INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON

December 21, 1998

MEMORANDUM FOR W. RALPH BASHAM, DIRECTOR
FEDERAL LAW ENFORCEMENT TRAINING CENTER

FROM: for David C. Williams Richard B. Calahan
Inspector General

SUBJECT: Year 2000 Compliance Effort at the Federal Law Enforcement Training Center

This memorandum presents the results of our assessment of the Federal Law Enforcement Training Center's (FLETC) Year 2000 conversion effort. We performed a limited review of this effort. In addition to FLETC, the Office of Inspector General (OIG) evaluated and reported on the Year 2000 efforts at other Treasury bureaus individually, as well as from a Department-wide perspective. Subsequent work may be performed by us in the future and will be reported to you in a separate report.

Overall, we concluded that FLETC established an infrastructure for managing its conversion effort and minimizing the risk that a Year 2000 induced failure would have on its mission critical operations. No significant reportable issues came to our attention. Therefore, a formal response to our draft report was not required or provided by FLETC.

The inherent nature of the Year 2000 dilemma denies the ability to completely eliminate risk. The Year 2000 problem comes with inherent risks that all organizations face and will continue to face, despite their best efforts and demonstrated success. Accordingly, we developed three suggestions encouraging FLETC, as well as other Treasury bureaus, to sustain efforts in the areas of change management, data exchange, and contingency planning for business continuity to minimize potential disruptions caused by these inherent risks.

OBJECTIVES, SCOPE, AND METHODOLOGY

Our overall objective was to evaluate FLETC's Year 2000 conversion effort for its mission critical information technology (IT) systems. Our specific objectives were to evaluate the following: (1) project management; (2) system conversion and certification; and (3) contingency plans for business continuity. In addition, we performed a limited review of FLETC's Year 2000 strategy and progress for non-IT and telecommunications systems.

Our review was limited to evaluating strengths and weaknesses in the management of the Year 2000 conversion project. Specifically, we determined if processes existed and were designed to mitigate the Year 2000 risk to an acceptable level for ensuring all mission critical IT systems remain operable. Therefore, this memorandum is not intended to represent or convey statements that any given system is Year 2000 compliant or that a system will or will not work into the next millennium.

From June through September 1998, using a risk based audit approach, we reviewed and evaluated applicable Year 2000 documentation, including: Treasury's Year 2000 Vulnerability Assessment Report, dated October 1997; FLETC's monthly status reports; FLETC's Year 2000 Project Management Plan; and other related documents.

AUDIT RESULTS

Overall, we concluded that FLETC established an infrastructure for managing its conversion effort and minimizing the risk that a Year 2000 induced failure would have on its mission critical operations. FLETC's project management and strategies for conversion, testing, and contingency planning were adequate to address their needs. No significant reportable issues came to our attention. However, we made three suggestions which may assist FLETC, as well as other bureaus, in sustaining their Year 2000 efforts. Details on the results of our assessment and suggestions are provided below.

Project Management

We concluded that FLETC established an effective project management foundation to address Year 2000 issues. To address Year 2000 issues, the Director was designated as FLETC's Year 2000 Senior Executive. Under the Year 2000 Senior Executive, FLETC developed a Year 2000 Program Office to manage the progress and organize the Year 2000 compliance activities and resources. FLETC's Year 2000 team was made up of representatives from every work group within their organization, and their goal was to establish a partnership among Treasury headquarters, the FLETC offices, and other Federal agencies and commercial partners. They also provided guidance, communication, and coordination to apply these methods and processes to their IT and non-IT effort. FLETC had also been submitting its monthly status reports to the Department and had identified its mission critical systems.

System Conversion and Certification Process

FLETC's Year 2000 conversion and testing strategy was adequate to minimize the occurrence of potential Year 2000 related failures. As of September 30, 1998, FLETC reported two mission critical information systems - Student Testing System (STS) and Student Information System (SIS). STS was certified as Year 2000 compliant, and SIS

was in the process of being migrated to a new platform. FLETC's largest efforts to become Year 2000 compliant were making the necessary upgrades of hardware, operating systems, and commercial off the shelf software and assessing the impact of external systems. Final certification was anticipated to be completed by March 1999. Prior to certification, independent verification and validation was to be performed by FLETC's staff who did not participate in testing.

Ensuring Year 2000 Conversion Integrity

It is important for FLETC to ensure that subsequent modifications and environmental changes do not nullify certified test results. Generally, the risk that a system may fail due to system changes increases as January 1, 2000 approaches and the time available for additional testing decreases. The risk associated with modifying a system will vary depending on the timing and complexity of the changes. The closer system changes occur to the end of testing and certification, the higher the risk. Additionally, the more applications, programs, and interfaces affected by a specific change, the higher the risk to conversion and testing integrity. As organizations complete system, integration, and end to end testing, the likelihood increases that even small changes subsequent to these tests could jeopardize the integrity of certification. Business users and management both have critical roles for managing the risk of system changes. They both need to evaluate potential changes in the context of Year 2000 compliance, and balance the risk to operations of not implementing a change with the risk of rendering a system non-Year 2000 compliant.

One suggested practice to mitigate conversion risk is to adopt "freeze policies," or as done by the Federal Reserve, put in place a "limitation window and moratorium policy[1]." Whether an organization opts for a complete restriction or limited restriction, it is critical that the timing of such a policy is driven by test schedules and progress. The more systems that are tested and certified as Year 2000 compliant, or the more aggressive the existing test schedule is, the lower the tolerance should be for approving changes.

<u>Suggestion</u>

1. We suggest that the FLETC Director ensures a disciplined change management process is in place to maintain Year 2000 conversion integrity. Once a system has been certified, steps need to be taken to ensure test integrity is maintained. Subsequent changes, including platform upgrades, software enhancements, or any system modification should be evaluated and approved with the understanding of the implications. This could be accomplished by establishing specific criteria for approving system changes. Criteria should address such factors as: nature, timing,

[1] Terms adopted from the Federal Reserve's century date change management policy. The limitation window is the period where there is a higher standard for requesting and approving system changes. A moratorium would occur towards the end of the limitation window, closer to January 1, 2000, and would further restrict changes.

and extent of requested change; documented assessment of requested change; extent of retesting required; and number of organizations and partners affected.

Coordinating Pivot Dates With Data Exchange Partners

We determined that FLETC developed a reasonable strategy to address their data exchange issues. Although FLETC identified their data exchange partners and was in the process of addressing related issues with their limited interfaces, we want to address the importance of synchronizing pivots between data exchange partners that use the windowing approach.

For exchange partners using a windowing logic technique in lieu of a four digit field expansion, special care needs to be given to coordinate pivots.[2] For example, all Treasury bureaus exchange payroll, budget, and accounting data with the National Finance Center and the Financial Management Service, both of which use the windowing logic technique. If exchange partners choose different pivots, the century identifiers could be incorrectly inferred if further processing, calculating, or sorting is performed on data transferred. For example, if FLETC is using a pivot date of 50 and its exchange partner is using a pivot date of 60, date values in between 1950 through 1960 and 2049 through 2059 could be calculated in error. Without coordination with exchange partners, bureaus may not adequately develop and test new data exchange formats, nor apply the necessary bridges and filters to ensure the exchanges will function properly. The greater the number and complexity of data exchanges, the greater the challenge in identifying, synchronizing, and testing exchange formats.

Suggestion

2. We suggest that the FLETC Director ensures that data exchange procedures include the identification and coordination of pivot dates with its exchange partners. Where there are differences in pivot dates, FLETC should ensure that filters are installed to synchronize and maintain the accuracy of century identifiers. This is especially important between processing partners, i.e., those partners whose data is transferred for further processing.

[2] The windowing logic technique uses pivots to interpret a two digit year into a four digit year. All year values above the pivot are understood to represent one century; while all values below the pivot are understood to represent another century. Pivots refer to a number built into system logic to infer the 2 digit century identifier “19” or “20”. For example, a pivot of 50 infers 19 as the century identifier for values 50-99 and infers 20 for values 0-49.

Contingency Plans For Business Continuity

FLETC was in the process of preparing contingency plans to ensure continuous operations into the next century. In the event of an unplanned outage, FLETC would revert to manual record keeping. Since FLETC is such a small organization, we anticipate that the bureau will have no problem continuing mission critical functions. Although FLETC anticipated their formalized contingency plans to be completed by March 1999, we want to reiterate the importance of contingency planning and issues that should be considered when developing contingency plans.

It is management's responsibility to reduce the risk of Year 2000 related failures and maintain a minimum acceptable level of service. Contingency planning is required to assure continuity of operations in the event of an unanticipated Year 2000 failure, and for systems that will not be Year 2000 compliant. Contingency planning should address risks not only with internal systems, but external risks with business partners and the public infrastructure. Plans should identify resources, procedures, and appropriate training required to carry out core business functions. Plans should clearly identify triggers for implementation, be tested thoroughly, and continuously reevaluated. Steps should be included that facilitate the restoration of normal services at the earliest possible time.

Suggestion

3. We suggest that the FLETC Director ensures that management prioritizes and facilitates the preparation and testing of contingency plans for each core business function, as well as mission critical systems. As part of managing the development and potential implementation of these plans, management should ensure that: these plans consider both the internal and external risks; resources and implementation triggers are identified; training in executing the plan is performed; and the plans are periodically evaluated for reasonableness.

We appreciate the courtesies and cooperation provided to our auditors during the review. If you wish to discuss this report, you may contact me at (202) 622-1090 or a member of your staff may contact Barry L. Savill, Director of Audit, at (202) 283-0151.

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