

January 26, 1999

M-99-09

MEMORANDUM FOR THE HEADS OF SELECTED AGENCIES

FROM: Jacob J. Lew

SUBJECT: Revised Reporting Guidance on Year 2000 Efforts

This memorandum revises and replaces OMB Memorandum No. 98-12, "Revised Reporting Guidance on Year 2000 Efforts" (July 22, 1998). This memorandum asks major agencies (Attachment B) to continue to provide quarterly reports on progress in addressing the difficulties relating to year 2000 conversion. The next report is due February 12, 1999. In addition, this memorandum asks selected small and independent agencies (Attachment C) to report on their progress by February 12, 1999.¹ All reports should be submitted by you or your Chief Operating Officer.

This memorandum asks Federal agencies to provide additional information about their progress in Business Continuity and Contingency Planning. Agencies should use the GAO Publication, Year 2000 Computing Crisis: Business Continuity and Contingency Planning (August 1998), as a guide. It also asks Federal agencies to describe their efforts to ensure that Federally-supported, State-run programs will function and requests information about the status of ten selected programs that could have a direct and immediate effect on individuals' health, safety, or well-being (Attachment D).

This memorandum does not preclude OMB from requesting, and agencies from providing, additional information related to year 2000 progress. Such information exchanges are likely to occur as part of the budget or management process.

Currently, the largest agencies report their progress to OMB on a quarterly basis. As the deadline for government wide compliance for Federal systems nears, I would like other selected agencies (See Attachment C) to make a progress report to OMB. For most of these agencies, this report should be a follow-up to OMB M-98-07, "Progress Reports on Fixing Year 2000 Difficulties for Small Agencies," issued on March 9, 1998. In that report, we stated that we would be asking for a later progress report from these smaller entities. Agencies listed in Attachment C should address all of the areas listed in this memorandum to the best of their abilities.

¹ This represents a change from earlier guidance, which asked small and independent agencies to report again on May 14, 1999.

Reports must be received no later than 3:00 p.m. Reports should be directed to:

Office of Management and Budget
OIRA Docket Library
NEOB 10102
725 17th Street, N.W.
Washington, D.C. 20503

Reports may also be faxed to 202-395-5806. Any questions regarding the process of submitting a report may be directed to Ms. Pamela Beverly, telephone 202-395-6881.

As a reminder, those large agencies identified in Tier 1 or Tier 2 in the December 8, 1998 report to the Congress, should continue to provide monthly reports of progress against their plans to OMB. (See OMB Memorandum, "Progress in addressing the year 2000 computer problem in mission critical systems," June 19, 1998.) To streamline reporting processes, during the month when a quarterly report is due, Tier 1 and Tier 2 agencies may submit their monthly reports at the same time as the quarterly reports. For example, the next monthly report, which would otherwise be due on February 10, may be submitted with the next quarterly report on February 12.

Finally, as you are well aware, the Congress is also deeply interested in agency progress. Agencies are encouraged to send their plans and reports to the appropriate Committees of Congress at the same time that they submit them to OMB.

Again, thank you for your continued support in this critical effort. Working together we can minimize the impact of this year 2000 problem.

Attachments

cc: Agency Chief Information Officers

Status of (Department/Agency's) Year 2000 Efforts:
Quarterly Progress Report

- I. Overall Progress. Provide a report of the status of agency efforts to address the year 2000 problem, which includes an agency-wide status of the total number of mission-critical systems.

For this table, the four right-hand columns (“Number compliant,” “Number to be Replaced,” “Number to be Repaired,” and “Number to be Retired”) must add up to the left hand column (“Total Number of Mission-Critical Systems”). Over time, as systems are implemented, the “Number to be Repaired” and “Number to be Replaced” will decline, while the “Number Compliant” will increase. Ultimately, the “Total Number of Mission-Critical Systems” will be equal to “Number Compliant.” Similarly, the “Number to be Retired” will also decline as systems are actually retired. As this occurs, the Total Number of Mission-Critical systems will also decline, in order accurately reflect the total number of mission-critical systems left. Although the “Total Number of Mission-Critical Systems” should be fairly stable at this time, you should adjust this number, as well as the number in the relevant column on the right, as necessary, in order to reflect the identity of new systems or determinations that systems are not mission-critical. Any significant changes to the Total Number of Systems should be explained in a footnote.

Total Number of Mission-Critical Systems	Number Compliant	Number to be Replaced	Number to be Repaired	Number to be Retired

- II. Progress of Systems Under Repair. Provide a report of the status of agency efforts to address the year 2000 problem which includes the status of systems under repair.

- a. In the first row, indicate the dates your agency has set for completing each phase. In each report, restate these dates and indicate if there has been a change.

In the second row, under “Total Number of Systems,” indicate the baseline number of mission critical systems that *have been* or *will be* repaired. Footnote and explain any changes to this number. Also in the second row, present the number of mission-critical systems that have completed each phase of assessment, renovation, validation, and implementation.

	Total No. Mission	Assessment	Renovation	Validation	Implementation

	Critical Systems				
Milestones	////////////////////				
Current Number Complete					

- b. Provide a description of progress for fixing or replacing mission-critical systems. Please ensure that your report on the completion of phases is consistent with the CIO Council’s best practices guide and GAO’s assessment guide, Year 2000 Computing Crisis: An Assessment Guide.
- c. Provide a description of progress in fixing non-mission critical systems, including measures that demonstrate that progress.
- d. Provide a description of the status of efforts to inventory all data exchanges with outside entities and the method for assuring that those organizations will be or have been contacted, particularly State governments. Provide a description of progress on making data exchanges compliant.
- e. Provide a description of efforts to address the year 2000 problem in other areas, including biomedical and laboratory equipment and any other products or devices using embedded chips.
- f. Provide a description of efforts to address the year 2000 problem for buildings that your agency owns or manages. If your buildings are owned or managed by GSA, you should only report on those systems for which you have direct responsibility. You do not need to report on systems which are the responsibility of GSA. “ Please indicate if you are a member of the Building Systems Working Group of the Year 2000 Subcommittee of the CIO Council.
- g. Provide a description of efforts to address the year 2000 problem in the telecommunications systems that your agency owns or manages. If your systems are owned or managed by GSA, you do not have to report on those systems. Please indicate whether or not you are a member of the Telecommunications Working Group of the Year 2000 Subcommittee of the CIO Council.
- h. Provide a description of the status of the year 2000 readiness of each government-wide system operated by your agency (e.g., GSA will report on FTS 2000).
- i. Please include any additional information that demonstrates your agency’s progress. This could include charts or graphs indicating actual progress against your agency’s schedule, lists of mission critical systems with schedules, success stories, or other information.

- j. Describe efforts to ensure that Federally-supported, State-run programs (including those programs run by Territories and the District of Columbia) will be able to provide services and benefits. In particular, Federal agencies should be sensitive to programs that will have a direct and immediate affect on individuals' health, safety, or well-being. Include a description of efforts to assess the impact of the year 2000 problem and to assure that the program will operate. In addition, provide the following information for those programs listed in Attachment D (if the information is not available, provide dates when it will be available).
 - 1. The date when each State's systems supporting the program will be Y2K compliant.
 - 2. A list of States, if any, for which the Y2K problem is likely to cause significant difficulties in the State's operation of the program. Also provide a list of States which are not likely to encounter significant difficulties.
 - 3. For those States likely to have significant difficulties, a brief description of any action that the Department is taking to assure that the program will operate.

III. Verification Efforts.

- a. Describe the process by which mission critical systems are identified as Y2K compliant for purposes of this report.
- b. Describe how and to what extent internal performance reports, (i.e., compliance of systems repaired and replaced) are independently verified. Provide a brief description of activities to assure independent verification that systems are fixed and to assure that information reported is accurate. Also identify who is providing verification services (for example, Inspectors General or contractors).

IV. Organizational Responsibilities.

- a. Describe how your Department/Agency is organized to track progress in addressing the year 2000 problem. (If you have provided this information in the past, only provide it again where it has changed.) Include in your description the following:
 - 1. Describe the responsible organization(s) for addressing the year 2000 problem within your Department/Agency and provide an organizational chart.

2. Describe your Department/Agency's processes for assuring internal accountability of the responsible organizations. Indicate how frequently the agency head or Chief Operating Officer is briefed on year 2000 progress. Include any quantitative measures used to track performance and other methods to determine whether the responsible organizations are performing according to plan. Include a discussion of the oversight mechanism(s) used to assure that replacement systems are on schedule.
3. Describe the management actions taken and by whom when a responsible organization falls behind schedule.

V. Business Continuity and Contingency Planning. Describe your agency's approach to and progress in developing its Business Continuity and Contingency Plan (BCCP). Agencies should use the GAO document, Year 2000 Computing Crisis: Business Continuity and Contingency Planning, (August 1998), as a guide to such planning. Describe the measures of progress being used to assure that local plans are developed and tested (e.g. status of management assurances that plans are complete and have been tested) and provide a status of those measures. Please also include the following information² in the description of your planning activity: (If you do not have the information requested, state when it will be available.)

1. Identify the high-level core business functions addressed in your BCCP.
2. Provide a master schedule and key milestones for development and testing of your BCCP.

VI. Exception Report on Systems. Provide a brief status of work on each mission critical system which is not year 2000 compliant that is either (1) being replaced and has fallen behind the agency's internal schedule by two months or more, or (2) being repaired and has fallen behind the agency's milestones by two months or more.

- a. If this is the first time this system is reported:
 1. Describe the system and provide an explanation of why the effort to fix or replace the system has fallen behind and what is being done to bring the

² If your agency has completed an agency-wide plan which includes this information, provide a copy of it instead.

effort back on schedule.

2. Provide the new schedule for replacement or completion of the remaining phases.
 3. Provide a description of the funding and other resources being devoted to completing the replacement or fixing the system.
- b. If this system has been previously reported and remains behind schedule:
1. Identify the systems and provide an explanation of why the system remains behind schedule and what actions are being taken to mitigate the situation.
 2. Provide a summary of the contingency plan for performing the function supported by the system should the replacement or conversion effort not be completed on time. Indicate when the contingency plan would be triggered, and provide an assessment of the effect on agency operations should the system fail. If you do not yet have a contingency plan, indicate when it will be in place.

VII. Systems scheduled for implementation after March 1999. Please include a list of those mission critical systems where repair *or* replacement cannot be implemented by the March 1999 deadline. For each item:

- a. Include the full title of the systems.
- b. Provide a brief description of what the system does.
- c. Provide the reason that the system cannot be implemented by the deadline.
- d. Provide a summary of the contingency plan for performing the function supported by the system should the replacement or conversion effort not be completed on time. Indicate when the contingency plan would be triggered and provide an assessment of the effect on agency operations should the system fail, including anticipated problems. If you do not yet have a contingency plan, indicate when it will be in place.

VIII. Other Management Information.

- a. On the first row, report your estimates of costs associated with year 2000 remediation, including both information technology³ costs as well as costs associated with non-IT systems. Report totals in millions of dollars. (For amounts under \$10 million, report to tenths of a million.)

Fiscal Year	1996	1997	1998	1999	2000	Total
Current Cost						

- b. If there have been dramatic changes in cost, please explain.
- c. If there have been significant changes to your agency's schedule, changes in the number of mission critical systems, changes to the number of systems behind schedule, please explain.
- d. Are there any concerns with the availability of key personnel?
- e. Are there any other problems affecting progress?

³ Information technology costs to be included are described in Section 42 of OMB Circular A-11. These estimates should include the costs of identifying necessary changes, evaluating the cost effectiveness of making those changes (fix or scrap decisions), making changes, testing systems, and preparing contingencies for failure recovery. They also should include the costs for fixing both mission critical and non-mission critical systems, as well as non-information technology products and systems such as air conditioning and heating. Costs for outreach activities to non-federal entities should also be included. Agencies should also include costs associated with business continuity and contingency planning as well as the implementation of those plans. In addition to regular appropriations, agency costs should include monies received by the agency for Y2K from the contingent emergency Y2K fund appropriated in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999. However, agency cost estimates should not include any non-Y2K costs that were funded from P.L. 105-277. Finally, these costs should not include upgrades or replacements that would otherwise occur as part of the normal systems life cycle. They should not include the Federal share of the costs for state information systems that support Federal programs. DoD should report obligational authority requirements for business and weapons systems.

Selected Agencies

Department of Agriculture
Department of Commerce
Department of Defense
Department of Education
Department of Energy
Department of Health and Human Services
Department of Housing and Urban Development
Department of the Interior
Department of Justice
Department of Labor
Department of State
Department of Transportation
Department of the Treasury
Department of Veterans Affairs
Environmental Protection Agency
National Aeronautics and Space Administration
Social Security Administration
Agency for International Development
Central Intelligence Agency
Federal Emergency Management Agency
General Services Administration
National Science Foundation
Nuclear Regulatory Commission
Office of Personnel Management
Small Business Administration
Federal Communications Commission
Federal Housing Finance Board
National Archives and Records Administration
National Labor Relations Board
Office of Administration, EOP
Peace Corps
Tennessee Valley Authority
U.S. Postal Service
U.S. Trade Representative, EOP

Selected Small and Independent Agencies

African Development Foundation
Commodities Futures Trading Commission
Consumer Product Safety Commission
Corporation for National and Community Services
Defense Nuclear Facilities Safety Board
District of Columbia Courts
Equal Employment Opportunity Commission
Export/Import Bank of the United States
Farm Credit Administration
Federal Deposit Insurance Corporation
Federal Elections Commission
Federal Energy Regulatory Commission
Federal Labor Relations Authority
Federal Reserve System
Federal Retirement Thrift Investment Board
Federal Trade Commission
John F. Kennedy Center for the Performing Arts
Legal Services Corporation
National Credit Union Administration
National Gallery of Art
National Mediation Board
National Transportation Safety Board
Neighborhood Reinvestment Corporation
Office of the Special Counsel
Office of the U.S. Trade Representative
Overseas Private Investment Corporation
Pension Benefit Guaranty Corporation
Railroad Retirement Board
Securities and Exchange Commission
Selective Service System
Smithsonian Institution
U.S. Arms Control and Disarmament Agency
U.S. Holocaust Memorial Council
U.S. Information Agency
U.S. International Trade Commission
U.S. Soldier's and Airmen's Home

Selected Federally-supported, State-run Programs

<u>Program</u>	<u>Department</u>
1. Food Stamps	USDA
2. Medical Assistance Program	HHS
3. Unemployment Insurance	DOL
4. Temporary Assistance for Needy Families	HHS
5. Child Nutrition Programs	USDA
6. Child Support Enforcement	HHS
7. Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	USDA
8. Low Income Home Energy Assistance Program	HHS
9. Child Care	HHS
10. Child Welfare	HHS