

Audit



Report

YEAR 2000 CONVERSION PROGRAM FOR
THE PENTAGON AND DOD LEASED FACILITIES

Report Number 99-164

May 21, 1999

Office of the Inspector General
Department of Defense

Additional Copies

To obtain additional copies of this audit report, contact the Secondary Reports Distribution Unit of the Audit Followup and Technical Support Directorate at (703) 604-8937 (DSN 664-8937) or fax (703) 604-8932 or visit the Inspector General, DoD Home Page at: www.dodig.osd.mil.

Suggestions for Future Audits

To suggest ideas for or to request future audits, contact the Audit Followup and Technical Support Directorate at (703) 604-8940 (DSN 664-8940) or fax (703) 604-8932. Ideas and requests can also be mailed to:

OAIG-AUD (ATTN: AFTS Audit Suggestions)
Inspector General, Department of Defense
400 Army Navy Drive (Room 801)
Arlington, VA 22202-2884

Defense Hotline

To report fraud, waste, or abuse, contact the Defense Hotline by calling (800) 424-9098; by sending an electronic message to Hotline@dodig.osd.mil; or by writing to the Defense Hotline, The Pentagon, Washington, D.C. 20301-1900. The identity of each writer and caller is fully protected.



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-2884

May 21, 1999

MEMORANDUM FOR DEPUTY UNDER SECRETARY OF DEFENSE
(INSTALLATIONS)

SUBJECT: Audit Report on Year 2000 Conversion Program for the Pentagon and DoD
Leased Facilities (Report No. 99-164)

We are providing this report for your review and comment. We considered management comments on a draft of this report when preparing the final report.

DoD Directive 7650.3 requires that all recommendations be resolved promptly and there is special urgency regarding year 2000 conversion issues. The Deputy Under Secretary of Defense (Installations) nonconcurred with the recommendation. As a result of management comments, we partly revised the recommendation. We request that the Deputy Under Secretary reconsider his position and provide comments by June 21, 1999.

We appreciate the courtesies extended to the audit staff. For additional information on this report, please contact Mr. Charles M. Santoni at (703) 604-9051 (DSN 664-9051) (csantoni@dodig.osd.mil) or Mr. Robert L. Shaffer at (703) 604-9043 (DSN 664-9043) (rshaffer@dodig.osd.mil). See Appendix C for the report distribution. Audit team members are listed inside the back cover.

David K. Steensma

David K. Steensma
Deputy Assistant Inspector General
for Auditing

Office of the Inspector General, DoD

Report No. 99-164

May 21, 1999

(Project No. 9AL-0082)

Year 2000 Conversion Program for the Pentagon and DoD Leased Facilities

Executive Summary

Introduction. This report is one in a series being issued by the Inspector General, DoD, in accordance with an informal partnership with the Chief Information Officer, DoD, to monitor DoD efforts in addressing the year 2000 computing challenge. For a listing of audit projects addressing this issue, see the year 2000 webpage on IGnet at <http://www.ignet.gov>.

Objectives. The primary audit objective was to determine whether DoD is adequately planning to resolve year 2000 issues in building infrastructure systems and components for the Pentagon and leased facilities. The specific objective was to review year 2000 risk assessments, test plans, and contingency plans for the systems that support the building infrastructure.

Results. The General Services Administration and the Washington Headquarters Services were taking action to determine date-processing issues on the year 2000 problem for the leased facilities that they manage for DoD. However, the General Services Administration and the Washington Headquarters Services were limited in their actions. Lease agreements that they were operating under did not require the lessors to provide the year 2000 status of their facilities, to provide an inventory of systems, or to test for year 2000 compliance. Although the General Services Administration and the Washington Headquarters Services were making progress in determining the year 2000 status of leased facilities, DoD cannot be assured that year 2000 problems will not affect them. Of the 384 facilities that the General Services Administration leases for DoD, lessors provided the year status of 161 (42 percent) facilities, leaving 223 facilities (58 percent) facilities for which the status was unknown. Included in the 384 facilities were 30 facilities that the General Services Administration delegated to the Washington Headquarters Services to manage. The Washington Headquarters Services obtained the status from the lessors of all 30 facilities.

The Washington Headquarters Services also took action to determine the year 2000 status of the Pentagon Reservation, which consists of the Pentagon, the Pentagon Heating and Refrigeration Plant, and the Navy Annex. See Appendix B for discussion of our review of the year 2000 efforts for the Pentagon Reservation.

Recommendation. We recommend that the Deputy Under Secretary of Defense (Installations) request that the General Services Administration hold regional meetings with building owners and provide DoD tenants of the 384 leased facilities with all available information on the year 2000 status of those facilities and any recommended contingency measures.

Management Comments. The Deputy Under Secretary of Defense (Installations) nonconcurrent with the recommendation, stating that the DoD Components are already responsible for ensuring that tenants in leased facilities receive the year 2000 compliance information from the lessors or have suitable workarounds in place. In addition, the Deputy Under Secretary provided a letter from the Director, Washington Headquarters Services, to the General Services Administration, which he believed already met the intent of the recommendation. The Deputy Under Secretary suggested that a better alternative would be to encourage the General Services Administration to hold regional meetings with the building owners to encourage them to disclose the status to their tenants. A discussion of the management comments is in the Finding section of the report and the complete text is in the Management Comments section.

Audit Response. The comments from the Deputy Under Secretary are not fully responsive. We revised the recommendation to include the alternative that he proposed. However, the alternative will not ensure that DoD tenants are provided information on the year 2000 status of their leased facilities. The Deputy Under Secretary has responsibility for facility items and devices in the DoD Year 2000 Management Plan. As such, the Deputy Under Secretary needs to initiate all prudent actions to ensure that DoD tenants in leased facilities are notified of the year 2000 compliance status of the buildings and any recommended contingency measures. Therefore, we request that the Deputy Under Secretary provide additional comments on this report by June 21, 1999.

Table of Contents

Executive Summary	i
Introduction	
Background	1
Objectives	2
Finding	
Status of the Year 2000 Conversion Program for DoD Leased Facilities	3
Appendixes	
A. Audit Process	
Scope	10
Methodology	11
Summary of Prior Coverage	11
B. Year 2000 Efforts for the Pentagon Reservation	12
C. Report Distribution	14
Management Comments	
Deputy Under Secretary of Defense (Installations)	17

Background

Because of the potential failure of computers to run or function throughout the Government, the President issued an Executive Order, "Year 2000 Conversion," February 4, 1998. The executive order makes it policy that Federal agencies ensure that no critical Federal program experiences disruption because of the year 2000 problem and that the head of each agency ensures that efforts to address the year 2000 problem receive the highest priority attention in the agency.

The December 1998 version of the DoD Year 2000 Management Plan includes a Year 2000 Infrastructure Management Plan. The Year 2000 Infrastructure Management Plan states that all DoD infrastructure systems that may use information technology must be identified, assessed for year 2000 impact, and fixed or replaced as required. The Deputy Under Secretary of Defense (Installations) (formerly Industrial Affairs and Installations) was assigned functional responsibility for facility items and devices, which is one of the infrastructure categories. Facility items and devices include building systems such as fire alarms; building access systems; heating, air conditioning, and ventilation systems; elevators; sewage treatment systems; and lighting systems.

The Acting Deputy Under Secretary of Defense (Installations) issued the memorandum, "Guidance for Facilities and Installations Y2K [year 2000] Compliance," on November 12, 1998. The memorandum provides uniform guidelines to installation commanders for meeting year 2000 compliance tasks and reporting and testing requirements. The memorandum states that the Acting Deputy Under Secretary of Defense (Installations) will develop and distribute a "Capstone" testing plan, which would provide general guidance for year 2000 testing at the installation level during 1999.

DoD Owned and Leased Facilities. We reviewed the Pentagon Reservation and DoD leased facilities managed by the Washington Headquarters Services and the General Services Administration. The Pentagon Reservation consists of the Pentagon, the Pentagon Heating and Refrigeration Plant, and the Navy Annex. The leased facilities consist of 389 facilities in 40 states, the District of Columbia, and Puerto Rico. The General Services Administration leases 384 of the facilities for DoD, and the Army Corps of Engineers leases 5 facilities, which the Washington Headquarters Services manages.

General Services Administration. The General Services Administration created the Public Buildings Service to serve as the builder, developer, lessor, and manager of federally owned and leased properties. The Public Buildings Service provides a full range of real estate services that include property management, security services, construction and repairs, lease administration, and property disposal. Of the 384 facilities that the General Services Administration leases for DoD, the Public Buildings Service manages 354. The remaining 30 facilities are delegated to the Washington Headquarters Services for management.

Washington Headquarters Services. The Washington Headquarters Services is responsible for planning, directing, coordinating, and administering the

management and operation of the Pentagon Reservation and 35 leased facilities in the National Capitol Region. The Washington Headquarters Services is responsible for ensuring that DoD occupants receive the maintenance, repair, and other services required by the leases.

Objectives

The primary audit objective was to determine whether DoD is adequately planning to determine date-processing issues regarding year 2000 issues in building infrastructure systems and components at the Pentagon and leased facilities. The specific objective was to review year 2000 risk assessments, test plans, and contingency plans for systems that support the facilities structure. Appendix A describes the audit scope and methodology. See Appendix B for other matters of interest concerning our review of the year 2000 efforts for the Pentagon Reservation.

Status of the Year 2000 Conversion Program for DoD Leased Facilities

The General Services Administration and the Washington Headquarters Services were taking action to determine date-processing issues on the year 2000 problem for building infrastructure systems and components at leased facilities. However, the General Services Administration and the Washington Headquarters Services were limited in their actions. Lease agreements that they were operating under did not require the lessors to provide the year 2000 status of their facilities, to provide an inventory of systems, or to test for year 2000 compliance. The General Services Administration did not know the year 2000 status for 223 (58 percent) of the 384 facilities that it leases for DoD. Included in the 384 facilities were 30 facilities that the General Services Administration delegated to the Washington Headquarters Services to manage. The Washington Headquarters Services obtained responses from the lessors of all 30 facilities. Not knowing the year 2000 status for facilities created an unknown risk for DoD because a year 2000 malfunction in a leased facility could affect the DoD mission or place the safe and secure work environment of DoD employees at risk.

Year 2000 Efforts for DoD Leased Facilities

The General Services Administration and Washington Headquarters Services were taking action to determine the year 2000 status of the leased facilities occupied by DoD tenants. The primary method that the General Services Administration and the Washington Headquarters Services used to determine the year 2000 status of leased facilities was to notify the lessors of the year 2000 problem and to request the lessors to certify their facilities as year 2000 compliant.

Actions That the General Services Administration Took. The General Services Administration chairs the Year 2000 Buildings Subcommittee of the Chief Information Officers Council. The Year 2000 Buildings Subcommittee was working with all Federal agencies, whether they work in Government-owned or leased space, to determine whether the embedded chips in building systems are year 2000 compliant.

As the chair of the Year 2000 Buildings Subcommittee, the General Services Administration initiated action to determine the year 2000 status of leased facilities by sending letters requesting the lessors to certify their facilities as year 2000 compliant. The General Services Administration also sent follow-up letters to those who did not respond to the original letter. To ensure the availability of the information, the General Services Administration established a web site that contained a year 2000 database. The purpose of the web site was to allow Federal agencies to access the year 2000 database and determine the status of their facilities. The General Services Administration also prepared a year 2000 clause for leases that were going to expire before the year 2000.

Other actions that the General Services Administration took to determine the year 2000 status of facilities in general included the following:

- identifying components that may be affected by the year 2000 problem;
- contacting vendors and manufacturers of potentially noncompliant systems and equipment to determine year 2000 compliance or noncompliance;
- establishing a public web site to provide the results of contacts with the vendors and manufacturers; and
- developing and implementing a testing validation program to determine year 2000 compliance.

Actions That the Washington Headquarters Services Took. The Washington Headquarters Services informed the lessors of the potential year 2000 problem and asked them to provide assurances that the year 2000 problem would not affect their facilities. The Washington Headquarters Services received 35 responses. The lessors for 22 (63 percent) of the facilities indicated that they did not anticipate any year 2000 problems. The lessors of the remaining 13 facilities were correcting or reviewing the building systems for year 2000 compliance. The Washington Headquarters Services believes that all lessors will take the necessary actions to keep their facilities operating at the turn of the century.

Other actions that the Washington Headquarters Services took or planned for the 35 leased facilities include developing a contingency plan and coordinating year 2000 issues on the leased facilities with the General Services Administration.

Preparing a Contingency Plan for Leased Facilities. In November 1998, the Washington Headquarters Services prepared a year 2000 contingency plan for leased facilities. The contingency plan treats each leased facility as a "system" and delineates the services that the lessor is required to provide. The contingency plan states that the Washington Headquarters Services will request the lessors of the 35 facilities that it manages to provide a contingency plan for potential year 2000 problems. As part of the contingency plan, the Washington Headquarters Services will request a contingency plan for 137 leased facilities in the National Capitol Region managed by the General Services Administration. The contingency plan suggests that lessors could manually operate the building systems if a year 2000 malfunction should occur.

Coordination With the General Services Administration. The Washington Headquarters Services sent the 30 responses to the General Services Administration for inclusion in its year 2000 database. The status of the 5 facilities that the Washington Headquarters Services manages for the Army Corps of Engineers was not included in the year 2000 database. Officials from the Washington Headquarters Services also reviewed the information in the year 2000 database and notified the General Services Administration of any discrepancies.

Year 2000 Database

The database that the General Services Administration established to disseminate year 2000 status of the leased facilities showed that lessors for 161 (42 percent) of the 384 leased facilities provided the year 2000 status of their facilities, leaving 223 (58 percent) facilities for which the status was unknown. The following table summarizes our review of the year 2000 status of the 384 facilities leased by the General Services Administration and the 5 facilities leased by the Army Corps of Engineers for DoD. The 5 facilities were not included in the year 2000 database that the General Services Administration created, but they are included in the status of those facilities in the following table.

Year 2000 Status of DoD Leased Facilities as of December 22, 1998

<u>Responses From Lessors</u>	<u>Number of Facilities</u>
Lessors identified facilities as year 2000 compliant	157
Lessors did not provide the year 2000 status of their facilities	204
Lessor provided a list of building components for which the year 2000 status was either compliant or unknown	2
Facilities not found in the year 2000 database	19
Facilities with leases that will expire before the year 2000	2
Corps of Engineers leased facilities for which the lessor was reviewing or correcting the building systems for year 2000 compliance	<u>5</u>
Total	389

Determining the Year 2000 Status of DoD Leased Facilities

The lease agreements under which the General Services Administration and the Washington Headquarters Services were operating did not require the lessors to provide the year 2000 status of their facilities, to provide an inventory of building systems, or to test for year 2000 compliance. As a result, the General Services Administration and the Washington Headquarters Services assumed that the information that the lessors provided on the year 2000 status of their facilities was accurate. Similarly, the Washington Headquarters Services believes that the Government or Government agents should not be involved in requiring lessors to inventory, test, and certify facility infrastructure systems

because doing so could relieve the lessor of liability in the event of a year 2000 failure. The General Counsel for the Washington Headquarters Services agreed, stating the following:

We do not want to be in a position where a lessor can escape liability by saying “the government assumed liability for making sure everything worked on 1/1/00 [2000] by having its own expert verify Y2K [year 2000] compliance.” Rather, we should make it clear to our lessors that we expect Y2K to be a “non event” and that responsibility for assuring this lies with them, not us.

The General Services Administration planned to continue its efforts to obtain the information from lessors who had not responded. In February 1999, the General Services Administration sent another letter to the lessors requesting the year 2000 status of their facilities. If the lessors still did not respond, the General Services Administration would ask its regional office staff to personally follow up. The regional office’s attempts to contact the lessors would probably be the final action of the General Services Administration to determine the status of the facilities. However, the General Services Administration could send one last letter reminding the lessors that their facilities should operate smoothly through the year 2000 transition.

Notifying the DoD Tenants

The General Services Administration did not have specific plans to notify the DoD tenants of the year 2000 status of their facilities. The General Services Administration relied on the year 2000 database and monthly interagency meetings to disseminate the status of the leased facilities. The contractor who created the year 2000 database stated that the headquarters for the General Services Administration “has encouraged the GSA [General Services Administration] regions to communicate their Y2K [year 2000] progress with their customers although they are under no obligation to do so.”

The Washington Headquarters Services plans to notify the DoD tenants in the 35 facilities that it manages of the year 2000 status of their facilities. The Washington Headquarters Services prepared a draft memorandum to the DoD tenants stating that it anticipates minimal year 2000 problems with their facilities and that the contingency plan is based on manually overriding systems should unforeseen failures occur. The draft memorandum also informs DoD tenants that some systems are the responsibility of the tenants and that they should determine the potential for year 2000 problems at the turn of the century.

Effects of Noncompliance

The DoD facilities and installations provide the infrastructure support for launching and supporting all levels of military preparedness and capability. However, the General Services Administration did not know the year 2000 status of 58 percent of DoD leased facilities. If a year 2000 malfunction

prevents an organization from using a facility, the DoD mission could be affected. For example, an organization may not be able to perform its specific function because of a security access system failure.

It is also possible that a military operational mission could go unsupported if an organization is unable to use its existing facilities. Further, year 2000 malfunctions in the DoD facilities could prevent DoD from providing its employees with a secure and safe work environment.

Although year 2000 malfunctions could have serious consequences for DoD, a recent survey by the Buildings Owners and Managers Association, the General Services Administration, Buildings magazine, and the White House Council on year 2000 conversions, indicated that less than 5 percent of the building and facility systems are potentially affected by the year 2000. Based on over 1500 responses, the survey indicated that the building systems most likely affected are the security systems, telecommunication systems, and energy management controls.

Conclusion

The Washington Headquarters Services and the General Services Administration were taking action to determine the year 2000 status of DoD facilities. We recognize that the Washington Headquarters Services and the General Services Administration were limited in their actions because of the existing lease agreements. However, it is vitally important that the Washington Headquarters Services and the General Services Administration continue their efforts to determine the year 2000 status of leased facilities and to convey available information to the tenants.

Recommendation, Management Comments, and Audit Response

We recommend that the Deputy Under Secretary of Defense (Installations) request that the General Services Administration:

1. Hold regional meetings with building owners to encourage them to disclose the year 2000 status of their buildings to the tenants.
2. Provide DoD tenants of the 384 facilities with all available information on the year 2000 status of those facilities and any recommended contingency measures.

Management Comments. The Deputy Under Secretary of Defense (Installations) (the Deputy Under Secretary) nonconcurred with the recommendation. The Deputy Under Secretary's comments addressed two basic issues, which were responsibility for year 2000 compliance for leased facilities and alternatives to the recommendation.

The Deputy Under Secretary stated that DoD Components were already responsible for ensuring that tenants in leased facilities receive the year 2000 compliance information from lessors or have suitable workarounds in place.

The Deputy Under Secretary also stated that the report presumes that the General Services Administration has the ability to get the lessors to disclose the year 2000 compliance status and that a letter to the General Services Administration would somehow make it possible for the General Services Administration to provide such information. The Deputy Under Secretary believes that to the extent such a letter would have an impact, the Director, Washington Headquarters Services, had already sent that letter. The Deputy Under Secretary provided a letter from the Director, Washington Headquarters Services, to the Administrator, General Services Administration, as an attachment to his comments. The Deputy Under Secretary suggested that an alternative to the recommendation would be to encourage the General Services Administration to hold regional meetings with the building owners to encourage them to disclose the year 2000 compliance status to their tenants.

Audit Response. The Deputy Under Secretary's comments are not fully responsive and do not provide any assurance that DoD tenants will be provided information on the year 2000 status of their leased facilities.

The DoD Year 2000 Management Plan includes a Year 2000 Infrastructure Management Plan, which states that all DoD infrastructure systems that might use information technology must be identified, assessed for year 2000 impact, and fixed or replaced as required. The Deputy Under Secretary of Defense (Installations) (formerly Industrial Affairs and Installations), not the DoD Components, was assigned functional responsibility for facility items and devices. On November 12, 1998, the Acting Under Secretary of Defense (Industrial Affairs and Installations) issued guidance on year 2000 compliance and reporting. The guidance stated that DoD Components were responsible for conducting inventories, assessments, tests, and certifying year 2000 compliance at their installations and facilities. At DoD-owned facilities, Components can perform these functions; at leased facilities, they cannot. The November 12, 1998, guidance clearly makes the Deputy Under Secretary responsible for overseeing facilities and installations' year 2000 compliance progress and for maintaining the overall status of the progress. The Deputy Under Secretary needs to provide assurance that the DoD tenants will be informed of the year 2000 status of their facilities and recommended contingency measures.

We disagree that the report presumes that the General Services Administration has the ability to get the lessors to disclose the year 2000 status of the facilities to the tenants. The report recognizes that the General Services Administration can not require the lessors to provide the year 2000 status of their facilities. The management comments imply that a letter from the Director, Washington Headquarters Services, to the Administrator, General Services Administration, might already have satisfied the intent of the recommendation. The intent of the recommendation was to provide DoD tenants of leased facilities with all available information on the year 2000 status of those facilities. The letter from the Director, Washington Headquarters Services, to the Administrator, General Services Administration, was a follow-up request for them to provide an accurate and updated listing of year 2000 compliance information for

DoD-occupied buildings. The Washington Headquarters Service did not include a request for the General Services Administration to provide the year 2000 compliance status to the tenants of the facilities.

The Deputy Under Secretary's suggested alternative that the General Services Administration hold regional meetings to encourage the building owners to disclose the year 2000 status to their tenants is a positive step and we revised our recommendation to include it. The regional meetings could improve the 58 percent nonresponsive rate of the year 2000 compliance status of their buildings; however, they would not ensure that the tenants will be notified. We believe that the Deputy Under Secretary needs to ensure that DoD tenants are notified.

The General Services Administration is in the best position to provide DoD tenants with their year 2000 compliance status or to inform them that the lessor has not provided any information about their facility. The General Services Administration has been working with lessors to obtain the year 2000 compliance status of leased facilities, and its database is the only available source of official information. Therefore, we request that the Deputy Under Secretary reconsider his position on the recommendation and provide comments in response to the final report.

Appendix A. Audit Process

This is one of a series of reports being issued by the Inspector General, DoD, in accordance with an informal partnership with the Chief Information Officer, DoD, to monitor DoD efforts to address the year 2000 computing challenge. For a listing of audit projects addressing this issue, see the year 2000 webpage on IGnet at <http://www.ignet.gov>.

Scope

Work Performed. We concentrated our efforts on the Pentagon Reservation and the leased facilities that the Washington Headquarters Services and the General Services Administration manage for DoD. We reviewed records dated from April 1997 through February 1999. Specifically, we reviewed and evaluated the progress of the Washington Headquarters Services and the General Services Administration in resolving the year 2000 computing issue for DoD owned and leased facilities. We obtained documentation including the year 2000 test plan and contingency plan that the Washington Headquarters Services prepared for the Pentagon Reservation. We also obtained information on the contract awards to upgrade noncompliant systems on the Pentagon Reservation. We obtained documentation that included the year 2000 status of each leased facility and various year 2000 correspondence and reports.

DoD-Wide Corporate-Level Government Performance and Results Act Goals. In response to the Government Performance and Results Act, the Department of Defense has established 6 DoD-wide corporate-level performance objectives and 14 goals for meeting the objectives. The report pertains to achievement of the following objective and goal:

- **Objective:** Prepare now for the uncertain future.
- **Goal:** Pursue a focused modernization effort that maintains U.S. qualitative superiority in key warfighting capabilities. (DoD-3)

DoD Functional Area Reform Goals. Most major DoD functional areas have also established performance improvement reform objectives and goals. This report pertains to achievement for the following functional area objective and goal:

Information Technology Management Functional Area.

- **Objective:** Provide services that satisfy customer information needs.
- **Goal:** Upgrade technology base. (ITM-2.3)

General Accounting Office High Risk-Area. The General Accounting Office has identified several high-risk areas in the DoD. This report provides coverage of the Information Management and Technology high-risk area.

Methodology

Audit Type, Dates, and Standards. We performed this economy and efficiency audit from December 1998 through February 1999, in accordance with the auditing standards issued by the Comptroller General of the United States, as implemented by the Inspector General, DoD.

Use of Computer-Processed Data. We did not use computer-processed data or statistical sampling procedures for this audit.

Contacts During the Audit. We visited or contacted individuals and organizations within DoD and within the General Services Administration and Logistics Management Institute, which is the contractor for the General Services Administration. Further details are available on request.

Management Control Program Review. We did not review the management control program related to the overall audit objective because DoD recognized the year 2000 issue as a material management control weakness area in the FY 1997 and FY 1998 Annual Statements of Assurance.

Summary of Prior Coverage

The General Accounting Office and the Inspector General, DoD, have conducted multiple reviews related to year 2000 issues. General Accounting Office reports can be accessed over the Internet at <http://www.gao.gov>. Inspector General, DoD, reports can be accessed over the Internet at <http://www.dodig.osd.mil>.

Appendix B. Year 2000 Efforts for the Pentagon Reservation

The Washington Headquarters Services determined the year 2000 noncompliant systems within the Pentagon Reservation facilities, prepared a year 2000 test plan, and developed a year 2000 contingency plan.

Upgrading Noncompliant Systems. To determine whether systems were year 2000 compliant, the Washington Headquarters Services used system testing and year 2000 certifications from the system manufacturers. The Washington Headquarters Services identified five systems within the Pentagon Reservation facilities that required upgrades to become compliant. Of those systems, three were building infrastructure systems and two were building security systems.

Building Infrastructure Systems. Two of the building infrastructure systems that required upgrades were components of the heating, ventilation, and air conditioning systems at the Pentagon and the Navy Annex. An upgrade was also needed for the software interface to the boiler and chiller controllers at the Pentagon Heating and Power Plant. The Washington Headquarters Services estimated it would cost \$450,000 to complete upgrades to the three systems by May 31, 1999. The Washington Headquarters Services awarded the contract to upgrade the software interface to the boiler and chiller controllers at the Pentagon Heating and Power Plant on January 15, 1999. The Washington Headquarters Services awarded the contracts to the heating, ventilation, and air conditioning systems at the Pentagon and the Navy Annex on February 17, 1999, and January 29, 1999, respectively.

Building Security Systems. The remaining two systems that the Washington Headquarters Services identified as noncompliant were building security systems that the Defense Protective Service uses for DoD owned and leased facilities. The Washington Headquarters Services determined that a Motorola radio system and a digital conference switching system needed to be upgraded at an estimated cost of \$1,700 and \$150,000, respectively. The Washington Headquarters Services estimated that it would complete the upgrades by May 31, 1999.

Year 2000 Building Test Plan. The year 2000 building test plan addresses building infrastructure systems within the Pentagon Reservation and building security systems used by the Defense Protective Service. The test plan states that after the noncompliant systems are fixed, contractors shall ensure that the fix is successful by performing various date-related functions. Subsequently, the Washington Headquarters Services will test the systems in an interactive environment to ensure interoperability. The estimated date for completing the tests of the building infrastructure systems and the building security systems is July 1, 1999.

The Year 2000 Contingency Plan. In November 1998, the Washington Headquarters Services prepared contingency plans that covered the building infrastructure systems within the Pentagon Reservation and the building security systems used by the Defense Protective Service. The contingency plan for the building infrastructure systems within the Pentagon Reservation requires the manual operation of the building systems in the event of a year-2000-related failure. According to officials at the Washington Headquarters Services, the systems are operated manually on a routine and emergency basis without any interruption in building services. For example, the heating and refrigeration plant at the Pentagon Heating and Power Plant is switched to manual operation on a monthly basis to perform software and maintenance upgrades.

The contingency plan for the building security systems that the Defense Protective Service uses relies on the physical presence of personnel and manual overrides in the event of a year-2000-related failure. The contingency plan for the building security systems included a plan of action if the Motorola radio system does not function properly because of the year 2000. For example, a year 2000 failure of the radio system would affect communications for about 20 minutes, which is the amount of time that Defense Protective Service personnel would need to reboot the radio system, modify the date to Saturday, January 2, 1972, and then restart the radio system. As a result of our audit, the Washington Headquarters Services amended the contingency plan to include the alternative actions for the Defense Protective Service to take if the digital conference switching system malfunctioned on January 1, 2000.

Appendix C. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense (Acquisition and Technology)
Deputy Under Secretary of Defense (Installations)
Director, Defense Logistics Studies Information Exchange
Under Secretary of Defense (Comptroller)
Deputy Chief Financial Officer
Deputy Comptroller (Program/Budget)
Assistant Secretary of Defense (Command, Control, Communications and Intelligence)
Deputy Assistant Secretary of Defense (Command, Control, Communications, and Intelligence, Surveillance, Reconnaissance, and Space Systems)
Deputy Chief Information Officer and Deputy Assistant Secretary of Defense (Chief Information Officer Policy and Implementation)
Principal Director – Y2K
Assistant Secretary of Defense (Public Affairs)

Department of the Army

Assistant Secretary of the Army (Financial Management and Comptroller)
Chief Information Officer, Department of the Army
Inspector General, Department of the Army
Auditor General, Department of the Army
Commander and Chief, Corps of Engineers

Department of the Navy

Assistant Secretary of the Navy (Financial Management and Comptroller)
Chief Information Officer, Department of the Navy
Auditor General, Department of the Navy
Inspector General, Department of the Navy
Inspector General, Marine Corps
Superintendent, Naval Postgraduate School

Department of the Air Force

Assistant Secretary of the Air Force (Financial Management and Comptroller)
Chief Information Officer, Department of the Air Force
Inspector General, Department of the Air Force
Auditor General, Department of the Air Force

Other Defense Organizations

Director, Ballistic Missile Defense Organization
Director, Defense Advanced Research Projects Agency
Director, Defense Contract Audit Agency
Director, Defense Finance and Accounting Service
Director, Defense Information Systems Agency
 Inspector General, Defense Information Systems Agency
 Chief Information Officer, Defense Information Systems Agency
 United Kingdom Liaison Officer, Defense Information Systems Agency
Director, Defense Legal Services Agency
Director, Defense Logistics Agency
Director, Defense Security Cooperation Agency
Director, Defense Security Service
Director, National Security Agency
 Inspector General, National Security Agency
Director, American Forces Information Service
Director, Defense Prisoner of War/Missing Personnel Office
Director, Department of Defense Education Activity
Director, Department of Defense Human Resources Activity
Director, Office of Economic Adjustment
Director, Tricare Management Activity
Director, Washington Headquarters Services
Inspector General, Defense Intelligence Agency
Inspector General, Defense Threat Reduction Agency
Inspector General, National Imagery and Mapping Agency
Inspector General, National Reconnaissance Office
Defense System Management College

Non-Defense Federal Organizations and Individuals

Chief Information Officer, General Services Administration
Inspector General, General Services Administration
Office of Management and Budget
 Office of Information and Regulatory Affairs
General Accounting Office
 National Security and International Affairs Division
 Technical Information Center

Congressional Committees and Subcommittees, Chairman and Ranking Minority Member

Senate Committee on Appropriations
Senate Subcommittee on Defense, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Governmental Affairs
Senate Special Committee on the Year 2000 Technology Problem
House Committee on Appropriations
House Subcommittee on Defense, Committee on Appropriations

Congressional Committees and Subcommittees, Chairman and Ranking Minority Member (cont'd)

House Committee on Armed Services

House Committee on Governmental Reform

House Subcommittee on Government Management, Information, and Technology,
Committee on Government Reform

House Subcommittee on National Security, Veterans Affairs, and International
Relations, Committee on Government Reform

House Subcommittee on Technology, Committee on Science

Deputy Under Secretary of Defense (Installation) Comments



ACQUISITION AND
TECHNOLOGY

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON DC 20301-3000

April 26, 1999

MEMORANDUM FOR DIRECTOR, ACQUISITION MANAGEMENT
OFFICE OF THE INSPECTOR GENERAL, DOD

THROUGH: CONGRESSIONAL ACTIONS AND INTERNAL REPORTS

SUBJECT: Audit Report on Year 2000 Conversion Program for the Pentagon and DoD Leased
Facilities (Project No. 9AL-0082)

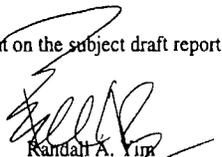
We have reviewed the subject draft report and do not concur with the recommendation

The GSA national headquarters has instituted a process to identify leased building Y2K compliance by obtaining letters from building owners/managers in the GSA regions and posting the results on a national web site. However, from both an operational and administrative standpoint, there is no direct relationship between the GSA national headquarters and the DoD activities that lease space in office buildings. The GSA regional office negotiates and enters into legally binding contracts with private sector building owners/managers to provide leased space to government agencies. Each agency, DoD or otherwise, then deals directly with the building manager.

The subject report also presumes that GSA has the ability to get building owners/managers to disclose Y2K compliance status and that a letter from this office will somehow make it possible for GSA to get them to provide such information. To the extent that such a letter from DoD would have an impact, the Director, Washington Headquarters Services, has already sent that letter (see attached).

More effective alternatives exist. GSA is considering holding regional meetings with building owners/managers to encourage them to disclose compliance status to their tenants. We will encourage GSA to pursue this strategy. Additionally, this office is managing DoD's facilities and installations Y2K compliance at the installation level by placing the responsibility on the Services, the Defense Logistics Agency and Washington Headquarters Service to ensure that base level infrastructure systems will be Y2K compliant or that a workaround/backup for each system is available. Hence, the DoD Components are already responsible for ensuring that tenants in leased facilities receive Y2K compliance information from building owners/managers or have a suitable workaround in place.

Thank you for the opportunity to comment on the subject draft report.


Randall A. Yim
Deputy Under Secretary
(Installations)





DEPARTMENT OF DEFENSE
WASHINGTON HEADQUARTERS SERVICES
1155 DEFENSE PENTAGON
WASHINGTON, DC 20301-1155

MAR 30 1999

Mr. David J. Barram, Administrator
General Services Administration
Central Office Building, Suite 6137
18th and F Streets, N.W.
Washington, D.C. 20405

Dear Mr. Barram:

I was heartened to learn from your March 1, 1999, letter of the progress that has been made toward Year 2000 (Y2K) building system compliance. Since my November 23, 1998 letter to you, my staff has noticed that some additional information has been added to the GSA website. However, the website still seems to lack updated information concerning nondelegated buildings that the Department of Defense (DoD) occupies in the National Capital Region (NCR)

While we understand that GSA has worked with the ownership of all DoD occupied nondelegated buildings in the NCR, the current information on the GSA website indicates that only about 35 percent of those buildings are "compliant." Based on your letter and information provided by Regional sources, we believe the "compliant" percentage should be higher. Although my staff has not reviewed website information outside the NCR, it is likely that there is a similar lack of up-to-date compliance information for DoD-occupied buildings elsewhere in the 50 states

The GSA website is the only official information available on the Y2K status of nondelegated buildings. It is critical that we be able to obtain an accurate and updated listing of the Department of Defense's building status for the NCR and elsewhere. The ability of DoD tenants to continue routine operations without interruption in GSA buildings is crucial to ensuring continuity of Defense operations

We appreciate the progress GSA has made on this complex issue. We look forward to your response.

Sincerely,

David O. Cooke
Director



Audit Team Members

The Acquisition Management Directorate, Office of the Assistant Inspector General for Auditing, DoD, prepared this report.

Thomas F. Gimble
Charles M. Santoni
Robert L. Shaffer
Michael T. Hill
Rhonda L. Ragsdale
Dora Y. Lee
Nina Athy
Louise B. Gillis