

# OVERVIEW

THE AUDITOR  
STATE OF HAWAII

## An Update on the Department of Education's Financial Management System and School Information System

### Summary

In January 1991 we reported on the development by the Department of Education of two major computer systems—the Financial Management System (FMS) and the Student Information and Program Management System (SIPMS), now called the School Information System (SIS). The 1991 report described major shortcomings in the department's development process for the FMS, which increased the cost and risk of the system. We concluded, however, that the FMS was beyond the point where past shortcomings could be corrected and recommended that the department follow a prudent course of action in implementing the system. The department disagreed with some of our findings but said it would make extra efforts to improve. Work on the SIPMS was just beginning at the time of our study and we recommended that the DOE continue its phased development approach. In this update, we report on the status of the FMS and the SIS from January 1991 to November 1992.

So far, the department has expended over \$17 million on the FMS, but the system does not deliver important benefits the department promised. It does not integrate the department's budgeting and accounting systems so that each supports the other, and, contrary to the department's statements about lumpsum budgeting at the school level, FMS does not give schools the capacity to plan and create their own budgets. Furthermore, the FMS has not increased the efficiency of school personnel, saved them time, improved their morale, or decreased their overtime. We did note, however, that FMS training and user support has been unanimously praised by school level personnel.

The department ignored our prior recommendation to proceed prudently. Instead, it implemented the FMS on July 1, 1991— against the advice of its own computer consultant, before it had completed standard testing procedures, and when FMS had over 500 identified "bugs" in the system. When implemented, the system's poor performance resulted in considerable frustration and morale problems at the school level and additional overtime costs for the department. One and a half years after implementation, system response time is still unacceptably slow and can be improved only marginally.

Concerning the SIS, we found that although the Legislature has twice denied funding, the department has continued to develop and implement the project. In doing so, however, the department has substantially followed all applicable state laws, regulations, and required computer systems development methodology in a cost effective manner.

---

## Recommendations and Response

For the FMS, we recommend that the DOE: (1) seek to better integrate its budget system and FMS by making the appropriate organizational changes and give priority to reconciling accounts; (2) develop budget preparation capability at the school level; build in accountability for school level budgeting; explore how FMS can support and facilitate School/Community-Based Management; and provide the accountability promised under lumpsum budgeting; and (3) continue to work with the Department of Budget and Finance's Information & Communication Services Division to improve system availability and response time. For the SIS project, we recommend that the Legislature seriously consider the request for funding the SIS when the DOE provides the information needed for legislative review.

The department responded that most of the report's findings are correct with respect to the current state of the FMS and SIS projects. With respect to the findings with which the department disagreed, we note that our information was reported directly from statements made by the department's consultants. However, the department agreed with our recommendations and hopes to implement them by 1995. The department said it is aware of most of the report's findings and is working to make necessary corrections and improvements. The department stated, that this report should be considered an "interim report" because the development of the system is still underway. It said that a very different state of affairs will exist when FMS and SIS are completed, perhaps in 1995. We note that the department's current plan to transition from a centralized to a distributed processing system was not part of the original FMS plan, nor were the significant additional expenditures part of the budget for the system.

---

**Marion M. Higa**  
State Auditor  
State of Hawaii

Office of the Auditor  
465 South King Street, Room 500  
Honolulu, Hawaii 96813  
(808) 587-0800  
FAX (808) 587-0830