

# OVERVIEW

## *Audit of the Child Support Enforcement Agency*

Report No. 07-04, February 2007

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### Summary

This audit of the Child Support Enforcement Agency (CSEA) was conducted in response to Section 168.6, Act 160, Session Laws of Hawai'i 2006, which requested the Auditor to conduct a follow up report to the 2003 study entitled *Study of the Automated Child Support Enforcement System (KEIKI)*, and to further provide a comparison of the state of CSEA between 2003 and 2006. Our audit focused on CSEA's efforts to improve its strategic focus, responsiveness, and performance; selected management controls over human resources and customer services; and information technology systems and projects.

Due to impairment to the personal independence of one of our staff auditors during the audit, however, our findings and conclusions relative to human resources and customer service are limited. In accordance with government auditing standards, the personal impairment was mitigated by removing the affected individual from the engagement. As the impairment was limited to one auditor, it did not impact the remaining auditors' ability to maintain objectivity and impartiality in their findings and conclusions.

Our audit found that while CSEA has made improvements and addressed a number of recommendations from our past reports, a critical piece remains missing—strategic leadership. The agency has not shed its reactive approach to improving its operations in favor of a results-oriented management culture. The agency continues to lack clear direction, lags other states in applying available technology to increase efficiency, and has not addressed long-standing problems in managing its support payment trust fund. As a result, existing resources and opportunities are underutilized and the agency lacks the means to account for its achievements.

We found that a three-year effort to develop a strategic plan resulted in an incomplete document focused on compliance rather than a process for organizational change and improved performance. Moreover, the plan lacks benchmarks and performance indicators to monitor progress and provide accountability.

The agency's automated child support enforcement system, KEIKI, one of the state's most critical computer systems impacting human services, lacks a plan to coordinate information technology projects and to address known systemic problems. Information technology projects funded by the Legislature are not tied to measurable goals or outcomes, raising questions as to their ultimate impact. Further, unused capacity and unreliable data impair the agency's ability to take full advantage of the system. In addition, CSEA's clients should be better protected from the effects of disasters with the potential to seriously disrupt the agency's ability to maintain services.



Lagging other states in innovation and performance, CSEA can improve by more aggressive use of automation and more focused deployment of its existing resources. The agency has historically underperformed in federal incentive measures, ranking near the bottom nationally in three out of five categories, limiting the amount of federal incentive revenues earned. In FFY2004-05 alone, CSEA earned \$1.4 million in federal incentive revenues but missed out on an additional \$528,000 had it met maximum performance thresholds in all five categories. The unearned potential revenues would have been tripled to \$1.5 million due to a 66 percent federal match. Despite poor performance, CSEA has not taken efforts to systematically analyze the causes and instead discredits the federal performance measurement system. Additionally, CSEA has not aggressively pursued the use of automated child support enforcement tools to improve efficiency that other states have had success with.

Finally, we found that the agency's ability to properly account for support payments continues to be a problem area. The agency's failure to implement past audit recommendations contributes to its inability to accurately account for a \$3.0 million gap between support payments held in trust and the cash available to disburse these payments to their owners as of June 30, 2006. The agency's own figures and estimates contradict its claim to be properly reconciling support payment accounts, as the \$3.0 million gap includes approximately \$1.8 million that CSEA will never recoup and approximately \$348,000 that CSEA is unable to identify. The agency's longstanding practice of using moneys received in trust to cover costs and losses incurred in managing support payments will result in the agency's inability to pay support payments and may cause an unplanned liability for the State.

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## Recommendations and Response

Our recommendations regarding the strategic planning process and managing for results include the involvement of CSEA management in the process and the use of measurable goals and outcomes. Other recommendations included development of an information technology plan to support the CSEA's strategic plan, increased use of technology to improve efficiency and effectiveness, and creation of a system to measure and report the results of technology projects. We also recommended that the CSEA develop contingency plans that would enable it to continue operations in the event of a major disaster. We further recommend that CSEA establish a routine process for identifying and closing eligible cases. Finally, with respect to the child support payment trust fund, we recommend that the agency take steps to rectify accounting problems identified in past audits.

In its response to our draft report, the Department of the Attorney General disputed the findings and objected to the issuance of the report but also agreed with many of the recommendations.

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