

OVERVIEW

THE AUDITOR
STATE OF HAWAII

Management Audit of the Department of Human Services

Summary

The Office of the Auditor conducted a management audit of the Department of Human Services pursuant to Section 69 of Act 328, SLH 1997, which directed the State Auditor to conduct a management and financial audit of the department. The Auditor contracted with a certified public accounting firm to conduct the financial audit which appears as a separate report.

The Department of Human Services continues to be plagued by poor management. Consequently, it compromises its ability to serve its clients and protect the interests of the taxpayers. Several deficiencies identified in prior audits remain and still have not been addressed. They continue to hinder departmental operations. Policies and procedures for its Food Stamp Employment and Training Program are still lacking, contract management for its welfare to work programs is still problematic, and the ALEX job search system is still not operational in all First to Work units. The QUEST demonstration project's controls for eligibility determination have not significantly improved and the required management system has yet to be developed. The foster board payment program is still unable to provide consistent caseload information and has not implemented expenditure guidelines for board-related payments as promised.

The department is wasting resources by failing to integrate similar programs. The Benefit, Employment, and Support Services Division administers the First to Work and Food Stamp Employment and Training programs. These programs have similar missions and program components, and are administered by the same staff, but funded by different sources. Some services may be unnecessarily duplicated and other services applicable to clients of both programs are unnecessarily restricted to a single program. As a result, client services are not being provided efficiently and resources are not effectively utilized.

The department has not demonstrated the effectiveness of its programs. The evaluation design of the PONO waiver is still in draft form even though the program was implemented in February 1997. Although the department no longer has to complete the evaluation as defined in the original waiver, the federal government still expects some type of evaluation to be conducted. Also, QUEST encounter data still has not been analyzed even though the fourth year of the five year demonstration project is now under way. According to the waiver application, the data should have been submitted on a quarterly basis. To date, nothing has been analyzed or submitted.



Finally, the information the department provides to the Legislature for its payment programs is unclear and confusing. During the past legislative session, the department could not clearly explain the basis and rationale for the payment projections and updates. The department's inability to provide clear, reliable budget estimates for its payment programs hampers the Legislature's efforts to realistically appropriate funds. Furthermore, the three committees responsible for developing these budget projections operate inconsistently. Not all of the committees meet regularly, keep formal records of the meetings, and use adequately updated and refined budgeting methodologies.

Recommendations and Response

Our report recommends that the governor charge the director of human services with the responsibility for ensuring that the department corrects past deficiencies identified in prior audits. Further, the department should assess the extent to which the First to Work Program and the Food Stamp Employment and Training Program can be integrated and proceed with that integration.

We also recommend that the director ensure that evaluations are incorporated into existing programs. In the future, the director should ensure that the evaluation component is developed prior to program implementation. Finally, we recommend that the director ensure that the three committees on payment projections operate consistently. All of the committees should meet regularly, keep formal records, and continuously refine their projection methodology. Information presented to the Legislature should be clear, understandable, and accurate.

The department generally agrees with our recommendations and claims to have begun implementing many of them. The department feels that our recommendation to develop a ceiling on foster-board related expenditures is a policy issue that should be determined by the Legislature. The department also acknowledges that the department must continue to improve its management strategies and communicate more clearly to the Legislature.

Although the department concedes the need for improvement, it takes issue with some of our findings. However, while the detailed response provides additional information about the department's programs, the response effectively reinforces the point of our findings — more work needs to be done to effectively manage the department's programs.

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