

December 7, 1999

CLARENCE E. LEWIS, JR.  
CHIEF OPERATING OFFICER  
AND EXECUTIVE VICE PRESIDENT

SUBJECT: Year 2000 Business Continuity and Contingency Planning:  
Day One Strategy (Report Number TR-AR-00-002)

This audit report presents the results of the Office of Inspector General's third and final review of the United States Postal Service's Year 2000 (Y2K) Business Continuity and Contingency Planning Initiative (Project Number 00PA017TR000). During this review, we noted that the Postal Service generally established an effective infrastructure and process to communicate, react to, and track resolution of potential Year 2000 failures. The Postal Service also developed a complete Day One strategy to position itself to readily identify Y2K problems and take needed corrective actions. Management agreed with our recommendations and has initiatives in progress or planned addressing the issues in this report. Management's comments and our evaluation of these responses are included in the report.

We appreciate the cooperation and courtesies provided by your staff during the audit. If you have any questions, please contact [REDACTED], [REDACTED] at ([REDACTED]) or me at (703) 248-2300.

Richard F. Chambers  
Assistant Inspector General  
for Performance

Attachment

cc: Norman E. Lorentz  
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## EXECUTIVE SUMMARY

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### Introduction

This is the Office of Inspector General's third report on the United States Postal Service's business continuity and contingency planning efforts, and one of a series of reports<sup>1</sup> regarding the Postal Service Year 2000 (Y2K) Initiative. This report addresses the Postal Service's (1) infrastructure and processes for communicating and reacting to Y2K disruptions, and (2) Day One strategy for managing the rollover period.

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### Results in Brief

The Postal Service has generally established an effective infrastructure and process to communicate, react to, and track resolution of potential Y2K failures. In accordance with the General Accounting Office (GAO) planning guidance, the Postal Service has dedicated sufficient resources and staff for Day One activities, adequately identified rollover risks, developed a Day One strategy, documented rehearsal plans, and established a process for executing rollover procedures and tests.

Although the Postal Service has dedicated resources for Day One activities, it needs to further define the critical staff needed during the rollover period. If this is not done, key technical staff may not be available to handle rollover events. Further, while the Postal Service has documented its plans, it has yet to complete rehearsal of its Day One strategy. Moreover, any schedule slippage will affect the Postal Service's ability to update and revise the Day One strategy based on lessons learned.

According to the Office of Management and Budget, the Postal Service's Day One strategy meets the requirements it has established for federal agency plans. We agree with the Office of Management and Budget's assessment, and believe the Postal Service's Day One strategy should help it effectively manage risks associated with the rollover period.

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### Summary of Recommendations

We recommend that the chief operating officer and executive vice president monitor Day One activities to ensure that critical employees mentioned in the staffing plan will be available during the rollover period and that all Day One activities are completed as scheduled.

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<sup>1</sup> See Appendix A for a list of these reports.

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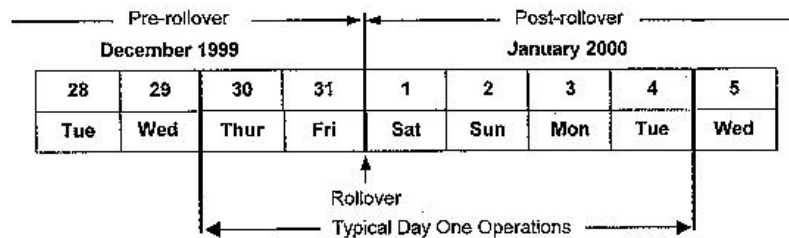
<b>Summary of Management's Comments</b>	Management agreed with our findings and recommendations. We have summarized management's comments in the report and included the full text of their comments in Appendix B.
<b>Overall Evaluation of Management's Comments</b>	Management's comments are responsive to our findings and recommendations. Planned or on-going actions should further mitigate the risk of potential Y2K disruptions.

## INTRODUCTION

### Background

A Day One strategy comprises a comprehensive set of actions to be executed during the last days of 1999 and the first days of 2000. It must be integrated with agency business continuity and contingency plans, and should describe the key activities and responsibilities of agency component organizations and staff.

#### Day One Operations



The objectives of a Day One strategy are to: (1) position an organization to readily identify Year 2000-induced problems, take needed corrective actions, and minimize adverse impact on agency operations and business processes; and (2) provide information about an organization's Y2K condition to executive management, business partners, and the public.

### Objective, Scope, and Methodology

Our objectives were to assess the Postal Service's: (1) infrastructure and processes for communicating and reacting to Y2K disruptions, and (2) Day One strategy for managing the rollover period.

To address our first objective, we compared the Postal Service's infrastructure and processes to the GAO Day One Planning and Operations Guide.<sup>2</sup> This guide provides a structured approach to aid federal agencies in Day One planning. To evaluate the completeness of the Postal Service's Day One strategy, we compared its strategy to the Office of Management and Budget's requirements for Day One planning.<sup>3</sup>

<sup>2</sup> Year 2000 Computing Challenge: Day One Planning and Operations Guide (GAO/AIMD-10.1.22, October 1999).

<sup>3</sup> In its September 1999 quarterly report, the Office of Management and Budget required agencies to submit Day One strategies by October 15, 1999. The Office of Management and Budget subsequently asked agencies to address seven elements in their plans: (1) a schedule of activities, (2) personnel on call or on duty, (3) contractor availability, (4) communications with the workforce, (5) facilities and services to support the workforce, (6) security, and (7) communications with the public.

Additionally, we attended Day One strategy meetings, reviewed related planning documents, interviewed postal officials responsible for planning, and observed Day One rehearsals.

This audit was conducted from October 1999 through November 1999 in accordance with generally accepted government auditing standards and included tests of internal controls as were considered necessary under the circumstances. We discussed our findings with appropriate management officials and included their comments, where appropriate.

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**Prior Audit Coverage**

During our continuing coverage of the Postal Service Year 2000 Initiative, we issued a series of reports<sup>4</sup> covering remediation, validation, reporting quality, budgeting, contracting, and business continuity planning. In our previous audits of business contingency and continuity planning, we noted several areas where management needed to strengthen its strategy, business impact analysis, plan development, and testing. Management was responsive to our six recommendations to strengthen its strategy and business impacts and our five recommendations to further strengthen its business continuity and contingency plans and testing efforts.

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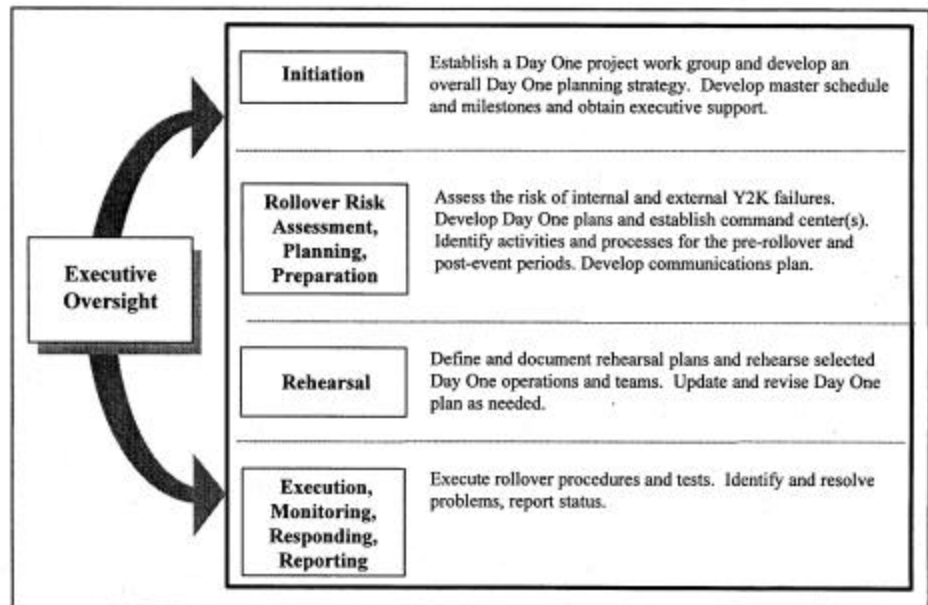
<sup>4</sup> See Appendix A for a listing of reports.

## AUDIT RESULTS

### Infrastructure and Processes

Day One strategies are necessary to reduce the risk to facilities, systems, programs, and services during the weekend of the critical rollover period. According to guidance provided by the GAO, effective Day One planning comprises the following four phases supported by executive oversight:

**Year 2000 Day One Planning and Operations Structure**



Our review disclosed that the Postal Service generally has an effective infrastructure and process to communicate, react to, and track resolution of potential Y2K disruptions. Postal executives have dedicated sufficient resources and staff for this task and have ensured that senior managers support this effort. The Postal Service has established a Day One team that reports to executive management and works closely with the business continuity and contingency planning group. The agency has also documented a high level Day One planning strategy and established a schedule and milestones for the planning effort.

Under its business continuity and contingency initiatives, the Postal Service identified high-risk areas, including facilities, critical infrastructure components, and systems supporting

core business processes that should be addressed by the Day One plan. The Postal Service has also established command centers to coordinate and report on agency-wide rollover activities. Further, it has developed plans for both internal and external communications and a process for monitoring external events, including communications with the President's Council on Year 2000 Conversion's Information Coordination Center. However, although the Postal Service has adequately addressed the rollover risk requirements, it needs to further define the critical staff to execute Day One activities. Because the Postal Service has yet to reconcile its staffing plan to employee leave schedules, employees identified in staffing plans may have scheduled leave during the rollover period. If this does not happen, key technical staff may not be available to handle rollover events.

With respect to rehearsals, the Postal Service has planned a web-based exercise to ensure that the Day One strategy is executable. This exercise will serve as a mechanism for making sure that field organizations are aware of both contingency and continuity plans, know how to access information from the plans, and are prepared to properly react to potential problems. However, while the Postal Service has documented its plans, it has yet to complete rehearsal of its Day One strategy. Any schedule slippage will affect the Postal Service's ability to update and revise the Day One strategy based on lessons learned.

Finally, the Postal Service has taken steps to ensure it can execute rollover procedures and tests. More specifically, the Postal Service has:

- Established command centers and designated Day One sites.
- Developed operational inspections and readiness checks.
- Established a schedule to implement planned risk prevention and reduction measures.
- Developed a process to generally address post-rollover events or disruptions.



These actions should facilitate the gathering of information on the status of mission critical systems and the viability of the agency's core business processes.

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**Recommendations**

We recommend that the chief operating officer and executive vice president monitor Day One activities to ensure that:

1. Employees critical to implementing the Day One strategy will be available during rollover.
2. All Day One activities are completed as scheduled.

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**Management's  
Comments**

Management agreed with our findings and recommendations to ensure that critical employees mentioned in the staffing plan will be available during the rollover period and that all Day One activities are completed as scheduled. They stated that detailed "Day One" schedules have been developed for the National Operations Center, the Area Postal Operations Centers, the Information Systems Command and Control Center, the Engineering Command Center, the Inspection Service Command Center, as well as Network Operations Management, Communications, and Business Service Network. In addition, two internal oversight bodies will oversee project completion as scheduled.

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**Evaluation of  
Management's  
Comments**

Management's comments are responsive to our findings and recommendations. Planned or on-going actions should further mitigate the risk of potential Y2K disruptions.

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## **Day One Strategy**

The Postal Service's Day One strategy contained all seven elements required by the Office of Management and Budget: (1) a schedule of activities, (2) personnel on call or on duty, (3) contractor availability, (4) communications with the workforce, (5) facilities and services to support the workforce, (6) security, and (7) communications with the public. According to the Office of Management and Budget, the Postal Service Day One strategy was a very thorough and well thought-out plan. For example, the Postal Service's risk management and prioritization was appropriate, and the extent of disruption to the supply chain and potential changes in mail volume and compositions were taken into account. Further, the Postal Service has assigned responsibility for providing information on status and any recovery or response activities to employees, contractors, customers, and public, as necessary.

We agree with the Office of Management and Budget's assessment of the Postal Service's Day One strategy. As a result, we believe the Postal Service's strategy should help it effectively manage risks associated with the rollover period and better position itself to address any disruptions that may occur.

## APPENDIX A PRIOR INSPECTOR GENERAL Y2K REPORTS

The Office of Inspector General and GAO established a joint partnership in the fall of 1998 to work on Y2K issues which led to February 1999 testimony before three House subcommittees. The Inspector General's (IG) testimony on the Postal Service Year 2000 Initiative (Report No. IS-TR-99-001 dated February 23, 1999), addressed major challenges facing the Postal Service. These included: developing and implementing a business continuity and contingency plan; determining whether external suppliers and Postal facilities are Y2K ready; deploying solutions and testing mail processing equipment; and reviewing, correcting, and testing information systems, data exchanges, information technology infrastructure. The GAO delivered testimony entitled "Year 2000 Computing Crisis: Challenges Still Facing the U.S. Postal Service" (GAO/T-AMID-99-86, dated February 23, 1999) which addressed Y2K operational issues similar to those presented in the IG testimony.

In December 1999, we issued two Y2K reports. The first report is entitled "Year 2000 Initiative: Status of Postal Service Year 2000 Readiness" (Report Number IS-AR-00-002, dated December 3, 1999). In that report we provided the September 1999 status of Postal Service Y2K initiatives relating to the readiness of information systems, data exchanges, contingency plans, mail processing equipment, suppliers, facilities, business continuity plans and testing.

The second report entitled "Year 2000 Business Contingency and Continuity Planning: Plan Development and Testing" (Report No. TR-AR-00-001 dated December 3, 1999) noted that it may not be practical to refine all contingency and continuity plans by the end of the year, but the Postal Service should concentrate on those of highest impact to its operations. We recommended that the Postal Service expand testing to those areas where plans are not fully developed. We also recommended management ensure that proposed quality assurance steps be taken to ensure that plans are adequately integrated with other supporting plans and organizational initiatives, and are properly tested. In short, comprehensive plans for all severe or critical systems and for all high-impact failure scenarios should be pursued.

In November 1999, we issued a Y2K report entitled "Year 2000 Initiative: Suppliers, Mail Processing Equipment, Facilities, and Embedded Chips" (Report No. IS-AR-00-001 dated November 30, 1999) noted the Postal Service needed to place more emphasis on the issue of alternative supplier arrangements. Specifically, we recommended that the Postal Service needed to develop supplier contingency plans and establish a no-later-than date when it will look to these alternative suppliers to take over for its at-risk critical suppliers, i.e., suppliers who may not be Y2K ready or who have already reported their inability to become Y2K ready. We also recommended that the Postal Service closely monitor and spot check mail processing equipment software deployment actions in the field to ensure installation of the proper, Y2K compliant software.

In September 1999, we issued a Y2K report entitled "Year 2000 Business Continuity and Contingency Planning: Initiation and Business Impacts" (Report Number TR-AR-99-002, dated September 29, 1999). This report addressed the overall progress the Postal Service made, the effectiveness of the management structure and strategy for business continuity planning, and the adequacy of the Postal Service's assessment of the potential business impacts resulting from Y2K disruptions. We made several recommendations, which will help the Postal Service strengthen its strategy for reducing potential Y2K disruptions.

In September 1999, we issued a Y2K report entitled "Year 2000 Initiative Review of Administration: Status Report on Postal Service Year 2000 Readiness" (Report Number IS-AR-99-002, dated September 20, 1999). In that report we provided the May 1999 status of Postal Service Y2K initiatives relating to the readiness of information systems, data exchanges, contingency plans, mail processing equipment, suppliers, facilities, business continuity plans and testing. We noted that the Postal Service had made varying levels of progress in the area of component contingency plans and limited progress in the areas of facilities, business continuity plans and recovery management planning, external suppliers and information systems readiness testing. We reported that the Postal Service is actively engaged in accomplishing these Y2K tasks.

In July 1999, we issued a Y2K report entitled "Year 2000 Initiative: Review of Administration Management" (Management Advisory Report No. FR-MA-99-002, dated July 7, 1999). Among the more significant issues, we noted were that adequate controls were not always in place to monitor contractor activities, information had not always been provided to Integrated Business Systems Solutions Center personnel to help in controlling Y2K resources, and work products provided by contractor personnel were not always timely or adequate. We also noted issues with unnecessary layers of contractor management, numbers or expertise of contractor personnel, security clearances, and deviations from the Postal Service travel regulations granted to one contractor. The Postal Service management concurred with seven of our eight suggestions for opportunities to save resources.

In February 1999, we issued a Y2K report entitled "Year 2000 Initiative: Program Management Reporting" (Report No. IS-AR-99-001, dated February 18, 1999) that addressed quality and reliability of Y2K information reported to senior managers. We found that Y2K briefings and reports to senior management were not always complete, consistent, or clear. Y2K briefings did not include a standard report on the overall status of Y2K progress and were not provided at regularly scheduled intervals. As a result, senior managers were not always able to use the information to monitor Y2K progress and make timely and informed decisions. The Postal Service management concurred with our findings and recommendations.

In September 1998, we issued a Y2K report entitled "Year 2000 Initiative: Post Implementation Verification" (Report No. IS-AR-98-003, dated September 29, 1998), that involved an assessment of the efficiency and effectiveness of the process implemented as an independent check on the Postal service remediation efforts. This report recommended the Postal Service modify its system certification and post implementation verification procedures to improve the quality of systems sent to verification as well as the process itself. The Postal Service management concurred with our findings and recommendations.

In July 1998, we issued a Y2K report, entitled "Year 2000 Initiative: Status of the Renovation, Validation, and Implementation Phases" (Report No. IS-AR-98-002, dated July 21, 1998), that involved a preliminary assessment of the renovation, validation, and implementation phases of the Postal Service Year 2000 Initiative. It contained recommendations for improvement in several areas including accurately reporting the compliance status of systems applications. The Postal Service's management concurred with our findings and recommendations.

Our first Y2K report entitled "Year 2000 Initiative" (Report No. IS-AR-98-001 dated March 31, 1998) examined the awareness and assessment phases of the Postal Service Y2K Initiative and made recommendations for improvement in several areas including assigning accountability to responsible managers. The Postal Service's management concurred with our findings and recommendations.

We also issued a letter report, entitled "Y2K Contract Indemnification Advisory Letter" (Report No. CA-LA-98-001, dated July 7, 1998). That letter addressed negotiations between the Postal Service and a consulting firm regarding the Y2K program management contract's indemnification clause. That letter contained suggestions to the Postal Service's management regarding the indemnification issue.

## APPENDIX B. MANAGEMENT'S COMMENTS

CLARENCE E. LEWIS, JR.  
CHIEF OPERATING OFFICER,  
EXECUTIVE VICE PRESIDENT



December 7, 1999

RICHARD CHAMBERS  
ASSISTANT INSPECTOR GENERAL FOR PERFORMANCE

SUBJECT: Response to Draft Audit Report--Year 2000 Business Continuity and Contingency  
Planning: Day One Strategy (TR-AR-00-DRAFT)

Thank you for providing the opportunity to respond to the Office of Inspector General (OIG) draft audit report on "Year 2000 Business Continuity and Contingency Planning: Day One Strategy." The audit noted the Postal Service has established an effective infrastructure and process to communicate, react to, and track resolution of potential Year 2000 failures. The report also noted that the Postal Service has developed a complete Day One strategy to position itself to readily identify Year 2000 problems and make needed corrective actions if necessary. We concur with the audit findings and recommendations and have attached our responses to this memo.

I am aware that Mitzi Betman, the Postal Service Recovery Management process owner, engaged your team early and frequently throughout the Day One strategy development process to assist us in our task. It is this type of mutually supportive effort that assisted us in developing a comprehensive and sound Day One plan. This spirit of cooperation helped us work more productively toward the achievement of a common goal--to develop and communicate a Day One strategy that is effective in mitigating the impact of any disruptions we may face as we usher in year 2000. As you noted, the plan is consistent with government and industry guidelines and is a complete and effective tool to manage this critical aspect of the Year 2000 Initiative.

I believe it is worthwhile to highlight the stated purpose of the Recovery Management Day One Planning and Operations Guide, which is both our goal and our expectation:

"The purpose of the Day One Planning and Operations Guide is to ensure that during the Year 2000 transition, the Postal Service operates in a relatively uneventful and business-as-usual manner, exceeding the expectations of both customers and employees."

Recovery Management, one of the final steps of the Year 2000 program, is critical to the success of the Initiative. To the extent the OIG suggested areas of improvement or identified issues and risks during the development process, we were able to respond without affecting the schedule. With approximately thirty days remaining before the end of the year, this interface was even more important.

Again, thank you for your assistance and the opportunity to comment on this very constructive report. If you require additional information, please feel free to contact Mitzi R. Betman at (202) 268-2285.

A handwritten signature in black ink, appearing to read "Clarence E. Lewis, Jr.", written over a circular stamp or seal.

C. E. Lewis, Jr.

Enclosure

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**Response to Recommendations  
Draft Audit Report – (TR-AR-00-DRAFT)  
Year 2000 Business Continuity and Contingency Planning:  
Day One Strategy**

**Recommend that the Chief Operating Officer monitor Day One activities to ensure that:**

**1. Employees critical to implementing the Day One strategy will be available during rollover.**

**Response:** We agree with the recommendation as stated. Detailed 24-hour “Day One” schedules have been developed for the National Operations Center (NOC), the Area Postal Operations Centers (POCs), the Information Systems Command and Control Center (ISCC), the Engineering Command Center, the Inspection Service Command Center, as well as Network Operations Management, Communications, and Business Service Network. Completed duty rosters of the essential personnel scheduled for the above areas will be provided to each officer and to the Office of Inspector General. Additionally, the officers will be required to provide a detailed list of those individuals on call or on-duty during the rollover period to the Chief Operating Officer.

**2. All Day One activities are completed as scheduled.**

**Response:** We agree with the recommendation as stated. As with other aspects of the Year 2000 Initiative, the Day One activities will continue to be monitored at all levels of the organization so that the Day One strategy will be implemented as planned. Two internal oversight bodies - the Year 2000 Program Executive Council and the Business Continuity Planning/Recovery Management Planning Executive Steering Committee - track and monitor progress against the plan. During the actual rollover period, the Chief Operating Officer will monitor Day One activities.

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**Major Contributors to  
This Report**

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