AUDIT REPORT

OIG-AR-01-02

Planning Process for the Commission's Research Program

March 29, 2002

INSPECTOR GENERAL

UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, D.C. 20436

March 29, 2002

MEMORANDUM

TO: THE COMMISSION

We hereby submit Audit Report No. OIG-AR-01-02, *Planning Process for the Commission's Research Program*. We conducted this audit to evaluate the effectiveness of the Commission's planning process for the Research Program.

The audit revealed that customers were satisfied with the Commission's research reports. Customers were impressed with the Section 332 requested reports, and excellent relationships have been developed with the staff. Areas that the Commission may consider taking action to further satisfy its customers are the analysis and subject selection process. Customers believed analysis was not always unique or groundbreaking and they used other sources of information. Additionally, they would like to have the Commission issue a report on other suggested subject areas for consideration.

While the Commission's customers were generally satisfied, improvements are needed to identify and prioritize future Research Program projects while ensuring resources are effectively used. The three recommendations we made to strengthen the planning process were to:

1. Include an internal and external solicitation of proposed projects for the annual plan, a rationale for the proposed project, and identification of resources needed for the project. A schedule should be prepared identifying the ongoing projects and newly selected projects in priority order.

2. Add a performance indicator that can be linked to the budget, actual costs and management challenges, such as the need to be flexible and respond rapidly to conduct unanticipated projects. This performance indicator should supply sufficient and reliable data to support program management and budgeting of the Research Program.

3. Direct staff to record their time by project, including customer assistance, and ensure that the time and attendance system captures the data necessary for planning, accountability, and performance measurement to measure costs efficiency and cost effectiveness.

The actions listed in response to our draft report met the intent of the recommendations. Although management did not agree to add an indicator in the Research Program's Performance Plan, the planned actions to address the third recommendation will allow management to compare estimated costs approved by the Commission with actual project costs, and a quarterly report on independent research projects. This data will assist in the support of program management and budgeting.

We appreciate the courtesies and cooperation provided to our auditors during the audit. If you wish to discuss this report, you may contact me at (202) 205-2210.

Inspector General

Attachment

cc: Office Directors

OFFICE OF INSPECTOR GENERAL

PLANNING PROCESS FOR THE COMMISSION'S RESEARCH PROGRAM

Audit Report
OIG-AR-01-02

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I. SUMMARY OF RESULTS

Customers -- responding to customer satisfaction surveys conducted by both the Office of Inspector General (OIG) and the U.S. International Trade Commission (Commission) -- were satisfied with the value and quality of the Commission's research reports, particularly Section 332[1] reports. Several customers described the Commission's research staff as reliable and dependable. Although the survey responses were generally favorable, the Commission could improve customer satisfaction by strengthening its analysis and subject selection processes. Many customers, believing the Commission's analysis not to be unique, used additional sources for information. Also, some customers would like the Commission to report on other subjects, such as international food safety and the information technology industry.

While the Commission established a plan for the Research Program that contained strategic goals, general strategies and critical success indicators, improvements are needed to identify and prioritize future projects while ensuring resources are effectively used. We found that the plan did not include an indicator to measure cost effectiveness and efficiency. Also, the Commission did not have a formal planning process to identify and prioritize non-discretionary and discretionary[2] projects. Finally, because time was not always recorded per project, it did not have reliable data to estimate potential projects and resource hours for next year's work. However, during this audit the Commission modified its time and attendance system[3] to capture time spent on specific projects, and the Directors in the Offices of Operations and Industries directed employees to record their time accordingly.

We made three recommendations to improve the Research Program's planning process, and actions listed by management in response to our draft report met the intent of these recommendations. Additionally, we considered management's comments on the content of our findings and made the appropriate changes. Management's response is presented in full as Attachment 2.

II. BACKGROUND

The Commission is an independent, quasi-judicial federal agency established by Congress with a wide range of trade related mandates. Its mission is to: administer U.S. trade remedy laws within its mandate in a fair and objective manner; provide the President, the United States Trade Representative (USTR) and the Congress with

[1] A Section 332 project -- referring to Section 332 of the Tariff Act of 1930 -- is a general fact-finding investigation in which the Commission conducts an analysis of trade and competitiveness issues.
[2] A discretionary project is defined as a non-mandated study or self-initiated study. For reporting purposes only, a discretionary project includes technical assistance that is provided both informally in immediate response to a telephone inquiry and more formally through written correspondence and public speaking.
[3] The Commission used the U.S. Department of the Interior's "Federal Personnel/Payroll System" to enter employee payroll and related data. Data may be extracted from this system and entered into a labor code database.

independent, quality analysis, information, and support on matters of tariffs and international trade and competitiveness; and maintain the Harmonized Tariff Schedule of the U.S. In so doing, the Commission serves the public by implementing U.S. law and contributing to the development and implementation of sound and informed U.S. trade policy.

The Commission has five major operations that serve its customers. The five operations include (1) Import Injury Investigations, (2) Intellectual Property-Based Import Investigations, (3) the Research Program, (4) Trade Information Services, and (5) Trade Policy Support.

The focus of this audit was the Research Program. The Commission provides independent assessments on a wide range of emerging trade matters. These studies include:

- Trade-related investigations or reports requested by the President, the Congress, the House Committee on Ways and Means, the Senate Committee on Finance or either branch of the Congress, under the authority of Section 332 of the Tariff Act of 1930.

- Probable economic effect investigations at the request of the President, under the authority of Section 131 of the Trade Act of 1974.

The knowledge and skills developed by the Commission's staff through the Research Program are used to support the Commission's other operations and provide immediate assistance to the Congress and the executive branch on trade issues. The research activities are conducted principally with resources from the Offices of Industries, Economics, and Tariff Affairs and Trade Agreements. This operation accounts for approximately 36.1 percent of the Commission's budgetary resources and 38.6 percent of the Commission's work year.

In 1995, the Commission developed its first strategic plan as called for in the Government Performance and Results Act of 1993 (Results Act). The Commission's strategic plan includes a mission statement, a vision statement and the goals and objectives for all of its five operations. The Research Program's goals and objectives section includes strategic goals, general strategies and critical success indicators that will be used to accomplish its program goals.

III. OBJECTIVE

The objective of this audit was to evaluate the effectiveness of the Commission's planning process for its Research Program.

IV. METHODOLOGY AND SCOPE

We engaged Leon Snead & Company, P.C. to assist in conducting this audit. We conducted our audit from April 30, 2001 through September 27, 2001, (fieldwork from May 31, 2001 through July 30, 2001) at the Commission located at 500 E Street, S.W., in Washington, D.C.

We interviewed Commission personnel as follows: the Director of the Offices of Operations, Industries, Economics, and External Relations; 4 Division Directors, 9 Branch Chiefs, and 22 Analysts in the Office of Industries; 2 Division Chiefs and 7 Economists in the Office of Economics; and 1 staff member in the Office of External Relations. The interviews were unstructured, and interview questions were open ended.

We also reviewed all 65 Reader Satisfaction Surveys (a survey is attached to each Commission report) that were returned to the Commission in 1999 and 2000. In addition, we conducted our own customer satisfaction survey, which focused on whether the Research Program adequately anticipated its customers' needs and the customers' degree of usefulness of the various reports. We obtained a list from the Commission of approximately 1,200 Commission customers who received copies of any of the various reports including the International Economic Review, the Industry Trade and Technological Review, and the Industry & Trade Summary. From this list, we sampled 300 customers with a focus being placed on Congressional and USTR customers. We also interviewed two Commission customers to determine their level of satisfaction with the reports.

We conducted our audit in accordance with the U.S. General Accounting Office's *Government Auditing Standards*, 1994 Revision, as amended, promulgated by the Comptroller General of the United States.

V. DETAILS OF RESULTS

A. Customer Satisfaction

Overall, customers were satisfied with the Commission's research reports. Of the 53 that responded to our survey and the 65 that returned the Commission's Reader Satisfaction Survey, similar positive results were provided on the value and quality of the reports. Furthermore, several customers advised us that they were impressed with the Section 332 reports they requested. The customers also stated that they had developed excellent relationships with the Commission staff, who were described as reliable and dependable. The responses to each question to our customer survey are presented in Attachment 1.

Areas the Commission may consider taking action to improve customer satisfaction are the analysis and subject selection processes. Based on the responses from our survey, 46 percent of respondents believed that the analysis was not unique or groundbreaking.

When asked if the Commission was their only source of information, 58 percent that we surveyed and several respondents to the Reader Satisfaction Survey said "no". Although this question was on the Commission's survey, management advised us that they would not expect customers to rely on a single source any more than the Commission relies on single sources. Other sources customers listed in response to our survey included trade association publications, academic studies, the Internet, economic research institutes, think tank reports, the U.S. Department of Commerce, and the U.S. Census Bureau. Finally, approximately one-third that responded to our survey would like to see Commission reports in other subject areas such as international food safety, the information technology industry, cosmetics, footwear, apparel, organic chemicals, music, oil, industrial robotics, and detailed statistics for specific countries.

B. Planning Process and Performance Measurement

The Commission developed strategic goals, general strategies and critical success indicators for the Research Program, but improvements are needed to identify and prioritize future projects while ensuring resources are effectively used to achieve its goals. We found that the Commission did not solicit suggestions for future projects from the staff or prioritize non-discretionary and discretionary projects based on importance or available resources. Also, the performance indicators did not include cost efficiency and effectiveness measures needed to support budgeting and program management. Additionally, cost data were not available for planning and accountability because time was not always recorded per project. It was not until this audit that: the Commission modified its time and attendance management system by adding labor codes to capture time by certain projects, and the Directors in the Offices of Operations and Industries directed employees to record their time accordingly. With this modification, data can be extracted to go into a labor code database for management's use.

The Results Act was intended to help federal managers improve service delivery by planning to meet program objectives and provide information about program results and service quality. Performance plans establish performance indicators to be used in measuring or assessing the relevant outputs, service levels, and outcomes of each program activity. Additionally, Office of Management and Budget Circular A-127, "Financial Management Systems", states that agency financial management systems shall meet performance measurement requirements. Agency financial management systems shall be able to capture and produce financial information required to measure program performance, financial performance and financial management performance as needed to support budgeting, program management and financial statement presentation.

The Research Program's strategic goals and performance indicators established by the Commission are presented below.

Strategic Goals	Performance Indicators
1. Obtain increased use of Commission research capabilities/products by customers including Congress, USTR, peers and the public.	Track the level of visitors downloading reports; requests for reports; written comments from users; number of witnesses testifying at Section 332 hearings; and number of new requests for Section 332 investigations.
2. Institute study initiatives in emerging areas/issues.	Track the number of self-initiated projects and presentations.
3. Complete work on or before deadlines.	Track the percent of Section 332 reports to requestors on time.

Identify And Prioritize Future Projects

According to management, planning takes place throughout the year. Senior management stated that they met separately with USTR and Congressional staff members three or four times a year to explain their services and how they could meet the needs of both existing and potential customers. The Director of the Office of Economics met with Congressional staff members once during the audit period. Senior managers also stated that they held annual feedback and brainstorming sessions[4] with members of the House Ways and Means Committee and Senate Finance Committee as well as Congressional staff and USTR officials. In addition, the Commission's Office of External Relations personnel serve as facilitators between the Commission and the USTR, the Senate Finance Committee, the House Ways and Means Committee and Congressional staff.

While the above actions are critical in developing future projects, we found no evidence of coordinated annual planning--needed to address research project selection criteria, allocation of resources among projects, or integration of projects into an overall, coherent program -- at middle and lower management levels. Of the 19 managers interviewed, 16 (84 percent) indicated that they did not set any annual goals for their division or branch, and 10 (53 percent) indicated that they did not do any annual planning regarding the allocation of resources among projects or project selection criteria. By soliciting proposed projects from all management levels as well as staff members, managers would be able to better manage their responsibilities and additional projects could be suggested

[4] Such meetings did not take place during the audit period.

for consideration. Survey respondents who declared their excellent relationships with the Commission's staff may also have suggested projects directly to the staff.

Management supplied us with a list of 111 future non-discretionary and discretionary Research Program projects. Not all projects on the list had a rationale for selecting the project, and the projects were not prioritized based on importance or available resources. Setting priorities for projects is important given the Commission's unpredictable workload. Unanticipated Section 332 investigations have a higher priority and require the staff to set aside independent research projects or self-initiated studies, such as Industry Trade and Technology Reviews, Industry Economic Reviews, research papers and other publications. Similarly, unanticipated Title 7 investigations take precedence over Section 332 investigations.

Effective Use Of Resources

With an unpredictable workload, management must plan its use of discretionary resources. However, except for travel expenses, the Commission did not collect historical data needed for planning or tracking the resources spent on individual projects. Additionally, the performance plan did not include performance indicators to measure cost efficiency and effectiveness for the Research Program.

Responses by managers and staff members we interviewed support the lack of data needed for planning and determining whether resources were used effectively and efficiently:

- Of 19 managers, 9 (47 percent) said that no one tracked resources expended by specific project, and 4 (21 percent) responded that resources expended on a project were tracked. Three others responded that only travel expenses were closely tracked, and three did not respond.

- Similarly, of 29 analysts and economists, 13 (45 percent) said resources were not tracked by project, and 4 (14 percent) said they were tracked. One said only travel was tracked, and 11 did not respond.

- Of 38 first level managers and staff, 18 (47 percent) said there was no system in place to ensure the project team did not go outside of their budget boundaries. Four (11 percent) said there was a system, and two were uncertain. Three said only travel was tracked, and 11 did not respond.

- Of 10 senior and middle level managers, 6 (60 percent) said that no one compared budget to actual expenditures by project, and 3 (30 percent) said a comparison was done. One said only travel was so analyzed.

For the time and attendance system, some staff members recorded their time by project and some did not:

- Of 15 middle and first level managers, 10 reported that their staff accounted for their time in general categories; 4 reported that their staff accounted for their time by project. One manager stated that only sometimes the staff accounted for their time by project.

- Of 29 analysts and economists, 18 indicated that they recorded their time in general categories; 11 indicated they recorded their time by project.

Although time sheets included a line item for recording hours spent providing assistance to the public or Congress, no process had been developed to record the number of calls received and answered for customer assistance.

Absent project-specific data, efficiency, such as cost in hours and dollars, was not measured even though labor was the largest portion of the Research Program's budget. In 1995, the Commission developed its first strategic plan. Although the Commission's fiscal year (FY) 1999 Program Performance Report (PPR) established baseline measurements for future years' performance indicators, the FY 1999 and FY 2000 PPRs did not establish specific measurable goals for future years. The FY 2002 Budget Justification included comparisons of actual to estimated (based on prior years) future figures for the Research Program's caseloads, work years, and dollars allocated by operation through FY 2002. However, without reliable project-specific resource data, the Commission could not reasonably assure that human resources were being committed efficiently and performance measures were being met. The Commission did, however, begin tracking resource hours spent on certain projects during the audit, but all projects -- non-discretionary and discretionary -- should be tracked.

Recommendation 1:
Annually, the Directors of the Office of Industries and the Office of Economics should prepare a project plan for the Research Program. The process for preparing the annual plan should include an internal and external solicitation of proposed projects, a rationale for the proposed project, and identification of resources needed for the project. A schedule should be prepared identifying the ongoing projects and newly selected projects in priority order.

Management's Response:
Management concurred with this recommendation. Each June, the Directors of the Offices of Industries and Economics will prepare a project plan for the following fiscal year. The plan will take into account input from the staff, USTR, Congressional staff members and Commissioners. A rational for each project, a tentative schedule, and a priority indicator (e.g., high, medium and low) will be provided. Progress of the projects will be monitored and adjustments made to the plan based on requested studies or higher priority work.

OIG Comment:
The above actions met the intent of the recommendation.

Recommendation 2:
The Directors of the Office of Industries and the Office of Economics should add a performance indicator that can be linked to the budget, actual costs and management challenges, such as the need to be flexible and respond rapidly to conduct unanticipated projects. This performance indicator should supply sufficient and reliable data to support program management and budgeting of the Research Program.

Management's Response:
Although management did not agree to add an indicator in the Research Program's Performance Plan, the actions cited in response to recommendation 3 satisfied this recommendation. Use of expanded labor codes in the time and attendance system will allow management to compare estimated costs approved by the Commission with actual project costs while recognizing each project's indeterminacy related to such issues as data/information sources, availability, and appropriate research methods. Additionally, management will prepare a quarterly report on independent research projects. This data will assist in the support of program management and budgeting.

OIG Comment:
The above actions met the intent of the recommendation. As management responded, designing a useful or "concrete" performance indicator can be difficult. However, because performance planning is an iterative process, management will have the opportunity to revisit this challenge in the future.

Recommendation 3:
The Directors of the Office of Industries and the Office of Economics should direct staff to record their time by project, including customer assistance, and ensure that the time and attendance system captures the data necessary for planning, accountability, and performance measurement to measure cost efficiency and cost effectiveness.

Management's Response:
Management generally concurred with this recommendation. Steps have already been taken to provide additional cost information breakouts. Individual Section 332 studies and pending 332 studies are tracked in the time and attendance system. Also, management is working to (1) create a further breakout to separate time spent for staff research studies and issue papers from working papers and research notes and (2) provide more detailed information on technical assistance to other agencies. Management will work with timekeepers and staff to ensure that the new codes are used.

Management will also monitor various types of independent research by publication type and general subject matter outside the time and attendance system due to limitations of the current system. A report will be prepared quarterly. Significant inquiries requiring action or affecting the Commission are reported to the Office of External Relations.

OIG Comment:
The above actions met the intent of the recommendation.

Attachment 1
Page 1 of 2

OIG CUSTOMER SURVEY RESPONSES

Below are the results of our questionnaire sent to 300 of approximately 1,200 customers who receive copies of Commission reports. Of the 300 customers surveyed, 53 (18 percent) responded.

1) Are Commission reports useful to you/your organization? (Please rate 1-5)
Very useful 1 2 3 4 5 Not useful

Response	Number	Percent
1-Very Useful	22	42%
2-Somewhat Useful	13	25%
3-Neither Useful or Not Useful	9	17%
4-Somewhat Not Useful	5	10%
5-Not Useful	3	6%
Total*	**52**	**100%**

2) Was any information missing from the reports that you consider important?

Response	Number	Percent
Yes	9	18%
No	41	82%
Total*	**50**	**100%**

3) Are there other subject areas for which you would like to see Commission reports?

Response	Number	Percent
Yes	18	39%
No	28	61%
Total*	**46**	**100%**

4) Did the reports present new information?

Response	Number	Percent
Yes	46	92%
No	4	8%
Total*	**50**	**100%**

Attachment 1
Page 2 of 2

OIG CUSTOMER SURVEY RESPONSES

5) Did the Commission analysis add value?

Response	Number	Percent
Yes	50	96%
No	2	4%
Total*	**52**	**100%**

6) Was the analysis unique or groundbreaking?

Response	Number	Percent
Yes	25	54%
No	21	46%
Total*	**46**	**100%**

7) Was the information timely?

Response	Number	Percent
Yes	36	72%
No	14	28%
Total*	**50**	**100%**

8) Is the Commission the only source of this information?

Response	Number	Percent
Yes	20	42%
No	28	58%
Total*	**48**	**100%**

9) Additional comments made were:

- Time lag between collection and publication is unfortunate
- Lack of recent trade data/statistics
- Value added services
- Accurate data and market information
- Staff is very helpful
- Format is plain
- Good source for non-technical data

* Out of the 53 responses, this is the total number of respondents to this question.

UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, DC 20436

February 20, 2002 OP-Z-003

MEMORANDUM

TO: Inspector General

FROM: Robert A. Rogowsky
Director of Operations

SUBJECT: Response to IG Draft Report OIG-AR-01-02: Planning Process for the Commission's Research Program

Attached is the Office of Operations' response to the OIG Draft Report OIG-AR-01-02 (Planning Process for the Commission's Research Program) of January 25, 2002. The response consists of two attachments. Attachment 1 includes IG recommendations and proposed actions to be taken. Attachment 2 includes suggestions regarding correction/clarification of the draft report language.

In accordance with USITC Directive 1701.2, paragraph 12, the attached response has been reviewed by the Commission and reflects comments provided by the Commissioners. Please call me if you have any questions.

Attachments

cc: The Commission
GC, D/ADMIN, D/EC, D/ID, D/ER

Chairman's Decision Approve: ✓ Disapprove: _____

for Chairman. Stephen Koplan

2/20/02
Date

ATTACHMENT 1. IG RECOMMENDATIONS AND STAFF RESPONSE

Recommendation 1

Annually, the Directors of Industries and Economics should prepare a project plan for the Research Program. The process for preparing the annual plan should include an internal and external solicitation of proposed projects, a rationale for the proposed project, and identification of resources needed for the project. A schedule should be prepared identifying the ongoing projects and newly selected projects in priority order.

We agree. Considerable planning already goes into the direction of the Research program and the resources to be devoted to it. Considerable thought is put into the level of resources required during the budgeting process; many 332 studies are anticipated in advance as a result of the close staff contact with customers; recurring reports series are planned for annually; staff details are anticipated; and the Office of Economics has specific long-term plans for building technical research capabilities.

However, the Commission cannot determine precisely on an annual basis the nature or level of section 332 studies that will be requested, their timing, or the specific individuals who will be required for these studies. For this reason, it is difficult to adhere to a formal annual plan for "self-initiated" research or guarantee staff that they will be able to work continuously on such projects or even complete them. While management does plan ongoing self-initiated research, when a new 332 request arrives we will not hesitate to reassign staff as they are needed on requested work. To illustrate the problem we have with planning, we are currently aware of at least 8 different major studies that are under active consideration now by our requesters, but we are not certain whether they will actually be requested, the timing, or the exact scope.

Nevertheless, we agree that it is useful to continue to solicit project proposals, establish tentative schedules, reevaluate current research efforts, and establish general priorities for the upcoming year. Moreover, to make these efforts more visible, we intend that each June (to coincide with Office budget submissions), Industries and Economics will prepare a project plan for the following fiscal year. The plan will take into account input from office staff, input from USTR and Hill, and suggestions from Commissioners. Office staff are in frequent contact with members of the trade community and are aware of their interests. A rationale for each project, a tentative schedule, and a general indication of priority (e.g., high, medium, and low) will be provided. The plan will be organized by Office and Division and will identify cross-Office and cross-Division research projects. The progress of planned research projects will be monitored at the Division or Branch level, as appropriate. However, we shall operate this program knowing that many of these plans may be overridden by requested studies or other higher priority work.

Recommendation 2

The Directors of Industries and Economics should add a performance indicator that can be linked to the budget, actual costs and management challenges, such as the need to be flexible and respond rapidly to conduct unanticipated projects. This performance indicator should supply sufficient and reliable data to support program management and budgeting of the Research Program.

This recommendation is more difficult. The Strategic Planning Committee has been considering performance indicators for a number of years. In the end, it adopted indicators much like the ones the IG used in this audit–various measures of user satisfaction with ITC research projects. The actual performance indicators include feedback from customers/users, level of requests for new investigations,

activity on research portion of Website, and demand for hard-copy reports. We feel our "need to be flexible and respond rapidly to conduct unanticipated projects" is reflected in the two remaining indicators covering level of self-initiated research (a measure of our state of readiness) and timeliness (a measure of our actual ability to respond quickly). As always, staff continues to be open to concrete suggestions regarding performance indicators.

Recommendation 3

The Directors of Industries and Economics should direct staff to record their time by project, including customer assistance, and ensure that the time and attendance system captures the data necessary for planning, accountability, and performance measurement to measure cost efficiency and cost effectiveness.

We agree that the Commission needs additional cost information breakouts in our T&A system. If fact we have already taken steps to expand the system and certain of those changes are now in effect. Specifically, we have already introduced T&A tracking for individual section 332 studies and pending 332 studies. In addition, we have been working with Administration to create: (1) a further breakout under 3B4 to separate time spent for "Staff Research Studies and Issue Papers" from "Working Papers and Research Notes" and (2) a breakout under 5B to provide more detailed information on technical assistance to other agencies. However, in the context of the T&A system we don't see that it is productive to track self-initiated work other than by person and general category (i.e., Summaries, IERs and ITTR's, Research Studies, Working Papers). We will work with timekeepers and staff to ensure that the new codes are used.

The expanded labor codes will allow us to compare estimated costs approved by the Commission with actual project costs. This will assist us in making better staffing estimates for future studies. However, when a study begins, there often is indeterminacy related to data/information sources, availability, appropriate research methods, etc. To hold staff strictly accountable to estimated budgets, given this indeterminacy, would likely compromise the quality of the research and hence the utility of the research for our customers and the public. There are built in budget constraints such as competing demands for staff time and travel funds, management oversight, and the deadlines that help keep teams on track.

The capability to monitor specific projects does come at a cost for Commission timekeepers as the current T&A system is very labor intensive. Administration indicates that DOI is in the process of upgrading the T&A system and that this would make tracking of more activities less of a burden. However, it is likely to be a year or more before this system is available.

In the interim, we propose monitoring (outside of the T&A system) various types of independent research by publication type and general subject matter. The specific format and content of this report is under development. We propose updating this report quarterly. It will be available on the intranet along with the 332 Bi-weekly Report.

On a related matter, we do not believe it is necessary to keep phone logs on all customer assistance calls. Significant calls from the USTR, Congress, other agencies, and the press that require Commission action or that could significantly affect the Commission are to be reported to ER. On a quarterly basis, all offices provide a written report to ER on technical assistance provided to USTR and Congress.

ATTACHMENT 2. COMMENTS ON BACKGROUND TEXT OF IG REPORT

Page/(paragraph) in IG report	Staff comment on text language
1(1) & 3(5)	Suggest clarifying text to indicate that it is not a surprise that we are not our customers only source of information and that it should not be viewed as a negative. We would not expect our customers to rely on a single source any more than the Commission relies on single sources. The fact that a substantial number of respondents reported that our research is unique or "ground breaking" is noteworthy. Many similar organizations would be pleased with this result. Much of our work is done to answer specific, focused questions from the USTR or the Congress; these questions often deal with significant issues that others in government, industry, or academia are also investigating. In some cases, our requesters are looking for validation of research done by others. Thus, it should not be viewed as a surprise that many respondents (46%?) believe our analyses are not unique or ground breaking. Nonetheless, our focus will continue to be to encourage staff to conduct original research that makes use in state of the art analytical methods. [Is 46% correct? There is a typo in that portion of p.10.] Clarify that we have done research in certain of the areas mentioned (here and on p.4 (1)), and, of course, we attempt to focus on trade-related topics.
1(2), 2(4), 4(2), & 5(1)	Update language to reflect current strategic plan and performance plan terminology. For example, we now have a general goal, general objectives, performance indicators, and performance goals.
1(2) & 4(2)	Clarify that everyone does use the T&A system but that up until recently we did not have ability to submit time by individual 332 investigation. Also, everyone working on 332s is to record time by individual project–not just Industries and Economics. Re footnote 2, technical assistance is not really discretionary.
2(3)	Based on Administration data the correct percent figures for FY 2001are 36.1% for budgetary resources and 38.6% for workyears. These percentages will change every year.
2(4)	Second sentence, suggest changing "In 2001" to "Beginning with FY 2001."
4(2)	Regarding solicitation of research ideas from staff--staff are provided many avenues to conduct self-initiated research in areas they deem important and they take advantage of these avenues. This is demonstrated by the large number of IER and ITTR articles, summaries, staff research papers, working papers, and presentations done each year. Certain of these efforts may be given a high priority, such as the development of modeling capabilities in Economics; however, we typically do not prioritize each project since they are efforts of individual analysts and are completed as other work permits.
5(3)	Suggest that the results of interview hinge on the word "annual" and don't recognize that planning is a continuous process in the research offices since level and subject of caseload is so variable. However, as noted in response to Recommendation #1, staff will initiate a more formal "annual" process.
6(1)	Yes, customers do suggest projects directly to staff.

6(2)	Should not assume that there is no rational for a project just because it was not articulated on the information provided. For example, clearly there is rational for modeling enhancements by Economics and in the Ag division; moreover, early staff research in the AG division was the precursor to the Processed Foods 332 investigation. However, as noted in response to Recommendation #1, staff will include a statement of rational in its "annual" planning process.
6(3)	Suggests need for cost efficiency and effectiveness performance measures but offers no concrete suggestions. Due to the great diversity of 332s, it is not possible to establish a single dollar or work-hour cost standard; however, the new T&A system may provide some opportunity to loosely compare 332s to see if costs appear "reasonable". Staff is always open to concrete suggestions regarding performance indicators.
6(4)	It is true that managers were not able to keep workhour records on a project basis since the T&A system did not permit it. However, the question and responses presented give a false impression of level of oversight. Managers do monitor their employees' activities and performance, and there are numerous internal due dates to check progress on each project.
7(1-Q&A)	Budget "boundaries" are a reference point, not a real limit. Managers did not have access to "actual" expenditures so of course it would be difficult to compare them to budget. Most projects include multiple staff in many offices and it is virtually impossible to track all work hours without the detailed centralized system that is now in effect.
7(2)	This presentation gives false impression of the situation. A change in T&A system occurred during your audit and now permits staff to do detailed accounting by 332–this was not a system option previously. We do not see a need to monitor discretionary work at the same level of detail as the formal 332 studies; discretionary work tends to be more focused with fewer staff involved on any given project. Because of this and the overhead associated with such detailed tracking, monitoring by person and general category is adequate for discretionary projects. While staffers do not record individual phone calls, they do report time spent in assisting the public. Also, significant calls from the USTR, Congress, other agencies, and the press that require Commission action or that could significantly affect the Commission are to be reported to ER. On a quarterly basis, all offices provide a written report to ER on technical assistance provided to USTR and Congress.
7(3)	According to Administration, the budget justifications are not intended to set specific future goals for performance indicators. This information is integral to the strategic planning process and is established in the Commission's annual Performance Plans and reviewed in the annual Program Performance Reports. Established performance goals in the Performance Plan are being met.
10 (items 6 and 7)	Errors in Number column??

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