



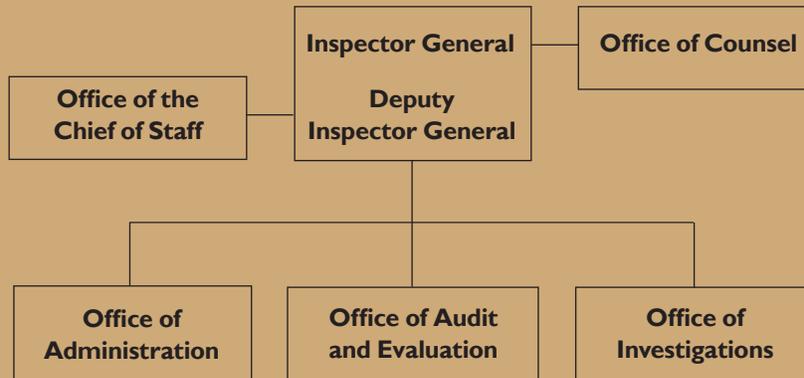
**U.S. Department of Commerce
Office of Inspector General**

Semiannual Report to Congress

March 2022



OFFICE OF INSPECTOR GENERAL



Oversight Areas

Office of the Secretary
Bureau of Economic Analysis
Bureau of Industry and Security
U.S. Census Bureau
U.S. 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
United States Patent and Trademark Office

OIG Main Number

Inspector General 202-793-3331

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More Information

Visit www.oig.doc.gov to learn more about our activities and subscribe to our RSS feed for website updates. We are also on LinkedIn and Twitter through our social media handle [@CommerceOIG](https://twitter.com/CommerceOIG). Email website comments to oigweb@oig.doc.gov.



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CONTENTS

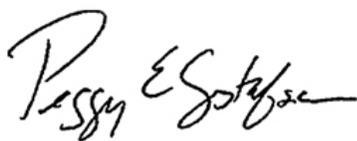
- FROM THE INSPECTOR GENERAL 1
- TOP MANAGEMENT AND PERFORMANCE CHALLENGES
FACING THE DEPARTMENT OF COMMERCE..... 2
- OVERSIGHT AREAS REPORTED ON THIS PERIOD..... 4
- DEPARTMENT-WIDE MANAGEMENT 5**
- U.S. ECONOMIC DEVELOPMENT ADMINISTRATION 12**
- FIRST RESPONDER NETWORK AUTHORITY 14**
- MINORITY BUSINESS DEVELOPMENT AGENCY..... 16**
- NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION 18**
- UNITED STATES PATENT AND TRADEMARK OFFICE 22**
- WORK IN PROGRESS 25
- STATISTICAL DATA..... 29
- REPORTING REQUIREMENTS..... 65
- ACRONYMS AND ABBREVIATIONS 68

FROM THE INSPECTOR GENERAL

I am pleased to present the U.S. Department of Commerce (the Department) Office of Inspector General's (OIG's) *Semiannual Report to Congress* for the 6 months ending March 31, 2022.

This report summarizes work that we initiated and completed during this semiannual period on a number of critical Departmental activities. Over the past 6 months—in addition to issuing our annual *Top Management and Performance Challenges Facing the Department of Commerce* report—our office issued 15 products related to our audit, evaluation, and inspection work. These products addressed programs and personnel associated with the First Responder Network Authority (FirstNet Authority), National Oceanic and Atmospheric Administration (NOAA), United States Patent and Trademark Office (USPTO), and the Department itself. This report also describes our investigative activities addressing programs and personnel associated with the Minority Business Development Agency (MBDA), NOAA, and the Department itself.

We thank Secretary Raimondo, 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

TOP MANAGEMENT AND PERFORMANCE CHALLENGES FACING THE DEPARTMENT OF COMMERCE

We are required by statute (see 31 U.S.C. § 3516(d)) to report annually the most serious management and performance challenges facing the Department. Below is a summary of our final report ([OIG-22-001](#)), issued October 14, 2021, on the Department's top management and performance challenges for fiscal year (FY) 2022.

Challenge 1: Improving the Department's Cybersecurity Resiliency

- Improving the Department's capability to respond to emerging cyber threats
- Maturing the information technology (IT) security program
- Fulfilling the President's executive order on improving the nation's cybersecurity

Challenge 2: Maintaining Continuity, Managing Risks, and Leveraging Investments to Improve Satellite Data, Products, and Services

- Managing technical challenges with polar and geostationary satellites
- Planning and implementing next-generation satellite systems to continue observations and meet future needs
- Addressing risks to observations, operations, and communications from frequency interference
- Initiating a space traffic management pilot program
- Leveraging investments for cost-effective weather data, products, and services to protect communities and increase resilience to climate change

Challenge 3: Addressing Departmental Management Matters Involving Acquisitions and Grants

- Ensuring prudent financial management and oversight of pandemic and disaster relief funding
- Improving management and oversight of high dollar/high risk contract portfolios, contract execution, and performance
- Improving the management of IT acquisitions and operations
- Ensuring proper contract and grant file maintenance in virtual and other flexible work environments
- Developing and retaining a competent acquisition workforce to support the Department's mission

Challenge 4: Enhancing Capacity to Enforce Fair and Secure Trade

- Combating unfair trade practices by effectively resolving trade barriers and enforcing U.S. trade agreements
- Protecting national security through effective enforcement of export controls

Challenge 5: Establishing a Strong Framework for Designing the 2030 Census and Improving Operations over Surveys and Employee Background Investigations

- Ensuring data collection is high quality
- Ensuring advertising efforts increase response rates
- Ensuring only candidates suitable for federal government employment are hired

Challenge 6: Meeting Intellectual Property Stakeholder Needs in the Midst of Economic, Technological, and Legal Changes

- Improving efficiency, quality, and timeliness of patent decisions
- Ensuring proper use of the trademark system
- Managing performance of mission-critical services

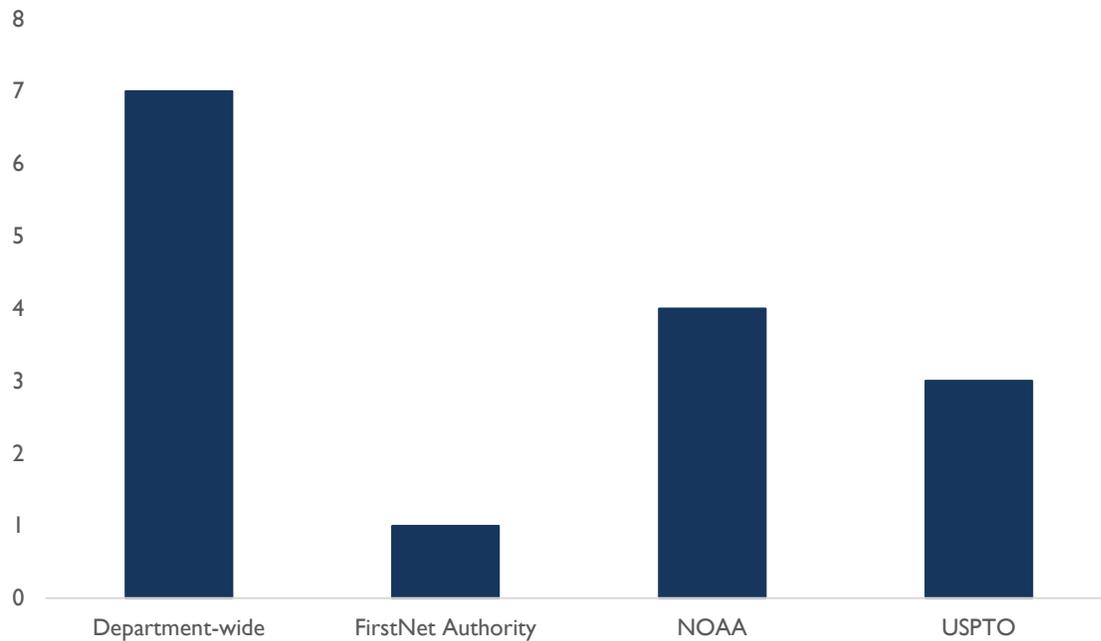
Challenge 7: Deploying a Nationwide Public Safety Broadband Network (NPSBN)

- Ensuring a sound reinvestment process
- Ensuring the successful performance of the contract

OVERSIGHT AREAS REPORTED ON THIS PERIOD

COMPLETED WORKS (BY OVERSIGHT AREA)

During this reporting period—in addition to issuing our *Top Management and Performance Challenges Facing the Department of Commerce* report—our office completed 15 products related to our audit, evaluation, and inspection work.



DEPARTMENT-WIDE MANAGEMENT



The **U.S. Department of Commerce**'s mission is to create the conditions for economic growth and opportunity for all communities. Through its 13 bureaus, the Department works to drive U.S. economic competitiveness, strengthen domestic industry, and spur the growth of quality jobs in all communities across the country. The Department serves as the voice of business in the federal government, and at the same time, the Department touches and serves every American every day.

AUDIT OF THE DEPARTMENT'S DIGITAL ACCOUNTABILITY AND TRANSPARENCY ACT OF 2014 SUBMISSION FOR THE FIRST QUARTER OF FY 2019 (OIG-22-003-A)

We contracted with KPMG LLP—an independent public accounting firm—to conduct an audit of the Department's Digital Accountability and Transparency Act of 2014 (DATA Act) submission for the first quarter of FY 2021. The DATA Act, in part, requires federal agencies to report financial and award data in accordance with government-wide financial data standards. It also requires the inspector general of each federal agency to review a sample of the submitted 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.

Our office oversaw the progress of this audit to ensure that KPMG performed the audit in accordance with *Generally Accepted Government Auditing Standards (GAGAS)* and contract terms. However, KPMG was solely responsible for the report and the conclusions expressed in it. We do not express any opinion on the Department's DATA Act submission, including any conclusions about the completeness, timeliness, quality, and accuracy of the data and the Department's implementation and use of the required standards.

In its audit of the Department's DATA Act submission for the first quarter of FY 2021, KPMG identified the following:

- The Department submitted data of a “Higher” quality (i.e., the error rate corresponded to the quality level “Higher” in the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Federal Audit Executive Council's *Inspectors General Guide to Compliance Under the DATA Act*). However, the Department did not submit certain data completely, accurately, or timely.
- The Department implemented and used the government-wide financial data standards established by the Office of Management and Budget (OMB) and the U.S. Department of the Treasury under the DATA Act, except for the omission of outlay amounts required by OMB memorandum M-20-21, *Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19)*, from its File C submission.

Additionally, as a result of KPMG's audit procedures, including an assessment of internal controls relevant to the audit objectives, KPMG identified nine internal control deficiencies and proposed related recommendations for Department management.

KPMG recommended that Department management do the following:

- Develop and implement monitoring procedures over its File C completeness control to ensure that all obligation transactions that occur within a reporting period are included within the Department's submissions and update the Commerce Broker's configuration to enable it to process multiple months' data simultaneously.
- Design and implement controls to detect all changes to the DATA Act reporting requirements and missing outlay amounts in the Department's DATA Act submissions, and work with the bureaus to include appropriate transaction numbers within the bureaus' general ledger data extracts so that the Commerce Broker will include outlay amounts in the Department's submissions.
- Enhance its Federal Procurement Data System – Next Generation (FPDS-NG) data error checking controls (including manual investigation and resolution by contracting officers (COs)), and controls over the input of award data in FPDS-NG to effectively identify and correct incomplete and inaccurate data within FPDS-NG prior to the Department's submissions.
- Enhance its FPDS-NG procurement award approval controls to ensure all contract award data are timely approved in accordance with Federal Acquisition Regulation (FAR) 4.604.
- Reinforce its contract award approval procedures to ensure all contract are signed and dated to properly evidence award approval dates.
- Enhance its controls over the input of data into Financial Assistance Broker Submission (FABS) so that discrepancies between FABS and the underlying support are resolved prior to the Department's submissions.
- Enhance its controls over the verification of whether awardee information in SAM.gov agrees to awardee information in the grants system at the time of award.
- Enhance its controls related to the timely input of financial assistance award data to FABS.
- Enhance its Program Activity crosswalk procedures to ensure that all Commerce Business System program activity codes are mapped to valid Program Activity Code and Name values, complete its investigation into the Program Activity data element's exceptions develop and implement appropriate corrective action.

DEPARTMENT OF COMMERCE FY 2021 FINANCIAL STATEMENTS AUDITS (OIG-22-007-A; OIG-22-012-A)

KPMG—an independent public accounting firm—performed the audit in accordance with U.S. generally accepted auditing standards, standards applicable to financial audits contained in *Government Auditing Standards*, and OMB Bulletin No. 21-04, *Audit Requirements for Federal Financial Statements*.

In its financial statement audit report (OIG-22-007-A) of the Department, KPMG

- determined that the financial statements were fairly presented, in all material respects, and in accordance with U.S. generally accepted accounting principles;
- identified a significant deficiency in internal control over financial reporting related to IT general controls in the area of access controls; and
- identified no instances of reportable noncompliance with applicable laws, regulations, contracts, and grant agreements, as well as no instances in which the Department's financial management systems did not substantially comply with relevant requirements of the Federal Financial Management Improvement Act of 1996.

As part of this audit, KPMG evaluated general IT controls supporting the Department's financial reporting and issued a separate IT report (OIG-22-012-A) with findings and related recommendations for improvements.

ENTERPRISE SERVICES NEEDS TO IMPROVE UPON ITS CONTRACT MANAGEMENT AND OVERSIGHT OF ACCENTURE BPA NO. DOCSSI30116BU0004 AND SUBSEQUENT CALL ORDERS (OIG-22-009-A)

Our audit objective was to determine whether Enterprise Services (ES) effectively and efficiently managed contractor performance in accordance with federal regulations and Department policy.

Overall, we found significant weaknesses in ES' management and oversight of the Accenture Federal Services, LLC, (Accenture) blanket purchase agreement (BPA). Specifically, we found the following:

- ES was not effective in enforcing performance requirements to ensure contract quality and timeliness standards were met and did not timely assess or adequately document contractor performance in the Contractor Performance Assessment Reporting System (CPARS).
- ES COs and the assigned contracting officer's representatives (CORs) did not properly maintain invoices or supporting documentation to demonstrate that invoices were reviewed and work was performed prior to approving invoices for payment.

We recommended that the Deputy Secretary of Commerce ensure that the Enterprise Services Executive Director does the following:

- Develop and implement procedures necessary for current and future contracts to reduce vendor pay, personnel action requests, and benefits (PP&B) processing errors to include, at a minimum, enforcing the contractual requirements outlined in the (1) service-level agreement on the timely resolution of incidents and service requests and assessing financial penalties for unsatisfactory vendor performance, and (2) the statement of work that require the vendor to provide qualified and trained staff to timely and adequately process PP&B.
- Utilize an issue tracking system that accurately tracks and monitors service and support tickets issued in response to delays and errors with the processing of PP&B.
- Revise the quality assurance surveillance plan (QASP) for current and future contracts to require documentation of performance for PP&B processing at the bureau/order level in order to provide a true depiction of vendor performance as well as develop quality metrics to track customer satisfaction.
- Reevaluate the contractor appraisal process for call order 7 and assess and report on whether it allows contracting officials to capture an accurate portrayal of vendor performance.
- Develop a contingency plan to ensure continuity of operations to minimize the risk to employees' PP&B as a result of ES' efforts to redress vendor performance issues.
- Develop internal policies to reinforce the FAR requirement for documenting contractor performance and implement procedures to ensure that contractor performance is accurately assessed at the proper level and is properly documented and reported in CPARS in a timely manner.

- Develop and implement contract management procedures to ensure COs comply with the requirements in the QASP and the FAR for performing contract monitoring and oversight.
- Assess acquisitions workload to determine staffing levels needed for properly overseeing contractor performance.
- Locate and file documentation reflecting invoice support and COR review for the \$4,219,570.92 in unsupported costs.
- Develop controls to ensure that CORs are following the FAR requirements for reviewing and approving invoices for payment.
- Provide training, guidance, or other reinforcements to COs and CORs on contract management and oversight responsibilities including, but not limited to, maintaining complete contract documentation, monitoring funds, reviewing and approving invoices, and documenting contractor performance.

THE DEPARTMENT MUST IMPROVE PROCESSES FOR ADDRESSING AND MANAGING *H* REFERRALS (OIG-22-014-I)

Our evaluation objective was to review the Department's processes for responding to hotline complaint referrals where the OIG requests that the Department conduct an inquiry and provide a response detailing its results (also known as *H* referrals).

We found that the Department did not establish effective policies and procedures to ensure that *H* referrals received from OIG were promptly and consistently processed. Specifically, we found the following:

- The Department's processes were decentralized and bureaus were inconsistent in their approaches in addressing *H* referrals.
- Departmental bureaus—including the Office of the Secretary—did not generally respond promptly to *H* referrals and there was not monitoring of timeliness at the Department level.

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

- Establish a Department-wide framework that includes written procedures and a quality assurance process to ensure prompt processing, independent and objective reviewing, thorough reporting, and tracking the status of *H* referrals from OIG.
- Enforce the reporting requirement on providing to OIG the *H* referral response as required in Department Administrative Order (DAO) 207-10. If the suspense date cannot be met, report its progress to and request an extension from OIG before the suspense date.

2022 ANNUAL LETTER TO OMB RE: GOVERNMENT CHARGE CARD ABUSE PREVENTION ACT OF 2012 (OIG-22-016-M)

The Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act) and OMB's implementing guidance (OMB M-13-21) require each OIG to perform annual risk assessments, as well as to submit semiannual reports to OMB, in coordination with the Department, of employee purchase or integrated card violations and the resulting actions taken. Where annual travel card spending for an agency exceeds \$10 million, the Charge Card Act and OMB M-13-21 require periodic audits or reviews of the agency's travel card program. In FY 2020, the Department had \$16.4 million in travel card expenses. OIGs must also submit an annual purchase and travel card audit recommendation status report to OMB. Below is a summary of the actions we have taken during FY 2021 to fulfill these requirements, as well as additional information on our related work.

We provided July 2021 and January 2022 Department reports to OMB regarding known and completed reviews and investigations of fraudulent use or abuse of purchase cards that resulted in fraud, loss to the government, or misappropriation of funds or assets. As of the date of this letter to OMB—i.e., January 21, 2022—there were no open recommendations concerning the use of government cards.

While we did not conduct a travel card audit or review of FY 2020 transactions, we did conduct a risk assessment for illegal, improper, or erroneous FY 2020 purchase card, travel card, and fleet card transactions. We based the risk assessment on an analysis of trends and variances from the previous year. We assessed each bureau, and the resulting scores determined the bureaus fell within a reasonable range of risk. The average risk scores of all the bureaus combined decreased by 33 percent from FY 2019 to FY 2020.

THE DEPARTMENT NEEDS TO IMPROVE ITS SYSTEM SECURITY ASSESSMENT AND CONTINUOUS MONITORING PROGRAM TO ENSURE SECURITY CONTROLS ARE CONSISTENTLY IMPLEMENTED AND EFFECTIVE (OIG-22-017-A)

Our audit objective was to assess the effectiveness of the Department's system security assessment and continuous monitoring program to ensure security deficiencies were identified, monitored, and adequately resolved.

We found that the Department did not effectively execute its continuous monitoring and system assessment process. Specifically, we found the following:

- The Department did not effectively plan for system assessments.
- The Department did not consistently conduct reliable system assessments.
- The Department did not resolve security control deficiencies within defined completion dates.
- The Department's security system of record—i.e., the cyber security asset and management (CSAM) tool—did not provide accurate and complete assessment and plan of action & milestone (POA&M) data.

We recommended that the Department's Chief Information Officer ensure that bureau Chief Information Officers do the following:

- Implement tracking and reporting verifying that (1) assessment planning procedures are documented prior to the execution of an assessment and (2) system security documentation is accurate.
- Hold IT security staff accountable for the quality and effective execution of preassessment and assessment processes.
- Verify that assessment supporting documentation is maintained and sufficiently supports assessment results to facilitate oversight.
- Determine why POA&M dates are not achievable.
- Using the analysis from recommendation 4, provide guidance for how to better plan, prioritize, and resolve POA&Ms within their established milestones.
- Hold individuals accountable for not resolving issues within established milestones.

We recommended that the Deputy Secretary of Commerce ensure that the Department's Chief Information Officer does the following:

- Work with Department bureaus to automate and customize CSAM data entry to ensure CSAM accurately reflects bureau data.
- Provide additional CSAM usability training.

REVIEWS OF SINGLE AUDITS

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) (2 C.F.R. Part 200) requires colleges, universities, state and local governments, Tribes, and non-profit organizations that expend \$750,000 or more a year in federal awards to obtain an annual independent financial audit, referred to as a "single audit" (2 C.F.R. § 200.501). We conduct desk reviews on a judgmental sample of single audit reporting packages for which the Department is the oversight agency. The objectives of a desk review include identifying quality issues that may warrant follow-up work, revisions to the reporting package, or appropriate management official attention. During a desk review, we examine the audit reporting package, which includes financial statements, federal award expenditures, and auditors' reports, but not the underlying auditors' audit documentation, to determine whether it meets *Uniform Guidance*, GAGAS, and American Institute of Certified Public Accountants audit standards.

During this period, we conducted desk reviews of 28 single audit reporting packages. The audits were conducted by 27 different independent public accounting firms and covered \$1 billion in total federal expenditures, including \$175 million in Department direct expenditures. Seventeen audit reporting packages (61 percent) fully met federal reporting requirements.

Eleven audit reporting packages did not meet all requirements and were categorized into the following 10 deficiency categories:

- Three audits where the Schedule of Findings and Questioned Costs and, as a result, the Standard Form-Single Audit Collection Form (SF-SAC) did not accurately reflect the proper determination of low-risk auditee status.
- Three audits where the SF-SAC did not accurately reflect the Notes to the Schedule of Expenditures of Federal Awards (SEFA).
- Two audits where the SF-SAC did not accurately reflect the SEFA federal program identifying number.
- Two audits where the Notes to SEFA, and, as a result, the SF-SAC, incorrectly referenced OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, or OMB Circular A-87, *Cost Principles of State and Local Governments*.
- An audit where the Schedule of Findings and Questioned Costs “Section I. Summary of Auditor’s Results for Financial Statements” and, as a result, the SF-SAC, did not accurately reflect a significant deficiency.
- An audit where the SEFA did not accurately reflect the correct federal awarding agency for programs.
- An audit where the corrective action plan did not accurately reflect the correct oversight agency.
- An audit where the program title reported in the SF-SAC was not consistent with the program title reported in the SEFA included in the Financial Statements and Supplementary Information.
- An audit where the SF-SAC did not accurately reflect the significant deficiency in internal control identified in the *Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statement*.
- An audit where the *Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards* contained language inconsistent with *Government Auditing Standards* and Single Audits reporting requirements.

For errors that potentially impacted the reliability of the audit reporting packages, we contacted the auditors and awardees for explanations of each of the potential errors. The auditors and awardees provided adequate explanations or additional information to demonstrate compliance with federal reporting requirements. We issued a letter to each auditor and awardee informing them of the results of our review and the actions needed to improve the quality and reliability of future audits. We also provided copies of the letters to each awardee’s other federal funding agencies for their use in monitoring and oversight.

ITMS INVESTIGATION

Following an investigation by our office into misconduct by the Department’s Investigations and Threat Management Service (ITMS) and a subsequent internal review by the Department, the Department determined that it would dissolve ITMS due to its lack of legal authority to conduct criminal investigations and the mismanagement of cases and intelligence activities. Further, one senior official subsequently received a letter of reprimand and another was terminated from government employment for several reasons.

This investigation was declined for prosecution by the U.S. Department of Justice’s (DOJ’s) Public Integrity Section and Civil Rights Division, as well as the U.S. Attorney’s Office for the District of Columbia.

FORMER DEPARTMENT EMPLOYEES ALLEGED TO HAVE VIOLATED THEIR BASIC OBLIGATIONS OF PUBLIC SERVICE WHILE DETAILED TO AN OUTSIDE GOVERNMENT AGENCY (OIG-22-008-M1; OIG-22-008-M2)

On November 17, 2021, our office closed an assessment into misconduct allegations involving two former Department employees that were detailed to an outside government agency. The allegations related to the wrongful use of government seals on scientific papers that were posted on a public website but were not officially approved by the government, a possible violation of 18 U.S.C. § 1017, *Government seals wrongfully used and instruments wrongfully sealed*, as well as possible violations of the *Standards of Ethical Conduct for Employees of the Executive Branch*. We determined the two former employees did not comply with applicable policies and procedures for approving scientific papers and developed circumstantial evidence the two former employees potentially violated 18 U.S.C. § 1017. With respect to the *Standards of Ethical Conduct for Employees of the Executive Branch*, we did not substantiate that either former employee misused official Department time or resources for private gain but substantiated that the former employees’ conduct violated the general principles of the basic obligations of public service enumerated in subsection (b)(14) of 5 C.F.R. § 2635.101, *Basic obligation of public service*.

We presented the findings of the investigation to the U.S. Attorney's Office for the District of Maryland, which declined the matter for criminal prosecution. No administrative actions were taken against the individuals, as they were no longer employed by the government.

On November 17, 2021, the Inspector General sent two letters ([OIG-22-008-M1](#) and [OIG-22-008-M2](#)) to Congressional members regarding the alleged misconduct by the two former Department employees while on non-reimbursable details to an outside government agency. These letters were sent to (1) Chairwoman Eddie Bernice Johnson of the House Committee on Science, Space, and Technology and (2) Senators Mazie Hirono, Sheldon Whitehouse, Richard Blumenthal, Edward J. Markey, and Elizabeth Warren.

U.S. 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.

QUALITY CONTROL REVIEW OF THE AUDIT OF MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2019 (OIG-22-QCR-1)

We initiated a quality control review (QCR) of the audit of Mid-Willamette Valley Council of Governments, as of and for the year ended June 30, 2019. The audit was performed by Grove, Mueller & Swank, P.C. On our behalf, McBride, Lock & Associates, LLC, performed this QCR to determine whether the audit report complied with reporting requirements of the Single Audit Act of 1984, as amended in 1996. The single audit was performed using generally accepted auditing standards published by the American Institute of Certified Public Accountants and GAGAS issued by the U.S. Government Accountability Office (GAO).

The QCR identified no deficiencies related to the audit report.

QUALITY CONTROL REVIEW OF THE AUDIT OF REGION IV DEVELOPMENT ASSOCIATION, INC., AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2019 (OIG-22-QCR-2)

We initiated a QCR of the audit of Region IV Development Association, Inc., as of and for the year ended September 30, 2019. The audit was performed by Mahlke Hunsaker & Company, PLLC. On our behalf, McBride, Lock & Associates, LLC, performed this QCR to ensure that the audit was conducted in accordance with generally accepted auditing standards, GAGAS, and the requirements of federal regulations at Title 2 C.F.R. Part 200, *Uniform Guidance*, including its Compliance Supplement.

The QCR identified issues related to deficiencies regarding the Data Collection Form, audit workpapers, and financial statements. The QCR rating of the audit for the year ended September 30, 2019, was a *pass with deficiencies*.

QUALITY CONTROL REVIEW OF THE AUDIT OF MID-OHIO VALLEY REGIONAL PLANNING AND DEVELOPMENT COUNCIL FOR THE YEAR ENDED JUNE 30, 2019 (OIG-22-QCR-3)

We initiated a QCR of the audit of Mid-Ohio Valley Regional Planning and Development Council as of and for the year ended June 30, 2019. The audit was performed by Stephen P. Glaser, CPA. On our behalf, McBride, Lock & Associates, LLC, performed this QCR to ensure that the audit was conducted in accordance with generally accepted auditing standards, GAGAS, and the requirements of federal regulations at Title 2 C.F.R. Part 200, *Uniform Guidance*, including its Compliance Supplement.

The QCR identified issues related to deficiencies regarding the audit workpapers and the Compliance Supplement. The QCR rating of the audit for the year ended June 30, 2019, was a *pass with deficiencies*.

QUALITY CONTROL REVIEW OF THE AUDIT OF REGION XII DEVELOPMENT CORPORATION, INC., AS OF AND FOR THE YEAR ENDED JUNE 30, 2019 (OIG-22-QCR-4)

We initiated a QCR of the audit of Region XII Development Corporation, Inc., as of and for the year ended June 30, 2019. The audit was performed by John D. Morrow, CPA. On our behalf, McBride, Lock & Associates, LLC, performed this QCR to ensure that the audit was conducted in accordance with generally accepted auditing standards, GAGAS, and the requirements of federal regulations at Title 2 C.F.R. Part 200, *Uniform Guidance*, including its Compliance Supplement.

The QCR identified issues related to deficiencies regarding a lack of auditor's signatures, financial statements, SEFA, inadequate support of audited amounts, and single audit efforts. The QCR rating of the audit for the year ended June 30, 2019, was a *fail*.

FIRST RESPONDER NETWORK AUTHORITY



The **First Responder Network Authority**'s mission is to oversee the buildout, development, and operation of the nationwide public safety broadband network called FirstNet.

FIRSTNET AUTHORITY MUST INCREASE GOVERNANCE AND OVERSIGHT TO ENSURE NPSBN SECURITY (OIG-22-011-I)

We contracted with The MITRE Corporation (MITRE)—an independent firm—to perform this evaluation of the NPSBN’s security architecture. The objective was to assess the NPSBN’s security risks resulting from its security architecture.

Our office oversaw the progress of this evaluation to ensure that MITRE performed the evaluation in accordance with CIGIE’s *Quality Standards for Inspection and Evaluation* (January 2012) and contract terms. However, MITRE is solely responsible for the report and conclusions expressed in it.

In its evaluation of the NPSBN security architecture, MITRE identified one overarching finding and three supporting sub-findings:

- The FirstNet Authority lacks governance over network security and the ability to hold AT&T accountable for failing or ineffective security requirements.
 - Insufficient vulnerability management, specifically patch management and application monitoring processes, leaves the NPSBN more susceptible to exploitation of remote services.
 - AT&T’s Business Continuity Plan/Disaster Recovery Plan has proven ineffective at mitigating and managing some public safety emergency events.
 - The NPSBN security architecture may be susceptible to supply chain attacks due to FirstNet Authority’s inability to validate AT&T’s Supply Chain Risk Management.

MITRE recommended that the FirstNet Authority Chief Executive Officer direct the NPSBN Program Management Division staff to take the following actions in coordination with AT&T:

- Increase governance and ownership over the NPSBN by instituting penalties for failing to meet security requirements (i.e., failing scorecard items).
- Implement a process to review Critical and High vulnerabilities and mutually agree upon deadlines for remediation.
- Validate the NPSBN Business Continuity Plan/Disaster Recovery Plan by applying lessons learned to first responder-specific continuity scenarios. Use those scenarios to check the underlying assumptions and recovery time requirements and reduce the current recovery time objective and reliance on deployables as an appropriate backup option during a crisis.
- Develop a comprehensive cyber supply chain risk scoring mechanism and response strategy.
- Develop an NPSBN-specific supply chain digital roadmap that anticipates future supply chain developments for the purposes of scalability and adaptability.

A portion of recommendation 2 and all of recommendation 3 are not included in this publicly released *Semiannual Report to Congress*. At the request of FirstNet Authority and AT&T, redactions were placed in the publicly available version of this evaluation report to cover sensitive information about IT vulnerabilities that would be protected from release by Exemption 7(E) of the Freedom of Information Act, 5 U.S.C. § 552, and information protected by the Trade Secrets Act, 18 U.S.C. § 1905.

MINORITY BUSINESS DEVELOPMENT AGENCY



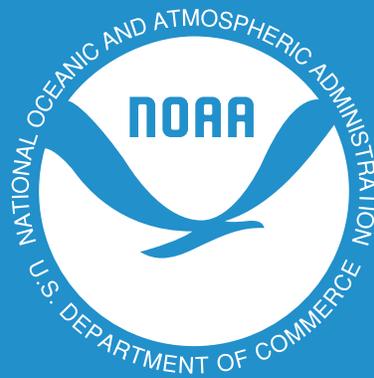
**MINORITY BUSINESS
DEVELOPMENT AGENCY**
U.S. DEPARTMENT OF COMMERCE

The **Minority Business Development Agency**'s mission is to promote the growth of minority owned businesses through the mobilization and advancement of public and private sector programs, policy, and research.

MBDA GRANT FRAUD

On October 26, 2021, our office closed an investigation into multiple allegations of MBDA grant fraud and conflict of interest by a grantee. We determined that the grantee paid subcontractors—who were also employees of the grantee—to conduct activities for grant-sponsored events. Our office also discovered multiple impermissible expenditures and grant fund overcharges, resulting in a total financial loss of approximately \$2,000 to MBDA. MBDA addressed the issue with a formal letter of caution to the subject entity regarding its improper financial management, directions to address the improper payments to grant personnel for personal services, and instruction on the use of conflict-of-interest procedures to avoid future actions in violation of the Department's *Financial Assistance Standard Terms and Conditions*.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION



The **National Oceanic and Atmospheric Administration's** mission is to understand and predict changes in climate, weather, oceans, and coasts, to share that knowledge and information with others, and to conserve and manage coastal and marine ecosystems and resources.

WPRFMC'S GOVERNANCE OF WESTERN PACIFIC SUSTAINABLE FISHERIES FUND AWARDS WAS INADEQUATE (OIG-22-004-A; OIG-22-005-M)

Our audit objectives were to determine whether the Western Pacific Regional Fishery Management Council (WPRFMC) (1) claimed allowable, allocable, and reasonable costs under the financial assistance awards and (2) received the goods and services paid for by the awards.

We found that WPRFMC and its subrecipients claimed questioned costs of \$1,237,671 in awards Western Pacific Sustainable Fisheries Fund (WPSFF) IV through WPSFF 2019. WPRFMC did not retain adequate support for claimed costs, obtain required approvals from the awarding agency, or properly allocate costs to the WPSFF awards. The subrecipients did not provide adequate documentation to support certain claimed costs and did not spend all federal funds received.

We determined that WPRFMC did not always provide documentation supporting the receipt of goods and services paid for with WPSFF awards. In addition, we identified key areas where WPRFMC's management of WPSFF awards needs improvement.

We recommended that the Director of NOAA Grants Management Division do the following:

- Make a determination on the \$1,237,671 in questioned costs recommended by the OIG for recovery.
- Require WPRFMC to implement internal controls to ensure (a) adequate documentation is retained to support costs claimed, (b) approval from the NOAA Grants Officer, when required, (c) amounts charged to each award directly benefit the award in proportion to the relative benefits received, and (d) payments to subrecipients are based on reimbursement of actual expenses or immediate cash need.
- Instruct WPRFMC to implement any additional measures necessary to ensure adherence to all applicable financial assistance award requirements.
- Instruct WPRFMC to retain sufficient evidence to support receipt of deliverables.
- Require WPRFMC to implement sufficient internal controls to ensure it performs cost or price analysis on procurement contracts, obtains grants officer approval for sole-source contracts where required, and charges reasonable costs to federal awards, both in nature and amount.
- Instruct WPRFMC to follow all federal requirements when issuing subawards, including reporting requirements, and to avoid making payments on behalf of subrecipients.

We also issued a related letter (OIG-22-005-M) on November 10, 2021, to Representative Raul M. Grijalva, Representative Jared Huffman, Representative Ed Case, and Delegate Gregorio Kilili Camacho Sablan. The letter responded to the members' request to conduct a comprehensive review of NOAA's WPSFF and report on potential lapses in transparency and accountability as well as possible waste and abuse of government funds.

REDESIGNED GOES-T IS READY FOR LAUNCH, BUT NOAA SHOULD REASSESS ITS ASSUMPTIONS FOR SATELLITE LAUNCH PLANNING AND STORAGE (OIG-22-015-A)

Our audit objective was to assess the Geostationary Operational Environmental Satellites (GOES)-R series program's progress in achieving launch readiness for the GOES-T mission.

We found the following:

- The GOES-R series program works toward the earliest achievable launch dates at potentially increased development risk.
- The National Environmental Satellite, Data, and Information Service (NESDIS) is planning GOES launches sooner than its policy requires without analyzing the costs.
- NESDIS assumes ground storage of satellites is not viable, but has not formally studied tradeoffs.

We recommended that the NOAA Deputy Under Secretary for Operations ensure that the Assistant Administrator for Satellite and Information Services does the following:

- Conduct an analysis of alternatives or similar assessment to determine whether to continue the GOES-R series program's approach of managing schedules toward the earliest possible launch dates.

- Conduct a cost-benefit analysis of selected geostationary coverage availability thresholds and update its geostationary launch policy as appropriate.
- Determine the cost of operating spare satellites on orbit versus alternative options, including consideration of constellation longevity and satellite development risks, to help inform optimal acquisition and launch strategies.
- Assess the cost effectiveness of satellite ground and on-orbit storage options using current cost, schedule, and technical performance data that can inform NESDIS satellite storage decisions.
- On future satellite series, document storage option considerations early in the acquisition process to optimize satellite storage alternatives.

NOAA INADEQUATELY MANAGED ITS ACTIVE DIRECTORIES THAT SUPPORT CRITICAL MISSIONS (OIG-22-018-A)

Our audit objective was to determine whether NOAA has adequately managed its Active Directories to protect mission critical systems and data. The audit focused on three selected Active Directories in three line offices that support NOAA's critical mission: NESDIS, the National Weather Service, and the National Marine Fisheries Service. To assess NOAA's Active Directories, we utilized a specialized Active Directory assessment tool. We evaluated fundamental security practices, relationships, and configurations to determine whether any deficiencies existed within each Active Directory.

We found that NOAA inadequately managed its Active Directories. Specifically, on all selected Active Directories, we identified accounts having excessive privileges, inadequate account management, as well as end-of-life operating systems running within the Active Directory domain. These deficiencies—whether standalone or combined—increase the risk of successful cyberattacks and jeopardize NOAA's ability to accomplish its mission.

We recommended that the Under Secretary of Commerce for Oceans and Atmosphere and NOAA Administrator ensures that NOAA's Chief Information Officer does the following:

- Establish processes and procedures to periodically review all Active Directory accounts to ensure consistent adherence to the principle of least privilege per Department policy.
- Determine the feasibility of requiring all NOAA line offices to use specialized Active Directory security tool(s) to conduct periodic reviews.
- Establish procedures to periodically review Active Directory accounts, passwords, groups, and Group Policy Objects for compliance with account management requirements as stated in the Department's policy and following industry best practices. If feasible, utilize specialized Active Directory security tool(s) to conduct periodic reviews.
- Establish policies or procedures to require compensating controls for service accounts that cannot have regular password changes.
- Establish decommission plans with milestones to prioritize and expedite the upgrading or retirement of computers with end-of-life operating systems.

BOULDER WEATHER RESEARCH ORGANIZATION AND OFFICERS PAY MORE THAN \$2 MILLION TO RESOLVE INVESTIGATION INTO IMPROPER USE OF FEDERAL GRANTS FOR SCIENTIFIC RESEARCH

In October 2021, a nonprofit organization headquartered in Boulder, Colorado, entered into a settlement agreement with the United States government—acting through the DOJ's U.S. Attorney's Office for the District of Colorado—to pay more than \$2.4 million to resolve civil claims related to the improper use of grant funds it received from the National Science Foundation, the National Aeronautics and Space Administration, and NOAA. The government contended the nonprofit organization improperly requested drawdowns from the federal grants for expenses it had not incurred and then improperly retained interest accrued on the federal funds received but not yet needed. The government contended the organization had inadequate internal controls, inadequate documentation, and inadequate accounting procedures in place, and was unable to link drawdowns to specific award expenses. Further, the government contended the organization converted significant sums of cash for international projects and failed to maintain adequate documentation of, and controls over, the cash. Finally, the government contended that the principals of the nonprofit organization received payments for non-business personal expenses and rent from the organization, using federal grant funds, in excess of the amount allowed. NOAA received a total of \$294,390 in restitution.

COLORADO FARMER CHARGED WITH CONSPIRACY TO DEFRAUD THE UNITED STATES AS PART OF USDA RAINFALL INSURANCE FRAUD INVOLVING DAMAGE TO NOAA RAIN GAUGES

A Colorado farmer was charged with conspiracy as part of an insurance fraud scheme to defraud the U.S. Department of Agriculture (USDA) when the farmer tampered with a NOAA-owned Automated Surface Observing System rain gauge located in southern Colorado. The defendant made their initial appearance before a U.S. Magistrate Judge in the U.S. District Court in Denver.

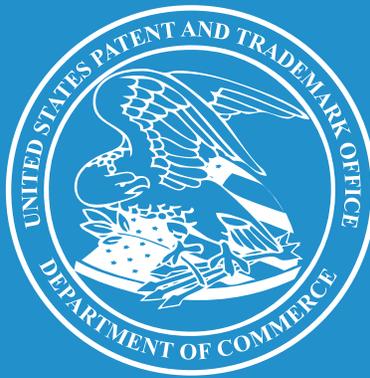
Our office is conducting this investigation along with the USDA OIG and the Federal Bureau of Investigation.

ANCHORAGE WOMAN SENTENCED FOR EMBEZZLING FEDERAL GRANT FUNDS IN ALASKA

On January 14, 2022, an Anchorage woman was sentenced in the U.S. District Court for the District of Alaska for embezzlement of funds from an Indian Tribal organization. She was sentenced to the following: time served totaling 16 months, 23 days; a supervised release term of 36 months; restitution of \$174,290.67 payable to NOAA; and a \$100 special assessment. The subject embezzled approximately \$174,290 from the Alaska Native Harbor Seal Commission—which was primarily funded from federal grants issued by NOAA—with additional federal grant funds provided by the Bureau of Indian Affairs.

This is a joint investigation among the U.S. Department of Interior's OIG, the Anchorage Police Department, and our office.

UNITED STATES PATENT AND TRADEMARK OFFICE



The mission of the **United States Patent and Trademark Office** is to foster innovation, competitiveness, and job growth in the United States by conducting high-quality and timely patent and trademark examination and review proceedings in order to produce reliable and predictable intellectual property rights, guiding intellectual property policy and improving intellectual property rights protection, and delivering intellectual property information and education worldwide.

USPTO FY 2021 FINANCIAL STATEMENTS AUDITS (OIG-22-006-A; OIG-22-013-A)

KPMG—an independent public accounting firm—performed the audit in accordance with U.S. generally accepted auditing standards, standards applicable to financial audits contained in *Government Auditing Standards*, and OMB Bulletin No. 21-04, *Audit Requirements for Federal Financial Statements*.

In its financial statement audit report (OIG-22-006-A) of USPTO, KPMG

- determined that the financial statements were fairly presented, in all material respects, and in accordance with U.S. generally accepted accounting principles;
- identified no material weaknesses in internal control over financial reporting; and
- identified no instances of reportable noncompliance with applicable laws, regulations, contracts, and grant agreements.

As part of this audit, KPMG evaluated general IT controls supporting USPTO's financial reporting and issued a separate IT report (OIG-22-013-A). KPMG identified findings as a result of its related work; however, during the audit, USPTO implemented corrective actions in response to the findings and, therefore, no recommendations were made by KPMG.

USPTO HAS OPPORTUNITIES TO IMPROVE ITS PATENT EXAMINATION PROCESS AND TO ADVANCE PATENT DECISION-MAKING (OIG-22-010-I)

We contracted with MITRE—an independent firm—to perform this evaluation of USPTO's patent examination process. The evaluation objectives were to (1) assess whether patents are examined in compliance with applicable statutes, regulations, and case law; (2) identify deficiencies within the examination process impacting the quality of patents granted; and (3) identify areas for improvement within the examination process to increase its effectiveness and efficiency.

Our office oversaw the progress of this evaluation to ensure that MITRE performed the evaluation in accordance with CIGIE's *Quality Standards for Inspection and Evaluation* (December 2020) and contract terms. However, MITRE is solely responsible for the report and conclusions expressed in it.

In its evaluation of the patent examination process, MITRE identified the following:

- USPTO examines patents in compliance with applicable statutes, regulations, and case law.
- USPTO quality review practices may not provide an accurate measure of patent examination quality.
- USPTO does not meet all the timeliness benchmarks detailed in statute, impacting stakeholders' right to prompt notice of the patent landscape.
- USPTO does not have a reliable means of measuring or controlling examiner consistency.
- USPTO has internal controls for most aspects of the GAO *Green Book*, but they are not managed as a system of controls.
- Examiners have adequate patent and non-patent prior art search resources, but improvements could have a significant positive impact on effectiveness and efficiency.

MITRE recommended that the Under Secretary of Commerce for Intellectual Property and Director of USPTO take the following actions:

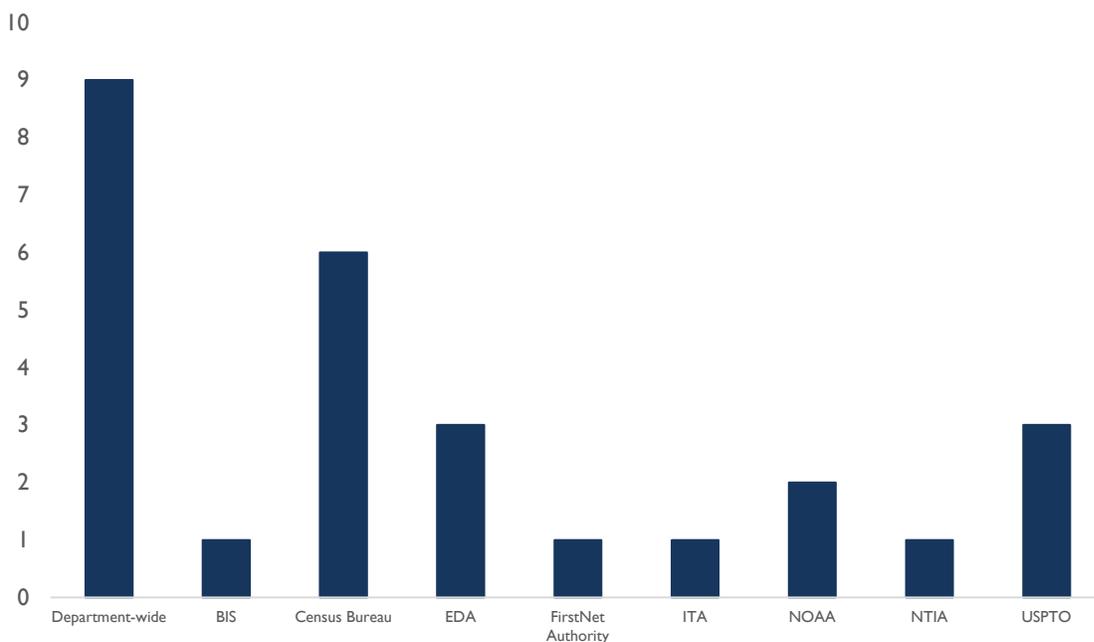
- Direct the Commissioner for Patents to (1) measure the effectiveness of the Office of Patent Quality Assurance (OPQA) process and its targets, and (2) take appropriate action to remedy any shortcomings.
- Direct the Commissioner for Patents to publicly release more of the OPQA review methodology and data to solicit external feedback on the review process.
- Direct the Commissioner for Patents to solicit external stakeholder feedback on responsiveness as an additional performance indicator and to calibrate incentives and expectations.
- Direct the Commissioner for Patents to assess the effectiveness of current tools (e.g., those aiding in performing prior art search and preparation of Office Actions) to help examiners perform more efficiently.
- Direct the Commissioner for Patents to establish regular monitoring of consistency in examination decisions, including trainees' decisions, by randomly selecting applications for parallel examination.

- Direct the Commissioner for Patents to establish and empower a quality control oversight body to create a comprehensive internal control system consistent with the guidance in the *GAO Green Book*.
- Direct the Office of Patent Automation to define objective measures of effectiveness for the search tools and training to inform decisions related to prior art search improvements.

WORK IN PROGRESS

WORK IN PROGRESS (BY OVERSIGHT AREA)

During this reporting period, 27 OIG audit, evaluation, and inspection projects were initiated or underway.



DEPARTMENT-WIDE

Audit of the Department of Commerce and NIST WCFs

To monitor an independent public accounting firm contracted to determine whether (1) the Department and the National Institute of Standards and Technology (NIST) working capital fund (WCF) billing methods used to allocate costs for internal Department support services are valid, reasonable, and consistently applied in accordance with applicable Department policies and (2) the internal Department support services costs billed through the WCFs are reasonable, allowable, and supported with documentation in accordance with applicable laws, regulations, and policies.

Audit of the Business Applications Solution Program

To assess the Department's management and implementation of the Business Applications Solution program.

Evaluation of the Department of Commerce's and its Bureaus' Management of National Security Systems

To determine whether the Department and its bureaus are managing national security systems in compliance with federal and Departmental IT security requirements.

Evaluation of the Department of Commerce's Cyber Incident Detection and Response (will result in two separate reports)

To assess the adequacy of actions taken by the Department and its bureaus when detecting and responding to cyber incidents in accordance with federal and Departmental requirements.

Evaluation of the Department's FY 2021 Compliance with Improper Payment Requirements

To determine the Department's compliance with the Payment Integrity Information Act of 2019.

Audit of the Department's Compliance with Aspects of the Geospatial Data Act of 2018

To assess the Department's progress toward compliance with Geospatial Data Act requirements under section 759(a).

Audit of the Department's Security Controls for Cloud-Based High Value Assets

To verify that the Department implemented security controls for cloud-based high value assets in accordance with federal requirements.

Audit of FY 2022 Department of Commerce Consolidated Financial Statements (will result in two separate reports)

To monitor the independent public accounting firm contracted to determine whether the financial statements are presented fairly, in all material respects, in accordance with generally accepted accounting principles; to 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 FY 2022 Federal Information Security Modernization Act Compliance

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

BUREAU OF INDUSTRY AND SECURITY

Review of the Bureau of Industry and Security's Law Enforcement Function

To determine (1) the mission, legal basis, and authority for such functions and whether relevant statutes and guidelines are satisfied, (2) whether the Bureau of Industry and Security's (BIS's) law enforcement function developed plans and policies for oversight of their jurisdictions and offices and the extent to which oversight was provided, (3) whether training for BIS's law enforcement officers is adequate and up-to-date, and (4) the extent to which the Department provides oversight to ensure that BIS's law enforcement powers are properly exercised within jurisdictional limits.

U.S. CENSUS BUREAU

Evaluation of 2020 Census Peak Operations

To conduct a series of reviews to determine whether the Census Bureau's planning and execution of 2020 Census peak operations successfully reduces risk to decennial census data quality and costs. As part of this review, we are assessing whether (1) Census Investigative Services requested additional documentation and information when clearing post-employment adjudication cases with major issues to ensure issues that resulted in a "D" characterization were resolved and (2) Census Investigative Services adequately monitored fingerprint adjudications to ensure that the pressure to quickly hire individuals for the 2020 Census did not result in staff ignoring the requirement to request additional documentation when potential issues were disclosed in Federal Bureau of Investigation reports.

Evaluation of 2020 Census Data Quality Processes

To assess the adequacy of the Census Bureau's quality control processes to ensure the data collected during the 2020 decennial count was complete and accurate.

Audit of the U.S. Census Bureau Working Capital Fund

To monitor the independent certified public accounting firm contracted to determine whether budgetary controls over the WCF are adequate including whether the Census Bureau (1) appropriately determines its rates (including overhead charges), (2) appropriately accounts for advances and carryover balances, and (3) equitably distributes costs to the Census Bureau's customers in accordance with applicable laws, regulations, and policy.

Audit of the U.S. Census Bureau Demographic Programs Directorate's Reimbursable Survey Data Quality and Reliability

To determine whether reimbursable surveys conducted by this directorate provide quality and reliable data to help sponsoring federal agencies make informed decisions.

Evaluation of the U.S. Census Bureau's Award and Use of a Cooperative Agreement

To determine whether the cooperative agreement was properly authorized, executed, and administered in accordance with relevant laws and regulations.

Audit of the 2020 Census Paid Advertising Campaign

To determine whether the Census Bureau effectively managed selected task orders related to paid advertising for the 2020 Census integrated communications contract to ensure desired outcomes were achieved.

U.S. ECONOMIC DEVELOPMENT ADMINISTRATION

Evaluation of EDA's Grant File Maintenance

To determine whether the U.S. Economic Development Administration (EDA) is properly maintaining grant files during the COVID-19 pandemic.

Evaluation of EDA's Administering of CARES Act Funding Through Its Revolving Loan Fund Program

To determine whether EDA followed federal and Departmental guidelines to award and disburse Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funding through its Revolving Loan Fund Program.

Audit of EDA's Monitoring of FY 2019 Disaster Relief Awards (will result in two separate reports)

To determine whether grants awarded under the *FY 2019 EDA Disaster Supplemental Notice of Funding Opportunity* are effectively and adequately monitored by EDA. Specifically, we will determine whether EDA monitored grants to ensure (1) compliance with grant terms, conditions, and performance requirements and (2) costs associated with awards were allowable, allocable, and reasonable, in accordance with federal cost principles.

FIRST RESPONDER NETWORK AUTHORITY

Audit of FirstNet Authority's Reinvestment Process (will result in three separate reports)

To determine whether FirstNet Authority's process for reinvesting fee payments is effective and consistent with established practices, procedures, and regulations.

INTERNATIONAL TRADE ADMINISTRATION

Audit of ITA's Efforts to Resolve Foreign Trade Barriers

To assess the progress and actions taken by the International Trade Administration (ITA) to remove, reduce, and prevent foreign trade barriers.

NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY

Evaluation of NIST's Hollings Manufacturing Extension Partnership Program

To determine the adequacy of NIST's oversight of the Manufacturing Extension Partnership Program to ensure requirements are met.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

Audit of the Next-Generation Satellite System Architecture Planning and Implementation

To assess NOAA's progress planning and implementing its next-generation satellite system architecture.

Audit of Space Weather Follow-On Program Performance Challenges

To identify challenges that may affect the Space Weather Follow-On program's cost, schedule, or overall mission performance and assess the extent to which NOAA is addressing these challenges.

NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION

Evaluation of NTIA's Implementation of Coronavirus Response and Relief Requirements Under the Consolidated Appropriations Act, 2021

To determine whether the National Telecommunications and Information Administration (NTIA) is complying with the Coronavirus Response and Relief Requirements under the Consolidated Appropriations Act, 2021. Specifically, we will determine (1) what steps NTIA took to award and disburse funds, (2) the challenges faced during implementation, and (3) the status of awarding and disbursing funds under the Consolidated Appropriations Act, 2021.

UNITED STATES PATENT AND TRADEMARK OFFICE

Audit of USPTO's Efforts to Retire Patent Legacy Systems

To assess (1) the cost, schedule, and capabilities of select patent legacy systems and (2) ongoing activities to transition from the legacy systems to next generation systems.

Audit of USPTO's Oversight of Patent Data Capture Contracts

To determine whether USPTO awarded and administered Patent Data Capture contracts in compliance with applicable laws and federal and Departmental policies and procedures.

Audit of FY 2022 USPTO Financial Statements (will result in two separate reports)

To monitor the independent public accounting firm contracted to determine whether the financial statements are presented fairly, in all material respects, in accordance with generally accepted accounting principles; to 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 us to present the statistical data contained in the following:

TABLES	PAGES
1. Office of Investigations Statistical Highlights for This Period	30
2. Resolution and Follow-Up	31
3. Audit and Inspection Statistical Highlights for This Period	32
4. Reports with Questioned Costs	33
5. Reports with Recommendations That Funds Be Put to Better Use	33
6. Report Types for This Period	34–37
6-a. Performance Audits	35
6-b. Inspections/Evaluations	36
6-c. Financial Statement Audits	36
6-d. Other Public Reports	37
7. Summary of Unimplemented and Unresolved Recommendations by Operating Unit	38–59
7-a. Unimplemented Recommendations from Audit, Evaluation, and Inspection Reports	40–57
7-b. Unresolved Recommendations from Audit, Evaluation, and Inspection Reports	58
7-c. Reports for Which Management Took Longer Than 60 Days to Respond	59
8. Reports on Investigations Concerning Senior Government Employees	60
9. Descriptions of Instances of Whistleblower Retaliation	61
10. Description of Closed and Non-Public Inspections, Evaluations, Audits, and Certain Investigations	62–64
10-a. Description of Closed and Non-Public Inspections, Evaluations, and Audits	63
10-b. Description of Certain Closed and Non-Public Investigations	64

TABLE I. 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 our Compliance and Ethics 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.

Allegations Received	
Total hotline contacts	308
Contacts related to Departmental programs	229
Number of hotline referrals to Departmental management	135
Investigative Caseload	
Investigations opened this period	14
Investigations closed/completed this period	42
Investigations in progress as of March 31, 2022	84 ^a
Reports	
Total number of investigative reports issued during the reporting period	9
Prosecutive Actions and Monetary Results	
Total number of individuals or entities referred to DOJ for criminal prosecution	12
Total number of entities referred to state/local prosecuting authorities	2
Indictments/Informations	3
Convictions	2
Monetary recoveries (Fines, Restitution, Settlements, Judgments, and Administrative Remedies)	\$378,156.67 ^b
Administrative Actions	
Suspension/Debarment actions	2
Disciplinary actions	2

^a This figure excludes 37 investigations consisting of 12 pending prosecution or completion of judicial proceedings, 3 pending agency action, 7 preliminary investigations, and 15 requests for assistance.

^b This figure includes fines, restitutions, and recoveries in cases worked independently by our office, as well as our office's participation in multiagency investigations. We participated in a joint investigation wherein the subjects resolved the allegations by paying \$2,613,413, with \$203,766 being returned to a Departmental bureau.

TABLE 2. RESOLUTION AND FOLLOW-UP

The IG Act requires us to present in this report information concerning reports issued before the beginning of the reporting period (October 1, 2021) for which no management decision had been made by the end of the period (March 31, 2022). No reports remain unresolved for more than 6 months for this reporting period.

Audit resolution is the process by which the Department 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 report and the issuance of a final decision by management concerning its response.

DAO 213-5, *Audit and Evaluation Resolution and Follow-up*, provides procedures for management to request a modification to an approved action plan or for a financial assistance recipient to appeal an audit resolution determination. The following table summarizes modification and appeal activity during the reporting period.

Report Category	Modifications	Appeals
Actions pending (October 1, 2021)	2	0
Submissions	9	0
Decisions	9	0
Actions pending (March 31, 2022)	2	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 ^a	\$5,457,242
Value of audit recommendations that funds be put to better use ^b	\$0
Total potential monetary benefits	\$5,457,242
Value of audit recommendations agreed to by management ^c	\$1,237,671

^a **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.

^b **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.

^c **Value of audit recommendations agreed to by management:** This is the sum of (1) disallowed costs and (2) funds to be 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 CO—not to be charged to the government.

TABLE 4. REPORTS 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 review. 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	0	0	0
B. Reports issued during the reporting period	2	5,457,242	4,510,345
Total reports (A+B) requiring a management decision during the period	2	5,457,242	4,510,345
C. Reports for which a management decision was made during the reporting period ^a	2	5,457,242	4,510,345
i. Value of disallowed costs		1,237,671	290,774
ii. Value of costs not disallowed		4,219,571	4,219,571
D. Reports for which no management decision had been made by the end of the reporting period	0	0	0

^a 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. REPORTS 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	0	0
B. Reports issued during the reporting period	0	0
Total reports (A+B) requiring a management decision during the period	0	0
C. Reports for which a management decision was made during the reporting period ^a	0	0
i. Value of recommendations agreed to by management		0
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	0	0

^a 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, 6-C, AND 6-D. REPORT TYPES FOR THIS PERIOD

Performance audits provide findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria. Performance audits provide objective analysis to assist management and those charged with governance and oversight in using 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.

Financial statement audits are primarily to provide an opinion about whether an entity's financial statements are presented fairly in all material respects in conformity with an applicable financial reporting framework. Reporting on financial statement audits performed in accordance with GAGAS also includes reports on internal control over financial reporting and on compliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.

Other public reports from this period are comprised of correspondence—including one memorandum to OMB and two letters to Congress—as well as our annual top management challenges report. Management alerts are memorandums that our office issues as an interim mechanism for alerting the Secretary, Department heads, Congress, and other officials of significant preliminary findings or matters requiring urgent attention.

TABLE 6. SUMMARY OF REPORT TYPES FOR THIS PERIOD

Type	Number of Reports	Table Number
Performance Audits	6	Table 6-a
Inspections/Evaluations	3	Table 6-b
Financial Statement Audits	4	Table 6-c
Other Public Reports	3	Table 6-d
Total	16	

TABLE 6-A. PERFORMANCE AUDITS

Report Title	Report Number	Date Issued	Funds to Be Put to Better Use (\$)	Amount Questioned (\$)	Amount Unsupported (\$)
National Oceanic and Atmospheric Administration					
<i>WPRFMC's Governance of Western Pacific Sustainable Fisheries Fund Awards Was Inadequate</i>	OIG-22-004-A	11.10.2021	0	1,237,671	290,774
<i>Redesigned GOES-T is Ready for Launch, but NOAA Should Reassess Its Assumptions for Satellite Launch Planning and Storage</i>	OIG-22-015-A	01.20.2022	0	0	0
<i>NOAA Inadequately Managed Its Active Directories That Support Critical Missions</i>	OIG-22-018-A	02.03.2022	0	0	0
Office of the Secretary					
<i>Audit of the Department's Digital Accountability and Transparency Act of 2014 Submission for the First Quarter of Fiscal Year 2019</i>	OIG-22-003-A	11.08.2021	0	0	0
<i>Enterprise Services Needs to Improve Upon Its Contract Management and Oversight of Accenture BPA No. DOCSS130116BU0004 and Subsequent Call Orders</i>	OIG-22-009-A	11.22.2021	0	4,219,571	4,219,571
<i>The Department Needs to Improve Its System Security Assessment and Continuous Monitoring Program to Ensure Security Controls Are Consistently Implemented and Effective</i>	OIG-22-017-A	01.25.2022	0	0	0

TABLE 6-B. INSPECTIONS/EVALUATIONS

Report Title	Report Number	Date Issued	Funds to Be Put to Better Use (\$)	Amount Questioned (\$)	Amount Unsupported (\$)
First Responder Network Authority					
<i>FirstNet Authority Must Increase Governance and Oversight to Ensure NPSBN Security</i>	OIG-22-011-I	12.14.2021	0	0	0
Office of the Secretary					
<i>The Department Must Improve Processes for Addressing and Managing H Referrals</i>	OIG-22-014-I	12.16.2021	0	0	0
United States Patent and Trademark Office					
<i>USPTO Has Opportunities to Improve its Patent Examination Process and to Advance Patent Decision-Making</i>	OIG-22-010-I	12.02.2021	0	0	0

TABLE 6-C. FINANCIAL STATEMENT AUDITS

Report Title	Report Number	Date Issued	Funds to Be Put to Better Use (\$)	Amount Questioned (\$)	Amount Unsupported (\$)
Office of the Secretary					
<i>Department of Commerce FY 2021 Financial Statements</i>	OIG-22-007-A	11.15.2021	0	0	0
<i>Summary of Findings Related to Information Technology Controls in Support of the Fiscal Year 2021 U.S. Department of Commerce Consolidated Financial Statement Audit</i>	OIG-22-012-A	12.15.2021	0	0	0
United States Patent and Trademark Office					
<i>United States Patent and Trademark Office FY 2021 Financial Statements</i>	OIG-22-006-A	11.12.2021	0	0	0
<i>Summary of Findings Related to Information Technology Controls in Support of the Fiscal Year 2021 USPTO Financial Statement Audit</i>	OIG-22-013-A	12.15.2021	0	0	0

TABLE 6-D. OTHER PUBLIC REPORTS

Report Title	Report Number	Date Issued
<i>Top Management and Performance Challenges Facing the Department of Commerce in FY 2022</i>	OIG-22-001	10.14.2021
<i>Inspector General Letters to Congressional Members re: Department Employees on Non-Reimbursable Details</i>	OIG-22-008-M1/M2	11.17.2021
<i>2022 Annual Letter to OMB re: Government Charge Card Abuse Prevention Act of 2012</i>	OIG-22-016-M	01.21.2022

TABLES 7, 7-A, 7-B, AND 7-C. UNIMPLEMENTED AND UNRESOLVED RECOMMENDATIONS BY OPERATING UNIT

All tables concerning unimplemented or unresolved recommendations do not include recommendations from (a) sensitive nonpublic reports, (b) recurring, annual audits (such as financial statement audits), or (c) single audits.

Recommendations from all performance audit, evaluation, and inspection reports issued prior to FY 2016 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 March 31, 2022, or those for which the action plans are not due until after March 31, 2022. Columns 6 through 7 of table 7 provide details on “unresolved” recommendations.

Table 7-a provides details on FY 2016–2022 performance audit, evaluation, or inspection reports that have resolved but unimplemented recommendations. During this period, we issued 114 audits and evaluations (excluding financial statement audits). As of March 31, 2022,

- 30 of the 114 reports (26 percent) had resolved but unimplemented recommendations;
- 114 of 573 total recommendations (19 percent) were resolved but unimplemented; and
- 3 of these resolved but unimplemented recommendations had potential monetary benefits of \$17,352,242.

Table 7-b provides details on one performance audit with five unresolved recommendations and one evaluation with two unresolved recommendations.

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 2016–2019 Unimplemented Recs (Resolved)	Potential Monetary Benefits of FY 2016–2019 Unimplemented Recs	FY 2020–2022 Unimplemented Recs (Resolved)	Potential Monetary Benefits of FY 2020–2022 Unimplemented Recs	Unresolved FY 2022 Recs	Potential Monetary Benefits of Unresolved FY 2022 Recs
Bureau of Economic Analysis	0	0	0	0	0	0
Bureau of Industry and Security	0	0	1	0	0	0
U.S. Census Bureau	5	0	6	0	0	0
U.S. Economic Development Administration	0	0	2	0	0	0
First Responder Network Authority	0	0	0	0	0	0
International Trade Administration	0	0	2	0	0	0
Minority Business Development Agency	0	0	0	0	0	0
National Institute of Standards and Technology	0	0	6	0	0	0
National Oceanic and Atmospheric Administration	3	0	19	\$13,132,671	5	0
National Technical Information Service	0	0	0	0	0	0
National Telecommunications and Information Administration	0	0	6	0	0	0
Office of the Secretary	5	0	41	\$4,219,571	2	0
United States Patent and Trademark Office	1	0	17	0	0	0
TOTAL	14	\$0	100	\$17,352,242	7	\$0

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

Table 7-a does not include recommendations from (a) sensitive nonpublic reports, (b) 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 2016 have been implemented.

- **FY 2016:** OIG issued 27 reports with a total of 111 recommendations. As of March 31, 2022, 3 recommendations (3 percent of FY 2016 recommendations) were resolved but unimplemented. There are no unimplemented recommendations with potential monetary benefits.
- **FY 2018:** OIG issued 15 reports with a total of 87 recommendations. As of March 31, 2022, 1 recommendation (1 percent of FY 2018 recommendations) was resolved but unimplemented. There are no unimplemented recommendations with potential monetary benefits.
- **FY 2019:** OIG issued 12 reports with a total of 79 recommendations. As of March 31, 2022, 10 recommendations (13 percent of FY 2019 recommendations) were resolved but unimplemented. There are no unimplemented recommendations with potential monetary benefits.
- **FY 2020:** OIG issued 16 reports with a total of 76 recommendations. As of March 31, 2022, 17 recommendations (22 percent of FY 2020 recommendations) were resolved but unimplemented. There is 1 unimplemented recommendation with \$11,895,000 in funds put to better use for \$11,895,000 potential monetary benefits.
- **FY 2021:** OIG issued 14 reports with a total of 72 recommendations. As of March 31, 2022, 33 recommendations (46 percent of FY 2021 recommendations) were resolved but unimplemented. There are no unimplemented recommendations with potential monetary benefits.
- **FY 2022:** OIG issued 9 reports with a total of 59 recommendations. As of March 31, 2022, 50 recommendations (85 percent of FY 2022 recommendations) were resolved but unimplemented. There are 2 unimplemented recommendations—one with \$4,219,571 in questioned costs and one with \$1,237,671 in questioned costs—for \$5,457,242 potential monetary benefits.

The remaining 2 unresolved reports and their 7 recommendations are listed under table 7-b.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
04.18.2016	OIG-16-025 , <i>The Census Working Capital Fund Lacks Transparency</i>	6	1	0

Objective(s)

The objective of this audit was to evaluate the budgetary controls over the Census Bureau's WCF.

Finding(s)

We found that the Census 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: We recommend that the Director of the Census Bureau obtain an opinion from the Department's Office of the General Counsel 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	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
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	2	0

Objective(s)

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.

Finding(s)

The findings of this report are For Official Use Only and are not included in this publicly released *Semiannual Report to Congress*.

Unimplemented Recommendation(s)

The recommendations of this report are For Official Use Only and are not included in this publicly released *Semiannual Report to Congress*.

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	1	0
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Objective(s)

Our primary objective was to assess the Polar Follow-On program baselines established in December 2016.

Finding(s)

We found that (1) Polar Follow-On missions' system design depends on maturing the Joint Polar Satellite System (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.

Unimplemented Recommendation(s)

Recommendation 6: We recommend 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.

10.30.2018	OIG-19-002 , <i>The Census Bureau Must Improve Its Implementation of the Risk Management Framework</i>	7	3	0
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Objective(s)

Our objective was to determine whether the risk management framework methodology adopted by the Census Bureau presents an accurate picture of cybersecurity risks, including risks associated with common controls, to Census Bureau management.

Finding(s)

We found that the Census Bureau did not follow its risk management framework process. Specifically, we found that (1) the Census Bureau had not continuously monitored critical security controls and failed to document the resulting risks, (2) authorizing officials lacked information about significant cybersecurity risks, and (3) the Census Bureau did not effectively manage common controls.

Unimplemented Recommendation(s)

Recommendation 1: We recommend that the Census Bureau's Chief Information Officer update the Census Bureau's Risk Management Framework Methodology to include additional procedures that leverage automated reporting, to ensure that deviations from continuous monitoring plans are reported more timely to senior management designated as the authorizing official and to IT security management.

Recommendation 3: We recommend that the Census Bureau's Chief Information Officer develop both manual and automated procedures to help ensure that complete descriptions of system security controls are entered into the Risk Management Program System, reviewed, and approved as part of the system authorization process.

Recommendation 4: We recommend that the Census Bureau's Chief Information Officer ensure that assessment procedures include provisions (both manual and automated) for quality control associated with the validation of security control assessments.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
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02.06.2019	OIG-19-008 , <i>2020 Census: Issues Observed During the 2018 End-to-End Census Test's Address Canvassing Operation Indicate Risk to Address List Quality</i>	6	1	0
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Objective(s)

Our audit objectives were to (1) assess the performance of in-field address canvassing operations and (2) determine whether in-office address canvassing correctly identified blocks for the in-field address canvassing operation.

Finding(s)

We found (1) in-office address canvassing did not correctly identify blocks for in-field address canvassing at the Providence test site; (2) resolution of alerts indicating potential instances of low quality and fraud/abuse was sometimes untimely or non-existent; (3) the Census Bureau's ability to inform the 2020 Census address canvassing operation using the 2018 End-to-End Census Test faces some limitations; and (4) the Census Bureau is unsure of whether 26 Listers who updated addresses were qualified. In addition—and as part of our fieldwork—we conducted on-site observations of Listers during the test and observed instances of some Listers' noncompliance with procedures.

Unimplemented Recommendation(s)

Recommendation 1: We recommend the Director of the U.S. Census Bureau evaluate how the number of incorrectly categorized passive blocks will affect census quality and how those errors may affect demographic groups.

06.13.2019	OIG-19-014 , <i>Inadequate Management of Active Directory Puts USPTO's Mission at Significant Cyber Risk</i>	8	1	0
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Objective(s)

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

Finding(s)

We found that USPTO (1) inadequately managed its Active Directory, and (2) poorly protected its critical IT assets hosting Active Directory.

Unimplemented Recommendation(s)

Recommendation 4: We recommend that the Under Secretary of Commerce for Intellectual Property and Director of USPTO direct the Chief Information Officer to ensure personal identity verification (PIV) card technology compatibility with on-going and future system development for USPTO next-generation applications, and switch PIV enforcement to a per-user basis, when technically feasible.

08.12.2019	OIG-19-022 , <i>Geostationary Operational Environmental Satellite-R Series: Program Success Requires Added Attention to Oversight, Risk Management, Requirements, and the Life-Cycle Cost Estimate</i>	11	2	0
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Objective(s)

Our primary objective was to assess the adequacy of the GOES-R program's satellite development and testing, and the transition of launched satellites into operations. Our second objective was to monitor the program's progress on contracting actions and changes to minimize cost increases.

Finding(s)

We identified inadequacies in the development, testing, and operations of the satellites, specifically: (1) Advanced Baseline Imager issues highlight the need for increased oversight in technical, programmatic, and contractual areas; (2) GOES-R series magnetometers are less accurate than the previous series, revealing opportunity for NOAA to refine its threshold requirement; (3) the GOES-R program did not identify and manage risk to the availability of GOES-East and GOES-West orbital positions; and (4) ground system server replacement will increase the program's life-cycle cost and presents risk management challenges.

Unimplemented Recommendation(s)

Recommendation 5: We recommend that the Deputy Under Secretary for Operations ensure that NOAA conducts analysis to determine distinct geomagnetic field measurement accuracy threshold and objective requirement specifications and ensure appropriately supported requirements are reflected in GOES-R program documents.

Recommendation 7: We recommend that the Deputy Under Secretary for Operations ensure NOAA assesses whether GOES are the optimal satellites to achieve geomagnetic field observation requirements, using an analysis of alternatives or similar cost-benefit approach.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
09.30.2019	OIG-19-026 , <i>The Department Needs to Improve Its Capability to Effectively Share Cyber Threat Information</i>	4	3	0

Objective(s)

Our objective was to determine the capabilities and practices of the Department to carry out cybersecurity information sharing.

Finding(s)

We found (1) the Department lacked an internal automated sharing capability; (2) the Commerce Threat Intelligence Portal (CTIP) application was not accessible by all bureaus; and (3) the Department lacked adequate information sharing policies, procedures, and training.

Unimplemented Recommendation(s)

Recommendation 1: We recommend that the Chief Information Officer finalize CTIP licensing and interconnection agreements and utilize the CTIP Application Programming Interface to automate Department bureaus' ingestion of cyber threat information.

Recommendation 2: We recommend that the Chief Information Officer ensure that all Department bureaus have access to CTIP.

Recommendation 3: We recommend that the Chief Information Officer ensure information sharing policies and procedures are compliant with the applicable documents that were created by the U.S. Department of Homeland Security (DHS), DOJ, U.S. Department of Defense, and the Office of the Director of National Intelligence.

11.12.2019	OIG-20-006 , <i>NOAA's Office of Marine and Aviation Operations Needs to Improve the Planning and Governing of Its Ship Fleet Recapitalization Effort</i>	7	1	\$11,895,000 Funds to Be Put to Better Use
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Objective(s)

Our audit objective was to determine whether NOAA's Office of Marine and Aviation Operations (OMAO) performed effective acquisition planning for its construction of new ships.

Finding(s)

We found that (1) schedule slippages have delayed ship construction and increased costs; (2) NOAA's ship fleet acquisition planning was not effectively governed; and (3) OMAO did not provide adequate oversight of fleet recapitalization funds.

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

Recommendation 1: We recommend that the Director of NOAA Corps and OMAO develop a detailed contingency plan to reduce the risks associated with delays. The plan should address (a) capability and capacity gaps and (b) the cost of maintaining aging ships and utilizing alternatives. Potential monetary benefits: \$11,895,000 funds to be put to better use.

01.27.2020	OIG-20-014 , <i>EDA Should Develop a Workforce Plan and Improve its Hiring Accountability to Successfully Award and Administer the Disaster Supplemental Funds Appropriated by the Bipartisan Budget Act of 2018</i>	2	2	0
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Objective(s)

Our audit objective was to determine whether EDA's workforce planning process for awarding and administering the Disaster Supplemental funds was adequate and effective.

Finding(s)

We found that (1) EDA has not developed and implemented a comprehensive workforce plan to meet the current and future needs of the organization and (2) EDA's recruitment efforts are significantly behind its established milestones to ensure that EDA has adequate staff available to handle the increased workload.

Unimplemented Recommendation(s)

Recommendation 1: We recommend that EDA's Assistant Secretary of Commerce for Economic Development direct appropriate EDA staff to develop and implement a comprehensive workforce plan to (a) determine optimal staffing levels needed (both at headquarters and in the affected regions), and (b) identify any potential staffing shortfalls or gaps.

Recommendation 2: We recommend that EDA's Assistant Secretary of Commerce for Economic Development direct appropriate EDA staff to develop and implement specific accountability metrics, in conjunction with Human Capital Client Services as applicable, including (a) transparent milestones, which can be used to measure the actual progress of the job opportunity announcements throughout the hiring process, and (b) performance metrics and training guidelines to ensure EDA staff are fully trained on the job opportunity announcement processing requirements.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
02.11.2020	OIG-20-018 , <i>Failures in the Department's Security Program Resulted in Exposure of Sensitive Trade Information to Unvetted Foreign Nationals</i>	12	11	0

Objective(s)

Our audit objectives were to determine whether the (1) processes used to vet contract staff given administrative access to the Enterprise Web Solutions (EWS) system are adequate; (2) Department followed a sufficient process to identify the impact level of the EWS system; (3) Office of the Chief Information Officer (OCIO) took appropriate actions to protect the information on the EWS system after it was granted an authorization to operate in 2018; and (4) contract used to procure EWS services and systems complied with Department acquisition regulations. Because of the serious nature of the cybersecurity issues identified, we determined that this audit report would address the first three objectives, while a separate, follow-on audit may address the fourth.

Finding(s)

We found that (1) the Department exposed sensitive data to unvetted foreign nationals working outside the United States; (2) unauthorized foreign nationals accessed and modified the EWS system after their contract had been terminated; (3) the Department mishandled the response to unauthorized access by foreign nationals; and (4) the Department failed to account for sensitive data on its systems.

Unimplemented Recommendation(s)

Recommendation 1: We recommend that the Deputy Secretary of Commerce ensure that OCIO implements additional checks into contract policies and procedures to ensure all access to Department systems and data is properly vetted by the Department's Office of Security.

Recommendation 2: We recommend that the Deputy Secretary of Commerce ensure that OCIO conducts a thorough review of the contractor and subcontractor access granted to all Department systems and ensures this access is limited and appropriate based upon the purpose of the system, data contained on the system, and the contractor's level of required duties.

Recommendation 3: We recommend that the Deputy Secretary of Commerce ensure that OCIO establishes and implements a process that ensures the information system security officer(s) or other assigned system staff regularly validate that user access to Department systems is appropriate.

Recommendation 4: We recommend that the Deputy Secretary of Commerce ensure that OCIO fully documents its rationale, based upon the outcome of the Department's investigation, for not reporting the exposure of sensitive data from the former Secretary's briefing book as a major incident, as defined by OMB guidance.

Recommendation 6: We recommend that the Deputy Secretary of Commerce ensure that OCIO establishes and follows clear procedures when revoking access to Department systems, a process that should include the system owner, information system security officer, and COR, when appropriate.

Recommendation 7: We recommend that the Deputy Secretary of Commerce ensure that OCIO reviews and revises incident response procedures so that appropriate communication protocols are established and enforced to ensure timely and accurate information sharing.

Recommendation 8: We recommend that the Deputy Secretary of Commerce ensure that OCIO identifies staff with incident response and system recovery roles and ensure that they have regular training regarding their responsibilities, the role of the Enterprise Security Operations Center, and the use of system backups.

Recommendation 9: We recommend that the Deputy Secretary of Commerce ensure that OCIO includes an additional step to review the completed task when revoking system access, with a requirement for assignment of an individual responsible for ensuring all access has been removed.

Recommendation 10: We recommend that the Deputy Secretary of Commerce ensure that OCIO reviews and revises the process used for system impact analysis to ensure that it is sufficiently rigorous and has adequate checks to ensure the process produces accurate results.

Recommendation 11: We recommend that the Deputy Secretary of Commerce ensure that OCIO reassess all Office of the Secretary systems to ensure that the designated impact level analyses are accurate and appropriate to protect Department systems.

Recommendation 12: We recommend that the Deputy Secretary of Commerce ensure that OCIO determines if any systems outside of the Office of the Secretary produce data for the Secretary's briefing book and, if systems are identified, determines if these systems have accurate and appropriate system impact levels.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
06.02.2020	OIG-20-028 , <i>The Department Needs to Improve Oversight Practices to Close Out Contract Files by Complying with Federal Regulations and Departmental Requirements</i>	9	1	0

Objective(s)

Our objective was to determine whether NIST, NOAA, and Census Bureau contracting personnel administered contract closeout procedures in accordance with federal and Departmental regulations.

Finding(s)

We found that (1) contracts were not closed within required time frames; (2) contract files lacked evidence that key contract closeout steps were completed, resulting in approximately \$288.5 million that could not be verified; (3) NOAA and Census Bureau contract files were not always properly retained; (4) NIST improperly paid a contractor; and (5) NIST technical points of contact were not trained, certified, and appointed.

Unimplemented Recommendation(s)

Recommendation 2: We recommend that the NIST Director of Office of Acquisition and Agreements Management establish a periodic control to ensure that contracts are being closed timely and that closeout procedures are in compliance with federal and Departmental regulations.

07.20.2020	OIG-20-037 , <i>Fleet Program Is Not Managed in Accordance with Fleet Management Requirements</i>	7	2	0
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Objective(s)

Our audit objective was to determine whether the Department's fleet program operates in accordance with applicable federal fleet requirements for vehicle operations, acquisitions, and utilization.

Finding(s)

We found that the Department is not operating its fleet program in accordance with federal fleet requirements.

Unimplemented Recommendation(s)

Recommendation 2: We recommend that the Chief Financial Officer and Assistant Secretary for Administration update the *Personal Property Management Manual* to include guidance for Office of the Secretary commercial leasing. The Department should ensure other *Personal Property Management Manual* requirements do not similarly exclude Office of the Secretary.

Recommendation 4: We recommend that the Chief Financial Officer and Assistant Secretary for Administration update policies and procedures to include requirements for bureaus to maintain adequate documentation of vehicle usage.

10.01.2020	OIG-21-001 , <i>The Department Has Made Progress Meeting Its Responsibilities Under the Geospatial Data Act But Must Improve Controls to Ensure Full Compliance</i>	6	1	0
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Objective(s)

Our original objectives—in accordance with the Geospatial Data Act of 2018—were to review the Department's (1) compliance with the standards for geospatial data, including metadata for geospatial data established under section 757; (2) compliance with the requirements under subsection 759(a); and (3) compliance on the limitation on the use of federal funds under section 759A. We revised our audit objective to assess the Department's progress toward compliance with the requirements of subsection 759(a). Because the Department's National Geospatial Data Assets and management thereof reside within NOAA and the Census Bureau, we limited our scope to those two operating units and the activities of the Department's Senior Agency Official for Geospatial Information, Chief Data Officer, data governance board, and geospatial working group.

Finding(s)

We found the Department has made progress towards complying with the 13 requirements under section 759(a). In addition, we noted the need for improvements in the following areas: (1) the Department should ensure its new geospatial data strategic plan aligns with the mission and design controls for adequate implementation; (2) the Department should develop procedures to ensure compliance with its *Policy on Planned Geospatial Acquisitions*; (3) data harvesting issues are causing inconsistencies in Department metadata; and (4) Census Bureau should document compliance with metadata standards as part of its system of internal control for geospatial data.

Unimplemented Recommendation(s)

Recommendation 3: We recommend that the Deputy Secretary of Commerce and the Senior Agency Official for Geospatial Information develop Department-wide procedures to ensure operating units consistently implement the Department's *Policy on Planned Geospatial Acquisitions*.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
01.07.2021	OIG-21-018 , <i>Fundamental Security Safeguards Were Not in Place to Adequately Protect the IT Systems Supporting the 2020 Census</i>	5	1	0

Objective(s)

Our audit objective was to determine the effectiveness of security measures for select IT systems that support the 2020 Census.

Finding(s)

We found that (1) the Census Bureau's inadequate risk management program left significant risks present in decennial IT systems; (2) the Census Bureau's Decennial security operations center lacked fundamental capabilities during periods of decennial census data collection; (3) the Census Bureau inadequately managed its Active Directory that supports decennial census operations; and (4) the Census Bureau had not fully enforced PIV in accordance with federal and Department requirements.

Unimplemented Recommendation(s)

Recommendation 2: We recommend that the Director of the U.S. Census Bureau ensure that the Census Bureau's Chief Information Officer reassess all instances of security risks on the decennial IT infrastructure that were accepted without mitigation and ensure correct actions are taken to minimize existing security risks.

01.25.2021	OIG-21-020 , <i>Decisions on Exclusions from Section 232 Tariffs Were Not Transparent and Based on Incomplete and Inaccurate Information</i>	2	2	0
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Objective(s)

Our audit objectives were to determine whether (1) BIS and ITA adhere to the processes and procedures in place to review Section 232 product exclusion requests (ERs) and (2) ER decisions are reached in a consistent and transparent manner.

Finding(s)

We found that (1) U.S. companies were denied ERs based on incomplete and contradictory information, and (2) the Section 232 ER review process lacked transparency.

Unimplemented Recommendation(s)

Recommendation 1: We recommend that the Under Secretary of Commerce for Industry and Security reexamine the Section 232 ER review process to ensure decisions are based on complete and accurate information and are transparent. At a minimum: (a) require an objector that indicates it has confidential business information to provide a public summary of it in its objection form; (b) require personnel involved in the decision making process on whether ERs are granted or denied to document the reason for changes made to decision memoranda; and (c) protect spreadsheets that are used to track decision memoranda from unauthorized changes.

Recommendation 2: We recommend that the Under Secretary of Commerce for International Trade reexamine the Section 232 ER review process to ensure recommendations are based on complete and accurate information and are transparent. At a minimum: (a) ensure evaluators properly consider an objector's capacity and current plant percentage utilization when determining whether there is a sufficient U.S. supply of a product; (b) ensure subject matter experts are able to obtain the appropriate information needed to make an informed decision regarding the U.S. availability of a product; (c) comply with the requirement that the objecting firm must be able to manufacture the product within 8 weeks to meet the demand identified in the ER; and (d) prepare and maintain complete documentation to support the rationale for determining the U.S. availability of a product.

01.28.2021	OIG-21-021 , <i>The U.S. & Foreign Commercial Service 2018 Officer Promotion Process Did Not Comply With Applicable Criteria</i>	6	1	0
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Objective(s)

Our evaluation objective was to determine whether ITA's U.S. & Foreign Commercial Service (US&FCS) adhered to applicable laws, regulations, and policies when conducting the 2018 officer promotion process.

Finding(s)

We found ITA's 2018 US&FCS officer promotion process did not adhere to certain applicable laws, regulations, and policies. Specifically, we found that (1) ITA did not determine the number of available promotion opportunities before selection boards convened, (2) board rankings and other sensitive information were improperly stored on an unsecured shared network drive, (3) US&FCS incorrectly determined promotion eligibility, and (4) discrepancies were identified in the rankings of one selection board.

Unimplemented Recommendation(s)

Recommendation 1: We recommend that the Under Secretary for International Trade review the 2018 US&FCS officer promotion process and determine whether any selection boards should reconvene, in order to ensure the process was conducted fairly, with integrity and transparency.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
05.03.2021	OIG-21-024 , <i>Audit of National Institute of Standards and Technology Working Capital Fund for Fiscal Year Ended September 30, 2019</i>	5	5	0

Objective(s)

Ollie Greene & Company, CPAs, LLC (OG&C)—an independent public accounting firm—performed this audit to determine whether budgetary controls over the WCF were adequate. Specifically, the audit focused on determining whether the WCF was (1) recovering the full cost of reimbursable services; (2) appropriately accounting for advances and carryover balances; and (3) maintaining a reasonable WCF balance, in accordance with applicable laws, regulations, and policies.

Finding(s)

OG&C found that (1) internal control procedures that ensure the timely closing of expired reimbursable agreement orders needed improvement, (2) requirements of the Economy Act of 1932, as amended, (31 U.S.C. § 1535) were not always being followed, and (3) the system of internal controls for monitoring advances and other funding sources needed improvement.

Unimplemented Recommendation(s)

Recommendation 1: OG&C recommends that NIST revise and finalize the Management Report on Expired Agreements Procedure. The revised procedure should specify how often the Management Report on Expired Agreements should be created by the Reimbursable Group (e.g., quarterly) and submitted to the Organizational Unit for review, evaluation and approval. Designate a specific period of time for the resolution of undelivered orders and unmatched costs.

Recommendation 2: OG&C recommends that NIST revise the Revenue Cycle Memo to concisely document the current process for the close out of Expired Reimbursable Agreement Orders.

Recommendation 3: OG&C recommends that NIST improve monitoring procedures, as needed, to ensure expiring Agreements and Orders whose transfer authority is the Economy Act are clearly identified and monitored.

Recommendation 4: OG&C recommends that NIST reevaluate procedures that document the process NIST uses to timely refund unused advances transferred under the authority of the Economy Act. Consider developing a process to inform the requesting agency that the period of availability has expired on an agreement or order whose transfer authority is the Economy Act.

Recommendation 5: OG&C recommends that NIST develop and document for Fund Code 98 formal policies and procedures that describe roles and responsibilities by component for the process of tracking and billing costs, recording advances, the carryover process and tracking and monitoring the period of performance on an order when applicable.

05.10.2021	OIG-21-025 , <i>The PTAB Faces Operational, Information Technology, and Data Risks</i>	4	2	0
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Objective(s)

MITRE—an independent firm—performed this evaluation to (1) assess the Patent Trial and Appeal Board's (PTAB's) processes; (2) identify risk areas within PTAB; and (3) identify any internal and external challenges PTAB faces, and the significance and impacts of these challenges.

Finding(s)

MITRE found that (1) PTAB End-to-End IT system does not fully meet the users' needs; (2) PTAB lacks effective data management; (3) the *Arthrex* decision threatens retention and recruitment; and (4) PTAB lacks sustainable staffing projection capabilities.

Unimplemented Recommendation(s)

Recommendation 2: MITRE recommends that the Undersecretary of Commerce and Director of USPTO direct the PTAB Chief Judge to determine the viability of implementing a comprehensive data quality and governance program following best practices for data governance.

Recommendation 4: MITRE recommends that the Undersecretary of Commerce and Director of USPTO direct the PTAB Chief Judge and the Chief Information Officer to assess the affordability of procuring or developing a more sustainable and scalable predictive case management system to project staffing needs.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
05.25.2021	OIG-21-027 , <i>OMAO Must Define and Implement a Disciplined Requirements Management Process to Ensure Future Acquisitions Meet User Needs</i>	7	7	0

Objective(s)

MITRE—an independent firm—performed this evaluation to determine the extent to which NOAA OMAO's acquisition fleet lifecycle processes were followed throughout the development, operation, maintenance, and sustainment of the program to meet mission requirements, with a focus on OMAO's requirements management processes.

Finding(s)

MITRE found that (1) NOAA and OMAO lack current long-range strategies and well-defined standards and processes for managing ship fleet requirements, (2) requirements allocation is not well defined or organized and there is no formal process for requirements traceability, and (3) OMAO's current requirements validation process is not adequate for new, changing, and emerging requirements.

Unimplemented Recommendation(s)

Recommendation 1: MITRE recommends that NOAA's Deputy Under Secretary for Operations ensure OMAO develops and regularly updates a long-range vessel acquisition plan that lays out the dependencies between fleet objectives, funding, inventory, technology, and sustainment costs, among others, and supports program milestone requirements.

Recommendation 2: MITRE recommends that NOAA's Deputy Under Secretary for Operations ensure OMAO establishes a requirements management and change control process to ensure guidance is consistent, repeatable, regularly updated, and baselined. Ideally, this would be developed at the NOAA level and disseminated to NOAA program managers and appropriate line office representatives.

Recommendation 3: MITRE recommends that NOAA's Deputy Under Secretary for Operations ensure OMAO develops and implements a systems engineering policy that integrates systems engineering principles into program management processes across the entire acquisition lifecycle.

Recommendation 4: MITRE recommends that NOAA's Deputy Under Secretary for Operations ensure OMAO incorporates guidance on the use of interagency agreements in acquisition policies, with an emphasis on tailoring documentation to minimize duplication while meeting agency requirements.

Recommendation 5: MITRE recommends that NOAA's Deputy Under Secretary for Operations ensure OMAO develops a requirements management guide and traceability process that follows the *Scalable Acquisition Project Management Guidebook* and system engineering standards (e.g., International Council on Systems Engineering).

Recommendation 6: MITRE recommends that NOAA's Deputy Under Secretary for Operations ensure OMAO leverages mission requirements and at-sea-data collection requirements to provide OMAO with verifiable means of capturing the annual mission performance.

Recommendation 7: MITRE recommends that NOAA's Deputy Under Secretary for Operations ensure OMAO documents and implements a disciplined approach to validating requirements through increased line office communication.

07.06.2021	OIG-21-030 , <i>USPTO Has Opportunities to Improve Its Internal Controls and Oversight Related to PTA and PTE Calculations</i>	6	2	0
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Objective(s)

MITRE—an independent firm—performed this evaluation to determine whether USPTO (1) calculates and awards Patent Term Adjustment (PTA) and Patent Term Extension (PTE) in compliance with relevant statutes, regulations, and case law; (2) has adequate internal controls to ensure the proper calculation and award of PTA and PTE; and (3) uses valid and reliable data to calculate PTA and PTE.

Finding(s)

MITRE found that (1) USPTO uses valid and reliable data to calculate PTA, but manual data entry may introduce errors; (2) USPTO calculates PTA and PTE in compliance with statutes, regulations, and case law; and (3) USPTO has adequate internal controls to ensure proper calculation of PTA and PTE.

Unimplemented Recommendation(s)

Recommendation 1: MITRE recommends that the Undersecretary of Commerce for Intellectual Property and Director of USPTO direct the Commissioner for Patents to (1) mandate the use of the "safe harbor" form to claim the exception, and (2) ensure the inclusion of clear category and description definitions for applicants while keeping their focus on the task at hand (i.e., the document submission form).

Recommendation 3: MITRE recommends that the Undersecretary of Commerce for Intellectual Property and Director of USPTO direct the Office of Patent Legal Administration to coordinate with the U.S. Food and Drug Administration and USDA to determine if electronic filing of PTE applications would be acceptable as a permanent practice after the current public health emergency has passed.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
08.11.2021	OIG-21-033 , <i>USPTO Should Improve Controls over Examination of Trademark Filings to Enhance the Integrity of the Trademark Register</i>	7	7	0

Objective(s)

Our audit objective was to determine whether USPTO's trademark registration process is effective in preventing fraudulent or inaccurate registrations.

Finding(s)

Overall, we found that USPTO's trademark registration process was not effective in preventing fraudulent or inaccurate registrations. Specifically, we found the following: (1) USPTO lacks controls to effectively enforce the U.S. counsel rule; (2) USPTO approved trademark filings with digitally altered or mocked-up specimens; (3) USPTO did not ensure accurate identification of goods and services; and (4) USPTO lacks a comprehensive fraud risk strategy.

Unimplemented Recommendation(s)

Recommendation 1: We recommend that the Under Secretary of Commerce for Intellectual Property and Director of USPTO direct the Commissioner for Trademarks to develop controls and/or tools to detect post office boxes, post offices, commercial mail receiving agencies, registered agents, and other unacceptable domicile addresses in trademark applications and other trademark filings.

Recommendation 2: We recommend that the Under Secretary of Commerce for Intellectual Property and Director of USPTO direct the Commissioner for Trademarks to develop standards and procedures to (1) identify and investigate U.S.-licensed attorneys who are properly listed as the attorney of record on high numbers of fraudulent or inaccurate trademark applications and (2) address the attorneys' behavior by providing guidance, taking disciplinary action, or taking other actions as appropriate.

Recommendation 3: We recommend that the Under Secretary of Commerce for Intellectual Property and Director of USPTO direct the Commissioner for Trademarks to revise *Examination Guide 3-19*, or other procedures as appropriate, to clarify (a) expectations for the extent of examining attorneys' use of third-party information sources when examining specimens, (b) steps for assessing webpage specimens (to include an overall assessment of a website's authenticity), and (c) guidance for identifying mocked-up labels and tags in specimen photos.

Recommendation 4: We recommend that the Under Secretary of Commerce for Intellectual Property and Director of USPTO direct the Commissioner for Trademarks to develop controls to ensure consistency and coordination among examining attorneys for the examination of multiple trademark applications from a single applicant.

Recommendation 5: We recommend that the Under Secretary of Commerce for Intellectual Property and Director of USPTO direct the Commissioner for Trademarks to develop specific guidance for examining attorneys' use of *Trademark Manual of Examining Procedure* Section 904.01(a).

Recommendation 6: We recommend that the Under Secretary of Commerce for Intellectual Property and Director of USPTO direct the Commissioner for Trademarks to create a risk framework to address fraudulent or inaccurate trademark filings, to include a risk profile, goals, and targets; update the risk framework on a regular basis; and update the Special Task Force charter to align with the risk framework.

Recommendation 7: We recommend that the Under Secretary of Commerce for Intellectual Property and Director of USPTO direct the Commissioner for Trademarks to develop procedures to aggregate data from managing attorneys' reviews of examining attorneys' work and use this data to monitor and assess the effectiveness of efforts to improve the accuracy of the trademark register.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
08.16.2021	OIG-21-034, <i>The U.S. Census Bureau's Mishandling of a January 2020 Cybersecurity Incident Demonstrated Opportunities for Improvement</i>	9	5	0

Objective(s)

Our audit objective was to assess the adequacy of the Census Bureau's process to respond to cybersecurity incidents according to federal and Departmental requirements.

Finding(s)

We found that the Census Bureau should make improvements to its cyber incident response process. Specifically, the Census Bureau missed opportunities to mitigate a critical vulnerability, which resulted in the exploitation of vital servers. Once the servers had been exploited, the Census Bureau did not discover and report the incident in a timely manner. Additionally, the Census Bureau did not maintain sufficient system logs, which hindered the incident investigation. Following the incident, the Census Bureau did not conduct a lessons-learned session to identify improvement opportunities. We also found that the Census Bureau was operating servers that were no longer supported by the vendor.

Unimplemented Recommendation(s)

Recommendation 2: We recommend that the Director of the U.S. Census Bureau ensure that the Census Bureau's Chief Information Officer frequently reviews and updates vulnerability scanning lists to ensure all network-addressable IT assets are identified for vulnerability scanning, and document all exceptions as part of this process.

Recommendation 3: We recommend that the Director of the U.S. Census Bureau ensure that the Census Bureau's Chief Information Officer ensures all network-addressable IT assets are scanned using credentials when feasible according to Census Bureau-determined frequencies, but no less than DHS's *Continuous Diagnostics and Mitigation Program* guidance.

Recommendation 5: We recommend that the Director of the U.S. Census Bureau ensure that the Census Bureau's Chief Information Officer ensures Census Bureau incident responders comply with Departmental and Census Bureau requirements to report confirmed computer security incidents to the Enterprise Security Operations Center within 1 hour.

Recommendation 7: We recommend that the Director of the U.S. Census Bureau ensure that the Census Bureau's Chief Information Officer incorporates periodic reviews of the Census Bureau's system log aggregation configurations to ensure all network-addressable IT assets are correctly configured.

Recommendation 9: We recommend that the Director of the U.S. Census Bureau ensure that the Census Bureau's Chief Information Officer establishes plans with milestones to prioritize the decommissioning of end-of-life products.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
11.08.2021	OIG-22-003 , <i>Audit of the Department's Digital Accountability and Transparency Act of 2014 Submission for the First Quarter of Fiscal Year 2021</i>	9	9	0

Objective(s)

KPMG—an independent public accounting firm—performed this audit of the Department's DATA Act submission for the first quarter of FY 2021. The DATA Act, in part, requires federal agencies to report financial and award data in accordance with government-wide financial data standards. It also requires the inspector general of each federal agency to review a sample of the submitted 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)

In its audit of the Department's DATA Act submission for the first quarter of FY 2021, KPMG identified the following: (1) The Department submitted data of a "Higher" quality (i.e., the error rate corresponded to the quality level "Higher" in the CIGIE Federal Audit Executive Council's *Inspectors General Guide to Compliance Under the DATA Act*). However, the Department did not submit certain data completely, accurately, or timely. (2) The Department implemented and used the government-wide financial data standards established by OMB and the U.S. Department of the Treasury under the DATA Act, except for the omission of outlay amounts required by OMB memorandum M-20-21, *Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19)*, from its File C submission. Additionally, as a result of KPMG's audit procedures, including an assessment of internal controls relevant to the audit objectives, KPMG identified nine internal control deficiencies.

Unimplemented Recommendation(s)

Recommendation 1: KPMG recommends that Department management develop and implement monitoring procedures over its File C completeness control to ensure that all obligation transactions that occur within a reporting period are included within the Department's submissions, and update the Commerce Broker's configuration to enable it to process multiple months' data simultaneously.

Recommendation 2: KPMG recommends that Department management design and implement controls to detect all changes to the DATA Act reporting requirements and missing outlay amounts in the Department's DATA Act submissions, and work with the bureaus to include appropriate transaction numbers within the bureaus' general ledger data extracts so that the Commerce Broker will include outlay amounts in the Department's submissions.

Recommendation 3: KPMG recommends that Department management enhance its FPDS-NG data error checking controls (including manual investigation and resolution by COs), and controls over the input of award data in FPDS-NG to effectively identify and correct incomplete and inaccurate data within FPDS-NG prior to the Department's submissions.

Recommendation 4: KPMG recommends that Department management enhance its FPDS-NG procurement award approval controls to ensure all contract award data are timely approved in accordance with FAR 4.604.

Recommendation 5: KPMG recommends that Department management reinforce its contract award approval procedures to ensure all contract are signed and dated to properly evidence award approval dates.

Recommendation 6: KPMG recommends that Department management enhance its controls over the input of data into FABS so that discrepancies between FABS and the underlying support are resolved prior to the Department's submissions.

Recommendation 7: KPMG recommends that Department management enhance its controls over the verification of whether awardee information in SAM.gov agrees to awardee information in the grants system at the time of award.

Recommendation 8: KPMG recommends that Department management enhance its controls related to the timely input of financial assistance award data to FABS.

Recommendation 9: KPMG recommends that Department management enhance its Program Activity crosswalk procedures to ensure that all Commerce Business System program activity codes are mapped to valid Program Activity Code and Name values, complete its investigation into the Program Activity data element's exceptions develop and implement appropriate corrective action.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
11.10.2021	OIG-22-004 , <i>WPRFMC'S Governance of Western Pacific Sustainable Fisheries Fund Awards Was Inadequate</i>	6	6	\$1,237,671 Questioned Costs

Objective(s)

On August 29, 2019, four members of the U.S. House of Representatives requested that our office, among other things, conduct a detailed audit of WPSFF expenditures. To address this request, our objectives were to determine whether the WPRFMC (1) claimed allowable, allocable, and reasonable costs under the financial assistance awards and (2) received the goods and services paid for by the awards.

Finding(s)

We found that the WPRFMC and its subrecipients claimed questionable costs of \$1,237,671 in awards WPSFF IV through WPSFF 2019. WPRFMC did not retain adequate support for claimed costs, obtain required approvals from the awarding agency, or properly allocate costs to the WPSFF awards. The subrecipients did not provide adequate documentation to support certain claimed costs and did not spend all federal funds received. We determined that WPRFMC did not always provide documentation supporting the receipt of goods and services paid for with WPSFF awards. In addition, we identified key areas where WPRFMC's management of WPSFF awards needs improvement.

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

Recommendation 1: We recommend that the Director of NOAA Grants Management Division make a determination on the \$1,237,671 in questioned costs recommended by OIG for recovery.
Potential monetary benefits: \$1,237,671 questioned costs.

Recommendation 2: We recommend that the Director of NOAA Grants Management Division require WPRFMC to implement internal controls to ensure (a) adequate documentation is retained to support costs claimed, (b) approval from the NOAA Grants Officer, when required, (c) amounts charged to each award directly benefit the award in proportion to the relative benefits received, and (d) payments to subrecipients are based on reimbursement of actual expenses or immediate cash need.

Recommendation 3: We recommend that the Director of NOAA Grants Management Division instruct WPRFMC to implement any additional measures necessary to ensure adherence to all applicable financial assistance award requirements.

Recommendation 4: We recommend that the Director of NOAA Grants Management Division instruct WPRFMC to retain sufficient evidence to support receipt of deliverables.

Recommendation 5: We recommend that the Director of NOAA Grants Management Division require WPRFMC to implement sufficient internal controls to ensure it performs cost or price analysis on procurement contracts, obtains grants officer approval for sole-source contracts where required, and charges reasonable costs to federal awards, both in nature and amount.

Recommendation 6: We recommend that the Director of NOAA Grants Management Division instruct WPRFMC to follow all federal requirements when issuing subawards, including reporting requirements, and to avoid making payments on behalf of subrecipients.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
11.22.2021	OIG-22-009 , <i>Enterprise Services Needs to Improve Upon Its Contract Management and Oversight of Accenture BPA No. DOCSS130116BU0004 and Subsequent Call Orders</i>	11	10	\$4,219,571 Questioned Costs

Objective(s)

Our audit objective was to determine whether ES effectively and efficiently managed contractor performance in accordance with federal regulations and Department policy.

Finding(s)

Overall, we found significant weaknesses in ES' management and oversight of the Accenture BPA. Specifically, we found the following: (1) ES was not effective in enforcing performance requirements to ensure contract quality and timeliness standards were met and did not timely assess or adequately document contractor performance in CPARS; and (2) ES COs and the assigned CORs did not properly maintain invoices or supporting documentation to demonstrate that invoices were reviewed and work was performed prior to approving invoices for payment.

Unimplemented Recommendation(s) (potential monetary benefits for unimplemented recommendation 9)

Recommendation 1: We recommend that the Deputy Secretary of Commerce ensure that the Enterprise Services Executive Director develops and implements procedures necessary for current and future contracts to reduce vendor PP&B processing errors to include, at a minimum, enforcing the contractual requirements outlined in the (1) service-level agreement on the timely resolution of incidents and service requests and assessing financial penalties for unsatisfactory vendor performance, and (2) the statement of work that require the vendor to provide qualified and trained staff to timely and adequately process PP&B.

Recommendation 3: We recommend that the Deputy Secretary of Commerce ensure that the Enterprise Services Executive Director revises the QASP for current and future contracts to require documentation of performance for PP&B processing at the bureau/order level in order to provide a true depiction of vendor performance as well as develop quality metrics to track customer satisfaction.

Recommendation 4: We recommend that the Deputy Secretary of Commerce ensure that the Enterprise Services Executive Director reevaluates the contractor appraisal process for call order 7 and assesses and report on whether it allows contracting officials to capture an accurate portrayal of vendor performance.

Recommendation 5: We recommend that the Deputy Secretary of Commerce ensure that the Enterprise Services Executive Director develops a contingency plan to ensure continuity of operations to minimize the risk to employees' PP&B as a result of ES' efforts to redress vendor performance issues.

Recommendation 6: We recommend that the Deputy Secretary of Commerce ensure that the Enterprise Services Executive Director develops internal policies to reinforce the FAR requirement for documenting contractor performance, and implements procedures to ensure that contractor performance is accurately assessed at the proper level and is properly documented and reported in CPARS in a timely manner.

Recommendation 7: We recommend that the Deputy Secretary of Commerce ensure that the Enterprise Services Executive Director develops and implements contract management procedures to ensure COs comply with the requirements in the QASP and the FAR for performing contract monitoring and oversight.

Recommendation 8: We recommend that the Deputy Secretary of Commerce ensure that the Enterprise Services Executive Director assesses acquisitions workload to determine staffing levels needed for properly overseeing contractor performance.

Recommendation 9: We recommend that the Deputy Secretary of Commerce ensure that the Enterprise Services Executive Director locates and files documentation reflecting invoice support and COR review for the \$4,219,570.92 in unsupported costs. Potential monetary benefits: \$4,219,571 questioned costs.

Recommendation 10: We recommend that the Deputy Secretary of Commerce ensure that the Enterprise Services Executive Director develops controls to ensure that CORs are following the FAR requirements for reviewing and approving invoices for payment.

Recommendation 11: We recommend that the Deputy Secretary of Commerce ensure that the Enterprise Services Executive Director provides training, guidance, or other reinforcements to COs and CORs on contract management and oversight responsibilities including, but not limited to, maintaining complete contract documentation, monitoring funds, reviewing and approving invoices, and documenting contractor performance.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
12.02.2021	OIG-22-010 , <i>USPTO Has Opportunities to Improve its Patent Examination Process and to Advance Patent Decision-Making</i>	7	6	0

Objective(s)

MITRE—an independent firm—performed this evaluation to (1) assess whether patents are examined in compliance with applicable statutes, regulations, and case law; (2) identify deficiencies within the examination process impacting the quality of patents granted; and (3) identify areas for improvement within the examination process to increase its effectiveness and efficiency.

Finding(s)

In its evaluation of the patent examination process, MITRE identified the following: (1) USPTO examines patents in compliance with applicable statutes, regulations, and case law; (2) USPTO quality review practices may not provide an accurate measure of patent examination quality; (3) USPTO does not meet all the timeliness benchmarks detailed in statute, impacting stakeholders' right to prompt notice of the patent landscape; (4) USPTO does not have a reliable means of measuring or controlling examiner consistency; (5) USPTO has internal controls for most aspects of the GAO *Green Book*, but they are not managed as a system of controls; and (6) examiners have adequate patent and non-patent prior art search resources, but improvements could have a significant positive impact on effectiveness and efficiency.

Unimplemented Recommendation(s)

Recommendation 1: MITRE recommends that the Under Secretary of Commerce for Intellectual Property and Director of USPTO direct the Commissioner for Patents to (1) measure the effectiveness of the OPQA process and its targets, and (2) take appropriate action to remedy any shortcomings.

Recommendation 3: MITRE recommends that the Under Secretary of Commerce for Intellectual Property and Director of USPTO direct the Commissioner for Patents to solicit external stakeholder feedback on responsiveness as an additional performance indicator and to calibrate incentives and expectations.

Recommendation 4: MITRE recommends that the Under Secretary of Commerce for Intellectual Property and Director of USPTO direct the Commissioner for Patents to assess the effectiveness of current tools (e.g., those aiding in performing prior art search and preparation of Office Actions) to help examiners perform more efficiently.

Recommendation 5: MITRE recommends that the Under Secretary of Commerce for Intellectual Property and Director of USPTO direct the Commissioner for Patents to establish regular monitoring of consistency in examination decisions, including trainees' decisions, by randomly selecting applications for parallel examination.

Recommendation 6: MITRE recommends that the Under Secretary of Commerce for Intellectual Property and Director of USPTO direct the Commissioner for Patents to establish and empower a quality control oversight body to create a comprehensive internal control system consistent with the guidance in the GAO *Green Book*.

Recommendation 7: MITRE recommends that the Under Secretary of Commerce for Intellectual Property and Director of USPTO direct the Office of Patent Automation to define objective measures of effectiveness for the search tools and training to inform decisions related to prior art search improvements.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
12.14.2021	OIG-22-011, <i>FirstNet Authority Must Increase Governance and Oversight to Ensure NPSBN Security</i>	6	6	0

Objective(s)

We contracted with MITRE—an independent firm—to perform this evaluation of NPSBN’s security architecture. The objective was to assess the NPSBN’s security risks resulting from its security architecture.

Finding(s)

In its evaluation of the NPSBN security architecture, MITRE identified one overarching finding and three supporting sub-findings: (1) the FirstNet Authority lacks governance over network security and the ability to hold AT&T accountable for failing or ineffective security requirements; (a) insufficient vulnerability management, specifically patch management and application monitoring processes, leaves the NPSBN more susceptible to exploitation of remote services; (b) AT&T’s Business Continuity Plan/Disaster Recovery Plan has proven ineffective at mitigating and managing some public safety emergency events; and (c) the NPSBN security architecture may be susceptible to supply chain attacks due to FirstNet Authority’s inability to validate AT&T’s Supply Chain Risk Management.

Unimplemented Recommendation(s)

(A portion of recommendation 2 and all of recommendation 3 are not included in this publicly released *Semiannual Report to Congress*. At the request of FirstNet Authority and AT&T, redactions were placed in the publicly available version of this evaluation report to cover sensitive information about IT vulnerabilities that would be protected from release by Exemption 7(E) of the Freedom of Information Act, 5 U.S.C. § 552, and information protected by the Trade Secrets Act, 18 U.S.C. § 1905.)

Recommendation 1: MITRE recommends that the FirstNet Authority Chief Executive Officer direct the NPSBN Program Management Division staff to, in coordination with AT&T, increase governance and ownership over the NPSBN by instituting penalties for failing to meet security requirements (i.e., failing scorecard items).

Recommendation 2: MITRE recommends that the FirstNet Authority Chief Executive Officer direct the NPSBN Program Management Division staff to, in coordination with AT&T, implement a process to review Critical and High vulnerabilities and mutually agree upon deadlines for remediation.

Recommendation 3: Recommendation 3 of this report is Controlled Unclassified Information and is not included in this publicly released *Semiannual Report to Congress*.

Recommendation 4: MITRE recommends that the FirstNet Authority Chief Executive Officer direct the NPSBN Program Management Division staff to, in coordination with AT&T, validate the NPSBN Business Continuity Plan/Disaster Recovery Plan by applying lessons learned to first responder-specific continuity scenarios. Use those scenarios to check the underlying assumptions and recovery time requirements and reduce the current recovery time objective and reliance on deployables as an appropriate backup option during a crisis.

Recommendation 5: MITRE recommends that the FirstNet Authority Chief Executive Officer direct the NPSBN Program Management Division staff to, in coordination with AT&T, develop a comprehensive cyber supply chain risk scoring mechanism and response strategy.

Recommendation 6: MITRE recommends that the FirstNet Authority Chief Executive Officer direct the NPSBN Program Management Division staff to, in coordination with AT&T, develop an NPSBN-specific supply chain digital roadmap that anticipates future supply chain developments for the purposes of scalability and adaptability.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
01.20.2022	OIG-22-015 , <i>Redesigned GOES-T is Ready for Launch, but NOAA Should Reassess Its Assumptions for Satellite Launch Planning and Storage</i>	5	5	0

Objective(s)

Our audit objective was to assess the GOES-R series program's progress in achieving launch readiness for the GOES-T mission.

Finding(s)

We found that (1) the GOES-R series program works toward the earliest achievable launch dates at potentially increased development risk; (2) NESDIS is planning GOES launches sooner than its policy requires without analyzing the costs; and (3) NESDIS assumes ground storage of satellites is not viable, but has not formally studied tradeoffs.

Unimplemented Recommendation(s)

Recommendation 1: We recommend that the NOAA Deputy Under Secretary for Operations ensure that the Assistant Administrator for Satellite and Information Services conducts an analysis of alternatives or similar assessment to determine whether to continue the GOES-R series program's approach of managing schedules toward the earliest possible launch dates.

Recommendation 2: We recommend that the NOAA Deputy Under Secretary for Operations ensure that the Assistant Administrator for Satellite and Information Services conducts a cost-benefit analysis of selected geostationary coverage availability thresholds, and updates its geostationary launch policy as appropriate.

Recommendation 3: We recommend that the NOAA Deputy Under Secretary for Operations ensure that the Assistant Administrator for Satellite and Information Services determines the cost of operating spare satellites on orbit versus alternative options, including consideration of constellation longevity and satellite development risks, to help inform optimal acquisition and launch strategies.

Recommendation 4: We recommend that the NOAA Deputy Under Secretary for Operations ensure that the Assistant Administrator for Satellite and Information Services assesses the cost effectiveness of satellite ground and on-orbit storage options using current cost, schedule, and technical performance data that can inform NESDIS satellite storage decisions.

Recommendation 5: We recommend that the NOAA Deputy Under Secretary for Operations ensure that the Assistant Administrator for Satellite and Information Services, on future satellite series, documents storage option considerations early in the acquisition process to optimize satellite storage alternatives.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
01.25.2022	OIG-22-017 , <i>The Department Needs to Improve Its System Security Assessment and Continuous Monitoring Program to Ensure Security Controls Are Consistently Implemented and Effective</i>	8	8	0

Objective(s)

Our audit objective was to assess the effectiveness of the Department's system security assessment and continuous monitoring program to ensure security deficiencies were identified, monitored, and adequately resolved.

Finding(s)

We found that the Department did not effectively execute its continuous monitoring and system assessment process. Specifically, we found that (1) the Department did not effectively plan for system assessments; (2) the Department did not consistently conduct reliable system assessments; (3) the Department did not resolve security control deficiencies within defined completion dates; and (4) the Department's security system of record—i.e., the CSAM tool—did not provide accurate and complete assessment and POA&M data.

Unimplemented Recommendation(s)

Recommendation 1: We recommend that the Department's Chief Information Officer ensure that bureau Chief Information Officers implement tracking and reporting verifying that (1) assessment planning procedures are documented prior to the execution of an assessment and (2) system security documentation is accurate.

Recommendation 2: We recommend that the Department's Chief Information Officer ensure that bureau Chief Information Officers hold IT security staff accountable for the quality and effective execution of preassessment and assessment processes.

Recommendation 3: We recommend that the Department's Chief Information Officer ensure that bureau Chief Information Officers verify that assessment supporting documentation is maintained and sufficiently supports assessment results to facilitate oversight.

Recommendation 4: We recommend that the Department's Chief Information Officer ensure that bureau Chief Information Officers determine why POA&M dates are not achievable.

Recommendation 5: We recommend that the Department's Chief Information Officer ensure that bureau Chief Information Officers, using the analysis from recommendation 4, provide guidance for how to better plan, prioritize, and resolve POA&Ms within their established milestones.

Recommendation 6: We recommend that the Department's Chief Information Officer ensure that bureau Chief Information Officers hold individuals accountable for not resolving issues within established milestones.

Recommendation 7: We recommend that the Deputy Secretary of Commerce ensure that the Department's Chief Information Officer works with Department bureaus to automate and customize CSAM data entry to ensure CSAM accurately reflects bureau data.

Recommendation 8: We recommend that the Deputy Secretary of Commerce ensure that the Department's Chief Information Officer provides additional CSAM usability training.

TABLE 7-B. UNRESOLVED 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 March 31, 2022.

The two reports listed have a total of seven unresolved recommendations.

Summaries of these reports appear in pages 8 and 20.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Reason	Potential Monetary Benefits of Unresolved Recommendations
12.16.2021	OIG-22-014 , <i>The Department Must Improve Processes for Addressing and Managing H Referrals</i>	2	Action Plan Was Due 02.14.2022	0

Unresolved Recommendation(s)

Recommendation 1: We recommend that the Chief Financial Officer and Assistant Secretary for Administration establish a Department-wide framework that includes written procedures and a quality assurance process to ensure prompt processing, independent and objective reviewing, thorough reporting, and tracking the status of *H* referrals from OIG.

Recommendation 2: We recommend that the Chief Financial Officer and Assistant Secretary for Administration enforce the reporting requirement on providing to OIG the *H* referral response as required in DAO 207-10. If the suspense date cannot be met, report its progress to and request an extension from OIG before the suspense date.

02.03.2022	OIG-22-018 , <i>NOAA Inadequately Managed Its Active Directories That Support Critical Missions</i>	5	Action Plan Due 04.04.2022	0
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Unresolved Recommendation(s)

Recommendation 1: We recommend that the Under Secretary of Commerce for Oceans and Atmosphere and NOAA Administrator ensures that NOAA's Chief Information Officer establishes processes and procedures to periodically review all Active Directory accounts to ensure consistent adherence to the principle of least privilege per Department policy.

Recommendation 2: We recommend that the Under Secretary of Commerce for Oceans and Atmosphere and NOAA Administrator ensures that NOAA's Chief Information Officer determines the feasibility of requiring all NOAA line offices to use specialized Active Directory security tool(s) to conduct periodic reviews.

Recommendation 3: We recommend that the Under Secretary of Commerce for Oceans and Atmosphere and NOAA Administrator ensures that NOAA's Chief Information Officer establishes procedures to periodically review Active Directory accounts, passwords, groups, and Group Policy Objects for compliance with account management requirements as stated in the Department's policy and following industry best practices. If feasible, utilizes specialized Active Directory security tool(s) to conduct periodic reviews.

Recommendation 4: We recommend that the Under Secretary of Commerce for Oceans and Atmosphere and NOAA Administrator ensures that NOAA's Chief Information Officer establishes policies or procedures to require compensating controls for service accounts that cannot have regular password changes.

Recommendation 5: We recommend that the Under Secretary of Commerce for Oceans and Atmosphere and NOAA Administrator ensures that NOAA's Chief Information Officer establishes decommission plans with milestones to prioritize and expedite the upgrading or retirement of computers with end-of-life operating systems.

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

There were 0 instances before and during this semiannual period of an operating unit within the Department taking longer than 60 days to provide an establishment comment that addressed the recommendations of a report.

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 ^a
21-0769	<p>On November 17, 2021, our office closed an assessment into misconduct allegations involving two former Department employees that were detailed to an outside government agency. The allegations related to the wrongful use of government seals on scientific papers that were posted on a public website but were not officially approved by the government, a possible violation of 18 U.S.C. § 1017, <i>Government seals wrongfully used and instruments wrongfully sealed</i>, as well as possible violations of the <i>Standards of Ethical Conduct for Employees of the Executive Branch</i>. We determined the two former employees did not comply with applicable policies and procedures for approving scientific papers and developed circumstantial evidence the two former employees potentially violated 18 U.S.C. § 1017. With respect to the <i>Standards of Ethical Conduct for Employees of the Executive Branch</i>, we did not substantiate that either former employee misused official Department time or resources for private gain but substantiated that the former employees' conduct violated the general principles of the basic obligations of public service enumerated in subsection (b)(14) of 5 C.F.R. § 2635.101, <i>Basic obligation of public service</i>.</p> <p>We presented the findings of the investigation to the U.S. Attorney's Office for the District of Maryland, which declined the matter for criminal prosecution. No administrative actions were taken against the individuals, as they were no longer employed by the government.</p> <p>On November 17, 2021, the Inspector General sent two letters (OIG-22-008-M1 and OIG-22-008-M2) to Congressional members regarding the alleged misconduct by the two former Department employees while on non-reimbursable details to an outside government agency. These letters were sent to (1) Chairwoman Eddie Bernice Johnson of the House Committee on Science, Space, and Technology and (2) Senators Mazie Hirono, Sheldon Whitehouse, Richard Blumenthal, Edward J. Markey, and Elizabeth Warren.</p>
19-0714	<p>Following an investigation by our office into misconduct by ITMS and a subsequent internal review by the Department, the Department directed that ITMS be dissolved due to lack of legal authority to conduct criminal investigations and the mismanagement of cases and intelligence activities. Further, one senior official subsequently received a letter of reprimand and another was terminated from government employment for several reasons.</p> <p>This investigation was declined for prosecution by the DOJ's Public Integrity Section and Civil Rights Division, as well as the U.S. Attorney's Office for the District of Columbia.</p>

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

TABLE 9. DESCRIPTIONS OF INSTANCES OF WHISTLEBLOWER RETALIATION

There were no instances of confirmed whistleblower retaliation during this semiannual period.

TABLE 10. 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 10-a and 10-b, respectively).

TABLE 10-A. DESCRIPTION OF CLOSED AND NON-PUBLIC INSPECTIONS, EVALUATIONS, AND AUDITS

During this semiannual period, we issued four inspections, evaluations, and audits that were not disclosed to the public.

Date Product Issued	Title	Narrative Description
10.27.2021	<i>FY 2021 Federal Information Security Modernization Act Annual Report (OIG-22-002-A)</i>	<p>To meet OIG obligations under the Federal Information Security Modernization Act, we assessed the effectiveness of the Department's information security program and practices against metrics developed by DHS and OMB. Specifically, we reviewed a representative subset of 15 IT systems across the Department and its bureaus.</p> <p>Our assessments determined that the Department's overall maturity rating is not fully effective.</p>
12.15.2021	<i>Summary of Findings Related to Information Technology Controls in Support of the Fiscal Year 2021 U.S. Department of Commerce Consolidated Financial Statement Audit (OIG-22-012-A)</i>	<p>The Chief Financial Officers' Act of 1990, as amended by the Government Management Reform Act of 1994, requires the preparation of annual audited financial statements covering all accounts and activities for the 24 federal departments and agencies, including the U.S. Department of Commerce, which is audited at the Department level.</p> <p>KPMG—an independent public accounting firm—performed this audit on our behalf and performed procedures to determine whether general IT controls were properly designed and operating effectively to support the Department's financial reporting. KPMG identified findings and made related recommendations for improvements.</p>
12.15.2021	<i>Summary of Findings Related to Information Technology Controls in Support of the Fiscal Year 2021 USPTO Financial Statement Audit (OIG-22-013-A)</i>	<p>The Chief Financial Officers' Act of 1990, as amended by the Government Management Reform Act of 1994, requires the preparation of annual audited financial statements covering all accounts and activities for the 24 federal departments and agencies, including the U.S. Department of Commerce, which is audited at the Department level. In addition, USPTO prepares separate stand-alone financial statements covering its accounts and activities, which are audited at the USPTO level.</p> <p>KPMG—an independent public accounting firm—performed this audit on our behalf and performed procedures to determine whether general IT controls were properly designed and operating effectively to support USPTO's financial reporting. KPMG identified findings as a result of its related work; however, during the audit, USPTO implemented corrective actions in response to the findings and, therefore, no recommendations were made by KPMG.</p>
02.03.2022	<i>Audit of FirstNet Authority's Engagement with the Public Safety Community</i>	<p>On February 4, 2021, we initiated an audit of the FirstNet Authority's engagement with the public safety community. Our objective was to determine whether FirstNet Authority is effectively engaging with the public safety community and addressing its concerns.</p> <p>On February 3, 2022, we issued a memorandum to inform FirstNet Authority that we had decided to close out this audit.</p>

TABLE 10-B. DESCRIPTION OF CERTAIN CLOSED AND NON-PUBLIC INVESTIGATIONS

During this semiannual period, we issued four products involving senior government employees that were closed and not disclosed to the public.

OIG Case No.	Narrative Description for Closed Cases of Investigations Involving Senior Government Employees Not Disclosed to Public
21-1549	Our office investigated allegations of false statements made on a sworn affidavit by a Census Bureau senior government employee. We determined these allegations were unsupported after reviewing documents and emails and obtaining sworn statements from all individuals involved in the matter.
20-0406	On November 15, 2021, our office closed an investigation into alleged conflict of interest involving a NIST senior government employee. The allegation was not substantiated, and the investigation was closed without further action.
18-0964	On November 30, 2021, our office closed an investigation into management matters and travel issues involving NOAA employees, with alleged knowledge and complicity by a NOAA senior government employee. The allegation was unfounded, and the investigation was closed without further action.
19-0430	On November 1, 2021, our office closed an investigation into an alleged conflict of interest by a NOAA senior government employee. While we confirmed the senior government employee submitted a proposal to be a sub-contractor for a contract in which subject's office had oversight, the contract was not awarded to the prime contractor associated with the senior government employee. We referred this matter to NOAA for consideration of administrative action. The Department's Ethics Law and Program Division informed the senior government employee that they could not participate in a personal capacity on anything related to his/her government office. The Department determined that no further administrative action was necessary. The case was closed without 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	66
5(a)(1)	Significant Problems, Abuses, and Deficiencies	2–24
5(a)(2)	Significant Recommendations for Corrective Action	2–24
5(a)(3)	Prior Significant Recommendations Unimplemented	66
5(a)(4)	Matters Referred to Prosecutorial Authorities	30
5(a)(5) and 6(c)(2)	Information or Assistance Refused	66
5(a)(6)	Listing of Audit, Inspection, and Evaluation Reports	34–37
5(a)(7)	Summary of Significant Reports	2–24
5(a)(8)	Reports with Questioned Costs	33
5(a)(9)	Reports with Funds to Be Put to Better Use	33
5(a)(10)	Prior Reports with Unimplemented and/or Unresolved Recommendations	38–58, 66
5(a)(11)	Significant Revised Management Decisions	66
5(a)(12)	Significant Management Decisions with Which OIG Disagreed	66
5(a)(13)	Department Compliance with the Federal Financial Management Improvement Act	67
5(a)(14) and 5(a)(15)	Results of Peer Review	67
5(a)(16)	Peer Reviews Conducted by OIG	67
5(a)(17)	Investigative Reports Issued and Referrals for Criminal Prosecution and Indictments	30
5(a)(18)	Description of Metrics Used for Determining the Data in 5(a)(17)	67
5(a)(19)	Reports on Investigations Concerning Senior Government Employees	60
5(a)(20)	Description of Whistleblower Retaliation Instances	61
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	62–64

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 in the administration 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. Some 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. OIG is also a participant in CIGIE and its regular review of legislative and regulatory items that affect the inspector general community at large and individual departments. Further, during this reporting period, our office reviewed the following—including, but not limited to—H.R. 5314, the *Protecting Our Democracy Act*, as well as proposed updates to contractor whistleblower legislation at 41 U.S.C. § 4712.

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. Refer to table 7-a, *Unimplemented Recommendations from Audit, Evaluation, and Inspection Reports*, which includes a significant recommendation for report [OIG-20-006](#) for which corrective action had not been completed. In addition, 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.

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, inspection, and evaluation 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, inspection, and/or evaluation reports that were issued before this reporting period for which no management decision has been made.

This section also requires a summary of each audit, inspection, and evaluation 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 criteria (1), see table 7-c, *Reports for Which Management Took Longer Than 60 Days to Respond*, for summaries of any applicable instances before and during this semiannual period of an operating unit within the Department taking longer than 60 days to provide an establishment comment that addressed the recommendations of a report (as required by DAO 213-5). For criteria (2), see table 7-a, *Unimplemented Recommendations from Audit, Evaluation, and Inspection Reports*, for summaries of unimplemented OIG recommendations, which include aggregate potential cost savings of such recommendations.

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)(13): DEPARTMENT COMPLIANCE WITH THE FEDERAL FINANCIAL MANAGEMENT IMPROVEMENT ACT

The Department is in compliance with the Federal Financial Management Improvement Act.

SECTION 5(a)(14) AND 5(a)(15): RESULTS OF PEER REVIEW

On March 23, 2021, our Office of Audit and Evaluation (OAE) received official notification of its peer review of its audit operations by the OIG for the U.S. Small Business Administration (SBA). SBA OIG's System Review Report of our audit operations is available on our website. We received a *pass* rating, the highest available rating.

On May 30, 2019, our OAE received official notification of its peer review of its inspection and evaluation operations by the OIGs of the General Services Administration (GSA) and the Federal Deposit Insurance Corporation (FDIC), conducted in accordance with CIGIE Inspection and Evaluation Committee guidance. GSA-FDIC OIG assessed the extent to which our office met seven required CIGIE *Quality Standards for Inspection and Evaluation* standards. GSA-FDIC OIG determined that our policies and procedures generally met the seven standards. We received one recommendation for when we review and revise our *Audit Directives 2014*: the revision should include policies and procedures for safeguarding confidential information and ensuring that inspection and evaluation work is CIGIE *Blue Book* compliant prior to the reporting stage. We completed an initial update to the OAE policies—including the implementation of GSA-FDIC OIG's recommendation for process and policy improvements—and, as of March 31, 2022, we are conducting an additional series of updates to the OAE policies that include supplementary guidelines regarding *Blue Book* compliance.

On September 20, 2017, our 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 CIGIE and the applicable Attorney General Guidelines. The Peace Corps OIG, with assistance by the computer forensic staff from the National Aeronautics and Space Administration OIG, conducted the peer review. There are no outstanding recommendations as a result of this peer review.

SECTION 5(a)(16): PEER REVIEWS CONDUCTED BY OIG

In November 2019, our Office of Investigations completed its peer review of investigative operations for the OIG of the U.S. Nuclear Regulatory Commission and Defense Nuclear Facilities Safety Board OIG. Our Office of Investigations found that the U.S. Nuclear Regulatory Commission and Defense Nuclear Facilities Safety Board OIG's system of internal safeguards and management procedures for its investigative function was in compliance with the quality standards established by CIGIE and the applicable Attorney General Guidelines.

On September 20, 2021, we issued our System Review Report of the U.S. Railroad Retirement Board (RRB) OIG audit organization. In our opinion, the system of quality control for the audit organization of RRB OIG in effect for the year ended March 31, 2021, has been suitably designed and complied with to provide reasonable assurance of performing and reporting in conformity with applicable professional standards and applicable legal and regulatory requirements in all material respects. RRB OIG received a *pass* rating, the highest available rating. There are no outstanding recommendations as a result of our peer review of RRB OIG.

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 I, *Office of Investigations Statistical Highlights for This Period*, include the following: ensure data input is completed accurately; obtain data extraction via reports generated in our case management system; and complete quality assurance with supporting documentation in the case files and discussions with individual investigative personnel.

ACRONYMS AND ABBREVIATIONS

Accenture	Accenture Federal Services, LLC	FDIC	Federal Deposit Insurance Corporation
BIS	Bureau of Industry and Security	FirstNet Authority	First Responder Network Authority
BPA	blanket purchase agreement	FPDS-NG	Federal Procurement Data System – Next Generation
C.F.R.	Code of Federal Regulations	FY	fiscal year
CARES Act	Coronavirus Aid, Relief, and Economic Security Act	GAGAS	<i>Generally Accepted Government Auditing Standards</i>
Charge Card Act	The Government Charge Card Abuse Prevention Act of 2012	GAO	U.S. Government Accountability Office
CIGIE	Council of the Inspectors General on Integrity and Efficiency	GOES	Geostationary Operational Environmental Satellite
CO	contracting officer	GSA	U.S. General Services Administration
COR	contracting officer's representative	IG Act	Inspector General Act of 1978, as amended
COVID-19	coronavirus disease 2019	IT	information technology
CPARS	Contractor Performance Assessment Reporting System	ITA	International Trade Administration
CSAM	cyber security asset and management	ITMS	Investigations and Threat Management Service
CTIP	Commerce Threat Intelligence Portal	JPSS	Joint Polar Satellite System
DAO	Department Administrative Order	MBDA	Minority Business Development Agency
DATA Act	Digital Accountability and Transparency Act of 2014	MITRE	The MITRE Corporation
Department	U.S. Department of Commerce	NESDIS	National Environmental Satellite, Data, and Information Service
DHS	U.S. Department of Homeland Security	NIST	National Institute of Standards and Technology
DOJ	U.S. Department of Justice	NOAA	National Oceanic and Atmospheric Administration
EDA	U.S. Economic Development Administration	NPSBN	Nationwide Public Safety Broadband Network
ER	exclusion request	NTIA	National Telecommunications and Information Administration
ES	Enterprise Services	OAE	Office of Audit and Evaluation
EWS	Enterprise Web Solutions		
FABS	Financial Assistance Broker Submission		
FAR	Federal Acquisition Regulation		

OCIO	Office of the Chief Information Officer	SBA	U.S. Small Business Administration
OG&C	Ollie Greene & Company, CPAs, LLC	SEFA	Schedule of Expenditures of Federal Awards
OIG	Office of Inspector General	SF-SAC	Standard Form-Single Audit Collection Form
OMAO	Office of Marine and Aviation Operations	U.S.	United States
OMB	Office of Management and Budget	U.S.C.	United States Code
OPQA	Office of Patent Quality Assurance	Uniform Guidance	<i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i>
PIV	personal identity verification	US&FCS	U.S. & Foreign Commercial Service
POA&M	plan of action & milestone	USDA	U.S. Department of Agriculture
PP&B	pay, personnel action requests, and benefits	USPTO	United States Patent and Trademark Office
PTA	Patent Term Adjustment	WCF	working capital fund
PTAB	Patent Trial and Appeal Board	WPRFMC	Western Pacific Regional Fishery Management Council
PTE	Patent Term Extension	WPSFF	Western Pacific Sustainable Fisheries Fund
QASP	quality assurance surveillance plan		
QCR	quality control review		
RRB	U.S. Railroad Retirement Board		

REPORT

FRAUD & WASTE ABUSE



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