

H. CARL McCALL  
STATE COMPTROLLER



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

STATE OF NEW YORK  
**OFFICE OF THE STATE COMPTROLLER**

March 12, 1999

Mr. Alexander F. Treadwell  
Secretary of State  
NYS Department of State  
41 State Street  
Albany, NY 12231-0001

Re: Report 99-Y-6

Dear Mr. Treadwell:

To assist in your oversight of the Department of State's (Department) Year 2000 compliance progress, we reviewed selected steps being taken by the Department, as of February 18, 1999, to make the Corporation Information (Corporation) and Security Guard Licensing (Licensing) systems Year 2000 compliant. These systems have been designated "mission critical" systems by New York State's Office for Technology (OFT), which is responsible for overseeing the State's Year 2000 readiness. The Corporation system facilitates registering and tracking companies incorporated in New York State. The Licensing system tracks individuals who are licensed security guards or who are attempting to become licensed security guards in the State. 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 Department appears to be taking the necessary steps to address Year 2000 problems related to the Corporation and Licensing systems. To complete our review we interviewed Department personnel and reviewed Department documents. In addition, we obtained and analyzed Department responses to a Year 2000 assessment questionnaire that we designed (see the attached Tables). Unlike an audit, a review does not include testing or verification of information and records provided by the Department and does not include a review of internal controls. Therefore, we cannot conclude whether the Corporation and Licensing systems will be Year 2000 compliant in a timely manner.

The results of our review show that the Department is taking many of the steps necessary to address Year 2000 problems related to the Corporation and Licensing systems. For example:

- Efforts to correct the Corporation and Licensing systems were covered by a written Year 2000 project plan and schedule, and Department management monitored the efforts.
- There were plans for testing the Corporation and Licensing systems and guidance was available for completing testing. Users were involved in testing the systems and they signed off upon the completion of testing.
- All data exchanges with the Corporation and Licensing systems have been identified and appropriate correction of data exchanges have been made.

However, the Department is in the initial stages of drafting contingency plans to ensure the continuance of business and service functions, which are dependent on the Corporation and Licensing systems. Without such plans, should either system experience a Year 2000-related failure, the Department may not be prepared to provide for such functions. We encourage the Department to expedite its contingency planning process.

Major contributors to this review were Brian Reilly, Jim Brunt, Jorge Vazquez, and Jerry Steigman.

Your comments to this review are welcomed. We wish to express our appreciation to the management and staff of the Department of State 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: Samuel E. Messina, DOS  
Gary Davis, OFT

**TABLE I**

**DEPARTMENT OF STATE  
YEAR 2000 ASSESSMENT QUESTIONNAIRE  
CORPORATION INFORMATION SYSTEM**

	<b>YEAR 2000 STEPS</b>	<b>STATUS</b>	<b>COMMENTS</b>
	<b>A. PROJECT PLANNING &amp; MANAGEMENT</b>		
	A1. Is there a written Year 2000 Project Plan and does it include/identify steps needed to correct the System in question?	Yes	The Department created a project plan that established the scope and approach used to verify Year 2000 compliance of the System. The plan outlines steps for all phases of the project.
	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	Although the Department did not establish a formal definition of compliance, it has worked under the OFT definition for "compliance." In addition, the Department considers if the system correctly calculates, compares, formats, and sorts dates from, into, and between 19xx and 20xx and properly recognizes Year 2000 as a leap year.
	A3. Is there a written schedule covering the time frame for achieving compliance for the System in question?	Yes	There is a written schedule for the System which was used to assist in the development of the overall project schedule.
	A4. Is progress toward completion of the schedule for the System in question being monitored?	Yes	Daily progress was monitored and tracked through bi-weekly status reports. In addition, executive management was provided monthly reports.
	A5. Is the System in question meeting the schedule (no significant slippage being reported)?	Yes	Work on the System is complete and it is in production.

**TABLE I (Cont'd)**

	<b>YEAR 2000 STEPS</b>	<b>STATUS</b>	<b>COMMENTS</b>
	<b>B. TEST PLANS</b>		
	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 Department used a standard testing procedure to guide its efforts, which was expanded to include testing in an environment capable of simulating the century change. The environment was configured to represent processing periods from December 1999 into February 2000. All test output was reviewed and verified correct by users of the System.
	<b>C. DATA EXCHANGES</b>		
	C1. Have all data exchange partners/interfaces for the System in question been identified and included on a written inventory record?	Yes	All data exchanges and partners were identified and included in an inventory. The exchanges were remediated and tested with their corresponding systems.
	C2. Have data exchange interfaces been considered in the overall Year 2000 Project Plan and the test plan covering the System in question?	Yes	While data exchange interfaces were not explicitly mentioned in the project plan, they have received needed emphasis. It is Department practice to assure that data exchanges with external entities are identified, remediated and tested to be Year 2000 compliant. All incoming data was evaluated and if no renovation actions were planned by the suppliers of the non-compliant data, the Department converted the incoming data to Year 2000 format using a "windowing" technique.

**TABLE I (Cont'd)**

	<b>YEAR 2000 STEPS</b>	<b>STATUS</b>	<b>COMMENTS</b>
	<b>D. CONTINGENCY PLANS</b>		
	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?	No	The Department is in the initial stages of drafting contingency plans for their critical systems to conform with OFT guidelines.

Color 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.

**TABLE II**

**DEPARTMENT OF STATE  
YEAR 2000 ASSESSMENT QUESTIONNAIRE  
SECURITY GUARD LICENSING SYSTEM**

	<b>YEAR 2000 STEPS</b>	<b>STATUS</b>	<b>COMMENTS</b>
	<b>A. PROJECT PLANNING &amp; MANAGEMENT</b>		
	A1. Is there a written Year 2000 Project Plan and does it include/identify steps needed to correct the System in question?	Yes	The Department created a project plan that established the scope and approach used to verify Year 2000 compliance of the System. The plan outlines steps for all phases of the project.
	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	Although the Department did not establish a formal definition of compliance, it has worked under the OFT definition for "compliance." In addition, the Department considers if the system correctly calculates, compares, formats, and sorts dates from, into, and between 19xx and 20xx and properly recognizes Year 2000 as a leap year.
	A3. Is there a written schedule covering the time frame for achieving compliance for the System in question?	Yes	There is a written schedule for the System, which was used to assist in the development of the overall project schedule.
	A4. Is progress toward completion of the schedule for the System in question being monitored?	Yes	Daily progress was monitored and tracked through bi-weekly status reports. In addition, executive management was provided monthly reports.
	A5. Is the System in question meeting the schedule (no significant slippage being reported)?	Yes	Work on the System is complete and the system is in production.

**TABLE II (Cont'd)**

	<b>YEAR 2000 STEPS</b>	<b>STATUS</b>	<b>COMMENTS</b>
	<b>B. TEST PLANS</b>		
	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 Department used a standard testing procedure to guide its efforts, which was expanded to include testing in an environment capable of simulating the century change. The environment was configured to represent processing periods from December 1999 into February 2000. All test output was reviewed and verified correct by users of the System.
	<b>C. DATA EXCHANGES</b>		
	C1. Have all data exchange partners/interfaces for the System in question been identified and included on a written inventory record?	Yes	All data exchanges and partners were identified and included in an inventory. The exchanges were remediated and tested with their corresponding systems.
	C2. Have data exchange interfaces been considered in the overall Year 2000 Project Plan and the test plan covering the System in question?	Yes	While data exchange interfaces were not explicitly mentioned in the project plan, they have received needed emphasis. It is Department practice to assure that data exchanges with external entities are identified, remediated, and tested to be Year 2000 compliant. All incoming data was evaluated and if no renovation actions were planned by the suppliers of the non-compliant data, the Department converted the incoming data to Year 2000 format using a "windowing" technique.

**TABLE II (Cont'd)**

	<b>YEAR 2000 STEPS</b>	<b>STATUS</b>	<b>COMMENTS</b>
	<b>D. CONTINGENCY PLANS</b>		
	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?	No	The Department is in the initial stages of drafting contingency plans for their critical systems to conform with OFT guidelines.

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	Status/Comments do not contain issues which require immediate management consideration.