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**DIRECTIVE : UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 38-98, Change 1**

**TO : ALL STATE EMPLOYMENT SECURITY AGENCIES**

**FROM : GRACE A. KILBANE**  
**Director**  
**Unemployment Insurance Service**

**SUBJECT : Clarifications to the Independent Verification and Validation Process for Year 2000 Compliance**

1. **Purpose.** To provide clarifications to Unemployment Insurance Program Letter (UIPL) No. 38-98, in which State Employment Security Agencies (SESAs) were advised of the Department's policy concerning independent verification and validation (IV&V) of year 2000 compliance of SESAs' unemployment insurance (UI) automated benefit and tax systems.
2. **Reference.** [UIPL No. 21-97](#); Employment and Training Administration (ETA) Handbook 336, 15<sup>th</sup> Edition.
3. **Background.** The Office of Management and Budget (OMB), which has Federal oversight responsibility for Y2K matters, has defined all benefit systems, including the UI programs operated by the SESAs, as mission critical systems. OMB requires that Y2K compliance of mission critical systems be verified by an IV&V process.

In addition to reporting Y2K progress on remediation efforts, Federal agencies are also required to report on the performance of IV&V reviews for all mission critical systems. In response to this reporting requirement, the U.S. Department of Labor (DOL) has established a policy to independently verify and validate (IV&V) the compliance of all computer systems affected by the Year 2000 problem, including the SESAs' UI benefits and tax systems.

DOL has requested additional funding for SESAs' IV&V requirements. If additional funds are made available, DOL intends to allocate a fixed amount to each SESA for IV&V purposes.

4. **Changes/Clarifications to the IV&V Requirements in UIPL No. 38-98.**
  - a. SESAs may conduct an abbreviated or "rapid response" IV&V of their benefits system to meet the

December 1, 1998, date established in UIPL No. 38-98. A rapid response IV&V is a review process, performed after a SESA has completed Y2K renovation efforts and integrated system testing. In following this approach, an IV&V review team meets with key SESA Y2K staff to discuss and review the following documents and subjects:

- System specifications
  - User manuals and operating guidelines
  - Inventory reports derived from the Assessment Phase
  - Descriptions of the remediation methodologies selected
  - Project plans and task orders
  - Project status reports
  - Configuration management and change controls procedures
  - Test plans, test procedures, and test results
- b. The rapid response IV&V review may also be limited to ensuring that the SESA has remediated the benefits system with respect to those portions of the benefit system affected by the benefit year ending date (BYE). This is critical because UI benefits systems have a "time horizon to failure" date of January 1, 1999, due to BYE date calculations. Claimants filing initial claims after January 1, 1999, on benefit systems that have not completed renovation efforts may be declared ineligible to receive benefit payments. Thus, fixing the benefits systems is a high priority for those SESAs with non-compliant systems.
- c. The rapid response IV&V review process is not overly complicated. A reasonable level of effort would require 1-3 individuals working 2-4 weeks to conduct the review and to complete the final report and recommendations. The rapid response IV&V review does not include performing system tests, point-to-point testing, a full clock advance test, or the test dates contained in UIPL No. 38-98.
- d. Based on the review process, the rapid response IV&V team prepares a report summarizing their findings, listing any weaknesses they have identified, and listing recommendations for improving the process. If the IV&V review team concurs with the compliance assessment of the UI benefits system, they will provide signature approval to the statement: "after completing the IV&V process, the benefit system has a high degree of likelihood that it is year 2000 compliant." If the IV&V team cannot agree to this statement, they must identify corrective actions that the SESA could perform that would lead to the team's acceptance of the SESA's compliance process and that would then result in receiving signature approval.
- e. If a rapid response approach is followed for the benefits system, a second IV&V review must include both the UI benefits and tax systems and must meet all of the requirements in UIPL No. 38-98. A complete IV&V process includes reviewing the results of the SESA's date validation testing; the SESA's point-to-point testing, including all system interfaces; review of the SESA's full clock advance testing; and any additional testing conducted by the SESA to ensure that the entire system is year 2000 compliant. The requirement date for this second IV&V remains July 1, 1999.
- f. SESAs' certification regarding Y2K compliance for their UI benefits systems may be limited to those portions of the benefit system involved with and affected by the BYE date. Should a SESA elect to limit its certification, a full certification of its benefit system must be included with the second IV&V report, due July 1, 1999.
- g. The test dates listed in Attachment 1 to UIPL No. 38-98 are recommendations and suggestions and are not absolute requirements for all SESAs. The dates tested by the SESA should be listed in the IV&V report

submitted to the Regional Office.

- h. A SESA can meet the IV&V independence criterion by using another State agency to conduct the IV&V review provided that the State agency has sufficient technical expertise and experience and has not been involved in the development or renovation of the system being reviewed. The requirements regarding Regional Office approval for the use of an IV& V agent remain unchanged.
5. **Use of ITSC to Conduct IV&V Reviews.** The ITSC Steering Committee has approved the ITSC to conduct rapid response IV&V reviews for a limited number (4-6) of SESAs which have exhausted all other options in securing independent IV&V services. The use of the ITSC is limited to an IV&V review of the benefits system. SESAs interested in using the ITSC for IV&V purposes should contact their Regional Office for assistance. SESAs using the ITSC for IV&V must fund the effort using the procedures contained in UIPL No. 21-97.
6. **Technical Assistance.** The ITSC web site ([www.itsc.state.md.us](http://www.itsc.state.md.us)) contains a number of documents on IV&V, listed under "Hot Topics" and "Year 2000." A table of contractors that provide support services for IV&V efforts is provided under the selection "Year 2000 IV&V Contractors." This publication does not imply approval of any of the contractors, but is merely shared information. In addition to the list of contractors, two documents from one contractor, Intermetrics, are provided online for information purposes only: **Rapid IV&V Assessment Plan and Schedule** and **Suggested Task Order Contents**. These documents provide information on the concept of a "rapid response" approach to the IV&V review process. A copy of the ITSC IV&V Project Task Order (PTO) approved by the ITSC Steering Committee may also be found in this section of the web site.
7. **Action Required.** Administrators are to provide this information to the appropriate staff for action. If SESAs choose to use the "rapid response" IV&V review approach, a description of how this approach will be utilized, who (name of contractor or organization, if known) will be conducting the review, and a preliminary schedule needs to be included in the IV&V plan due to the Regional Offices by October 16, 1998. The plan should also include a statement of the SESA's intention to include the benefits system in the next IV&V review process.
8. **Inquiries.** Inquiries should be directed to the appropriate Regional Office.