

OVERVIEW

THE AUDITOR
STATE OF HAWAII

Audit of the Implementation of the Child Support Enforcement Agency's Information System

Summary

The purpose of this audit is to report the status of the Child Support Enforcement Agency's (CSEA) implementation of its new information system. Hawaii's Child Support Enforcement Agency works cooperatively with federal, state, and local governments and agencies to ensure that non-custodial parents provide financial support for their children. The agency is a division within the Department of Attorney General and is organized into branch offices on Hawaii, Kauai, Maui, and Oahu.

Our prior reports indicated that the agency has had a history of inadequate performance. These problems were compounded by flaws and ineffective operations in the agency's electronic data processing system, known as KFRI.

In 1988 Congress enacted the Family Support Act which required all states to develop and operate a statewide, automated data processing and information retrieval system by October 1995. The deadline was later extended to October 1, 1997. The agency initiated the KEIKI project in 1991 to address problems we had noted and to satisfy the 1988 Family Support Act. The KEIKI computer system was to cost \$13.8 million, of which 90 percent was to be reimbursed by the federal government.

Two years later, in August 1993, the agency contracted with an implementation contractor for \$20.6 million to complete the system for federal certification by May 1995. The project encountered several delays. The agency terminated the contract and entered into another contract with a new contractor near the end of 1996. The agency began litigation with the original contractor for non-performance and breach of contract. As of January 1998, the agency has expended over \$24.1 million for various contractors and additional expenditures are expected to exceed \$11.6 million. The expected total cost of \$35.7 million will be two and a half times the original estimate.

We found that the Child Support Enforcement Agency failed to complete the KEIKI project in time to qualify for federal certification by the October 1, 1997 deadline. This will cost the State in lowered reimbursement rates and may also result in financial penalties. While planning the project, the agency failed to heed warnings about excessive project scope. It insisted on unrealistic goals with only a two-year



time frame despite warnings from both the federal enforcement agency and the State's Information Communications and Services Division. While the original contractor may have contributed to project delays, the agency's management controls were ineffective and hampered installation. For example, the agency did not assign sufficient technical resources and the agency allowed the original contractor to proceed without a finalized design and failed to ensure that computer programs were adequately documented.

Recommendations and Response

We recommended that the Child Support Enforcement Agency complete a support and maintenance plan for KEIKI. This should include an evaluation of a data organizational processing structure to best serve the agency, maintain and support the system, accommodate future enhancements, and efficiently allocate resources. The agency should also analyze which positions could be transferred or eliminated due to the more efficient computer system and reduced work processes. We also recommended that the agency increase the involvement of the Information and Communications Services Division and give greater weight to the division's recommendations.

The department's response emphasizes the litigation it has started against the original contractor. It claims that the contractor's non-performance caused the problems on the KEIKI installation. The department contends that any difference in the agency's performance would not have materially altered the ultimate non-performance of the contractor and places responsibility for poor planning and cost overruns on the contractor. The department believes that any "conclusive" findings in the audit report may be premature and that the report should acknowledge the department's contentions. The agency also provided additional information to complement the information contained in the report.

We continue to maintain that the department is ultimately responsible for completing the child support enforcement computer system and for obtaining federal certification. The department may contract for any services that will help it meet its objectives, but its responsibilities do not end because a contract is executed.