

GAO

Report to the Commissioners of the
International Trade Commission

February 1987

INTERNATIONAL
TRADE

Observations on the
Operations of the
International Trade
Commission



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To the Commissioners of the
U.S. International Trade Commission

Our survey of the International Trade Commission (ITC) operations identified opportunities to strengthen ITC's management processes and ability to carry out its mission. Internal control weaknesses and other problems that we noted in ITC's programmatic, administrative, information resource management, and internal evaluation areas are summarized below and discussed in more detail in appendices I through III. ITC officials have already initiated some actions to address some of the concerns raised by our staff.

Background

The ITC is an independent federal agency with six Commissioners, a staff of almost 500, and a fiscal year 1987 operating budget of about \$29.9 million. It is responsible for implementing a variety of international trade laws.

ITC's workload since 1981 has grown in size, diversity, and complexity as increased competition from imports has spurred more U.S. industries to petition the ITC for help. The workload has grown from 146 investigations in 1981 to 214 in 1986, reaching a peak of 292 in 1982 and leveling off since then. The ITC sees little prospect that the forces producing requests for import relief will be reversed any time soon. Because the ITC has no control over the volume and timing of a large portion of its work and must complete its investigations within tight statutory deadlines, it faces the challenge of handling a heavy workload while assuring quality work.

Programmatic Issues

Under a number of statutes governing the conduct of U.S. trade, the ITC conducts investigations to determine the effect of imports on U.S. producers and manufacturers. The ITC also has broad powers to study factors relating to U.S. foreign trade. Our survey concentrated on the adequacy of the data gathering and verification process used in developing staff reports on antidumping, countervailing duty, and import injury investigations¹ and also on the continued need for certain recurring ITC reports.

¹These investigations are conducted under Title 7, Tariff Act of 1930, and sections 201, 203, and 406 of the Trade Act of 1974

Investigations

Our survey indicates that ITC uses incomplete and unverified questionnaire data. More specifically, we found that (1) ITC questionnaires used to obtain key data may contain format weaknesses, (2) sometimes the questionnaire response rates are low or respondents do not answer some questions, (3) ITC's investigative fieldwork was limited, and (4) the investigative reports do not contain summaries and generally do not set forth the scope and methodology of the investigations.

The basic design and format of the questionnaires used to obtain key data for ITC investigations may be unnecessarily difficult for respondents to complete and as a result may yield incomplete data. The wording of some questions may contribute to incomplete or unusable responses.

Typically, questionnaires are sent to as many producers and importers of the subject product as ITC can identify, but no general standard has been set concerning acceptable questionnaire response rates by percent of respondents or aggregate share of the involved industry. The response rates are generally above 80 percent, but our survey showed some much lower response rates. For example, in a recent preliminary investigation responses came from U.S. importers that represented 11 percent of the imports and in two final investigations the responses covered 55 percent of U.S. production and 40 percent of imports, respectively. Moreover, respondents sometimes provide only partial information to some questions and do not answer others; for example, in one case only 3 of 20 responding U.S. producers provided requested employment data.

The specific information that firms provide in the questionnaires is seldom verified by ITC or reconciled to company records. ITC has stated that it does "extensive" fieldwork as part of its investigations, but ITC investigators advised us that fieldwork generally consists of a company visit lasting less than a day, usually includes a familiarization tour of the firm's production facility, and is not designed to verify company-provided data. Moreover, ITC records show that ITC investigators who traveled were in travel status an average of 8 days during fiscal year 1986.

The staff's written product for each investigation, entitled "Information Obtained in the Investigation," is designed to address the factors the Commissioners must, by law, consider in making their determinations. Typically, it is about 20 to 40 pages long with numerous tables and financial schedules, but it does not have a summary to highlight key

factors in the particular case, set forth the overall scope and methodology used, or describe any limitations on the data. For example, the response rate on questionnaires is often very difficult to identify

Recurring Reports

ITC issues a number of recurring monthly, quarterly, and yearly reports but has not established procedures for periodically revalidating their continued need. Our survey indicated that some reports might be eliminated, combined, or issued less frequently. Some of them have been produced for many years and their current value may have diminished. In some cases, ITC may have to seek relief from some external requirements. For reports that principally represent an information service for a specific industry rather than the government, ITC may wish to eliminate them or curb their frequency and examine the appropriateness of charging for copies of such reports.

Appendix I provides a more detailed discussion of these points and observations on other programmatic issues.

Administrative Issues

Our survey showed internal administrative control weaknesses in ITC's handling of (1) classified security information and confidential business information, (2) procurement, (3) property management, and (4) lunch periods.

- Since 1983, ITC officials have been concerned about weaknesses in handling confidential business information (proprietary data). Although progress has been made since then in developing procedures and a training program, some ITC officials are still concerned that the procedures are not being adequately implemented and monitored and that increased use of computers could exacerbate ITC's vulnerability. We found that ITC officials are not making required security checks.
- ITC has failed to ensure that procedures for dealing with national security information are being followed. For example, we found that one office with a relatively high volume of secret and confidential data has not been complying with ITC procedures for maintaining an inventory record of classified material received, on-hand, or destroyed and that some classified information has been commingled with other documents and kept in open storage, in violation of security procedures. Moreover, security checks are not routinely made
- A study recently completed for the ITC concluded that the procurement and contracting process was not as effective as it could be and that ITC

had not been consistently complying with the Federal Acquisition Regulation. Although ITC procurement officials agreed with this study, they did not identify these problems in their recent report to the Chairman under the Federal Managers' Financial Integrity Act.²

- Although ITC officials recognized the need for written property management policies and procedures as early as 1984, they have not yet developed them.
- Some ITC supervisors, believing that the 30 minutes allowed for lunch is unreasonable, have authorized or condoned lunch periods for employees in excess of the time allowed under ITC policy and union contract.

Appendix II provides a more detailed discussion of these matters and observations on other administrative issues.

Information Resource Management Issues

ITC has been turning increasingly to automatic data processing and other information resource management (IRM) activities to support its programs. Our observations on the organizational framework for handling IRM, the planning process, and the anticipated acquisition of microcomputers are as follows.

- Government regulations call for each agency to have a designated senior official responsible for all aspects of IRM activities and a comprehensive planning process for its IRM functions. However, the organizational structure for managing ITC information resources functions is fragmented and ITC has not yet established an overall comprehensive IRM plan.
- Although ITC's Information Systems Planning Committee was initially set up as a technical advisory group for IRM planning, it was subsequently assigned added responsibility for directing and controlling the acquisition of automatic data processing equipment and related software. The Committee, which reports directly to the Chairman, is composed of individuals from various offices; however, the designated senior IRM official and other key ITC executives are not on the Committee or involved in approving its work.
- Justification to support the planned acquisition of up to 300 microcomputers has not been adequately documented. Comprehensive analyses of users' needs, alternative methods, or cost-benefit considerations as

²Under this Act (31 U.S.C. 3512), executive agencies must report annually on whether their internal control systems fully comply with the Act's requirements. To the extent that systems do not comply, the agencies are to identify material weaknesses in their systems and corrective actions being taken. Each year ITC managers evaluate 27 activities and report any material or non-material weaknesses through the Director of Administration to the Chairman.

required by federal regulations have not been completed. ITC officials intended to ask the Chairman to issue a request for proposals in early 1987 before obtaining the results of several studies on critical aspects of its information system requirements. ITC officials assert that the planned acquisition is in line with each of the alternatives outlined in an October 1986 consultant's report; however, they have not completed the additional analyses of data processing requirements that the consultant's study identified as being needed. In addition, major user groups within the ITC have stated that microcomputers may not meet their specific word processing and data processing requirements.

A more detailed discussion of IRM activities is set forth in appendix III.

Internal Evaluations

The ITC has never regularly audited its financial and program activities. The Budget and Accounting Procedures Act of 1950 and federal procedures, such as Office of Management and Budget Circular A-73, require periodic audits. In July 1983, we issued a letter report to the Chairman identifying ITC's lack of audit services and recommended that such services be obtained.³ In its reports for 1984 and 1985 under the Financial Integrity Act, ITC acknowledged it had a material internal control weakness because it did not have an internal audit function.

Without such a function, the ITC has relied almost exclusively on its individual managers to follow established procedures and to identify and correct problems. There has been no focal point within ITC for independently (1) ensuring that appropriate procedures are in place and are being implemented, (2) evaluating ITC activities, (3) ensuring that corrective measures are taken on administrative and programmatic problems, and (4) following up to ensure that managers' reports under the Financial Integrity Act were appropriate.

In December 1986, ITC selected a commercial accounting firm to provide auditing services. The ITC Chairman stated that the firm will audit financial statements and accounting systems and review the property management system and automatic data processing operations and will provide an ongoing audit and review program for financial and operating activities.

³International Trade Commission Needs a System of Internal Audit (GAO/AFMD-83-93)

Objective, Scope, and Methodology

Our objective was to obtain an overview of ITC's operations and the various mechanisms used to direct, control, and evaluate key functions. Our survey was broad in scope and included only limited analyses of selected aspects of ITC's programmatic, administrative, information resource management, and internal evaluation activities. We did not cover all ITC functions or responsibilities. Moreover, we did not assess the impact of our findings regarding ITC's investigative process on any specific Commission determinations.

We conducted our survey primarily at ITC headquarters in Washington, D.C., between October and December 1986, in accordance with generally accepted government auditing standards. We met individually with each Commissioner and interviewed other key ITC officials; reviewed ITC policies, procedures, other pertinent documents, and relevant studies; made first-hand observations; and obtained views on ITC's operations from officials of the Office of the U.S. Trade Representative and the Department of Commerce, staff members of ITC's congressional oversight subcommittees, and several international trade lawyers.

Views of ITC Commissioners

We did not obtain agency comments on this report which represented the collective views of the ITC. However, we met with each of the present five Commissioners to receive their views. The Commissioners also provided separate written comments which, together with our evaluation, are in appendix IV.

With regard to programmatic issues, the Commissioners generally agreed that benefits are possible by improving the questionnaire format and by periodically reviewing the continued need for certain recurring reports. Commissioner reactions were mixed on the need for (1) validating questionnaire data through spot-checks of company records, (2) a report summary highlighting key information and describing ITC methodology, and (3) charging user fees for certain reports. In addition, three Commissioners noted the difficulties in achieving higher questionnaire response rates, while the other two Commissioners suggested that greater use of statistical sampling would be useful in some cases.

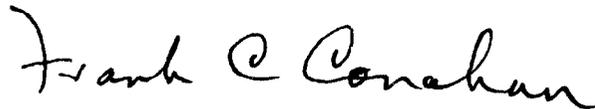
With regard to administrative matters, the Commissioners stated that (1) they agree with our assessment of weaknesses in ITC's security procedures and that steps were now underway to correct the way the national security information and confidential business information is handled, (2) the ITC also must develop an adequate management system before acquiring furniture and equipment in conjunction with ITC's move

to new quarters, and (3) there should be no general permission for long lunches but that sound management requires some flexibility in this area. They also noted the Office of Administration is now proceeding to implement the recommendations of the procurement consultant as we suggested.

All Commissioners generally concurred that ITC's IRM planning has been deficient and that a comprehensive plan should be developed. Although all Commissioners acknowledged that ITC's organizational structure for IRM is fragmented, there were mixed views as to how to correct the problem. The Commissioners agreed that it will be necessary to complete the analyses of ITC's IRM requirements and develop appropriate documentation before acquiring new data processing equipment or services

We believe our survey has identified a number of potential opportunities for improving ITC operations. We would appreciate being informed of any further actions taken or planned on the matters discussed.

We are sending copies of this report to the Senate and House Committees on Appropriations, Senate Committee on Finance, House Committee on Ways and Means, and other interested parties.



Frank C. Conahan
Assistant Comptroller General

Contents

Letter		1
<hr/>		
Appendix I		10
Survey of Selected Programmatic Activities	Investigative Process	10
	Recurring Reports	14
<hr/>		
Appendix II		17
Survey of Selected Administrative Issues	National Security Information	17
	Confidential Business Information	19
	Procurement	21
	Property Management	22
	Extended Lunch Period	23
	Other Issues	23
<hr/>		
Appendix III		25
Information Resources Management	Organizational Framework Fragmented	25
	Lack of a Comprehensive IRM Plan	26
	Microcomputer Acquisition Proceeding Without Complete Analysis	27
<hr/>		
Appendix IV		29
Comments From the International Trade Commissioners and Our Evaluation	GAO Comments	49

Abbreviations

ADP	Automatic data processing
CBI	Confidential business information
FAR	Federal Acquisition Regulation
FIRMR	Federal Information Resources Management Regulation
GAO	General Accounting Office
IRM	Information resource management
ISPC	Information Systems Planning Committee
ITC	International Trade Commission
NSI	National security information
OMB	Office of Management and Budget

Survey of Selected Programmatic Activities

Our survey of certain International Trade Commission (ITC) programmatic activities revealed that (1) shortcomings exist in the process that ITC uses for assuring the reliability of data produced in its antidumping, countervailing duty, and import injury investigations and (2) some recurring reports might be eliminated, combined, or issued less frequently.

Investigative Process

ITC investigators gather information by various means, including the routine use of questionnaires sent to producers, importers, and purchasers of products under investigation as well as secondary-source research. The ITC staff do some fieldwork and telephone interviews. The results are analyzed and set forth in a written investigative report. These reports, together with briefs filed with the Commission by the parties at public hearings, and statements made by them, serve as factual bases for the Commission's determinations.

Our survey indicates that ITC in its questionnaire analysis uses incomplete and unverified data. More specifically, we found that (1) ITC questionnaires may contain format weaknesses, (2) sometimes the response rates are low on the entire questionnaire or on certain questions, (3) ITC's investigative field work was limited, and (4) investigative reports lack summaries and generally do not set forth the scope and methodology of the investigations.

Questionnaire Format

To evaluate the format of ITC questionnaires, we reviewed its "Sample Producer's Questionnaire," which represents the basic format used for specific investigations.

Over 900 pieces of information are requested in this sample questionnaire. Although most questions are satisfactorily designed, some questions are not. Weak formatting of some questions, coupled with the burden imposed by a long questionnaire, may reduce the overall response rate and the accuracy and completeness of the data. The importance of such weaknesses could vary depending upon the particular study. Determining the relative impact of any questionnaire design weakness was beyond the scope of our study.

Our review of the sample questionnaire indicates the following problems.

1. The questionnaire format may be unnecessarily difficult for respondents. The long, complex set of questions is not prefaced with an overall orientation. Questionnaire respondents are sometimes asked to make up their own format rather than to simply fill in forms, and key instructions do not always appear where they would be most useful.

2. Some formats may yield incomplete data. Requests for data are placed in the middle of paragraphs or in footnotes rather than highlighted with headings, special page layouts, or question numbers. Not all respondents are required to give their answers on screening questions. A single, open-ended question is sometimes used to request data on several different topics without a recording format to ensure that all topics are addressed.

3. The wording of some requests may result in incomplete or unusable responses. Open-ended questions are sometimes unclear about what is requested. In other instances, data are requested but no provision is made for respondents for whom the request is not applicable.

Questionnaire Response Rates

ITC typically sends questionnaires to as many producers and importers of the subject product as it can identify. In a few cases where the number of involved firms is very large, ITC may select a sample that includes the major firms, but this sample is not selected on a scientific basis. No standard has been set concerning the acceptable level of response rates by percent of questionnaire respondents or aggregated share of the involved industry.

To determine the response rates (defined hereinafter as the aggregated share of the involved industry) ITC has been experiencing, we examined 96 percent of all ITC reports on antidumping, countervailing duty, and escape clause investigations issued during January through November 1986. We found that questionnaire response rates were generally above 80 percent but some were much lower. Response rates are usually higher on final investigations than on preliminary investigations. There were also great variations in the rates of response to different portions of the questionnaires.

- The response rate was frequently higher when only a few companies were involved. Most investigations involved 30 or fewer producers and a like number of importers, and the response rate was generally at least 80 percent. However, for industries involving many producers and/or importers, particularly in the agricultural area, the response rate was

often lower. For example, on a final investigation of in-shell pistachio nuts from Iran, questionnaire data covered 55 percent of total U.S. production. A preliminary investigation of softwood lumber from Canada had a response rate of 48 percent for producer data and only 11 percent for importer data.

- The response rate from importers was lower than 80 percent in some cases. In a final investigation of welded carbon steel pipes and tubes, data was received on 40 percent of such imports from Turkey. For a preliminary investigation of porcelain-on-steel cookware, importer response rates were 65 percent for such products from Mexico, 32 percent from Taiwan, and 23 percent from the People's Republic of China.
- Not all questionnaire respondents answered all questions. For an investigation of "certain metal castings," 62 of 142 identified producers responded, but only 48 of them provided data on their efforts to compete with imports. In an investigation of certain cast-iron pipe fittings, 19 importers of Taiwanese pipe fittings responded (representing 70 percent of total imports of the Taiwanese product), but only 8 of them (representing 52 percent) gave answers to pricing questions. In a case involving welded carbon steel pipes from Singapore, only 3 of 20 identified producers provided employment data (These 3 producers represented 51 percent of domestic shipments.)

Role of ITC Fieldwork in Verifying Questionnaire Data

The ITC attempts to ensure the accuracy of questionnaire data by (1) having a company official certify that the information contained in the submitted questionnaire is correct and (2) comparing a company's submission with those of others and/or against published data. Under this latter step, the staff will attempt to reconcile any major deviations from a derived "standard." This is usually done by telephone, but if the problem is serious enough and the company important enough to the investigation, ITC staff may on rare occasions reconcile the questionnaire data to the company records. ITC has a staff of five financial analysts to review the financial data supplied in the questionnaires.

The ITC states in its 1985 annual report that it does "extensive fieldwork" as a part of its investigations. ITC officials also told us that they conduct fieldwork on all final investigations, unless they have recently completed fieldwork on the same product from another country. We found, however, that ITC staff spend little time on each field visit and that these visits almost never involve verification of company data.

During a final investigation, it is common for an ITC team headed by an investigator or a representative from the Office of Economics' Investigation Support Division to visit producers' and/or importers' facilities. Typically the purpose of these trips is to help the ITC staff better understand what the product is and how it is made and distributed, not to validate company-provided data. A visit to a particular company typically lasts a day or less. According to ITC travel records for fiscal year 1986, the 24 professional staff members in the Office of Investigations who traveled (out of a total of 32 staff members) spent a combined total of 198 days in travel status¹—an average of 8 days each. Similarly, 9 of 14 professional staff members in the Office of Economics' Investigation Support Division spent a total of 108 days in travel status, an average of 12 days each.

Although ITC staff members advised us that questionnaire responses are not always satisfactory, they said the ITC does not validate the data by examining company records during field visits because (1) field visits are brief, (2) trips are usually made before the questionnaires are returned to the ITC, (3) ITC believes it would not be cost-effective, and (4) companies certify that the information is correct.

Full verification of all questionnaire data would be impractical, according to ITC staff, given the legal time limits for investigations. However, ITC does not make even occasional random spot-checks of company records as a way of guarding against getting self-serving industry data and of helping to assure the reliability of its reports. The Director of Operations indicated that such efforts are not made because ITC relies on the honesty of the respondents.

Format of Investigative Studies

The ITC staff's written product for each investigation, entitled "Information Obtained in the Investigation," addresses statutorily required factors. However, it lacks a summary and generally does not have a statement of methodology describing questionnaire response rates, any limitations associated with the data, or the extent of fieldwork

Typically, this investigative study is 20 to 40 pages long and packed with tables and financial schedules, with no summary highlighting key factors in the particular investigation. One private international trade lawyer noted that these studies do not identify which data may have

¹This includes travel in conjunction with any ITC business, including investigations, conferences, and training

important bearing on a specific case. This means the Commissioners themselves must spend their time reviewing data that may not be relevant to the particular case.

These studies do not contain a section describing the overall scope of the work done, the methodology used, the primary information sources used, or the number of field visits made to industry facilities. Information about questionnaire response rates is often scattered throughout several sections of the studies. Also, the presentation of this information does not always clearly state how many questionnaires were sent, how many were returned, and what percent of the industry is represented. ITC officials noted that it has begun to address this issue by providing such information in separate memoranda to the Commissioners for investigations instituted after August 1986. We believe, however, that this information should also be in the staff investigative studies.

Furthermore, applicable studies seldom provide information or analysis concerning the reasons for low response rates or why some information provided in the questionnaires is considered to be unusable data. Where samples are used in the questionnaire process, there is no explanation of sampling procedures employed.

The Director of Operations, the General Counsel, and other senior ITC officials commented that they believe it would be inappropriate for staff to summarize information gathered during an investigation. They believe the Commissioners want to decide for themselves what constitutes important data. However, Commissioner views on the desirability of a report summary are mixed. (See app. IV.)

Recurring Reports

In line with statutory requirements, congressional requests, executive orders, or Presidential proclamations, the ITC prepares a variety of recurring reports that generally deal with import and/or production data on specific commodities or with monitoring trade with specific groups of countries. Various offices within ITC are involved, and in fiscal year 1985 ITC spent about 8.5 percent of its total time preparing such reports. Although the Director of Operations considers some of these reports to be unnecessarily burdensome, ITC presently has no management procedure for periodically revalidating the continued need for these recurring reports.

A few of the specific commodity reports monitor industries which may no longer involve active trade issues, and some other reports might be eliminated, combined, or issued less frequently. For example:

- ITC continues to issue annual reports on specific industries as requested several years ago. A report on brooms was initiated as a result of a 1967 Presidential proclamation by President Lyndon Johnson, and a report on mushrooms was begun in response to a 1977 request from President Jimmy Carter. In contrast, ITC reports on heavyweight motorcycles and stainless and alloy tool steel are required only for limited time periods.
- ITC has prepared annual reports on rum in response to a December 1983 request from the Senate Committee on Finance. This report is to be provided on a calendar year basis as long as rum is accorded duty-free treatment pursuant to the Caribbean Basin Economic Recovery Act. It may be possible to combine this report with the annual report on the Caribbean Basin Initiative (as required by the 1983 Caribbean Basin Economic Recovery Act), which already includes a specific section on rum.
- The origin of the annual and quarterly synthetic organic chemicals reports dates back to 1917. By the mid-1970's the Commission had decided to phase them out,² but Congress directed that ITC continue to issue these reports through 1980. Since 1981, the ITC has produced the reports on its own initiative. The annual report now provides a directory of companies which manufacture about 6,000 chemicals and aggregated production and sales statistics for about 1,500 chemicals. The quarterly reports have statistics on several hundred chemicals. These reports are popular with the industry because they provide valuable information-gathering assistance not provided to most other industries. Since these reports, for the most part, provide a service to the chemical industry, the ITC may wish to consider eliminating them, or curbing the frequency of the quarterly reports and examining the appropriateness of charging for copies of the remaining reports as provided for under 31 U.S.C. 9701.
- Section 410 of the Trade Act of 1974 requires ITC to provide quarterly reports on East-West trade. We were told by House Ways and Means and Senate Finance Committees' staffs that such reports are used primarily for the annual congressional review of most-favored-nation status for East European countries or for having current information available for Members of Congress traveling abroad. Since the ITC already has an ongoing monitoring program for detecting and advising Congress of any

²See GAO report, Management Study of the U.S. International Trade Commission (GGD-75-89), June 23, 1975.

major shifts in commodity trade, ITC may want to seek relief from the quarterly reporting requirement and produce the reports less frequently.

Survey of Selected Administrative Issues

We found administrative control weaknesses in the areas of (1) national security (classified) documents and proprietary business information, (2) procurement, (3) property management, (4) lunch periods, and (5) other selected administrative activities.

National Security Information

ITC Directive 1350, dated January 25, 1984, sets forth what ITC employees are required to do in safeguarding and accounting for classified National Security Information (NSI). However, discussions with ITC officials and our observations on how classified information is stored and accounted for disclosed management shortcomings in carrying out accountability measures, security checks, and oversight responsibilities.

Accountability

The ITC directive requires that each office in possession of classified information maintain a record (log) of receipt and disposition of all top secret and secret documents and all confidential documents marked with special dissemination restrictions.

We contacted four ITC offices that handle most of the NSI. Three of these offices did maintain logs on the receipt and disposition of classified NSI documents, but one did not. The latter office receives numerous national security confidential documents and about 100 secret documents each year. The office director told us that he puts the secret documents (e.g., State Department cables) in a secure safe and destroys them after about 1 year. He stated that they never leave his office and are never disseminated within the ITC; however, if he believed that a document was pertinent, he would verbally report the information to the appropriate individual.

We noted over 100 boxes of documents and piles of paper stacked in this same office. The office director said that the material in these boxes had been there for months and probably contained classified information commingled with other documents but he did not know its volume. Nevertheless, he believed that the documents were probably outdated and that any classified NSI would have been declassified by this time. However, the ITC has no authority to classify or declassify any information.

In response to our inquiries, the Director of Administration, in a letter dated December 18, 1986, advised us that the documents in the boxes are historical records involving the trade agreements program dating as far back as the 1930's. He stated that some bear national security classifications, but he believes the classifications are no longer operative

because of the age and content of the documents, even though they do not bear "declassified" stamps

The Director informed us that the ITC was obtaining from the Declassification Unit in the National Archives and Records Administration the rules and guidelines which it applies to declassify such records. ITC was also seeking similar information from the Department of State. The Director added that the documents would be promptly screened in accordance with this information and that any of the material which still remains classified would be properly stored in secure bar lock cabinets. ITC expected to complete this task by the end of December 1986. However, on January 7, 1987, the Director informed us that he had not received any guidance from these two organizations and that the documents were still in open storage in violation of security procedures

Required Inventory

According to the ITC directive, each ITC organization is required to file an inventory of all its top secret and secret documents and all confidential documents marked with special dissemination restrictions with the Director of Administration by January 31 of each year. The Director extended the 1985 reporting date to February 15, 1985, and required that it include only secret and top secret data. Nevertheless, he did not receive 1985 responses from three units, including the one with classified data being kept in open storage.

Although the directive states that each office must submit this inventory each year, no ITC organizational unit reported in 1986. The 1986 reports would have been broader in scope because they were to include information on certain confidential documents. After we discussed this with the Director, he issued a letter to all Commissioners and office directors on January 5, 1987, reminding them of their responsibilities to provide the 1987 report by the close of business February 2, 1987. He advised us of his plan to revise the directive on NSI to require an inventory of all confidential documents, regardless of whether they had special dissemination restrictions, as well as an inventory of top secret and secret documents

Security Checks

The ITC directive states that the head of each office or division having custody of classified NSI will take the necessary actions to ensure that subordinate managers and supervisors conduct security checks at the end of each business day. In addition to requiring a verification that all safes are locked, the directive states that the person conducting the

security check shall make a reasonable effort to verify that no classified documents have been left unsecured (for example, on desk tops). Moreover, a log of daily security checks must be maintained.

No logs were attached to any of the safes in the offices we visited that would disclose when they were checked or the names of the individuals who checked them. The managers in charge of these offices stated that they were unaware of any requirement to maintain such logs. The Director of Administration, who is responsible for overseeing the information security program, advised us that there are no formal Agency-wide security check procedures. He stated that NSI security responsibilities have been delegated to each office manager, who is expected to follow the directive on NSI.

Oversight Responsibilities

The 1984 ITC directive requires that an information security committee be established, to be composed of the Director of Administration, who will serve as chairman, and representatives from four other offices. The responsibilities of this committee were to have been to implement and oversee ITC's information security program and procedures; act on all questions, suggestions, and complaints concerning the administration of the program; and establish a program for employee education and awareness.

As of December 1986, this committee had not yet been established and the Director of Administration stated that he did not believe such a committee was needed.

Confidential Business Information

For several years, ITC officials have recognized that there are shortcomings in handling confidential business information (CBI). Although some corrective actions have been made, some ITC officials believe significant weaknesses still exist. A recent consultant's study also raised a number of concerns regarding controlled access to automated data.

A 1983 vulnerability assessment concerning the protection of CBI stated that procedures and training were deficient to the extent they existed at all. Safeguards barely existed in some organizations. There were no training programs and no regulations applicable to the entire agency.

A management control review in 1984 indicated that CBI material was being kept in a variety of facilities and under varying degrees of control. In most cases, no record was kept of the type, quantity, or location of

such information. The review pointed out that there were no agency regulations and no training and enforcement programs.

In July 1985, ITC issued a directive on handling and safeguarding CBI. It required among other things that CBI be kept locked in bar lock file cabinets or combination safes or, when justified by volume and continuous daily use, kept in "open shelf" storage in a room that was locked whenever the office was left unattended. Also, security checks of safes were to be made at the end of each work day. However, in December 1985 the ITC Secretary, who is responsible for handling all incoming and outgoing CBI documents, reported that he had seen no evidence of any measures being taken to enforce applicable directives and that, although an audio-visual training presentation had been developed, the training program was not yet fully operational.

In November 1986, the ITC Secretary notified the Director of Administration that he was concerned that, since the directive was written and a training program developed, ITC in general seemed to have returned to "business as usual." He felt that additional management attention was still needed. He pointed out that, although the directive required each office with CBI to conduct security checks at the end of each day and maintain logs of such checks, his informal poll indicated that a majority of ITC offices did not have such procedures. The Director of Administration agreed that he had not issued any detailed Agency-wide procedures on security checks and said he would look into the matter.

The increased use of computers has raised additional concerns about CBI security. An August 1986 consultant's study made to identify ways to enhance ITC's office systems in the short term pointed out the need for improved data security. The study indicated that, with the widespread use of personal computers and the large amounts of CBI and other sensitive data being handled, data could easily be removed from work areas on floppy discs or intercepted when transmitted over normal telephone lines to other computers.

The consultant's study recommended a comprehensive systems security audit that would go far beyond an ITC study of security for the National Institutes of Health mainframe computer.¹ The consultant suggested that the following issues should be addressed.

¹During July through September 1986, ITC conducted a study to evaluate the security of CBI processed through a mainframe computer at the National Institutes of Health and developed new guidelines designed to deal with the potential for compromising such data

- Mainframe security - need for passwords and file protection.
- Microcomputer security - need for controlling system access through software or other means.
- ITC-wide physical security - need for improved control over entry and exit to facilities and isolation of computer systems from general work areas.
- Procedural security - need for managing access to documents and controlling the distribution and use of floppy discs.

In October 1986, the Director of Data Systems expressed concern about "data security/data integrity" for CBI on computers. He indicated the need for procedures for handling CBI on mainframe computers, personal computers, and word processing systems. He stated that when the CBI security directive was established, the ITC only had 7 personal computers and now it had over 60 and was likely to acquire more. He added that during the same timeframe ITC's word processing capabilities had also grown considerably.

The Director of Data Systems recommended that a plan be approved for developing and issuing an information systems security directive by June 30, 1987. He advised us that the ITC is currently weighing alternative approaches for obtaining contracting assistance in developing a policy directive and set of procedures. Although he was unaware of any security breaches in the automatic data processing (ADP) area, he was concerned that it could happen in the future because of the increasing use of personal computers.

Procurement

A study completed in December 1986 by a procurement official on detail to ITC from another federal agency noted that the ITC procurement process is not as effective as it could be and that the ITC has not consistently complied with certain aspects of the Federal Acquisition Regulation (FAR). The study indicates that the ITC procurement staff has made considerable progress as the procurement program has become more sophisticated and complex in the last few years. The study made recommendations to remedy the numerous problems in the current process and to meet future needs.

The study concluded, for example, that ITC procurement activities needed to be brought into compliance with the FAR for preparing, distributing, administering, and maintaining files on all documentation involving solicitations and awards. The study pointed out that

- for larger purchases, the ITC had not been consistently advertising in the Commerce Business Daily as required;
- the ITC Chairman needed to make several written changes to the delegation of procurement authority; and
- about 38 percent of the 222 purchase order folders reviewed did not contain documentation “sufficient to constitute a complete procurement history”.

The study also called for (1) improved coordination in the procurement planning process, (2) updated policy guidelines and procedures related to administrative approvals on special ADP and furniture purchases, (3) improved controls, procedures, and recordkeeping in the receiving process, and (4) an upgraded level of procurement expertise. Although ITC procurement officials agreed with this study, they did not identify any of these problems in their recent report under the Financial Integrity Act.

Property Management

ITC has no written policies and procedures for receiving, inspecting, and storing assets or for recording and accounting for property. The need for such procedures was recognized by the ITC as early as 1984. A cognizant official advised us that ITC staff is currently too busy with higher priority work to devote time to writing procedures.

The property custodian (Chief of Administrative Services) does not receive transaction documents to record furniture and equipment account changes. The various ITC offices have been moving furniture and equipment around during the year without informing the Administrative Services Division. Thus, the furniture and equipment accounts could only be brought up to date immediately after the annual inventory. ITC officials advised us that, beginning in February 1987, automated property status reports would be used to keep property accounts current on a continuing basis.

Capitalized and controlled property items are not identified and tagged with a unique organizational number and are not marked “Property of the U.S. Government.” ITC is planning to use a universal bar code identification system for all items valued at more than \$1,000. Items valued at less than \$1,000, especially those considered subject to a high risk of theft and those of significance to ITC operations such as ADP software packages, may also warrant coverage under this property management system.

The property custodian said that ITC recognizes the need to establish its own property management policies and procedures and plans to do so by December 1987.

Extended Lunch Period

The Collective Bargaining Agreement between the ITC and the American Federation of Government Employees states that "the employer's official work day is from 8:45 a.m. to 5:15 p.m. Monday through Friday which includes an authorized lunch period of thirty minutes." Agency policy also provides for a 30 minute lunch. However, several supervisors and managers told us that 30 minutes was unreasonably short and that they and other ITC officials have either authorized or condoned extended lunch periods for their staffs. For example, one supervisor stated that it was "traditional" to allow one hour for lunch because of a lack of nearby eating facilities. Another supervisor wrote a memorandum dated May 15, 1985, limiting the staff to "just one hour" for lunch to address abuses in extended lunch periods.² By allowing extended lunch periods, these supervisors may be authorizing these employees to work fewer hours than they are being paid for. When we brought this matter to the Director of Administration's attention, he indicated that the use of extended lunch periods was widespread within the ITC and that the subject warranted consideration by the Commissioners.

Other Issues

- ITC's records for 1985 show that about 81 percent of the staff in two divisions in the Office of Management Services had been paid for overtime. From January 1 to October 25, 1986, 86 percent of these staffs received overtime pay. The amount of overtime paid ranged from less than 1 percent to 32.7 percent of the employee's base pay. These two divisions comprise less than 6 percent of all ITC personnel, but their employees received about 18 percent of all overtime pay in 1985 and about 37 percent from January 1 to October 25, 1986. Although these staffs were among those permitted extended lunch periods, the Director of Management Services believes that there is no causal link between extended lunch periods and required overtime. He stated that the overtime was a direct result of staff shortages in his office.
- A surprise cash count for either of ITC's two imprest funds was last performed by the General Services Administration in 1984. Since that time,

²We discussed this matter with the supervisor and were subsequently advised that this memorandum had been rescinded on December 3, 1986

ITC officials made internal arrangements for continuing this control procedure but they have never been implemented. (However, a January 1987 contract with a private firm to provide financial audit services calls for a quarterly review of ITC imprest funds.)

- Government transportation requests should be safeguarded and accounted for in the same manner as cash, but at the time of our survey the ITC had not inventoried them since at least August 1985. When we discussed this with ITC officials, they said there was no longer a need to retain these transportation requests since ITC had converted to using a commercial travel agency and a credit card system for handling travel. As a result of our discussion, in November 1986 an inventory was taken and the requests disposed of in line with instructions from the General Services Administration.
- ITC personnel must fill out time and attendance cards for payroll purposes and data sheets for ITC's internal activity reporting system. In response to our questions about combining these two processes, the Director of Finance and Budget advised us that he and the Personnel Office have agreed to review the possibility of merging the two systems.
- ITC officials advised us that a large volume of classified and confidential business information is being retained at ITC even though it is no longer needed. With the planned relocation to a new building, this may be the opportune time to properly dispose of such obsolete data.

Information Resources Management

ITC is an information-intensive agency, heavily dependent on ADP services and other information resources—hardware, software, data, and people—to effectively carry out its program objectives and administrative functions. However, ITC's information resource activities have not been consistent with certain aspects of the Paperwork Reduction Act and related regulations associated with information resources management (IRM) activities.

We observed that ITC's organizational and management structure for information resources is fragmented. The planning process has not been sufficient to provide the information needed for the systematic acquisition and use of information resources. Comprehensive analyses required by federal regulations have not been performed and documented. According to ITC documents, ITC officials intended to ask the Chairman to issue a request for proposals to acquire up to 300 microcomputers before critical analyses were completed.

Organizational Framework Fragmented

The Paperwork Reduction Act requires that a senior official, reporting directly to the agency head, be accountable and responsible for all of the agency's IRM activities and functions. However, the ITC's designated senior official is not involved in many of these activities and functions

This designated senior official is to be responsible for (1) developing and implementing internal IRM policies and procedures and ensuring compliance with the policies, principles, and standards prescribed in the Act and in Office of Management and Budget (OMB) Circular A-130, (2) accounting for acquisitions made in support of IRM functions, (3) periodically reviewing IRM activities, and (4) systematically inventoring the agency's major IRM systems and ensuring that they do not overlap. ITC's fragmented organizational and management structure for IRM has not provided an adequate mechanism to carry out these functions.

Although the Director of Operations is ITC's designated senior official for information resources, he does not have the authority and responsibility for planning, directing, and controlling all IRM activities as prescribed in the Paperwork Reduction Act and implementing regulations. IRM responsibilities at ITC are dispersed among various program and administrative offices, a planning committee, and the Director of Operations. Each program and administrative office independently identifies information resource needs without direction from an approved Agency-wide IRM plan. The Office of Data Systems provides some data processing and

word processing services to other ITC units but does not have overall management responsibility for these activities. The Director of Operations is involved primarily in matters affecting the collection, processing, use, and disposition of data obtained through ITC's questionnaire process. An Information Systems Planning Committee (ISPC) has been assigned responsibility for IRM planning.

The ISPC, which reports directly to the Chairman, includes individuals from selected offices but excludes ITC's designated senior IRM official and other senior office directors. Although these officials may be asked to comment on ISPC actions, they are not involved in approving such actions. Initially ISPC's charter limited its activities to advising the Chairman and the Commission on information systems matters. Subsequently it was given authority to become involved in directing and controlling the acquisition of ADP equipment and related software.

Lack of a Comprehensive IRM Plan

OMB Circular A-130 calls upon agencies to establish multi-year strategic planning processes for acquiring and operating information technology.¹ OMB Circular A-130 and the Federal Information Resources Management Regulations (FIRMR) call for each agency to have a comprehensive information resource planning process. The elements of such a planning process generally include (1) documenting the current status of IRM activities, (2) identifying planning assumptions and constraints, (3) setting Agency-wide goals and objectives for the level of service required, (4) ascertaining information on such factors as estimated future workloads and capacities, (5) involving top management and staff in formulating the plan and the decisions on strategies, (6) implementing the plan, (7) establishing criteria for evaluating performance in carrying out the plan, and (8) revising the plan as necessary.

ITC has not developed an overall IRM plan and has not established any policy or issued guidelines to implement a comprehensive planning process. In December 1985, ITC contracted to obtain information required for long-term IRM planning from a consultant. The consultant's study, however, did not provide sufficient information to form the basis for an Agency-wide IRM plan. Since July 1986, the ISPC has been working on a variety of IRM activities which include planning steps principally intended to support the acquisition of office automation systems. ISPC officials stated that because of the high priority assigned to acquiring office automation systems, the ITC has deferred the development of an

¹Section 816 of the Paperwork Reduction Reauthorization Act of 1986 contains a similar requirement

overall Agency-wide IRM plan. Without the benefit of a comprehensive plan, ITC does not have a reasonable level of assurance that the planned acquisition of information resources will meet users' needs.

Microcomputer Acquisition Proceeding Without Complete Analysis

According to ITC documents, the ISPC intended to ask the Chairman to approve a request for proposals in early 1987 to acquire up to 300 microcomputers, before ITC had completed plans for meeting overall word processing and data processing requirements. Comprehensive analyses of user requirements, alternative approaches, and cost benefits have not been performed and documented as required under the FIRMR.

The results of five studies, underway or planned, on critical aspects of the ITC's information systems requirements will not be available by early 1987, when ITC officials plan to issue the request for proposals. These studies include (1) pilot tests of ITC's microcomputers' local area networks, (2) pilot tests of electronic mail and calendaring on the ITC mainframe computer, (3) an evaluation of minicomputer office-automation environments at other agencies or vendor installations, (4) a General Services Administration study of ITC's records management, and (5) an anticipated study on data processing requirements, including the use of the mainframe computer at the National Institutes of Health, ITC's in-house mainframe computer, and microcomputers

The ISPC believes there is a minimal risk associated with acquiring the microcomputers before the overall IRM Agency-wide plan is completed. ISPC reasons that (1) this acquisition would meet immediate requirements for microcomputers and associated equipment and (2) a large number of microcomputers would also fit any of the four long-term automation alternatives proposed by a consultant's October 1986 study.

However, other procurement approaches are available to ITC to meet immediate needs rather than issuing requests for proposals, which are more appropriate for major purchases. The FIRMR sets forth conditions and limitations for procuring systems when urgent requirements arise. But more importantly, the consultant's study should not be used to justify proceeding in early 1987 with this major acquisition. Moreover, the consultant's study points out the need to complete additional analyses of the Agency's requirements.

ITC's basic goal in acquiring up to 300 microcomputers is to replace existing word processing systems with a superior office automation configuration that will give each staff member access to all office automation and data processing functions from a single workstation. However, users of automated systems in several offices expressed concern regarding the ability of microcomputers to meet their specific word processing and/or data processing requirements.

The October 1986 consultant's study supports these user concerns. For example, the consultant noted that, for certain data processing applications, access to large data bases could be slow on microcomputers. The consultant's study also identifies a number of limitations associated with networked microcomputer architecture.

Some ITC officials said that before the agency proceeds with bulk office automation equipment purchases, it will be necessary to define how the new hardware will meet specific user needs. In response to the concerns of these officials, the ISPC assigned three of its members to dedicate 3 weeks to match specific office requirements for microcomputers with the broad recommendations of the consultant's report. This exercise reflects the ISPC's determination to develop data in support of issuing an early request for proposals rather than to provide a comprehensive analysis to justify such a major acquisition as part of an integrated approach to meeting ITC's long-term office automation needs.

Comments From the International Trade Commissioners and Our Evaluation

CHAIRMAN



UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, D.C. 20436

February 10, 1987

The Honorable Charles A. Bowsher
Comptroller General of the United States
General Accounting Office
441 G Street, N.W.
Washington, D.C. 20548

Re: Draft of a Proposed Report On Observations on the
Operations of the International Trade Commission

Dear Mr. Bowsher:

Thank you very much for providing an opportunity to comment on GAO's January 1987 draft report "Observations on the Operations of the International Trade Commission" (Draft Report).

The International Trade Commission plays an increasingly important role in providing the legislative and the executive branches with information and analysis in connection with their making of trade policy. In this and in its role as a decision-maker in import relief cases, the Commission must use great care to maintain the confidence of the Congress, the Executive Branch and the parties who appear before the Commission. Thus, the GAO evaluation of our operations is a welcome endeavor and provides the Commission with an opportunity to improve the quality of its programs and administration.

During my tenure at the ITC, I have observed certain weaknesses in the programs and operations of the Commission. When I became Chairman, I immediately began to address a number of these problems. The GAO review complements these initiatives and provides many excellent suggestions for improving the Commission's statutory investigations and administrative functions. As you note, while some progress has been made in addressing certain problems, much remains to be done. I applaud the work of the team that conducted your review and prepared the

Appendix IV
Comments From the International Trade
Commissioners and Our Evaluation

The Honorable Charles A. Bowsher
February 10, 1987
Page 2

report. I agree with most of the findings and make a firm commitment to address them. I do, however, have questions and comments concerning some of the findings.

I. CASELOAD

The caseload figures used in the Draft Report show an increase in the number of open cases from 146 in FY 1981 to 338 in FY 1985. A better indicator of the trend in Commission caseload may be the number of cases instituted during the fiscal year. According to the Commission's FY 1988 budget justification submission (at p. 9), a copy of which is attached, in FY 1982 the Commission initiated 292 statutory investigations. In FY 1985, this number was 239, and in FY 1986 it was 214. Thus, the caseload seems to have leveled off.

II. ANTIDUMPING, COUNTERVAILING DUTY AND ESCAPE CLAUSE INVESTIGATIONS

As a preliminary matter I note that the comments at page 2 and again at page 11 of the draft report, are applicable to Title VII (antidumping and countervailing duty) and escape clause (19 U.S.C. §2251) investigations and not to investigations under Section 337 of the Tariff Act of 1930 (19 U.S.C. §1337). You may wish to make this clear in your final report.

A. Verification

In deciding claims under Title VII and the escape clause that imports are injuring U.S. industries, the ITC has the potential to impose costs on consumers as well as to provide benefit to U.S. businesses that qualify for relief under the law. The draft report is critical of the fact that these decisions rely heavily on unverified and incomplete data. This has been of concern to me during my tenure on the Commission.

Because of the importance of these determinations, they should be based on data that are as accurate and complete as possible, given the budget and statutory time constraints under which these investigations must be conducted. Certainly not all data in the record can be verified. Nor need they be. But as the Internal Revenue Service has discovered, periodic, random checks of data go a long way toward ensuring veracity.

See comment 1

See comment 2

The Honorable Charles A. Bowsher
February 10, 1987
Page 3

Verification of data is especially important at the Commission because most of the information gathered in our investigations is not subjected to the adversarial process. It is classified as business confidential and, for the most part, not available to the other parties. (The Commission does, in Title VII investigations, release some limited confidential business information relating to domestic prices and cost of production under protective order to "interested parties.") The only opportunity for opposing counsel to obtain access to the entire record, however, is on appeal and under a protective order. At this time factual errors can be brought to the attention of the reviewing court which must then decide whether any such errors are significant enough to constitute reversible error. Because the court's review is not de novo, parties asserting factual errors bear a heavy burden. Under the standard of review at the Court of International Trade, the court might properly consider many errors harmless that conceivably might have changed the outcome at the Commission had they been discovered earlier.

In addition, the Commission does not utilize one of the most important methods available for ensuring the accurateness or completeness of the record - discovery. Thus I wholeheartedly support your recommendation that the ITC should use random spot checks of company records to guard against self-serving industry data and to help ensure the reliability of ITC reports.

B. Responses to Questionnaires

In addition to noting its uncertainty about the quality of the data submitted to the Commission, GAO correctly questions whether data on which determinations are based are as complete as they could be. While the applicable law requires the Commission to base its determinations on the "best information available," lengthy and complex Commission questionnaires tend to discourage responses and limit the comparability of the data provided by different respondents.

Moreover, there is no real penalty for failure to respond to a questionnaire. This is in contrast to the procedures at the International Trade Administration of the Department of Commerce where failure to cooperate produces adverse results for the foreign firm engaging in such behavior. This has not been the practice at the

Appendix IV
Comments From the International Trade
Commissioners and Our Evaluation

The Honorable Charles A. Bowsher
February 10, 1987
Page 4

ITC. As a result, biases are likely to be introduced in the data received.

In my opinion on Certain Welded Carbon Steel Pipes and Tubes from Brazil and Spain, Inv. No. 701-TA-220 (Preliminary), USITC Pub. 1569 (August 1984), I noted that because the Commission does not impose any sanctions on those who do not respond to questionnaires, the Commission may receive responses only from those firms in the worst financial condition. See also Metal Castings, TA-201-58, n. 136 (1986). Therefore, the information on which the Commission bases its determination may be biased.

While some ITC Commissioners have occasionally drawn adverse inferences against domestic industries that failed to respond to Commission questionnaires, (See, e.g., Weighing Machinery and Scales from Japan, Inv. No. 701-TA-7 (Final), USITC Pub. 1063 (1980) (Additional Views of Vice Chairman Alberger and Commissioner Calhoun); Certain Tomato Products from Greece, Inv. No. 104-TAA-23, USITC Pub. 1594 (Oct. 1984)), this option never became standard procedure.

Because the Commission has set no standards for determining acceptable response rates, the Commission has no way of knowing whether accurate determinations can be made based on the questionnaire data. A simple random sampling technique with periodically verified data from which statistically significant inferences could be drawn would be superior to a mass mailing and the "hope-everyone-will-respond" technique currently employed.

See comment 3

Given the time constraints facing the Commission in a preliminary dumping or countervailing duty investigation, it might not be possible to construct a valid statistical sample. On the other hand, there is nothing to prevent the Commission from utilizing sampling techniques in final investigations. To save time, Commission staff could begin defining the relevant sampling universe immediately after an affirmative preliminary determination by the Commission.

A random sampling approach is also likely to be more efficient, as well as potentially less costly to the Commission and less burdensome to industry than our current approach. While questionnaires are not the only source of data the Commission uses in its determinations,

The Honorable Charles A. Bowsher
February 10, 1987
Page 5

they are of sufficient importance in Title VII and escape clause investigations that the lack of standards poses an important problem.

C. Format of Staff Reports

I concur with GAO's recommendation that investigative reports should describe the scope of the study, the methodology used and the limitations on the data, and should contain a concise summary of the arguments supporting and refuting the arguments of petitioner. Such information is standard in analytical reports and would be helpful to me as a decision-maker.

It is also important that summaries discuss how conflicts in the data were resolved by the staff. Although Commission staff apparently consider summaries inappropriate on the ground that the Commissioners want to decide for themselves what data are important (p. 18, GAO Draft Report), they do not necessarily tell the Commission when and how they resolved conflicts in the data. For example, prior to the Commission vote on Acetylsalicylic Acid from Turkey, Inv. 701-TA-283 and 731-TA-364 (Preliminary) (December 10, 1986), staff indicated that when conflicting data are gathered the staff resolves the conflict before submitting the report:

Supervisory Investigator: [F]rom the Office of Investigations, we are responsible for getting a staff report to you that includes the best information that we have. That's why we have a senior review process, and we are very reluctant to send you conflicting data in the staff report. It just creates a number of problems for you that it should not. I mean, it should be our job to get you a clean, at least generally acceptable to everyone, report.

Chairman Liebler: I don't mind seeing conflicting arguments and analysis. In fact, I find it useful.

Transcript, at 13-14.

I find the practice of homogenizing data prior to submitting it to the Commission troubling and in contradiction to the claim that the staff provides raw data for the Commission to digest.

See comment 4.

The Honorable Charles A. Bowsher
February 10, 1987
Page 6

Finally, it is noteworthy that the international trade bar has shown a growing interest in the methodology utilized by the Commission. See, e.g., Easton, The Commission's Injury Investigation: Opportunities for More Effective Judicial Review; Horlick & Landers, The Court of International Trade's Standard for Review of the International Trade Commission's Injury Determinations (both papers presented at the Third Annual Judicial Conference of the United States Court of International Trade (NY October 24, 1986)). With support from the trade bar and the findings in your report, the Commission should be able to improve the quality of the data on which it bases its decisions.

III. ADMINISTRATIVE ISSUES

A. Audit

In my tenure at the ITC, I have observed a number of problems in the administrative area. The most pressing of these was the lack of an audit program at the agency. One of my first initiatives as Chairman was to seek a full audit of the agency's financial statements and accounting system, its procurement and contracting function, the Automated Data Processing (ADP) operations, and the property management system. It was clear to me an audit was needed simply on the grounds of good management practice. (Indeed, one had been promised by previous Chairmen in response to a recommendation by GAO three years prior to my taking over as Chairman.) In other areas, such as procurement, ADP and property management, there are problems that require comprehensive management reviews. I enclose for your information a copy of my September 17, 1986 memorandum to the Commission in which I discuss some of these problems.

Efforts to have all these areas audited promptly have met resistance at the staff level and among the Commissioners. Three Commissioners continue to urge that critical parts of the audit should be spread over a three-year period. Thus, the timing and scope of the remaining audits remains uncertain.

If not impeded, efforts currently underway or beginning shortly in all these areas should, with proper monitoring, prove sufficient to address the administrative problems that have been identified in your report.

The Honorable Charles A. Bowsher
February 10, 1987
Page 7

B. Contracting and Procurement

Your draft report identifies procurement as an area with internal administrative control weaknesses. In response to the "Final Report-Review of the Contracting and Procurement Division and the Procurement Process within the U.S. International Trade Commission" by Solly Thomas ("Final Procurement Report"), I asked the Director of Administration to develop a timetable and plan for dealing with the deficiencies identified in the Final Procurement Report. On February 2, 1987, I received a preliminary response from the Director and will be working with him to develop a final plan. In addition, as I have already advised the Commission, I will ask our outside auditors to examine this area carefully.

C. National Security Documents and Confidential Business Information

One of the important aspects of the Draft Report is its concern for the security of classified documents and confidential business information (CBI) entrusted to the ITC. By bringing the national security information (NSI) and CBI problems into public light you will cause us to renew our efforts to strengthen our information security procedures. I promise my diligent attention to the matter. Steps are being taken to form an Information Security Committee called for in the 1984 ITC Directive 1350. I also will seek a review later in this year to make sure that the proper steps have been taken to correct current deficiencies. For your information I enclose a copy of my February 10, 1986 memorandum to the Director of Administration instructing him to set up an Information System Security Committee by February 16, 1987. The Committee will submit its preliminary plan by March 16, 1987.

The Commissioners and the staff are committed to protecting the security of information given the Commission. In order to preserve public confidence in the Commission's ability to protect confidential business information, it would be helpful for you to state in your final public report, as you have indicated to me, that you are not aware of any instance in which confidential business information has been released.

See comment 5

The Honorable Charles A. Bowsher
February 10, 1987
Page 8

D. Recurring Reports and User Fees

I am encouraged by GAO's support for reducing the number of recurring reports the ITC currently provides. Our legislative liaison has begun working with the Commission staff in an effort to identify instances where consolidation or less frequent reporting might be appropriate. The results of this effort will be discussed with the Commission and, where appropriate, with government entities that requested or required the reports.

The Commission will, of course, continue to provide reports at no charge to Congress, the Executive Branch, and other agencies. The Commission does, however, incur considerable additional printing, mailing and distribution costs by giving many hundreds of copies to other requestors outside the government. I support user fees as provided for under 31 U.S.C. §9701. User fees would provide information about demand for the goods and services being supplied, information that cannot be inferred when the product is provided free of charge. Print runs should be continued for publications whose demand holds up when fees are charged, but publications whose demand drops precipitously or disappears when faced with a user fee should be re-evaluated. Such a policy would allow agency resources to be devoted to more productive uses. I support the creation of a user fee program as part of our overall effort to streamline our recurring reports and will attempt to have the Commission institute such a program.

E. Lunch Hours

Please be assured that I am committed to obeying applicable laws and regulations regarding lunch hours. I enclose a copy of my February 6, 1987 memorandum to office heads asking their support and cooperation in enforcing them.

F. Overtime

Thank you for calling attention to the amount of overtime recorded for the Office of Management Services. I will ask our outside auditors to review this matter.

The Honorable Charles A. Bowsher
February 10, 1987
Page 9

IV. INFORMATION RESOURCES MANAGEMENT

I agree that the Commission's planning for and management of information resources has not kept up with the increasing technical requirements for this critical area. This was one of the reasons why I reorganized our Information Systems Planning Committee (ISPC) and gave it new responsibilities last summer. The old committee had three members, including the Directors of Administration and Operations, neither of whom has much expertise or experience with office automation, ADP or information resources. In addition, one has substantial stock ownership in a major computer company and is thus unable to participate in planning or procurement.

The reorganized ISPC has new members and responsibilities. Although the new committee has been in existence for only six months, it has made considerable progress, particularly in controlling and documenting information systems procurement, setting agency standards and policies, and planning for modernization of our aging office automation systems. The following information resource management activities have been undertaken by the ISPC:

1. Developed, cleared with senior staff and Chairman, and implemented policy directive on PC-based word-processing standards, training and responsibilities at the ITC.
2. Developed, cleared with senior staff, and submitted to Chairman procedures for management review, approval, and processing of information systems hardware, software and services requirements and requests.
3. Analyzed American Management System's architecture options report, and identified the need for additional information to proceed with final choice. At the same time, prepared a tentative procurement plan for new office automation system with two phases of procurement.
4. Identified and initiated pilot test of LAN systems.
5. Identified and initiated survey of managers' views on the American Management System report options, and information needed to refine the recommendations.

See comment 6

The Honorable Charles A. Bowsher
February 10, 1987
Page 10

6. Reviewed and provided detailed comments on the records management study.
7. Initiated pilot test of electronic mail using PROFS.
8. Developed and implemented tracking system for information systems procurement actions.
9. Implemented policy of management review and justification of all information systems purchases.
10. Developed emergency needs procurement of PC and related hardware and software.
11. Initiated pilot test of lap top computers.
12. Implemented a policy of regular communication with office directors on the status of their information systems needs.
13. Reviewed and provided detailed comments on American Management System's data and telecommunications wiring study for the new building.
14. Began preparations for supporting documentation for recommendation to procure replacement office automation systems.

Although we have made considerable progress, we still have a lot to do on long-range planning, both in the ADP area and other IRM areas, such as telecommunications and records management.

I also agree that fragmentation of our IRM structure has been a problem for several years and that our current system is only appropriate as an interim solution. The current IRM officer has little expertise in information resources and a potential conflict of interest that precludes his participation on the ISPC. In light of your report and your comments, I intend to consider and discuss with the Commission several options for modifying our organization in order to satisfy regulatory requirements and to increase the effectiveness of our management of information resources. These include changing the IRM officer to someone with more experience and expertise in information resources or consolidating all IRM activities under a new Director with such qualifications.

Appendix IV
Comments From the International Trade
Commissioners and Our Evaluation

The Honorable Charles A. Bowsher
February 10, 1987
Page 11

The Commission's analysis of its requirements for a new office automation system is, as you know, still in progress. We have not decided what ADP equipment we will purchase, or how much. I assure you that we will work closely with GSA to prepare all appropriate documentation before any decision is made to acquire ADP equipment or services.

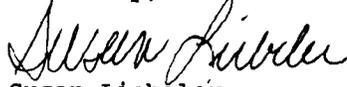
At our February 2, 1987 meeting I shared with you the enclosed comments of Dr. Suomela, the Chairman of the ISPC. I concur with these comments; they are attached to my letter as Exhibit "A" and incorporated herein by reference.

V. CONCLUSION

I hope these comments are helpful to you. In reviewing them, please note that like the views of other Commissioners, pursuant to 19 U.S.C. §1331(a)(3), my comments represent my own views and not those of the Commission.

Thank you very much for your hard work and constructive criticism. Your survey has identified several important opportunities for improving the agency's operations. As you request, I will be pleased to keep you informed of all actions taken on the matters discussed in the report. If you have any additional questions, please do not hesitate to contact me.

Sincerely,


Susan Liebeler
Chairman

SL:ma

Enclosures

Appendix IV
Comments From the International Trade
Commissioners and Our Evaluation

VICE CHAIRMAN



UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, D C 20436

February 6, 1987

The Honorable Charles A Bowsher
Comptroller General of the United States
General Accounting Office
441 G Street, N W
Washington, D C 20548

Dear Mr Bowsher

This letter responds to your request for comments on the General Accounting Office's draft report on the International Trade Commission. The views expressed are, of course, my own and not the views of the Commission.

On the whole your report contains many valuable suggestions for improvements which can and should be made to Commission operations. Specifically, I am substantially in agreement with your conclusions on Commission investigations and on the data gathered and produced by staff in support of Commission proceedings. I also share your concerns regarding administration and information resources management. I therefore welcome suggestions that will lead to greater effectiveness in those areas. I am offering these comments less to take issue with the report's conclusions than to suggest a number of areas in which your analysis would benefit from a deeper consideration of the background and recent history of the problems the report identifies.

ADMINISTRATION AND INFORMATION RESOURCES MANAGEMENT

In my view, it is likely that some degree of administrative inefficiency will always exist at the ITC as a result of the leadership structure chosen by Congress for the Commission. As you are aware, the chairman serves only a single two-year term and virtually all of the chairman's administrative decisions can be overridden by a Commission majority. While this structure serves many laudatory goals intended by Congress, it does not lead to clarity and continuity at the highest levels of the agency's chain of command.

Thus, it is not surprising that your investigators found a fairly consistent pattern of sluggishness in addressing problems that were identified several years ago by GAO and others. Noteworthy among

**Appendix IV
Comments From the International Trade
Commissioners and Our Evaluation**

The Honorable Charles A Bowsher
February 6, 1987
Page 2

those problem areas were financial and program audits (page 8), confidential business information (page 26), property management (page 31), and cash count procedures (page 34)

Your report is helpful in that it not only recommends specific actions but also takes account of worthy improvements made in recent months For example, it acknowledges that a financial accounting firm has finally been retained to perform an extensive audit of ITC operations Although GAO called for an audit in 1983, it was not until last fall, as a result of Chairman Liebelers urging, that the Commission as a whole agreed that the audit should occur Your draft report also acknowledges that a significant study of the Commission's procurement activities was recently completed The idea for the study and the selection of the procurement expert to do the work also came from the Chairman's office

In response to your discussion of IRM, let me make only two comments First, the Information Systems Planning Committee (ISPC) was reorganized six months ago precisely to remedy IRM problems like those identified in the draft report Second, the Director of Operations is not a member of the ISPC, but his automated data processing and office automation responsibilities have been delegated to the Director of Data Systems, who is a member of the ISPC In any event, the present committee membership avoids a potential conflict of interest that might otherwise exist

The GAO's criticisms of the handling of national security and confidential business information should receive prompt attention However, since I do not know of any instance of public disclosure of national security or confidential business information that has occurred in the year I have been at the Commission, it may be that the report gives this issue somewhat more attention than it deserves I am confident that closer adherence to the Commission's directives in this area will ensure that the Commission's exemplary record will continue

PROGRAMMATIC ACTIVITIES

I welcome your useful suggestions about the completeness and verification of the questionnaire data obtained by the Commission in its investigations and about the inclusion of analytical summaries in staff investigative reports However, I believe it would also be appropriate for you to address another problem that may be even more serious the fact that the sampling procedure used in some investigations may produce biased results

Let me take the last of these problems first The Commission does not use modern statistical sampling techniques in Title VII and escape clause investigations As a consequence the data underlying its determinations on the condition of the domestic industry may not be representative of that industry This issue arises in investigations that involve a large number of domestic firms In such cases sampling is needed because the cost of surveying all of the firms is prohibitive Typically, the Commission compiles its sample

See comment 7

See comment 8

**Appendix IV
Comments From the International Trade
Commissioners and Our Evaluation**

The Honorable Charles A. Bowsher
February 6, 1987
Page 3

by constructing a list that invariably includes all of the names of the domestic producers furnished by petitioners, along with others selected by staff (Memo from Director of Investigations on Certain Fresh Cut Flowers, INV-K-006, Jan 28, 1987, p 4) In addition, it does not always include in the list every sector of the domestic industry For instance, all firms below a certain size may not be surveyed, even though staff suspects that they dominate the domestic industry (Ibid, p 6 note 12) These practices have evolved over a long period of time and result from pragmatic decisions to have a manageable number of questionnaires and to secure adequate and timely responses As a result of the practices, a systematic bias of unknown magnitude may creep into questionnaire data

As to the draft report's concern about incomplete data, I agree that part of the problem may be caused by poor design of at least parts of the Commission's questionnaires But another cause that should be considered is the general perception that the Commission's data requests have no teeth That is, the Commission rarely uses its subpoena power to secure responses to its questionnaires One reason for this is, of course, that the statutory periods governing Commission investigations allow little time to litigate disputes regarding incomplete responses to Commission subpoenas Whatever the reason, the problems of incomplete data are exacerbated

I also concur with your conclusion that inadequate verification of data is a serious concern It is my understanding that over the past year verification work has been cursory at best This situation results partly from the Commission's heavy caseload and partly from the view that verification of the information supplied in response to questionnaires is simply unnecessary I strongly disagree with the view that verification is unnecessary and believe the Commission should acquire the skills necessary for effective data verification The potential harm caused by erroneous Commission rulings is too serious to accept an uncritical attitude toward the veracity of the data on which those rulings are issued

The problem of incomplete, unverified, and possibly biased data is particularly serious because interested parties to Commission investigations and their counsel typically do not have access to significant portions of the data on which the Commission actually bases its decisions At the ITC, interested parties generally have to advocate their positions without seeing the large amount of business data treated as "Confidential" under controlling statutes, regulations, and Commission practices, a situation most unlike that in the typical civil judicial proceeding where the evidence presented to the trier of fact is subjected to the test of fire by the opposing parties As a consequence, interested parties before the ITC have little opportunity to bring to the Commission's attention errors in staff data that might have been readily apparent to the parties because of their knowledge of the industry under investigation

The draft report notes that the Commission's investigative reports contain neither a summary nor an explanation of the methodology and data limitations of the investigation Both would be tremendously helpful in sorting through and organizing the masses of

Appendix IV
Comments From the International Trade
Commissioners and Our Evaluation

The Honorable Charles A. Bowsher
February 6, 1987
Page 4

data--some relevant, some not--that now appear in our reports. Your final draft might also note that our investigative reports contain essentially no analysis. The present approach is like scattering on the floor hundreds of pieces from several different puzzles. Lacking a summary or even rudimentary analysis, the investigative report is of little help in putting the pieces together.

It has been argued that the commissioners would not continue to render independent decisions if the staff began to present rudimentary analysis of the data it gathers. I disagree. Clearly, each commissioner would still need--and wish--to decide the relative importance of each major section of the puzzle and to provide an overall assessment of the picture emerging from the puzzle. By way of further analogy, it should be observed that it is extremely unusual for a judge or jury to be compelled to decide the merits of a civil lawsuit involving complex financial, production, and other business information without the benefit of the analysis and opinion testimony of expert witnesses. In such cases the experts' analyses are considered valuable aids to the trier of fact in reaching an informed decision, not substitutes for the trier of fact's independent judgment. So, too, the Commission could benefit from the informed analysis of its own experts.

Thank you for the care with which GAO has undertaken this project. I have not attempted to respond to all of your comments and suggestions, but rather simply to offer my observations where I thought they would be most useful. Please do not take my silence on any matter to mean that I disagree with the conclusions you reached after your careful analysis. If I can be of further assistance to you in this matter please do not hesitate to call.

Sincerely,



Anne Brunsdale
Vice Chairman

Appendix IV
Comments From the International Trade
Commissioners and Our Evaluation

COMMISSIONER



UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, D.C. 20436

January 30, 1987

Honorable Charles A. Bowsher
Comptroller General of the United States
General Accounting Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Mr. Bowsher:

We read with great interest the January 1987 draft of the General Accounting Office report on the operations of the International Trade Commission recently submitted to us for comment. Examination by a team of GAO's skilled investigators is a useful and instructive exercise for any government agency, and we appreciate the time and effort your staff devoted to this study.

There are several operational deficiencies noted in the Draft Report that we agree should be addressed as quickly as possible. The Commission is taking action or will take action to effect improvements in those areas. On the other hand, we take issue with certain of the findings that we believe reflect unfamiliarity with the demands on the Commission placed by the trade statutes and the procedures we must follow to meet those demands. Our comments follow in the order topics are discussed in the Draft Report.

Investigations

The Draft Report states that ITC Commissioners, in making quasi-judicial determinations, "may be relying heavily on incomplete and unverified data." It recommends that Commission staff redesign investigation questionnaires to obtain a better response rate; set a standard for an "acceptable" response rate; perform spot checks in the field of data submitted by producers and importers; and preface staff reports with a summary which will

Appendix IV
Comments From the International Trade
Commissioners and Our Evaluation

-2-

"highlight key factors" in each investigation for the Commissioners.

See comment 9

In discussing data collection problems and proposed solutions, the report makes no distinction between procedures in 45-day, preliminary antidumping or countervailing duty investigations and those in antidumping or CVD finals or other types of investigations conducted in a much longer time frame. It also treats questionnaires as the principal, virtually the only, source of investigation data available to Commissioners.

The type of information sought in our questionnaires is mandated by statute and, therefore, substantial abbreviation of the forms is not possible. However, the organization and wording of the inquiries always can be improved, and the Commission welcomes any assistance GAO experts can offer in this regard.

See comment 10

Questionnaire improvements may increase the precision of response, but it is doubtful that they will greatly increase the response rate. The rate of response depends to a great extent on the type of industry involved. An industry with large producers and an active trade association to muster support will respond at a higher rate than an industry with many small producers and little organization. Agricultural investigations, for example, often result in low individual-producer response rates.

See comment 11

As for setting a response rate standard, what measure should be used -- percent of total producers or importers, percent of production or shipments? What does the Commission do if an "acceptable" rate is not attained? At the present time, missing data that are considered important are sought by telephone followup or even subpoena.

Whether the response rate is high or low, the Commissioners must make their determinations before the statutory deadline on the basis of the best information available. Judging "reasonable indication" of material injury or threat in a 45-day investigation often requires reliance upon incomplete data. In other investigations, the Commissioners have much more than questionnaire data to work with; they have conference and hearing testimony, briefs and post-hearing submissions, letters, interview notes, and sometimes special information requested through counsels or trade associations.

See comment 12

Since August, 1986, the staff routinely has provided certain information to help Commissioners put questionnaire responses in proper perspective.

-3-

They have tried to indicate any possible biases that might be introduced in investigation data based on the number or characteristics of the responding firms relative to the industry as a whole.

See comment 13

To verify the data received in a 45-day investigation would be impossible. Spot checks would be of limited value in other investigations. Questionnaire responses must be certified by company officials, and hearing testimony is given under oath. There are penalties for falsification. The Commission staff always carefully examines information from one member of an industry or an importer that is at odds with that received from others in the group or with industry norms.

See comment 14

It is not clear what is meant in the Draft Report by the "summary" recommended for inclusion in investigation reports. If the summary is to be a staff distillation of key factors in an investigation, it is not a good idea. For each type of investigation, there is a statutory list of factors that Commissioners must consider. However, ITC Commissioners from time to time differ as to which of these factors should be "key" in their decision making.

The staff report is itself a factual summary of the volumes of data received. Staff should not be requested to judge key factors. The strengths and weaknesses of the average case usually are apparent to Commissioners who study the reports -- and we all do as part of the record of an investigation. For complicated investigations, Commissioners may arrange staff briefings where the various factors can be discussed in depth.

Recurring Reports

The Draft Report recommends that the Commission reduce the number or frequency of certain recurring reports and, in some instances, charge user fees for their publication. We agree that there should be periodic evaluation of the continuing need for these reports. However, most are mandated by Congress or the President, and obtaining relief from such mandate may require more than simple documentation of diminishing value.

See comment 15

Combining certain reports might appear to be an attractive cost-cutting measure; but again, statutory requirements may prevent such combination. For example, the Commission cannot combine its annual report on rum with that on the Caribbean Basin

Appendix IV
Comments From the International Trade
Commissioners and Our Evaluation

-4-

Recovery Act, as the statutory completion dates for the two reports differ by four months.

See comment 16

We did look into charging user fees for certain reports in the past. However, our General Counsel at the time concluded that fees could not be charged unless the Commission reports constituted a special benefit for a person or group of persons. Since all Commission reports are used by government agencies (including the Commission) as well as private groups, user fees apparently are not appropriate.

Administrative Issues

Internal Evaluations -- Although there is some difference of opinion within the Commission as to whether this independent agency is legally subject to the Federal Managers' Financial Integrity Act, there is full support for attaining the objectives of the Act. The Commission recently approved a financial audit, which is now under way. Other operational areas will be reviewed subsequently under a three-year audit program.

Security -- We fully agree with GAO's assessment of weaknesses in our past security procedures. Security is a problem that has assumed new dimensions at the Commission with the increasing use of computers and the imminent move to a new, privately serviced building. Steps are under way to correct the handling of national security information. We will seek the advice of consultants and increase our training efforts to better secure business confidential data in this computer age.

Procurement and Property Management -- Rapid expansion of the Commission in recent years has contributed to deficiencies in these administrative areas. The Office of Administration now is proceeding to implement the recommendations of a procurement consultant. The Commission also must develop an adequate property management system before it acquires furniture and equipment in conjunction with its move to new quarters.

Lunch Breaks and Overtime -- A high proportion of Commission staff are professionals who work many extra hours without overtime compensation. An occasional long lunch period is normally balanced with many lunches at the desk. Professionals also use lunch breaks for ITC-related meetings. We agree there should be no "general permission" for long lunches, but believe that sound management requires some flexibility.

-5-

There appears to be good reason for the overtime recorded for the Office of Management Services. However, the Director of Administration reports that there should be less need for overtime in the future, and he will monitor future overtime use carefully.

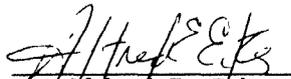
Information Resources Management

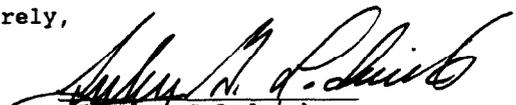
We generally agree with GAO's finding that in the past, the ITC's information resource planning has been deficient. The Commission is similar to many other agencies in that it was too long committed to promoting mainframe use at a time when revolutionary developments in information processing were occurring in micro and minicomputers. The prospect of the move to a new facility in 1987 has led the Commission to employ its own resources and that of consultants in developing a comprehensive IRM plan to serve Commission needs in the foreseeable future.

GAO accurately observed that the committee established to oversee this planning now excludes the Director of Operations, Director of Administration, and other key directors who at one time were committee members. The current Chairman appointed the members of the new committee. We believe that the excluded directors should be given the opportunity not only to review, but to report to the Commission their evaluation of the work of the committee.

We are informed that the committee has not yet recommended the number of microcomputers to be purchased this year or the timing of a request for proposal. We believe that substantial acquisitions of equipment should be delayed until the current LANS and mainframe tests are completed so that we can better determine the need for microprocessors versus the need for terminals which will use the processing capabilities of a minicomputer or mainframe.

Sincerely,


Alfred E. Eckes
Commissioner


Seeley G. Lodwick
Commissioner


David B. Rohr
Commissioner

GAO Comments

The following are GAO's comments on the International Trade Commission letters.

**Evaluation of Comments
Provided by Chairman
Susan Liebeler**

1. Revisions have been made to reflect these caseload changes.
2. The report states this.
3. The report notes that ITC staff do not use scientific sampling techniques, although they do seek to include the major firms. Greater use of statistical sampling may be useful in some ITC cases, but an analysis of the potential impact of using such techniques was outside the scope of our study.
4. We did not examine the issue of how staff handle conflicts in data. We believe, however, that this should be covered in a summary or methodology section.
5. The Director of Administration advised us that he was unaware of any compromises of sensitive information for which ITC was responsible, and the scope of our work was not designed to identify specific releases of CBI.
6. Our report has been revised to show that since July 1986 the ITC has been working on a variety of IRM activities but has not yet developed an Agency-wide comprehensive IRM plan.

**Evaluation of Comments
Provided by Vice Chairman
Anne Brunsdale**

7. See comment 5.
8. See comment 3.

**Evaluation of Comments
Provided by Commissioners
Alfred E. Eckes, Seeley G.
Lodwick, and David B. Rohr**

9. We have revised our report to reflect that ITC relies on a variety of data sources in addition to questionnaire responses and that data gathered in the final stage of an investigation may be more complete than that gathered in the preliminary stage.
10. The report notes that response rates can be low in industries where there are many producers or importers, especially in the agricultural sector. The ITC General Counsel has indicated her concern about low

questionnaire response rates in some cases, noting that the low level of responses has been an issue in several judicial appeals.

11. We are only observing that no standard exists concerning acceptable response rates; we realize that the Commission must make decisions based on the best available information. We believe, however, that a clear statement describing questionnaire response rates and, when applicable, the reasons why they may be low should be set forth in the staff report. Information obtained by the telephone is not certified as data in the questionnaire response would be. Moreover, the ITC General Counsel points out that the solution to a poor response level cannot lie solely with the use of subpoenas. She pointed out that ITC has issued six subpoenas in the last 6 years.

12. Since the ITC now routinely receives such information, there should be no problem incorporating it into the staff reports.

13. While it may be difficult to perform spot checks during the preliminary investigation, we believe that verification of company-supplied data through at least occasional spot checks can be accomplished and useful in final investigations. ITC has a clear interest in receiving accurate industry data, and the hearings process does not serve as a means of identifying conflicting data because opposing counsels may not have sufficient information to dispute each others' claims. Failure to check at least some questionnaire responses puts ITC in the position of accepting information from firms that have a vested interest in the outcome of ITC investigations and may be prone to present information in the best possible light for their interests.

14. We believe it is possible for ITC staff to objectively summarize their key investigative results. The summary could point out conflicts of data, issues that could not be resolved, important analytical findings and key factors relevant to the particular case. The summary could fairly present the key elements of and rationale for opposing points of view. Other Commissioners have expressed an interest in having such a summary.

15. The annual rum and Caribbean Basin reports both use the same set of annual statistics, and we believe the ITC could work with the Congress to harmonize the completion dates.

16. The ITC General Counsel looked into charging user fees in 1976 and concluded that, if the ITC no longer needed the chemical reports pursuant to its statutory authority, it may not continue those functions for industry's benefit. Where an activity involves several functions some of which benefit the public and others benefit special interests, then the Agency may charge only for the latter, according to the ITC General Counsel's opinion. Under this policy the government can charge a price which reflects only the cost of those functions that are not necessary in meeting the government's needs. The ITC General Counsel concluded that in the case of the chemical reports reproduction charges may be appropriate.

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