

OVERVIEW

Follow-Up Management Audit of the Child Support Enforcement Agency

Report No. 00-06, February 2000

Summary

Hawaii's Child Support Enforcement Agency is a division of the Department of the Attorney General charged with enforcing child support orders (generally issued by family courts). The agency collects support payments from noncustodial parents and disburses the collected amounts to state government and federal government and custodial parents. As requested by the Legislature in Senate Concurrent Resolution No. 86 of the Regular Session of 1999, we conducted a follow-up management audit of the agency.

The agency has about 190 full time appropriated positions. Total appropriations for the agency were about \$17.5 million in FY 1999-00. The agency reported child support collections of over \$91.7 million for FY 1998-99. Of this amount, the State of Hawaii kept over \$4.5 million as reimbursements for welfare expenditures. An additional \$10.5 million were remitted to the federal government, leaving \$76.7 million for distribution to custodial parents.

We found that the agency has failed to address longstanding weaknesses in its financial management and has not implemented recommendations of previous audits pertaining to financial management. Bank accounts are not reconciled and accurately reported and accounting for interest earnings is improper. The agency has failed to resolve unidentified cash receipts and maintain adequate safeguards over assets.

We also found that the agency's leadership lacks a well-defined mission and a coherent strategy for addressing the agency's problems. Unless the agency reexamines its mission, functions, and operations from the ground up and establishes effective management controls, it is unlikely to improve its financial management and address other major deficiencies. Failing to improve causes waste and elicits complaints from clients. The deficiencies include (a) inadequate data cleanup, training, and maintenance for the agency's automated systems; (b) weak personnel management, including failure to implement an agency reorganization; and (c) the inability to respond effectively to the needs of its clients (custodial and noncustodial parents).

The agency's leadership has not acknowledged inclusion of customer service and satisfaction as part of its mission. Processing of incoming correspondence (including inquiries and complaints) is woefully inadequate. It can take a document up to seven weeks to reach the intended worker, or worse, be lost. We also found that agency leadership has not moved aggressively to make better use of available resources.

Bad data—erroneous information stored in agency computer records—lead to such problems as KEIKI (the agency's new computer system) generating duplicate records or erroneously initiating or suspending activities, contributing to client



frustration and complaints. Furthermore, our consultant rated the KEIKI system's reliability risk "high" because of concerns about significant deficiencies in the system's accuracy of processing and untimely processing of data.

The agency lacks formal controls and benchmark measures for staff productivity. Without analyzing current staff's productivity, the agency is unable to determine and justify appropriate staffing levels. Loose control over overtime by the attorney general's office, coupled with the child support agency's inadequate internal overtime procedures, may have fostered overtime abuse and resulted in lower productivity. Overtime expenditures increased from about \$45,000 in FY1996-97 to about \$440,000 in FY1998-99.

The agency is difficult to reach by phone when its clients need case information or to resolve problems. Our audit work included attempting to reach an agency representative 60 times through the agency's service number during a two-week period. Only one in six (17 percent) of these attempts were successful.

Recommendations and Response

Our audit report makes many recommendations for improvement in the agency's financial management. Other recommendations to the agency include developing a formal mission statement and a strategy; improving the use of agency resources; making a concerted effort to correct bad data in a systematic manner; and developing a strategic plan for the computer system. We also recommend reorganization, performance benchmarks, training, and compliance with the overtime policies and procedures of the Department of the Attorney General. Also, the child support agency should develop an effective customer service function and consider the feasibility of using an experienced contractor for handling public contact customer service functions, possibly on a temporary basis.

The Department of the Attorney General agreed with the majority of our recommendations and commented that it has already begun to work on some of them. Yet it feels that our report presents an unbalanced and incomplete picture of the agency and disagreed with some of our findings and conclusions.

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