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

April 25, 2012

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

Dear Mr. Chairman:

In response to your request of April 5, 2012, we are providing current information on our office's open and unimplemented recommendations, including:

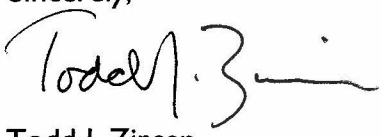
- The number of open and unimplemented recommendations (see enclosure 1);
- The issue date and estimated cost savings of those recommendations with associated estimated cost savings (see enclosure 2);
- Our three most important open and unimplemented recommendations (including, for each, its status, any associated cost savings, and bureau plans for 2012 implementation; see enclosure 3); and
- The number of recommendations that our office has deemed accepted and implemented during the time period from April 30, 2011, to April 20, 2012 (see enclosure 1).

As requested, we also identified what we consider to be the three most important unimplemented recommendations we have made to the Department or its bureaus (for further details, see enclosure 3):

1. Recommendations related to the National Oceanic and Atmospheric Administration's (NOAA's) National Marine Fisheries Service, including those we reported in February 2012 and January 2010 (the February 2012 recommendations entail cost savings that we have estimated in enclosure 2);
2. Recommendations related to NOAA's environmental satellite programs, including those we reported in September 2011 and November 2007; and
3. Recommendations related to the Department's IT security, including those we reported in October 2011 and November 2011.

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,



Todd J. Zinser

Enclosures

cc: The Honorable Elijah E. Cummings, Ranking Minority Member

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

Calendar Year	Recommendations Made	Recommendations Still Open	Recommendations Still Unimplemented	Recommendations Implemented Since April 29, 2011
2007	187	0	3	0
2008	143	0	0	1
2009	100	0	2	30
2010	93	0	43	24
2011	66	0	61	5
2012[a]	53	25	53	0
Total	**642**	**25**	**162**	**60**

[a] As of April 20, 2012

We compiled this table by reviewing all performance audit, evaluation, and inspection reports we issued during the period of January 1, 2007, through April 20, 2012. We have not included classified or sensitive nonpublic recommendations, recommendations in financial statement audits, or those addressed to specific nonfederal entities in connection with audits of financial assistance awards.

After OIG issues a final report, a bureau has up to 60 days to submit a corrective action plan for OIG's approval. The 25 "open" recommendations from 2012 reports are due to

- 4 reports with16 recommendations for which the bureaus have not yet submitted corrective action plans as of April 20, 2012, and
- 1 report with 9 recommendations, whose corrective action plan is still being reviewed by OIG.

"Unimplemented" recommendations have approved action plans, but the bureau has not yet completed its implementation of the recommendations.

Enclosure 2: Recommendations That Have Associated Estimated Cost Savings

Two recommendations from *More Action Needed to Improve Controls in Asset Forfeiture Fund* (OIG-12-019-I), issued on February 8, 2012, have estimated cost savings associated with them (see table, below):

Recommendation	Estimated Cost Savings
We recommend that the Under Secretary of Commerce for Oceans and Atmosphere require that NOAA's Office of Law Enforcement (OLE), the Enforcement Section, and NOAA Finance implement a process to ensure that deposit account[1] cases are periodically reviewed and that legally resolved cases are transferred from the deposit account or returned to a respondent in a timely manner.	$871,000 funds to be put to better use
We recommend that the Under Secretary for Oceans and Atmosphere require that Enforcement Section and NOAA Finance develop policies and procedures to consistently pursue collection of fines and penalties in a manner that treats all respondents uniformly, and in compliance with the Debt Collection Improvement Act of 1996.	$3.9 million unsupported costs and write-offs

[1] The "deposit account" holds proceeds that are pending legal determination from the sale of property seized by OLE agents. Once a case has a determination, funds should be moved from the deposit account in accordance with the legal disposition—either by returning money to the respondent or transferring money to one of NOAA's marine resource funds.

Enclosure 3: OIG's Top Three Open and Unimplemented Recommendations

Recommendations related to NOAA National Marine Fisheries Service, including those reported in *More Action Needed to Improve Controls in Asset Forfeiture Fund* (OIG-12-019-I), February 8, 2012, and *Review of NOAA Fisheries Enforcement Programs and Operations* (OIG-19887), January 21, 2010

The asset forfeiture fund (AFF), the focus of our February 2012 report, contains proceeds from marine resource violations that are expendable under the guidelines of the Magnuson–Stevens Fishery Conservation and Management Act, section 311(e)(1). An independent audit firm determined the AFF to have a $13.6 million asset balance ($7.5 million in unrestricted cash) as of March 31, 2011. In previous OIG reports from January and July 2010, we addressed concerns that revealed several weaknesses in NOAA's management of and internal controls over the AFF. This year's review examined whether NOAA properly defined AFF assets and their allowable uses—and developed controls over collections and disbursements. The review also examined whether the audit plan of the AFF financial statements, compiled by an independent auditor, could provide reliance on the AFF cash balances as of March 31, 2011.

We found that NOAA (1) lacks appropriate controls to assure the receipt and accurate recording of proceeds and (2) has not accurately recorded or adequately pursued all fines and penalties. We also noted that the AFF does not contain all NOAA collections for marine resource violations. In addition, we described NOAA's accounting for the use of fines and penalties from Northeast Multispecies Fishery Management Plan violations, as well as provided clarification of AFF data inflow and outflow.

Our recommendations pertained to NOAA's Office of Law Enforcement (OLE), NOAA's Office of General Counsel Enforcement Section (GCES), and NOAA Finance. We recommended that OLE train agents and enforcement technicians on AFF collection procedures and policies; implement procedures for enforcement action reports; and evaluate the Law Enforcement Accessible Database System internal control and access issues. Further, we recommended that OLE and GCES develop policies and procedures to address payment issues. GCES should also coordinate handling of its lockbox submissions; develop policies and procedures for Commerce Business System debt recording (and independent monitoring for amounts not yet recorded); and standardize case monitoring. Finally, we recommended that OLE, GCES, and NOAA Finance implement a process to ensure periodic review timely transfer of cases—and GCES and NOAA Finance develop policies and procedures to pursue collection in a uniform manner in compliance with the Debt Collection Improvement Act of 1996.

Status of recommendations: Our recommendations are unimplemented at this recent stage.

Estimated cost savings: Implementation of two of these recommendations would entail $871,000 in funds to be put to better use and $3.9 million in questioned costs (see enclosure 2 for further details).

Plans to implement recommendations in near future: We received NOAA's action plan addressing these recommendations but need further discussion with NOAA before accepting the final plan.

Our January 2010 report responded to NOAA's June 2009 request for OIG review of the policies and practices of the Office for Law Enforcement (OLE) within the National Marine Fisheries Service (NMFS), along with the NOAA Office of General Counsel for Enforcement and Litigation (GCEL; later renamed Office of General Counsel Enforcement Section, or GCES)—prompted in part by concerns raised by members of Congress and elected state officials about NOAA's Northeast Region. We focused on (1) how OLE and GCES conduct enforcement operations; (2) the OLE and GCES processes for establishing enforcement and penalty priorities; and (3) NOAA's enforcement resources, including management and use of funds obtained through imposed penalties.

The significant unimplemented recommendation from the January 2010 report stated that NOAA should determine whether it is maintaining an appropriate balance and alignment of uniformed enforcement officers and inspectors and criminal investigators.

Status of recommendation: This recommendation remains unimplemented.

Estimated cost savings: This recommendation has potential for cost savings, depending on the particular changes that the new workforce plan suggests. At this stage, we cannot precisely estimate specific cost savings associated with these improvements. However, NOAA's draft workforce analysis reports that NOAA paid $2.8 million in law enforcement availability pay for noncriminal investigative work.

Plans to implement recommendation in near future: NOAA has only recently prepared a draft workforce analysis in response to our recommendation; NOAA has communicated that it expects to finalize the document by July 2012—more than 2 years subsequent to our recommendation.

Recommendations related to NOAA environmental satellite programs, including those reported in *Joint Polar Satellite System: Challenges Must Be Met to Minimize Gaps in Polar Environmental Satellite Data* (OIG-11-034-A), September 30, 2011, and *Successful Oversight of GOES-R Requires Adherence to Accepted Satellite Acquisition Practices* (OSE-18291), November 20, 2007

Our September 2011 audit reviewed the Joint Polar Satellite System (JPSS) program. In February 2010, the White House's Office of Science and Technology Policy decided to have NOAA partner with NASA to establish JPSS—which, at that time, planned to launch two satellites at an estimated cost of $11.9 billion to collect data for short- and long-term weather and climate forecasting through 2026. On October 28, 2011, NASA launched the Suomi National Polar-orbiting Partnership (NPP) satellite that will now be used operationally to maintain continuity of data from the afternoon orbit.

Our review found, among other things, that NOAA's ground system for NPP is not as robust as a typical operational system. Until NOAA establishes backup ground system capabilities, satellite control is vulnerable to severe events (e.g., natural disasters, large-scale telecommunications outages, or equipment failures) that could disrupt the mission management center's ability to control the satellite. In addition, NPP's ground station has the system's only science data downlink (i.e., the only means to transmit a signal from the satellite to the ground station).

One significant recommendation remains unimplemented: to mitigate the risks of using NPP data operationally, determine the feasibility of establishing an alternate mission management center and an additional science data downlink for NPP as soon as possible.

> **Status of recommendation:** According to NOAA officials, the bureau has commissioned studies to develop an alternate mission management center and aims to have it ready well in advance of the first JPSS satellite (JPSS-1) launch.
>
> **Estimated cost savings:** While we cannot yet project specific cost savings, NOAA's implementation of our recommendation should help prevent loss of life and property—by ensuring the availability of critical data needed to predict severe weather events is available.
>
> **Plans to implement recommendation in near future:** NOAA expects the feasibility study to be completed by July 31, 2012.

Our November 2007 review focused on the Geostationary Operational Environmental Satellite (GOES-R) program. In 2005, the Department and NOAA assumed oversight and management responsibility for the entire GOES-R program, now projected to cost $10.9 billion for four satellites that will enable uninterrupted short-range severe weather warning and "now-casting" through 2036. Since then, NOAA—rather than NASA— has led GOES-R's program management and acquisition, thus leaving the Department with direct oversight authority for both the ground and space segments. These new roles have 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.

The following recommendation remains unimplemented: complete and implement the Department's major system acquisition policy and, for satellite programs, ensure the policy incorporates the key decision points in NASA Procedural Requirements (NPR) 7120.5D[2] and requires comprehensive independent reviews at all key decision points.

Status of recommendation: The Department agreed to develop a major system acquisition policy by the third quarter of FY 2008. It did not meet the deadline.

In June 2010, the Department created a new process to manage acquisitions and reduce risk called the "Commerce Acquisition Framework." In February 2012, the Department identified steps regarding changes to acquisition policy. It also plans to pilot major investment projects—including those concerning NOAA satellites, 2020 Census, and cyber security—through this process and release a framework policy in June 2012.

Estimated cost savings: With an estimated $23 billion for the Department to spend on GOES-R and the Joint Polar Satellite System—two critical environmental satellite systems—over their life cycle, plus $2.5 billion annually in major IT investments alone, the Department must have an effective oversight program in place. The benefits gained by implementing our recommendation may result in cost savings; however, we cannot yet project a specific amount.

Plans to implement recommendation in near future: As noted above, the Department plans to update its policy in June 2012.

[2] NPR 7120.5D is a NASA policy that NOAA has adopted for its satellite acquisition activities.

Recommendations related to the Department's IT security, including those reported in *Improvements Are Needed for Effective Web Security Management* (OIG-12-002-A), October 21, 2011, and *FY 2011 Federal Information Security Management Audit: More Work Needed to Strengthen IT Security Department-Wide* (OIG-12-007-A), November 10, 2011

In support of our fiscal year (FY) 2011 Federal Information Security Management Act (FISMA) audit, our office issued two reports. Each identified specific issues with the Department's IT security program and included recommendations for improving the Department's overall IT security posture.

For our October 2011 audit, our office assessed the effectiveness of security measures implemented on a selected subset of 15 of the Department's public-facing websites. Our assessment identified significant vulnerabilities resulting from inadequate software development practices, improper software configuration, and failure to install system updates in a timely manner. We found critical vulnerabilities in 80 percent of web applications we reviewed. The majority of web applications have well-known website vulnerabilities, misconfigured back-end databases, and outdated software that support them. Combined, these security weaknesses put both web applications and users' computers at greater risk of compromise, resulting in disruption of services or unauthorized disclosure of sensitive information.

Two of our recommendations remain unimplemented—that the Department's chief information officer (a) work with operating unit senior management to ensure that bureaus expand the Department's vulnerability scanning to include application-level assessments and (b) utilize security best practices (e.g., users' input validation) for publicly accessible web applications to ensure that only legitimate information is accepted.

> **Status of recommendations:** The above two (of the report's three) recommendations have not been completely implemented.
>
> **Estimated cost savings:** Implementation of our recommendations will improve the Department's processes for securing its web applications. Avoiding hardware and software compromise, as well as service disruption, will certainly lead to more efficient operations. However, we cannot yet estimate particular cost savings associated with these improvements.
>
> **Plans to implement recommendations in near future:** The Department plans to complete implementation of our recommendations by the end of FY 2012.

Our November 2011 audit assessed the security of 10 information systems selected from three Departmental bureaus: five from NOAA, three from the U.S. Patent and Trademark Office, and two from the Census Bureau. The bureaus categorized these systems as high- or moderate-impact, based on how severely a security breach would affect organizational operations, assets, or individuals. We identified deficiencies in fundamental aspects of security planning and significant security control weaknesses. These include continued failure to implement key controls governing access, securely configure components, patch vulnerable software, and audit and monitor system events. Flaws remain in the Department's process for reporting and

tracking the remediation of IT security weaknesses. Overall, the Department needs to manage information security with greater rigor and consistency.

One of our recommendations for improving the Department's information security program and practices remains unimplemented: we recommended that the Department develop a security planning checklist, or other planning tool, to help system owners and authorizing officials complete and maintain comprehensive security plans.

Status of Recommendation: The above recommendation (one of the report's three) has not been completely implemented.

Estimated Cost Savings: Implementation of our recommendation will improve the Department's processes for identifying and remediating security vulnerabilities—and improve its process for authorizing systems to operate. These improvements may result in cost savings; however, we cannot yet project a specific amount.

Whether agency plans to implement the recommendation in the near future: The Department plans to implement our second recommendation during the fourth quarter of FY 2012.