For information
on 1 November 1999

Legislative Council Panel on Financial Affairs

**YEAR 2000 COMPLIANCE IN GOVERNMENT DEPARTMENTS
UNDER THE PURVIEW OF THE FINANCE BUREAU**

PURPOSE

This paper serves to update Members on the progress of the Year 2000 (Y2K) compliance exercise in the following departments under the purview of the Finance Bureau (FB) -

(a)   Government Property Agency (GPA);

(b)   Government Land Transport Agency (GLTA);

(c)   Government Supplies Department (GSD);

(d)   Inland Revenue Department (IRD);

(e)   Printing Department (PD);

(f)   Rating and Valuation Department (RVD); and

(g)   The Treasury,

as well as the Audit Commission for which FB has housekeeping responsibility.

OVERVIEW ON PREPARATIONS FOR Y2K

2.   Overall, all the mission-critical systems identified in the departments listed above have been confirmed as Y2K compliant or rectified. Contingency plans have been formulated and tested in accordance with the guidelines issued by the Steering Committee on Year 2000 Compliance to deal with disruptions that may arise from Y2K-induced failures. The plans have been submitted to the Information Technology and Broadcasting Bureau.

FORMULATION AND TESTING OF CONTINGENCY ARRANGEMENTS

3.   The following is a summary of the formulation and testing of contingency preparations for Y2K compliance by the individual government departments.

Government Property Agency (administration of Government properties)

4.   All mission-critical systems identified in GPA have been confirmed to be Y2K compliant.   The Agency's contingency plan has been designed to mitigate possible Y2K-induced disruptions and to allow speedy recovery of systems and facilities affected .   The plan covers the following scenarios -

  (a) complete/partial failure of power or fixed telephone lines in the office;

  (b) disrupted lift service, air-conditioning and water supply in the office building;

  (c) failure of administrative computer systems used in GPA; and

  (d) failure of embedded systems in government buildings.

5.   The effectiveness of the contingency plan has been tested by GPA on the critical date of 9 September 1999.   The plan has also been reviewed by the Electrical and Mechanical Services Department (EMSD) and the Information Technology Services Department (ITSD), as appropriate.

6.   A Y2K Contingency Management Team has been set up to supervise test runs on essential electrical systems in all buildings managed by GPA, including lifts, escalators, lights in common areas, CCTV, public address systems, and air-conditioning systems.   A specialized team will be on standby in GPA before and after midnight on 31 December 1999.   The team will also conduct a "wellness check" on all mission-critical systems.   If problems are encountered, EMSD and

ITSD staff would be called upon for support to ensure that rectification work could be completed promptly. Should problems be encountered on 3 January 2000 affecting normal business of government departments, public announcements would be made and notices would be displayed at appropriate places to inform the public of the appropriate course of action.

Government Land Transport Agency (management of Government fleet)

7. The computer systems in GLTA have been confirmed as Y2K compliant. GLTA has drawn up a Y2K contingency plan to ensure that necessary supporting transport services will be provided to government departments in case of emergency around the Y2K critical dates. GLTA has also worked out internal operational guidelines to ensure that all vehicles under its command are in good working conditions before the critical dates. The transport pools will also be equipped with adequate number of mobile phones for effective communication in case of telephone line breakdown.

Government Supplies Department (procurement service for the Government)

8. GSD's computer systems for procurement and stock management and distribution are Y2K-compliant. A series of testing on roll-over to various Y2K critical dates have been performed with satisfactory results. During the roll-over period, GSD will establish an emergency centre headed by a Principal Supplies Officer and supported by ITSD staff as well as systems maintenance contractors.

9. GSD's major suppliers/contractors for the supply of critical items (e.g. pharmaceutical items and water treatment chemicals) have confirmed that their computer systems for production and supply are Y2K-compliant. GSD has also reminded user departments to top up sufficient buffer stock for critical items.

Printing Department (printing service for the Government)

10.   All the mission-critical computer systems in PD have been confirmed as Y2K-compliant, and are able to meet urgent printing requirements during the roll-over in case of emergency. PD will set up a standby service during the roll-over period. If necessary, all PD staff could be mobilized to man all the production units. Moreover, a manual system will be put in place, where necessary, for preparing job specifications. The effectiveness of the contingency plans will be tested by a simulation test in November 1999.

Inland Revenue Department (assessment and collection of taxes, statutory duties and fees)

11.   IRD has completed rectification work on all its mission-critical computer, embedded and line communication systems. All these systems are tested jointly by the system user and the ITSD Project Team/EMSD/OFTA, and verified to be Y2K compliant. IRD is now operating in a Y2K compliant environment. An internal audit team is performing further quality assurance review on the project and will complete the review in early November 1999.

12.   Two live tests were conducted in June and September 1999 to rehearse the system roll-over to Y2K critical dates with satisfactory results. IRD does not envisage that Y2K-induced system failures will affect its mission-critical systems to such an extent that revenue collection will be threatened. Notwithstanding, it has drawn up contingency plans to cater for various scenarios which might arise due to unforeseen Y2K-induced problems in the Department's operational systems and in other related systems which are not under its control, including power supply shortage, telecommunications breakdown, disruption of bank services and failure in the cash receipting of the Treasury. The objective is to ensure the continuation of critical operations, albeit at a degraded level of service, during the temporary absence of the failed system.

13.   The contingency plans set out the criteria for activating contingency actions, which involve either transferring to back-up systems or switching to manual operation. Back-up copies of all computer programmes and data will be made before the roll-over to enable restoration in case of system failure. Selective essential data will be printed in hard copies or downloaded to personal computers to facilitate manual operation where necessary.

14.   The major business associates of IRD in respect of revenue collection are the Treasury, electronic payment service providers and banks. The Treasury and the electronic payment service providers have confirmed that they are Y2K compliant. According to the information provided by the Hong Kong Monetary Authority and released by ITBB, the banking industry is Y2K ready. Should any system failure occur in these business associates in the roll-over to Year 2000, IRD would activate contingency measures to reschedule its tax recovery action in order to minimize the inconvenience caused to taxpayers.

Rating and Valuation Department (assessment and collection of Rates and Government Rents)

15.   All mission-critical computer systems affecting the major business functions of RVD have been tested and confirmed to be Y2K compliant. The contingency plans of the RVD identify risk areas, response options and resources, and set out the relevant implementation procedures. To guard against possible Y2K-induced problems on Y2K critical dates, the RVD will advance and complete the quarterly rates and government rent billing before systems are backed up by end of December 1999. Critical information, including payment data, will be archived in both printed and CD-ROM format. The RVD will install a back-up computer system with independent power supply in the new Cheung Sha Wan Government Office in November 1999. This system will provide on-going contingency, system performance and security support to critical functions.

16.   The RVD will set up a Departmental Coordinating Centre. It will monitor internal and external information during the Y2K critical dates to ensure that the collection of rates and government rent will not be affected.

Treasury (central accounting, collections and payments)

17.   All the mission-critical computer systems in the Treasury have been confirmed as Y2K compliant. Contingency plans have been drawn up to prepare for scenarios such as failure of computer systems and/or other utilities, to ensure the continued operation of critical functions, including collection of revenue, payment to creditors, payment of salaries, and issuance of demand notes. The plans have been critically tested and verified to be feasible. In the unlikely event of temporary failure of any of the payment or collection systems, the Treasury would coordinate with the departments concerned and arrange for the immediate issue of a public announcement to advise the public of the appropriate course of actions to be taken.

Audit Commission (regularity audit, value for money audit)

18.   There is no mission-critical system in the Audit Commission. Notwithstanding, it has drawn up contingency plans for various possible scenarios of Y2K-induced failures of computer systems and utility services facilities within the Commission. Appropriate testing on the plan has been performed and the Commission is satisfied with the test results.

Finance Bureau
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