



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

MEMORANDUM

September 15, 1998

TO: IG/A, Everette B. Orr

FROM: AA/M, Terrence Brown *TB*

SUBJECT: Audit of USAID's Assessment of the Year 2000 (Y2K)
Problem (Draft Audit Report No. A-000-98-XXX-P)

Thank you for the opportunity to comment on this audit report. Given the importance and complexity of the Y2K problem, the continued efforts of the OIG for USAID to help identify management and operational problems to be corrected is a significant contribution to helping the Administrator, the Y2K Program, and the Agency meet their responsibilities and duties in this area.

The findings of fact contained in this audit report were generally correct at the time the audit work was conducted. However, since the working papers for the report were compiled, USAID has made important progress in documenting engineering level plans, budgets, and schedules for completing Y2K remediation. In addition, USAID has made progress in adopting concrete and practical performance measures to track the implementation of those plans, to ensure that roadblocks are identified, and to ensure that corrective action is taken as needed to meet the planned schedules. This progress is a direct result of USAID's efforts to establish a disciplined Y2K project team. This team includes a CMM Level 3 contractor under careful government monitoring of performance. These new conditions indicate that significant progress has already been made to address your second finding.

USAID agrees that more effort is needed to find Y2K vulnerabilities missed in the first inventory effort. USAID also agrees with your conclusion that the least clearly defined Y2K vulnerabilities for USAID's program are in "systems maintained by bureaus and missions and systems provided to host countries with development assistance funds."

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Regarding Recommendation 1, USAID accepts this recommendation. The Administrator intends to issue a delegation of authority to clarify the assignment of responsibility for the Y2K program (including both OE funded IT and also Y2K issues involving the Agency's bilateral assistance program). This delegation will ensure that the responsible official(s) have adequate authority and resources to complete the program. This assignment will be careful to clearly assign responsibility and authority for "systems maintained by bureaus and missions and systems provided to host countries with development assistance funds."

Regarding Recommendation 2, USAID has already initiated a contingency planning exercise to cover its most critical operational systems, focusing initially on AWACS and MACS which are at highest schedule risk. USAID accepts your recommendation to clarify responsibility for Contingency Planning. The Administrator or the Y2K responsible official(s) intends to assign Assistant Administrators (and through them Mission Directors) the responsibility to conduct contingency planning to ensure continuity of operations due to Y2K problems. This will specifically address Y2K contingencies for Bureaus and Missions, as you recommend.

USAID is also preparing a supplemental budget request for Y2K activities to accelerate remediation efforts on our mission critical systems that would otherwise miss OMB targets, to expand contingency planning efforts, and to resolve other resource issues to sustain the operations of the Agency in host nations facing Y2K infrastructure disruption.

Thank you again for your office's continued contributions to our Y2K program. Please continue your audits in this area.