

OVERVIEW

Management Audit of Information Technology Within the Office of Hawaiian Affairs

Report No. 09-08, June 2009

Summary

The State Auditor conducted this audit of the Office of Hawaiian Affairs (OHA) pursuant to Section 10-14.55, Hawai'i Revised Statutes, which requires the Auditor to conduct an audit of OHA at least once every four years. While this is our sixth audit of OHA, it is the first to focus exclusively on OHA's information technology.

We engaged Secure Technology Hawaii, Inc., as our consultant to help us review the management of OHA's information systems. As evaluation criteria, we used material developed by the IT Governance Institute, a widely accepted standards-setting organization for managing information technology.

In 2005, our previous audit determined that OHA was grappling with the effects of poorly planned and ill-defined reorganization efforts. In this audit we found a much more stable and functional organization that is focused on its strategic mission. Our interviews with trustees found that the working atmosphere at the agency had improved dramatically, particularly at the board level. Along with this improved atmosphere, the board has improved its governance structures and processes. Board members have been removed from the operational aspects of management and no longer micromanage the efforts of the staff. However, we found that these improvements were not consistently reflected in the management of OHA's information systems. While improvements have been made in that area, critical elements of sound information technology governance are still missing.

The Office of Hawaiian Affairs does not fully recognize the need for information systems to be managed at a strategic level. Although the agency is currently in the process of updating its strategic plan, OHA has not applied the same strategic approach to its information systems. We discovered that while OHA recognizes the value of information systems to its day-to-day operations, its focus is primarily on solving immediate needs with insufficient consideration for long range strategic issues such as coordination of IT systems throughout the organization and IT risk management. For example, in contracting out its Kau Inoa ethnic registration program, OHA did not consider the risks involved in lodging custody of personal information in an external entity.

We attribute OHA's day-to-day focus to the prevailing belief among the trustees and the administrator that IT is a "tactical" operational issue to be administered by the agency's staff. Hence, although OHA's administrator sees the value of information systems and has supported the use of technology throughout the organization, he has not fully recognized that the complex nature, critical importance, and increasing risk associated with IT requires the dedicated attention of a Chief Information Officer (CIO) to provide strategic direction for information systems at OHA.



Our audit found major IT components dispersed throughout OHA without focused oversight and coordination. We found at least nine major information systems and assets, managed by nine separate stakeholders. Such a diverse and widespread use of information systems reinforces the need for a strong centralized IT authority to provide focused leadership. Without such guidance, OHA faces an increased risk of wasted time and resources as well as the inability to react quickly and effectively to information requirements posed by the changing needs of the organization.

OHA faces an increasing list of challenges that will require the board and staff to make sound decisions based on secure, accurate, and accessible information. The need for dedicated focused leadership of the agency's information systems is critical for OHA to coordinate its disparate IT resources around a cohesive future-oriented strategy that addresses the immediate needs of the organization and provides the flexibility to meet future challenges and opportunities.

Recommendations and Response

We recommend that OHA create the position of a Chief Information Officer (CIO) to assume the overall governance duties over its information systems. It is also recommended that the agency form an IT steering committee to support the CIO in formulating an IT strategic plan. Finally our report recommends that the agency implement an IT strategic plan as part of the overall strategic planning process it is currently going through.

OHA responded that the trustees are generally satisfied with the report findings and support our recommendations. The agency has identified recent improvements to resolve some of our findings. We commend OHA management for taking this initiative. Other issues highlighted underscore OHA's need for a CIO. As OHA works towards completing its new strategic plan, it anticipates implementing our three recommendations within this process.

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