

*Audit*



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YEAR 2000 ISSUES RELATING TO SECURITY ASSISTANCE  
AND FOREIGN MILITARY SALES

Report No. 99-181

June 9, 1999

Office of the Inspector General  
Department of Defense

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**Acronyms**

DSCA	Defense Security Cooperation Agency
FMS	Foreign Military Sales
SAO	Security Assistance Organization
Y2K	Y2K



INSPECTOR GENERAL  
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June 9, 1999

MEMORANDUM FOR ASSISTANT SECRETARY OF THE NAVY (FINANCIAL  
MANAGEMENT AND COMPTROLLER)  
ASSISTANT SECRETARY OF THE AIR FORCE  
(FINANCIAL MANAGEMENT AND COMPTROLLER)  
DIRECTOR, DEFENSE SECURITY COOPERATION  
AGENCY  
AUDITOR GENERAL, DEPARTMENT OF THE ARMY

SUBJECT: Audit Report on Year 2000 Issues Relating to Security Assistance  
and Foreign Military Sales (Report No. 99-181)

We are providing this report for your information and use. This is one in 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 efforts to address the year 2000 computing challenge. Because this report contains no recommendations, no written comments were required and none were received. Therefore, we are publishing this report in final form.

We appreciate the courtesies extended to the audit staff. Questions on the audit should be directed to Ms. Evelyn R. Klemstine at (703) 604-9172 (DSN 664-9172) (eklemstine@dodig.osd.mil) or Ms. Mary E. Geiger at (703) 604-9615 (DSN 664-9615) (mgeiger@dodig.osd.mil). See Appendix C for the report distribution. The audit team members are listed inside the back cover.

A handwritten signature in black ink, reading "Robert J. Lieberman".

Robert J. Lieberman  
Assistant Inspector General  
for Auditing

## Office of the Inspector General, DoD

Report No. 99-181  
(Project No. 9LG-9015)

June 9, 1999

### Year 2000 Issues Relating to Security Assistance and Foreign Military Sales

#### Executive Summary

**Introduction.** This is one in 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 (Y2K) computing challenge. For a list of audit projects addressing the issue, see the Y2K web pages on the IGnet at <http://www.ignet.gov/>.

**Objectives.** The overall audit objective was to determine whether management processes were in place, and operating effectively, to ensure that foreign customers were made aware of Y2K issues. We determined whether the processes developed by the Military Departments were adequate to assist foreign customers in identifying Y2K deficiencies.

**Results.** The processes that the Defense Security Cooperation Agency and the Military Departments used to notify foreign military sales customers about the Y2K compliance status of items purchased through the foreign military sales program were adequate. The Defense Security Cooperation Agency provided general policies and procedures, which the Military Departments implemented, to ensure that foreign military sales customers were notified of potential Y2K problems with systems and equipment purchased through the program. The Army sent written notifications to DoD security assistance organizations identifying all known noncompliant Army systems that had been sold to foreign military sales customers. As of April 15, 1999, the Navy had sent more than 300 notification letters to security assistance organizations and summarized the results in a matrix to allow for tracking and response. The Air Force had identified all known equipment sold to foreign military sales customers and developed a report on the Y2K status of foreign military sales systems. It distributed the report through the security assistance organizations. As a result of those efforts, the effect of any Y2K problems on interoperability with U.S. allies will be reduced.

**Management Comments.** We provided management a draft report of this report on May 5, 1999. Because this report contains no recommendations, written comments were not required and none were received. Therefore, we are publishing this report in final form.

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## 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, making it policy that Federal agencies ensure that no critical Federal program experiences disruption because of the year 2000 (Y2K) problem. The Executive Order requires that the head of each agency ensure that efforts to address the Y2K problem receive the highest priority attention in the agency. The Executive Order also requires agencies to "communicate with their foreign counterparts to raise awareness of and generate cooperative international arrangements to address the Y2K problem."

**DoD Y2K Management Plan.** The "DoD Year 2000 Management Plan, version 2.0" (DoD Y2K Management Plan), December 1998, states that DoD is the lead agency for Defense and International Security, which includes outreach activities with allied and coalition partners where critical Y2K-related defense issues must be identified and addressed. Although foreign military sales (FMS) customers are ultimately responsible for correcting any Y2K compliance problems in the systems they have purchased using FMS procedures, Y2K-related failures of those systems may affect the ability of DoD to conduct military operations with nations that have procured systems through the FMS program.

**Foreign Military Sales Program.** The Arms Export Control Act, Title 22 United States Code, Section 2751, as amended, gives the President authority to sell Defense articles and services to eligible foreign countries, normally at no cost to the U.S. Government. The FMS program includes government-to-government sales of Defense articles and services from DoD organizations or through procurements under DoD-managed contracts. The Arms Export Control Act requires that letters of offer and acceptance\* for the sale of Defense articles or services include all applicable charges to recover the full cost of sales under the Arms Export Control Act. FMS customers can use existing cases or open new cases to order and pay for the cost of correcting Y2K problems, unless the cost of Y2K-related work is included in the original case.

The Defense Security Cooperation Agency (DSCA) (formerly the Defense Security Assistance Agency) is responsible for FMS policy guidance in coordination with Congress, the Department of State, the Office of the Joint Chiefs of Staff, and the Unified Commands. The Military Departments execute FMS programs through single managers as well as FMS case managers located in the program management offices, whose systems have been purchased by FMS customers through the FMS program. The U.S. Army Security Assistance Command is the single manager for the Army FMS program. The Navy International Programs Office is the single manager for the Navy FMS program.

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\*A letter of offer and acceptance is a contract between the U.S. Government and a foreign government, in which the foreign government agrees to allow U.S. Government representatives to act on its behalf to procure Defense articles and services.

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The Office of the Deputy Under Secretary of the Air Force (International Affairs) is the single manager for the Air Force FMS program. The Military Departments also provide staff to coordinate FMS and other security assistance programs in about 150 FMS customer nations. Although the actual title of the office in which the U.S. military staff is located varies, the generic title used is security assistance organization (SAO).

## **Objectives**

The overall audit objective was to determine whether management processes were in place, and operating effectively, to ensure that foreign customers were made aware of Y2K issues. We determined whether the processes developed by the Military Departments were adequate to assist foreign customers in identifying Y2K deficiencies. See Appendix A for a discussion of the scope, methodology, and management control program and for a summary of prior coverage.

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## **DoD Efforts to Notify Foreign Military Sales Customers of Potential Year 2000 Problems**

The processes that the DSCA and the Military Departments used to notify FMS customers about the Y2K compliance status of items procured through the FMS program were adequate. DSCA provided general policies and procedures, which the Military Departments implemented, to ensure that FMS customers were notified of potential Y2K problems with systems and equipment purchased through the FMS program. The Army sent written notifications to SAOs identifying all known noncompliant Army systems that were sold to FMS customers. As of April 15, 1999, the Navy had sent more than 300 notification letters to SAOs and summarized the results in a matrix to allow for tracking and response. The Air Force had identified all known equipment sold to FMS customers and developed a Y2K status report of FMS systems and distributed it through SAOs. As a result of those efforts, the effect of any Y2K problems on interoperability with U.S. allies will be reduced.

### **Defense Security Cooperation Agency**

The DSCA provided general policies and procedures, to ensure that FMS customers were notified of the potential Y2K problems with the systems and equipment purchased through the FMS program. In an August 14, 1997, memorandum, the Director, Logistics Support Directorate, Inspector General, DoD, advised the Director of the then Defense Security Assistance Agency that a mechanism did not exist to notify FMS customers that procured items may not be Y2K compliant. It was suggested that the Defense Security Assistance Agency, in coordination with the Military Departments, establish policies and procedures to ensure that a system was in place to notify the FMS customers of the potential for Y2K computer logic problems with the systems and equipment purchased through FMS. As a result, DSCA issued three policy and procedure messages to the Military Departments and SAOs.

**Notification to FMS Customers of Y2K Compliance Issues for Weapon Systems.** The first message, "Notification to Foreign Military Sales Customers of Year 2000 (Y2K) Compliance Issues for Weapon Systems," October 6, 1997, alerted the Military Departments and SAOs that FMS customers were to be included in Y2K assessments and the development of Y2K compliance issues and strategies. The Military Departments were advised to use their existing management structures and the SAOs to coordinate, identify, monitor, and resolve FMS customers' Y2K issues. SAOs were to ensure that FMS customers were notified of potential Y2K problems.

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**Foreign Military Customers Y2K Compliance Issues.** The second message, “Foreign Military Customers Y2K Compliance Issues,” was sent to the Military Departments and SAOs on January 6, 1999, to “reenergize the security cooperation community” and to further define the policies governing Military Department and SAO notification of FMS customers regarding potential Y2K problems. Customer notification procedures were identified for:

- open FMS cases and standard U.S. equipment or systems in use by one or more Military Departments. Customers were to be notified of the status and results of a Y2K assessment of the standard U.S. equipment or system by the appropriate program management office.
- closed FMS cases and standard U.S. equipment or systems in use by one or more Military Departments. Program management offices would attempt to identify and notify former FMS customers of any Y2K problems with standard U.S. equipment.
- closed FMS cases and nonstandard or legacy equipment. Customers were to inquire about Y2K problems and renovations for their equipment.

**Foreign Military Customers Feedback on Y2K Issues.** The third message, “Foreign Military Customers Y2K Issues Feedback,” January 26, 1999, was a follow-up request to the SAOs for feedback on the status of FMS customer Y2K efforts. The SAOs were requested to respond to DSCA by February 20, 1999, with names, dates, and agency levels of the FMS customers notified; any Y2K actions they planned to take; an estimate of potential FMS assistance requirements; and opinions of their host nation’s Y2K program.

As of March 16, 1999, responses from only 39 of 150 SAOs worldwide were received. Of the 39 SAOs responding, 22 had identified minimal or no Y2K concerns. Another 17 had concerns about aircraft systems and avionics or had not completed their assessments. Appendix B lists the countries for which the SAOs responded to the January 26, 1999, DSCA message, along with a summary of the comments provided.

## **Systems Identification and Customers Notification**

The Military Departments implemented DSCA policies and procedures to ensure that systems sold through the FMS program were assessed and FMS customers were notified of the Y2K status of systems purchased. The Army sent notifications to DoD security assistance officers identifying all known noncompliant Army systems that had been sold to FMS customers. As of April 15, 1999, the Navy had sent more than 300 notification letters providing Y2K status of each customer’s FMS purchased systems. The Air Force provided the SAOs Y2K status for all known systems sold to FMS customers, as well as systems supported through the FMS program.

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**Army Process.** The Army established a process for assessing Y2K compliance of all its systems and notifying FMS customers of the systems that were noncompliant. The majority of items sold under the Army FMS program were sold through the Army Materiel Command and its subordinate commands, such as its Tank-Automotive and Armaments Command; Communications-Electronics Command; Simulation, Training, and Instrumentation Command, and the Army Program Management and Program Executive Offices. The responsible Army organizations, which acquired and developed their respective systems, performed assessments to identify Y2K noncompliant systems. Each system and each component was being assessed by the organization or program office that had primary responsibility for that system. In addition to those offices, contractors also assisted in making assessments and notifications. When noncompliant systems were identified, SAOs were notified through messages sent by the technical organization responsible for the noncompliant system. The SAOs in turn were to notify the FMS customers.

**Army Actions.** The U.S. Army Security Assistance Command assessed and notified its FMS customers, through the responsible commands, program offices, and contractor support. As early as September 1997, the Army Communications-Electronics Command identified two systems as noncompliant (the AN/GYK-29 Battery Computer System and the AN/USM-410 Equate Automated Test Equipment) and notified FMS customers at that time of required fixes. Managers of those systems notified customer countries and offered their support. If customers requested support, systems managers were to request funding for fixing the problems. In June 1998, the Tank Automotive and Armaments Command sent a message to all SAOs stating that as of June 1998 there were no known Y2K problems with any of its weapon systems. In December 1998, the Simulation, Training, and Instrumentation Command sent to the SAOs notifications of 24 nonmission critical devices, simulations, simulators, and training aids that had been assessed as not being Y2K compliant. The prime contractors, program manager, or contractor logistics support representative notified customers before the official announcement was made of those items' noncompliant status.

**Army Status of Notifications.** On February 5, 1999, the Army Security Assistance Command sent a message to all SAOs summarizing notification actions and anticipated future actions. As of February 1999, the Army had identified 511 noncompliant systems. Only 13 of those systems were categorized as weapon systems and only 2 of those, the Abrams M1A2 tank system and the Patriot Advanced Capability-2 system, were sold to FMS customers. Both systems were operationally compliant; however, the tank had a problem with its drivers' display that available software could correct. The Patriot system's project manager was taking the precaution of assessing commercial off-the-shelf software used during system engineering development before claiming that the Patriot system was Y2K compliant.

**Y2K Status Request of Korean Army Systems.** In response to a request from the Korean Ministry of National Defense, we requested that the Army determine the Y2K status of systems that the Republic of Korea purchased through the FMS program. In February 1999, the Ministry of National Defense of the Republic of Korea identified 38 systems on which it had no Y2K status. The list contained five Army systems purchased through the FMS program.

Table 1, lists the systems that the Army identified as Y2K compliant. The Army identified only noncompliant systems to the SAO; therefore, the Ministry of National Defense would not have received SAO notification because the five systems were compliant.

<u>System</u>	<u>Y2K Status</u>
Army Tactical Missile System	Compliant
CHINOOK Helicopter, CH-47D	Compliant
FIREFINDER Radar Set AN/TPQ-37	Compliant
Multiple Launch Rocket System	Complaint
Utility Helicopter-1	Compliant

**Support for Y2K Problems.** FMS customers may obtain support for correcting Y2K noncompliant systems through the use of direct commercial sales with contractors or request assistance through the FMS program. The program manager for an FMS customer's system would provide the requested support through an open FMS case or if necessary, establish a new FMS case. As of April 15, 1999, no new FMS cases were established by the Army to address non-compliant systems.

**Navy Process.** The Navy established a process for assessing and notifying foreign customers of the Y2K status of systems sold through the FMS program. In November 1997, the Navy International Programs Office tasked Naval Air Systems Command, Naval Sea Systems Command, Naval Space and Warfare Systems Command, Naval Supply Systems Command and its field office, naval inventory control point (the systems commands), and the Marine Corps to initiate an assessment and notification program of the Y2K impact on systems sold to FMS customers. As a result, FMS case managers identified the Y2K status of items purchased through the FMS process. In February 1998, the Navy International Programs Office established an FMS Y2K steering committee. The steering committee, consisting of representatives from each of the systems commands, coordinated, monitored, and tracked FMS Y2K activities.

**Navy Status of Notifications.** The systems commands notified FMS customers, through the SAOs, of the results of Y2K assessments of U.S. standard equipment and systems. The notifications indicated whether the systems were Y2K compliant or noncompliant. As of April 15, 1999, the committee reported that more than 300 notifications of Y2K status were made. Of those 300 notifications, 69 were for systems that were not Y2K compliant.

**Y2K Status Request of Korean Navy Systems.** In response to a request from the Korean Ministry of National Defense, we requested that the Navy determine the Y2K status of five systems that the Republic of Korea purchased through the FMS program. Table 2 identifies the five systems, all of which the Navy recognized as being purchased through the FMS program. The

Allied Environmental Support System was determined to be Y2K noncompliant, the SAO for Korea was notified on May 14, 1998. The Sea Sparrow Launcher and the Sea Sparrow Missile were compliant and the SAO for Korea was notified on November 2, 1998. Additionally, the Harpoon Launcher and the Harpoon Missile were compliant and the SAO for Korea was notified on June 18, 1998, that the missile was compliant and on September 8, 1998, that the launcher was compliant.

**Table 2. Navy Systems that Korea Purchased**

<u>System</u>	<u>Y2K Status</u>
Allied Environmental Support System	Noncompliant
Harpoon Launcher	Compliant
Harpoon Missile	Compliant
Sea Sparrow Launcher	Compliant
Sea Sparrow Missile	Compliant

**Navy Support for Y2K Problem.** The Navy offered assistance to FMS customers whose equipment was assessed as Y2K noncompliant. In January 1998, the Navy began sending individual letters through appropriate channels, such as the SAO, and other similar activities, to notify FMS customers of the Y2K status. The notification addressed:

- active inventory, supported by an open FMS case. If a customer had an open case that included system software updates, Y2K compliant updates would be provided at no additional cost to the customer.
- obsolete items supported by open FMS cases. Customers could request an assessment of the effect of Y2K on the item through the Navy case manager, according to the terms of the open case. However, there were no assurances that Y2K compliance could be achieved.
- equipment in active inventory, not supported by an open FMS case. The Navy International Programs Office directed SAOs to brief such customers on Y2K issues. Customers were informed that Y2K compliant new equipment, or software updates for existing equipment, could be purchased by opening a new FMS case.

As of April 15, 1999, no new FMS cases were established by the Navy to address Y2K noncompliant systems.

**Air Force Process.** The Air Force established a separate database for notifying FMS customers about the Y2K status of systems sold through the FMS program. The Air Force Materiel Command System Centers were assigned the lead for notifying customers of the Y2K status of items procured using the FMS

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program, because the majority of Air Force systems sold through FMS fell under their purview. The Air Force Materiel Command System Centers were directed to address Y2K issues through system managers for all Air Force centrally managed items. In addition, system managers were encouraged to establish open and direct dialog with their foreign country counterparts. Initially, the Air Force Security Assistance Center provided the system managers a list of systems sold or being supported through the FMS process. The system managers validated the listing and provided Y2K related information regarding each system to the Air Force Security Assistance Center International Programs Office. The Air Force Security Assistance Center International Programs Office consolidated the Y2K input for each system from Air Force system managers, into the "Quarterly Security Assistance Y2K Status Report." The report, which was restricted to military addresses, was maintained online at <http://www.afsac.wpafb.af.mil/www/mil/y2kia.html>. The Office of the Deputy Under Secretary of the Air Force (International Affairs) downloads the report quarterly from the website and makes hard copy distribution to FMS customers through their SAOs.

**Air Force Status of Notification.** The Air Force distributed the first "Quarterly Security Assistance Y2K Status Report," to 67 FMS customers through SAOs on October 15, 1998. The report identified the system; the FMS customer; if the system was covered by an existing letter of offer and acceptance; and the Y2K status of the system. The Air Force attached a letter advising the FMS customers that the report was not all inclusive. The Air Force requested that each FMS customer review the report and add any other items that required Air Force assistance in assessing. As of January 29, 1999, the Air Force had provided Y2K status data for 519 systems sold to 79 FMS customers. And as of April 15, 1999, no new FMS cases had been established by the Air Force to address noncompliant systems.

**Y2K Status Request of Korean Air Force Systems.** In response to a request from the Korean Ministry of National Defense regarding the Y2K status of 38 systems, we researched the Y2K status of 28 systems that the Republic of Korea identified as purchased through the FMS program. Table 3 identifies 19 of the 28 systems as being Air Force systems sold through the FMS program.

The Air Force January 1999, "Quarterly Security Assistance Y2K Report" included the Y2K status for the 19 systems and was provided to the SAO for Korea.

**Table 3. Air Force Systems that Korea Purchased**

<u>System</u>	<u>Y2K Status</u>
Air Guided Missile-65 Diagnostic System	
Missile-157	Compliant
Air Intercept Missile -7E/M Sparrow	Compliant
Air Intercept Missile -120B Test Set-4108G	Compliant
Air Intercept Missile -9 Airborne Special Sidewinder	
Equipment Maintenance 447	Compliant
Air Intercept Missile -9L/S Test Set 3860B	Compliant
Cessna A-37 Dragonfly	Compliant
Cessna 0-2 Super Skymaster	Compliant
F-4 Digital Modular Avionics System Air Navigation-101	Compliant
F-5A/B/E/F Freedom Fighter	Compliant
F-16 Digital Control System	Compliant
F-16 Data Transfer Cartridge Loader/Reader	
Data Transfer Terminal	Compliant
F-16 Laser Guided Bomb Test/Set Communication	
Console Group Teletype Unit -394/E	Compliant
F-16 Launch Unit 118 Central Integrated	
Test System	Compliant
F-16 Low Altitude Navigation Targeting	
Infrared for Night Automatic Test Equipment	Compliant
Global Positioning System Receiver	Compliant
Radio, AN/GRC-171D(V)4	Compliant
Reconnaissance Fighter-4C Navigational Weapon Delivery System (ADQ-203)	Compliant
Reconnaissance Fighter-4C Phantom II	Compliant
Reconnaissance Fighter-5 Freedom Fighter	Compliant

The remaining nine systems were either not identified as being sold through the FMS program or not identifiable on the Air Force January 1999, "Quarterly Security Assistance Y2K Report." Table 4 lists the nine Air Force systems that were sold to Korea.

**Table 4. Air Force Systems that Korea Purchased Not Readily Identifiable to FMS Program**

System

B-737 FMC<sup>1,2</sup>

B-737 Receiver Computer Unit<sup>2</sup>

F-4 MDT LT5938-0401<sup>1,2</sup>

F-4 Radar Surveillance Equipment APQ-120<sup>1,3</sup>

F-4 Radar Test Set APM 420<sup>1,3</sup>

F-4 Radar Warning Receiver ALR-46<sup>1,3</sup>

F-4 Radar Warning Receiver ALR-85<sup>1,2</sup>

F-4 Simulator<sup>2</sup>

Mode 4 Identification Friend or Foe Transponder/Interrogator<sup>3</sup>

<sup>1</sup>The full nomenclature of these systems is not provided because of difficulty identifying the acronyms.

<sup>2</sup>These items were obtained using direct commercial sales procedures.

<sup>3</sup>Air Force records show that the F-4 was sold to Korea using FMS procedures and is compliant; however, the records do not show that the F-4 components were sold to Korea as FMS.

**Air Force Y2K Assessment Support.** The Air Force had established a team to assist FMS customers regarding Y2K issues. In a January 1999 message to the security assistance community, the Air Force discussed the following capabilities through which the Air Force Electronics System Center could assist FMS customers with addressing Y2K operational concerns:

- conduct and assist in Y2K risk assessments;
- conduct and assist in Y2K system and date testing;
- conduct Y2K training; and
- provide guidance and assistance for program management plans, implementation plans, and contingency.

The requesting FMS country was to reimburse the Air Force for any cost incurred, as required by the Arms Export Control Act. However, as of April 15, 1999 there were no requests for assistance from FMS customers regarding Y2K issues. Rather, the FMS customers had made two inquiries requesting only additional information about the team capabilities.

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## **Conclusion**

Management processes were in place to ensure that foreign customers were made aware of Y2K issues. The Military Departments had identified potential and actual Y2K problems in defense systems and informed FMS customers primarily through the SAOs. The SAOs had been instructed to notify the FMS customers on the Y2K status of systems. In addition, the Military Departments had established methods by which FMS customers could obtain assistance in resolving Y2K issues.

There was no assurance that all potential Y2K noncompliant systems had been identified and FMS customers advised. However, the Military Departments had taken action to identify noncompliant systems and notify SAOs worldwide of the potential problems. As a result of those efforts, the effect of any Y2K problems on interoperability with U.S. allies will be reduced.

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## Appendix A. Audit Process

This is one in 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 Y2K computing challenge. For a list of audit projects addressing the issue, see the Y2K web pages on IGnet at <http://www.ignet.gov/>.

### Scope

We reviewed and evaluated processes developed by the Military Departments to assist foreign customers in identifying Y2K deficiencies. We visited DSCA to determine what policy or guidance was developed to assist and monitor the Military Departments in notifying FMS customers of Y2K issues. We visited the Military Departments to evaluate processes in place for providing Y2K systems status to FMS customers and assisting them with other Y2K concerns. We reviewed relevant messages sent by DSCA and the Military Departments to the SAOs, executive orders, and the DoD Y2K Management Plan. The documentation covered August 1997 through mid-April 1999.

**Scope Limitation.** The scope of this audit was limited to the Military Departments notification processes to the SAOs of FMS customers and did not address actions that SAOs took to notify FMS customers.

**DoD-wide Corporate.** In response to the Government Performance Results Act, DoD has established 6 DoD-wide corporate level performance objectives and 14 goals for meeting those objectives. This report pertains to achievement of the following objective and goal.

**Objective:** Shape the international environment through DoD engagement programs and activities. **Goal:** Enhance coalition warfighting. **(DoD-1.2)**

**DoD Functional Area Reform Goals.** Most major DoD functional areas have also established performance improvement reform objectives and goals. This report pertains to achievement of the following functional area objectives and goals in the Information Technology Management Functional Area.

- **Objective:** Become a mission partner. **Goal:** Increase and promote information technology interaction with mission. **(ITM-1.1)**

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- **Objective:** Provide services that satisfy customer information needs.  
**Goal:** Modernize and integrate DoD information infrastructure.  
**(ITM 2.2)**
  - **Objective:** Provide services that satisfy customer information needs.  
**Goal:** Upgrade technology base. **(ITM-2.3)**

**High-Risk Area.** In its identification of high-risk areas, the General Accounting Office has specifically designated risk in resolution of the Y2K problem as high. This report provides coverage of that problem and the overall Information Management and Technology high-risk area.

## Methodology

**Audit Type, Dates, and Standard.** We performed this program audit from January through mid-April 1999 in accordance with auditing standards issued by the Comptroller General of the United States, as implemented by the Inspector General, DoD. We did not use computer-processed data to perform this audit.

**Contacts During the Audit.** We visited or contacted individuals and organizations within DoD. Further details are available upon request.

**Management Control Program.** We did not review the management control program related to the overall audit objective because DoD recognized the Y2K issue as a material management control weakness area in the FY 1998 Annual Statement of assurance.

## Summary of Prior Coverage

The General Accounting Office and the Inspector General, DoD, have conducted multiple reviews related to the Y2K 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/>.

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## Appendix B. Responses to Defense Security Cooperation Agency Request

The following lists the SAO responses received as a result of the DSCA message of January 26, 1999.

<u>Country</u>	<u>Comments</u>
Albania	No potential problems.
Antigua-Barbuda	Y2K impact will be relatively insignificant.
Argentina	Conducting a detailed analysis of all potential Y2K problems, but started late.
Austria	All systems have been checked, no problems.
Bahamas	No equipment that should be effected.
Barbados	Does not anticipate the need for FMS support.
Belgium	Concerned about M109A3 Howitzer, the Sea Sparrow, the F-16, and the C-130.
Bolivia	Does not anticipate problems.
Botswana	Prepared for Y2K.
Cambodia	FMS customers will have minimum impact from Y2K.
Canada	Testing is at least one year behind.
Denmark	Arranging with contractors for fixes.
Dominica	Any Y2K problems will be addressed internally.
Egypt	Problems with some equipment, but most FMS systems are compliant.
El Salvador	No effective Y2K program.
France	Has a well established Y2K program. Will reach full compliance by October 1, 1999.
Germany	Testing is ongoing.
Grenada	Any problems will be addressed internally.
India	Proactive in dealing with Y2K issues.
Japan	Internal computer systems have been tested and funds secured for upgrading or replacing systems to make the systems Y2K compliant.
Korea	Concern about foreign procured items and satellite navigation systems.
Luxembourg	Have not identified any Y2K issues.
Morocco	Do not anticipate significant problems arising from Y2K.

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<u>Country</u>	<u>Comments</u>
Mozambique	The Ministry of Defense does not have any computer-based systems.
Netherlands	Started working in late 1997 and has a good handle on the Y2K problem.
Nicaragua	Old Soviet equipment, Army weapon systems are Cuban.
Norway	Aircraft avionics main concern, working with manufacturers to ensure compliance.
Russia	Awaiting details.
Senegal	No plan to deal with Y2K problems.
Slovakia	Not reliant on automated systems.
Slovenia	Navy has a noncompliant system, but a workaround is being developed.
St. Lucia	No anticipation of need for FMS Y2K support.
St.Kitts/Nevis	No anticipation of need for FMS Y2K support.
St.Vincent	No anticipation of need for FMS Y2K support.
Taiwan	Although it has an ongoing Y2K program, it is relying on the United States.
Tunisia	Reasonable and relatively effective Y2K program.
Ukraine	Y2K will have minimal impact.
United Kingdom	Working with DoD.
Uruguay	Each Service is coordinating programs individually.

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## **Appendix C. Report Distribution**

### **Office of the Secretary of Defense**

Under Secretary of Defense for Acquisition and Technology  
  Director, Strategic and Tactical Systems  
  Director, Defense Logistics Studies Information Exchange  
Under Secretary of Defense (Comptroller)  
  Deputy Chief Financial Officer  
  Deputy Comptroller (Program/Budget)  
Under Secretary of Defense for Personnel and Readiness  
Assistant Secretary of Defense (Command, Control, Communications, and Intelligence)  
  Deputy Chief Information Officer and Deputy Assistant Secretary of Defense (Chief  
  Information Officer Policy and Implementation)  
  Principal Director for Y2K  
Assistant Secretary of Defense (Public Affairs)

### **Joint Staff**

Director, Joint Staff

### **Department of the Army**

Assistant Secretary of the Army (Financial Management and Comptroller)  
Commander, U.S. Army Materiel Command  
  Commander, U.S. Army Security Assistance Command  
Chief Information Officer, Army  
Inspector General, Department of the Army  
Auditor General, Department of the Army

### **Department of the Navy**

Assistant Secretary of the Navy (Financial Management and Comptroller)  
Assistant Secretary of the Navy (Research, Development and Acquisition)  
  Director, Navy International Programs Office  
Chief Information Officer, Navy  
Inspector General, Department of the Navy  
Auditor General, Department of the Navy  
Inspector General, Marine Corps

### **Department of the Air Force**

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

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## **Other Defense Organizations**

Director, Defense Information Systems Agency  
Inspector General, Defense Information Systems Agency  
Chief Information Officer, Defense Information Systems Agency  
United Kingdom Liaison Office, Defense Information Systems Agency  
Director, Defense Logistics Agency  
Director, Defense Security Cooperation Agency  
Director, National Security Agency  
Inspector General, National Security Agency  
Inspector General, Defense Intelligence Agency  
Inspector General, National Imagery and Mapping Agency  
Inspector General, National Reconnaissance Office

## **Non-Defense Federal Organizations and Individuals**

Office of Management and Budget  
Office of Information and Regulatory Affairs  
General Accounting Office  
National Security and International Affairs Division  
Technical Information Center  
Accounting and Information Management Division  
Director, Defense Information and Financial Management Systems  
Inspector General, U.S. Department of State

## **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 Y2K Technology Problem  
House Committee on Appropriations  
House Subcommittee on Defense, Committee on Appropriations  
House Committee on Armed Services  
House Committee on Government Reform  
House Subcommittee on Government Management, Information, 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

## **Audit Team Members**

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