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United States Senate

COMMITTEE ON SMALL BUSINESS
WASHINGTON, DC 20510-6350

EMILIA DSANTO, STAFF DIRECTOR
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November 17, 1999

The Honorable Aida Alvarez
Administrator
Small Business Administration
409 Third Street, SW
Washington, DC 20416

Dear Administrator Alvarez:

The Year 2000 (Y2K) information systems crisis poses formidable challenges to all organizations, including the Small Business Administration (SBA). In that regard, on February 12, 1999 the Committee on Small Business (Committee) requested the General Accounting Office (GAO) to verify that SBA's mission critical systems are fully prepared for Year 2000 (Y2K).

In July 1999, GAO reported to the Committee on its finding that the SBA lacked reasonable assurance that its systems were Y2K ready because of inadequate information systems testing. As a result of that report, the Committee requested that the SBA prepare monthly reports on its progress to implement GAO's recommendations and that GAO brief the Committee on its reviews of the SBA's monthly reports.

On October 28, 1999, GAO briefed the Committee on the results of the SBA's October Y2K report. GAO reported that the SBA is taking steps to address their recommendations to:

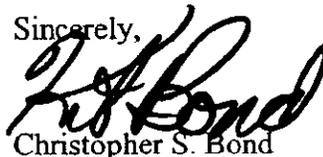
- ensure that software supporting key business process has been adequately tested;
- involve users in all phases of additional testing; and
- obtain Independent Verification & Validation (IV&V) to certify that each mission-critical system is Y2K ready.

GAO also reported that "SBA still has not provided evidence that it has conducted end-to-end testing for each core business area or function. As a result, SBA does not yet have reasonable assurance that its systems will work together to support its core business functions beyond 1999."

While the results of the SBA's efforts to date are encouraging, the SBA must continue its efforts to address GAO's recommendations in a timely manner as only 44 days remain until the new millennium. I am hopeful that with this continued effort, you and this Committee will have assurances that the SBA's mission critical systems are in fact Y2K ready on January 1, 2000.

Thank you for assisting us in this important matter. Please contact Paul Cooksey or Paul Conlon at 202-224-5175 should you have any questions regarding this request.

Sincerely,



Christopher S. Bond
Chairman