

LBA Special Report Summary:

Year 2000 Computing Crisis Special Report - March 1999

This special project evaluates Year 2000 readiness for critical functions performed by State agencies. We identified and ranked critical State functions, evaluated their Year 2000 readiness, as well as contingency planning, and issued a "report card" grading remediation efforts by the agencies responsible for the functions.

Scope, Objectives, And Methodology

We developed criteria for ranking the State's most critical functions and identifying the systems required to fulfill those functions. We defined Tier 1 systems as those related to ensuring the immediate life, health, or safety of the State's residents. Tier 2 systems are those related to providing immediate benefits to the State's residents, which includes wage and benefit payments, and revenue collection for which the State is responsible. Generally, we set a minimum threshold of \$25 million in annual revenue for a system to be included in Tier 2. Finally, Tier 3 systems are those related to agencies performing their missions and maintaining public confidence in the State's government. These missions consist of oversight of entities, regulation and licensing, and several areas of service provision.

We focused our efforts on functions and systems in Tiers 1 and 2 which included 16 State agencies and 41 functions. We conducted on-site interviews with agency personnel and reviewed agency Year 2000 remediation documentation regarding computing, data exchange, embedded systems, as well as contingency planning efforts.

According to the Division of Information Technology Management (DITM) the State has adopted the Year 2000 project management methodology used by the federal government. This approach was developed by the federal General Accounting Office (GAO) and culminates in Year 2000 compliance using the following five phases: awareness, assessment, correction or renovation, validation or testing, and implementation.

Letter grades range from "A" through "F" depending upon where the critical function falls within the five-phase conversion model. Our report card grades critical State functions in Tier 1 and Tier 2 as of February 26, 1999. We chose this date as it represents the last day of our fieldwork for this special project and it was the last date we accepted additional documentation from agencies. However, it should be noted that the grades we assigned to the different functions should change as time progresses. We expect that the level of Year 2000 compliance will increase throughout the remainder of 1999.

Findings

Our findings indicate that State agencies still have work to do before being able to certify their ability to provide critical government functions which are dependent upon automated computing,

data exchange, and embedded systems. We found that a great deal of time and effort has been expended on identifying and remediating computing and data exchange systems. However, documentary evidence for testing and contingency planning is generally insufficient, and not enough attention has been paid to the issue of embedded systems.

We found a few agencies were very close to Year 2000 readiness for their critical functions, but many others still have a great deal of work to do. We also found contingency planning efforts need to be markedly improved across the board. Finally, it appears to us that more direct guidance and coordination among agencies should be coming from a centralized source. We believe that this centralized source should have the responsibility and resources to review documentation regarding agency remediation efforts, as well as actively assist agencies in contingency planning, particularly those agencies which are likely not to have their critical functions compliant by the critical date

It must be emphasized that the level of Year 2000 readiness among the State's critical functions changes weekly. Therefore, the grade we reported for several functions may change for the better as the critical date of July 1, 1999 approaches. As such, the centralized source recommended above should keep the Legislature apprised of changes in Year 2000 readiness for critical functions.