

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

**REVIEW OF
AUDITOR-GENERAL'S REPORT
NO 2, 1999**

The Management of Year 2000 Risks – Interim Report

**STANDING COMMITTEE FOR THE CHIEF MINISTER'S PORTFOLIO
(INCORPORATING THE PUBLIC ACCOUNTS COMMITTEE)**

Public Accounts Committee Report Number 22

August 1999

RESOLUTION OF APPOINTMENT

The Standing Committee for the Chief Minister's Portfolio was appointed by the Legislative Assembly on 28 April 1998 to examine any matter under the responsibility of the Chief Minister's portfolio. The Assembly also resolved that the committee perform the duties of a public accounts committee, specifically:

- (a) to examine:
 - (i) the accounts of the receipts and expenditure of the Australian Capital Territory;
 - (ii) the financial affairs of authorities of the Australian Capital Territory; and
 - (iii) all reports of the Auditor-General which have been laid before the Assembly;
- (b) to report to the Assembly, with such comments as it thinks fit, on any items or matters in those accounts, statements and reports, or any circumstances connected with them, to which the Committee is of the opinion that the attention of the Assembly should be directed; and
- (c) to inquire into any question in connection with the public accounts which is referred to it by the Assembly and to report to the Assembly on that question.

MEMBERSHIP OF THE COMMITTEE

Mr Ted Quinlan MLA Committee Chair

Mr Trevor Kaine MLA Deputy Committee Chair

Mr Greg Cornwell MLA

Secretary: Bill Symington

1. INTRODUCTION

1.1. Auditor-General's Report No 2, 1999 was presented to the Assembly on 11 May 1999.

1.2. The report presents a summary of the results of a performance audit of the Year 2000 risk management by ACT public sector agencies and addresses management responses to risk in relation to computer hardware, software applications, operating systems and computerised applications which are embedded in any operational system. The audit focussed on the risk of failure of critical computerised systems within each agency.

1.3. The audit covered some 33 agencies of government and, it should be noted, many separate programs within those agencies.

2. COMMITTEE APPROACH

2.1. In the normal course, the committee seeks Government comment on audit findings and assesses such comment having regard to the audit and other factors.

2.2. In this case, the issues needed examination within an earlier time frame than would have been possible had the committee sought to obtain a Government response to the audit findings beforehand.

2.3. Accordingly, and with the agreement of the Government, the committee reviewed the audit findings with the assistance of senior departmental and agency officials in a public hearing on 25 June 1999. In that hearing, the committee focussed upon the Office of Information Technology and Multimedia within the Chief Minister's Department, the agency with prime responsibility for managing the overall Year 2000 risk, and took evidence from InTact, ACTEW, The Canberra Hospital and the Emergency Services Bureau as the ACT agencies with key responsibilities for the safety, welfare and infrastructure of the ACT community.

3. AUDIT FINDINGS

3.1. While the audit commented on each of the 33 or so agencies examined, the committee was principally concerned with the overall conclusions reached and specifically with conclusions in respect of the critical systems in key ACT agencies.

3.2. The audit found that there is still some considerable way to go before all critical systems and contingency and business continuity plans are Year 2000 ready. At the time of the audit it was estimated that a little over 50% of the ACT's critical systems would be Year 2000 ready by 30 June. The audit did not consider this a cause for alarm and noted that provided agencies were able to complete outstanding work highlighted by the audit,

particularly the modernisation of the ACT information technology infrastructure, all agencies should be ready by 31 December.¹

3.3. The audit also found that:²

- overall management of Year 2000 preparations were generally effective
- there are no assurances that interstate suppliers will provide continuing electricity
- the Emergency Services Bureau does not have statutory power to manage emergencies (although an Emergency Management Bill, to overcome this deficiency, is before the Assembly)

4. CONSIDERATION OF THE ISSUES

4.1. This audit is particularly time sensitive given the approaching end of year deadline. The committee was advised during the hearing that solid progress had been made since May and that Government agencies were on track to meet the necessary targets to ensure readiness by 31 December 1999. At the time of the hearing officials expected to have at least 50% of critical systems across government ready by 30 June.³

4.2. In the event, the committee was advised that at end July 70% of critical systems were compliant and 80% of contingency planning was in place across government. More specifically, the advice was that ACTEW had 100% contingency in place and The Canberra Hospital had 99% contingency in place for its biomedical systems.

Critical systems

4.3. The committee queried whether there was a difference between the Auditor-General and the Government on what constituted critical systems and was advised that the Government took a broader view than the audit. The Auditor-General tracked some 110 or 120 systems while agencies have been reporting on a monthly basis on some 400 systems, which include all the systems, examined by the audit.⁴

ACTEW

4.4. The Deputy Chief Executive of ACTEW was downbeat about the Year 2000 issue and advised that the Corporation is as well prepared as anybody can be on this matter. The point was made, however, that the high degree of emotionalism about the issue had been of value in forcing organisations to reassess operational contingency planning, automated systems and so on, and in causing organisations to reassess their response to risk management. Nevertheless, the Deputy Chief Executive was constrained to observe that many organisations were obliged

¹ Audit report p3

² ibid p6

³ transcript p2

⁴ ibid p3

to be restrained in how they articulate their degree of preparedness due to legal implications and the possibility of legal actions arising after Year 2000.⁵

4.5. The committee was advised that ACTEW is comfortable that its normal operations will cope with anything that might, in the very unlikely situation, occur. Expanding on that advice, the committee was told that the Local Government Electricity Association of NSW and ACTEW are working through a range of contingency plans, including re-starter systems, to ensure that all contingencies are in place.⁶

4.6. With regard to water supply, the committee was advised that there is a fair degree of comfort built into the capacity of the system so that in the normal course of events there will be 900 megalitres in city storage reservoirs and these will be full before the Christmas/New Year holiday period begins in line with normal practice. It was noted that this is a normal contingency to cover the one in 10 or 20 years possibility of an extremely hot spell for a week or two or bushfires, which could, in remote cases, cause a problem with the water supply. There will also be backup pumping capacity with alternative power supply to pump to the city from Stromlo.⁷

4.7. With regard to sewerage there is standby power at Lower Molonglo which, although it has never been used for an emergency, is tested regularly. The committee was advised that ACTEW has sufficient capacity to ensure that sewerage can be pumped to the rising main where it cannot flow by gravity.⁸

4.8. The committee was further advised that as part of its planning contingency ACTEW has taken into account the possibility of telecommunications failure and redundancy situations are built in down to and including trucks on the road and couriers in the worst possible scenario.⁹

Emergency Services

4.9. The Executive Director of the Emergency Services Bureau advised that there is an ACT disaster plan and that the Bureau is in the process of preparing a systemic technology failure sub-plan which will not only be significant for year 2000 issues but will provide opportunity to improve emergency planning.¹⁰

4.10. The committee was advised that the ACT disaster plan provides for contingency arrangements involving all utilities and infrastructure under an emergency management committee. This committee, chaired by the Bureau, comprises ACTEW, the Chief Health Officer, Department of Urban Services, the Department of Defence, the Chief Minister's Department and the Family Services Bureau. It meets every six weeks with planned activities and testing of improvements of the emergency management arrangements. The committee holds forums and, among other things, interrogates particular components of ACTEW.¹¹

⁵ ibid

⁶ ibid p4

⁷ ibid p5

⁸ ibid

⁹ ibid p6

¹⁰ ibid p11

¹¹ ibid p14

4.11. With regard to the Emergency Services Bureau itself, the committee was advised that critical communications systems management is being dealt with at a national level in co-ordination with Emergency Management Australia, Telstra, Optus and other carriers. The Bureau's critical systems management provides for it to operate independent of the power supply.

4.12. The committee was advised that the radio system is year 2000 compliant, that some parts of the electronic systems and the communications centre are not but the Bureau was confident of having appropriate equipment in place to meet compliance by end August.¹²

4.13. On 31 December 1999, the Bureau centre will be staffed, will have in place calling arrangements with back up radio communication should there be telecommunication failure.¹³

4.14. The audit noted that the Bureau does not have the statutory power to manage emergencies including those that may arise from year 2000 related failures.¹⁴ The Bureau advised that the Emergency Management Bill 1998 (introduced to the Assembly on 10 December 1998 and referred to the Assembly Standing Committee on Justice and Community Safety on 4 May 1999 for inquiry and report by the first sitting day of November 1999) will, if enacted, provide it with the necessary statutory emergency powers. The Bureau emphasised the importance of having the legislation in place before the end of the year in order to manage any emergency which may arise from the year 2000 issue.¹⁵

4.15. The Bureau advised that while the framework for managing a disaster is essentially in place, the legislation would ratify that framework and provide a legal basis for the Bureau to manage and deploy Territory resources in order to control a declared emergency.¹⁶

The Canberra Hospital

4.16. The committee was advised that the issues of power failure, gas outages, water shortages and equipment breakdown are things which may be faced by the Hospital on a day to day basis, although the year 2000 situation could cause failure of all systems at the same time. In that case, the Hospital would rely on the Emergency Services Bureau and broader Territory wide activities for support.¹⁷

4.17. The Hospital has addressed the issue in terms of software to run medical support systems (patient administration and medical records), biomedical equipment and building systems. These are being tested rigorously with a target of finalisation as to year 2000 compliance by September. The committee was advised that biomedical compliance tended to focus upon medico-legal issues where equipment produces a tape which indicates the date of a test. Where the date may indicate a test having taken place on say 1 January 1900, that can be rectified by certification of the correct date by a doctor or nurse.¹⁸

¹² ibid p13

¹³ ibid p15

¹⁴ audit report p6

¹⁵ transcript p11

¹⁶ ibid p32

¹⁷ ibid p17

¹⁸ ibid p18

4.18. The committee was advised that the Hospital is participating in a national program of formal accreditation of biomedical equipment through the College of Biomedical Engineers. Elsewhere, the Hospital is testing computer driven equipment in-house through the Biomedical Engineering Department. This program had found the level of non-compliance to be extremely low.¹⁹

4.19. As is the case with ACTEW, however, the Hospital anticipates that January will be the lowest activity period and it will be looking to ensure that so far as possible patients undergoing elective surgery will be scheduled so as to be discharged from hospital before the end of the year. Nevertheless, the Hospital has planned for contingencies with back-up generators and procedures for operating theatres.²⁰

4.20. The committee was advised that the Hospital target for full compliance was end August, although a small number of systems may come into compliance after that date.

InTact

4.21. InTact's responsibilities mainly relate to the provision of maintenance and management of the IT infrastructure and for the key whole of government systems of Perspect which underpins the human resource database, Oracle Financial which runs the accounting and budgetary systems, and the receipts and payments system.²¹

4.22. The committee was advised that modernisation of the government IT infrastructure which aimed to introduce one network was fortuitous in that the modernised environment would ensure that any year 2000 issues in relation to the base infrastructure would be dealt with on the way through. InTact expected that by end November most agencies would be connected to the wide area network and that all desk top equipment would be compliant with the requirements of the network. In particular, the committee was advised that InTact is working with its strategic partners – GE (supplying the desk top equipment), Telstra (supplying the basic network equipment and the fibre optic wide area network) and Fujitsu (providing elements of the network switchers and routers and server cluster equipment) to ensure that modernisation occurs within the timeframes that have been set.²²

4.23. With regard to contingency planning, InTact advised that it is focussing upon any slippage in the network but that the whole of government systems are year 2000 compliant.²³

¹⁹ ibid pp18,19

²⁰ ibid p19

²¹ ibid p23

²² ibid pp24,29

²³ ibid p25

5. COMMITTEE COMMENT

5.1. On the basis of the audit findings and its examination of the principal agencies involved with year 2000 compliance issues the committee accepts advice that appropriate steps are being taken to attain full compliance by all ACT Government agencies and that suitable contingency arrangements have either been put in place or will be in place well in advance of end December 1999 to cover any possible and unforeseen emergency situation arising from systems failure on 1 January 2000.

5.2. The committee proposes to revisit this matter during November for an update on compliance and contingency preparedness and will report further to the Assembly at that time.

5.3. The committee notes that the Standing Committee on Justice and Community Safety is examining the Emergency Management Bill 1998. This committee considers it important that the Justice and Community Safety committee complete its work and report in sufficient time to allow for the Assembly to consider and pass the legislation, amended if necessary, in order that the Emergency Services Bureau has powers appropriate to meet whatever emergency situation might arise on 1 January 2000.

Ted Quinlan MLA
Chair