end of the reporting period	3	10,325,361,341

<sup>a</sup> Three audit reports during this semiannual period identified approximately \$10.3 billion of funds to be put to better use: (1) OIG-18-021-A identified \$8,579,037,000, which was calculated by categorizing the remaining costs of the PWS program (FY 2019–2038) as funds to be used more efficiently or saved through a formal revision of its life-cycle cost estimate; (2) OIG-18-023-A identified the maximum amount of funds to potentially be put to better use of \$1,706,844,772, which was calculated using the total estimated ceiling prices negotiated for the option years remaining on 17 BPAs that OIG reviewed, for which annual reviews were not conducted or documented; and (3) OIG-18-024-A identified \$39,479,569, which was calculated by categorizing the balance of the award fee pool, which consists of funds for the remaining award periods that span from August 1, 2017, to September 30, 2022, and could be put to better use through adherence to best practices and consistent implementation of management controls.

<sup>b</sup> In category C, lines i and ii do not always equal the total in line C because resolution may result in values greater than the original recommendations.

## TABLES 6, 6-A, 6-B, AND 6-C. REPORT TYPES FOR THIS PERIOD

**Performance audits** are engagements that provide assurance or conclusions based on an evaluation of sufficient, appropriate evidence against stated criteria such as specific requirements, measures, or defined business practices. Performance audits provide objective analysis so that management and those charged with governance and oversight can use the information to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.

**Inspections** include evaluations, inquiries, and similar types of reviews that do not constitute an audit or investigation. An inspection is defined as a process that evaluates, reviews, studies, or analyzes the programs and activities of a department or agency to provide information to managers for decision making; makes recommendations for improvements to programs, policies, or procedures; and identifies where administrative action may be necessary.

**TABLE 6. SUMMARY OF REPORT TYPES FOR THIS PERIOD**

Type	Number of Reports	Table Number
Performance audits	7	Table 6-a
Inspections and evaluations	1	Table 6-b
Other public reports	1	Table 6-c
<b>Total</b>	<b>9</b>	

**TABLE 6-A. PERFORMANCE AUDITS**

Report Title	Report Number	Date Issued	Funds to Be Put to Better Use (\$) <sup>a</sup>	Amount Questioned (\$)	Amount Unsupported (\$)
<b>U.S. Census Bureau</b>					
<i>2020 Census: The Number and Location of Area Census Offices May Not Reflect NRFU Workload Demands and Will Not Result in Projected Cost Savings</i>	OIG-18-018-A	04.30.2018	0	0	0
<i>Census Bureau Could Improve Monitoring of Blanket Purchase Agreements by Complying with Key Federal Acquisition Regulation and Commerce Requirements</i>	OIG-18-023-A	07.30.2018	1,706,844,772	0	0
<b>National Institute of Standards and Technology</b>					
<i>NIST Should Improve Controls for Monitoring R&amp;D Grants and Cooperative Agreements</i>	OIG-18-025-A	09.10.2018	0	0	0
<b>National Oceanic and Atmospheric Administration</b>					
<i>Polar Follow-On: NOAA Must Maintain Cost Efficiencies and Refine Launch Strategy for JPSS-3 and JPSS-4 Missions</i>	OIG-18-021-A	07.09.2018	8,579,037,000	0	0
<i>The Joint Polar Satellite System: Program Must Use Realistic Schedules to Avoid Recurrence of Ground Project Delays and Additional Cost Increases</i>	OIG-18-024-A	08.02.2018	39,479,569	116,987,371	116,987,371
<i>Audit of NOAA Pacific Coastal Salmon Recovery Fund Grants to the Northwest Indian Fisheries Commission</i>	OIG-18-026-A	09.24.2018	0	372,027	199,734
<b>Office of the Secretary</b>					
<i>Department of Commerce Working Capital Fund Billing Practices and Transparency Need Improvement</i>	OIG-18-020-A	05.08.2018	0	0	0

<sup>a</sup> Three audit reports during this semiannual period identified approximately \$10.3 billion of funds to be put to better use:

(1) OIG-18-021-A identified \$8,579,037,000, which was calculated by categorizing the remaining costs of the PWS program (FY 2019–2038) as funds to be used more efficiently or saved through a formal revision of its life-cycle cost estimate;

(2) OIG-18-023-A identified the maximum amount of funds to potentially be put to better use of \$1,706,844,772, which was calculated using the total estimated ceiling prices negotiated for the option years remaining on 17 BPAs that OIG reviewed, for which annual reviews were not conducted or documented; and

(3) OIG-18-024-A identified \$39,479,569, which was calculated by categorizing the balance of the award fee pool, which consists of funds for the remaining award periods that span from August 1, 2017, to September 30, 2022, and could be put to better use through adherence to best practices and consistent implementation of management controls.

**TABLE 6-B. INSPECTIONS AND EVALUATIONS**

<b>Report Title</b>	<b>Report Number</b>	<b>Date Issued</b>	<b>Funds to Be Put to Better Use (\$)</b>	<b>Amount Questioned (\$)</b>	<b>Amount Unsupported (\$)</b>
<b>U.S. Census Bureau</b>					
<i>FY 2017 Compliance with Improper Payment Requirements</i>	OIG-18-019-I	05.02.2018	0	0	0

**TABLE 6-C. OTHER PUBLIC REPORTS**

<b>Report Title</b>	<b>Report Number</b>	<b>Date Issued</b>
<i>Bipartisan Budget Act of 2018: Oversight Challenges Facing the Economic Development Administration</i>	OIG-18-022	06.04.2018

## TABLES 7, 7-A, 7-B, AND 7-C. UNIMPLEMENTED AND UNRESOLVED RECOMMENDATIONS

All tables concerning unimplemented or unresolved recommendations do not include recommendations from (a) classified or sensitive nonpublic reports, (b) recurring, annual audits (such as financial statement audits), or (c) those addressed to specific non-federal entities in connection with audits of financial assistance awards.

Recommendations from all performance audit, evaluation, and inspection reports issued prior to FY 2015 have been implemented.

**Resolved but unimplemented recommendations** are those for which (a) the operating unit(s) agreed to OIG recommendations and (b) OIG approved the action plan. Columns 2 through 5 of table 7 provide details on resolved but unimplemented recommendations.

**Unresolved recommendations** include those with no approved action plan as of September 30, 2018, or those for which the action plans are not due until after September 30, 2018. Columns 6 through 7 of table 7 provide details on “unresolved” recommendations.

Table 7-a provides details on FY 2015–2018 performance audit, evaluation, or inspection reports that have resolved but unimplemented recommendations. When issued, these 77 reports had 335 total recommendations. As of September 30, 2018:

- 19 of the 77 reports (25 percent) had resolved but unimplemented recommendations;
- 51 of 335 total recommendations (15 percent) were resolved but unimplemented;
- 4 of these resolved but unimplemented recommendations had potential monetary benefits of more than \$18 million.

Table 7-b provides details on five FY 2018 performance audit reports with 30 unresolved recommendations. Five of these unresolved recommendations have potential monetary benefits of more than \$10.4 billion.

Table 7-c provides details on performance audit, evaluation, or inspection reports for which management took longer than 60 days to respond.



**TABLE 7. SUMMARY OF UNIMPLEMENTED AND UNRESOLVED RECOMMENDATIONS BY OPERATING UNIT**

Operating Unit	FY 2015–2016 Unimplemented Recs (Resolved)	Potential Monetary Benefits of FY 2015–2016 Unimplemented Recs	FY 2017–2018 Unimplemented Recs (Resolved)	Potential Monetary Benefits of FY 2017–2018 Unimplemented Recs	Unresolved FY 2018 Recs	Potential Monetary Benefits of Unresolved FY 2018 Recs
Bureau of Economic Analysis	0	0	0	0	0	0
Bureau of Industry and Security	0	0	0	0	0	0
U.S. Census Bureau	1	0	9	0	5	\$1,706,844,772
Economic Development Administration	1	0	2	\$3,124,732	0	0
First Responder Network Authority	0	0	0	0	0	0
International Trade Administration	0	0	5	0	0	0
Minority Business Development Agency	0	0	0	0	0	0
National Institute of Standards and Technology	0	0	0	0	1	0
National Oceanic and Atmospheric Administration	4	0	6	\$12,826,586	24	\$8,735,875,967
National Technical Information Service	0	0	0	0	0	0
National Telecommunications and Information Administration	0	0	1	0	0	0
Office of the Secretary	5	0	14	\$2,119,284	0	0
U.S. Patent and Trademark Office	0	0	3	0	0	0
<b>TOTAL</b>	<b>11</b>	<b>0</b>	<b>40</b>	<b>\$18,070,602</b>	<b>30</b>	<b>\$10,442,720,739</b>

## TABLE 7-A. UNIMPLEMENTED RECOMMENDATIONS FROM AUDIT, EVALUATION, AND INSPECTION REPORTS

Table 7-a does not include recommendations from (a) classified or sensitive nonpublic reports, (b) recurring, annual audits (such as financial statement audits), or (c) those addressed to specific non-federal entities in connection with audits of financial assistance awards.

Recommendations from all performance audit, evaluation, and inspection reports issued prior to FY 2015 have been implemented.

- **FY 2015:** OIG issued 17 reports with a total of 83 recommendations. As of September 30, 2018, 2 recommendations (2 percent of FY 2015 recommendations) were resolved but unimplemented.
- **FY 2016:** OIG issued 26 reports with a total of 109 recommendations. As of September 30, 2018, 9 recommendations (8 percent of FY 2016 recommendations) were resolved but unimplemented. There are no unimplemented recommendations with potential monetary benefits.
- **FY 2017:** OIG issued 20 reports with a total of 88 recommendations. As of September 30, 2018, 14 recommendations (16 percent of FY 2017 recommendations) were resolved but unimplemented. Three unimplemented recommendations have potential monetary benefits of \$13,070,602 in funds to be put to better use.
- **FY 2018:** OIG issued 14 reports with a total of 85 recommendations. As of September 30, 2018, OIG had approved action plans for 9 of these reports with 55 recommendations. With regard to these recommendations, 26 recommendations (46 percent) were resolved but unimplemented. One unimplemented recommendation has potential monetary benefits of \$5,000,000 in funds to be put to better use.

The remaining 5 unresolved reports and their 30 recommendations are listed under table 7-b.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
06.05.2015	OIG-15-031, <i>EDA Faces Challenges in Effectively Monitoring Its Revolving Loan Funds</i>	8	8	1	0

### Objective(s)

OIG's audit objectives were to determine whether EDA effectively responds to performance problems and changes to distressed or underserved communities within the Revolving Loan Fund (RLF) program.

### Finding(s)

OIG found that (1) EDA did not aggressively respond to noncompliant RLFs, exposing agency funds to misuse and economic loss and (2) inflexibility in current RLF regulations and limited resources reduce EDA's ability to effectively oversee problematic or underutilized RLFs.

### Unimplemented Recommendation(s)

**Recommendation 6:** OIG recommends that the Assistant Secretary of Commerce for Economic Development direct the appropriate EDA regional officials to identify projects with RLF plans more than 5 years old and document determinations on whether those plans require modifications—including determinations on whether a need for the RLF still exists in a particular location or whether funds should be transferred.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
06.11.2015	OIG-15-032, <i>Cost Estimates, Long-Term Savings, Milestones, and Enterprise Architecture Policy Are Needed for Common Satellite Ground System Program</i>	9	9	1	0

#### Objective(s)

OIG's objectives for this review were to determine (1) the progress of NOAA's planning efforts and milestones for implementing a common satellite ground system architecture (i.e., an enterprise architecture), and (2) whether NOAA's plans and efforts provide adequate consideration for system redundancy, security, and scalability.

#### Finding(s)

OIG found that (1) enterprise architecture planning is underway, but cost estimates are needed to determine appropriate investment reviews and reporting, (2) planning is following best practices, but return on investment and plans and milestones beyond 2016 are yet to be determined, and (3) National Environmental Satellite, Data, and Information Service (NESDIS) is mostly compliant with enterprise architecture guidance, but improvements are needed to enhance institutional commitment, quality assurance, information sharing, and IT security planning.

#### Unimplemented Recommendation(s)

**Recommendation 1:** OIG recommends that the NOAA Administrator develop a Ground Enterprise Architecture Services program cost estimate based on a defined timeframe.

04.18.2016	OIG-16-025, <i>The Census Working Capital Fund Lacks Transparency</i>	6	6	1	0
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#### Objective(s)

The objective of this audit was to evaluate the budgetary controls over the Bureau's working capital fund (WCF).

#### Finding(s)

OIG found that the Bureau (1) could not provide support for its overhead rates, (2) lacks monitoring procedures to ensure WCF transparency and compliance with statutes, (3) may have used FY 2010 funds to improperly augment a survey sponsor's FY 2009 appropriation, (4) has not prepared the required financial reports for the WCF, and (5) lacks controls necessary to ensure that excess funds are returned to reimbursable survey sponsors promptly.

#### Unimplemented Recommendation(s)

**Recommendation 2:** OIG recommends that the Director of the Census Bureau obtain an opinion from the Department of Commerce Office of the General Counsel (OGC) to determine whether funds from the Improving Operational Efficiency program, carried over in FY 2010 and FY 2011, are considered earned income and were carried over in compliance with appropriations laws (and, in addition, notify the Department's Chief Financial Officer and Assistant Secretary for Administration of the results—and, if noncompliance is noted, develop controls to track the original period of availability of Improving Operational Efficiency program funds).

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
04.26.2016	OIG-16-026, <i>The Joint Polar Satellite System: Further Planning and Executive Decisions Are Needed to Establish a Long-term, Robust Program</i>	9	9	2	0
<b>Objective(s)</b>					
OIG's objectives for this evaluation were to (1) determine the progress of Polar Follow-On (PFO) planning, (2) monitor ongoing JPSS acquisition and development (i.e., JPSS-1 and JPSS-2 missions), and (3) assess the potential for data gaps.					
<b>Finding(s)</b>					
OIG found that (1) PFO plans needed further development to support the establishment of program cost, schedule, and performance baselines, (2) satellite and ground system development challenges posed risk to JPSS-1 launch schedule, and (3) the potential for data gaps requires leadership's sustained attention.					
<b>Unimplemented Recommendation(s)</b>					
<b>Recommendation 8:</b> In order to guide and sustain the implementation of NOAA polar satellite observing systems, OIG recommends that the NOAA Deputy Under Secretary for Operations incorporate NOAA's robust architecture criteria into formal NOAA policy.					
<b>Recommendation 9:</b> In order to guide and sustain the implementation of NOAA polar satellite observing systems, OIG recommends that the NOAA Deputy Under Secretary for Operations include new satellite technology insertion as part of NOAA's strategic and tactical plans.					
08.04.2016	OIG-16-040, <i>Review of IT Security Policies, Procedures, Practices, and Capabilities in Accordance with the Cybersecurity Act of 2015</i>	5	5	5	0
<b>Objective(s)</b>					
The objective of this audit was to examine the IT security policies, procedures, practices, and capabilities—as defined in the Cybersecurity Act of 2015—for national security and personally identifiable information systems.					
<b>Finding(s)</b>					
The findings of this report are For Official Use Only, and not included in this publicly released <i>Semiannual Report to Congress</i> .					
<b>Unimplemented Recommendation(s)</b>					
The recommendations of this report are For Official Use Only, and are not included in this publicly released <i>Semiannual Report to Congress</i> .					
08.26.2016	OIG-16-043, <i>Successful Cyber Attack Highlights Longstanding Deficiencies in NOAA's IT Security Program</i>	8	8	1	0
<b>Objective(s)</b>					
OIG conducted this audit to (1) determine the significant factors that contributed to the successful cyber attack on NOAA information systems and (2) evaluate NOAA's handling of the detection, analysis, eradication, and reporting of the attack, as well as recovery from it.					
<b>Finding(s)</b>					
OIG found that (1) deficiencies in risk management left an application exposed to attack, (2) web application vulnerability assessments were not conducted routinely and missed hundreds of high-risk vulnerabilities, (3) deferred implementation of multifactor authentication allowed unauthorized access to additional systems, and (4) inadequate firewall management practices prolonged the disruption of disseminating weather satellite data.					
<b>Unimplemented Recommendation(s)</b>					
<b>Recommendation 8:</b> OIG recommends that NOAA's Chief Information Officer ensure that adequate measures are taken to implement mechanisms for multifactor authentication in a timely manner for all applicable users and applications.					

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
02.02.2017	OIG-17-013, <i>Audit of the Geostationary Operational Environmental Satellite—R Series: Improvements in Testing, Contract Management, and Transparency Are Needed to Control Costs, Schedule, and Risks</i>	11	11	1	0

**Objective(s)**

OIG's objectives were to assess the adequacy of the GOES-R development as the program completes system integration and test activities for the flight and ground segments in preparation for launch and data distribution, per NOAA and NASA standards.

**Finding(s)**

OIG found that (1) an unapproved test change damaged the satellite and exposed weaknesses in cost estimation that informed award fee determination, (2) delay in definitizing core ground system re-plan resulted in increased costs and risk, (3) spacecraft project management reviews are not conducted in a transparent manner, and (4) NESDIS does not consistently calculate or report geostationary satellite coverage gap probability.

**Unimplemented Recommendation(s)**

**Recommendation 3:** OIG recommends that the NESDIS Assistant Administrator direct NASA to modify the spacecraft contract's performance evaluation plan (PEP) to specify that both direct and indirect costs are used in determining a major breach of safety for future evaluation periods.

02.03.2017	OIG-17-014, <i>NOAA Reviews of Unliquidated Obligations Could Be Improved with Greater Review Frequency and Additional Documentation</i>	3	3	3	\$7,826,586 Funds to Be Put to Better Use
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**Objective(s)**

OIG's objective was to evaluate the effectiveness of NOAA's unliquidated obligation (ULO) review policies and procedures implemented since the June 2013 audit report, which reviewed the Department-wide controls over the management of ULO balances.

**Finding(s)**

OIG found that (1) NOAA's procedures for ULO monitoring were ineffective and (2) NOAA's ULO deobligation process can be improved.

**Unimplemented Recommendation(s) (potential monetary benefits for unimplemented recommendation 2)**

**Recommendation 1:** OIG recommends that the NOAA Administrator instruct the NOAA Chief Financial Officer and the Director of Acquisition and Grants Office (AGO) to develop bureau-specific policies and procedures for monitoring obligations that require open ULOs to have proper justification documentation and timely reviews.

**Recommendation 2:** OIG recommends that the NOAA Administrator instruct the NOAA Chief Financial Officer and the Director of AGO to follow up on the obligations specifically identified in this report and take appropriate action. Potential monetary benefits: \$7,826,586 funds to be put to better use.

**Recommendation 3:** OIG recommends that the NOAA Administrator instruct the NOAA Chief Financial Officer and the Director of AGO to require compliance with Departmental documentation standards on future deobligations by ensuring all deobligation actions have appropriate notifications, confirmations, and certifications on record and are processed in a timely manner.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
03.16.2017	OIG-17-020, <i>2020 Census: 2016 Census Test Indicates the Current Life-Cycle Cost Estimate Is Incomplete and Underestimates Nonresponse Followup Costs</i>	5	5	3	0

#### Objective(s)

OIG initiated an evaluation of the 2016 Census Test to review (1) the effectiveness of the new management structure and (2) the effectiveness of the operational control system (OCS) to support NRFU operations. OIG's first objective was to determine whether the Bureau documented its decision to utilize the enumerator-to-supervisor ratios selected for the 2016 test. OIG's second objective was to determine whether the Bureau designed the test to (a) assess the effectiveness of the OCS in supporting supervisors during NRFU operations by comparing 2016 test results to results of previous tests and (b) determine the feasibility and effectiveness of a higher enumerator-to-supervisor ratio compared to the 2010 Census.

#### Finding(s)

OIG found that (1) more than 10 million potential NRFU contact attempts are unaccounted for in the life-cycle cost estimate, (2) limitations to the design and methodology of the 2016 Census Test hinder the Bureau's ability to answer research questions, (3) improvements could increase the effectiveness of the OCS, and (4) field staff were not adequately trained to complete proxy interviews and receive paper questionnaires.

#### Unimplemented Recommendation(s)

**Recommendation 3:** OIG recommends that the Director of the Census Bureau work with OGC to develop enumerator scheduling guidance; and implement the most efficient NRFU enumeration scheduling practices.

**Recommendation 4:** OIG recommends that the Director of the Census Bureau implement internal controls in the new operation control system that (a) prevent supervisors from ignoring alerts and inform managers that alerts were not responded to in a timely manner; and (b) provide supervisors with sufficient detail to resolved alerts.

**Recommendation 5:** OIG recommends that the Director of the Census Bureau revise training to ensure field staff are adequately prepared to conduct proxy interviews and securely transmit paper questionnaires for processing.

03.24.2017	OIG-17-021, <i>Inadequate Security Practices, Including Impaired Security of Cloud Services, Undermine USPTO's IT Security Posture</i>	12	12	3	0
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#### Objective(s)

OIG's objective was to determine whether key security measures are in place to adequately protect USPTO systems that utilize databases to store business information.

#### Finding(s)

OIG found that USPTO (1) failed to implement the required security controls for cloud-based subsystems, (2) used non-Federal Risk and Authorization Management Program compliant cloud services without proper security assurance, and (3) deficiently implemented fundamental security controls, which increased the cybersecurity risk of USPTO systems.

#### Unimplemented Recommendation(s)

**Recommendation 3:** OIG recommends that the USPTO Chief Information Officer establish processes to develop and maintain an accurate inventory of all cloud-based servers, and conduct routine vulnerability scanning, as required by Department and USPTO policies.

**Recommendation 6:** OIG recommends that the USPTO Chief Information Officer evaluate current strategy of replacing unsupported server operating systems, and develop and implement a plan to prioritize available resources for the component upgrade or replacement.

**Recommendation 7:** OIG recommends that the USPTO Chief Information Officer ensure that unsupported databases are upgraded or replaced in a timely manner.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
04.27.2017	OIG-17-023, <i>EDA Can Strengthen Its Policies and Procedures for Monitoring ULOs</i>	2	2	2	\$3,124,732 Funds to Be Put to Better Use

**Objective(s)**

OIG's objective was to evaluate the effectiveness of EDA obligation and deobligation practices as well as review policies and procedures that were implemented since the June 2013 audit report number OIG-13-026-A, *Monitoring of Obligation Balances Needs Strengthening*.

**Finding(s)**

OIG found that EDA has generally achieved the intent of our recommendations by reducing its ULO balance by approximately \$500 million since our last review. However, EDA has not established any bureau-specific deobligation policies and procedures as required by Departmental policy.

**Unimplemented Recommendation(s) (potential monetary benefits for unimplemented recommendation 1)**

**Recommendation 1:** OIG recommends the Assistant Secretary for Economic Development instruct the Director of EDA's Budget and Finance Division to follow up on the nine obligations identified in this report to ensure that, if no longer needed, appropriate action is taken. Potential monetary benefits: \$3,124,732 funds to be put to better use.

**Recommendation 2:** OIG recommends the Assistant Secretary for Economic Development instruct the Director of EDA's Budget and Finance Division to develop and implement bureau-specific policies and procedures for conducting timely obligation reviews of all open balances.

06.12.2017	OIG-17-026, <i>Selected Commerce Bureaus Could Improve Review Procedures and Documentation Related to Unliquidated Obligations</i>	2	2	2	\$2,119,284 Funds to Be Put to Better Use
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**Objective(s)**

OIG's objective was to evaluate the effectiveness of each operating unit's obligation and deobligation review policies and procedures implemented since the 2013 audit report.

**Finding(s)**

OIG found that policies and procedures for reviewing and monitoring ULOs can be improved.

**Unimplemented Recommendation(s) (potential monetary benefits for unimplemented recommendation 2)**

**Recommendation 1:** OIG recommends that the selected bureaus' Chief Financial Officers instruct their respective ULO oversight managers to develop or enhance detailed bureau-specific policies for monitoring obligations and encourage deobligation as outlined in the *Department of Commerce Policy for Undelivered Obligations*, including policies that require (a) maintaining adequate justifications for valid obligation balances; and (b) timely deobligation actions for balances no longer needed.

**Recommendation 2:** OIG recommends that the selected bureaus' Chief Financial Officers instruct their respective ULO oversight managers to follow up on the obligations specifically identified in this report and take appropriate action. Potential monetary benefits: \$2,119,284 funds to be put to better use.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
10.16.2017	OIG-18-002, <i>Strengthening Grant Administration and Financial Controls Will Improve Management of the LA-RICS BTOP Grant</i>	5	5	1	0

#### Objective(s)

OIG's objective was to assess the effectiveness of National Telecommunications and Information Administration's (NTIA's) oversight of the Broadband Technology Opportunities Program (BTOP) grant award to the Los Angeles Regional Interoperable Communications System Authority (LA-RICS).

#### Finding(s)

OIG generally found NTIA's and NOAA's oversight of the LA-RICS BTOP grant and LA-RICS' efforts to be reasonable; however, OIG identified opportunities to address control weaknesses and improve management of the grant program. Specifically, NOAA grant monitoring procedures are incomplete, NTIA and NOAA did not maintain adequate grant files, and NTIA cannot fully rely on LA-RICS' financial controls.

#### Unimplemented Recommendation(s)

**Recommendation 2:** OIG recommends that NTIA's Chief Financial Officer and Director of Administration, Performing the Non-Exclusive Duties of the Assistant Secretary for Communications and Information, require LA-RICS, in consultation with NOAA, to develop and document procedures for maintaining its internal financial system.



Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
11.08.2017	OIG-18-005, <i>Examination of the Department's Digital Accountability and Transparency Act of 2014 Submission for the Second Quarter of Fiscal Year 2017</i>	17	17	6	0

#### Objective(s)

Review a sample of the submitted financial and award data and then report on the completeness, timeliness, quality, and accuracy of the data, as well as the agency's implementation and use of the required standards.

#### Finding(s)

KPMG identified the following:

- The transactions in the examined files were not presented in accordance, in all material respects, with the following characteristics, which are defined in the U.S. Department of the Treasury's *Inspectors General Guide to Compliance Under the DATA Act*: completeness of data elements, completeness of transactions, accuracy, timeliness, and consistency with required data standards.
- A material weakness exists related to controls over the Digital Accountability and Transparency Act of 2014 (DATA Act) submission processes.
- A significant deficiency exists related to access controls over the Department's grant and procurement systems.

#### Unimplemented Recommendation(s)

KPMG recommended the following to the Chief Financial Officer and Assistant Secretary for Administration performing the duties of Deputy Secretary:

**Recommendation 7:** Develop and implement procedures that require the bureaus to review and certify the data elements relevant to the DATA Act submission files.

**Recommendation 8:** Develop and implement procedures to identify and consider the operating effectiveness of key bureau level process level and IT controls related to the DATA Act submission.

**Recommendation 10:** Develop and implement procedures to ensure that adjustments recorded by the Commerce Broker to reconcile the File 8 to GTAS [Government-wide Treasury Account Symbol Adjusted Trial Balance System] are coded to the appropriate object class and program activity codes listed in OMB [Office of Management and Budget] Circular A-11.

**Recommendation 12:** Have Commerce revise existing procedures to align the timing and precision of FPDS-NG and financial data review requirements with the DATA Act submission deadlines.

**Recommendation 13:** Have DOC work with OFPP [Office of Federal Procurement Policy] on correcting the Treasury mapping, to resolve potential issues related to the mapping of data elements in FPDS-NG to data elements in the submission.

**Recommendation 17:** Have Commerce either (1) In coordination with GSA and Treasury, develop and implement policies and procedures that enable them to assess the completeness and accuracy of the data relevant to the Submission, OR (2) Obtain assurance from GSA regarding data from SAM and FSRS relevant to the Submission, OR (3) Revise the Submission certification statement to specify that the data in Files E, F, and Business Types in D1 is not in accordance with the internal control requirements set forth in OMB MPM-2016-03 for the reasons noted above.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
01.08.2018	OIG-18-011, NOAA Office of Marine and Aviation Operations Does Not Fully Utilize the Shipboard Automated Maintenance Management System to Coordinate Ship Maintenance and Repairs	2	2	2	\$5,000,000 Funds to Be Put to Better Use

#### Objective(s)

OIG's objective was to determine whether NOAA Office of Marine and Aviation Operations (OMAO) coordinates ship maintenance and repairs of its fleet using the Shipboard Automated Maintenance Management System (SAMMS).

#### Finding(s)

OIG found that OMAO does not consistently use SAMMS to coordinate ship maintenance and repairs of its fleet.

#### Unimplemented Recommendation(s) (potential monetary benefits for unimplemented recommendation 1)

**Recommendation 1:** OIG recommends that the Director, OMAO, and the NOAA Corps initiate action to terminate the interagency agreement with the Military Sealift Command and discontinue using SAMMS.

Potential monetary benefits: \$5,000,000 funds to be put to better use.

**Recommendation 2:** OIG recommends that the Director, OMAO, and the NOAA Corps conduct a comprehensive study to identify a maintenance management system that meets the capabilities necessary to fulfill NOAA ship fleet maintenance requirements.

02.27.2018	OIG-18-015, 2020 Census: The Bureau's Background Check Office Is Not Fully Prepared for the 2020 Census	6	6	3	0
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#### Objective(s)

OIG's objectives were to (1) assess the Bureau's internal policies and procedures for conducting background checks on temporary employees, as well as any other Census Bureau employees; and (2) determine whether the Bureau has a plan in place to conduct background checks for temporary employees who will be hired during the 2020 Census tests and decennial field operations that will occur as part of the actual decennial enumeration.

#### Finding(s)

OIG found that the Bureau has developed policies and procedures for conducting background checks on temporary employees, but quality assurance weaknesses jeopardize the effectiveness of those procedures.

#### Unimplemented Recommendation(s)

**Recommendation 1:** OIG recommends that the Director of the U.S. Census Bureau use available data to estimate the number of staff needed to complete background checks to support the 2020 Census workload and assess whether a time-and-materials contract is needed or if there are other, more efficient methods to control costs.

**Recommendation 5:** OIG recommends that the Director of the U.S. Census Bureau train program officials to charge salary costs appropriately.

**Recommendation 6:** OIG recommends that the Director of the U.S. Census Bureau verify the obligation of appropriated funds for background checks and determine whether they have been apportioned and allotted correctly.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
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03.27.2018	OIG-18-017, <i>ITA Needs a Stronger Commitment to Safeguard Its Cloud-Based Systems</i>	9	9	5	0
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#### Objective(s)

OIG conducted this audit to determine whether key security measures are in place to adequately protect International Trade Administration (ITA) systems that utilize cloud computing services.

#### Finding(s)

OIG found that ITA was unaware of significant weaknesses in the process of authorizing systems into operations, as well as maintaining and safeguarding its cloud-based systems.

#### Unimplemented Recommendation(s)

**Recommendation 4:** OIG recommends that the Under Secretary for International Trade direct the ITA Chief Information Officer to periodically review the configuration of ITA cloud-based infrastructure to ensure that the configuration adheres to Department policies and encourage implementing industry best practices.

**Recommendation 5:** OIG recommends that the Under Secretary for International Trade direct the ITA Chief Information Officer to establish a process to ensure effective coordination between the security and operation teams, and include maintaining a shared, accurate record of created and decommissioned virtual servers.

**Recommendation 7:** OIG recommends that the Under Secretary for International Trade direct the ITA Chief Information Officer to enhance ITA patching process by: (a) reconciling differences between management direction and ITA policy; (b) adhering to the Department patching timeframes; and (c) testing patches prior to deployment as required by Department policy.

**Recommendation 8:** OIG recommends that the Under Secretary for International Trade direct the ITA Chief Information Officer to document and maintain a list of authorized ports for each ITA system and disable all unauthorized ports.

**Recommendation 9:** OIG recommends that the Under Secretary for International Trade direct the ITA Chief Information Officer to establish contingency plans for each ITA system according to Department policy.

04.30.2018	OIG-18-018, <i>2020 Census: The Number and Location of Area Census Offices May Not Reflect NRFU Workload Demands and Will Not Result in Projected Cost Savings</i>	3	3	3	0
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#### Objective(s)

OIG's objectives of this audit were to evaluate (1) the criteria and process for determining the number and locations of field offices; (2) the Bureau's plans for reducing costs associated with the fewer number of field offices as part of reengineered field operations; and (3) the planned process for collaboration between the Bureau and GSA for implementing the ACO leasing program.

#### Finding(s)

OIG found that, while the Bureau developed a model for determining the number of ACOs, only six of the seven required criteria were defined, allowing OIG to test the Bureau's compliance with them. OIG also found that, although the estimated workload totals and staffing ratios informing the model changed, the number of ACOs required for field operations remained the same. In addition, several risks currently jeopardize ACO space acquisition, requiring enhanced risk planning to address cost and schedule implications, and the Bureau's initial "cost avoidance" estimates associated with the ACO space acquisition program are unsupported and unlikely to be realized.

#### Unimplemented Recommendation(s)

**Recommendation 1:** OIG recommends that the Director of the U.S. Census Bureau assess the impact the increased NRFU workload totals and enumerator ratios will have on the NRFU operation and document, monitor, and periodically validate the assumptions for ACO planning throughout the remaining 2020 Census planning activities.

**Recommendation 2:** OIG recommends that the Director of the U.S. Census Bureau (a) reassess ACO space acquisition risk register items' cost and schedule impacts and risk ratings, and create contingency plans to effectively address risks and (b) formalize the roles and responsibilities of GSA and Bureau personnel tasked with ACO space acquisition activities.

**Recommendation 3:** OIG recommends that the Director of the U.S. Census Bureau (a) ensure cost reduction estimates are reasonable and supportable and (b) identify and include potential cost overruns related to space acquisition activities as part of any contingency funding for the 2020 Census.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
05.08.2018	OIG-18-020, <i>Department of Commerce Working Capital Fund Billing Practices and Transparency Need Improvement</i>	6	6	6	0

#### Objective(s)

OIG's objective was to evaluate controls over the WCF in FY 2016.

#### Finding(s)

With respect to OIG's audit procedures, OIG found that relationships of reimbursements and billings to services provided were generally reasonable and that projects utilized performance metrics. However, OIG noted inconsistent application of controls over the billing allocation method and algorithm development processes due to a lack of adherence to established WCF billing requirements. OIG also found that both support for project funding levels and controls over retaining or returning advances need improvement. Specifically, OIG found a lack of adequate supporting documentation for several aspects of the final operating budget for the projects reviewed. In addition, OIG identified a need for increased transparency relating to the calculation and communication of excess advances collected above obligations incurred and to the description of the billing allocation method for WCF projects.

#### Unimplemented Recommendation(s)

**Recommendation 1:** OIG recommends that the Chief Financial Officer and Assistant Secretary for Administration update the carryover policy and procedures to ensure that both sufficiently describe the carryover process, including key terms and requirements for determining whether excess funds are earned.

**Recommendation 2:** OIG recommends that the Chief Financial Officer and Assistant Secretary for Administration institute policy and procedures for documenting OSFM's periodic review and evaluation of each project's carryover, which reviews and evaluations will consider input of service providers and customers.

**Recommendation 3:** OIG recommends that the Chief Financial Officer and Assistant Secretary for Administration develop and implement a communication mechanism that allows key WCF stakeholders to be apprised of the detailed annual carryover results in a timely manner.

**Recommendation 4:** OIG recommends that the Chief Financial Officer and Assistant Secretary for Administration enhance the *Working Capital Fund Advances and Reimbursements Final Handbook* update process to ensure that it includes a detailed description of the billing allocation method for each project and the levels of services provided for each project.

**Recommendation 5:** OIG recommends that the Chief Financial Officer and Assistant Secretary for Administration enhance the algorithm preparation and review process for the WCF to ensure that (a) billing allocation supporting data are accurate, complete, current, and sufficient, and (b) algorithm calculations are free from error.

**Recommendation 6:** OIG recommends that the Chief Financial Officer and Assistant Secretary for Administration enhance the process for maintaining documentation that supports the formulation of each project's final operating budgets in the WCF.

## TABLE 7-B. UNRESOLVED FY 2018 RECOMMENDATIONS FROM AUDIT, EVALUATION, AND INSPECTION REPORTS

Table 7-b includes audit, evaluation, and inspection reports with unresolved recommendations (i.e., OIG has not yet approved auditees' action plans). Either OIG is reviewing an action plan submitted, or the action plan is not due until after September 30, 2018.

The five reports listed have a total of 30 unresolved recommendations. Five of the unresolved recommendations have potential monetary benefits of more than \$10.4 billion (\$10,325,361,341 in funds to be put to better use and \$117,359,398 in questioned costs).

Summaries of these reports appear in pages 7–8, 15, and 17–19.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Accepted by Management	Reason	Potential Monetary Benefits of Unresolved Recommendations
07.09.2018	OIG-18-021, <i>Polar Follow-On: NOAA Must Maintain Cost Efficiencies and Refine Launch Strategy for JPSS-3 and JPSS-4 Missions</i>	7	7	OIG Reviewing Action Plan	\$8,579,037,000 Funds to Be Put to Better Use

### Unresolved Recommendation(s) (potential monetary benefits for unresolved recommendation 5)

**Recommendation 1:** In order to mitigate the effects of potential reduced annual program budgets and avoid significant cost increases due to prolonged acquisition schedules, OIG recommends that the NOAA Deputy Under Secretary for Operations ensures that the JPSS program includes cost avoidance strategies in its risk management plans, including strategies for prioritizing parts buys, initiating long-lead item purchases, and avoiding parts obsolescence issues.

**Recommendation 2:** In order to retain flexibility in the launch strategies for JPSS-3 and JPSS-4, OIG recommends that the Assistant Administrator for Satellite and Information Services ensures that the JPSS program completes storage plans and cost analyses for instruments and integrated satellites.

**Recommendation 3:** OIG recommends that the Assistant Administrator for Satellite and Information Services ensures that NESDIS completes policy and plans that will guide polar satellite launch decisions.

**Recommendation 4:** Given schedule challenges with heel-to-toe development, OIG recommends that the Assistant Administrator for Satellite and Information Services ensures that NESDIS uses its polar satellite constellation availability analysis to reanalyze scheduled launch dates for JPSS-2, -3, and -4.

**Recommendation 5:** To ensure cost and programmatic efficiencies are identified for the PWS program, and therefore put future funds to better use, OIG recommends that the Assistant Administrator for Satellite and Information Services ensures that NESDIS revises and independently assesses the PWS life-cycle cost estimate.

Potential monetary benefits: \$8,579,037,000 funds to be put to better use.

**Recommendation 6:** OIG recommends that the Under Secretary of Commerce for Oceans and Atmosphere ensures that NOAA provides Congress with satellite system estimated costs in accordance with requirements for its major satellite programs specified in annual appropriations laws.

**Recommendation 7:** OIG recommends that the NOAA Deputy Under Secretary for Operations ensures NESDIS defines goals and timelines for the completion of satellite technology insertion efforts—including the Earth Observing Nanosatellite-Microwave—in order to reduce risk associated with future polar satellite system architectures.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Accepted by Management	Reason	Potential Monetary Benefits of Unresolved Recommendations
07.30.2018	OIG-18-023, <i>Census Bureau Could Improve Monitoring of Blanket Purchase Agreements by Complying with Key Federal Acquisition Regulation and Commerce Requirements</i>	5	5	OIG Reviewing Action Plan	\$1,706,844,772 Funds to Be Put to Better Use

#### Unresolved Recommendation(s) (potential monetary benefits for unresolved recommendation 2)

**Recommendation 1:** OIG recommends that the Census Bureau Acquisition Division Chief require contracting officers to request vendor price discounts on all orders or BPAs exceeding the simplified acquisition threshold: (a) before establishing a BPA; (b) before placing an order; or (c) in conjunction with the annual review.

**Recommendation 2:** OIG recommends that the Census Bureau Acquisition Division Chief require contracting officers to perform annual BPA reviews, properly document the results of the review, and maintain documentation of the reviews in the contract file. Potential monetary benefits: the maximum amount of funds to potentially be put to better use of \$1,706,844,772.

**Recommendation 3:** OIG recommends that the Census Bureau Acquisition Division Chief reemphasize the importance of entering, reviewing, and approving the accuracy of information entered into the contract action reports to ensure the integrity of the data in FPDS-NG.

**Recommendation 4:** OIG recommends that the Census Bureau Acquisition Division Chief improve controls to properly maintain and safeguard contract files.

**Recommendation 5:** OIG recommends that the Census Bureau Acquisition Division Chief ensure that training is provided for contracting personnel to correct identified deficiencies.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Accepted by Management	Reason	Potential Monetary Benefits of Unresolved Recommendations
08.02.2018	OIG-18-024, <i>The Joint Polar Satellite System: Program Must Use Realistic Schedules to Avoid Recurrence of Ground Project Delays and Additional Cost Increases</i>	10	0	Action Plan Due 10.01.2018	\$116,987,371 Questioned Costs  \$39,479,569 Funds to Be Put to Better Use

**Unresolved Recommendation(s) (potential monetary benefits for unresolved recommendations 9 and 10)**

**Recommendation 1:** In order to promote more efficient future development of the JPSS Common Ground System, OIG recommends that the NOAA Deputy Under Secretary for Operations institute program management council review of future development plans to ensure it is done in sufficiently small increments with achievable milestones.

**Recommendation 2:** OIG recommends that the Assistant Administrator for Satellite and Information Services ensure that appropriate analyses are conducted to support decisions for omitting or tailoring project life-cycle reviews (e.g., requirements and design reviews).

**Recommendation 3:** OIG recommends that the Assistant Administrator for Satellite and Information Services ensure that schedules are estimated using realistic, resource-loaded planning factors.

**Recommendation 4:** OIG recommends that the Assistant Administrator for Satellite and Information Services ensure that the contractor conducts sufficient technical peer reviews to limit defects and rework.

**Recommendation 5:** OIG recommends that the Assistant Administrator for Satellite and Information Services ensure that the government and contractor formally clarify roles, responsibilities, and expectations for future work to avoid issues that arose during the Block 2.0 integration and test phase.

**Recommendation 6:** OIG recommends that the Assistant Administrator for Satellite and Information Services ensure that senior leadership maintains sufficient insight into cost risk on the ground system contract.

**Recommendation 7:** In order to improve the management of the JPSS Common Ground System cost-plus-award-fee contract and put remaining award fees to better use, OIG recommends the NOAA Deputy Under Secretary for Operations and the Assistant Administrator for Satellite and Information Services ensure that the ground system contract's PEP is revised to incorporate best practices for the use of performance factors and to clarify the award fee determination process.

**Recommendation 8:** In order to improve the management of the JPSS Common Ground System cost-plus-award-fee contract and put remaining award fees to better use, OIG recommends the NOAA Deputy Under Secretary for Operations and the Assistant Administrator for Satellite and Information Services ensure that emphasis items (focus areas) provided to the contractor prior to each award period are clear, prioritized, and aligned with performance criteria.

**Recommendation 9:** In order to improve the management of the JPSS Common Ground System cost-plus-award-fee contract and put remaining award fees to better use, OIG recommends the NOAA Deputy Under Secretary for Operations and the Assistant Administrator for Satellite and Information Services ensure that the award fee determination process is adequately documented in accordance with the PEP and best practices.

Potential monetary benefits: \$116,987,371 questioned costs.

**Recommendation 10:** In order to improve the management of the JPSS Common Ground System cost-plus-award-fee contract and put remaining award fees to better use, OIG recommends the NOAA Deputy Under Secretary for Operations and the Assistant Administrator for Satellite and Information Services ensure management controls are adequately integrated within the award fee determination process and that they are consistently implemented.

Potential monetary benefits: \$39,479,569 funds to be put to better use.

09.10.2018	OIG-18-025, <i>NIST Should Improve Controls for Monitoring R&amp;D Grants and Cooperative Agreements</i>	1	0	Action Plan Due 11.09.2018	0
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**Unresolved Recommendation(s)**

**Recommendation 1:** OIG recommends that the Director of the Communications Technology Laboratory and the NIST Boulder Laboratory Director establish, approve, issue, and train FPOs on policies and procedures that specify the roles and responsibilities of the FPO and programmatic monitoring activities to administer PSIAF grants and cooperative agreements.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Accepted by Management	Reason	Potential Monetary Benefits of Unresolved Recommendations
09.24.2018	OIG-18-026, <i>Audit of NOAA Pacific Coastal Salmon Recovery Fund Grants to the Northwest Indian Fisheries Commission</i>	7	0	Action Plan Due 11.23.2018	\$372,027 Questioned Costs

#### Unresolved Recommendation(s) (potential monetary benefits for unresolved recommendation 1)

**Recommendation 1:** OIG recommends the Director of NOAA GMD make a determination on the reported \$372,027 in questioned project costs.

Potential monetary benefits: \$372,027 questioned costs.

**Recommendation 2:** OIG recommends the Director of NOAA GMD require the Northwest Indian Fisheries Commission to implement procedures to monitor administrative expenses on PCSRF grants and ensure claimed administrative expenses do not exceed 3 percent of program funds.

**Recommendation 3:** OIG recommends the Director of NOAA GMD require the Northwest Indian Fisheries Commission to implement procedures to ensure it retains adequate documentation for all cost transfers to PCSRF awards and maintains records showing cost transfers are allocable to the grant.

**Recommendation 4:** OIG recommends the Director of NOAA GMD require the Northwest Indian Fisheries Commission to implement procedures to ensure the indirect cost pool includes only allowable, allocable, and reasonable expenses.

**Recommendation 5:** OIG recommends the Director of NOAA GMD require the Northwest Indian Fisheries Commission to ensure its subrecipients (a) comply with cost principles, indirect cost rate agreements, uniform administrative requirements, and federal records retention requirements, (b) submit indirect cost rate proposals on time, and (c) use the current approved indirect cost rate to claim indirect costs on federal grants.

**Recommendation 6:** OIG recommends the Director of NOAA GMD reiterate to the Northwest Indian Fisheries Commission its responsibility to ensure subrecipients provide documentation showing compliance with real property requirements of the grant.

**Recommendation 7:** OIG recommends the Director of NOAA GMD instruct the Northwest Indian Fisheries Commission to submit to NOAA documentation showing subrecipients perfected statements of the federal interest in real property acquired and improved with 2010 and 2011 PCSRF grants.



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**TABLE 7-C. REPORTS FOR WHICH MANAGEMENT TOOK LONGER THAN 60 DAYS TO RESPOND**

There were no instances during this semiannual period of an operating unit within the Department taking longer than 60 days to provide a response that addressed the recommendations of a report (as required by DAO 213-5).

**TABLE 8. REPORTS ON INVESTIGATIONS CONCERNING SENIOR GOVERNMENT EMPLOYEES**

OIG Case No.	Narrative Description of Investigations Involving Senior Government Employees Where Allegations of Misconduct Were Substantiated <sup>a</sup>
15-1401	On April 5, 2018, OIG closed an investigation involving an allegation that the president and owner of a company that contracted with the Census Bureau served as a special government employee on a Census Bureau advisory committee and used this government position to further personal financial interests. OIG found that, while the individual did not violate criminal laws, the conduct nevertheless created the appearance of misusing a position on the advisory committee to benefit business interests. OIG also found evidence that indicated a senior Census Bureau official misused a government position to endorse the contractor's products. OIG referred its findings to the Census Bureau for appropriate action.
16-1036	On April 12, 2018, OIG closed an investigation into allegations involving a political appointee's misuse of USPTO's account with a taxi company. OIG substantiated the allegations and identified more than \$4,000 in improper charges by the political appointee to USPTO's account with the taxi company. OIG's investigation also found that the political appointee misused a government-issued credit card and misstated educational credentials on resumes submitted to USPTO. The political appointee resigned from the USPTO position in January 2017, shortly after an interview with OIG. A public OIG investigative report in January 2018 detailed the findings—on the basis of which USPTO recovered more than \$4,000 from the individual in March 2018.

<sup>a</sup> In keeping with section 5(e)(1)(C) of the IG Act, this chart reports only closed cases.

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**TABLES 9-A AND 9-B. DESCRIPTION OF CLOSED AND NON-PUBLIC INSPECTIONS, EVALUATIONS, AUDITS, AND CERTAIN INVESTIGATIONS**

OIG is required to describe both (a) any inspection, evaluation, and audit conducted that is closed and not disclosed to the public and (b) any investigation conducted involving a senior government employee that is closed and not disclosed to the public (see tables 9-a and 9-b, respectively).

**TABLE 9-A. DESCRIPTION OF CLOSED AND NON-PUBLIC INSPECTIONS, EVALUATIONS, AUDITS, AND CERTAIN INVESTIGATIONS (INSPECTIONS, EVALUATIONS, AND AUDITS)**

There were no instances during this semiannual period of an inspection, evaluation, or audit that was closed and not disclosed to the public.

**TABLE 9-B. DESCRIPTION OF CLOSED AND NON-PUBLIC INSPECTIONS, EVALUATIONS, AUDITS, AND CERTAIN INVESTIGATIONS (INVESTIGATIONS)**

OIG Case No.	Narrative Description for Closed Cases of Investigations Involving Senior Government Employees Not Disclosed to Public
17-1477	On June 12, 2018, OIG closed an investigation resulting from an anonymous complaint, which alleged that a senior Departmental official was simultaneously employed by the Department and a private company that was recently awarded a large contract. OIG found the allegations to be unsubstantiated and closed the matter with no further action.
18-0494	On June 12, 2018, OIG closed an investigation into an alleged conflict of interest violation of a retired NOAA employee who received a job with a contractor immediately after retirement. OIG found the allegations to be unsubstantiated and closed the matter with no further action.
17-1401	On June 20, 2018, OIG closed an investigation into alleged time-and-attendance fraud involving a senior NOAA employee. OIG found the allegations to be unsubstantiated and closed the matter with no further action.
17-0620	On June 20, 2018, OIG closed an investigation into allegations that two USPTO administrative patent judges had improper conflicts of interests due to presiding over a matter while holding stock in a party to the proceedings. OIG found the allegations to be unsubstantiated and closed the matter with no further action.
18-0459	On June 21, 2018, OIG closed an investigation into allegations that a former senior USPTO official may have had an improper conflict of interest by working on contract matters while also seeking employment with prospective contractors. OIG found the allegations to be unsubstantiated and closed the matter with no further action.
16-1091	On June 21, 2018, OIG closed an investigation into allegations that a senior NOAA official improperly directed a Cooperative Institute to fund a particular individual's research. OIG found the allegations to be unsubstantiated and closed the matter with no further action.
18-0422	On June 27, 2018, OIG closed a case resulting from an anonymous complaint, which alleged that a senior Minority Business Development Agency (MBDA) employee accepted a large birthday gift that may have violated ethics rules. OIG did not find evidence to support the allegations that the official violated federal ethics laws or other provisions. In light of this fact, and as the official has since resigned from MBDA, OIG closed the matter with no further action.
17-1293	On June 27, 2018, OIG closed a case based on a complaint alleging that a senior MBDA official arranged for YouTube celebrities to come to Departmental headquarters to promote themselves in violation of ethics rules. OIG did not find evidence to support the allegations that the MBDA official violated federal ethics laws or other provisions and closed the matter with no further action.
17-1250	On August 8, 2018, OIG closed an investigation into allegations involving hiring improprieties within the Census Bureau and NOAA by senior government employees. OIG found the allegations to be lacking investigative merit and closed the matter with no further action.
17-1300	On August 16, 2018, OIG closed an investigation involving allegations that a senior USPTO official directed subordinates generally to identify whistleblowers; however, no specific examples were given. The investigation was unsubstantiated, and OIG closed the matter with no further action.

# REPORTING REQUIREMENTS

The IG Act specifies reporting requirements for semiannual reports. The requirements are listed below and indexed to the applicable pages of this report.

SECTION	TOPIC	PAGE(S)
4(a)(2)	Review of Legislation and Regulations	59
5(a)(1)	Significant Problems, Abuses, and Deficiencies	2–20
5(a)(2)	Significant Recommendations for Corrective Action	2–20
5(a)(3)	Prior Significant Recommendations Unimplemented	59
5(a)(4)	Matters Referred to Prosecutorial Authorities	29
5(a)(5) and 6(c)(2)	Information or Assistance Refused	59
5(a)(6)	Listing of Audit Reports	34–35
5(a)(7)	Summary of Significant Reports	2–20
5(a)(8)	Audit Reports with Questioned Costs	32
5(a)(9)	Audit Reports with Funds to Be Put to Better Use	32
5(a)(10)	Prior Reports with Unimplemented and/or Unresolved Recommendations	36–53, 59
5(a)(11)	Significant Revised Management Decisions	59
5(a)(12)	Significant Management Decisions with Which OIG Disagreed	60
5(a)(14) and 5(a)(15)	Results of Peer Review	60
5(a)(16)	Peer Reviews Conducted by OIG	60
5(a)(17)	Investigative Reports Issued and Referrals for Criminal Prosecution	29
5(a)(18)	Description of Metrics Used for Determining the Data in 5(a)(17)	60
5(a)(19)	Reports on Investigations Concerning Senior Government Employees	54
5(a)(20)	Description of Whistleblower Retaliation Instances	N/A
5(a)(21)	Description of Establishment Interference Attempts	N/A
5(a)(22)	Description of Closed and Non-Public Inspections, Evaluations, Audits, and Certain Investigations	55–57

The following section includes information required under the IG Act that is not otherwise addressed in this report, along with supplemental information on select reporting topics:

## **SECTION 4(A)(2): REVIEW OF LEGISLATION AND REGULATIONS**

This section requires the inspector general of each agency to review existing and proposed legislation and regulations relating to that agency's programs and operations. Based on this review, the inspector general is required to make recommendations concerning the impact of such legislation or regulations on (1) the economy and efficiency of the management of programs and operations administered or financed by the agency or (2) the prevention and detection of fraud and abuse in those programs and operations. Many of OIG's audits examine compliance with existing laws, regulations, and other legal requirements. OIG's reports of such audits describe findings and include recommendations on any action necessary to address such findings. In addition, during this reporting period, OIG reviewed a FAR revision as well as legislation, including but not limited, to *The Whistleblower Protection Coordination Act* (Pub. L. No. 115-192), *The Executive Branch Waste and Fraud Recovery Act* (S. 3398), and *The Payment Integrity Information Act of 2018* (S. 2948).

## **SECTION 5(A)(3): PRIOR SIGNIFICANT RECOMMENDATIONS UNIMPLEMENTED**

This section requires identification of each significant recommendation described in previous semiannual reports for which corrective action has not been completed. Section 5(b) requires that the Secretary transmit to Congress statistical tables showing the number and value of audit reports for which no final action has been taken, plus an explanation of why recommended action has not occurred, except when the management decision was made within the preceding year. Information on the status of any audit recommendations can be obtained through OIG upon request.

## **SECTIONS 5(A)(5) AND 6(C)(2): INFORMATION OR ASSISTANCE REFUSED**

These sections require a summary of each report to the Secretary when access, information, or assistance has been unreasonably refused or not provided. There were no reports to the Secretary during this semiannual period.

## **SECTION 5(A)(10): PRIOR REPORTS WITH UNIMPLEMENTED AND/OR UNRESOLVED RECOMMENDATIONS**

This section requires (1) a summary of each audit report issued before the beginning of the reporting period for which no management decision has been made by the end of the reporting period (including the date and title of each such report); (2) an explanation of why a decision has not been made; and (3) a statement concerning the desired timetable for delivering a decision on each such report. There are no audit reports that are more than 6 months old for which no management decision has been made.

This section also requires a summary of each audit report issued before the beginning of the reporting period (1) for which there was no comment returned within 60 days of providing the report to the establishment and (2) for which there are any outstanding unimplemented OIG recommendations, including the aggregate potential cost savings of such recommendations. For this semiannual reporting period, there are no audit reports for which these conditions apply.

## **SECTION 5(A)(11): SIGNIFICANT REVISED MANAGEMENT DECISIONS**

This section requires an explanation of the reasons for any significant revision to a management decision made during the reporting period. DAO 213-5, *Audit and Evaluation Resolution and Follow-up*, provides procedures for revising a management decision. During this semiannual period, there were no significant revised management decisions.

## **SECTION 5(A)(12): SIGNIFICANT MANAGEMENT DECISIONS WITH WHICH OIG DISAGREED**

This section requires information concerning any significant management decision with which the inspector general disagrees. DAO 213-5 provides procedures for elevating unresolved audit recommendations to higher levels of Department and OIG management, including their consideration by an agency resolution council. During this period, no audit issues were referred.

## **SECTION 5(A)(14) AND 5(A)(15): RESULTS OF PEER REVIEW**

The most recent peer review of the OIG Office of Audit and Evaluation was completed in 2018 by the Office of Inspector General for NASA (NASA OIG). NASA OIG's System Review Report of OIG's audit operations is available on OIG's website. OIG received a *pass* rating, the highest available rating. OIG is in the process of implementing all of NASA OIG's recommendations for process and policy improvements.

On September 20, 2017, OIG's Office of Investigations received official notification that the system of internal safeguards and management procedures for OIG's investigative function was in compliance with the quality standards established by the Council of the Inspectors General on Integrity and Efficiency and the applicable Attorney General Guidelines. The Peace Corps OIG, with assistance by the computer forensic staff from NASA OIG, conducted the peer review.

## **SECTION 5(A)(16): PEER REVIEWS CONDUCTED BY OIG**

In September 2018, OIG's Office of Investigations completed its peer review of investigative operations for the OIG of the U.S. Department of State. OIG's Office of Investigations found that State OIG's system of internal safeguards and management procedures for its investigative function was in compliance with the quality standards established by the Council of the Inspectors General on Integrity and Efficiency and the applicable Attorney General Guidelines.

## **SECTION 5(A)(18): DESCRIPTION OF METRICS USED FOR DETERMINING THE DATA IN 5(A)(17)**

The metrics used for the statistical data referenced in table 1, *Office of Investigations Statistical Highlights for This Period*, include the following: ensure data input is completed accurately; obtain data extraction via reports generated in OIG's case management system; and complete quality assurance with supporting documentation in the case files and discussions with individual investigative personnel.





## ACRONYMS AND ABBREVIATIONS

<b>ACO</b>	area Census office	<b>FPDS–NG</b>	Federal Procurement Data System–Next Generation
<b>AFR</b>	<i>Agency Financial Report</i>		
<b>AGO</b>	Acquisition and Grants Office	<b>FPO</b>	federal program officer
<b>BIS</b>	Bureau of Industry and Security	<b>FY</b>	fiscal year
<b>BPA</b>	blanket purchase agreement	<b>GMD</b>	Grants Management Division
<b>BTOP</b>	Broadband Technology Opportunities Program	<b>GOES</b>	Geostationary Operational Environmental Satellites
<b>Bureau</b>	U.S. Census Bureau	<b>GSA</b>	General Services Administration
<b>CAM</b>	<i>Commerce Acquisition Manual</i>	<b>GTAS</b>	Government-wide Treasury Account Symbol Adjusted Trial Balance System
<b>CEO</b>	chief executive officer	<b>ID</b>	identification
<b>CQA</b>	Census Questionnaire Assistance Operation	<b>IG Act</b>	Inspector General Act of 1978, as amended
<b>DAO</b>	Department Administrative Order	<b>IP</b>	improper payment
<b>DATA Act</b>	Digital Accountability and Transparency Act of 2014	<b>IPIA</b>	Improper Payments Information Act of 2002
<b>DOC</b>	Department of Commerce	<b>ITA</b>	International Trade Administration
<b>E2E Test</b>	2018 End-to-End Census Test	<b>JPSS</b>	Joint Polar Satellite System
<b>EDA</b>	Economic Development Administration	<b>LA-RICS</b>	Los Angeles Regional Interoperable Communications System
<b>FAR</b>	Federal Acquisition Regulation	<b>MBDA</b>	Minority Business Development Agency
<b>FBI</b>	Federal Bureau of Investigation	<b>NASA</b>	National Aeronautics and Space Administration
<b>FirstNet</b>	First Responder Network Authority	<b>NESDIS</b>	National Environmental Satellite, Data, and Information Service
<b>FISMA</b>	Federal Information Security Modernization Act		

<b>NIST</b>	National Institute of Standards and Technology	<b>RLF</b>	Revolving Loan Fund
<b>NOAA</b>	National Oceanic and Atmospheric Administration	<b>RMF</b>	Risk Management Framework
<b>NRFU</b>	nonresponse followup	<b>SAMMS</b>	Shipboard Automated Maintenance Management System
<b>NTIA</b>	National Telecommunications and Information Administration	<b>ULO</b>	unliquidated obligation
<b>OCS</b>	operational control system	<b>USPTO</b>	U.S. Patent and Trademark Office
<b>OFPP</b>	Office of Federal Procurement Policy	<b>WCF</b>	working capital fund
<b>OGC</b>	Office of the General Counsel		
<b>OIG</b>	Office of Inspector General		
<b>OMAO</b>	Office of Marine and Aviation Operations		
<b>OMB</b>	Office of Management and Budget		
<b>OSFM</b>	Office of the Secretary Office of Financial Management		
<b>PCSRF</b>	Pacific Coastal Salmon Recovery Fund		
<b>PEP</b>	performance evaluation plan		
<b>PFO</b>	Polar Follow-On		
<b>PSCR</b>	Public Safety Communications Research		
<b>PSIAP</b>	Public Safety Innovation Accelerator Program		
<b>PWS</b>	Polar Weather Satellites		
<b>R&amp;D</b>	research and development		
<b>RCO</b>	Recreation and Conservation Office		



# REPORT

# FRAUD & WASTE ABUSE



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