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February 19, 1999

Mr. Robert R. Snashall
Chairman
Workers' Compensation Board
100 Broadway
Menands, NY 12241

Re: Report 99-Y-3

Dear Mr. Snashall:

To assist in your oversight of the Workers' Compensation Board's (Board) Year 2000 compliance progress, we reviewed selected steps being taken by the Board, as of January 7, 1999, to make the Carrier Assessment and Reimbursement System (System) Year 2000 compliant. This System has been designated a "mission critical" system by New York State's Office for Technology (OFT), which is responsible for overseeing the State's Year 2000 readiness. The System establishes and maintains carrier information, accumulates balances of securities for self-insured employers, calculates assessments and produces invoices and statements sent to the carriers, and tracks collections received. The steps we selected for review pertained to Year 2000 project planning and management, Year 2000 System testing, identification and correction of System 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 the Board appears to be taking the necessary steps to address Year 2000 problems related to the System. To complete our review we interviewed Board personnel and we reviewed Board documents. In addition, we obtained and analyzed Board responses to a Year 2000 assessment questionnaire that we designed (see the attached Table). Unlike an audit, a review does not include testing or verification of information and records provided by the Board and does not include a review of internal controls. Therefore, we cannot conclude whether the System will be Year 2000 compliant in a timely manner.

The results of our review show that the Board is taking many of the steps necessary to address Year 2000 problems related to the System. For example:

- Efforts to correct the System are covered by a written Year 2000 schedule and the

- Board's management monitors the schedule.
- There is a plan for testing the System and a testing strategy is developed. Users are involved in System testing and they will sign-off upon completion of testing.
- The Board has determined that there are no internal or external data exchanges with the System.

However, there are special Year 2000 dates (i.e., leap year, invalid dates, etc.) that should be added to the test scenarios for the System, to verify that all calculations found in the application work. In addition, as a result of our visit, the Board prepared a contingency statement to ensure the continuance of business and service functions, which are dependent upon the System.

Major contributors to this review were Brian Reilly, James Brunt, and Jorge Vázquez.

Your comments to this review are welcomed. We wish to express our appreciation to the management and staff of the Workers' Compensation Board 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: Paul DeBarbieri, WCB
Gary Davis, OFT

**WORKERS' COMPENSATION BOARD
YEAR 2000 ASSESSMENT QUESTIONNAIRE
CARRIER ASSESSMENT AND REIMBURSEMENT SYSTEM**

TABLE

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	A Project Plan has been prepared and a software product is used for project tracking and reporting.
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	Adopted the OFT definition of compliant, as completion of all remediation and tests under the Board's control, and returning the System to production. The Board adds to this definition, compliance with all external data exchange partners, where pertinent.
A3. Is there a written schedule covering the time frame for achieving compliance for the System in question?	Yes	Schedules are in place.
A4. Is progress toward completion of the schedule for the System in question being monitored?	Yes	Progress is adequately measured through monthly reports. There are quarterly reports to the Chairman.
A5. Is the System in question meeting the schedule (no significant slippage being reported)?	Yes	System is meeting the schedule.

TABLE (Cont'd)

YEAR 2000 STEPS	STATUS	COMMENTS
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	A test plan is in place. A test strategy allows for advancing every date in the System one, two, or three years and also advancing (simulating) the System date in similar fashion. However, there are special Year 2000 dates (i.e., leap year, invalid dates, etc.) that should also be tested in the System to verify that all calculations work. There is user involvement in the testing phase.
C. DATA EXCHANGES		
C1. Have all data exchange partners and interfaces for the System in question been identified and included on a written inventory record?	Yes	The Board has determined that there are no internal or external exchanges with the System.
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 Board has determined that there are no other systems that exchange data with the System.
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?	Pending	There have been some preliminary discussions about contingencies and a contingency statement was recently completed.