OVERVIEW
Audit of the State of Hawai'i's Information Technology:
Who's in Charge?
Report No. 09-06, March 2009

Summary

The State Auditor conducted this audit pursuant to Section 23-4, Hawai'i Revised Statutes (HRS), which requires the Auditor to conduct postaudits of the transactions, accounts, programs, and performance of all departments, offices, and agencies of the State and its political subdivisions.

The use of IT is pervasive in today's business environment, including the numerous offices of state government. Computer systems, networks, and electronic records are integral components of nearly every state program. We procured the services of Accuity LLP to assist us in reviewing the IT governance structure of the state executive branch, excluding the University of Hawai'i, for fiscal years 1995-96 through 2006-07. We focused on eight large departments.

Using criteria developed by the IT Governance Institute, we found that the State's IT leaders provide weak and ineffective management and as a result, the State no longer has a lead agency for information technology. While strategic leadership had admittedly been lacking in previous administrations, this administration has not initiated or implemented meaningful resolution even as the need for effective "IT governance" has become more critical. In 2004, the appointment of a state CIO and the subsequent appointment of IT governing bodies and officials appeared to be an acknowledgment by the executive branch of the importance of IT and the necessity of its effective, coordinated management. But, we found that both the CIO position and the IT governing bodies that were formed were established without clearly defined roles, duties, and responsibilities. In addition, the job of CIO is a part-time position and participation in the IT governing process is voluntary. Moreover, the decisions that result from the IT Executive Committee's deliberations are non-binding. As a result, meetings are poorly attended and policy decisions are rare.

When the CIO accepted his new position in 2004, he was already the State's comptroller, a position with numerous duties and responsibilities. As comptroller, his primary responsibility is to oversee the Department of Accounting and General Services, which consists of ten divisions, three district offices, and seven administratively attached agencies. We found these duties take priority over those of the CIO, whose role and responsibilities have never been clearly defined. The majority of the roles and responsibilities expected of a CIO are not performed by the Hawai'i CIO and the few that are performed are done only partially. Several state leaders, including departmental IT managers, have described the CIO's focus as "operational" rather than "strategic." This approach thus leaves out the critical IT governance duties such as IT strategic planning or setting statewide IT policies.

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The Information and Communication Services Division (ICSD), the State's official lead agency for IT, was transferred from the Department of Budget and Finance to the Department of Accounting and General Services in 1997. After this transfer, ICSD concentrated on the maintenance of the State's data center and computer networking, leaving departments without guidance and direction. We found that ICSD has not maintained up to date technology standards, no longer enforces or monitors compliance with this requirement, and does not provide necessary guidance to departments for critical processes such as disaster recovery. During interviews, several department IT managers indicated that ICSD does not offer the relevant services and support to effectively assist them in carrying out their missions. Department managers have lost confidence in ICSD's ability to provide specific support for their applications.

Without an effective CIO and effective governing bodies, the State cannot ensure that its IT investments are cost effective, optimally utilized, adequately planned for future growth, or have the operational flexibility to easily adapt to changing requirements. If the State's IT management does not improve, the State will eventually be compelled to outsource or co-source it's IT functions, a complicated and expensive undertaking.

Recommendations and Response

We recommended that the governor formally assign responsibility for the development and execution of the IT strategic plan to the State CIO. We also made several recommendations to the Legislature to explicate the responsibilities of the various IT governance entities.

The department responded that the current CIO position does not have the authority to utilize the financial or personnel resources of the executive branch departments and that ICSD's budget has been reduced over the past years and initiatives have not been funded. The department also provided two alternative recommendations that entail a return to the centralized control model of the 1960s and 1970s.

The department's position misses the point. A major objective of IT governance in the distributed environment of today's model is to advocate the needs of the various departments and provide value and support in the departments' continued IT efforts. Had IT strategic planning been completed, for example, the need for recovery plans and an alternate data center in case of system-wide failure might have been better understood in the competition for scarce resources.

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