INSPECTOR GENERAL

IG-V-026

UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, D.C. 20436

June 8, 1998

MEMORANDUM

TO: Director, Office of Administration

FROM: Inspector General

SUBJECT: Inspection Report No. 03-98: Review of the Activity Reporting Systems

In Fiscal Year (FY) 1996, we conducted a review of the Commission systems for accumulating staff hours by activity. The objectives of this review were to determine the required and desirable uses for information on Commission activities and evaluate whether the appropriate information was being gathered in an efficient manner. We reported our findings to the Director of Administration in October 1996, and have now followed up to determine what action has been taken. We found use of the data being gathered is even further limited to just budgetary reporting; no managers are using the information on staff hours; the duplicate recording systems had been discontinued, and the activity codes were simplified.

At the time of our initial review, the Commission gathered information on the number of hours Commission employees spend on various activities, such as a 332 investigation or training, in the Activity Reporting System (ARS). An office employee, usually the timekeeper, entered the information into a database on the Banyan Network every four weeks. The ARS was not integrated or reconciled with the payroll system. In FY 1995, the Commission entered into an agreement with the Administrative Service Center, U.S. Bureau of Reclamation, Department of Interior (DOI) for payroll services that included a Labor Distribution Module that was integrated with the payroll system. The Labor Distribution Module allowed timekeepers to record employee hours by activity concurrently with recording time and attendance.

In October 1997, we notified the Director of Administration (who was then serving in an Acting capacity) of the results of our review. We reported that the primary use of the data on staff hours was for budget preparation. Management use of the data gathered was very limited. Duplicate systems to gather data on work hours had been maintained for two years, and would likely continue for a third year if ARS was not discontinued immediately. The activity codes needed to be revised, primarily to provide a more efficient link to the budget. (See the attachment to this report for a summary of the findings.) We made several suggestions for immediate action. The Director of Administration provided a response from the Office of Finance and Budget (OFB) which said that changes could not be made until January 1997.

Since October 1996, the following changes have been made:

-- The staff hours information gathered on the Labor Distribution Module is used exclusively for budgetary reporting. The activity codes were revised to align with the budget presentation. This is a significant improvement and eliminated an awkward conversion process.

-- The Labor Distribution Module has even more limited management use than the ARS did. No managers were using the information. Furthermore, managers could not use the information on staff hours even if they wanted to because no reports have been issued to date for use by management.

The Office of Industries was the only office that had used information in ARS, staff hours by section 332 investigation, as a management tool. This information was used for planning and decision-making, such as the desirability of continuing recurring reports. Although the Office of Industries objected, the activity codes used to gather staff hours by section 332 investigation were discontinued in FY 1998. The Office of Industries considered establishing a system, but could not overcome the difficulties involved in collecting staff hour data on a Commission-wide basis.

The Congressional Relations Officer said that requests for data on the cost of section 332 investigations are not uncommon. She attempted to obtain some statistics for a staff member of the House Committee on Appropriations in March or April of 1998. Data was available for FYs 1995 and 1996, but estimates had to be used for FY 1997.

The Labor Distribution Module should be able to accommodate the differing needs of offices for detailed information, but does not do so. Administrative Announcement FY-98-03, dated November 3, 1997, states that detailed and unique record keeping for specific work activities should be done by individual offices. Two offices, the Inspector General and Management Services, developed and maintain their own systems to gather date on staff hours by project or job code. Such office systems are limited because, as previously discussed, they cannot gather data on an agency-wide basis.

-- As we predicted, the duplicate recording in ARS and the Labor Distribution Module continued throughout FY 1997. In October 1997, the ARS system was discontinued after three years of operating duplicate systems.

--The activity codes for FY 1998 were greatly simplified. Nearly all of the activity codes have a direct match with a budget function. However, an activity code no longer exists for every budget function which will necessitate some changes in the Budget Justification presentation. Although amounts were extrapolated for FYs 1998 and 1999 in the FY 1999 Budget Justification, the absence of activity codes will necessitate changing the presentation within a year or two when actual data is required for the following functions:

A.3.D., Other recurring reports and services. The activity codes for function A.3.D., Other recurring reports and services, were incorporated into other activity codes.

B. Indirect Cost, Personnel Costs, Litigation and Rulemaking and Operating Management. The activity codes for the detail in object class B. Indirect Cost, Personnel Costs, were combined or incorporated into other activity codes. The activity codes for Litigation and Rulemaking were deleted and these activities will be reported as part of the relevant investigation code, i.e.,1AA101, Import Injury Investigations. The activity code for Operating Management was incorporated into the activity code for Other Administrative Support.

A new activity code was established for sunset reviews. These hours could be combined in budget function A.1.B. Antidumping and countervailing duty, or a new function could be established. The General Counsel supports the latter option in view of the importance of the sunset cases.

We suggest that the Director of Administration coordinate with the budget committee on the repercussions of the change in activity codes on the budget presentation, the appropriateness of the current codes to provide needed data, and the planned revision of codes in the future.

The Directors of Administration and OFB received a preliminary draft of this report on May 20, 1998, for review and comment. Office directors mentioned in the report received a revised draft on May 29, 1998. We incorporated comments as appropriate.

Attachment

cc: Commission

ANALYSIS OF ACTIVITY REPORTING SYSTEM

We interviewed six office directors, whose offices accounted for approximately 66 percent of Commission employees as of October 1996, and their staff to obtain information and opinions on activity reporting. We interviewed OFB staff to obtain information on the development and/or status of the ARS and uses for the data gathered. We reviewed guidance issued by the Office of Management and Budget (OMB) to identify reporting provisions, including Circulars A-11, Preparation and Submission of Budget Estimates, Part 1 dated June 13, 1996, and Part 2 dated May 23,1997; A-34, Instructions on Budget Execution, dated December 26,1995; and A-127, Financial Management Systems, dated July 23,1993.

LIMITED REPORTING REQUIREMENTS

OMB Circular A-11 states that agencies with more than 250 full-time equivalent (FTE) employees are required to report by program activity, as listed in the program and financing schedules of the annual budget of the United States Government. Other provisions in the Circular similarly require reporting by such program activity. In the President's Budget, the Commission has one program activity. In contrast, the Commission's Congressional budget justification has seven major direct cost functions and fifteen subfunctions for which the Commission chooses to gather FTE data.

In addition to the budget justification, the Commission occasionally receives data requests from other agencies for FTE data. OFB provided the following two examples:

-- The Bureau of Labor Statistics requested FY 1994 data for the Federal Productivity Measurement Program. The Bureau requested work years for certain functions, including Title VII investigations, section 332 investigations, section 337 investigations, and import injury investigations. ARS data was used to compile the information.

-- The National Science Foundation requested a report on the Outlays for Research and Development (R&D) and R&D Plant for FYs 1995, 1996, and 1997. The Commission reported its entire budget as economic research.

LIMITED MANAGEMENT NEEDS

OMB Circular A-127 states that "Agency financial management systems shall be able to capture and produce the financial information required for program performance, financial performance, and financial management performance measures needed for budgeting, program management, and financial statement presentation."

Only one of the six office directors interviewed used the data generated by the ARS as a significant management tool. The Office of Industries used the data to prepare management reports on the cost of 332 investigations in order to estimate future budgets and review historical costs.

Two offices developed separate systems for time-keeping. The Office of Management Services developed forms to record time spent on projects on a weekly basis. The Office of

Inspector General developed a bi-weekly system to track the time employees spent on each job code.

The other office directors generally said that the ARS reports were not useful to them, but perhaps were of use to someone else. A few office directors said that the reports were somewhat useful to see where staff was spending time, but this was not critical because the immediate supervisors knew how employees were spending their time.

The usefulness of the ARS data was severely limited because reports were not available on a timely basis. For example, the last ARS report was issued in June 1997 and the report before that was issued in February 1997.

DUPLICATE SYSTEMS

OMB Circular A-127, Financial Management Systems, provides for agency financial systems to allow for efficient transaction entry and "...system designs shall eliminate unnecessary duplication of transaction entry." The Circular further states that "data needed to support financial functions shall be entered only once, and other parts of the system shall be updated through electronic means."

In FYs 1995, 1996, and 1997, the Commission used both the ARS and Labor Distribution Module to collect staff hours by activity. The DOI payroll system was implemented in October 1995 with limited activity codes. The Labor Distribution Module was implemented on a test basis in April 1996 with voluntary use of additional codes. In October 1996, all activity codes used in the ARS were made available in the Labor Distribution Module and timekeepers were trained on how to use the system. However, timekeepers were given the "option" as to whether or not to use the activity codes, and we found that many did not do so for all activities. Therefore, the FY 1997 data on staff hours from the payroll system is not accurate.

ACTIVITY CODES

The ARS had 38 activity codes for direct costs in April 1996 (compared to 18 codes in November 1997). The activity codes were related to a budget function or object class, although the conversion process was awkward.

The office directors said some headings for the activity codes were neither clear nor descriptive of the information intended to be captured. Some offices wanted more codes (such as Industries), while others needed less (such as Investigations). In the name of uniformity, the codes were mostly eliminated except at the highest reporting level.