

H. CARL McCALL
STATE COMPTROLLER



A.E. SMITH STATE OFFICE BUILDING
ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

April 26, 1999

Mr. Joseph J. Seymour
Commissioner
Office of General Services
Corning Tower, 41st Floor
Empire State Plaza
Albany, NY 12242

Re: Report 99-Y-16

Dear Mr. Seymour:

To assist in your oversight of the Office of General Services' (OGS) Year 2000 compliance progress, we reviewed selected steps being taken by OGS, as of March 23, 1999, to make the Human Resources System (NextStep) and the IBM Mainframe Hardware and Operating System (Data Center) Year 2000 compliant. These systems have been designated "high priority" systems by New York State's Office For Technology (OFT), which is responsible for overseeing the State's Year 2000 readiness. OFT also designated the OGS Procurement Services Group Commodities Contracts System as a high priority system. However, it was not a computer system. Rather, it was an OGS project to develop Year-2000 warranty language to be added to State contracts. The project has been completed and Year-2000 warranty language is now included in Appendix B (OGS General Specifications) of all new State contracts. Therefore, our review did not include the Commodities Contracts System.

In an effort to better leverage the State's resources, OFT coordinated an effort involving OGS and four other agencies, to develop NextStep, a common human resource management system. NextStep is to replace OGS's current antiquated human resource management system. NextStep will provide OGS with on-line capability to store and retrieve data, track human resource processes, provide interactive edit checks, and generate electronic notifications. OFT has engaged the Department of Civil Service (Civil Service) as the lead agency for developing NextStep. The OGS Data Center consists of the hardware, operating system, and related software which host customer agencies' applications.

The steps we selected for review pertained to Year 2000 project planning and management, Year 2000 systems testing, identification and correction of systems data exchanges, and the establishment of contingency plans for continuing important business and service functions in the event of a Year 2000-related failure. The objective of our review was to assess whether OGS appears to be taking the necessary steps to address Year 2000 problems related to NextStep and the Data Center. To complete our review we interviewed OGS personnel and reviewed OGS documents. In addition,

we obtained and analyzed OGS responses to a Year 2000 assessment questionnaire that we designed (see attached Tables). Unlike an audit, a review does not include testing or verification of information and records provided by OGS and does not include a review of internal controls. Therefore, we cannot conclude whether NextStep and the Data Center will be Year 2000 compliant in a timely manner.

The results of our review show that OGS is taking many of the steps necessary to address Year 2000 problems related to NextStep and the Data Center. For example:

- Efforts to correct NextStep and the Data Center are covered by written Year 2000 project plans, and OGS management monitors the efforts.
- There are plans for testing the Data Center and guidance is available for completing the testing.
- The Data Center has no data exchange partners, but all agencies that use the Data Center have been identified and contacted concerning OGS efforts that may affect their applications. OGS has identified NextStep's data exchanges, and plans to establish procedures and files to receive data from its exchange partner.
- OGS has prepared formal draft contingency plans to ensure the continuance of business and service functions that are dependent on NextStep and the Data Center, and is in the process of finalizing those plans. We encourage OGS to continue its contingency planning process.

However, we are concerned with the development status of NextStep as it is currently only in the General Design phase. Civil Service, as the lead agency responsible for developing NextStep, has scheduled testing for October 1999, with implementation of the system to occur in November 1999. Civil Service has not yet shared any testing methodology with OGS. Since testing can consume considerable system development resources, we are concerned that with the test start date so close to the new millennium date, it may not afford either OGS or Civil Service sufficient time to address unforeseen events.

Major contributors to this review were Brian Reilly, James Brunt, Deb Spaulding, Jorge Vázquez, and Jerry Steigman.

Your comments to this review are welcomed. We wish to express our appreciation to the management and staff of the Office of General Services for the courtesies and cooperation extended to our auditors during this review, and hope that it is helpful to your Year 2000 monitoring and oversight responsibilities.

Very truly yours,

Frank J. Houston
Audit Director

cc: J. Gerard Foster, OGS
Gary Davis, OFT

**OFFICE OF GENERAL SERVICES
YEAR 2000 ASSESSMENT QUESTIONNAIRE
IBM MAINFRAME HARDWARE AND OPERATING SYSTEM (DATA CENTER)**

TABLE I

A colored "traffic light" Legend is included in the table below to assist management in focusing an appropriate level of attention on the issues identified in the Status and Comments sections of the Review Findings.

Legend:

	Status/Comments contain matters which may be of immediate concern to management.		Status/Comments contain matters which management may wish to consider.		Status/Comments do not contain issues which require immediate management consideration.
---	--	---	--	---	---

Review Findings:

	YEAR 2000 STEPS	STATUS	COMMENTS
	A. PROJECT PLANNING & MANAGEMENT		
	A1. Is there a written Year 2000 Project Plan and does it include/identify steps needed to correct the System in question?	Yes	OGS has a written Year 2000 plan in place for the Data Center.
	A2. Does the Plan (or any other available record) define what is meant by "compliance" when describing systems at the agency which are Year 2000 ready?	Yes	The Year 2000 plan defines compliance as systems correctly processing dates before and after January 1, 2000, recognizing Year 2000 as a leap year, and accepting and displaying dates unambiguously. The definition considers the remediation and testing of all external data exchanges.
	A3. Is there a written schedule covering the time frame for achieving compliance for the System in question?	Yes	OGS has a schedule in place for achieving compliance of the components of the Data Center. OGS conducted an inventory of all hardware and software within the Data Center, and maintains a system to track certification letters from vendors that would indicate whether or not their products are Year 2000 compliant. Most items that needed to be upgraded at the Data Center have been installed.

TABLE I (Cont'd.)

	YEAR 2000 STEPS	STATUS	COMMENTS
	A4. Is progress toward completion of the schedule for the System in question being monitored?	Yes	Progress was monitored, and the compliant operating system and related software are in production. The Year 2000 Project Office within OGS monitors the target dates established for the Data Center. The user agencies that have applications running on the Data Center have been made aware of the new versions of software so that they can migrate their applications.
	A5. Is the System in question meeting the schedule (no significant slippage being reported)?	Yes	The System is meeting the schedule. OGS officials told us their ongoing monitoring efforts will ensure that the Data Center will be Year 2000 ready. Further, OGS and the user agencies together arrange user agency migration efforts, which comprise the majority of the remainder of the Data Center project. OGS officials pointed out that its Data Center is part of the New York State Data Center Consolidation effort and is scheduled to cease operations in the Summer 1999.
	B. TEST PLANS		
	B1. Is there a documented test plan and does it include/identify steps needed to ensure that the System in question will process as expected after it has been corrected to comply with Year 2000?	Yes	The plan identifies steps OGS is taking regarding the testing of the Data Center. OGS researches compliance of upgraded versions of new hardware and software, obtains vendor certifications, where possible, and tests these items before installing them in the production environment. This is accomplished under normal systems testing.
	C. DATA EXCHANGES		
	C1. Have all data exchange partners/interfaces for the System in question been identified and included on a written inventory record?	Yes	The Data Center has no data exchanges. OGS has contacted all user agencies running applications on the Data Center and informed them that they are responsible for their respective data exchanges.
	C2. Have data exchange interfaces been considered in the overall Year 2000 Project Plan and the test plan covering the System in question?	Yes	The Project Plan did consider data exchange interfaces. The Data Center does not have any data exchange interfaces.

TABLE I (Cont'd.)

	YEAR 2000 STEPS	STATUS	COMMENTS
	D. CONTINGENCY PLANS		
	D1. Is there a written business contingency plan in place for the System in question and does the plan specify steps for completing vital business functions if the System in question is noncompliant or inoperable for Year 2000 purposes?	Yes	Contingency planning is considered in the Year 2000 project plan. OGS has prepared a draft contingency plan for the Data Center in accordance with OFT guidelines, and is in the process of finalizing the plan. The remediation and upgrade effort itself for the Data Center may be viewed as contingency planning, as the OGS Data Center is part of the New York State Data Center Consolidation effort. It is scheduled to cease operations in the Summer 1999. User agency applications residing on the Data Center will be moved to the Consolidated Data Center.

**OFFICE OF GENERAL SERVICES
YEAR 2000 ASSESSMENT QUESTIONNAIRE
HUMAN RESOURCES SYSTEM (NEXTSTEP)**

TABLE II

A colored "traffic light" Legend is included in the table below to assist management in focusing an appropriate level of attention on the issues identified in the Status and Comments sections of the Review Findings.

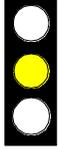
Legend:

	Status/Comments contain matters which may be of immediate concern to management.		Status/Comments contain matters which management may wish to consider.		Status/Comments do not contain issues which require immediate management consideration.
---	--	---	--	---	---

Review Findings:

	YEAR 2000 STEPS	STATUS	COMMENTS
	A. PROJECT PLANNING & MANAGEMENT		
	A1. Is there a written Year 2000 Project Plan and does it include/identify steps needed to correct the System in question?	Yes	OGS has a written Year 2000 plan in place for NextStep.
	A2. Does the Plan (or any other available record) define what is meant by "compliance" when describing systems at the agency which are Year 2000 ready?	Yes	The Year 2000 plan defines compliance as systems correctly processing dates before and after January 1, 2000, recognizing Year 2000 as a leap year, and accepting and displaying dates unambiguously. The definition considers the remediation and testing of all data exchanges.
	A3. Is there a written schedule covering the time frame for achieving compliance for the System in question?	Yes	A written schedule is in place for NextStep. The system is in the General Design phase as of our review. It is scheduled to be implemented at OGS in November 1999.
	A4. Is progress toward completion of the schedule for the System in question being monitored?	Yes	OGS management is closely monitoring progress on the NextStep project.

TABLE II (Cont'd.)

	YEAR 2000 STEPS	STATUS	COMMENTS
	A5. Is the System in question meeting the schedule (no significant slippage being reported)?	Yes	The project does not appear to be experiencing significant slippage. NextStep is scheduled to be implemented in November 1999. However, we are concerned that with the implementation date so close to the new millennium date, it may not afford Civil Service and OGS sufficient time to address unforeseen events.
	B. TEST PLANS		
	B1. Is there a documented test plan and does it include/identify steps needed to ensure that the System in question will process as expected after it has been corrected to comply with Year 2000?	No	OGS does not have a documented test plan for NextStep. The Department of Civil Service has scheduled testing of NextStep to begin October 1999, and had not shared any testing methodology with OGS as of our review. Since testing can consume considerable system development resources, we are concerned that with the test start date so close to the new millennium date, it may not afford the Department of Civil Service and OGS sufficient time to address unforeseen events.
	C. DATA EXCHANGES		
	C1. Have all data exchange partners/interfaces for the System in question been identified and included on a written inventory record?	Yes	All data exchange partners have been identified and included in a written inventory.
	C2. Have data exchange interfaces been considered in the overall Year 2000 Project Plan and the test plan covering the System in question?	Yes	Data exchanges have been considered in the overall Year 2000 Project Plan. OGS and its partners are in the process of addressing the exchanges.
	D. CONTINGENCY PLANS		
	D1. Is there a written business contingency plan in place for the System in question and does the plan specify steps for completing vital business functions if the System in question is noncompliant or inoperable for Year 2000 purposes?	Yes	Contingency planning is considered in the Year 2000 project plan. OGS has prepared a draft contingency plan for the NextStep in accordance with OFT guidelines, and is in the process of finalizing the plan. Plans to dismantle OGS' antiquated human resources system (Wang), which will be inoperable after 1999, include the conversion of data and hardcopy retention of any needed records. OGS plans to process human resource functions manually if necessary.