U.S. International Trade Commission

Audit of Title VII Preliminary Investigation Process

OIG-AR-12-06

January 23, 2012

Office of Inspector General

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OFFICE OF INSPECTOR GENERAL

UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, DC 20436

January 23, 2012 OIG-KK-001

Chairman Okun:

This memorandum transmits the Office of Inspector General's final report, *Audit of the Title VII Preliminary Investigation Process, OIG-AR-12-06*. In finalizing the report, we analyzed management's comments on our draft report and have included those comments in their entirety as Appendix A.

This report contains two recommendations to address the areas for improvement identified in the report. In the next 30 days, please provide me with your management decisions describing the specific actions that you will take to implement the recommendations.

Thank you for the courtesies extended to my staff during this review.

Philip M. Heneghan
Inspector General

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Results of Audit

The purpose of this audit was to answer the question:

> Is the Title VII preliminary investigation process clear and transparent?

Yes, the preliminary investigation process is both clear and transparent.

For purposes of this audit, we defined the terms "clear" and "transparent" as follows:

- Clear: A process that is documented in a manner that can be easily understood.
- Transparent: Procedural information on how to participate in the preliminary investigation process is readily available to the public in an open and accessible manner.

We found that an explanation of the preliminary investigative process is clearly described and posted on the Commission web site. We also noted:

- Commission staff was consistent in how they described the preliminary investigation process.
- The system process maps that depict the preliminary investigation roles and processes was consistent with the information provided by the interviewees.
- The system process maps were consistent with the *Antidumping and Countervailing Handbook* and the Commission's *Rules of Practice and Procedure*.
- The preliminary investigation staff conference proceeded exactly as described in the system process map, *Antidumping and Countervailing Handbook*, and Federal Register notice.
- External parties surveyed indicated they use the Commission's website to obtain information on the preliminary investigation process.
- Survey results unanimously gave the highest scores when responding to satisfaction levels on how accessible information is; and the quality of the information provided on the preliminary investigation process.

While we found the Title VII preliminary investigation process to be clear and transparent, the review did reveal two areas for improvement eliminating redundant data entry and reducing the use of hard copy documents. Those improvement areas and recommendations are described in detail in this report.

Improvement Areas & Recommendations

Improvement Area 1:
Eliminate Redundant Data Entry

The Commission should have a single application for the collection and maintenance of questionnaire data that allows for data extraction by all team members for analytical purposes.

Currently, questionnaires are placed on a shared directory for team members to access. Team members access the questionnaires to obtain the data applicable to their section of the report. Individuals then have wide latitude to choose how they go through the process of extracting the data. We found that the tools, software applications, templates, and methods of extracting and compiling the data from the questionnaire varied by quantity of responses, the team member's role, and who was performing the work. For instance:

- Statisticians manually enter all the financial and trade related data into Lotus.
- Auditors manually enter all the financial data into Lotus.
- Auditors sometimes use the trade related data and will manually enter it into their working documents.
- Economists used various methods of entering and compiling the pricing information ranging from manually entering data to using an automated data extraction macro in Excel.

There was also a variety of software applications used among the team members. Some team members prefer to enter data into templates that have been developed and matured over the past 15 years. While others have been individually developing tools to begin automating some of the processes, and the results are not always effective or cost efficient. For example, the data extraction macro used by the economists, has to be modified for every investigation. This upfront cost may outweigh the benefits of electronic extraction if the number of responses is low or if only part of the questionnaire is extracted electronically. Because the use of the extraction tool is not part of the standard process, some individuals may choose to continue performing manual data entry, even in cases where it would be beneficial. This results in inconsistent use of tools across teams and team members.

Further, team members are spending time and energy performing redundant data entry and data reconciliation. During the interview process, some team members stated that the manually entered data are checked and re-checked for accuracy. Additionally, since many of the questionnaires are revised and resubmitted during the process, there is also

risk that all team members may not have the most current data. The multiple data entry methods, software applications, and sources of data require the Office of Investigations to expend a substantial amount of man hours to performing quality control data checks to ensure the integrity the data.

The Office of Investigations does not have a single authoritative source for questionnaire data to be entered, updated, and stored, that allows automated extraction of the same data by all members of the team. By implementing, a single authoritative source for questionnaire data, the Office of Investigations can eliminate time wasted performing the duplicative data entry and reconciling numbers. Additionally, automated data extraction provides an opportunity to standardize the tools and software applications used by the team members.

Recommendation 1: We recommend that the Office of Investigations implement a single authoritative source for quantitative questionnaire trade, financial, and pricing data that allows automated extraction by all members of the investigation team.

Improvement Area 2:
Reduce the Use of Hard Copy Documents

Executive Order 13589, directs agencies to act in a fiscally responsible manner, cut waste, promote efficient spending, and minimize their administrative costs. Specifically, the Executive Order requests agencies to "limit the printing of hard copy documents and to presume that information should be provided in an electronic form, whenever practicable, permitted by law, and consistent with applicable records retention requirements."

In our review of the system map for the preliminary investigation process, we identified several instances were hard copy documents were produced, received or distributed within the Commission. For example, sub-process S-10, which describes the distribution of the preliminary investigation questionnaires, identifies the following tasks:

- Create Federal Express Mailing List;
- Load file into Federal Express Computer;
- Print Labels;
- Print Questionnaires;
- Label envelopes;
- Stuff envelopes; and
- Place envelopes in Federal Express box.

Another example, found in one of the procedural documents we reviewed titled, "DISTRIBUTION OF REPORTS" shows 25 hard copy documents being distributed to various offices, with specific formatting and delivery requirements.

While we found the Office of Investigations has made some progress in reducing hard copy documents, we believe they could do better. For example, the Commission recently adopted new confidential e-filing procedures; however, parties are still required to file numerous paper copies in addition to the electronically filed submission. Additionally, while some staff have begun using e-mail as a means of sending questionnaires to companies, Federal Express delivery is still used in a large number of cases and is the documented standard procedure.

The Office of Investigations continues to use processes developed before technology provided more efficient ways to use and exchange information. As a result, they may be unnecessarily spending money on printing and postage when the information could be sent electronically.

The recent undertaking of the Office of Investigations to develop the system maps provides an opportunity to review the process and identify areas where cost savings can be achieved by eliminating hard copy documents.

Recommendation 2: We recommend the Office of Investigations review the preliminary investigation process to determine if there are any instances to eliminate hard copy documents.

Management Comments and Our Analysis

On January 17, 2012, Chairman Deanna Tanner Okun provided management comments on the draft report. She concurred with findings and is dedicated to ensuring that the preliminary investigation process is clear and transparent.

Objective, Scope, and Methodology

Objective: The objective of this audit was to determine if the preliminary investigation process is clear and transparent. For purposes of this audit, we defined the terms "clear" and "transparent" as follows:

1) Clear process: one that documents the preliminary investigation process in a manner that can be easily understood. (Internal)

2) Transparent process: Information regarding how to participate in the preliminary investigation process is readily available to the public in an open and accessible manner. (External)

Scope: During this audit, we focused on a holistic view of the preliminary investigation process and did not review the individual analytical processes performed by each member of the investigative team. The audit was based on the documented processes in place as of June 16, 2011 and system process maps as of October 3, 2011. The parties surveyed had all participated in a preliminary investigation that ended in 2011 and included representatives for petitioners and respondents.

Methodology:

- Performed a walk-through of two investigations with the lead investigator and the Director of the Office of Investigations.
- Interviewed the members of investigation team from those investigations;
- Reviewed internal documents, checklists, templates, and handbooks.
- Reviewed information available on the Commission web site,
- Reviewed the system process maps.

To validate the information, we then

- Obtained access to EDIS to verify documentation and case history.
- Observed a preliminary investigation staff Conference.
- Surveyed individuals who have participated as counsel to parties in the preliminary investigation process.

Even though the attorneys surveyed did not statistically represent the population, they did provide some insight that supported the results of the internal review. These attorneys for both the petitioners and respondents unanimously gave the highest rating for 1) how well the Commission provides access to information on the preliminary investigation process, and 2) and how satisfied they were with the quality of the content of information provided by the Commission. The counsel we spoke to had participated in at least four preliminary investigations at the Commission, and therefore this sample may not represent the view of a first time petitioner or respondent party.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix A: Management Comments on Draft Report

Chairman

UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, DC 20436

CO76-KK-002

January 17, 2012

MEMORANDUM

TO: Philip M. Heneghan, Inspector General

FROM: Deanna Tanner Okun, Chairman

SUBJECT: Management Response to the Inspector General's Draft Audit Report, "Title VII Preliminary Investigation Process"

I am in receipt of the Inspector General's draft report, *Title VII Preliminary Investigation Process*, dated January 9, 2012. I appreciate the opportunity to review the draft report and to provide comments.

The Inspector General's draft report found that the Commission's Title VII preliminary investigation process is clear and transparent. The report, however, did reveal two areas for improvement: (1) the Commission could eliminate redundant data entry, and (2) the Commission could reduce the use of hard copy documents.

We agree with the findings. The Commission is dedicated to ensuring its investigation process is clear and transparent and on improving its efficiency. Thank you for reviewing the Commission's process and making the recommendations to improve the process.

"Thacher's Calculating Instrument" developed by Edwin Thacher in the late 1870s. It is a cylindrical, rotating slide rule able to quickly perform complex mathematical calculations involving roots and powers quickly. The instrument was used by architects, engineers, and actuaries as a measuring device.

To Promote and Preserve the Efficiency, Effectiveness, and Integrity of the U.S. International Trade Commission

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