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Description of document: Department of Commerce (DOC) Office of the Inspector General (OIG) Weekly Activity Reports, January 2011 - June 2014

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Office of Inspector General
U.S. Department of Commerce
1401 Constitution Avenue, N.W., Room 7892
Washington, DC 20230
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[Online FOIA Request Form](#)

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

August 7, 2014

RE: FOIA Request No. DOC-OIG-2014-001078

This letter is in response to your Freedom of Information Act (FOIA) request, dated June 1, 2014 and received by the Department of Commerce, Office of Inspector General (OIG) on June 9, 2014, tracking number DOC-OIG-2014-001078. Your request seeks "a copy of the DOC OIG Weekly Activity Reports for the time period January 1, 2011 through the present."

A search of records maintained by the OIG has located 230 pages that are responsive to your request. We have reviewed these pages under the terms of FOIA and have determined that 225 pages may be released to you in full. Two pages must be partially withheld under FOIA exemption (b)(5), which protects inter-agency and intra-agency records that would not be available by law to a party other than an agency in litigation with the agency, including documents that are predecisional and deliberative in nature. 5 U.S.C. § 552(b)(5). One page must be partially withheld under FOIA exemption (b)(6), which protects information in personnel, medical or similar files, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy. One page must be partially withheld under FOIA exemption (b)(7)(C), which protects law enforcement information the disclosure of which could reasonably be expected to constitute an unwarranted invasion of personal privacy. 5 U.S.C. § 552(b)(7)(C). One page must be partially withheld under FOIA exemption (b)(7)(E), which protects law enforcement information the disclosure of which would disclose techniques and procedures for law enforcement investigations or prosecutions, or would disclose guidelines for law enforcement investigations or prosecutions if such disclosure could reasonably be expected to risk circumvention of the law. Copies of the 230 pages are enclosed with the relevant redactions noted.

For your information, Congress excluded three discrete categories of law enforcement and national security records from the requirements of FOIA. See 5 U.S.C. § 552(c) (2006 & Supp. IV 2010). This response is limited to those records that are subject to the requirements of FOIA. This is a standard notification to all OIG requesters and should not be taken as an indication that excluded records do, or do not, exist.

You have the right to appeal this partial denial of your request. An appeal must be received within 30 calendar days of the date of this response letter by the Assistant General Counsel for

Administration (Office), Room 5898-C, U.S. Department of Commerce, 14th and Constitution Avenue, N.W., Washington, D.C. 20230. Your appeal may also be sent by e-mail to FOIAAppeals@doc.gov, by facsimile (fax) to 202-482-2552, or by FOIAonline, if you have an account in FOIAonline, at <https://foiaonline.regulations.gov/foia/action/public/home#>.

The appeal must include a copy of the original request, this response to the request, and a statement of the reason why the partially withheld records should be made available and why partial denial of the records was in error. The submission (including e-mail, fax, and FOIAonline submissions) is not complete without the required attachments. The appeal letter, the envelope, the e-mail subject line, and the fax cover sheet should be clearly marked "Freedom of Information Act Appeal." The e-mail, fax machine, FOIAonline, and Office are monitored only on working days during normal business hours (8:30 a.m. to 5:00 p.m., Eastern Time, Monday through Friday). FOIA appeals posted to the e-mail box, fax machine, FOIAonline, or Office after normal business hours will be deemed received on the next normal business day.

If you have any questions, please contact me via email at FOIA@oig.doc.gov, or by phone at (202) 482-5992.

Sincerely,



Raman Santra
FOIA Officer

Enclosures

Secretary's Weekly Reports

Office of Inspector General

Submitted by: Todd Zinser, Inspector General, (202) 482-4661

Prepared by: Melinda Johnson

January 24, 2011

I. HIGHLIGHTS

Opportunities Exist to Improve the Decennial Response Integration System Contract Modification and Award-Fee Practices - In October 2005, the Census Bureau awarded a \$483 million cost-plus-award-fee contract to Lockheed Martin Corporation and its seven subcontractors to develop and implement the Decennial Response Integration System (DRIS), an information system that would assist in 2010 Census data collection and analysis. In September 2007, Census awarded the contractor a contract modification number 21, with a value of about \$264.6 million. Most of the modification's cost—\$150 million—was for increasing the scope of DRIS' outbound telephone coverage follow-up from 2.6 million to 6.8 million cases. We assessed whether Census' contracting officer appropriately awarded the modification and used the appropriate contract type for the initial DRIS contract award. We found that the bureau did not have adequate contract pre-award practices in place to ensure that the modification was properly awarded. We also found that the contracting officer did not properly justify selecting an award-fee contract, and that the contract's payment structure provided little incentive for the contractor to excel in carrying out its performance objectives. We expect some media interest in this report. This report is tentatively scheduled for release January 28, 2011.

II. STATUS

No report from OIG.

III. HILL VISITS

No report from OIG.

IV. UPCOMING TRIPS/MEETINGS

No report from OIG.

V. BUSINESS OUTREACH

No report from OIG.

VI. MANAGEMENT ISSUES

No report from OIG.

VII. FLAG

No report from OIG.

Office of Inspector General

Submitted by: Todd Zinser, Inspector General

(202) 482-4661

Prepared by: Melinda Johnson, Executive Assistant

Date of Submission: January 31, 2011

I. HIGHLIGHTS

The following report is tentatively scheduled for release on February 4, 2011:

Opportunities Exist to Improve the Decennial Response Integration System Contract Modification and Award-Fee Practices - In October 2005, the Census Bureau awarded a \$483 million cost-plus-award-fee contract to Lockheed Martin Corporation and its seven subcontractors to develop and implement the Decennial Response Integration System (DRIS), an information system that would assist in 2010 Census data collection and analysis. In September 2007, Census awarded the contractor a contract modification number 21, with a value of about \$264.6 million. Most of the modification's cost—\$150 million—was for increasing the scope of DRIS' outbound telephone coverage follow-up from 2.60 million to 6.81 million cases.

We assessed whether Census' contracting officer appropriately awarded the modification and used the appropriate contract type for the initial DRIS contract award. We found that the bureau did not have adequate contract pre-award practices in place to ensure that the modification was properly awarded. We also found that the contracting officer did not properly justify selecting an award-fee contract, and that the contract's payment structure provided little incentive for the contractor to excel in carrying out its performance objectives. We expect some media interest in this report.

II. STATUS

No report from OIG.

III. HILL VISITS

No report from OIG.

IV. UPCOMING TRIPS/MEETINGS

No report from OIG.

V. BUSINESS OUTREACH

No report from OIG.

VI. MANAGEMENT ISSUES

No report from OIG.

VII. FLAG

The IG has received a tentative invitation to testify before the House Commerce, Justice and Science Appropriations Subcommittee on February 9, 2011.

Office of Inspector General

Submitted by: Todd Zinser, Inspector General

(202) 482-4661

Prepared by: Melinda Johnson, Executive Assistant

Date of Submission: February 7, 2011

I. HIGHLIGHTS

The following report is tentatively scheduled for release on February 11, 2011:

Opportunities Exist to Improve the Decennial Response Integration System Contract Modification and Award-Fee Practices - In October 2005, the Census Bureau awarded a \$483 million cost-plus-award-fee contract to Lockheed Martin Corporation and its seven subcontractors to develop and implement the Decennial Response Integration System (DRIS), an information system that would assist in the 2010 Census data collection and analysis. In September 2007, Census awarded the contractor a contract modification number 21, with a value of about \$264.6 million. Most of the modification's cost—\$150 million—was for increasing the scope of DRIS' outbound telephone coverage follow-up from 2.60 million to 6.81 million cases.

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II. FLAG

The Inspector General is scheduled to testify at two hearings during the week of February 7, 2011.

- House Commerce, Justice and Science Appropriations Subcommittee on February 9, 2011 on "Top Management Challenges and Ways to Eliminate Fraud, Waste and Abuse."
- House Energy and Commerce Subcommittee on Communications and Technology on February 10, 2011 on "ARRA Broadband Spending."

Office of Inspector General

**Submitted by: Todd Zinser, Inspector General
(202) 482-4661**

**Prepared by: Melinda Johnson, Executive Assistant
Date of Submission: February 14, 2011**

I. HIGHLIGHTS

The following report is tentatively scheduled for release on February 18, 2011:

Opportunities Exist to Improve the Decennial Response Integration System Contract Modification and Award-Fee Practices - In October 2005, the Census Bureau awarded a \$483 million cost-plus-award-fee contract to Lockheed Martin Corporation and its seven subcontractors to develop and implement the Decennial Response Integration System (DRIS), an information system that would assist in the 2010 Census data collection and analysis. In September 2007, Census awarded the contractor a contract modification number 21, with a value of about \$264.6 million. Most of the modification's cost—\$150 million—was for increasing the scope of DRIS' outbound telephone coverage follow-up from 2.60 million to 6.81 million cases.

We assessed whether Census' contracting officer appropriately awarded the modification and used the appropriate contract type for the initial DRIS contract award. We found that the bureau did not have adequate contract pre-award practices in place to ensure that the modification was properly awarded. We also found that the contracting officer did not properly justify selecting an award-fee contract, and that the contract's payment structure provided little incentive for the contractor to excel in carrying out its performance objectives. We expect some media interest in this report.

II. FLAG

Nothing to report.

Office of Inspector General

**Submitted by: Todd Zinser, Inspector General
(202) 482-4661**

Prepared by: Melinda Johnson, Executive Assistant

Date of Submission: February 22, 2011

I. HIGHLIGHTS

The following report is scheduled for release on February 23, 2011:

Response to Sen. Inhofe on Issues Involving NOAA Relating to the Internet Posting of Email Exchanges Taken from the Climatic Research Unit (CRU) of the University of East Anglia in a Hacking Incident. On February 23, we posted our report to Sen. James Inhofe's request that we examine issues stemming from the November 2009 internet posting of the CRU email exchanges. These emails constituted exchanges between researchers at the CRU and many of the world's leading climate scientists, including NOAA employees. Following release of these emails, questions were raised publicly that the emails allegedly showed that climate change-related data had been manipulated or deleted to support the theory that global warming is caused by human activity. Our inquiry included determining whether any CRU emails indicated NOAA (a) inappropriately manipulated data comprising a specific temperature dataset; (b) failed to adhere to appropriate peer review procedures; or (c) did not comply with federal laws pertaining to information/data disclosure (e.g., FOIA).

Our review of the CRU emails did not find any evidence that NOAA inappropriately manipulated the temperature dataset or failed to adhere to appropriate peer review procedures. However, we determined that NOAA did not conduct a proper search for responsive documents pursuant to four climate science-related FOIA requests in 2007, and as a result, did not have a sufficient basis to inform the requesters that it had no responsive documents. We recommended that NOAA conduct a proper search for responsive records as required by FOIA and reassess its response to the FOIA requests in question. We also recommended that NOAA examine a 2002 contract it awarded to the CRU and provide the results to us. Among other findings, we identified a conduct-related issue concerning two NOAA scientists, which NOAA management addressed during our inquiry.

II. FLAG

Nothing to report.

Office of Inspector General

**Submitted by: Todd Zinser, Inspector General
(202) 482-4661**

**Prepared by: Melinda Johnson, Executive Assistant
Date of Submission: March 7, 2011**

I. HIGHLIGHTS

Nothing to report.

II. FLAG

Nothing to report.

Office of Inspector General

Submitted by: Todd Zinser, Inspector General

(202) 482-4661

Prepared by: Melinda Johnson, Executive Assistant

Date of Submission: March 21, 2011

I. HIGHLIGHTS

The following report is tentatively scheduled for release on March 25, 2011:

Commerce Needs to Strengthen Its Improper Payment Practices and Reporting. As part of OIG's continuing Recovery Act oversight, we reviewed fraud, waste, and abuse prevention and detection efforts by the Commerce bureaus that received ARRA funds for grants. The objective of our review was to determine whether these bureaus—EDA, NIST, NOAA, and NTIA—complied with OMB guidance (OMB M-09-15) to mitigate the potential for grant fraud, waste, error and abuse. We found that the bureaus were generally in compliance, but that several improvements could be made. We recommended that (1) improper payments practices could be strengthened and reporting improved by including grants, and (2) internal control and program risk assessments could benefit from a best practice of including specific fraud scenarios in the assessments. We do not anticipate that this report will generate major press coverage.

II. FLAG

Nothing to report.

Office of Inspector General

**Submitted by: Todd Zinser, Inspector General
(202) 482-4661**

**Prepared by: Melinda Johnson, Executive Assistant
Date of Submission: March 28, 2011**

I. HIGHLIGHTS

The following report is scheduled for release on April 1, 2011:

2010 Census: Cooperation between Partnership Staff and Local Census Office Managers Challenged by Poor Communication and Coordination.

The Census Bureau set aside \$126 million of its \$1 billion American Recovery and Reinvestment Act (ARRA) funding for the Partnership Program, which encouraged people to fill out decennial census forms and return them. Partnership especially targeted “hard-to-count” populations who were historically undercounted or that had traditionally not responded well to the decennial census questionnaire (e.g., ethnic or minority populations, renters, and low-income people). Our report will recommend that in subsequent decennial censuses the bureau specify how to align Partnership activities and objectives with LCO schedules in order to (1) remedy current systemic shortcomings and (2) ensure joint Partnership–LCO manager training. The report also examines a new ARRA-funded position, Partnership Assistant, created in order to provide additional support to the program. Our report will recommend that, assuming retention of the position for the 2020 Census, the bureau (1) refine the recruitment and hiring process and training of Assistants and (2) provide adequate electronic resources for the Assistants to do their jobs. Given national interest in 2010 Census results as well the expenditure of ARRA funds, there may be limited press coverage of the report.

II. FLAG

The Inspector General will meet with the Attorney General’s Advisory Committee of United States Attorneys Environmental Issues Working Group on Monday, March 28, 2011, to discuss oversight of NOAA’s Fisheries Enforcement Program.

Office of Inspector General

**Submitted by: Todd Zinser, Inspector General
(202) 482-4661**

**Prepared by: Melinda Johnson, Executive Assistant
Date of Submission: April 4, 2011**

I. HIGHLIGHTS

The following report is scheduled for release on April 8, 2011:

2010 Census: Cooperation between Partnership Staff and Local Census Office (LCO) Managers Challenged by Poor Communication and Coordination. The Census Bureau set aside \$126 million of its \$1 billion American Recovery and Reinvestment Act (ARRA) funding for the Partnership Program, which encouraged people to fill out decennial census forms and return them. Partnership especially targeted “hard-to-count” populations who were historically undercounted or that had traditionally not responded well to the decennial census questionnaire (e.g., ethnic or minority populations, renters, and low-income people). Our report will recommend that in subsequent decennial censuses the bureau specify how to align Partnership activities and objectives with LCO schedules in order to (1) remedy current systemic shortcomings and (2) ensure joint Partnership–LCO manager training. The report also examines a new ARRA-funded position, Partnership Assistant, created in order to provide additional support to the program. Our report will recommend that, assuming retention of the position for the 2020 Census, the bureau (1) refine the recruitment and hiring process and training of Assistants and (2) provide adequate electronic resources for the Assistants to do their jobs. Given national interest in 2010 Census results as well the expenditure of ARRA funds, there may be limited press coverage of the report.

II. FLAG

The Inspector General will testify before the Senate Homeland Security and Government Affairs Committee (Census Subcommittee) Wednesday, April 6, 2011. The hearing will examine lessons learned from the 2010 Census while identifying initiatives that show promise for producing an accurate and cost-effective Census in 2020.

Office of Inspector General

**Submitted by: Todd Zinser, Inspector General
(202) 482-4661**

**Prepared by: Melinda Johnson, Executive Assistant
Date of Submission: April 11, 2011**

I. HIGHLIGHTS

Nothing to report.

II. FLAG

The Inspector General will be attending the CIGIE – GAO Annual Coordination Meeting on Monday, April 11, 2011.

The Inspector General will be on leave the week of April 18, 2011.

Office of Inspector General

**Submitted by: Todd Zinser, Inspector General
(202) 482-4661**

**Prepared by: Melinda Johnson, Executive Assistant
Date of Submission: April 18, 2011**

I. HIGHLIGHTS

The following report is tentatively scheduled for release on April 22, 2011.

NOAA: Pacific States Marine Fisheries Commission Audit of Indirect Cost Plans and Rates. The Commission is a quasi-governmental organization with principle offices located in Portland, Oregon and composed of five member states. The Commission works to promote the better utilization and protection of fisheries and marine life in selected areas of the Pacific Ocean and the Northwest. Most of the Commission's funding comes from the administration of federal contracts and financial assistance agreements. Since 2003 the Department of Commerce has provided the majority of the Commission's federal funding and has held cognizant federal agency status, responsible for reviewing, negotiating, and approving the Commission's indirect cost rates. These rates apply to all federal agencies providing funds to the Commission. During the audit period July 1, 2001, through June 30, 2008, the Commission recovered over \$15 million of indirect costs—over \$8 million from Commerce and over \$7 million from other federal agencies. The Commission also recovered almost \$2.9 million in administrative fees—over \$2.1 million from Commerce and over \$769,000 from other federal agencies. We found the Commission did not comply with the minimum requirements necessary to recover these costs under federal awards. Given the important role of the Commission for fisheries in the Pacific area we anticipate some press coverage in that area of the country related to the release of this report.

II. FLAG

The Inspector General will be on leave the week of April 18, 2011.

Office of Inspector General

**Submitted by: Todd Zinser, Inspector General
(202) 482-4661**

**Prepared by: Melinda Johnson, Executive Assistant
Date of Submission: April 25, 2011**

I. HIGHLIGHTS

NOAA: Pacific States Marine Fisheries Commission Audit of Indirect Cost Plans and Rates. The Commission is a quasi-governmental organization with principle offices located in Portland, Oregon and composed of five member states. The Commission works to promote the better utilization and protection of fisheries and marine life in selected areas of the Pacific Ocean and the Northwest. Most of the Commission's funding comes from the administration of federal contracts and financial assistance agreements. Since 2003 the Department of Commerce has provided the majority of the Commission's federal funding and has held cognizant federal agency status, responsible for reviewing, negotiating, and approving the Commission's indirect cost rates. These rates apply to all federal agencies providing funds to the Commission. During the audit period July 1, 2001, through June 30, 2008, the Commission recovered over \$15 million of indirect costs—over \$8 million from Commerce and over \$7 million from other federal agencies. The Commission also recovered almost \$2.9 million in administrative fees—over \$2.1 million from Commerce and over \$769,000 from other federal agencies. We found the Commission did not comply with the minimum requirements necessary to recover these costs under federal awards. Given the important role of the Commission for fisheries in the Pacific area we anticipate some press coverage in that area of the country related to the release of this report.

II. FLAG

Office of Inspector General

**Submitted by: Todd Zinser, Inspector General
(202) 482-4661**

**Prepared by: Melinda Johnson, Executive Assistant
Date of Submission: May 2, 2011**

I. HIGHLIGHTS

Nothing to report.

II. FLAG

Nothing to report.

Office of Inspector General

Submitted by: Todd Zinser, Inspector General

(202) 482-4661

Prepared by: Melinda Johnson, Executive Assistant

Date of Submission: May 9, 2011

I. HIGHLIGHTS

Review of BTOP Award for the San Francisco Bay Area Wireless Enhanced Broadband (BayWEB) Project. By letter dated November 1, 2010, the County of Santa Clara, California, expressed concerns about a \$50.6 million grant to Motorola Inc., for deploying a public safety network and public access wireless broadband network in the San Francisco Bay Area. The County of Santa Clara and the City of San Jose were not satisfied with NTIA's October 2010 response to their initial concerns about the award. Our report (1) examines the procedures NTIA followed in its response to this complaint, and (2) evaluates how the value of the equipment provided by the grantee to the project was established. We found that NTIA did not promptly engage the program's Grants Officer to help address the complaint made against the award or to respond to Motorola's requests to be exempted from an award requirement. Our report will recommend that NTIA improve its procedures for handling complaints associated with BTOP awards, and remind its Federal Program Officers (assigned to monitor BTOP grants) to work with grants officers to address important issues. Our report also notes that we plan to further review the issues raised in the complaint. In its response to our draft report, NTIA states that it will take appropriate steps to address our recommendations. Given the national interest in BTOP, there will likely be some press coverage of the report.

The following reports are tentatively scheduled for release the week of **May 16th, 2011**.

NOAA: Pacific States Marine Fisheries Commission Audit of Indirect Cost Plans and Rates. The Commission is a quasi-governmental organization with principle offices located in Portland, Oregon and composed of five member states. The Commission works to promote the better utilization and protection of fisheries and marine life in selected areas of the Pacific Ocean and the Northwest. Most of the Commission's funding comes from the administration of federal contracts and financial assistance agreements. Since 2003, the Department of Commerce has provided the majority of the Commission's federal funding. During the audit period July 1, 2001, through June 30, 2008, we found that the Commission received over \$15 million of indirect costs—over \$8 million from Commerce and over \$7 million from other federal agencies. The Commission also received almost \$2.9 million in administrative fees—over \$2.1 million from Commerce and over \$769,000 from other federal agencies. We found the Commission did not comply with

the minimum requirements necessary to recover these costs under federal awards. Given the important role of the Commission for fisheries in the Pacific area we anticipate some press coverage in that area of the country related to the release of this report.

II. FLAG

Nothing to report.

Office of Inspector General

**Submitted by: Todd Zinser, Inspector General
(202) 482-4661**

**Prepared by: Melinda Johnson, Executive Assistant
Date of Submission: May 16, 2011**

I. HIGHLIGHTS

OIG plans to issue the following report, NOAA: Pacific States Marine Fisheries Commission Audit of Indirect Cost Plans and Rates.

The Commission is a quasi-governmental organization with principle offices located in Portland, Oregon and composed of five member states. The Commission works to promote the better utilization and protection of fisheries and marine life in selected areas of the Pacific Ocean and the Northwest. Most of the Commission's funding comes from the administration of federal contracts and financial assistance agreements. Since 2003, the Department of Commerce has provided the majority of the Commission's federal funding.

During the audit period July 1, 2001, through June 30, 2008, we found that the Commission received over \$15 million of indirect costs—over \$8 million from Commerce and over \$7 million from other federal agencies. The Commission also received almost \$2.9 million in administrative fees—over \$2.1 million from Commerce and over \$769,000 from other federal agencies. We found the Commission did not comply with the minimum requirements necessary to recover these costs under federal awards.

II. FLAG

The Inspector General will be participating in the Georgetown University Inspector General Panel Discussion with graduates from the Georgetown's Master's Degree in Policy Management Program on Wednesday, May 18, 2011.

Office of Inspector General

**Submitted by: Todd Zinser, Inspector General
(202) 482-4661**

**Prepared by: Melinda Johnson, Executive Assistant
Date of Submission: May 31, 2011**

I. HIGHLIGHTS

Nothing to report.

II. FLAG

Nothing to report.

Office of Inspector General

Submitted by: Todd Zinser, Inspector General

(202) 482-4661

Prepared by: Melinda Johnson, Executive Assistant

Date of Submission: June 6, 2011

I. HIGHLIGHTS

OIG plans to issue the following two reports: **NOAA: Pacific States Marine Fisheries Commission Audit of Cooperative Agreements** and **NOAA: Pacific States Marine Fisheries Commission Audit of Contract Number AB133F-04-CQ-0011**.

The two reports are as follows:

NOAA: Pacific States Marine Fisheries Commission Audit of Cooperative Agreements. The Commission is a quasi-governmental organization with principle offices located in Portland, Oregon and composed of five member states. Of the many financial assistance awards and contracts the Department has awarded to the Commission over the years, we selected two cooperative agreements for audit. Each of the two agreements is part of a series of multiple-year awards NOAA made to the Commission to fund the Pacific Fisheries Information Network (PacFIN) and the West Coast Groundfish Observer Program (WCGOP).

We found that a significant portion of the Commission's claimed costs were not reasonable, allowable, and allocable to the awards. For these reasons and others detailed in this report and in our report titled *Audit of Indirect Cost Plans and Rates, Pacific States Marine Fisheries Commission, Portland, Oregon*, we questioned and recommended recovery of \$2.4 million in federal funds. We also recommended numerous improvements to the Commission's policies, controls, and procedures. Given the important role of the Commission for fisheries in the Pacific area we anticipate some press coverage in that area of the country related to the release of this report.

NOAA: Pacific States Marine Fisheries Commission Audit of Contract Number AB133F-04-CQ-0011. Under the terms of the contract, the Commission provided scientific support services—such as environmental and biological data collection; physical, biological or biochemical analysis; and fabrication, installation, operation, maintenance, and repair of research equipment—on an as-needed basis at various NMFS field stations and research locations along the Columbia and Snake Rivers. We are questioning \$17,598 in indirect and overhead costs. The Commission did not comply with the minimum requirements necessary to recover indirect costs under federal awards. As described in our separate report issued May 19 titled *Audit of Indirect Cost Plans and Rates, Pacific States Marine Fisheries Commission, Portland, Oregon*, the Commission did not submit, certify, or adequately support its indirect cost rate proposals. In addition, the Commission's unsubmitted indirect cost proposals and rates were not allowable in accordance with Office of Management and Budget (OMB) Circular A-87. Given the

important role of the Commission for fisheries in the Pacific area we anticipate some press coverage in that area of the country related to the release of this report.

II. FLAG

The Office of Inspector General will be holding its Senior Staff Retreat on Monday, June 13th and Tuesday, June 14th, 2011, at the Madison Auditorium, Patent and Trademark Office. The Inspector General will be on annual leave June 15th through June 17th, 2011.

Office of Inspector General

**Submitted by: Todd Zinser, Inspector General
(202) 482-4661**

**Prepared by: Melinda Johnson, Executive Assistant
Date of Submission: June 13, 2011**

I. HIGHLIGHTS

Nothing to report.

II. FLAG

The Office of Inspector General will be holding its Senior Staff Retreat on Monday, June 13th and Tuesday, June 14th, 2011, at the Madison Auditorium, U.S. Patent and Trademark Office. The Inspector General will be on annual leave June 16th and June 17th, 2011.

The Inspector General will be testifying at a field hearing before the Senate Committee on Homeland Security and Governmental Affairs, Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security, on "How is NOAA Managing Funds to Protect the Domestic Fishing Industry," Monday, June 20, 2011, in Boston, MA.

Office of Inspector General

**Submitted by: Todd Zinser, Inspector General
(202) 482-4661**

**Prepared by: Melinda Johnson, Executive Assistant
Date of Submission: June 20, 2011**

I. HIGHLIGHTS

During the week of June 20, 2011, we are planning to issue the following report:
2010 Census: Final Report to Congress

2010 Census: Final Report to Congress: Our sixth and final quarterly report to Congress and the Census Bureau presents the collective results of our 2010 Census oversight and outlines the challenges Census must address in order to perform a more cost-effective and accurate 2020 Census. While 2010 Census operations were successfully completed, this constitutionally mandated activity carried with it a high cost and a level of risk that should not be repeated. The first section of the report addresses the 2010 Census's top management challenges and new approaches that should be taken for the next decennial census. The second section discusses major 2010 activities, including the mid-decade awarding of the field data collection automation contract (2006), the late-decade undertaking of a massive operation to bolster address lists and maps (2009), and 2010 field operations that extended the bureau's reach to populations who did not receive or respond to mailed surveys. The final section collects all of our recommendations to the Census Bureau, which are intended to improve key aspects of the 2020 Census. The bureau responded that it had no fundamental disagreements with our report, and we do not anticipate any press coverage.

II. FLAG

The Inspector General will be testifying at a field hearing before the Senate Committee on Homeland Security and Governmental Affairs, Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security, on "How is NOAA Managing Funds to Protect the Domestic Fishing Industry," Monday, June 20, 2011, in Boston, MA.

Office of Inspector General

Submitted by: Todd Zinser, Inspector General

(202) 482-4661

Prepared by: Melinda Johnson, Executive Assistant

Date of Submission: June 20, 2011

I. HIGHLIGHTS

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II. FLAG

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Office of Inspector General

**Submitted by: Todd Zinser, Inspector General
(202) 482-4661**

**Prepared by: Melinda Johnson, Executive Assistant
Date of Submission: June 27, 2011**

I. HIGHLIGHTS

During the week of June 27, 2011, we are planning to issue the following report:
2010 Census: Final Report to Congress

2010 Census: Final Report to Congress: Our sixth and final quarterly report to Congress and the Census Bureau presents the collective results of our 2010 Census oversight and outlines the challenges Census must address in order to perform a more cost-effective and accurate 2020 Census. While 2010 Census operations were successfully completed, this constitutionally mandated activity carried with it a high cost and a level of risk that should not be repeated. The first section of the report addresses the 2010 Census's top management challenges and new approaches that should be taken for the next decennial census. The second section discusses major 2010 activities, including the mid-decade awarding of the field data collection automation contract (2006), the late-decade undertaking of a massive operation to bolster address lists and maps (2009), and 2010 field operations that extended the bureau's reach to populations who did not receive or respond to mailed surveys. The final section collects all of our recommendations to the Census Bureau, which are intended to improve key aspects of the 2020 Census. The bureau responded that it had no fundamental disagreements with our report.

II. FLAG

Judy Gordon, Associate Deputy Inspector General for Strategic Issues, is retiring after (b) (6) years of outstanding service to the Department of Commerce Office of Inspector General. Judy was the lead on the Office of Inspector General Balance Scorecard Initiative.

Theresa Clegg, Management Analyst, in our Atlanta office is retiring after (b) (6) years of outstanding service to the Department of Commerce Office of Inspector General.

Office of Inspector General

**Submitted by: Todd Zinser, Inspector General
(202) 482-4661**

**Prepared by: Sonia Brown, Special Assistant
Date of Submission: July 5, 2011**

I. HIGHLIGHTS

Nothing to report.

II. FLAG

The Inspector General will be on leave July 8th and July 11th.

Office of Inspector General

**Submitted by: Todd Zinser, Inspector General
(202) 482-4661**

**Prepared by: Melinda Johnson, Executive Assistant
Date of Submission: July 11, 2011**

I. HIGHLIGHTS

Nothing to report.

II. FLAG

The Inspector General will be on leave July 11th.

Office of Inspector General

**Submitted by: Todd Zinser, Inspector General
(202) 482-4661**

**Prepared by: Melinda Johnson, Executive Assistant
Date of Submission: July 18, 2011**

I. HIGHLIGHTS

Nothing to report.

II. FLAG

The Inspector General will be on leave July 22nd.

Office of Inspector General

**Submitted by: Todd Zinser, Inspector General
(202) 482-4661**

Prepared by: Melinda Johnson, Executive Assistant

Date of Submission: July 25, 2011

I. HIGHLIGHTS

During the week of July 25, 2011, we are planning to issue the following report: **Review of the American Recovery and Reinvestment Act (ARRA) Recipient Reporting**

Review of the American Recovery and Reinvestment Act (ARRA) Recipient Reporting: This report is part of OIG's continued oversight of funds disbursed under the American Recovery and Reinvestment Act of 2009. Our objective was to determine whether the Department of Commerce has implemented sufficient internal controls to ensure that data related to Recovery Act funds and fund recipients are reported completely, accurately, and in a timely manner, and that any material omissions and significant errors are identified and corrected. Our review of five of the Department's agencies—EDA, NIST, NOAA, NTIA, and the Census Bureau—found that while Commerce has implemented effective internal controls over its recipient reporting, there are still opportunities for improvement.

We recommended that Commerce (1) evaluate ways to automate the reports generated by the Department's three grants management systems; (2) develop a plan for consolidating the data from the three distinct grants management systems to a single system; and (3) consider upgrading the new C-Award contract system so that a single database incorporating data from all Commerce agencies would supply the information in the interface. Additionally, agencies could improve data quality by updating their management systems to more efficiently monitor information that must be reported under the Recovery Act. We do not anticipate that this audit report will generate any press coverage.

II. FLAG

Nothing to report.

Office of Inspector General

**Submitted by: Todd Zinser, Inspector General
(202) 482-4661**

**Prepared by: Melinda Johnson, Executive Assistant
Date of Submission: August 1, 2011**

I. HIGHLIGHTS

OIG auditors traveled to Live Oak, Florida last week in response to public allegations of fraud concerning a \$30 million BTOP grant awarded to the North Florida Broadband Authority. The auditors attended a public hearing conducted by the Authority and also conducted a site visit at a contractor associated with the grant. NTIA also had representatives at the public hearing.

II. FLAG

Nothing to report.

Office of Inspector General

Submitted by: Todd Zinser, Inspector General

(202) 482-4661

Prepared by: Melinda Johnson, Executive Assistant

Date of Submission: August 8, 2011

I. HIGHLIGHTS

On Friday, August 5th, we issued a draft report to Barry Berkowitz on “Commerce’s Office of Acquisition Management Must Continue to Improve its Ongoing Oversight of Acquisition Savings Initiative.” We have asked for comments within 30 days and hope to issue a final report by the end of the fiscal year.

This week we will be issuing a draft report to David Kappos on Patent End to End Planning. We will also request comments within 30 days with the hope of issuing a final report by the end of the fiscal year.

II. FLAG

Nothing to report.

Office of Inspector General

**Submitted by: Todd Zinser, Inspector General
(202) 482-4661**

**Prepared by: Melinda Johnson, Executive Assistant
Date of Submission: August 15, 2011**

I. HIGHLIGHTS

Nothing to report.

II. FLAG

The Inspector General will be on leave August 18th through August 23rd.

Office of Inspector General

**Submitted by: Todd Zinser, Inspector General
(202) 482-4661**

**Prepared by: Melinda Johnson, Executive Assistant
Date of Submission: August 22, 2011**

I. HIGHLIGHTS

Nothing to report.

II. FLAG

The Inspector General will be on leave August 22nd and August 23rd.

Office of Inspector General

**Submitted by: Todd Zinser, Inspector General
(202) 482-4661**

Prepared by: Melinda Johnson, Executive Assistant

Date of Submission: August 29, 2011

I. HIGHLIGHTS

Nothing to report.

II. FLAG

Nothing to report.

Office of Inspector General

**Submitted by: Todd Zinser, Inspector General
(202) 482-4661**

Prepared by: Melinda Johnson, Executive Assistant

Date of Submission: September 6, 2011

I. HIGHLIGHTS

Nothing to report.

II. FLAG

The Inspector General will be on leave September 6, 2011 and in training on September 15th and 16th, 2011.

The Inspector General will be speaking at the Information System Security Conference on Thursday, September 8, 2011, on "The Complexities of Auditing Information Systems."

Office of Inspector General

**Submitted by: Todd Zinser, Inspector General
(202) 482-4661**

**Prepared by: Melinda Johnson, Executive Assistant
Date of Submission: September 19, 2011**

I. HIGHLIGHTS

Nothing to report.

II. FLAG

The Inspector General will be on travel September 21st and 22nd and may not attend the EMT scheduled for September 22nd.

Office of Inspector General

Submitted by: Todd Zinser, Inspector General

(202) 482-4661

Prepared by: Melinda Johnson, Executive Assistant

Date of Submission: September 26, 2011

I. HIGHLIGHTS

During the week of September 26, 2011, we are planning to issue the following reports:

Status of USPTO Initiatives to Improve Patent Timeliness and Quality

USPTO's *2010–2015 Strategic Plan* sets forth multiple initiatives for USPTO to achieve its goal to optimize patent quality and timeliness. Our evaluation assessed the implementation status of 25 initiatives under this strategic goal, as well as USPTO's plans to evaluate these initiatives. We found that of the 25 initiatives reviewed, USPTO has fully implemented 15 and partially implemented the other 10 initiatives. Despite progress in implementing the initiatives, USPTO lacks evaluation plans to assess how these efforts will affect the overall strategic goals of improving patent quality and timeliness. Without such evaluations, USPTO is at risk of misattributing goal achievement and subsequently misguiding resources toward less-than-optimal activities. Further, the agency risks deeming all initiatives successful as defined by their measures—but still not reducing patent pendency and the backlog of patent applications. Additionally, two areas of operation—patent appeals and preliminary reviews of international applications—warrant further USPTO attention as the agency prioritizes resources and activities. We make three recommendations to USPTO to revise its strategic plan to ensure the most critical efforts to support attaining the strategic patent goals remain in operation; direct relevant operating units to prepare plans and conduct evaluations of their respective patent initiatives, and examine anew the Board of Patent Appeals and Interferences process and the quality of contracting work conducted under the Patent Cooperation Treaty. Given the recent passage of the America Invents Act, we anticipate media/public interest in the report.

3rd Annual NTIA PSIC Grant Program Assessment

This report details our third annual assessment of NTIA's PSIC grants management, including the role of FEMA, for the fiscal year that ended September 30, 2010, with selected updates through June 2011. Our audit focused on NTIA's management of the PSIC program to determine whether NTIA effectively meets its responsibility to monitor the grants and ensure the achievement of PSIC program goals and FEMA effectively fulfills its responsibilities, as outlined in the memorandum of understanding to provide grant services. We found that NTIA and FEMA need to improve their grantee monitoring. Neither NTIA nor FEMA adequately monitored and addressed grantee equipment purchases and operating capability, matching share

issues or progress towards meeting program goals. We also found that certain grantees with low drawdowns may be at risk of not completing their projects by September 30, 2012. In addition, NTIA and FEMA stated that they intend to evaluate the success of the PSIC program by having grantees provide evidence that interoperability was improved with PSIC funds at the completion of each grant.

Audit of DOC's Implementation of Acquisition Savings Initiatives

To facilitate immediate improvement to federal contracting practices, OMB directed each agency to develop an acquisition savings plan and reduce contract spending by 7 percent by the end of FY 2011.1 OMB also directed each agency to reduce the risk of overspending associated with non-competitive contract actions and cost-reimbursement contracts. The Commerce plan submitted to OMB identified actions to reduce contract spending costs by about \$39.5 million per year in FY 2010 and 2011 and decrease the use of high-risk contracts. While the Department has achieved some savings, implementation problems and oversight challenges limited the Department's ability to produce the desired results. We found that the Department's initial targets for reducing both contract spending and high-risk contracts were inaccurate and unsupportable. Also, savings reported to OMB for reductions in contract spending in FY 2010 were inaccurate or unsupported. OAM also did not effectively monitor the progress and expected benefits of its savings initiatives.

Audit of the Joint Polar Satellite System (JPSS): Challenges Must Be Met to Minimize Gaps in Polar Environmental Satellite Data

In a June 10, 2011, memorandum to the NOAA Administrator, we detailed our preliminary observations, based on our fieldwork up to that point, in the following areas: funding challenges, National Polar-orbiting Operational Environmental Satellite System (NPOESS) -to- JPSS transition delays, NPOESS Preparatory Project (NPP) launch and ground system status, and the program's life-cycle cost estimate. We further developed those observations, along with new information, into the findings and recommendations presented in our final audit report. We found that while NPP, as part of the JPSS program, remains on track for an October 2011 launch, schedule compression during development and acquisition activities has increased the risk that the continuity of data from the afternoon polar orbit cannot be maintained after the current operational satellite reaches its end of life. In addition, our examination of program-level activities confirmed an expected coverage gap between NPP and the first JPSS satellite. The process for defining JPSS' operational baseline of capabilities, costs, and schedule has been prolonged. And the transition of instrument contracts from the NPOESS program's control to the JPSS program's control has just been completed. We anticipate some media/public interest in this report.

Patent End-to-End (PE2E) is a large-scale, complex, multi-year project that the USPTO has undertaken with the goal of fully automating patent processing from application to patent granting. Development began in FY2011 and is scheduled through FY2013. The first release of functionality (PE2E 1.0) is to be deployed in

FY2011. We evaluated USPTO's ability to effectively manage the acquisition process, its ability to employ sound project and system development methodologies, and its governance and oversight of the project. We found that while USPTO is taking adequate steps in the planning and development of PE2E 1.0, more focus should be placed on long-term planning for the project in its entirety. We identified three major areas of improvement related to project management, acquisition planning, and governance. Specifically, we noted that (1) USPTO began development of PE2E without developing a high-level prioritized list of requirements based on business and technical value for the entire PE2E project; a key deliverable for the development methodology they are employing (2) USPTO has not adequately defined a long-term strategy for acquiring contractor resources past PE2E 1.0, or clearly defined how overall acquisition risks will be managed in the project's acquisition plan; (3) USPTO's oversight procedures need to be strengthened in order to define key milestones and conditions for special project reviews, and USPTO should seek independent external technical and project management advice as input into milestone reviews. We anticipate a moderate amount of media interest in this report.

II. FLAG

- 9-27-11** – The IG will be meeting with OMB on OIG's FY13 Budget Request
- 9-28-11** – The IG is holding an All Hands Conference for OIG employees
- 9-29-11** – The IG's monthly check-in with Undersecretary Lubchenco

Office of Inspector General

**Submitted by: Todd Zinser, Inspector General
(202) 482-4661**

**Prepared by: Melinda Johnson, Executive Assistant
Date of Submission: October 3, 2011**

I. HIGHLIGHTS

During the week of October 3, 2011, we are planning to issue the following reports:

3rd Annual NTIA PSIC Grant Program Assessment

This report details our third annual assessment of NTIA's PSIC grants management, including the role of FEMA, for the fiscal year that ended September 30, 2010, with selected updates through June 2011. OIG's audit focused on NTIA's management of the PSIC program to determine whether NTIA effectively meets its responsibility to monitor the grants and ensure the achievement of PSIC program goals. The audit examined whether FEMA effectively fulfills its responsibilities as outlined in the memorandum of understanding to provide grant services. OIG found that NTIA and FEMA need to improve their grantee monitoring. Neither NTIA nor FEMA adequately monitored and addressed grantee equipment purchases and operating capability, matching share issues, or progress towards meeting program goals. We also found that certain grantees with low drawdowns may be at risk of not completing their projects by September 30, 2012. In addition, NTIA and FEMA stated that they intend to evaluate the success of the PSIC program by having grantees provide evidence that interoperability was improved with PSIC funds at the completion of each grant.

Audit of DOC's Implementation of Acquisition Savings Initiatives

To facilitate immediate improvement to federal contracting practices, OMB directed each agency to develop an acquisition savings plan and reduce contract spending by seven percent by the end of FY 2011. OMB directed each agency to reduce the risk of overspending associated with non-competitive contract actions and cost-reimbursement contracts. The Commerce plan submitted to OMB identified actions to reduce contract spending costs by \$39.5 million per year in FYs 2010 and 2011. The Department has achieved some savings; however, implementation problems and oversight challenges limited the Department's ability to produce the desired results. OIG found that the Department's initial targets for reducing both contract spending and high-risk contracts were inaccurate and unsupportable, as were the savings reported to OMB for reductions in contract spending in FY 2010. OAM did not effectively monitor the progress and expected benefits of its savings initiatives.

II. FLAG

The IG will be attending a field hearing on Fisheries Rulemaking in Boston, MA on October 3rd.

The IG will be attending the Association of Inspectors General Fall Conference in Williamsburg, VA from October 11th through October 14th.

Office of Inspector General

**Submitted by: Todd Zinser, Inspector General
(202) 482-4661**

**Prepared by: Melinda Johnson, Executive Assistant
Date of Submission: October 11, 2011**

I. HIGHLIGHTS

Nothing to report.

II. FLAG

The IG will be attending the Association of Inspector General Fall Conference in Williamsburg, VA on October 12th and October 13th.

Office of Inspector General

**Submitted by: Todd Zinser, Inspector General
(202) 482-4661**

**Prepared by: Melinda Johnson, Executive Assistant
Date of Submission: October 17, 2011**

I. HIGHLIGHTS

During the week of October 17, 2011, we are planning to issue the following reports:

Improvements Are Needed for Effective Web Security Management

OIG will issue a final report on our audit of the Department's web applications security. The Department uses numerous web applications to provide a wide range of essential technical, economic, social, and environmental information to the public. Public-facing web applications have additional security risks due to limited network boundary protection.

We reviewed the security posture of 15 public-facing web applications from eight operating units: BIS, BEA, Census, NOAA, NIST, NTIS, NTIA, and USPTO. We found that these web applications are not properly secured to minimize the risk of cyber attacks. The majority of these web applications have well-known website vulnerabilities, misconfigured back-end databases, and outdated software that support them. Identified vulnerabilities resulted from inadequate software development practices, improper software configuration, and failure to install system updates in a timely manner. Accordingly, this report will make three recommendations for the Department to improve its web security management. Given the visibility of cybersecurity government-wide, we anticipate some press coverage related to the release of this report.

FY 2012 Top Management Challenges Report

On October 21st, we plan to issue the FY 2012 Department of Commerce Top Management Challenges Report. The report identifies what we consider, from the oversight perspective, to be the most significant management and challenges facing the Department. We identified five major challenges; the first two are new additions:

- (1) Promote Exports, Stimulate Economic Growth , and Create Jobs*
- (2) Reduce Costs and Improve Operations to Optimize Resources for a Decade of Constrained Budgets*
- (3) Strengthen Department-wide Information Security to Protect Critical Information Systems and Data*

(4) *Manage Acquisition and Contract Operations More Effectively to Obtain Quality Goods and Services in A Manner Most Beneficial to Taxpayers*

(5) *Manage the Development and Acquisition of NOAA's Environmental Satellite Systems to Avoid Launch Delays and Coverage Gaps.*

The entire report, including the Department's response, will be included in the Department's *Performance and Accountability Report* to be issued in November 2011, as required by law.

II. FLAG

Council of the Inspectors General on Integrity and Efficiency (CIGIE) Award

The Office of Inspector General, Office of Audit and Evaluation, will receive an Audit Award of Excellence at the October 18 CIGIE awards ceremony for their report "*Commerce Should Strengthen Accountability and Internal Controls in Its Motor Pool Operations.*" The team's award is given "in recognition of exemplary achievement in identifying recommendations to improve Commerce's management of motor pool inventory, operations, controls, and costs."

Office of Inspector General

**Submitted by: Todd Zinser, Inspector General
(202) 482-4661**

**Prepared by: Melinda Johnson, Executive Assistant
Date of Submission: October 24, 2011**

I. HIGHLIGHTS

During the week of October 24, 2011, we are planning to issue the following report:

FY 2012 Top Management Challenges Report

On October 24th, we plan to issue the FY 2012 Department of Commerce Top Management Challenges Report. The report identifies what we consider, from the oversight perspective, to be the most significant management and challenges facing the Department. We identified five major challenges; the first two are new additions:

- (1) Promote Exports, Stimulate Economic Growth , and Create Jobs*
- (2) Reduce Costs and Improve Operations to Optimize Resources for a Decade of Constrained Budgets*
- (3) Strengthen Department-wide Information Security to Protect Critical Information Systems and Data*
- (4) Manage Acquisition and Contract Operations More Effectively to Obtain Quality Goods and Services in A Manner Most Beneficial to Taxpayers*
- (5) Manage the Development and Acquisition of NOAA's Environmental Satellite Systems to Avoid Launch Delays and Coverage Gaps.*

The entire report, including the Department's response, will be included in the Department's *Performance and Accountability Report* to be issued in November 2011, as required by law.

II. FLAG

The Inspector General will be participating in the National Intergovernmental Audit Forum (NIAF) in Crystal City, VA on November 3, 2011. The IG will be on a panel with GAO to discuss "Identifying Efficiencies: Duplication & Overlap Work."

Office of Inspector General

**Submitted by: Todd Zinser, Inspector General
(202) 482-4661**

**Prepared by: Melinda Johnson, Executive Assistant
Date of Submission: November 7, 2011**

I. HIGHLIGHTS

During the week of November 7, 2011, we are planning to issue the following reports:

3rd Annual NTIA Public Safety Interoperable Communications (PSIC) Grant Program Assessment

This report details our third annual assessment of NTIA's PSIC grants management to include the role of FEMA for FY 2010 with selected updates through June 2011. Neither NTIA nor FEMA adequately monitored and addressed grantee equipment purchases, operating capability, matching share issues, or progress towards meeting program goals.

We also found that certain grantees with low draw-downs may be at risk of not completing their projects by September 30, 2012. In addition, NTIA and FEMA stated that they intend to evaluate the success of the PSIC program by having grantees provide evidence that interoperability was improved with PSIC funds at the completion of each grant.

More Work Needed to Strengthen IT Security Department-Wide

As part of our FY 2011 Federal Information Security Management Act (FISMA) requirement to independently evaluate the Department's information security program and practices, OIG will issue a final report on our assessment of the security of 10 information systems from three Department operating units (NOAA, Census, and USPTO). We identified deficiencies in fundamental aspects of security planning and significant weaknesses in security controls.

These include continued failure to implement key controls on system access, securely configure components, patch vulnerable software, and audit and monitor system events. Further, flaws remain in the Department's process for reporting and tracking the remediation of IT security weaknesses. Overall, the entire Department needs to manage information security with greater rigor and consistency. Accordingly, this report will make three recommendations for improvements to the Department's information security program and practices. Given the visibility of cybersecurity government-wide, we anticipate some press coverage related to this report's release.

II. FLAG

The Inspector General is scheduled to testify before the Senate Commerce, Science, and Transportation Committee, Subcommittee on Oceans, Atmosphere, Fisheries, and Coast Guard on NOAA weather/climate issues and current and emerging needs for innovation on those fronts, on Wednesday, November 16th.

**Office of Inspector General
Secretary's Weekly Report**

**Submitted by: Todd Zinser, Inspector General
(202) 482-4661**

**Prepared by: Melinda Johnson, Executive Assistant
Date of Submission: November 14, 2011**

I. HIGHLIGHTS

During the week of November 14, 2011, we are planning to issue the following report:

NTIA Has an Established Foundation to Oversee BTOP Awards, But Better Execution of Monitoring is Needed.

As part of OIG's continuing oversight of the Broadband Technology Opportunities Program (BTOP), we assessed the effectiveness of NTIA's monitoring process and its use of monitoring results to manage and strengthen the BTOP program. The objectives of our review were to (1) assess the reasonableness of assigned monitoring levels and corresponding monitoring activities; (2) evaluate the effectiveness of desk reviews; (3) assess the adequacy of site visits; and (4) evaluate the effectiveness of the processes in place to adjust monitoring levels for specific recipients.

We found that, while NTIA has taken significant steps to establish comprehensive policies and procedures to provide oversight of the BTOP awards, the execution of these policies and procedures lacks the rigor and depth necessary to be effective. During our audit, we made the following recommendations: (1) strengthen the utilization of monitoring tools; (2) documentation of monitoring activities, recipient site visits, and match review process; and (3) effectiveness of monitoring level adjustments.

II. FLAG

The Inspector General is scheduled to testify before the Senate Commerce, Science, and Transportation Committee, Subcommittee on Oceans, Atmosphere, Fisheries, and Coast Guard on NOAA weather/climate issues and current and emerging needs for innovation on those fronts, on Wednesday, November 16th.

**Office of Inspector General
Secretary's Weekly Report**

**Submitted by: Todd Zinser, Inspector General
(202) 482-4661**

**Prepared by: Melinda Johnson, Executive Assistant
Date of Submission: November 21, 2011**

I. HIGHLIGHTS

On November 18, 2011, we issued the following report which was sent to Congress on November 21st and will be posted on the OIG public website November 22nd:

NTIA Has an Established Foundation to Oversee BTOP Awards, But Better Execution of Monitoring is Needed.

As part of OIG's continuing oversight of the Broadband Technology Opportunities Program (BTOP), we assessed the effectiveness of NTIA's monitoring process and its use of monitoring results to manage and strengthen the BTOP program. The objectives of our review were to (1) assess the reasonableness of assigned monitoring levels and corresponding monitoring activities; (2) evaluate the effectiveness of desk reviews; (3) assess the adequacy of site visits; and (4) evaluate the effectiveness of the processes in place to adjust monitoring levels for specific recipients.

We found that, while NTIA has taken significant steps to establish comprehensive policies and procedures to provide oversight of the BTOP awards, the execution of these policies and procedures lacks the rigor and depth necessary to be effective. During our audit, we made the following recommendations: (1) strengthen the utilization of monitoring tools; (2) documentation of monitoring activities, recipient site visits, and match review process; and (3) effectiveness of monitoring level adjustments.

II. FLAG

The Inspector General will be on leave Tuesday, November 22nd through Friday, November 25th.

The Inspector General is scheduled to testify before the House Science, Space, and Technology Committee, Subcommittee on Investigations and Oversight regarding "Stimulus Oversight: An Update on Science Funding Accountability and Transparency," on Wednesday, November 30th.

**Office of Inspector General
Secretary's Weekly Report**

**Submitted by: Todd Zinser, Inspector General
(202) 482-4661**

**Prepared by: Melinda Johnson, Executive Assistant
Date of Submission: November 28, 2011**

I. HIGHLIGHTS

Nothing to report.

II. FLAG

The Inspector General is scheduled to testify before the House Science, Space, and Technology Committee, Subcommittee on Investigations and Oversight regarding "Stimulus Oversight: An Update on Science Funding Accountability and Transparency," on Wednesday, November 30th.

**Office of Inspector General
Secretary's Weekly Report**

**Submitted by: Todd Zinser, Inspector General
(202) 482-4661**

**Prepared by: Melinda Johnson, Executive Assistant
Date of Submission: December 5, 2011**

I. HIGHLIGHTS

Nothing to report.

II. FLAG

Nothing to report.

**Office of Inspector General
Secretary's Weekly Report**

**Submitted by: Todd Zinser, Inspector General
(202) 482-4661**

**Prepared by: Melinda Johnson, Executive Assistant
Date of Submission: December 12, 2011**

I. HIGHLIGHTS

During the week of December 12, 2011, we are planning to issue the following report:

Acquisition Workforce Report

In response to the Duncan Hunter National Defense Authorization Act, the Office of Management and Budget (OMB) issued its plan for civilian agencies on October 27, 2009, providing a structured approach for agencies to augment and improve the skills of their acquisition workforce. A key element of OMB's plan required each civilian agency covered by the Chief Financial Officers Act, beginning in 2010, to submit an annual five-year Acquisition Human Capital Plan (AHCP) to OMB by March 31, 2010.

The Department's initial five-year Acquisition Human Capital Plan for FYs 2010–2014 discusses the challenges, steps taken and plans to strengthen its workforce. We found that the plan did not include accurate baseline staffing data identifying the agency's entire acquisition workforce; sound methodology for determining the size and composition of the future acquisition workforce; and timeframes and milestones for the completion of identified action strategies. Also, we found that the requests for additional full-time equivalent (FTE) staff identified in the plan did not match individual bureaus' FY 2012 budget submissions.

II. FLAG

The Inspector General Bronze Awards Ceremony will be held on Thursday, December 15, 2011.

**Office of Inspector General
Secretary's Weekly Report**

**Submitted by: Todd Zinser, Inspector General
(202) 482-4661**

**Prepared by: Melinda Johnson, Executive Assistant
Date of Submission: December 19, 2011**

I. HIGHLIGHTS

During the week of December 19, 2011, we are planning to issue the following report:

Acquisition Workforce Report

In response to the Duncan Hunter National Defense Authorization Act, the Office of Management and Budget (OMB) issued its plan for civilian agencies on October 27, 2009, providing a structured approach for agencies to augment and improve the skills of their acquisition workforce. A key element of OMB's plan required each civilian agency covered by the Chief Financial Officers Act, beginning in 2010, to submit an annual five-year Acquisition Human Capital Plan (AHCP) to OMB by March 31, 2010.

The Department's initial five-year Acquisition Human Capital Plan for FYs 2010–2014 discusses the challenges, steps taken and plans to strengthen its workforce. We found that the plan did not include accurate baseline staffing data identifying the agency's entire acquisition workforce; sound methodology for determining the size and composition of the future acquisition workforce; and timeframes and milestones for the completion of identified action strategies. Also, we found that the requests for additional full-time equivalent (FTE) staff identified in the plan did not match individual bureaus' FY 2012 budget submissions.

II. PRESS ACTIVITY

The Wall Street Journal on Saturday, December 17, 2011 published a story titled "Federal Police Ranks Swell to Enforce a Widening Array of Criminal Laws" and referenced a DOC OIG January 2010 report titled "Review of NOAA Fisheries Enforcement Programs and Operations." The Inspector General was quoted in the article.

III. FLAG

The Inspector General will be on leave from December 21st through December 30th.

**Office of Inspector General
Secretary's Weekly Report**

**Submitted by: Todd Zinser, Inspector General
(202) 482-4661**

**Prepared by: Melinda Johnson, Executive Assistant
Date of Submission: January 2, 2012**

I. HIGHLIGHTS

Nothing to report.

II. FLAG

Nothing to report.

**Office of Inspector General
Secretary's Weekly Report**

**Submitted by: Todd Zinser, Inspector General
(202) 482-4661**

**Prepared by: Melinda Johnson, Executive Assistant
Date of Submission: January 9, 2012**

I. HIGHLIGHTS

During the week of January 9, 2012, we are planning to issue the following report:

Misrepresentations Regarding Project Readiness, Governance Structure Put at Risk the Success of the San Francisco Bay Area Wireless Enhanced Broadband (BayWEB) Project

This report is a follow-up to our May 6, 2011 report *Review of BTOP Award for the San Francisco Bay Area Wireless Enhanced Broadband (BayWEB) Project* (Final Report No. OIG-11-024-I). This report includes the results of our inquiry into specific complaints by the County of Santa Clara and City of San Jose concerning nearly \$50.6 million Broadband Technology Opportunities Program (BTOP) grant awarded to Motorola. The original proposal included the delivery of a public safety network and public access for political jurisdictions in the Bay Area.

Our review found that the application contained significant misrepresentations with respect to 1) the existence of a regional governance structure, 2) the readiness of specific sites for installation of broadband infrastructure, and 3) the authority of the region to access the broadband spectrum. The project has been delayed by more than a year and faces other risks.

We recommend that the Department and NTIA determine whether the corrective actions underway by the grantee and political jurisdictions is sufficient to overcome the defects we found in the original application. We also identified lessons learned that could be applied to future grant awards. Some press coverage can be expected in the Bay Area.

II. FLAG

Nothing to report.

Office of Inspector General
Secretary's Weekly Report
Submitted by: Todd Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
Date of Submission: January 16, 2012

I. HIGHLIGHTS

During the week of January 30th and February 6th, we intend to release two reports concerning follow-up reviews to earlier reports on NOAA's Law Enforcement Programs summaries follow:

Follow-up Review of NOAA Fisheries Enforcement Programs and Operations.

In response to our January 21, 2010, report, Review of the National Oceanic and Atmospheric Administration's (NOAA's) Fisheries Enforcement Programs and Operations, NOAA identified activities planned or already taken to improve its Office of Law Enforcement (OLE) within the National Marine Fisheries Service (NMFS), along with NOAA's Office of General Counsel for Enforcement and Litigation (GCEL). In NOAA's response, public announcements, and press releases, we identified 47 action items. We conducted a follow-up review to (1) provide an interim assessment of NOAA's corrective actions, (2) determine the effectiveness of actions already taken, and (3) identify constructive measures NOAA should consider going forward. We targeted the scope of our review to NOAA's submitted action plan.

We found that NOAA has taken some positive steps in addressing challenges identified in our reviews. During the past two years NOAA has completed or implemented two-thirds of the action items. NOAA has decided not to implement two action items leaving less than one-third of the action items left to be completed. We have not provided further recommendations. The report represents an interim assessment of NOAA's progress in implementing our January 2010 recommendations. It is intended to assist NOAA in effectively completing the action items it identified.

More Action Needed to Improve Controls in Asset Forfeiture Fund

In February 2011 we initiated a review that evaluated key aspects of NOAA's Asset Forfeiture Fund. Specifically, our follow-up focused on determining (1) if NOAA properly defined assets comprising the AFF, including the completeness and accuracy of funding sources; (2) if NOAA appropriately defined allowable uses of fund assets and developed controls over collections and disbursements; and (3) if the audit plan of Clifton Gunderson, the independent auditor of the AFF, was designed to provide

reliance on the AFF cash balances as of March 31, 2011, and if the firm can provide an opinion on the balance.

Our review found that NOAA (1) lacks appropriate controls to assure that all proceeds from fines, penalties, and forfeitures are received and accurately recorded; (2) has not accurately recorded or adequately pursued the total amount owed for fines and penalties; and (3) has an interpretation regarding uses of fines and penalties from Northeast Multispecies Fishery Management Plan violations that requires closer review. We noted the AFF does not contain all fines, penalties, and forfeited proceeds collected by NOAA for marine resource violations, we also provided further clarification of the AFF inflow and outflow data.

II. PRESS ACTIVITY

Nothing to report.

III. FLAG

The OIG publicly posted the following audit report:

Misrepresentations Regarding Project Readiness, Governance Structure Put at Risk the Success of the San Francisco Bay Area Wireless Enhanced Broadband (BayWEB) Project

This report is a follow-up to our May 6, 2011 report *Review of BTOP Award for the San Francisco Bay Area Wireless Enhanced Broadband (BayWEB) Project* (Final Report No. OIG-11-024-I). This report includes the results of our inquiry into specific complaints by the County of Santa Clara and City of San Jose concerning nearly \$50.6 million Broadband Technology Opportunities Program (BTOP) grant awarded to Motorola. The original proposal included the delivery of a public safety network and public access for political jurisdictions in the Bay Area.

Our review found that the application contained significant misrepresentations with respect to 1) the existence of a regional governance structure, 2) the readiness of specific sites for installation of broadband infrastructure, and 3) the authority of the region to access the broadband spectrum. The project has been delayed by more than a year and faces other risks.

We recommend that the Department and NTIA determine whether the corrective actions underway by the grantee and political jurisdictions is sufficient to overcome the defects we found in the original application. We also identified lessons learned that could be applied to future grant awards. Some press coverage can be expected in the Bay Area.

Office of Inspector General
Secretary's Weekly Report
Submitted by: Todd Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
Date of Submission: January 23, 2012

I. HIGHLIGHTS

During the week of January 30th and February 6th, we intend to release two reports concerning follow-up reviews to earlier reports on NOAA's Law Enforcement Programs summaries follow:

Follow-up Review of NOAA Fisheries Enforcement Programs and Operations.

In response to our January 21, 2010, report, concerning NOAA's Fisheries Enforcement Programs and Operations, NOAA identified 47 activities planned or already taken to improve its Office of Law Enforcement (OLE) and Office of General Counsel for Enforcement and Litigation (GCEL). We conducted a follow-up review to (1) provide an interim assessment of NOAA's corrective actions, (2) determine the effectiveness of actions already taken, and (3) identify constructive measures NOAA should consider going forward.

We found that during the past two years NOAA has completed or implemented two-thirds of the action items. NOAA has decided not to implement two action items leaving less than one-third of the action items left to be completed. We have not provided further recommendations. The report represents an interim assessment of NOAA's progress in implementing our January 2010 recommendations.

More Action Needed to Improve Controls in Asset Forfeiture Fund

In February 2011 we initiated a review that evaluated key aspects of NOAA's Asset Forfeiture Fund. Specifically, our follow-up focused on determining (1) if NOAA properly defined assets comprising the AFF, including the completeness and accuracy of funding sources; (2) if NOAA appropriately defined allowable uses of fund assets and developed controls over collections and disbursements; and (3) if the audit plan of Clifton Gunderson, the independent auditor of the AFF, was designed to provide reliance on the AFF cash balances as of March 31, 2011, and if the firm can provide an opinion on the balance.

Our review found that NOAA (1) lacks appropriate controls to assure that all proceeds from fines, penalties, and forfeitures are received and accurately recorded; (2) has not accurately recorded or adequately pursued the total amount owed for fines and penalties; and (3) has an interpretation regarding uses of fines and penalties from Northeast Multispecies Fishery Management Plan violations that requires closer

review. We noted the AFF does not contain all fines, penalties, and forfeited proceeds collected by NOAA for marine resource violations, we also provided further clarification of the AFF inflow and outflow data.

II. PRESS ACTIVITY

Nothing to report.

III. FLAG

Man Indicted Following Alleged Assault of Census Enumerator

On January 9, 2012, a Cook County [Georgia] Grand Jury indicted James Hancock, for assaulting a Census enumerator while conducting an enumeration visit during the 2010 Decennial Census. Hancock allegedly assaulted the enumerator with a knife, resulting in injury to the enumerator, as well as damage to the enumerator's vehicle. DOC/OIG assisted the Cook County District Attorney's (DA) Office in conducting an investigation of the incident. The Census Director, who has personally overseen the Bureau's efforts to protect enumerators and support prosecution of reported assaults and threats against its employees, has been informed of the indictment.

Over 30 Commerce Officials Attend OIG Meeting on Hotline Complaint Handling

On January 19, 2012, OIG hosted a "community of interest" forum, attended by more than 30 officials from across the bureaus and the Office of the Secretary, to roll-out OIG's *Guide to Conducting Administrative Inquiries*. In November 2011, OIG held its initial, recurring discussion to educate and engage DOC operating units on effectively handling referred hotline complaints involving program management issues and often overlapping reported employee improprieties. The goal for the *Guide* is to provide bureau/operating unit officials who carry out complaint inquiries with a useful resource for conducting effective inquiries that are independent, methodologically sound, and thorough in order to sufficiently address the issues raised in complaints.

Office of Inspector General
Secretary's Weekly Report
Submitted by: Todd Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
Date of Submission: January 30, 2012

I. HIGHLIGHTS

During the week of January 30th, we intend to publicly release two reports: a follow-up review of NOAA Fisheries Enforcement Programs and Operations and a report on a USPTO telework program referred to as the Patent Hoteling Program.

Follow-up Review of NOAA Fisheries Enforcement Programs and Operations.

In response to our January 21, 2010, report concerning NOAA's Fisheries Enforcement Programs and Operations, NOAA identified 47 activities planned or already taken to improve its Office of Law Enforcement (OLE) and Office of General Counsel for Enforcement and Litigation (GVEL). We conducted this follow-up review to (1) provide an interim assessment of NOAA's corrective actions, (2) determine the effectiveness of actions already taken, and (3) identify constructive measures NOAA should consider going forward.

We found that during the past two years, NOAA has completed or implemented two-thirds of the corrective actions leaving one-third yet to be completed. We did not issue further recommendations.

The Patent Hoteling Program Is Succeeding as a Business Strategy

In March 2011 we initiated an audit of USPTO's largest telework program, the Patent Hoteling Program (PHP). Specifically, our review focused on (1) how USPTO measures productivity for its PHP participants and whether USPTO's data indicate improvement in productivity; (2) the extent that USPTO has achieved its stated cost savings for the PHP program, including real estate savings; and (3) the extent that USPTO policies and their implementation provide adequate management controls over the PHP.

Our review found that (1) PHP participants review about 3.5 more patent applications per year than their nonparticipating, eligible counterparts; (2) USPTO avoids real estate cost due to PHP but has not calculated a more comprehensive cost analysis; and (3) USPTO has adequate controls over PHP in key areas. Further, the additional applications reviewed by PHP participants can result in additional future revenue for USPTO. We recommend that USPTO conduct more comprehensive cost calculations

for PHP, work with DOC to share best telework practices, and ensure internal controls allow only eligible patent examiners to participate in PHP.

During the week of February 6th, we intend to release two reports: a follow-up review of NOAA's Asset Forfeiture Fund and a report on NIST's Recovery Act construction grant awards.

More Action Needed to Improve Controls in Asset Forfeiture Fund

In February 2011 we initiated a review that evaluated key aspects of NOAA's Asset Forfeiture Fund. Specifically, our follow-up focused on determining (1) if NOAA properly defined assets comprising the AFF, including the completeness and accuracy of funding sources; (2) if NOAA appropriately defined allowable uses of fund assets and developed controls over collections and disbursements; and (3) if the audit plan of Clifton Gunderson, the independent auditor of the AFF, was designed to provide reliance on the AFF cash balances as of March 31, 2011, and if the firm can provide an opinion on the balance.

Our review found that NOAA (1) lacks appropriate controls to assure that all proceeds from fines, penalties, and forfeitures are received and accurately recorded; and (2) has not accurately recorded or adequately pursued the total amount owed for fines and penalties. We noted the AFF does not contain all fines, penalties, and forfeited proceeds collected by NOAA for marine resource violations, we also provided further clarification of the AFF inflow and outflow data.

Oversight Activities of NIST's Recovery Act Construction Grant Awards Are Generally Effective but Need Improvements

Our audit objectives were to (1) determine the adequacy of policies and procedures developed for Recovery Act construction awards, (2) determine whether NIST has the personnel, processes, and systems in place to monitor the program, (3) assess the adequacy of monitoring and activities, and (4) determine whether the construction projects have proceeded according to their original proposals.

We recognize that NIST has come a long way in establishing a construction grant program and managing more than 20 awards funded by Recovery Act or regular appropriations. While policies, procedures, and monitoring activities are generally effective, we identified needs for improvement in internal controls. Most of the 16 Recovery Act-funded construction projects (total funding \$179 million) are in jeopardy of not being completed on time in accordance with grant agreements. Five of these projects (total funding \$67 million) require immediate management attention because they are either scheduled for completion after, or at risk of being extended beyond, September 30, 2013—the new OMB deadline for using Recovery Act funds.

II. PRESS ACTIVITY

Some press activity can be expected with respect to our Fisheries Enforcement Report, especially in the Northeast.

Our report on USPTO's Patent Hoteling Program may generate press activity by government trade press.

III. FLAG

The Inspector General will be on leave Tuesday, January 31st.

Census Employee Placed on Unpaid Indefinite Suspension

A Census employee was placed on indefinite suspension after being informed by OIG that the employee had been indicted for Attempted Murder by a Montgomery County [Maryland] Grand Jury. OIG has provided significant support to the Montgomery County Police Department criminal investigation.

Office of Inspector General
Secretary's Weekly Report
Submitted by: Todd Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
Date of Submission: February 6, 2012

I. HIGHLIGHTS

During the week of February 6th, we intend to release two reports: a follow-up review of NOAA's Asset Forfeiture Fund and a report on NIST's Recovery Act construction grant awards.

More Action Needed to Improve Controls in Asset Forfeiture Fund

In February 2011 we initiated a review that evaluated key aspects of NOAA's Asset Forfeiture Fund. Specifically, our follow-up focused on determining (1) if NOAA properly defined assets comprising the AFF, including the completeness and accuracy of funding sources; (2) if NOAA appropriately defined allowable uses of fund assets and developed controls over collections and disbursements; and (3) if the audit plan of Clifton Gunderson, the independent auditor of the AFF, was designed to provide reliance on the AFF cash balances as of March 31, 2011, and if the firm can provide an opinion on the balance.

Our review found that NOAA (1) lacks appropriate controls to assure that all proceeds from fines, penalties, and forfeitures are received and accurately recorded; and (2) has not accurately recorded or adequately pursued the total amount owed for fines and penalties. We noted the AFF does not contain all fines, penalties, and forfeited proceeds collected by NOAA for marine resource violations, we also provided further clarification of the AFF inflow and outflow data.

Oversight Activities of NIST's Recovery Act Construction Grant Awards Are Generally Effective but Need Improvements

Our audit objectives were to (1) determine the adequacy of policies and procedures developed for Recovery Act construction awards, (2) determine whether NIST has the personnel, processes, and systems in place to monitor the program, (3) assess the adequacy of monitoring and activities, and (4) determine whether the construction projects have proceeded according to their original proposals.

We recognize that NIST has come a long way in establishing a construction grant program and managing more than 20 awards funded by Recovery Act or regular appropriations. While policies, procedures, and monitoring activities are generally effective, we identified needs for improvement in internal controls. Most of the 16

Recovery Act-funded construction projects (total funding \$179 million) are in jeopardy of not being completed on time in accordance with grant agreements. Five of these projects (total funding \$67 million) require immediate management attention because they are either scheduled for completion after, or at risk of being extended beyond, September 30, 2013—the new OMB deadline for using Recovery Act funds.

II. PRESS ACTIVITY

Some press activity can be expected with respect to our Asset Forfeiture Fund, especially in the Northeast.

III. FLAG

OIG Going Proactive with Fraud and Conflict of Interest Investigations

The OIG recently met with officials from the Recovery Accountability and Transparency Board in order to gain support for an OIG initiative to identify fraud and conflict of interest indicators associated with Commerce grants and contracts. The Board has access to an array of search tools the OIG hopes to leverage in the pursuit of identifying individuals and entities who seek to defraud the Department or personally profit from taxpayer investments.

OIG and Census Join Forces to Increase Assault Awareness with Local Police Departments

The OIG and Census Bureau are drafting a joint letter seeking assistance from local police departments in identifying and reporting alleged assaults against Census employees. During the 2010 Decennial Census, the Census Bureau received more than 700 reports of assault against Census employees. It is believed that many more such reports were filed with local police departments, but never made it to the Department's attention. The letter requests local police assistance in reporting and prosecuting assault allegations and offers OIG assistance in prosecuting these cases, since they are a violation of federal law. Census is also increasing education efforts among their employees in hopes of encouraging them to report assaults to OIG and Bureau officials.

Office of Inspector General
Secretary's Weekly Report
Submitted by: Todd Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
Date of Submission: February 13, 2012

I. HIGHLIGHTS

During the week of February 13th, we intend to release the following report: a report on NIST's Recovery Act construction grant awards.

Oversight Activities of NIST's Recovery Act Construction Grant Awards Are Generally Effective but Need Improvements

Our audit objectives were to (1) determine the adequacy of policies and procedures developed for Recovery Act construction awards, (2) determine whether NIST has the personnel, processes, and systems in place to monitor the program, (3) assess the adequacy of monitoring and activities, and (4) determine whether the construction projects have proceeded according to their original proposals.

We recognize that NIST has come a long way in establishing a construction grant program and managing more than 20 awards funded by Recovery Act or regular appropriations. While policies, procedures, and monitoring activities are generally effective, we identified needs for improvement in internal controls. Most of the 16 Recovery Act-funded construction projects (total funding \$179 million) are in jeopardy of not being completed on time in accordance with grant agreements. Five of these projects (total funding \$67 million) require immediate management attention because they are either scheduled for completion after, or at risk of being extended beyond, September 30, 2013—the new OMB deadline for using Recovery Act funds.

II. PRESS ACTIVITY

Some press activity can be expected with respect to NIST's Recovery Act Construction Grant Award.

III. FLAG

USAO Requests OIG Support for Trial Preparations

The U.S. Attorney's Office, District of Alaska, has requested OIG support in preparation for the trials of two former Alaska Eskimo Whaling Commission (AEWC) employees. The AEWC received over \$7.7 million in NOAA grants

between 1992 and 2008. OIG, in conjunction with FBI and IRS Criminal Investigations Division, investigated allegations of theft by the former AEWCD director and a former accountant for the AEWCD. The former accountant was indicted on two counts of theft, totaling just over \$100,000, in June 2011, and trial is scheduled for March 2012. The former director was indicted on four counts of theft, totaling approximately \$475,000, in September 2011, and trial is scheduled for May 2012.

Office of Inspector General
Secretary's Weekly Report
Submitted by: Todd Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
Date of Submission: February 21, 2012

I. HIGHLIGHTS

No reports are expected to be issued this week.

II. PRESS ACTIVITY

No reports are expected to be issued this week.

III. FLAG

OIG Continues Administrative Inquiry Training in March

On March 21, 2012, the OIG will conduct its third in an ongoing series of training sessions to Department Administrative Inquiry Officials. Where the first two sessions provided information to higher ranking bureau/operating officials, this session will focus on bureau/operating unit personnel who conduct such inquiries. We will introduce our *Guide to Conducting Administrative Inquiries*, and discuss—through interactive exercises—the following topics in details: (1) key principles for conducting administrative inquiries, (2) planning for administrative inquiries, (3) gathering evidence and information, (4) conducting interviews, (5) evaluating evidence and information, and (6) preparing a written response to OIG. Already 67 individuals, from several bureaus have registered for the training, with many more anticipated.

**Office of Inspector General
Secretary's Weekly Report**
Submitted by: Todd Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
Date of Submission: February 27, 2012

I. HIGHLIGHTS

No public reports are expected to be issued this week.

II. PRESS ACTIVITY

No public reports are expected to be issued this week.

III. FLAG

On February 27, 2012, OIG issued a memorandum to the Department of Commerce, Office of Security (OSY), recommending that OSY rescind "Retired Law Enforcement Credentials," that had been issued to a former NOAA (b) (7)(C).

As background, Retired Federal Law Enforcement Credentials are a privilege and may be issued by OSY, only upon the recommendation of the Department operating unit by which the employee was employed at the time of his/her retirement. Department Administrative Order 207-11 section 6 outlines the issuance of retired law enforcement credentials. These credentials shall only be issued to an employee who retires "in good standing" from the Department and only if the employee had "no serious disciplinary problems" during his or her service. The possession of these credentials can serve to satisfy the identification requirement of the Law Enforcement Officers Safety Act (18 U.S.C. § 926C). That Act permits qualified retired law enforcement officers, with the appropriate identification, to carry a concealed weapon without being subject to most of the restrictions applicable to the general public.

OSY requires the Department operating unit to affirmatively certify that the employee seeking retired credentials retired "in good standing with the Department, having had no serious disciplinary problems during his/her service." OIG obtained information that the responsible NOAA career executive certified in writing that the employee "had no serious disciplinary problems" while employed as a federal law enforcement officer. This certification was made despite the NOAA career executive possessing evidence provided by OIG that this employee had engaged in serious ethical misconduct and was under investigation by OIG for serious misconduct at the time of the employee's retirement in (b) (7)(C).

The NOAA career executive failed to inform OSY of this information and did not communicate or coordinate with OIG his intent to certify the employee's application for Retired Law Enforcement Credentials.

**Office of Inspector General
Secretary's Weekly Report**
Submitted by: Todd Zinser, Inspector General
(202) 482-4661
Prepared by: Rick Dubik, Executive Officer
Date of Submission: March 5, 2012

I. HIGHLIGHTS

Review of Commerce's Compliance with IPERA: We are conducting a review of Commerce's compliance with the requirements of the Improper Payments Elimination and Recovery Act of 2010 (IPERA), as required annually by OMB Memorandum M-11-16. To comply with legislative requirements, this review must be completed by March 15, 2012. We are providing the Department with a courtesy copy of our draft report this week.

2020 Census Planning: Delays with 2010 Census Research Studies May Adversely Impact the 2020 Decennial Census. During the week of March 5, 2012 we will be issuing a draft report on Census Bureau's early 2020 decennial planning efforts. We are asking the Census Bureau to provide their comments within 14 days from receipt of the report. Our target date for public release of the report is March 30th.

II. PRESS ACTIVITY

No public reports are expected to be issued this week.

III. FLAG

The Inspector General will be on leave Wednesday, March 7, through Friday, March 9, 2012.

OIG Initiates Investigation into Alleged Fraud Involving EDA Revolving Loan Fund (RLF) in Tennessee

The Office of Investigations has initiated an investigation into allegations of fraud involving the Upper Cumberland Development District (UCDD), Cookeville, TN. The U.S. Attorney's Office and FBI in Tennessee will also participate in the investigation. The UCDD administers an EDA Revolving Loan Fund grant. EDA has placed UCDD on Request for Reimbursement status and suspended its RLF activity. State of Tennessee officials and Members of Congress have expressed interest in this matter, and there has also been media coverage.

The Office of Inspector General is committed to ensuring threats against NOAA Fisheries personnel are taken seriously and properly addressed. A recently concluded investigation involved threats communicated to both a NOAA Port Sampler and a Regional Administrator in North Carolina. The case was prosecuted by the U.S. Attorney's Office

in North Carolina. The subject of the investigation, a local resident, recently entered into a pre-trial diversion agreement stipulating he serve 18 months of supervised release (probation) for making the threats.

Office of Inspector General
Secretary's Weekly Report
Submitted by: Todd Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia D. Brown, Special Assistant
Date of Submission: March 12, 2012

I. HIGHLIGHTS

Review of Commerce's Compliance with IPERA: We reviewed Commerce's compliance with the Improper Payments Elimination and Recovery Act of 2010 (IPERA) and OMB Circular A-123, Appendix C, as required by OMB Memorandum M-11-16. We found the Department to be in compliance with the Act and noted that the Department has completed implementation of corrective actions to address the recommendations issued in our March 2011 report on improper payment practices and reporting. However, we determined that the Department could improve its improper payment implementation strategy related to payment recapture audits and payments without sufficient documentation. Our report contains two recommendations for the Department to correct these deficiencies. Our target date for public release of the final report is March 15, 2012.

II. PRESS ACTIVITY

Some press activity can be expected with respect to the Review of Commerce's Compliance with IPERA.

III. FLAG

OIG Hotline Inquiry Training Session to be Held: On March 21, 2012, OIG will host a training session for DOC operating unit officials who conduct administrative inquiries pursuant to OIG referrals. This training is a part of OIG's series of community of interest forums that began in October 2011, aimed at familiarizing DOC operating units with OIG's referral process and providing guidance for carrying out effective administrative inquiries into hotline complaints. The March 21 session, to be held in the HCHB auditorium, will be an in-depth training on our recently issued Guide to Conducting Administrative Inquiries, addressing applicable standards and processes for administrative inquiries. To date there are over 40 inquiry officials from 8 DOC operating units, and we are encouraging participation Department-wide.

Office of Inspector General
Secretary's Weekly Report
Submitted by: Todd Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia D. Brown, Special Assistant
Date of Submission: March 19, 2012

I. HIGHLIGHTS

High Quality Maps and Accurate Addresses Are Needed to Achieve Census 2020 Cost-Savings Goals (draft report). During the week of March 19, 2012 we will be issuing a draft report on our evaluation of the Census Bureau's challenges for maintaining an updated, accurate address list. The database is critical because it determines the universe for the decennial census and other demographic survey programs. The Census Bureau will be requested to provide comments within 30 days.

II. PRESS ACTIVITY

No public reports are expected to be issued this week.

III. FLAG

Commerce and Homeland Security OIGs Coordinating to Address Issues Raised in a Request from Massachusetts Congressmen: By letter dated March 7, 2012, Reps. Frank, Tierney and Keating asked the DOC and Department of Homeland Security IGs to investigate a complaint that the Coast Guard's Chief Administrative Law Judge (ALJ) pressured the DOC Special Master charged with reviewing fisheries enforcement cases to change his findings, and that NOAA and DOC officials acceded to an ultimatum from the Chief ALJ to issue a press release stating that Coast Guard ALJs were not biased in exchange for agreeing to hear remaining cases. (These reported circumstances occurred in late 2011 as NOAA was discontinuing use of Coast Guard's ALJ services and transitioning to the Environmental Protection Agency's ALJs.)

OIG Hotline Inquiry Training Session to be Held: On March 21, 2012, OIG will host a training session for DOC operating unit officials who conduct administrative inquiries pursuant to OIG referrals. This training is a part of OIG's series of community of interest forums that began in October 2011, aimed at familiarizing DOC operating units with OIG's referral process and providing guidance for carrying out effective administrative inquiries into hotline complaints. The March 21 session, to be held in the HCHB auditorium, will be an in-depth training on our recently issued Guide to Conducting Administrative Inquiries, addressing applicable standards and processes for administrative inquiries. To date, more than 50 inquiry officials from 8 DOC operating units are scheduled to attend, and we are encouraging participation Department-wide.

**Office of Inspector General
Secretary's Weekly Report
Submitted by: Todd Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia D. Brown, Special Assistant
Date of Submission: March 26, 2012**

I. HIGHLIGHTS

No public reports are expected to be issued this week.

II. PRESS ACTIVITY

No public reports are expected to be issued this week.

III. FLAG

OIG Provides Training to Component Management Inquiry Officials: On March 21, 2012, more than 75 Commerce officials representing numerous operating units attended OI's training session for Management Inquiry Officials. This training was designed for personnel assigned to conduct management inquiries initiated by OIG Hotline referrals. The training provided an in-depth examination of OIG's Guide to Conducting Administrative Inquiries and gave those personnel the opportunity to ask questions of OIG officials

Upcoming Trial for Census Employee: The trial of a Census employee arrested in August 2011 by Montgomery County Police for attempted murder is scheduled for March 28 and 29. The employee was placed on suspension without pay by Census in November 2011, pending the outcome of the judicial proceedings.

**Office of Inspector General
Secretary's Weekly Report
Submitted by: Todd Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia D. Brown, Special Assistant
Date of Submission: April 2, 2012**

I. HIGHLIGHTS

2020 Census Planning: Delays with 2010 Census Research Studies May Adversely Impact the 2020 Decennial Census. We evaluated the Census Bureau's efforts to improve the 2020 Census design, focusing on how the results of the Bureau's evaluation plans will impact the new design. We also evaluated and monitored the implementation of the Bureau's management initiatives related to organizational change. Our review found that the assessments and other studies from the 2010 Census cycle are behind schedule, raising concerns that complete results will not emerge in time to inform 2020 Census research. We also highlighted the importance of developing a comprehensive risk management plan, while recognizing the Department's and the Bureau's new risk management offices. Finally, we summarized the various organizational changes that will impact both the planning and the implementation of the next decennial census. Our report contains two recommendations concerning the impact of 2010 Census studies on 2020 Census design. **The target date for public release of the final report is April 5, 2012.**

II. PRESS ACTIVITY

2020 Census Planning: Delays with 2010 Census Research Studies May Adversely Impact the 2020 Decennial Census. We do not expect significant media interest.

III. FLAG

Contractor of NTIA Grantee Indicted. On March 27, 2012, John Bittner, a contractor hired by an NTIA grant recipient to construct and operate a radio station on a Navajo Indian reservation, was indicted by a Federal Grand Jury in the District of Arizona on 18 criminal counts including: wire fraud, theft, false statements and money laundering, in addition to one forfeiture count. In 2009, Bittner was awarded a contract by the Public Telecommunications Facilities Program grant recipient, Dine' Agriculture, Inc. Our investigation found Bittner obtained access to the Automated Standard Application for Payment system and subsequently withdrew all but \$2.50 of the \$322,364 grant amount to his personal bank account. We found he used this money for personal expenses including the purchase of a car, making child support payments, meals and travel. We were able to locate some of the money in personal bank accounts and executed a seizure warrant, recovering \$131,464.98, which is subject to the forfeiture count. Judicial proceedings are ongoing. The public is reminded that an indictment is merely a charge and defendants are presumed innocent unless convicted in a court of law.

IG and Census Director Issue Joint Letter. Census Bureau Director Robert Groves and the Inspector General signed a joint letter to be distributed to local law enforcement agencies nationwide. The letter provided statistics on the more than 700 assaults reported by Census personnel during the 2010 Decennial and requested assistance from local law enforcement in investigating and prosecuting such incidents. The letter will be distributed electronically via the FBI's Law Enforcement Coordination Center and contacts provided by the International Association of Chiefs of Police.

Trial for Census Employee. As an update to our previous weekly report, the trial of a Census employee arrested in August 2011 by Montgomery County Police for attempted murder began March 28th. On April 2nd the Montgomery County jury returned a guilty verdict on the charges of Attempted 1st Degree Murder and Use of a Handgun in Commission of a Felony.

**Office of Inspector General
Secretary's Weekly Report
Submitted by: Todd Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia D. Brown, Special Assistant
Date of Submission: April 9, 2012**

I. HIGHLIGHTS

2020 Census Planning: Delays with 2010 Census Research Studies May Adversely Impact the 2020 Decennial Census to be issued publically April 9, 2012.

II. PRESS ACTIVITY

2020 Census Planning: Delays with 2010 Census Research Studies May Adversely Impact the 2020 Decennial Census. We do not expect significant media interest.

III. FLAG

Nothing to report.

**Office of Inspector General
Secretary's Weekly Report
Submitted by: Todd Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia D. Brown, Special Assistant
Date of Submission: April 16, 2012**

I. HIGHLIGHTS

Oversight Activities of NIST's Recovery Act Construction Contracts Need Improvement. (draft report). On April 13, 2012, we issued a draft report on our review of NIST's Recovery Act Construction Grant Awards. This review was part of our oversight of the American Recovery and Reinvestment Act funds awarded through the Department of Commerce. The purpose of this review was to determine how effectively NIST was monitoring these construction contracts and the use of their results to improve NIST's acquisition program. Our review found deficiencies in both NIST's operating procedures and oversight of the construction projects. NIST was requested to provide comments within 30 days.

II. PRESS ACTIVITY

No public reports are expected to be issued this week.

III. FLAG

The Inspector General will be on leave Monday, April 16, through Wednesday, April 18, 2012.

**Office of Inspector General
Secretary's Weekly Report
Submitted by: Todd Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia D. Brown, Special Assistant
Date of Submission: April 23, 2012**

I. HIGHLIGHTS

On Tuesday, April 24, 2012, the Inspector General will meet with a delegation of approximately 20 researchers and administrators from the China Executive Leadership Academy Pudong. The visit is part of a week-long public policy course sponsored by the Government Affairs Institute at Georgetown University. The meeting will be held in OIG's conference room in the HCHB.

No public reports are expected to be issued this week.

II. PRESS ACTIVITY

No public reports are expected to be issued this week.

III. FLAG

The Inspector General will be on leave Friday, April 27, 2012.

**Office of Inspector General
Secretary's Weekly Report
Submitted by: Todd Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia D. Brown, Special Assistant
Date of Submission: April 30, 2012**

I. HIGHLIGHTS

No public reports are expected to be issued this week.

II. PRESS ACTIVITY

No public reports are expected to be issued this week.

III. FLAG

The Inspector General is tentatively scheduled to testify on May 16, 2012, before the Subcommittee on Communications and Technology, House Committee on Energy and Commerce, regarding NTIA's administration of the Broadband Technology Opportunities Program (BTOP). NTIA's Assistant Secretary is also tentatively scheduled.

Office of Inspector General
Secretary's Weekly Report
Submitted by: Todd Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia D. Brown, Special Assistant
Date of Submission: May 7, 2012

I. HIGHLIGHTS

High-Quality Maps and Accurate Addresses Are Needed to Achieve Census 2020 Cost-Saving Goals. For the 2020 Census, the bureau intends to continuously update the MAF/TIGER database (MTdb), which contains a complete list of all living quarters and a map of the nation. Census uses the database in its survey programs and the decennial census. Our review found several areas requiring improvement, such as developing a measure to assess MTdb quality; enhancing geographic partner programs with tribal, state, county, and local governments; and improving how addresses are updated. To implement cost-saving goals for the 2020 Census, the bureau must address the issues raised in this report. We plan to issue this report May 11, 2012, with the public distribution occurring 3 days later.

Administrative Costs of Trade Adjustment Assistance Centers: In the FY 2012 Commerce, Justice, Science, and Related Agencies Appropriations bill, OIG was directed to review the administrative costs of Trade Adjustment Assistance Centers (TAACs), which administer the Trade Adjustment Assistance (TAA) program for the Economic Development Administration (EDA). We did not determine the level of administrative costs of the three TAACs to be unreasonable, based on our re-calculations of TAAC-provided data. However, we noted that (1) EDA cannot readily determine the true TAAC program activity costs, and (2) EDA has not considered options beyond existing TAACs for executing the TAA program. We plan to issue this report May 11, 2012, with the public distribution occurring 3 days later.

II. PRESS ACTIVITY

IG Reports

High-Quality Maps and Accurate Addresses Are Needed to Achieve Census 2020 Cost-Saving Goals. We do not expect media interest concerning this report.

Administrative Costs of Trade Adjustment Assistance Centers. We do not expect media interest concerning this report.

III. FLAG

The Inspector General is tentatively scheduled to testify on May 16, 2012, before the Subcommittee on Communications and Technology, House Committee on Energy and Commerce, regarding NTIA's administration of the Broadband Technology

Opportunities Program (BTOP). NTIA's Assistant Secretary is also tentatively scheduled.

Former NOAA Grantee Suspensions Finalized and Debarments Proposed. On April 30, 2012, three individuals and four corporate entities associated with Pacific Management Resources, Inc. (Pacmar) were suspended from receiving federal grants and contracts as a result of our investigative findings that these parties, former NOAA grant recipients based in Hawaii, had made material false statements to NOAA resulting in more than \$600,000 being paid contrary to laws and regulations governing the use of grant money, including wrongful diversion of grant funds. Debarment of the subject parties was proposed at the same time the suspensions were finalized.

OIG Passes Investigations Peer Review. On April 30, 2012, the Office of Personnel Management OIG issued its final report on the triennial quality assessment review it conducted pursuant to Council of Inspectors General for Integrity and Efficiency (CIGIE) standards. During October and November 2011, OPM OIG reviewed the system of internal safeguards and management procedures for the investigative operations of the Commerce OIG. While finding the investigative operations were in compliance with applicable standards, foremost the CIGIE "Quality Standards for Investigations" and the Attorney General's "Guidelines for Offices of Inspector General with Statutory Law Enforcement Authority," OPM/OIG identified several areas of concern and opportunities for improvement in OIG's investigative operations. We have already begun implementing changes to address those issues and the recommendations in OPM/OIG's report and are confident the same issues will not recur during our next peer review.

**Office of Inspector General
Secretary's Weekly Report
Submitted by: Todd Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia D. Brown, Special Assistant
Date of Submission: May 14, 2012**

I. HIGHLIGHTS

The Inspector General will be testifying at a hearing on May 16, 2012 before the Subcommittee on Communications and Technology, House Committee on Energy and Commerce, regarding NTIA's administration of the Broadband Technology Opportunities Program (BTOP). NTIA's Assistant Secretary Strickling is also scheduled to testify.

NOAA's Cost-Plus-Award-Fee and Award-Term Processes Need to Support Fees and Extensions. Our audit objectives were to determine whether rating and payment decisions for cost-plus-award-fee contracts were supported and whether NOAA effectively monitored award-fee and award-term plans and contractor performance. We found that (1) NOAA performance monitors did not consistently maintain contractor evaluation documents or justify award fees and contract extensions, (2) award-fee and award-term plans developed by NOAA did not contain adequate payment structures, (3) ratings of contractor performance were not adequate, and (4) cost-plus-award-fee contracts were not always justified. We identified approximately \$44 million in unsupported fee payments and term extensions, and approximately \$61 million in award fees that will be put to better use as a result of our recommendations. We plan to issue this report by May 16, 2012.

II. PRESS ACTIVITY

IG Reports

NOAA's Cost-Plus-Award Fee and Award-Term Processes Need to Support Fees and Extensions. We expect the report to generate some media interest.

III. FLAG

Former Whaling Commission Officials Plead Guilty to Theft of NOAA Grant Funds. This week, former Executive Director Maggie Ahmaogak and former Controller Teresa Judkins of the Alaska Eskimo Whaling Commission (AEWC), a NOAA grantee that received approximately \$2.3 million between 2004 and 2007, pled guilty to multiple counts of Theft or Bribery Concerning Programs Receiving Federal Funds. The charges stemmed from our investigation that found Ahmaogak stole approximately \$475,000 of AEWCF funds and used the money to gamble, purchase three snowmobiles and make a down payment on a Hummer, among other things. Our investigation also found that

Judkins stole approximately \$100,339 and the used the money to purchase a snowmobile and take personal vacations. Sentencing for both is scheduled for July 2012.

This matter has received extensive media coverage in Alaska, but the U.S. Attorney's Office does not intend to issue a press release until sentencing.

Semiannual Report to Congress. The report summarizes the key audits, evaluations, and investigative work the Office of Inspector General completed or underway during the six-month period ending March 31, 2012. Over the past six months, OIG issued 19 audit and evaluation reports addressing programs overseen by the National Oceanic and Atmospheric Administration, National Institute of Standards and Technology, National Telecommunications and Information Administration, United States Patent and Trademark Office, and the Department itself. Under the IG Act of 1978 and DAO 218-3, the report is circulated to the Department as a courtesy. The report is scheduled to be posted on the OIG website by May 31, 2012. A limited number of printed copies will be available in June.

**Office of Inspector General
Secretary's Weekly Report
Submitted by: Todd Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia D. Brown, Special Assistant
Date of Submission: May 21, 2012**

I. HIGHLIGHTS

NOAA's Cost-Plus-Award-Fee and Award-Term Processes Need to Support Fees and Extensions. On Tuesday, May 22, 2012, we will be publicly issuing our report on NOAA's cost-plus-award-fee contracts and award-term processes. Our audit objectives were to determine whether rating and payment decisions for cost-plus-award-fee contracts were supported and whether NOAA effectively monitored award-fee and award-term plans and contractor performance. We found that (1) NOAA performance monitors did not consistently maintain contractor evaluation documents or justify award fees and contract extensions, (2) award-fee and award-term plans developed by NOAA did not contain adequate payment structures, (3) ratings of contractor performance were not adequate, and (4) cost-plus-award-fee contracts were not always justified. We identified approximately \$44 million in unsupported fee payments and term extensions, and approximately \$61 million in award fees that will be put to better use as a result of our recommendations. We issued this report to NOAA and the Department on May 18, 2012.

II. PRESS ACTIVITY

IG Reports

NOAA's Cost-Plus-Award Fee and Award-Term Processes Need to Support Fees and Extensions. We expect the report may generate some media interest.

III. FLAG

The Inspector General will attend the Council of Inspectors General for Integrity and Efficiency Annual IG Conference on Wednesday, May 23rd and Thursday, May 24th, at the United States Patent and Trademark Office.

OIG Will Host an Interview Training for Commerce Officials. As part of our initiative to improve the Department's ability to conduct administrative inquiries into OIG complaint referrals, we will be hosting an interview training course for Commerce officials on May 22nd and 23rd. A total of 51 officials from different bureaus are scheduled to attend. OIG is sponsoring an instructor from the Federal Law Enforcement Training Center, who will conduct the training.

Semiannual Report to Congress. The report summarizes the key audits, evaluations, and investigative work the Office of Inspector General completed or had underway during the six-month period ending March 31, 2012. Over the past six months, OIG issued 19 audit and evaluation reports addressing programs overseen by the National Oceanic and Atmospheric Administration, National Institute of Standards and Technology, National Telecommunications and Information Administration, United States Patent and Trademark Office, and the Department itself. Under the IG Act of 1978 and DAO 218-3, the report is circulated to the Department as a courtesy. The report is scheduled to be issued by May 31, 2012.

**Office of Inspector General
Secretary's Weekly Report**

**Submitted by: Todd J. Zinser, Inspector General
(202) 482-4661**

**Prepared by: Melinda Johnson, Executive Assistant
Date of Submission: June 11, 2012**

I. HIGHLIGHTS

NTIA Needs Stronger Monitoring of BTOP Grant Recipients' Match. On June 14, OIG will issue a report on the Broadband Technology Opportunities Program related to grant recipients' matching shares. OIG found that NTIA needs to more thoroughly review grant recipients' match amounts to ensure their accuracy, availability, proportionality to grant-funded expenditures, and inclusion in financial records. NTIA must also ensure that grantees have strong monitoring controls for cash withdrawals by contractors and sub-recipients. This report will be issued publicly on June 18.

II. PRESS ACTIVITY

NTIA Needs Stronger Monitoring of BTOP Grant Recipients' Match. This report may generate media interest.

III. FLAG

Former Census Supervisor Sentenced to 23 Years for Attempted Murder.

On June 7, a Montgomery County (MD) Circuit Court Judge sentenced Frank Cipriani, a former Census supervisor, to 23 years in prison after being convicted of attempted murder and use of a gun in commission of a felony. Cipriani attempted to murder the husband of a Census co-worker with whom he had a personal relationship. Cipriani has been on unpaid administrative leave since November 2011; Census is presently taking removal action. An OIG special agent provided extensive computer forensic support during the investigation and testified at the trial.

The Inspector General will be out of the office for the week of June 11.

**Office of Inspector General
Secretary's Weekly Report**
Submitted by: Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
Date of Submission: June 18, 2012

I. HIGHLIGHTS

NTIA Needs Stronger Monitoring of BTOP Grant Recipients' Match. On June 18, OIG will issue a report on the Broadband Technology Opportunities Program related to grant recipients' matching shares. OIG found that NTIA needs to more thoroughly review grant recipients' match amounts to ensure their accuracy, availability, proportionality to grant-funded expenditures, and inclusion in financial records. NTIA must also ensure that grantees have strong monitoring controls for cash withdrawals by contractors and sub recipients. This report will be issued publicly on June 20.

II. PRESS ACTIVITY

NTIA Needs Stronger Monitoring of BTOP Grant Recipients' Match. This report may generate media interest.

III. FLAG

OIG Senior Staff Offsite. On June 25 and 26, OIG will hold its annual senior staff offsite at USPTO's Madison Auditorium in Alexandria, VA. The purpose of the event is to develop OIG's Strategic Business Plan for FY 2013. The Inspector General and other senior officials will be away from the office on these two days.

**Office of Inspector General
Secretary's Weekly Report
Submitted by: Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
Date of Submission: June 25, 2012**

I. HIGHLIGHTS

No public reports are expected to be issued this week.

II. PRESS ACTIVITY

No public reports are expected to be issued this week.

III. FLAG

OIG Senior Staff Offsite. On June 25 and 26, OIG will hold its annual senior staff offsite at USPTO's Madison Auditorium in Alexandria, VA. The Inspector General and other senior officials will be away from the office on these two days.

OIG Forum on Whistleblower Protection and Hotline Complaints. On June 21, OIG hosted a meeting with senior officials from across the Department, to discuss whistleblower protection and the proper handling of complaints received by OIG's hotline. The meeting is part of an ongoing series of events OIG has hosted to help build the Department's capacity to properly address management issues.

**Office of Inspector General
Secretary's Weekly Report
Submitted by: Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
Date of Submission: July 2, 2012**

I. HIGHLIGHTS

No public reports are expected to be issued this week.

II. PRESS ACTIVITY

No public reports are expected to be issued this week.

III. FLAG

Nothing to report.

**Office of Inspector General
Secretary's Weekly Report
Submitted by: Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
Date of Submission: July 9, 2012**

I. HIGHLIGHTS

No public reports are expected to be issued this week.

II. PRESS ACTIVITY

No public reports are expected to be issued this week.

III. FLAG

On July 18, 2012, the Inspector General has been invited to testify before the U.S. Senate Committee on Homeland Security and Governmental Affairs, Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security, regarding planning for the 2020 Census. The Census Director and GAO have also been invited.

**Office of Inspector General
Secretary's Weekly Report
Submitted by: Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
Date of Submission: July 16, 2012**

I. HIGHLIGHTS

No public reports are expected to be issued this week.

II. PRESS ACTIVITY

No public reports are expected to be issued this week.

III. FLAG

On July 18, 2012, the Inspector General has been invited to testify before the U.S. Senate Committee on Homeland Security and Governmental Affairs, Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security, regarding planning for the 2020 Census. The Census Director and GAO have also been invited.

**Office of Inspector General
Secretary's Weekly Report
Submitted by: Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
Date of Submission: July 23, 2012**

I. HIGHLIGHTS

Significant IT Security Program Improvements Are Needed to Adequately Secure NTIA's Systems. On July 16, OIG issued a draft report on NTIA's information security program and practices, which assessed the security of seven NTIA systems. OIG found several deficiencies, and recommended that NTIA revise the authorization status of its systems to "interim authorizations to operate" until (1) each system has been appropriately categorized, (2) hardware and software inventories have been completed, (3) appropriate security controls have been implemented, and (4) an effective security weakness remediation process has been established. OIG also recommended that NTIA ensure that IT security employees have appropriate certifications and training, and that NTIA develop IT security policies and procedures. NTIA's response to the draft report is due by August 15, and OIG plans to issue the final report by August 31.

II. PRESS ACTIVITY

No public reports are expected to be issued this week.

III. FLAG

Georgia Man Sentenced for Attack on Census Enumerator. James Hancock, a resident of Cook County, GA, was sentenced after pleading guilty to charges stemming from an assault of a Census Bureau enumerator during the Decennial Census. On March 12, 2010 in Adel, GA, Hancock attacked a Census employee with a knife, as he was attempting to conduct an enumeration visit at Hancock's residence. The Census enumerator was injured, and suffered damage to his vehicle. The County District Attorney's (DA) Office requested Commerce OIG's assistance, and an OIG special agent carried out an investigation and testified before the Grand Jury. Hancock pled guilty to one count each of misdemeanor battery and criminal trespass under the State's criminal code, and was sentenced in Cook County Superior Court to 24 months' probation, 40 hours of community service, fined \$700, and ordered to pay \$50 in restitution to the victim.

**Office of Inspector General
Secretary's Weekly Report
Submitted by: Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
Date of Submission: July 30, 2012**

I. HIGHLIGHTS

Nothing to report

II. PRESS ACTIVITY

No public reports are expected to be issued this week.

III. FLAG

Nothing to report

**Office of Inspector General
Secretary's Weekly Report
Submitted by: Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
Date of Submission: August 6, 2012**

I. HIGHLIGHTS

USPTO's Other Backlog: Past Problems and Risks Ahead for the Board of Patent Appeals and Interferences. On Thursday, August 9, OIG will issue a final report on BPAI's backlog of *ex parte* appeals and plans for implementing the America Invents Act (AIA). OIG found that BPAI did not hire a sufficient number of judges, and that, until FY 2010, a 5-year appeal backlog was greater than BPAI reported. OIG also found that, despite preparations, BPAI lacked a comprehensive AIA implementation plan, as well as performance milestones and plans for future management and administrative staffing needs.

II. PRESS ACTIVITY

This report may generate media interest.

III. FLAG

**Office of Inspector General
Secretary's Weekly Report
Submitted by: Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
Date of Submission: August 13, 2012**

I. HIGHLIGHTS

USPTO's Other Backlog: Past Problems and Risks Ahead for the Board of Patent Appeals and Interferences. On Tuesday, August 14, we will be publicly issuing our report on BPAI's backlog of *ex parte* appeals and plans for implementing the America Invents Act (AIA). OIG found that BPAI did not hire a sufficient number of judges, and that, until FY 2010, a 5-year appeal backlog was greater than BPAI reported. OIG also found that, despite preparations, BPAI lacked a comprehensive AIA implementation plan, as well as performance milestones and plans for future management and administrative staffing needs.

II. PRESS ACTIVITY

IG Reports: USPTO's Other Backlog: Past Problems and Risks Ahead for the Board of Patent Appeals and Interferences. This report may generate some media interest.

III. FLAG

Nothing to report

**Office of Inspector General
Secretary's Weekly Report
Submitted by: Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
Date of Submission: August 20, 2012**

I. HIGHLIGHTS

Nonfederal Audit Results for the 6-Month Period Ending June 30, 2012. On August 21, OIG will issue a memorandum to the Department's CFO, providing an analysis of nonfederal audit reports for the 6-month period ending June 30, 2012. OIG reviewed almost 300 reports, and identified approximately \$784,000 in questioned costs at nonprofit organizations, and \$426,000 in questioned costs at commercial organizations.

II. PRESS ACTIVITY

Nothing to report

III. FLAG

The Inspector General will be out of the office from August 22 to 27.

**Office of Inspector General
Secretary's Weekly Report
Submitted by: Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
Date of Submission: August 27, 2012**

I. HIGHLIGHTS

Nothing to report

II. PRESS ACTIVITY

No public reports are expected to be issued this week.

III. FLAG

Nothing to report

**Office of Inspector General
Secretary's Weekly Report**

Todd J. Zinser, Inspector General
(202) 482-4661

Prepared by: Sonia Brown, Special Assistant
September 4, 2012

I. HIGHLIGHTS

Significant IT Security Program Improvements Are Needed to Adequately Secure NTIA's Systems. The Federal Information Security Management Act of 2002 (FISMA) requires inspectors general to evaluate agencies' information security programs and practices. We assessed information security measures and security-related documentation for seven NTIA systems. We found significant deficiencies, weaknesses, and ineffective management of security controls needed to protect NTIA's systems and information.

II. PRESS ACTIVITY

This report may generate media interest.

III. FLAG

Nothing to report

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661

Prepared by: Sonia Brown, Special Assistant
September 10, 2012

I. HIGHLIGHTS

Investigation Results in Multi-Million Dollar Civil Settlement. On August 30, 2012, MTS Systems Corporation, a contractor for NOAA, NIST, and other federal agencies, agreed to pay \$7.75 million to settle civil claims brought by the federal government, based on false statements made on application forms. In addition to the monetary settlement, MTS also entered into a three year agreement, in which it committed to (1) adopt an ethics and compliance program, (2) make every effort to ensure all government contracting business and operations would be conducted in compliance with applicable laws, and (3) agreed to retain, at MTS expense, an independent compliance monitor. OIG conducted this investigation jointly with the Air Force Office of Special Investigations, the FBI, and NASA OIG.

Significant IT Security Program Improvements Are Needed to Adequately Secure NTIA's Systems. On Tuesday, September 11, OIG will publicly issue a report assessing the security of seven NTIA systems. OIG found that fundamental steps for securing NTIA's information and systems have not been taken.

II. PRESS ACTIVITY

IG Reports: Significant IT Security Program Improvements Are Needed to Adequately Secure NTIA's Systems. This report may generate some media interest.

III. FLAG

The Inspector General has been invited to testify on September 12 at 2:00pm, before the House Committee on Science, Space, and Technology, Subcommittee on Investigations and Oversight. The hearing is entitled, "Mismanagement of Funds at the National Weather Service and the Impact on the Future of Weather Forecasting."

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
September 17, 2012

I. HIGHLIGHTS

Nothing to report

II. PRESS ACTIVITY

No public reports are expected to be issued this week

III. FLAG

The Inspector General will be out of the office September 17th - 21st.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
September 24, 2012

I. HIGHLIGHTS

Nothing to report

II. PRESS ACTIVITY

No public reports are expected to be issued this week

III. FLAG

Japanese Freight Company Agrees to Pay \$2.3 Million Criminal Fine for Price-Fixing: On September 19, 2012, the U.S. Department of Justice announced that Yamato Global Logistics Japan Co., a Japanese freight forwarding firm, agreed to plead guilty to fixing fees and to pay a \$2.3 million criminal fine. Yamato admitted to fixing certain fees in connection with freight forwarding services from Japan to the United States, which resulted in consumers paying higher prices for everyday goods. Including this plea agreement, which is subject to court approval, a total of 14 companies have either pled guilty, or agreed to plead guilty, and to pay more than \$100 million in criminal fines. This ongoing joint investigation, initiated in 2009, has been conducted by DOJ's Antitrust Division, FBI, and Commerce OIG.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
October 1, 2012

I. HIGHLIGHTS

Improvements Are Needed to Strengthen ITA's Information Technology Security Program. OIG's objective was to assess the effectiveness of ITA's IT security program by determining whether key security measures adequately protect ITA's systems and information. OIG found weaknesses and security control deficiencies in ITA systems that increase the likelihood of a successful cyber attack. OIG issued the final report on September 27 and posted on the public website October 1.

Audit of the Joint Polar Satellite System (JPSS): Continuing Progress in Establishing Capabilities, Schedules, and Costs Is Needed to Mitigate Data Gaps. OIG's objectives were to assess the adequacy of JPSS formulation activities and monitor the program's efforts to maintain continuity of polar satellite data. OIG concluded that while progress has been made, the program's capabilities, schedule, and cost baselines remain uncertain. OIG issued the final report on September 27 and posted on the public website October 1.

II. PRESS ACTIVITY

Both reports may generate media interest.

III. FLAG

Nothing to report.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661

Prepared by: Melinda Johnson, Executive Assistant
October 8, 2012

I. HIGHLIGHTS

Nothing to report.

II. PRESS ACTIVITY

Nothing to report.

III. FLAG

Nothing to report.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia D. Brown, Special Assistant
October 15, 2012

I. HIGHLIGHTS

Quarterly Conference Reporting Processes Need Improvement. OIG's objective was to determine whether the Department established controls and provided guidance to bureaus for reporting quarterly conference data. Our review found that although the Department established operational processes and reporting guidance, the first quarter conference data report included inaccurate information, and the Department did not complete a thorough review of the data. OIG will issue the final report to the Department at the end of this week and will post it on our public website early next week.

II. PRESS ACTIVITY

Quarterly Conference Reporting Processes Need Improvement. There may be media interest in this report.

III. FLAG

Nothing to report.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia D. Brown, Special Assistant
October 22, 2012

I. HIGHLIGHTS

Quarterly Conference Reporting Processes Need Improvement. OIG's objective was to determine whether the Department established controls and provided guidance to bureaus for reporting quarterly conference data. Our review found that although the Department established operational processes and reporting guidance, the bureaus over- and under-reported costs, and the Department did not complete a thorough review of the data. This resulted in incorrect reporting for select conferences. OIG issued the final report to the Department on October 17, 2012.

II. PRESS ACTIVITY

Quarterly Conference Reporting Processes Need Improvement. There may be media interest in this report.

III. FLAG

Nothing to report.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
October 29, 2012

I. HIGHLIGHTS

Nothing to report.

II. PRESS ACTIVITY

Nothing to report.

III. FLAG

Civil Settlement in Defective Ballistic Armor Case. On October 18, 2012, First Choice Armor and Equipment agreed to pay \$250,000 to settle civil claims brought by the government as the result of an investigation into the manufacture and sale of ballistic armor containing Zylon, a synthetic material. This is the latest in a series of settlements stemming from the federal investigation into the use of Zylon in ballistic armor. Companies sold this body armor despite possessing information showing that Zylon degraded quickly and was not suitable for ballistic use in protective vests. The body armor was purchased by the federal government and by various state, local, and tribal law enforcement agencies. This settlement is the result of a joint investigation involving the U.S. Department of Justice and investigative units from nine federal departments and agencies, including OIG. NIST scientists also provided scientific analysis and advice during the investigation.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
November 5, 2012

I. HIGHLIGHTS

Top Management Challenges Facing the Department of Commerce in FY 2013. On November 9, we plan to issue the FY 2013 Department of Commerce Top Management Challenges Report. OIG updated the five top challenges it reported last year, to reflect progress made as well as current events. The report identifies what OIG considers, from its oversight perspective, to be the most significant management and performance challenges facing the Department.

1. Stimulate economic growth in key industries, increase exports, and enhance stewardship of marine fisheries.
2. Increase oversight of resources entrusted by the public and invest for long-term benefits.
3. Strengthen security and investments in information technology.
4. Implement framework for acquisition project management and improve contracts oversight.
5. Reduce risks of cost overruns, schedule delays, and coverage gaps for NOAA's satellite programs.

II. PRESS ACTIVITY

Top Management Challenges Facing the Department of Commerce in FY 2013. There may be media interest in this report.

III. FLAG

The Inspector General will be out of the office on November 6 and 7.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
November 12, 2012

I. HIGHLIGHTS

FY 2012 Department Consolidated Financial Statements Audits. An independent public accounting firm performed the audit in accordance with U.S. generally accepted government auditing standards and Office of Management and Budget Bulletin 07-04, *Audit Requirements for Federal Financial Statements*, as amended. The public accounting firm gave an unqualified opinion on the Department's Consolidated FY 2012 financial statements, but identified a material weakness in NOAA's financial management oversight and a significant deficiency in general information technology controls. OIG will issue this report on November 15, 2012.

FY 2012 USPTO Financial Statements Audit. An independent public accounting firm performed the audit in accordance with U.S. generally accepted government auditing standards and Office of Management and Budget Bulletin 07-04, *Audit Requirements for Federal Financial Statements*, as amended. The public accounting firm gave an unqualified opinion on the U.S. Patent and Trademark Office's FY 2012 financial statements, but identified a significant deficiency in general information technology controls. OIG will issue this report on November 13, 2012.

FY 2012 USPTO Financial Statements Audit: Assessment of Information Technology Controls Supporting Financial Management Systems. An independent public accounting firm assessed the adequacy and effectiveness of USPTO's general information technology controls in connection with its audit of the FY 2012 financial statements, and identified a significant deficiency related to access controls and configuration management. OIG will issue this report on November 13, 2012.

FY 2012 Financial Statements Audit: Assessment of Information Technology Controls Supporting Financial Management Systems. An independent public accounting firm assessed the adequacy and effectiveness of the Department's general IT controls as part of the FY 2012 consolidated financial statements audit, and identified a significant deficiency related to security management controls, access controls, and configuration management. OIG will issue this report on November 15, 2012.

FY 2012 Federal Information Security Management Act (FISMA) OIG Reporting Metrics. To meet OIG obligations under FISMA, OIG reviewed the Department's IT security policies and procedures. OIG also assessed the effectiveness of four bureaus' information security programs – Economic Development Administration, International Trade Administration, National Telecommunications and Information Administration, and U.S. Patent and Trademark Office – by evaluating key security measures in place to protect mission-critical information that is processed, stored, or transmitted on 17

information systems. OIG's FY 2012 FISMA audit work identified significant security weaknesses in basic security practices.

II. PRESS ACTIVITY

Top Management Challenges Facing the Department in FY 2013. There may be media interest in this report, which was issued on November 9.

III. FLAG

Engineering Consultant on NTIA Grant Pleads Guilty to Felony Theft of Grant Funds. On November 8, John Bittner, an engineering consultant on an NTIA grant, pled guilty to one felony for theft of federal funds and agreed to pay the Department of Commerce \$190,396 in restitution. OIG's investigation determined that Bittner improperly wired \$322,364 to his personal bank account, and spent much of the money on medical expenses, personal travel, and retail goods—including an automobile. The NTIA grant was intended for the construction and operation of a radio station on a Navajo reservation near Shiprock, NM, as part of the 2009 Public Telecommunications Facilities Program. Bittner is scheduled for sentencing on February 4, 2013, and faces a maximum fine of \$250,000 and up to ten years in prison.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
November 19, 2012

I. HIGHLIGHTS

U.S. Export Assistance Centers (USEACs) Could Improve Their Delivery of Client Services and Cost Recovery Efforts. OIG reviewed whether the U.S. Commercial Service (CS) allocated domestic resources to meet its mission and goals, assessed its level of cost recovery from businesses, and evaluated coordination between USEACs other partners on the National Export Initiative. OIG found that CS's allocation of resources is not optimal, that its fee schedule does not include all recoverable costs while certain internal controls need improvement, and that collaboration between USEACs and their partners is hampered by restrictions on sharing client information. OIG plans to issue this report on November 21, 2012.

II. PRESS ACTIVITY

U.S. Export Assistance Centers (USEACs) Could Improve Their Delivery of Client Services and Cost Recovery Efforts. There may be media interest in this report.

III. FLAG

The Inspector General will be on leave Friday, November 23rd.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
November 26, 2012

I. HIGHLIGHTS

U.S. Export Assistance Centers (USEACs) Could Improve Their Delivery of Client Services and Cost Recovery Efforts. The objectives of OIG's review were to evaluate whether Client Services' (CS) allocation of domestic resources meet its mission and goals, assess CS's level of cost recovery, and evaluate the coordination between USEACs and their federal and nonfederal partners with respect to the National Export Initiative. OIG found that some USEACs have location and performance issues, CS's fee schedule does not include all recoverable costs and certain internal controls need improvement, and collaboration between USEACs and their partners is hampered by restrictions on sharing client information.

Though OIG previously informed the Office of the Secretary that this report would be issued last week, OIG now expects the report to be issued by November 29, 2012.

II. PRESS ACTIVITY

U.S. Export Assistance Centers (USEACs) Could Improve Their Delivery of Client Services and Cost Recovery Efforts. There may be media interest in this report.

III. FLAG

Nothing to report.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
December 3, 2012

I. HIGHLIGHTS

U.S. Export Assistance Centers (USEACs) Could Improve Their Delivery of Client Services and Cost Recovery Efforts. The objectives of OIG's review were to evaluate whether CS's allocation of domestic resources meet its mission and goals, assess CS's level of cost recovery, and evaluate the coordination between USEACs and their federal and nonfederal partners with respect to the National Export Initiative. OIG found that some USEACs have location and performance issues, CS's fee schedule does not include all recoverable costs and certain internal controls need improvement, and collaboration between USEACs and their partners is hampered by restrictions on sharing client information.

Though OIG previously informed the Office of the Secretary that this report would be issued last week, OIG now expects the report to be issued by December 7, 2012.

II. PRESS ACTIVITY

U.S. Export Assistance Centers (USEACs) Could Improve Their Delivery of Client Services and Cost Recovery Efforts. There may be media interest in this report.

III. FLAG

Former Executive Director of Alaska Commission Sentenced to Over 3 Years Imprisonment for Defrauding NOAA Grant. On November 28, Maggie Ahmaogak, the former executive director of the Alaska Eskimo Whaling Commission (AEWC), was sentenced to 41 months imprisonment after pleading guilty to two counts of Intentional Misapplication of Funds, and one count of Money Laundering. AEWC received grant funds from the National Oceanic and Atmospheric Administration (NOAA) for implementing a whaling weapon improvement plan; undertaking a census of whale species; and the attendance of employees and commissioners at the International Whaling Commission meetings and AEWC meetings. OIG conducted a joint investigation with the Federal Bureau of Investigation and Internal Revenue Service, which disclosed that Ahmaogak converted nearly \$400,000 in AEWC funds for personal use. In addition to imprisonment, Ahmaogak must serve a 3-year supervised release and pay restitution of over \$393,000.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
December 10, 2012

I. HIGHLIGHTS

Nothing to report

II. PRESS ACTIVITY

Nothing to report

III. FLAG

Nothing to report

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
December 17 and December 24, 2012

I. HIGHLIGHTS

Nothing to report

II. PRESS ACTIVITY

Nothing to report

III. FLAG

Beginning December 16, David L. Smith will serve as Deputy Inspector General. He can be reached at 2-4661.

The Inspector General will be on leave from December 18 through December 31 but will remain available during that period via phone.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
December 31, 2012

I. HIGHLIGHTS

Nothing to report

II. PRESS ACTIVITY

Nothing to report

III. FLAG

Nothing to report

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
January 3, 2013

I. HIGHLIGHTS

Nothing to report

II. PRESS ACTIVITY

Nothing to report

III. FLAG

Nothing to report

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661

Prepared by: Sonia Brown, Special Assistant
January 14, 2013

I. HIGHLIGHTS

NOAA Needs to Continue Streamlining the Rulemaking Process and Improve Transparency and Consistency in Fisheries Management. In response to a Congressional request, we reviewed controls and processes used by NOAA's fishery management councils to develop rules for the commercial fishing industry. The OIG found that (1) required financial disclosures for members of NOAA's Fishery Management Councils (FMCs) who vote do little to increase transparency and lack effective review, (2) NOAA's National Marine Fisheries Services (NMFS) has not fully implemented regulatory streamlining remedies, and (3) maintenance of rules packages and administrative records need to be consistent at NMFS regional offices. OIG plans to issue this report on or before January 18.

Response to Congressional request to review NTIA's Broadband Technology Opportunities Program (BTOP) grant awarded to the Executive Office of the State of West Virginia (EOWV). Congressmen Greg Walden and John Shimkus requested that (1) OIG determine whether taxpayer funds associated with the \$126.3 million BTOP grant were being properly and efficiently spent, (2) review the process EOWV used to apply for the BTOP grant, and (3) review the process NTIA used to evaluate EOWV's BTOP application. OIG plans to respond to the Congressional request on January 18, after which it will be publicly posted.

II. PRESS ACTIVITY

NOAA Needs to Continue Streamlining the Rulemaking Process and Improve Transparency and Consistency in Fisheries Management. There may be media interest in this report.

Response to Congressional request to review NTIA's Broadband Technology Opportunities Program (BTOP) grant awarded to the Executive Office of the State of West Virginia (EOWV). There may be media interest in this report.

III. FLAG

Nothing to report

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
January 28, 2013

I. HIGHLIGHTS

Proper Classification and Strengthened Monitoring of Subrecipients Are Needed for the Broadband Technology Opportunities Program. NTIA awarded approximately \$3.8 billion for the Broadband Technology Opportunities Program (BTOP), of which more than \$850 million was provided to subrecipients. The OIG assessed whether grantees properly classified their subrecipients and whether adequate controls were in place. The OIG found that (1) grantees may not have properly classified subrecipients, (2) recipients may not complete projects on time, (3) grantees could strengthen subrecipient oversight, and (4) recipients are not reporting all required information to FederalReporting.gov. This report will be issued on January 29.

USPTO Deployed Wireless Capability with Minimal Consideration for IT Security. As part of our FY 2012 Federal Information Security Management Act (FISMA) audit, OIG assessed the effectiveness of security measures USPTO employed for its Public and Enterprise Wireless LAN (PEWLAN) system, which provides wireless access on USPTO's Alexandria, Virginia, campus. We determined that USPTO inappropriately connected PEWLAN to USPTO's operational environment and placed PEWLAN into operation without proper authorization. This report will be issued on February 1.

II. PRESS ACTIVITY

Proper Classification and Strengthened Monitoring of Subrecipients Are Needed for the Broadband Technology Opportunities Program. There may be media interest in this report.

USPTO Deployed Wireless Capability with Minimal Consideration for IT Security. There may be media interest in this report.

III. FLAG

Nothing to report

**Office of Inspector General
Secretary's Weekly Report**

Todd J. Zinser, Inspector General

(202) 482-4661

Prepared by: Sonia Brown, Special Assistant

February 4, 2013

I. HIGHLIGHTS

USPTO Deployed Wireless Capability with Minimal Consideration for IT Security.

As part of our FY 2012 Federal Information Security Management Act (FISMA) audit, OIG assessed the effectiveness of security measures USPTO employed for its Public and Enterprise Wireless LAN (PEWLAN) system, which provides wireless access on USPTO's Alexandria, Virginia, campus. We determined that USPTO inappropriately connected PEWLAN to USPTO's operational environment and placed PEWLAN into operation without proper authorization. This report will be published on OIG's website on February 5.

Fourth Annual Assessment of the PSIC Grant Program. The Public Safety Interoperable Communications (PSIC) grant program is part of the "Implementing Recommendations of the 9/11 Commission Act of 2007." This report is the final assessment of NTIA's management of the PSIC grant program and consolidates the results of audits of 16 grantees' program costs and equipment. OIG will issue the final version of this report this week.

II. PRESS ACTIVITY

USPTO Deployed Wireless Capability with Minimal Consideration for IT Security.

There may be media interest in this report.

III. FLAG

Nothing to report

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
February 11, 2013

I. HIGHLIGHTS

Fourth Annual Assessment of the PSIC Grant Program. The Public Safety Interoperable Communications (PSIC) grant program is part of the "Implementing Recommendations of the 9/11 Commission Act of 2007." This report is the final assessment of the National Telecommunications Information Administration's (NTIA) management of the PSIC grant program, which consolidates the results of audits of 16 grantees' program costs and equipment. OIG will issue the final version of this report this week.

Announcement of OIG Review of NOAA's Catch Share Programs. On February 11, OIG will announce initiation of a review to determine the adequacy of controls the National Oceanic and Atmospheric Administration (NOAA) has in place to make decisions related to catch share allocations. In a 2011 letter to OIG, Congressmen Barney Frank and John Tierney expressed concerns over the fisheries regulatory process at NOAA. In response, our office initiated a multiple phase review, related to NOAA's rules regarding the commercial fishing industry. OIG issued the first report on this matter on January 16, 2013.

Nonfederal Audit Results for the 6-Month Period Ending December 31, 2012. On February 11, OIG issued a memorandum to Ellen Herbst, Senior Advisor to the Deputy Secretary, which provides analysis of nonfederal audit reports, including a summary of findings that OIG reviewed during the 6-month period ending December 31, 2012. This memorandum will be posted on OIG's public website on February 12.

II. PRESS ACTIVITY

Fourth Annual Assessment of the PSIC Grant Program. There may be media interest in this report.

Review of NOAA's Catch Share Programs. There may be media interest in this announcement.

III. FLAG

Nothing to report

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
February 19, 2013

I. HIGHLIGHTS

Fourth Annual Assessment of the PSIC Grant Program. The Public Safety Interoperable Communications (PSIC) grant program is part of the "Implementing Recommendations of the 9/11 Commission Act of 2007." This report was the final assessment of the National Telecommunications Information Administration's (NTIA) management of the PSIC grant program, which consolidated the results of audits of 16 grantees' program costs and equipment. OIG will issue the final version of this report on February 19.

Letter to OPM Director John Berry. On February 11, the Inspector General sent a letter to John Berry, the Director of the Office of Personnel Management (OPM), disclosing an issue with the confidentiality of data related to the 2012 Federal Employee Viewpoint Survey (FEVS). OPM had published public use data files for FEVS on its website, but removed them after OIG communicated concerns to OPM staff. In his letter to Director Berry, the IG suggested that an independent disclosure review process could provide great value to OPM. Deputy Secretary Blank was copied on this letter, which will NOT be posted on OIG's website.

II. PRESS ACTIVITY

Nothing to report

III. FLAG

Nothing to report

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
February 25, 2013

I. HIGHLIGHTS

Fourth Annual Assessment of the PSIC Grant Program. The Public Safety Interoperable Communications (PSIC) grant program is part of the "Implementing Recommendations of the 9/11 Commission Act of 2007." This report was the final assessment of the National Telecommunications Information Administration's (NTIA) management of the PSIC grant program, which consolidated the results of audits of 16 grantees' program costs and equipment. OIG issued the final version of this report on February 22, and will post the report on our website this week.

II. PRESS ACTIVITY

Nothing to report

III. FLAG

Congressional Testimony on BTOP. On February 27, Principal Assistant Inspector General for Audit and Evaluation Ann Eilers will testify before the House Committee on Energy and Commerce, Subcommittee on Commerce and Technology on oversight of the Broadband Technology Opportunities Program (BTOP).

Congressional Testimony on Top Management Challenges. On February 28, Deputy Inspector General David Smith will testify before the House Committee on Science, Space, and Technology, Subcommittee on Oversight on "Top Management Challenges Facing the Department of Commerce in FY 2013."

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
March 4, 2013

I. HIGHLIGHTS

Nothing to report

II. PRESS ACTIVITY

There was some press activity around the two hearings in which the Office Inspector General participated last week:

- The House Committee on Science, Space, and Technology, Subcommittee on Oversight hearing on “Top Management Challenges Facing the Department of Commerce in FY 2013”; and
- The House Committee on Energy and Commerce, Subcommittee on Commerce and Technology hearing on oversight of the Broadband Technology Opportunities Program (BTOP).

There may be media interest on the hearing before the House Appropriations Subcommittee on Commerce, Justice, Science, and Related Agencies scheduled for Tuesday, March 5.

III. FLAG

Congressional Testimony on Top Management Challenges. On March 5, Inspector General Todd J. Zinser will testify before the House Appropriations Subcommittee on Commerce, Justice, Science, and Related Agencies on “Top Management Challenges Facing the Department of Commerce in FY 2013.”

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
March 11, 2013

I. HIGHLIGHTS

Commerce Compliance with Improper Payment Requirements for FY 2012. On March 15, OIG will release a report evaluating the Department of Commerce's compliance with the Improper Payments Elimination and Recovery Act FY 2012 reporting requirements. During FY 2012, the Department made approximately \$14.8 billion in total outlays; it identified no programs and activities that may be susceptible to significant improper payments and reported about \$1.2 million in overpayments which were identified through its ongoing improper payment monitoring and minimization efforts.

II. PRESS ACTIVITY

Nothing to report

III. FLAG

Nothing to report

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
March 18, 2013

I. HIGHLIGHTS

Maryland Resident Formerly on Assignment to NOAA Pleads Guilty and is Sentenced for Clean Water Act Violation. David Ector, an engineer from the University Corporation for Atmospheric Research (UCAR) on assignment to NOAA/NESDIS, was sentenced in U.S. District Court in Maryland on March 13, 2013, to two years probation. Ector pled guilty to discharging fill material into the Chesapeake Bay without a permit, a misdemeanor violation of the Clean Water Act. In 2010, Ector caused large rocks (rip rap) to be dumped over the cliff-face of his property on the Chesapeake Bay, scraping away significant soil and interfering with critical habitat of the Puritan Tiger Beetle, an endangered species under the Endangered Species Act. The judge also sentenced Ector to remove, at his own expense, all fill material discharged into the Chesapeake Bay. Ector is no longer on assignment to NOAA. The OIG participated in the investigation along with the Environmental Protection Agency's Criminal Investigation Division and the U.S. Fish and Wildlife Service; OIG conducted all computer forensic analysis for the investigation.

Commerce Compliance with Improper Payment Requirements for FY 2012. On March 15, OIG released a report evaluating the Department of Commerce's compliance with the Improper Payments Elimination and Recovery Act reporting requirements for FY 2012. During FY 2012, the Department made approximately \$14.8 billion in total outlays; it identified no programs and activities that may be susceptible to significant improper payments and reported about \$1.2 million in overpayments which were identified through its ongoing improper payment monitoring and minimization efforts. OIG's review determined that the Department met the three applicable OMB criteria for compliance with the Improper Payments Information Act of 2002, as amended by the Improper Payments Elimination and Recovery Act of 2010. However, we recommended that the Department report payments lacking sufficient documentation that are identified in OIG audits and reviews as improper payments. The report will be posted on our public website on Tuesday, March 19.

II. PRESS ACTIVITY

Commerce Compliance with Improper Payment Requirements for FY 2012. There may be some media interest in this report.

III. FLAG

Nothing to report

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
March 25, 2013

I. HIGHLIGHTS

- ***Results of Commerce OIG's Survey of Fishery Management Council (FMC) Members and Staff:*** Commerce OIG will release a report presenting the results of an online survey, which was designed to obtain the FMC perspective on fishery regulatory requirements, rulemaking, and improvements in fisheries management. Suggestions to improve collaboration between NMFS and FMCs mainly involved occurrence and methods of communication, participation from NOAA's Office of the General Counsel, and outreach and transparency to stakeholders. This is OIG's second report in response to a request from Congressmen Barney Frank and John F. Tierney to review fisheries management at NOAA's National Marine Fisheries Service (NMFS) and at the eight regional FMCs.
- ***Two Japanese Air Freight Forwarding Companies Agree to Plead Guilty and Pay \$18.9 Million in Criminal Fines for Price-Fixing:*** On March 8, 2013, the Department of Justice announced that freight forwarding firms Yusen Logistics Co. Ltd. and "K" Line Logistics Ltd. of Japan agreed to plead guilty for having fixed certain fees in connection with freight forwarding services from Japan to the U.S., resulting in consumers paying higher prices for everyday goods. The firms will pay \$15.4 million and \$3.5 million in criminal fines, respectively. Including these plea agreements, a total of 16 companies have either pled guilty, or agreed to plead guilty, and to pay more than \$120 million in criminal fines. This ongoing joint investigation, initiated in 2009, is being conducted by DOJ's Antitrust Division, FBI, and Commerce OIG.

II. PRESS ACTIVITY

Results of Commerce OIG's Survey of Fishery Management Council (FMC) Members and Staff: There may be some media interest in this report.

Two Japanese Air Freight Forwarding Companies Agree to Plead Guilty and Pay \$18.9 Million in Criminal Fines for Price-Fixing: There may be some media interest in this report.

III. FLAG

The Inspector General will be on leave March 25th – 29th.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
April 1, 2013

I. HIGHLIGHTS

- ***Results of Commerce OIG's Survey of Fishery Management Council Members and Staff:*** Commerce OIG will release a report presenting the results of an online survey, which was designed to obtain the Fishery Management Council (FMC) perspective on fishery regulatory requirements, rulemaking, and improvements in fisheries management. Suggestions to improve collaboration between the National Marine Fisheries Service (NMFS) and FMCs mainly involved communication, participation from the National Oceanic and Atmospheric Administration's (NOAA) Office of the General Counsel, and outreach to and transparency with stakeholders. This is OIG's second report in response to a request from Congressmen John F. Tierney and Barney Frank (former) to review fisheries management at NMFS, a subcomponent of NOAA, and at the eight regional FMCs. We will publicly release our report this week.
- ***Audit of Geostationary Operational Environmental Satellite-R Series: Comprehensive Mitigation Approaches, Strong Systems Engineering, and Cost Controls Are Needed to Reduce Risks of Coverage Gaps:*** Commerce OIG will release a final report on the NOAA/NASA collaborative Geostationary Operational Environmental Satellite-R Series (GOES-R) acquisition and development effort. Our audit objectives were to assess (1) the adequacy of contract management and administration and (2) the effectiveness of management's direction, monitoring, and collaboration for development of select components of the GOES-R program. Our findings concern NOAA's need to develop a comprehensive set of trade-off approaches to mitigate launch delays, report on the adequacy of program systems engineering, ensure NASA effectively validates contractors' proposals and any subsequent plans to verify that technical designs meet technology readiness requirements, and ensure NASA modifies its award fee structures and adjusts future award fees to be more commensurate with contractor performance. We also found that NOAA needs to develop a policy for managing undefinitized contract actions.

II. PRESS ACTIVITY

Results of Commerce OIG's Survey of Fishery Management Council (FMC) Members and Staff: There may be some media interest in this report.

Audit of Geostationary Operational Environmental Satellite-R Series: There may be some media interest in this report.

III. FLAG

Nothing to report

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
April 8, 2013

I. HIGHLIGHTS

Audit of GOES-R: Comprehensive Mitigation Approaches, Strong Systems Engineering, and Cost Controls Are Needed to Reduce Risks of Coverage Gaps:

Commerce OIG will release a final report on the NOAA/NASA collaborative Geostationary Operational Environmental Satellite–R Series (GOES-R) acquisition and development effort. Our audit objectives were to assess (1) the adequacy of contract management and administration and (2) the effectiveness of management's direction, monitoring, and collaboration for development of select components of the GOES-R program. Our findings concern NOAA's need to (1) develop a comprehensive set of trade-off approaches to mitigate launch delays, (2) report on the adequacy of program systems engineering, (3) ensure NASA effectively validates contractors' proposals and any subsequent plans to verify that technical designs meet technology readiness requirements, and (4) ensure NASA modifies its award fee structures and adjusts future award fees to be more commensurate with contractor performance. We also found that NOAA needs to develop a policy for managing undefinitized contract actions.

II. PRESS ACTIVITY

Audit of GOES-R: Comprehensive Mitigation Approaches, Strong Systems Engineering, and Cost Controls Are Needed to Reduce Risks of Coverage Gaps. There may be some media interest in this report.

III. FLAG

On Tuesday, April 9, the Inspector General, along with an official from OGC, will be meeting with Wang Ruijun, an Eisenhower Fellow and Chinese government official to discuss the role of OIG in the Department of Commerce.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
April 15, 2013

I. HIGHLIGHTS

Audit of GOES-R: Comprehensive Mitigation Approaches, Strong Systems Engineering, and Cost Controls Are Needed to Reduce Risks of Coverage Gaps:

Commerce OIG will release a final report on the NOAA/NASA collaborative Geostationary Operational Environmental Satellite–R Series (GOES-R) acquisition and development effort. Our audit objectives were to assess (1) the adequacy of contract management and administration and (2) the effectiveness of management's direction, monitoring, and collaboration for development of select components of the GOES-R program. Our findings concern NOAA's need to (1) develop a comprehensive set of trade-off approaches to mitigate launch delays, (2) report on the adequacy of program systems engineering, (3) ensure NASA effectively validates contractors' proposals and any subsequent plans to verify that technical designs meet technology readiness requirements, and (4) ensure NASA modifies its award fee structures and adjusts future award fees to be more commensurate with contractor performance. We also found that NOAA needs to develop a policy for managing undefinitized contract actions.

Internal Controls for Purchase Card Transactions Need to Be Strengthened: OIG will release a final report on the Department's internal controls over purchase card transactions. OIG's audit objective was to determine whether the Department has adequate transaction-level internal controls over purchase card transactions. OIG found that the Department needs to strengthen transaction-level controls over the creation and maintenance of transaction documentation, ensuring that cardholders and approving officials obtain annual refresher training, and payment of state and local taxes. OIG also found questionable transactions, as well as procedural issues.

II. PRESS ACTIVITY

Audit of GOES-R: Comprehensive Mitigation Approaches, Strong Systems Engineering, and Cost Controls Are Needed to Reduce Risks of Coverage Gaps: There may be some media interest in this report.

Internal Controls for Purchase Card Transactions Need to Be Strengthened. There may be some media interest in this report.

III. FLAG

Former Census Contractor Reaches Settlement with the United States: On April 3, CH3, Inc., the parent company of Computer & Hi-Tech Management, Inc. (CHM), a former Census contractor, agreed to pay \$645,175 to the United States. OIG auditors initially identified \$10.7 million in questioned and unsupported costs related to a \$44.5 million Census contract for IT services, which prompted an investigation. OIG conducted

forensic analysis of the 21 task orders under the contract, and identified \$970,097 in mischarging, overbilling, and unsupported costs covering the entire period of the contract from 1999 through 2005. The U.S. Attorney's Office for the Eastern District of Virginia accepted the matter for civil prosecution and the case was settled after extensive negotiations.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
April 22, 2013

I. HIGHLIGHTS

Audit of Geostationary Operational Environmental Satellite–R Series: Comprehensive Mitigation Approaches, Strong Systems Engineering, and Cost Controls Are Needed to Reduce Risks of Coverage Gaps. OIG will release a final report on the NOAA/NASA collaborative Geostationary Operational Environmental Satellite–R Series (GOES-R) acquisition and development effort. Our audit objectives were to assess (1) the adequacy of contract management and administration and (2) the effectiveness of management's direction, monitoring, and collaboration for development of select components of the GOES-R program. Our findings concern NOAA's need to develop a comprehensive set of trade-off approaches (with impacts and implementation timetable) to mitigate launch delays, report on the adequacy of program systems engineering, ensure NASA effectively validates contractors' proposals and any subsequent plans to verify that technical designs meet technology readiness requirements, and ensure NASA modifies its award fee structures and adjusts future award fees to be more commensurate with contractor performance. We also found that NOAA needs to develop a policy for managing undefinitized contract actions.

Internal Controls for Purchase Card Transactions Need to Be Strengthened. OIG will release a final report on the Department's internal controls over purchase card transactions. OIG's audit objective was to determine whether the Department has adequate transaction-level internal controls over purchase card transactions. OIG found that the Department needs to strengthen transaction-level controls over the creation and maintenance of transaction documentation, ensuring that cardholders and approving officials obtain annual refresher training, and the payment of state and local taxes. OIG also found questionable transactions, as well as procedural issues.

II. PRESS ACTIVITY

Audit of Geostationary Operational Environmental Satellite–R Series: Comprehensive Mitigation Approaches, Strong Systems Engineering, and Cost Controls Are Needed to Reduce Risks of Coverage Gaps. There may be some media interest in this report.

Internal Controls for Purchase Card Transactions Need to Be Strengthened. There may be some media interest in this report.

III. FLAG

Nothing to report.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
April 29, 2013

I. HIGHLIGHTS

Nothing to report.

II. PRESS ACTIVITY

Nothing to report.

III. FLAG

Former Contractor to NTIA Grantee Sentenced to Incarceration and Fines:

On April 22, John Bittner, a former contractor to an NTIA grantee, was sentenced to 115 days in jail and ordered to pay \$240,894 in restitution for theft of grant funds. Bittner's company was contracted to provide engineering services in 2009 on a Public Telecommunications Facilities Program (PFTP) grant for the construction and operation of a radio station on a Navajo reservation. OIG investigated Bittner, and found that he drew down \$322,364 in federal funds, with which he purchased a car, paid child support, and incurred other personal expenses. Bittner pled guilty after being indicted in the District of Arizona on 18 counts of theft, wire fraud, false statements and money laundering, in addition to a forfeiture count. Bittner's restitution includes \$190,396 to be paid to the Department.

Former employees of Inspector General's office expected to plead guilty: On Tuesday, April 30, two former criminal investigators from the Department of Commerce Office of Inspector General are scheduled to appear before the U.S. District Court in Maryland. The two agents, who resigned from federal service on March 29, are each expected to plead guilty to a violation of 18 USC §1018 (False Official Writing) related to reimbursements for a permanent change of duty station. This concludes a year-long investigation by the Federal Bureau of Investigation into serious official misconduct by the former employees.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
May 6, 2013

I. HIGHLIGHTS

Nothing to report.

II. PRESS ACTIVITY

Nothing to report.

III. FLAG

Nothing to report.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
May 13, 2013

I. HIGHLIGHTS

Nothing to report.

II. PRESS ACTIVITY

Nothing to report.

III. FLAG

Nothing to report.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
May 20, 2013

I. HIGHLIGHTS

Malware Infections on EDA's Systems were Overstated and the Disruption of IT Operations was Unwarranted: On May 17, Commerce OIG released a draft report assessing the effectiveness of the Economic Development Administration's (EDA) incident response and recovery activities in relation to its fiscal year 2012 cyber incident. We (1) assessed the effectiveness of EDA's IT security program, (2) determined the significant factors that contributed to its incident, and (3) evaluated both completed and planned activities to recover its information systems to support critical operational requirements. We found (1) EDA based its critical incident response decisions on inaccurate information, (2) deficiencies in the Department's incident response program impeded EDA's incident response, and (3) misdirected planning efforts hindered EDA's IT system recovery.

Letter to House Committee on Science, Space, and Technology on Use of Personal Email: On May 20, OIG responded to a request from the Chairman of the House Committee on Science, Space, and Technology regarding the use of personal and/or alias email accounts to conduct official Commerce business. We found that senior Commerce officials have not encouraged the use of personal or alias email for official business, and its use appears only incidental among senior officials interviewed by OIG. However, we also found that the Department does not have a comprehensive policy on the use of personal email, and we recommended that the Department finalize a pending policy revision to ensure clear, comprehensive guidance to all employees on this matter. We will post the correspondence on our public website later this week.

II. PRESS ACTIVITY

Nothing to report.

III. FLAG

The Inspector General will attend the Council of Inspectors General for Integrity and Efficiency Annual Conference on Tuesday, May 21 and Wednesday, May 22, at the United States Patent and Trademark Office.

**Office of Inspector General
Secretary's Weekly Report**

Todd J. Zinser, Inspector General

(202) 482-4661

Prepared by: Sonia Brown, Special Assistant

May 28, 2013

I. HIGHLIGHTS

Nothing to report.

II. PRESS ACTIVITY

Nothing to report.

III. FLAG

Nothing to report.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
June 3, 2013

I. HIGHLIGHTS

Nothing to report.

II. PRESS ACTIVITY

Nothing to report.

III. FLAG

The Inspector General will be on leave from June 7-14.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
June 10, 2013

I. HIGHLIGHTS

Monitoring of Obligation Balances Needs Strengthening: OIG reviewed unliquidated obligation balances as of December 31, 2011, to assess whether the Department of Commerce has adequate controls over the management and closeout of unliquidated obligations. OIG concluded that the Department needs stronger internal controls, policies, and procedures to ensure that obligations are adequately monitored and deobligated when appropriate. Weaknesses include (1) obligation balances that we could not verify, (2) accounting records not accurately reflecting obligations, (3) operating units unaware of the status of obligation balances, and (4) improperly liquidating contract obligations. Regarding monetary benefits to the Department: our findings include funds put to better use—in the form of estimated obligations that needed to have been deobligated by December 31, 2011—in the amount of \$159 million. OIG will release its report this week.

II. PRESS ACTIVITY

Monitoring of Obligation Balances Needs Strengthening: There may be media interest in this report.

III. FLAG

The Inspector General will be on leave this week, returning on June 17.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
June 17, 2013

I. HIGHLIGHTS

Monitoring of Obligation Balances Needs Strengthening. OIG reviewed the Department's unliquidated obligation balances as of December 31, 2011, to assess whether the Department and bureaus have adequate controls over the management and closeout of unliquidated obligations. OIG concluded that the Department needs stronger internal controls, policies, and procedures to ensure that bureau obligations are adequately monitored and deobligated when appropriate. Weaknesses include obligation balances that we could not verify, accounting records not accurately reflecting Department obligations, bureaus unaware of the status of obligation balances, and bureaus improperly liquidating contract obligations. Regarding monetary benefits to the Department: our findings include funds put to better use—in the form of estimated obligations that needed to have been deobligated by December 31, 2011—in the amount of \$159 million. OIG plans to issue this report to the Department on June 18 and will post the report publicly on June 20.

II. PRESS ACTIVITY

Monitoring of Obligation Balances Needs Strengthening. There may be media interest in this report.

III. FLAG

Nothing to report.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
June 24, 2013

I. HIGHLIGHTS

Malware Infections on EDA's Systems Were Overstated and the Disruption of IT Operations Was Unwarranted. In accordance with the Federal Information Security Management Act (FISMA), OIG evaluated EDA's incident response and recovery activities in relation to its fiscal year 2012 cyber incident. OIG assessed the effectiveness of EDA's IT security program, determined the significant factors that contributed to its incident, and evaluated both completed and planned activities to recover its information systems to support critical operational requirements. OIG found that (1) EDA based its critical incident response decisions on inaccurate information, (2) deficiencies in the Department's incident response program impeded EDA's incident response, and (3) misdirected planning efforts hindered EDA's IT system recovery. OIG plans to release this report to EDA and the Department on June 25, and post the report publicly on July 27.

Response to House Committee on Oversight and Government Reform. On June 17, 2013, Chairman Darrell Issa and Ranking Member Elijah E. Cummings, House Committee on Oversight and Government Reform, requested information on the current number of open and unimplemented Commerce OIG recommendations along with an estimate of cost savings associated with those recommendations. The Committee also requested that OIG identify three open and unimplemented recommendations that we consider most urgent or important. OIG plans to respond to the Committee on June 28, and will post the correspondence on our public website the same day.

II. PRESS ACTIVITY

Malware Infections on EDA's Systems Were Overstated and the Disruption of IT Operations Was Unwarranted. There may be media interest in this report.

III. FLAG

Nothing to report.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
July 1, 2013

I. HIGHLIGHTS

Preview of Fiscal Year 2014 *Top Management Challenges*. OIG is required by statute to report annually on the top management challenges facing the Department. On June 28, 2013, OIG issued its *Top Management Challenges* preview memo to acquaint the Secretary and bureau leadership with what OIG identifies as the most significant Departmental management and performance challenges for fiscal year (FY) 2014. This year's challenges include (1) strengthening Commerce infrastructure to support the nation's economic growth; (2) strengthening oversight of NOAA programs to mitigate satellite coverage gaps, enhance fisheries management, and improve fiscal controls; (3) continuing to enhance cybersecurity and management of IT investments; (4) exercising strong project management controls over decennial 2020 planning to contain costs; and (5) continuing to foster a culture of management accountability to ensure responsible spending. OIG plans to issue the draft FY 2014 *Top Management Challenges* report for comment in September 2013.

Status of Departmental Actions Taken to Correct Mismanagement of Funds (Draft Report). In response to a June 7, 2012, request from the U.S. Senate Committee on Appropriations, Subcommittee for Commerce, Justice, Science, and Related Agencies, OIG conducted a review of actions taken to address weaknesses identified in a May 2012 report from the Department, which looked into the unauthorized reprogramming of funds at the National Weather Service (NWS). The Department's report noted that in addition to the unauthorized reprogramming of NWS funds in fiscal years 2010 and 2011, there were significant management, leadership, budget, and financial control problems at NWS. On May 24, 2012, then Deputy Secretary Rebecca Blank and then Under Secretary of Commerce for Oceans and Atmosphere Jane Lubchenco issued separate decision memoranda, requiring specific actions to correct the conditions leading to these issues. The decision memoranda require Departmental action on 20 distinct activities, including audits, organizational reporting adjustments, and changes to budget formulation and execution processes. OIG will release this report to NOAA and the Department in draft either at the end of this week, or the beginning of the week of July 8.

II. PRESS ACTIVITY

Nothing to report.

III. FLAG

Nothing to report.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
July 8, 2013

I. HIGHLIGHTS

Status of Departmental Actions Taken to Correct Mismanagement of Funds (Draft Report). In response to a June 7, 2012, request from the U.S. Senate Committee on Appropriations, Subcommittee for Commerce, Justice, Science, and Related Agencies, OIG conducted a review of actions taken to address weaknesses identified in a May 2012 report from the Department, which looked into the unauthorized reprogramming of funds at the National Weather Service (NWS). The Department's report noted that in addition to the unauthorized reprogramming of NWS funds in fiscal years 2010 and 2011, there were significant management, leadership, budget, and financial control problems at NWS. On May 24, 2012, then Deputy Secretary Rebecca Blank and then Under Secretary of Commerce for Oceans and Atmosphere Jane Lubchenco issued separate decision memoranda, requiring specific actions to correct the conditions leading to these issues. The decision memoranda require Departmental action on 20 distinct activities, including audits, organizational reporting adjustments, and changes to budget formulation and execution processes. OIG expects to release this report to NOAA and the Department in draft during the week of July 15, after meeting with senior management of NOAA and the Office of the Secretary.

II. PRESS ACTIVITY

Nothing to report.

III. FLAG

Nothing to report.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
July 15, 2013

I. HIGHLIGHTS

Nothing to report.

II. PRESS ACTIVITY

Nothing to report.

III. FLAG

Nothing to report.

**Office of Inspector General
Secretary's Weekly Report**

Todd J. Zinser, Inspector General

(202) 482-4661

Prepared by: Sonia Brown, Special Assistant

July 22, 2013

I. HIGHLIGHTS

In response to a recommendation from the Office of the Secretary, the Inspector General will issue a Broadcast communication to all Commerce employees this week to increase awareness of the OIG's hotline and employees' obligation to report fraud, waste, and abuse. The Office of the Secretary recommended that OIG send staff a communication to increase awareness of the hotline as part of the Department's actions stemming from its inquiry into unauthorized reprogramming at the National Weather Service.

II. PRESS ACTIVITY

Nothing to report.

III. FLAG

Nothing to report.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
Prepared by: Sonia Brown, Special Assistant
July 29, 2013

I. HIGHLIGHTS

Nothing to report.

II. PRESS ACTIVITY

Nothing to report.

III. FLAG

Nothing to report.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
August 5, 2013

I. HIGHLIGHTS

Nothing to report.

II. PRESS ACTIVITY

The Wall Street Journal (WSJ) informed OIG that it will publish a story early this week on the Department's lock-up facility. In January, WSJ posted an article which included discussion of a self-disclosure by Bloomberg L.P. to the Department of Commerce about a potential vulnerability in its lock-up facility. OIG supported an investigation by the FBI, which confirmed the vulnerability, but found no instance of premature data release or any violation of law. After the FBI presented its findings to officials from the Economists and Statistics Administration (ESA) in November 2012, the Department briefed OIG on a plan to strengthen IT security for ESA's lock-up. The WSJ obtained a redacted OIG report of investigation through a *Freedom of Information Act* request in July. OIG did not provide any comment to the WSJ for its upcoming article.

III. FLAG

OIG plans to respond this week to a request from Senators Tom Coburn and Chuck Grassley for information on all non-public matters closed within the past six months. This request was made to the entire OIG community in 2010, and the Senators have requested periodic updates semiannually. OIG's response provides a brief description of 44 investigations and two non-public audit projects closed between January 1 and June 30, 2013.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
August 12, 2013

I. HIGHLIGHTS

Nothing to report.

II. PRESS ACTIVITY

Nothing to report.

III. FLAG

This week, OIG plans to issue two draft reports with comments requested within 30 days. In addition to the appropriate program officials and the bureau audit liaison, all OIG draft reports are also currently distributed to the Department's Office of General Counsel, the Chief Financial Officer and Assistant Secretary for Administration (CFOASA), the Deputy Assistant Secretary for Resource Management, and other officials in the Office of the Secretary.

- ***Audit of AIA Implementation and Lessons Learned:*** This week, OIG plans to issue a draft audit report on U.S. Patent and Trademark Office's (USPTO) implementation of the America Invents Act (AIA), which requires fundamental changes to patent laws and USPTO practices, and the extent to which USPTO is carrying out the expansion of satellite offices in a cost-effective manner and in accordance with relevant regulations.
- ***Audit of Commerce's Management of T&M/LH Contracts:*** This week, OIG plans to issue a draft audit report on the Department's management of Time-and-Materials and Labor-Hour (T&M/LH) contracts. OIG's audit objective was to determine whether T&M/LH contracts were properly awarded and administered. According to federal procurement data system records, in fiscal year 2011, Commerce obligated approximately \$586 million on T&M/LH contracts for goods and services.

On August 13, 2013, Sam Ginn, Chairman of FirstNet's Board of Directors is scheduled to meet with the Inspector General. This will be the first meeting between the IG and the FirstNet Chairman and will provide an opportunity for discussion of FirstNet oversight.

The Inspector General will be on leave from August 15 through 19.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
August 19, 2013

- I. HIGHLIGHTS
Nothing to report.
- II. PRESS ACTIVITY
Nothing to report.
- III. FLAG

EDA disciplines manager and requests repayment of grant funds following OIG investigation: On August 16, EDA issued a demand letter to the Texas-based Economic Development Catalyst Organization (EDCO) for repayment of \$485,345 in grant funds following investigative findings from an OIG investigation completed in 2011. EDA also issued a written admonishment to a senior EDA manager. EDA took these actions in response to OIG's September 2011 investigative report finding EDCO violated key grant requirements, engaged in conflicts of interest, and misused substantial grant funds. OIG also found inadequate grants management on the part of EDA's regional management.

Draft OIG products: This week, OIG plans to issue a draft report and two memos to the Department.

- ***Audit of Commerce's Management of T&M/LH Contracts:*** This week, OIG plans to issue a draft audit report on the Department's management of Time-and-Materials and Labor-Hour (T&M/LH) contracts. OIG's audit objective was to determine whether T&M/LH contracts were properly awarded and administered. According to federal procurement data system records, in fiscal year 2011, Commerce obligated approximately \$586 million on T&M/LH contracts for goods and services.
- ***Memo on Departmental Conference Spending, Second Quarter, FY 2013:*** This week, OIG plans to issue a memo summarizing our observations on the Department's conference spending for the period ending March 31, 2013. The Department is required by an appropriations provision to submit quarterly reports to OIG on conferences costing more than \$20,000.
- ***Memo on Nonfederal Audit Results for the 6-Month Period Ending June 30, 2013:*** This week, OIG plans to issue a memo with analysis of nonfederal audit reports, including a summary of findings that OIG reviewed during the 6-month period ending June 30, 2013, for entities receiving federal awards that are subject to audit requirements. The memo discusses audit reports submitted for states, local governments, tribes, colleges and universities, and nonprofit organizations as well as report submitted for commercial organizations.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
August 26, 2013

- I. HIGHLIGHTS
Nothing to report.
- II. PRESS ACTIVITY
Nothing to report.
- III. FLAG

Memo on Nonfederal Audit Results for the 6-Month Period Ending June 30, 2013:

This week, OIG plans to issue a memo with analysis of nonfederal audit reports, including a summary of findings that OIG reviewed during the 6-month period ending June 30, 2013, for entities receiving federal awards that are subject to audit requirements. The memo discusses audit reports submitted for states, local governments, tribes, colleges and universities, and nonprofit organizations as well as report submitted for commercial organizations.

Draft OIG product: *Review of 2020 Census Research and Testing Efforts.* This week, OIG plans to issue a draft report on whether the U.S. Census Bureau's research—to design and conduct a high-quality decennial operation in 2020 that costs less per household—is on schedule, produces accurate and reliable results, and has the necessary governance and internal controls in place to manage the life-cycle effort. For draft audit reports, the Department/Bureaus are generally asked to provide comments to OIG within 30 days.

The Inspector General will be on leave August 29-30.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
September 3, 2013

I. HIGHLIGHTS

Status of Departmental Actions to Correct NWS Mismanagement of Funds. This week, we will issue our final report concerning the status of the Department's actions to correct mismanagement of funds at the National Weather Service (NWS). On May 11, 2012, the Department issued an internal inquiry report related to unauthorized reprogramming of NWS funds in FY 2010 and 2011, and associated management issues that resulted in an Antideficiency Act violation by NOAA. Our report was requested by the Senate Appropriations Subcommittee for Commerce, Justice, Science, and Related Agencies.

Our review found that the Department and NOAA have taken positive steps to address the findings identified in the Department's internal inquiry, some of which were still ongoing at the end of our fieldwork in March 2013. We noted that the Department and NOAA need to take additional steps to ensure that budget formulation processes are transparent and accountable, including providing training to certain NOAA officials, and reviewing NOAA's financial management team.

Memo on Nonfederal Audit Results for the 6-Month Period Ending June 30, 2013.

This week, OIG plans to issue a memo to the Department's office of the CFO and Assistant Secretary for Administration with analysis of nonfederal audit reports, including a summary of findings that OIG reviewed during the 6-month period ending June 30, 2013. The nonfederal audit reports, conducted for entities receiving federal awards that are subject to audit requirements, identify approximately \$1.5 million in questioned costs. The memo discusses audit reports submitted for states, local governments, tribes, colleges and universities, and nonprofit organizations as well as report submitted for commercial organizations.

II. PRESS ACTIVITY

Status of Departmental Actions to Correct NWS Mismanagement of Funds. There may be some media interest in this report.

III. FLAG

Nothing to report.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
September 9, 2013

I. HIGHLIGHTS

Status of Departmental Actions to Correct NWS Mismanagement of Funds. This week, we will issue our final report concerning the status of the Department's actions to correct mismanagement of funds at the National Weather Service (NWS). On May 11, 2012, the Department issued an internal inquiry report related to unauthorized reprogramming of NWS funds in FY 2010 and 2011, and associated management issues that resulted in an Antideficiency Act violation by NOAA. Our report was requested by the Senate Appropriations Subcommittee for Commerce, Justice, Science, and Related Agencies.

Our review found that the Department and NOAA have taken positive steps to address the findings identified in the Department's internal inquiry, some of which were still ongoing at the end of our fieldwork in March 2013. We noted that the Department and NOAA need to take additional steps to ensure that budget formulation processes are transparent and accountable, including providing training to certain NOAA officials, and reviewing NOAA's financial management team.

This report was initially scheduled to be released last week, but was delayed.

Memo on Nonfederal Audit Results for the 6-Month Period Ending June 30, 2013.

This week, OIG plans to issue a memo to the Department's office of the CFO and Assistant Secretary for Administration with analysis of nonfederal audit reports, including a summary of findings that OIG reviewed during the 6-month period ending June 30, 2013. The nonfederal audit reports, conducted for entities receiving federal awards that are subject to audit requirements, identify approximately \$1.5 million in questioned costs. The memo discusses audit reports submitted for states, local governments, tribes, colleges and universities, and nonprofit organizations as well as report submitted for commercial organizations.

This report was initially scheduled to be released last week, but was delayed.

II. PRESS ACTIVITY

Status of Departmental Actions to Correct NWS Mismanagement of Funds. There may be some media interest in this report.

III. FLAG

Nothing to report.

**Office of Inspector General
Secretary's Weekly Report**
Todd J. Zinser, Inspector General
(202) 482-4661
September 16, 2013

I. HIGHLIGHTS

Nothing to report.

II. PRESS ACTIVITY

Status of Departmental Actions to Correct NWS Mismanagement of Funds. Last week, OIG issued a report on the Department's efforts to correct mismanagement of funds at the National Weather Service. This report will be posted on OIG's public website on September 17, 2013, and may trigger some media interest.

III. FLAG

Nothing to report.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
September 23, 2013

I. HIGHLIGHTS

Draft Report: Classified Information Policies and Practices at the Department of Commerce Need Improvement. Last week, OIG issued a draft report on areas where the Department could improve certain classification policies, procedures, rules and regulations prescribed by Executive Order 13526 and the Department's *Security Manual*. OIG's report detailed how the Department must ensure its policies and practices are consistent with federal requirements, and noted that oversight and internal control processes need improvement. OIG will issue the final report by September 30, 2013.

II. PRESS ACTIVITY

Nothing to report.

III. FLAG

Nothing to report.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
September 30, 2013

I. HIGHLIGHTS

Classified Information Policies and Practices at the Department of Commerce Need Improvement. On September 30, 2013, OIG plans to issue an audit report on areas where the Department could improve certain classification policies, procedures, rules, and regulations prescribed by Executive Order 13526 and the Department's *Security Manual*. OIG's report detailed how the Department must ensure its policies and practices are consistent with federal requirements, and oversight and internal control processes need improvement. This report satisfies a statutory requirement.

USPTO Successfully Implemented Most Provisions of the America Invents Act, but Several Challenges Remain. During the week of September 30, OIG plans to issue an audit report on U.S. Patent and Trademark Office's (USPTO) implementation of the America Invents Act, which requires fundamental changes to patent laws and USPTO practices. OIG found that USPTO implemented the majority of the Act's provisions on time, but is overdue on several others.

[Draft report]: Top Management Challenges Facing the Department of Commerce in Fiscal Year 2014. This week, OIG will release a draft report to the Department for comment, discussing the top five management challenges for this fiscal year, to (1) strengthen Commerce infrastructure to support the nation's economic growth; (2) strengthen oversight of NOAA programs; (3) continue enhancing cybersecurity and management of IT investments; (4) exercise strong project management controls over 2020 Census planning to contain costs; and (5) continue to foster a culture of management accountability to ensure responsible spending.

II. PRESS ACTIVITY

Classified Information Policies and Practices at the Department of Commerce Need Improvement. There may be media interest in this report.

USPTO Successfully Implemented Most Provisions of the America Invents Act, but Several Challenges Remain. There may be media interest in this report.

III. FLAG

Nothing to report.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
October 21, 2013

I. HIGHLIGHTS

[DRAFT REPORT] *Fiscal Year 2014 Top Management Challenges:* Later this week or early next week, OIG will issue a draft report on the most significant Departmental management and performance challenges for fiscal year (FY) 2014. This year's challenges include (1) strengthening Commerce infrastructure to support the nation's economic growth; (2) strengthening oversight of NOAA programs to mitigate satellite coverage gaps, enhance fisheries management, and improve fiscal controls; (3) continuing to enhance cybersecurity and management of IT investments; (4) exercising strong project management controls over decennial 2020 planning to contain costs; and (5) continuing to foster a culture of management accountability to ensure responsible spending.

II. PRESS ACTIVITY

Nothing to report.

III. FLAG

The IG is meeting with the federal representative of the FirstNet Board on Tuesday, October 22nd.

The Inspector General will be on leave Thursday, October 24th and Friday, October 25th.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
October 28, 2013

I. HIGHLIGHTS

[DRAFT REPORT] *Fiscal Year 2014 Top Management Challenges:* On Monday, October 28, OIG issued a draft report on the most significant Departmental management and performance challenges for fiscal year (FY) 2014. This year's challenges include (1) strengthening Commerce infrastructure to support the nation's economic growth; (2) strengthening oversight of NOAA programs to mitigate satellite coverage gaps, enhance fisheries management, and improve fiscal controls; (3) continuing to enhance cybersecurity and management of IT investments; (4) exercising strong project management controls over decennial 2020 planning to contain costs; and (5) continuing to foster a culture of management accountability to ensure responsible spending.

II. PRESS ACTIVITY

Nothing to report.

III. FLAG

Nothing to report.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
November 4, 2013

I. HIGHLIGHTS

- ***OIG to Release Audit of Commerce's Management of T&M/LH Contracts:*** Later this week, OIG will release an audit report on the Department's management of Time-and-Materials and Labor-Hour (T&M/LH) contracts. For FYs 2009 through 2011, the Department awarded over 1,300 T&M/LH contracts with a total obligated value of about \$1.3 billion. In reviewing whether T&M/LH contracts were properly awarded and administered, OIG found that contracting and program officials did not follow Federal Acquisition Regulation and the Commerce Acquisition Manual regarding contracts and task orders for work performed. OIG determined that the Department did not properly award and administer T&M/LH contracts during the noted time period. OIG expects to release a final report to the Department on Thursday, November 7. The report will be transmitted to Congressional oversight entities the following day, and posted on our public website on Monday, November 11.

II. PRESS ACTIVITY

Nothing to report.

III. FLAG

Nothing to report.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
November 12, 2013

I. HIGHLIGHTS

- ***OIG to Announce Audit Related to FirstNet:*** On November 12, OIG will announce an audit of the acquisition activities of the First Responder Network Authority (FirstNet), in response to a request from the chairman of FirstNet's board of directors. OIG will post the audit announcement on our public website.
- ***OIG Releases Audit of Commerce's Management of T&M/LH Contracts:*** On Friday, November 8, 2013, OIG released an audit report to the Department on its management of Time-and-Materials and Labor-Hour (T&M/LH) contracts. For FYs 2009 through 2011, the Department awarded over 1,300 T&M/LH contracts with a total obligated value of about \$1.3 billion. In reviewing whether T&M/LH contracts were properly awarded and administered, OIG found that contracting and program officials did not follow Federal Acquisition Regulation and the Commerce Acquisition Manual regarding contracts and task orders for work performed. OIG determined that the Department did not properly award and administer T&M/LH contracts during the noted time period. The report was transmitted to Congressional oversight entities Tuesday, November 12, and will be posted on our public website on Wednesday, November 13.

II. PRESS ACTIVITY

Nothing to report.

III. FLAG

Nothing to report.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
November 18, 2013

I. HIGHLIGHTS

- ***Fiscal Year 2014 Top Management Challenges:*** On Monday, November 25, OIG will issue an audit report on the most significant Departmental management and performance challenges for fiscal year (FY) 2014. This year's challenges include (1) strengthening Commerce infrastructure to support the nation's economic growth; (2) strengthening oversight of NOAA programs to mitigate satellite coverage gaps, enhance fisheries management, and improve fiscal controls; (3) continuing to enhance cybersecurity and management of IT investments; (4) exercising strong project management controls over decennial 2020 planning to contain costs; and (5) continuing to foster a culture of management accountability to ensure responsible spending.
- ***[DRAFT REPORT] Manufacturing Extension Partnership Incurred Avoidable Conference Costs:*** This week OIG will release a draft audit report on NIST MEP conference spending in FY 2011-2012. This audit responds to a July 20, 2012, request by Senator Susan Collins. The audit objectives were to develop a reasonable cost estimate for the 2012 conference and determine the legitimacy and reasonableness of travel costs for major NIST MEP conferences in FY 2011-2012. OIG found questioned costs of over \$236,000. NIST will have approximately 30 days to respond.

II. PRESS ACTIVITY

Nothing to report.

III. FLAG

Nothing to report.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
December 2, 2013

I. HIGHLIGHTS

- ***FY 2013 Inspector General Annual Federal Information Security Management Act Report:*** As required by the Federal Information Security Management Act (FISMA), OIG will submit its FY 2013 Annual FISMA Report to the Department of Homeland Security and provide a copy to the Department's Chief Information Officer by December 2, 2013.
- ***Review of Department's Policies to Address Climate Change:*** On November 25, OIG sent the Department a draft of its review of the Department's policies, environmental programs, and activities to carry out requirements that federal agencies address climate change. OIG performed this review in response to a February 25, 2013, request from the congressional Bicameral Task Force on Climate Change. OIG will release the response to the Bicameral Task Force on December 5, 2013.
- ***2020 Census Planning: Research Delays and Program Management Challenges Threaten Design Innovation.*** Preparations for the 2020 Census must be completed early in the decade if congressionally-mandated deadlines are to be met. This week OIG will release a report on whether the U.S. Census Bureau's research – to design and conduct a high-quality decennial operation in 2020 that costs less per household – is on schedule, produces accurate and reliable results, and has the necessary governance and internal controls in place to manage the life-cycle effort.

II. PRESS ACTIVITY

2020 Census Planning: Research Delays and Program Management Challenges Threaten Design Innovation. There may be media interest in this report.

III. FLAG

Nothing to report.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
December 9, 2013

I. HIGHLIGHTS

- ***Audit of FY 2013 DOC Consolidated Financial Statements:*** OIG will issue an audit report on the Department's consolidated financial statements by December 16, 2013. The report will be based on the audit work of an independent public accounting firm and included in the Department's annual Performance and Accountability Report for FY 2013.
- ***Audit of FY 2013 USPTO Consolidated Financial Statements:*** OIG will issue an audit report on USPTO's consolidated financial statements by December 16, 2013. The report will be based on the audit work of an independent public accounting firm and included in USPTO's annual Performance and Accountability Report for FY 2013.
- ***Audit of BTOP Closeout Procedures:*** OIG will release an audit report on the closeout procedures for the Broadband Technology Opportunities Program (BTOP). BTOP grants were awarded prior to September 30, 2010, and are reaching completion and entering the grant close-out phase.

II. PRESS ACTIVITY

Nothing to report.

III. FLAG

Nothing to report.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
December 16, 2013

I. HIGHLIGHTS

- ***Audit of BTOP Closeout Procedures:*** OIG will release an audit report on the closeout procedures for the Broadband Technology Opportunities Program (BTOP). BTOP grants were awarded prior to September 30, 2010, and are reaching completion and entering the grant close-out phase.
- ***Audit of FY 2013 DOC Consolidated Financial Statements:*** OIG will issue an audit report on the Department's consolidated financial statements by December 16, 2013. The report will be based on the audit work of an independent public accounting firm and included in the Department's annual Performance and Accountability Report for FY 2013.

II. PRESS ACTIVITY

Nothing to report.

III. FLAG

The Inspector General will be on annual leave Monday, December 23, 2013 until Monday, January 6, 2014.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
December 23, 2013

I. HIGHLIGHTS

[DRAFT REPORT] *Manufacturing Extension Partnership Incurred Avoidable Conference Costs:* This week OIG will release a draft audit report on NIST MEP conference spending in FY 2011-2012. This audit responds to a July 20, 2012, request by Senator Susan Collins. The audit objectives were to develop a reasonable cost estimate for the 2012 conference and determine the legitimacy and reasonableness of travel costs for major NIST MEP conferences in FY 2011-2012. OIG found questioned costs of over \$236,000. NIST will have approximately 30 days to respond.

II. PRESS ACTIVITY

Nothing to report.

III. FLAG

The Inspector General will be on annual leave Monday, December 23, 2013 until Monday, January 6, 2014.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
January 6, 2014

I. HIGHLIGHTS

OIG Observations on the Department's Spending for Premium-Class Travel in FY 2012 (internal memo). OIG examined information provided by the Office of Commerce Services, and assessed the risk concerning the Department's use of premium travel. OIG's review found some data anomalies, and, as a result, OIG will provide recommendations for the Department and its bureaus.

II. PRESS ACTIVITY

On Friday, January 3, 2014, OIG received a media inquiry from Bloomberg News regarding Commerce Department media lock-ups, and whether Commerce OIG was currently doing any work on this issue. The inquiry was prompted by an article in the Wall Street Journal detailing a report by the Labor Department Inspector General that recommended Labor eliminates lock-ups and pre-release of economic data to the media. OIG responded that no review is planned at this time.

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III. FLAG

Nothing to report.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
January 13, 2014

I. HIGHLIGHTS

Response to Congressional Request Concerning Grant Award to Eagle-Net Alliance. In May 2013, OIG received a Congressional request to review a BTOP grant award to the Eagle-Net Alliance and respond to seven questions related to the grant. In its response to the Congressional request, OIG will provide background information on the grant, responses to the seven questions, and some additional issues noted during OIG's review. As a courtesy, OIG will provide an advance copy of our response to NTIA this week. We expect to issue our response to Congress the week of January 21.

II. PRESS ACTIVITY

Response to Congressional Request Concerning Grant Award to Eagle-Net Alliance. There may be media interest in this response.

III. FLAG

Nothing to report.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
January 22, 2014

I. HIGHLIGHTS

Response to Congressional Request Concerning Grant Award to Eagle-Net Alliance. In May 2013, OIG received a Congressional request to review a BTOP grant award to the Eagle-Net Alliance and respond to seven questions related to the grant. In its response to the Congressional request, OIG will provide background information on the grant, responses to the seven questions, and some additional issues noted during OIG's review. As a courtesy, OIG provided an advance copy of our response to NTIA on January 16. We expect to issue our response to Congress the week of January 21.

II. PRESS ACTIVITY

Response to Congressional Request Concerning Grant Award to Eagle-Net Alliance. There may be media interest in this response.

III. FLAG

Nothing to report.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
January 27, 2014

I. HIGHLIGHTS

Response to Congressional Request Concerning Grant Award to Eagle-Net Alliance. In May 2013, OIG received a Congressional request to review a BTOP grant award to the Eagle-Net Alliance and respond to seven questions related to the grant. In its response to the Congressional request, OIG will provide background information on the grant, responses to the seven questions, and some additional issues noted during OIG's review. As a courtesy, OIG provided an advance copy of our response to NTIA on January 16. We expect to issue our response to Congress the week of January 27.

II. PRESS ACTIVITY

Response to Congressional Request Concerning Grant Award to Eagle-Net Alliance. There may be media interest in this response.

III. FLAG

OIG Awards Ceremony will be held January 28, 2014.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
February 3, 2014

I. HIGHLIGHTS

Nothing to report.

II. PRESS ACTIVITY

Nothing to report.

III. FLAG

IG Meeting with Iraqi Officials: The United Nations Development Program in Iraq, in conjunction with the Department of State, has organized a study tour for approximately 30 Iraqi Inspectors General to take place in Washington, DC January 27 – February 7. On February 4th, the IG will meet with the Iraqi IG Ministry of Industry to discuss the role and responsibilities of the DOC OIG.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
February 10, 2014

I. HIGHLIGHTS

OIG is not issuing any reports this week.

II. PRESS ACTIVITY

On January 28, 2014, the Denver Business Journal published an article on OIG's review of Eagle-Net Alliance's Colorado high-speed Internet network. In May 2013, U.S. Congressmen Greg Walden, Cory Gardner, and Scott Tipton asked OIG to review the grant awarded to Eagle-Net Alliance. OIG reported that the project fell far short of its goals and had weak financial controls. The Commerce Department suspended the Eagle-Net project in 2012, which was overseen by the National Telecommunications and Information Administration (NTIA). At the time of its suspension, Eagle-Net had spent \$90 million of its \$100.6 million grant. Eagle-Net was the nation's fifth-largest project funded by the 2009 federal stimulus package under the Broadband Technologies Opportunities Program (BTOP), designed to broaden the reach of high-speed Internet connections.

III. FLAG

OIG will issue the final report on FY 2011 and 2012 MEP Conference Spending during the week of February 21.

OIG is starting its annual risk assessment process, which is used to identify high-risk Department activities, and includes interviewing bureau officials about their program operations. OIG uses risk assessment results as input for its annual audit plan.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
February 18, 2014

I. HIGHLIGHTS

Manufacturing Extension Partnership Incurred Avoidable Conference Costs. This week, OIG will release an audit report on the Manufacturing Extension Partnership (MEP) conferences sponsored by the National Institute of Standards and Technology (NIST) in FYs 2011 and 2012. OIG's objectives were to develop a reasonable cost estimate of the 2012 NIST MEP annual conference held in Orlando and determine the legitimacy and reasonableness of travel costs for major conferences in fiscal years 2011 and 2012. OIG found that the NIST MEP event planner raised funds to pay for an evening reception by selling sponsorships in exchange for conference attendee lists and logo branding opportunities on conference materials; none of the sponsorship fees were used to reduce the cost of the conference to the federal government.

II. PRESS ACTIVITY

Manufacturing Extension Partnership Incurred Avoidable Conference Costs. There may be media interest in this report.

III. FLAG

The IG and OIG Senior Staff are visiting BEA for a familiarization/liaison meeting on February 18th.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
February 24, 2014

I. HIGHLIGHTS

Manufacturing Extension Partnership Incurred Avoidable Conference Costs. On February 21, OIG released an audit report on the Manufacturing Extension Partnership (MEP) conferences sponsored by the National Institute of Standards and Technology (NIST) in FYs 2011 and 2012. OIG's objectives were to develop a reasonable cost estimate of the 2012 NIST MEP annual conference held in Orlando and determine the legitimacy and reasonableness of travel costs for major conferences in fiscal years 2011 and 2012. OIG found that the NIST MEP event planner raised funds to pay for an evening reception by selling sponsorships in exchange for conference attendee lists and logo branding opportunities on conference materials; none of the sponsorship fees were used to reduce the cost of the conference to the federal government.

Management Challenges Facing the First Responder Network Authority (FirstNet). On February 20, OIG released an information memorandum on the top management challenges faced by the First Responder Network Authority to FirstNet's Chief Financial Officer. After the initial challenge of establishing an organizational structure, the memo discussed three additional challenges that OIG anticipates FirstNet will face as it establishes its Public Safety Broadband Network: (1) fostering cooperation among various state and local public safety agencies, (2) integrating existing grants to enhance public communications capabilities into FirstNet, and (3) creating a nationwide long-term evolution network.

FY 2013 Trends in OIG Recommendations. On February 21, OIG issued an internal memo to the CFO, which summarized OIG report recommendations issued in FY 2013, to the Department and Departmental units. OIG characterized recommendations according to 8 primary categories and 9 secondary categories (subcategories). The highest portion (40 percent) of all report recommendations concerned IT resource management, followed by budget and financial management (28 percent) and operational efficiency (17 percent). OIG issued the most recommendations to NOAA (23 percent), followed by the Office of the Secretary/Department-wide programs (21 percent), USPTO (17 percent) and the Census Bureau (13 percent). This memo was not intended for public release and will not be posted on OIG's website.

II. PRESS ACTIVITY

Manufacturing Extension Partnership Incurred Avoidable Conference Costs. There may be media interest in this report.

Management Challenges Facing the First Responder Network Authority (FirstNet).
There may be media interest in this memo when it's posted on OIG's website.

III. FLAG

The Inspector General will be visiting OIG's regional office in Atlanta, February 27-28, to conduct a site visit.

Office of Inspector General
Secretary's Weekly Report
Todd J. Zinser, Inspector General
(202) 482-4661
March 3, 2014

I. HIGHLIGHTS

Interim Memo on Audit of NOAA's Geostationary Operational Environmental Satellite-R Series Core Ground System Observations. This week, OIG will issue to NOAA and Department management an interim memo on OIG's observations on the GOES-R core ground system. This is in advance of OIG's audit report on NOAA's Geostationary Operational Environmental Satellite-R (GOES-R) Series program, which will be issued later this spring. The audit objectives are to assess the adequacy of GOES-R development activities and to monitor NOAA's progress in developing approaches to mitigate launch delays and NOAA's oversight of GOES-R systems engineering. OIG is concerned about the effectiveness of management and oversight of the twice re-planned development effort.

II. PRESS ACTIVITY

On February 24, 2014, the Washington Examiner published an article on OIG's report on NIST MEP Conference Spending (report no. OIG-14-013, released on February 21, 2014). The article noted that the IG found that the conference event planner, International Management and Consulting LCC, retained concessions and benefits from the hotel that could have been used to reduce the conference cost.

III. FLAG

Nothing to report

**Office of Inspector General
Secretary's Weekly Report**
Todd J. Zinser, Inspector General
(202) 482-4661
March 10, 2014

I. HIGHLIGHTS

Review of NOAA Catch Share Programs (Draft Report). In 2011 Congressmen Barney Frank and John Tierney expressed concerns over the fisheries regulatory process at NOAA, the National Marine Fisheries Services (NMFS), and Fishery Management Councils (FMCs). In response, OIG initiated a multiple-phase review of NMFS and FMCs related to the development of rules for the commercial fishing industry. OIG issued two reports in 2013: the first covered the role of NOAA and the FMCs in the fishery rulemaking process and the transparency of the rulemaking; the second summarized FMC perspectives on fishery regulatory requirements, rulemaking, and improvements in fisheries management. This third report addresses NOAA's management of the catch share programs it monitors. OIG issued the draft report on March 7, 2014.

Inadequate Practice and Management Hinder Incident Detection and Response (Draft Report). In accordance with the Federal Information Security Management Act, OIG reviewed incident detection and response practices at four bureaus: Bureau of Economic Analysis, Bureau of Industry and Security, International Trade Administration, and U.S. Patent and Trademark Office. OIG also evaluated these capabilities at the HCHB Security Operations Center. OIG's objective was to determine whether key security measures are in place to adequately monitor networks, detect malicious activities, and handle cyber incidents. OIG will issue the draft report the week of March 10, 2014.

II. PRESS ACTIVITY

Geostationary Operational Environmental Satellite-R Series Core Ground System Observations (Interim Memo). There may be media interest in this interim memo released on March 6, 2014.

NIST MEP Conference Spending: On March 4, 2014, the Washington Times published an article on OIG's report on NIST MEP Conference Spending (report no. OIG-14-013, released on February 21, 2014). The article quoted the IG from a phone interview last week, "It shows the Commerce Department was no different than some of these other agencies that sponsored these conferences and did not really think through the use of taxpayer money for his. I think the day has come when these types of conferences have come to an end."

III. FLAG

Nothing to report

**Office of Inspector General
Secretary's Weekly Report**
Todd J. Zinser, Inspector General
(202) 482-4661
March 17, 2014

I. HIGHLIGHTS

Office of the Secretary's Working Capital Fund Billing Control Issues Resulted in Incorrect Charges (Draft Report). A revolving fund approved by Congress, the Department's Working Capital Fund (WCF) provides centralized services to the Department and to agencies outside the Department. In FY 2013, the WCF collected nearly \$150 million for 62 projects managed by 12 service providers within the Department. Services provided include information technology, human resources, security, and legal services. OIG's audit objective was to evaluate controls over the Office of the Secretary's WCF in FY 2013. OIG will issue the draft report the week of March 17.

Excess Equipment, Unallowable Costs, Weaknesses in Inventory Management, and Other Issues in BTOP Infrastructure Projects (Draft Report). The American Recovery and Reinvestment Act of 2009 provided the National Telecommunications and Information Administration (NTIA) approximately \$4.7 billion to establish the Broadband Technology Opportunities Program (BTOP), a competitive grant program to provide funds for deploying broadband infrastructure and to promote broadband Internet usage among specific populations traditionally underserved by this technology. The bulk of BTOP dollars, totaling \$3.5 billion of the approximately \$3.9 billion in awards, went toward 123 infrastructure grants. OIG's audit objective was to determine how effective NTIA's oversight of equipment acquisition and implementation was for selected BTOP recipients. OIG will issue the draft report the week of March 17.

II. PRESS ACTIVITY

Nothing to report

III. FLAG

Nothing to report

OIG WEEKLY REPORT TO THE SECRETARY FOR THE WEEK OF MARCH 24, 2014

Message to the Secretary

- Madame Secretary,

We have been notified by the staff of the Senate Appropriations Commerce, Justice, Science (CJS) that I will be invited to testify at the April 10, 2014 hearing related to the Department's FY 2015 budget request. Last year I testified in both the House and the Senate. This year, however, I will not be testifying for the hearing in the House.

I am usually requested to testify on the top management challenges facing the Department and not specifically about the OIG's budget request itself. You should be aware that based on "IG independence" the testimony of IG's is not cleared by OMB or the Department (this is a government-wide practice). Nevertheless, I do share an advanced copy of my testimony with the Department at the same we send the testimony to the Subcommittee.

Please let me know if I can assist in any way with your upcoming appropriation hearings. I would be happy to update you on current issues prior to your scheduled testimony if you would find that helpful.

Sincerely,

Todd J. Zinser

Principal Schedules

- On March 25th the Inspector General and staff will be in New Bedford, MA to meet with the Center for Sustainable Fisheries. The purpose of the meeting is to continue outreach to the New England fishing community.

Items to Note

- On March 18, 2014, OIG announced that we are initiating an audit of NTIA's Broadband Technology Opportunities Program (BTOP) Public

Computer Centers. OIG objectives will be to review NTIA's procedures to ensure that Public Computer Center grantees used appropriate procurement practices, recipient equipment purchases are utilized to achieve intended program outputs, controls are in place to ensure effective accountability for the purchased equipment, and claimed results are verifiable. OIG will also assess if the project will be sustainable beyond the grant period and continue to benefit the community.

- **(Draft Report) *Excess Equipment, Unallowable Costs, Weaknesses in Inventory Management, and Other Issues in BTOP Infrastructure Projects*.** The OIG will issue a draft report the week of March 24. The bulk of BTOP dollars, \$3.5 billion of the approximately \$3.9 billion in awards, went toward 123 infrastructure grants. OIG's audit objective was to determine how effective NTIA's oversight of equipment acquisition and implementation was for selected BTOP recipients

The Month Ahead

[Timeframes for issuing reports are estimates.]

- ***Review of NOAA Catch Share Programs.*** OIG issued a draft report on March 7, 2014 concerning NOAA's catch share programs. This is our third report addressing NOAA's rulemaking over the past two years. NOAA has a 30-day comment period, after which we will issue our report publicly.
- ***Inadequate Practice and Management Hinder Incident Detection and Response.*** In accordance with the Federal Information Security Management Act, OIG reviewed incident detection and response practices at four bureaus: BEA, BIS, ITA, and USPTO. OIG also evaluated these capabilities at the HCHB Security Operations Center. OIG's objective was to determine whether key security measures are in place to adequately monitor networks, detect malicious activities, and handle cyber incidents. OIG issued the draft report on March 13, 2014. The Bureaus and the Department have a 30-day comment period, after which we will issue our report publicly.
- ***Review of the Department's FY 2013 Compliance with Improper Payment Requirements.*** In accordance with statutory requirements and OMB Circular A-123, OIG is conducting its annual review of the Department's improper payment reporting in the FY 2013 Agency Financial Report. OIG is reviewing the accuracy and completeness of

the Department's reporting, as well as agency performance in reducing and recapturing improper payments. OIG will issue a draft report by March 31, 2014.

- ***Office of the Secretary's Working Capital Fund Billing Control Issues Resulted in Incorrect Charges.*** A revolving fund approved by Congress, the Department's Working Capital Fund (WCF) provides centralized services to the Department and to agencies outside the Department. In FY 2013, the WCF collected nearly \$150 million for 62 projects managed by 12 service providers within the Department. Services provided include information technology, human resources, security, and legal services. OIG's audit objective was to evaluate controls over the Office of the Secretary's WCF in FY 2013. OIG will issue a draft report in April.

**OIG WEEKLY REPORT TO THE SECRETARY
FOR THE WEEK OF MARCH 31, 2014**

Message to the Secretary

Madam Secretary,

This past week, I visited New Bedford, MA and met with representatives of the fishing community. Significant challenges remain in the relationship between NOAA and New England fishermen and community leaders. Over the past several years, we (OIG) have devoted substantial resources and attention to NOAA's fishery management and will continue to do so. I have reached out to NOAA Assistant Administrator for Fisheries, Eileen Sobeck, and requested an introductory meeting since I have not had the opportunity to meet her since her appointment in January. I will provide her with my observations from my trip to New Bedford.

I have also reached out to Michelle Lee (USPTO) and Arun Kumar (USFCS) for introductory meetings and will hopefully accomplish those within the next two weeks.

With respect to near term priorities, we will be finalizing our written testimony for Senate appropriations. While I reported to you last week that we had been notified that I would be invited to testify, that has changed. The subcommittee is now requesting that we just submit a written statement for the record. As noted last week, we will provide a copy of our written testimony to your office once it is finalized.

Sincerely

Todd J. Zinser

Items to Note

On March 24, 2014, OIG announced an audit of the Bureau of Industry and Security's continuous monitoring strategy and practices as part of OIG's FY 2014 Federal Information Security Management Act of 2002 (FISMA) review. OIG's objective is to determine whether BIS' strategy and practices

provide adequate information for authorizing officials to make proper risk-based decisions.

(Draft Report) *Review of the Department's FY 2013 Compliance with Improper Payment Requirements.* In accordance with statutory requirements and OMB Circular A-123, OIG is conducting its annual review of the Department's improper payment reporting in the FY 2013 Agency Financial Report. This is required of IGs across the government. Improper payments are payments that should not have been made or that were made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements.

OIG is reviewing the accuracy and completeness of the Department's reporting, as well as agency performance in reducing and recapturing improper payments. OIG will issue a draft report the week of March 31, 2014.

The Month Ahead

[Timeframes for issuing reports are estimates.]

- ***Nonfederal Audit Results for the 6 –Month Period Ending December 31, 2013.*** This memorandum report provides an analysis of nonfederal audit reports, including a summary of findings that OIG reviewed during the 6-month period ending December 31, 2013. Any nonfederal entity that expends \$500,000 or more in federal awards in a year is required by the Single Audit Act of 1984 and Amendments of 1996 to have an annual audit of its federal awards and submit the audit and the entity's response to the Federal Audit Clearinghouse. OIG is responsible for reviewing the audit reports and responses submitted by those nonfederal entities. OIG will release the memorandum report in April.
- ***Review of NOAA Catch Share Programs.*** OIG issued a draft report on March 7, 2014 concerning NOAA's catch share programs. This is our third report addressing NOAA's rulemaking over the past two years. NOAA has a 30-day comment period, after which we will issue our report publicly.
- ***Inadequate Practice and Management Hinder Incident Detection and Response.*** In accordance with the Federal Information Security

Management Act, OIG reviewed incident detection and response practices at four bureaus: BEA, BIS, ITA, and USPTO. OIG also evaluated these capabilities at the HCHB Security Operations Center. OIG's objective was to determine whether key security measures are in place to adequately monitor networks, detect malicious activities, and handle cyber incidents. OIG issued the draft report on March 13, 2014. The Bureaus and the Department have a 30-day comment period, after which we will issue our report publicly.

- ***Review of the Department's FY 2013 Compliance with Improper Payment Requirements.*** In accordance with statutory requirements and OMB Circular A-123, OIG is conducting its annual review of the Department's improper payment reporting in the FY 2013 Agency Financial Report. OIG is reviewing the accuracy and completeness of the Department's reporting, as well as agency performance in reducing and recapturing improper payments. OIG will issue the report by April 15, 2014.
- ***Office of the Secretary's Working Capital Fund Billing Control Issues Resulted in Incorrect Charges.*** A revolving fund approved by Congress, the Department's Working Capital Fund (WCF) provides centralized services to the Department and to agencies outside the Department. In FY 2013, the WCF collected nearly \$150 million for 62 projects managed by 12 service providers within the Department. Services provided include information technology, human resources, security, and legal services. OIG's audit objective was to evaluate controls over the Office of the Secretary's WCF in FY 2013. OIG will issue a draft report in April.

**OIG WEEKLY REPORT TO THE SECRETARY
FOR THE WEEK OF APRIL 07, 2014**

Message to the Secretary

Madam Secretary,

We are finalizing our written testimony which we have prepared for the Senate appropriations subcommittee for their hearing with you on Thursday. They have asked us to submit our testimony by COB Monday, April 7. We will provide your office with a copy at the same time.

Our testimony will highlight challenges associated with NOAA's satellite program; planning for the 2020 decennial census, Cybersecurity, USPTO backlogs, and several issues concerning the Department's finances, contracts grants and operations.

I understand how challenging it is to testify on the entire Department's budget request. If you or your staff review our written statement and have any questions, concerns, or require any clarification, please do not hesitate to contact us.

Last week I mentioned that I planned to reach out and hold introductory meeting with recent appointees. I met with Michelle Lee last week. I will be meeting with Arun Kumar today and Eileen Sobeck later this week.

We are not anticipating the public release of any reports this week other than our written testimony which will be posted Thursday morning. However, next week, depending on whether we receive comments from the bureaus on time, we may be issuing 3 public reports on: 1) The Department's Compliance with Improper Payment Requirements for FY 2013; 2) Review of NOAA's Catch Share Program; and 3) Audit of DOC Incident Detection and Response Capabilities.

Good Luck with your hearings this week.

Sincerely,

Todd J. Zinser

Items to Note

- **OIG to Issue Draft Audit on Rapid Rise in Requests for Continued Examination (RCEs) at USPTO:** In this audit, OIG assessed the reasons for the increase in average time for RCE pendency and the RCE backlog as well as USPTO's efforts to monitor and address these issues. RCEs are patent applications resubmitted for consideration after an examiner previously rejected the inventor's claims. This week, we will send a draft report to USPTO, which will have 30 days to comment. After reviewing USPTO's comments, we will release our public report in May.
- **OIG to Issue Draft Audit on Process to Implement Census Budget Reductions:** In this audit, OIG reviewed Census' process for implementing budget reductions and evaluated the roles of the Department and the Economics and Statistics Administration in 2020 decennial planning oversight. Mandatory budget reductions during FY13 and FY14 required the 2020 Census Research Program to modify research and testing strategies and schedules. This week, we will send a draft report to Census, which will have 30 days to comment. After reviewing Census' comments, we will release our public report in May.

The Month Ahead

- **Nonfederal Audit Results for the 6-Month Period Ending December 31, 2013:** This memorandum report will provide an analysis of nonfederal audit reports, including a summary of findings that OIG reviewed during the 6-month period ending December 31, 2013. Any nonfederal entity that expends \$500,000 or more in federal awards in a year is required by the Single Audit Act of 1984 and Amendments of 1996 to have an annual audit of its federal awards and submit the audit and the entity's response to the Federal Audit Clearinghouse. OIG plans to release this memorandum report on April 11.
- **Review of the Department's FY 2013 Compliance with Improper Payment Requirements:** In accordance with statutory requirements and OMB Circular A-123, OIG is conducting its annual review of the Department's improper payment reporting in the FY 2013 Agency Financial Report. OIG is reviewing the accuracy and completeness of the Department's reporting, as well as agency performance in reducing and recapturing improper payments. On March 31, OIG sent a draft report to the Department requesting

comments within one week. By law, we are required to publish this report by April 15.

- **Review of NOAA Catch Share Programs:** On March 7, we sent NOAA a draft report on its' catch share program. This is our third report addressing NOAA's rulemaking over the past two years. NOAA responded to our comments on April 3, and we plan to issue our public report by April 17.
- **Inadequate Practice and Management Hinder Incident Detection and Response:** In accordance with the Federal Information Security Management Act, OIG reviewed incident detection and response practices at four bureaus: BEA, BIS, ITA, and USPTO. OIG also evaluated these capabilities at the HCHB Security Operations Center. OIG's objective was to determine whether key security measures are in place to adequately monitor networks, detect malicious activities, and handle cyber incidents. On March 13, we sent our draft report to the Department and several bureaus, requesting comment within 15 days. We expect to receive comments this week, and will issue a public report by April 24.
- **Excess Equipment, Unallowable Costs, Weaknesses in Inventory Management and Other Issues Identified in BTOP Infrastructure Projects:** The American Recovery and Reinvestment Act of 2009 provided funds for the Broadband Technology Opportunities Program (BTOP), a competitive grant program. In this audit, OIG assessed the effectiveness of the National Telecommunications and Information Administration's (NTIA) monitoring of the BTOP grant recipients' equipment acquisition. On March 24, OIG sent a draft report to NTIA requesting comment within 30 days. We expect to receive a response by late April, and will issue our public report in early May.
- **Office of the Secretary's Working Capital Fund Billing Control Issues Resulted in Incorrect Charges:** A revolving fund approved by Congress, the Department's Working Capital Fund (WCF) provides centralized services to the Department and to agencies outside the Department. In FY 2013, the WCF collected nearly \$150 million for 62 projects managed by 12 service providers within the Department. OIG's audit objective was to evaluate controls over the Office of the Secretary's WCF in FY 2013. On March 28, OIG sent a draft report for comment to the Department and OGC, requesting a response within 30 days. We expect to publicly release this report in mid May.

**OIG WEEKLY REPORT TO THE SECRETARY
FOR THE WEEK OF APRIL 14, 2014**

Message to the Secretary

Madam Secretary,

Next to the Secretary and then the Deputy Secretary, the most important relationships for any IG, in my view, are those with the General Counsel, Chief Financial Officer and Chief Information Officer. I think I have been able to maintain effective working relationships with each over the past 6 years.

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Sincerely,

Todd J. Zinser

Items to Note

- On April 15, we will issue the final report on “Review of the Department’s FY 2013 Compliance with Improper Payment Requirements.” In accordance with statutory requirements and OMB Circular A-123, OIG conducted its annual review of the Department’s improper payment reporting in the “FY 2013 Agency Financial Report.” OIG reviewed the accuracy and completeness of the Department’s reporting, as well as agency performance in reducing and recapturing improper payments.
- On April 17, we will issue a public report on “Review of NOAA Catch Share Programs.” This is our third report addressing NOAA’s rulemaking over the past two years.
- On April 17, we will issue a memorandum report on “Nonfederal Audit Results for the 6 –Month Period Ending December 31, 2013.” This memorandum report provides an analysis of nonfederal audit reports, including a summary of findings that OIG reviewed during the 6-month period ending December 31, 2013. Any nonfederal entity that expends \$500,000 or more in federal awards in a year is required by the Single Audit Act of 1984 and Amendments of 1996 to have an annual audit of its federal awards and submit the audit and the entity’s response to the Federal Audit Clearinghouse. OIG is responsible for reviewing the audit reports and responses submitted by those nonfederal entities

The Month Ahead

- Inadequate Practice and Management Hinder Incident Detection and Response: In accordance with the Federal Information Security Management Act, OIG reviewed incident detection and response practices at four bureaus: BEA, BIS, ITA, and USPTO. OIG also evaluated these capabilities at the HCHB Security Operations Center. OIG’s objective was to determine whether key security measures are in place to adequately monitor networks, detect malicious activities, and handle cyber incidents. On March 13, we sent our draft report to the Department and several bureaus, requesting comment within 15 days. We expect to receive comments this week, and will issue a public report by April 24.

- **Excess Equipment, Unallowable Costs, Weaknesses in Inventory Management and Other Issues Identified in BTOP Infrastructure Projects:** The American Recovery and Reinvestment Act of 2009 provided funds for the Broadband Technology Opportunities Program (BTOP), a competitive grant program. In this audit, OIG assessed the effectiveness of the National Telecommunications and Information Administration's (NTIA) monitoring of the BTOP grant recipients' equipment acquisition. On March 24, OIG sent a draft report to NTIA requesting comment within 30 days. We expect to receive a response by late April, and will issue our public report in early May.
- **Office of the Secretary's Working Capital Fund Billing Control Issues Resulted in Incorrect Charges:** A revolving fund approved by Congress, the Department's Working Capital Fund (WCF) provides centralized services to the Department and to agencies outside the Department. In FY 2013, the WCF collected nearly \$150 million for 62 projects managed by 12 service providers within the Department. OIG's audit objective was to evaluate controls over the Office of the Secretary's WCF in FY 2013. On March 28, OIG sent a draft report for comment to the Department and OGC, requesting a response within 30 days. We expect to publicly release this report in mid-May.

OIG WEEKLY REPORT TO THE SECRETARY FOR THE WEEK OF APRIL 14, 2014

Items to Note

- On April 15, we will issue the final report on “Review of the Department’s FY 2013 Compliance with Improper Payment Requirements.” In accordance with statutory requirements and OMB Circular A-123, OIG conducted its annual review of the Department’s improper payment reporting in the “FY 2013 Agency Financial Report.” OIG reviewed the accuracy and completeness of the Department’s reporting, as well as agency performance in reducing and recapturing improper payments.
- On April 17, we will issue a public report on “Review of NOAA Catch Share Programs.” This is our third report addressing NOAA’s rulemaking over the past two years.
- On April 17, we will issue a memorandum report on “Nonfederal Audit Results for the 6 –Month Period Ending December 31, 2013.” This memorandum report provides an analysis of nonfederal audit reports, including a summary of findings that OIG reviewed during the 6-month period ending December 31, 2013. Any nonfederal entity that expends \$500,000 or more in federal awards in a year is required by the Single Audit Act of 1984 and Amendments of 1996 to have an annual audit of its federal awards and submit the audit and the entity’s response to the Federal Audit Clearinghouse. OIG is responsible for reviewing the audit reports and responses submitted by those nonfederal entities

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OIG WEEKLY REPORT TO THE SECRETARY FOR THE WEEK OF APRIL 21, 2014

Message to the Secretary

Madam Secretary,

OIG issues between 25 and 30 audit products a year (i.e., reports, testimony, action memoranda). Not all of our reports are critical for you to read but some are. As noted below, this week we will be issuing a report on the Department's Cyber Incident Detection and Response capabilities.

OIG IT Security staff simulated suspicious activity through external scanning of web sites operated by five bureaus: (b) (7)(E), (b) (7)(E), (b) (7)(E), (b) (7)(E) and (b) (7)(E). The Department's CIO provides incident detection and response services to seven bureaus located at the HCHB.

Although the bureaus were able to monitor our scanning activities, we found that (b) (7)(E) intervened to completely block our scans; others responded in various ways.

(b) (7)(E) and (b) (7)(E)'s intrusion detection system (IDS) each detected our scan but did not take any action to respond.

(b) (7)(E)'s IDS detected our scan. (b) (7)(E) performed an analysis and decided not to take any actions but performed their analysis two days after we completed our testing.

(b) (7)(E)'s IDS stopped some significant type of our simulated attacks but did not stop others. There was no intervention by (b) (7)(E) to completely block our scanning activities.

We are making 4 recommendations to include determining the feasibility and cost effectiveness of independently assessing the detection and response capabilities of each bureau.

Our reporting protocol is to issue the report to the Department and relevant bureaus; to the Congress on the following day; and to our public website the third day.

In the event you do not see the report right away after we issue, I thought this may be one with which you would want some familiarity.

Please let me know if you would like a briefing on our report and recommendations.

Sincerely,

Todd J. Zinser

Items to Note

- On April 24, we expect to issue a public report on “Review of NOAA Catch Share Programs.” The objective of this review was to evaluate the sufficiency of NOAA’s implementation and monitoring of a selection of catch share programs developed by Fishery Management Councils (FMC). OIG examined whether NOAA has adequate controls to prevent share ownership above the allowable limits and ensure adequate competition. OIG selected 6 of the 15 current catch share programs for review. They represent a program from each FMC that has implemented a catch share program. On March 7, OIG sent a draft report to NOAA for comment.
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OIG WEEKLY REPORT TO THE SECRETARY FOR THE WEEK OF APRIL 21, 2014

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**OIG WEEKLY REPORT TO THE SECRETARY
FOR THE WEEK OF APRIL 28, 2014**

Message to the Secretary

Madam Secretary,

We have two upcoming reports concerning the Census Bureau that may attract some public attention. The first is an investigative report we are currently planning to issue early next week (May 5) on the allegations that the Census Bureau falsified the Current Population Survey in advance of the 2012 Presidential election in order to reflect a lower unemployment rate. These allegations have received attention from the New York Post, which has sensationalized the issue, but other media outlets have also reported on the allegations. In addition, the House Government Reform and Oversight Committee has been conducting its own investigation of these allegations. Our report will put the allegations to rest and I am confident that our findings and recommendations will withstand any scrutiny.

Also, within the next few weeks, before Memorial Day, we will be issuing our final audit report on Census Budget Reductions. The report will be critical of the Census Bureau. Our objectives included evaluating the Census Bureau's process for implementing recent budget reductions and to assess the impact of those budget reductions on its planning for the 2020 decennial. We found significant internal control weaknesses over timekeeping that prevented us from assessing the impact of budget reductions. We have briefed John Thompson and Nancy Potock personally and have also been briefed by Mark Doms and John Thompson about corrective actions they are taking. Census has put in place a responsive action plan. Nonetheless, among those who watch the Census, especially the Appropriators, our report will generate a lot of interest but also concern.

In both of these cases, I believe OIG staff performed very well and both reports are very solid.

As always, please let me know if you would like any additional information on these matters.

Items to Note

- On April 29, we expect to issue a public report on “Review of NOAA Catch Share Programs.” The objective of this review was to evaluate the sufficiency of NOAA’s implementation and monitoring of a selection of catch share programs developed by Fishery Management Councils (FMC). OIG examined whether NOAA has adequate controls to prevent share ownership above the allowable limits and ensure adequate competition. OIG selected 6 of the 15 current catch share programs for review. They represent a program from each FMC that has implemented a catch share program. On March 7, OIG sent a draft report to NOAA for comment.

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OIG WEEKLY REPORT TO THE SECRETARY FOR THE WEEK OF APRIL 28, 2014

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**OIG WEEKLY REPORT TO THE SECRETARY
FOR THE WEEK OF May 5, 2014**

Message to the Secretary

Madam Secretary,

As mentioned in my message last week, we issued our investigative report last week on the allegations about Census Bureau falsification and we will be following up with John Thompson on our recommendations.

With respect to new business, later this month, I am planning to travel to Anchorage, AK to sign a reimbursable Memorandum of Understanding (MOU) with the Denali Commission (i.e., the Denali Commission will reimburse OIG). The purpose of the MOU is to have my office provide oversight for the Commission, and essentially serve as the Commission's Inspector General (IG), until such time as the Commission determines to hire an Inspector General or seek IG services from another IG. My travel there is tentatively scheduled for May 30th.

I agreed to undertake this added responsibility based on conversations within the IG community and with the Commission over the past couple of months.

I was recently made aware that Senator Murkowski has submitted a Question for the Record (QFR) for you in connection with your April 10, 2014, Senate Appropriation Subcommittee hearing. The QFR is somewhat critical and states in part,

“You recently reappointed the Federal Co-chair. I have to tell you that I no longer have confidence in that individual and made that known to your staff and the White House prior to the reappointment. Assistance from the Commerce Department's Office of General Counsel is lacking. And I would submit that the Denali Commission would benefit from the depth and breadth of the Commerce Department's Inspector General as an improvement over the recently departed “one man band” Inspector General who spent most, if not all, of his working time (if one can call it that) in Arizona rather than Alaska. I am looking for your reaction to these ideas.”

I was unaware of the Senator's concerns prior to seeing this QFR. We have since been in contact with Senator Murkowski's staff to let the Senator know of our discussions with the Denali Commission about serving as their IG.

I have agreed with Ellen Herbst to provide input for the Department's response to Senator Murkowski's QFR.

Please let me know if I can provide any further information or if you would like a briefing on our plans for covering Denali Commission oversight.

Sincerely,

Todd J. Zinser

The Month Ahead

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OIG WEEKLY REPORT TO THE SECRETARY FOR THE WEEK OF May 5, 2014

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**OIG WEEKLY REPORT TO THE SECRETARY
FOR THE WEEK OF May 12, 2014**

Message to the Secretary

Madam Secretary,

Over the past 6 weeks, I have participated in the process (b) (5)

(b) (5)

(b) (5) Thank you again for asking me to participate.

Sincerely,

Todd J. Zinser

Principal Schedules

On May 13th and 14th, the IG will be attending the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Annual Conference at USPTO.

Items to Note

- The week of May 12th, report on the “Office of the Secretary’s Working Capital Fund Billing Control Issues Resulted in Incorrect Charges” will be publicly released. A revolving fund approved by Congress, the Department’s Working Capital Fund (WCF) provides centralized services to the Department and to agencies outside the Department. In FY 2013, the WCF collected nearly \$150 million for 62 projects managed by 12 service providers within the Department. OIG’s audit objective was to evaluate controls over the Office of the Secretary’s WCF in FY 2013. On March 28, OIG sent a draft report for comment to the Department and the Office of General Counsel. We received their responses on May 5th.

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OIG WEEKLY REPORT TO THE SECRETARY FOR THE WEEK OF May 12, 2014

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**OIG WEEKLY REPORT TO THE SECRETARY
FOR THE WEEK OF May 19, 2014**

Message to the Secretary

Madam Secretary,

On Monday, May 19, 2014, we will release our investigative report, “Hurricane Sandy Relief Funding for the National Estuarine Research Reserve System (NERRS).” A whistleblower alleged that a NERRS facility requested funding to replace assets that were not actually damaged by Hurricane Sandy. Another key witness claimed that the assets this NERRS facility sought to replace with the disaster relief funds worked properly before, during and after Hurricane Sandy.

We found that NOAA expanded the Act’s plain language requirement that equipment be “damaged” to include equipment that was “compromised.” Moreover, NOAA required no competition and allowed the grantees to simply state and self-certify an asset was “damaged” or “compromised” without requiring any additional documentation or specific proof to support the claim for funding. We concluded that NOAA’s guidance and subsequent approval of funding applications resulted in questioned costs of approximately \$550,200 – more than half of the approximately \$1 million dollars of funds disbursed – for items that may not have been eligible. By using Hurricane Sandy funds to replace assets that experienced normal wear and tear and for which no claims of damage were made, NOAA defeated the purpose of the Act and deprived itself and potentially others from using the funds for purposes that would more directly benefit the victims of Hurricane Sandy or remediate the storm’s damage.

We’re making several recommendations including that NOAA conduct an analysis and seek the recovery of any improperly awarded disaster relief funds.

Sincerely,

Todd J. Zinser

Items to Note

- The week of May 19th, report on “Census Bureau Lacks Accurate and Informative Cost Data to Guide 2020 Census Research Through a Constrained Budget Environment” will be publicly released. Mandatory budget reductions during FY13 and FY14 required the 2020 Census Research Program to modify research and testing strategies and schedules. OIG reviewed the Bureau’s process for implementing budget reductions and evaluated the roles of the Department and the Economics and Statistics Administration in 2020 decennial planning oversight. On April 11, OIG sent a draft report to the Census Bureau for comment and we received the Bureau’s response on May 12th.

The Month Ahead

- Excess Equipment, Unallowable Costs, Weaknesses in Inventory Management and Other Issues Identified in BTOP Infrastructure Projects: The American Recovery and Reinvestment Act of 2009 provided funds for the Broadband Technology Opportunities Program (BTOP), a competitive grant program administered by the National Telecommunications and Information Administration’s (NTIA). In this audit, OIG assessed the effectiveness of NTIA’s monitoring of the BTOP grant recipients’ equipment acquisition. On March 24, OIG sent a draft report to NTIA for comment. NTIA requested and we provided an extension to respond to the report. However, the response NTIA provided was not in accordance with DAO 213-3, *Inspector General Auditing*. Working through the implications of this issue has delayed the release date of the report. We expect to issue a public report in June.
- Rapid Rise in the Request for Continued Examination Backlog Reveals Challenges in Timely Issuance of Patents: RCEs are patent applications that are resubmitted for consideration after an examiner has previously rejected the inventor’s claims. OIG assessed the reasons for the increase in average RCE pendency and the RCE backlog and USPTO’s efforts to monitor and address these issues. On April 16, OIG sent a draft report to USPTO for comment. We expect to receive USPTO’s response in May and to issue a public report in June.

- Significant Security Deficiencies in NOAA's Information Systems Place Its National Critical Mission at Risk: As part of OIG's FY 2013 Federal Information Security Management Act of 2002 (FISMA) review, OIG initiated an audit of NOAA's IT security program and practices. The audit objective was to assess the effectiveness of NOAA's information security program by determining whether key security measures adequately protect NOAA's systems. OIG issued the draft report on May 9, and expects to issue a public report in June.
- ***Audit of the Joint Polar Satellite System: To Further Mitigate Risk of Data Gaps, NOAA Must Consider Additional Missions, Determine a Strategy, and Gain Stakeholder Support.*** Developing next-generation environmental satellite systems is a top management challenge for the Department and NOAA. OIG's audit objectives were to (1) monitor NOAA's progress toward establishing JPSS cost, schedule, and performance baselines; (2) assess ongoing development activities; and (3) review efforts to mitigate a potential data gap between Suomi National Polar-orbiting Partnership (Suomi NPP) and JPSS-1 satellites. OIG issued the draft report on May 9, and expects to issue a public report in June.

OIG WEEKLY REPORT TO THE SECRETARY FOR THE WEEK OF May 19, 2014

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**OIG WEEKLY REPORT TO THE SECRETARY
FOR THE WEEK OF May 27, 2014**

Message to the Secretary

Madam Secretary,

On May 21, 2014, GAO issued a report on the use of suspensions and debarments in 6 federal agencies including the Department of Commerce. Suspensions and debarments are used to protect the government from contractors and individuals who are not “presently responsible” from contracting with the federal government. GAO noted significant improvement in each of the agencies. For Commerce, our improvement is the result of the Office of Acquisition (OAM), Office of General Counsel (OGC) and my office (OIG) working together to address a long standing deficiency in the Department’s acquisition and contracting program. Upon becoming Inspector General in December 2007, I found that the Department of Commerce had not suspended or debarred anyone in over 15 years. It took a couple of years to drive change, but in the last three years, 2011 to 2013, Commerce took 51 suspension and debarment actions. Please let us know if we can provide any further details about this success story.

Sincerely,

Todd J. Zinser

Principal Schedules

On May 28th, The Inspector General will be traveling to Anchorage, Alaska to finalize a reimbursable MOU between the Denali Commission and the Office of Inspector General. Commerce OIG will be providing oversight to the Commission until a permanent IG is appointed.

Item to Note

On May 22nd, OIG responded to Questions for the Record (QFRs) related to the IG's written testimony, "The Department of Commerce's Fiscal Year 2015 Budget Request", before a hearing of the Committee on Appropriations, Subcommittee on Commerce, Justice, Science, and Related Agencies, U.S. Senate on April 10, 2014. OIG's response answered Senator Shelby's questions about (a) potential data gaps with the JPSS-1 satellite and the robustness of the JPSS program; (b) the Department's Working Capital Fund (WCF) and the OIG audit report, issued this month, concerning WCF billing control issues; and (c) concerns about the Census Bureau's budget leading up to the 2020 Census. OIG submitted its response to Senator Shelby's staff on May 21.

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OIG WEEKLY REPORT TO THE SECRETARY FOR THE WEEK OF May 27, 2014

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**OIG WEEKLY REPORT TO THE SECRETARY
FOR THE WEEK OF June 2, 2014**

Message to the Secretary

Madam Secretary,

Last week we finalized a reimbursable agreement with the Denali Commission for IG services. I traveled to Alaska on May 29th and 30th. I met with the Commission and also visited projects in which the Denali Commission was participating. I also traveled to Galena, AK, a town of approximately 500 in the interior of Alaska on the Yukon River. Galena was devastated by a flood exactly one year earlier on May 29, 2013. The trip to Galena provided very useful insight into the issues facing rural Alaska. I was accompanied on the trip by OIG's Assistant Inspector General for Investigations and Assistant Inspector General for Audit as well as OIG's Regional Audit Manager in Seattle. We met in open session with the Commission on the 30th.

OIG's Seattle Regional Audit Manager, David Sheppard, has been assigned to essentially serve as the IG for the Denali Commission and will be devoted full time to the that responsibility for the next 6 months. I will be providing official notice to you later this week. He will be supervised by the Assistant IG for Audit and I will serve as his second level supervisor so that I can remain involved in the oversight of the Commission. As you may know the relationship between the Denali Commission and the former IG became very strained and the subject of media and Congressional attention. As I stated to the Commission, we view our role at this point as resetting the relationship and getting the IG function for the Commission back on track.

I also wanted to let you know that I am hosting a delegation of Indonesian IG's on June 3, 2014. The delegation is visiting a number of IGs this week and I agreed to meet with them and provide an overview of how we fulfill the IG mission here at the Department.

Please let me know if you would like to know more about the Denali Commission or the visit from the delegation of Indonesian IGs.

Sincerely,

Todd J. Zinser

Item to Note

The week of June 2nd, report on “Excess Equipment, Unallowable Costs, Weaknesses in Inventory Management and Other Issues Identified in BTOP Infrastructure Projects” will be publicly released. The American Recovery and Reinvestment Act of 2009 provided funds for the Broadband Technology Opportunities Program (BTOP), a competitive grant program administered by the National Telecommunications and Information Administration’s (NTIA). In this audit, OIG assessed the effectiveness of NTIA’s monitoring of the BTOP grant recipients’ equipment acquisition.

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IG WEEKLY REPORT TO THE SECRETARY FOR THE WEEK OF June 2, 2014

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**OIG WEEKLY REPORT TO THE SECRETARY
FOR THE WEEK OF June 9, 2014**

Message to the Secretary

Madam Secretary,

I am sorry I missed the farewell reception you hosted for Pat Gallagher. I was on official travel but appreciate the invitation and would have attended otherwise. I have a great deal of respect for Pat and always appreciated the integrity and sound judgment he brought to the job.

I look forward to working with Bruce in his new role. I believe I have worked well with Bruce. He has always made himself accessible to me and has been responsive on matters I have brought to his attention concerning the operations and programs of the Department.

I also understand that Justin Antonipillai will be serving as Chief of Staff in the interim. My experience with Justin is that he has always focused on finding solutions which should serve you and he well in his new role.

Please let me know if I can be of any assistance in these critical transitions.

Sincerely,

Todd J. Zinser

Items to Note

- The week of June 9th, report on “Excess Equipment, Unallowable Costs, Weaknesses in Inventory Management and Other Issues Identified in BTOP Infrastructure Projects” will be publicly issued. The American Recovery and Reinvestment Act of 2009 provided funds for the Broadband Technology Opportunities Program (BTOP), a competitive grant program administered by the National Telecommunications and Information Administration’s (NTIA). In this audit, OIG assessed the effectiveness of NTIA’s monitoring of the BTOP grant recipients’ equipment acquisition.

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