



UNITED STATES DEPARTMENT OF COMMERCE
The Inspector General
Washington, D.C. 20230

April 29, 2011

The Honorable Darrell Issa
Chairman
Committee on Oversight and Government Reform
U.S. House of Representatives
Washington, D.C. 20515-6143

Dear Mr. Chairman:

In response to your request of April 7, 2011, we are providing current information on our office's open and unimplemented recommendations (see enclosure 1), none of which fall into the category of having potential monetary benefits.

As requested, we also identified what we consider to be the three most important unimplemented recommendations we have made to the Department or its operating units (see enclosure 2). We also wish to note for the Committee that, although recommendations we have made with respect to the 2020 decennial census are not part of our top three, we did include them in our inventory of open and unimplemented recommendations. The implementation of our 2020 decennial recommendations requires ongoing and long-term action, as well as upfront resources. While it is not possible to calculate precise monetary benefits associated with our recommendations, the Census Bureau stands to achieve cost savings in the billions of dollars if it implements the types of reforms we have recommended.

If you have any questions or require additional information, you or your staff may contact me at (202) 482-4661 or Ann Eilers, Principal Assistant Inspector General for Audit and Evaluation, at (202) 482-2754.

Sincerely,

A handwritten signature in black ink that reads "Todd J. Zinser".

Todd J. Zinser

Enclosures

cc: The Honorable Elijah Cummings, Ranking Member



Enclosure 1: OIG's Open and Unimplemented Recommendations Since 2007

Open and Unimplemented Recommendations Since 2007* (as of April 29, 2011)				
Calendar Year	Recommendations Made	Recommendations Still Open	Recommendations Still Unimplemented	Recommendations Implemented Since March 24, 2010
2007	187	0	3	46
2008	143	0	1	7
2009	100	0	32	36
2010	93	0	67	22
2011 (as of 4/29/2011)	8	8	8	0
Total	531	8	111	111

*The chart was compiled by reviewing all performance audit, evaluation, and inspection reports issued by Commerce's OIG during the period of January 1, 2007, through April 29, 2011. We consider an "open" recommendation to be an OIG recommendation that a bureau has not accepted, and an "unimplemented" recommendation to be a recommendation that a bureau has accepted but has not yet implemented. We have not reported on classified or sensitive non-public recommendations, recommendations in financial statement audits, or those addressed to specific non-federal entities in connection with audits of financial assistance awards.

Enclosure 2: OIG's Top Three Open and Unimplemented Recommendations for the Department of Commerce

Broadband Program Faces Uncertain Funding, and NTIA Needs to Strengthen Its Post-Award Operations (OIG-11-005-A), November 4, 2010

The Recovery Act gave \$4.7 billion to NTIA to establish the Broadband Technology Opportunities Program (BTOP), a competitive grant program intended to provide funds for deploying broad-band infrastructure in unserved and underserved areas of the United States, enhance broadband capacity at public computer centers, improve access to broadband services for public safety agencies, and promote sustainable broadband adoption projects. By September 30, 2010, NTIA had made almost \$4 billion in awards to over 230 recipients, making BTOP the largest grant program that NTIA has managed to date. Now that the awards have been made, NTIA must focus on monitoring this diverse portfolio of grants, which were awarded to a wide variety of recipients, including public entities, for-profits, nonprofits, cooperative associations, and tribal entities. As part of our continuing oversight of BTOP, we examined NTIA's efforts to develop and implement effective policies and procedures, systems, and continuing oversight of the broadband grant awards.

We made several recommendations to NTIA to improve internal controls, promote transparency, and increase efficiency. Specifically, we recommended NTIA strengthen its post-award operations by ensuring that agreements with other agencies, manuals and guidance, training and development, and monitoring procedures are clearly documented and fully adhered to. Also, while BTOP has received funding for the remainder of FY 2011, program funding for future years is uncertain. Therefore, we also recommended that BTOP develop alternative approaches to monitoring and oversight based on differing amounts of available funds.

- a) **Status of Recommendations:** NTIA agreed with our recommendations and has already begun to strengthen its post-award guidance. NTIA is still determining the best way to implement other recommendations, such as how best to use the monitoring data it collects to track recipient performance. NTIA's ability to develop and actually implement these plans will be affected by future availability of funds.
- b) **Estimated Cost Savings:** Improved post-award operations will help protect this \$4 billion dollar investment in the expansion of broadband across the nation. Efficiencies gained through implementing our recommendations will also result in cost savings; however, a specific amount cannot be projected.
- c) **Whether agency plans to implement the recommendation in the near future:** Based on discussions with NTIA, the agency is in the process of strengthening its post-award processes. We will continue to monitor the status of the open recommendations.

Federal Information Security Management Act Audit Identified Significant Issues Requiring Management Attention (OIG-11-012-A), November 2010

As part of our FY2010 FISMA audit, our office assessed information security controls and security-related documentation of 18 systems selected from six of the Department's operating units. The operating units categorized these systems as high or moderate impact, based upon how severely a security breach would affect organizational operations, assets, or individuals. Seven of the systems we reviewed support three of the Department's four primary mission-essential functions, specifically those that directly support government functions necessary to lead and sustain the nation during a catastrophic emergency.

Our assessments found the following:

- On average, we detected three times the number of vulnerabilities than were identified by the routine self assessments performed by the Department's operating units.
- Department systems had not been securely configured.
- The Department's plan of action and milestones process for reporting and tracking IT security weaknesses and corrective action is deficient.
- Contingency plans were not adequately tested and key systems have no alternate processing site for their operations in the event of significant disruption.
- Persistent deficiencies in system security plans and control assessments reduce the overall level of information assurance.

We made a number of recommendations for improving the Department's IT security program. In particular, we recommended that the Department improve its vulnerability scanning and configuration management policies, plan of action and milestones policy, Department-wide contingency plan testing requirements, and security planning and assessment policy. We also recommended that the Department identify all systems without a required alternate processing site, and give top priority to providing sites for these critical systems.

- a) **Status of Recommendations:** The Department has agreed with our recommendations and has developed an implementation plan.
- b) **Estimated Cost Savings:** Implementation of our recommendations will improve the Department's processes for identifying and remediating security vulnerabilities, as well as its ability to maintain critical information systems in an emergency. These benefits will result in cost savings; however, a specific amount cannot be projected.
- c) **Whether agency plans to implement the recommendation in the near future:** The Department's action plan to address these deficiencies is scheduled for completion in the fourth quarter of FY2011.

Successful Oversight of GOES-R Requires Adherence to Accepted Satellite Acquisition Practices (OSE-18291), November 2007

In 2005, the Department and NOAA assumed oversight and management responsibility for the entire Geostationary Operational Environmental Satellite (GOES-R) program, which is now projected to cost \$7.7 billion. This represents a \$1.5 billion increase from the original estimate. For the first time, NOAA, rather than NASA, has the lead role in GOES-R's program management and acquisition, thus giving the Department direct oversight authority for both the ground and space segments. While this change was positive overall, these new roles added risk to an already highly complex undertaking. Our review found that the Department lacked a workable oversight structure, not just for GOES-R but for all major acquisitions. Accordingly, we made the following recommendation:

- Complete and implement the Department's major system acquisition policy. For satellite programs, ensure the policy incorporates the key decision points in NPR 7120.5D and requires comprehensive independent reviews at all key decision points. (NPR 7120.5D is a NASA policy that NOAA has adopted for its satellite acquisition activities.)

a) Status of Recommendation: The Department agreed to develop a major systems acquisition policy by the third quarter of FY 2008. It further stated that in creating the policy, a key decision point structure would be considered along with other approaches. This deadline was not met.

In June 2010, the Secretary directed a comprehensive review of the Department's acquisition processes. As a result of this review and in conjunction with Commerce's new enterprise risk management program, the Department is working to improve acquisition oversight. However, the extent to which this will address our recommendation is not yet clear.

b) Estimated Cost Savings: With an estimated \$20 billion to be spent on GOES-R and the Joint Polar Satellite System—two critical environmental satellite systems—over their life cycle, plus \$2.6 billion in major IT investments in FY 2010 alone, the Department must have an effective oversight program in place. The benefits gained by implementing our recommendation will result in cost savings; however, a specific amount cannot be projected.

c) Whether agency plans to implement the recommendation in the near future: The Department has not provided a specific date as to when the recommendation will be implemented. As noted above, it is actively working on this issue at the direction of the Secretary.