

Study of the Automated Child Support Enforcement System (KEIKI)

A Report to the Governor and the Legislature of the State of Hawaii

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**Submitted by:
THE AUDITOR
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OVERVIEW

Study of the Automated Child Support Enforcement System (KEIKI)

January 2003

Summary

This report is submitted in response to Section 41 of Act 259, Session Laws of Hawaii (SLH) 2001, which directed the State Auditor to conduct a comprehensive study of the automated child support enforcement system (KEIKI) of the Department of the Attorney General. Act 259 also required that the study include the status and measures of effectiveness of KEIKI's implementation, effectiveness of the department's Child Support Enforcement Agency in addressing client problems, a review of other states' successfully implemented automated systems, and recommendations on an action plan to improve the agency.

The Legislature requested the study to explore ways to make KEIKI more responsive and accurate. In addition, the Legislature wanted to examine ways to improve and streamline the Child Support Enforcement Agency's organizational structure and balance the agency's customer service requirements with the primary responsibility of making payments to custodial parents. Through a competitive bid process, Experio Solutions was selected as the consultant to conduct the study. This is a report of the consultant's findings and recommendations.

The consultant found that KEIKI's effectiveness is limited by the manner in which it is designed and used by the Child Support Enforcement Agency. The consultant stated that KEIKI has capabilities that are not being fully exploited by the agency and the agency is not converting data being captured into information to support management, planning, and operational control. For example, the agency has not developed a strategic plan and workflow planning and control information are not used effectively.

The consultant also found that the agency has made improvements in customer service but has not yet established a culture of customer service; customer service still needs numerous improvements. The agency administrator has not defined what constitutes adequate or excellent customer service or measures of effectiveness for customer service. In addition, telephone customer support continues to be unacceptable. Fewer than 60 percent of callers entered the telephone queue and under 50 percent eventually talked to an agency representative.

The consultant further found that other states face similar challenges in information systems but some of these states are able to use their automated systems effectively to improve child support enforcement services. The consultant stated that Hawaii may benefit from adopting the best practices used by these states. These best practices primarily concern the use of automation to streamline formerly manual processes and with interfaces and access to data, such as Federal Case Registry, that was previously unavailable.



The consultant found that although the agency has attempted to address recommendations made by the Auditor in prior reports, the agency has yet to address key recommendations relating to leadership, strategic planning, information technology, and organizational and customer service strategies. The consultant concluded that the agency's failure to implement the Auditor's recommendations has perpetuated many of the problems the agency currently faces.

Finally, the consultant identified three root causes within the Child Support Enforcement Agency that inhibit it from achieving its mission and goals.

- *Root Cause 1:* Lack of focus on strategic definition;
- *Root Cause 2:* Lack of full exploitation of system capabilities; and
- *Root Cause 3:* Deficiencies in training.

Recommendations and Response

The consultant recommended an action plan to provide the agency a road map for reducing or eliminating these root causes. The action plan includes recommendations, action steps, proposed completion dates, and estimated costs. In general, the consultant recommended that the agency establish an executive steering committee, reorganize the KEIKI steering committee under the executive steering committee, and establish a customer service committee. The consultant also recommended that each committee develop strategic plans with defined missions, roles, responsibilities, and performance expectations relevant to each committee's areas. The consultant also recommended that the agency develop a training program, use industry best practices to implement a decision support system and replace its voice response system, install a new tape backup system, and identify greater use of the Internet.

The department responded that overall it was pleased with the outcome of the report. The department concurred with the consultant's findings and recommendations relating to strategic planning, the majority of the consultant's action plan, using other states' best practices, formalizing a training program, replacing its voice response unit system, and gathering more detailed information on customer service needs. The department also provided clarifying information regarding conditional certification, certification statuses of other states, and the agency's cost-effectiveness ratio. However, the department did not agree with statistical data cited in the background section of the report relating to addresses and with the audit finding that only 50 percent of callers received responses. Agreeing with the agency's methodology of calculating missing addresses, the consultant adjusted the data in the report related to missing addresses of custodial and noncustodial parents. However, the consultant stands by its numbers in reporting the percentage of telephone callers who receive responses from the agency.

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Foreword

The Legislature, through Section 41 of Act 259, Session Laws of Hawaii 2001, directed the State Auditor to conduct a comprehensive study of the automated child support enforcement system (KEIKI) of the Department of the Attorney General. This report consists of a review of KEIKI's implementation and effectiveness, and includes an action plan to improve the Child Support Enforcement Agency.

We wish to express our appreciation for the cooperation and assistance extended by officials and staff of the Department of the Attorney General, including the Child Support Enforcement Agency, and by others who provided assistance during the course of the study.

We also wish to thank the firm of Experio Solutions that conducted the work for this project.

Marion M. Higa
State Auditor

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Chapter 1

Introduction

This report is in response to Section 41 of Act 259, Session Laws of Hawaii (SLH) 2001, which directed the State Auditor to conduct a comprehensive study of the automated child support enforcement system (KEIKI) of the Department of the Attorney General. Act 259 required the study to include the status and measures of effectiveness of KEIKI's implementation, effectiveness of the department's Child Support Enforcement Agency in addressing client problems, a review of other states' successful child support enforcement systems, and recommendations on an action plan to improve the agency.

The act also required the department to transfer some of its funds to the Auditor to pay for the study. Extensive negotiations between the Auditor and the department to ensure availability of the funds delayed the start of the project.

Following Chapter 103D, Hawaii Revised Statutes (the Hawaii Public Procurement Code), the Auditor used a competitive procurement process and selected Experio Solutions Corporation to conduct the study. Experio Solutions is a business and information technology consulting firm with headquarters in Dallas, Texas, and employs over 700 individuals in 20 offices.

Background on Child Support

Hawaii state law defines child support as payment for the necessary support and maintenance of a dependent child. Typically, a court or administrative agency issues an order establishing that a parent who does not have custody of a child (the noncustodial parent) owes child support to or on behalf of a child to the parent, guardian, or other person having custody of the child (the custodial parent). In some cases, the payment goes directly to a government agency as "reimbursement" for welfare benefits received by the child.¹

To help administer these services, Hawaii's Child Support Enforcement Agency is assigned the primary mission of establishing and enforcing paternity and support orders. The agency carries out this mission by working with family courts, prosecuting attorneys, and other law enforcement agencies. The agency initiates services to locate noncustodial parents through contacts with various resources, such as the counties' departments of motor vehicle registration, the state Department of Labor and Industrial Relations and Department of Public Safety, and the federal Social Security Administration and the Internal Revenue Service.

The service of collecting and disbursing child support funds provides many benefits for children and their families. Next to earnings and cash assistance, child support is the largest income source for poor, single-parent, female-headed families. Nationally, child support amounts to an average of 26 percent of the budget for families receiving child support. With the added income of child support payments, family poverty rates drop from 33 to 22 percent. In addition to monetary benefits for children, child support provides nonmonetary benefits by encouraging paternal involvement in the child's well-being.²

Background on the Child Support Enforcement Agency and KEIKI

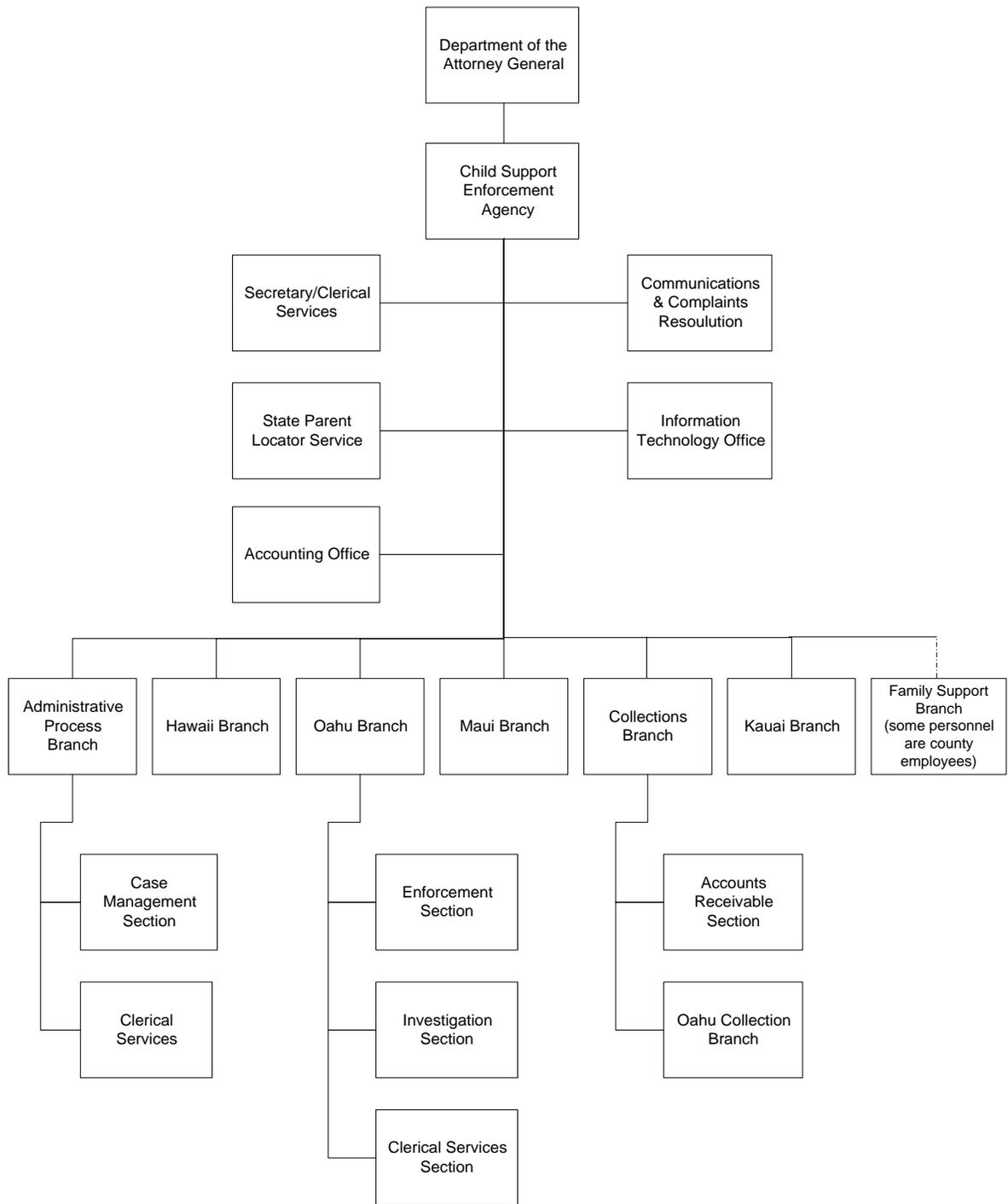
Congress created the federally mandated child support enforcement program in 1975 under Title IV-D of the Social Security Act and placed its national administration under the U.S. Department of Health and Human Services. Each state's child support enforcement agency operates under a state plan approved by the federal Office of Child Support Enforcement. Hawaii's Child Support Enforcement Agency has been a division of the state Department of the Attorney General since July 1987, when the agency was transferred from the then state Department of Social Services and Housing, now the Department of Human Services.³

The agency has branches on four islands

Hawaii's child support agency operates branches on four islands: Oahu, Hawaii, Maui, and Kauai. Oahu is home to the largest branch and houses the majority of agency staff, including all mailroom, technology, financial/accounting, and administrative staff. In January 1999, Oahu operations moved from Iwilei, near downtown Honolulu, to their current location in Kapolei. The agency employs 190 staff and funds another 36 under cooperative agreements with County Family Support Branch staff from Hawaii, Kauai, and Oahu to handle paternity establishment processes.

The agency administrator, who reports directly to the attorney general, is responsible for overseeing operations and providing strategic leadership. Branch managers report to the agency administrator, except that Family Support Branch county managers report directly to their respective county corporation counsels. Exhibit 1.1 shows the agency's organizational structure. The dotted line on Exhibit 1.1 represents the reporting relationship from county managers to the agency administrator, who is ultimately responsible for fostering and measuring successes of paternity establishment and reporting this information to state and federal authorities.

**Exhibit 1.1
Child Support Enforcement Agency Organization Chart**



Source: Child Support Enforcement Agency, June 30, 2001

Several agency processes are used in the collection of child support payments

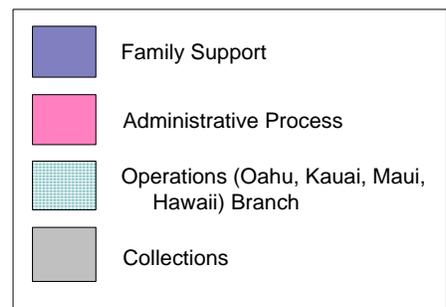
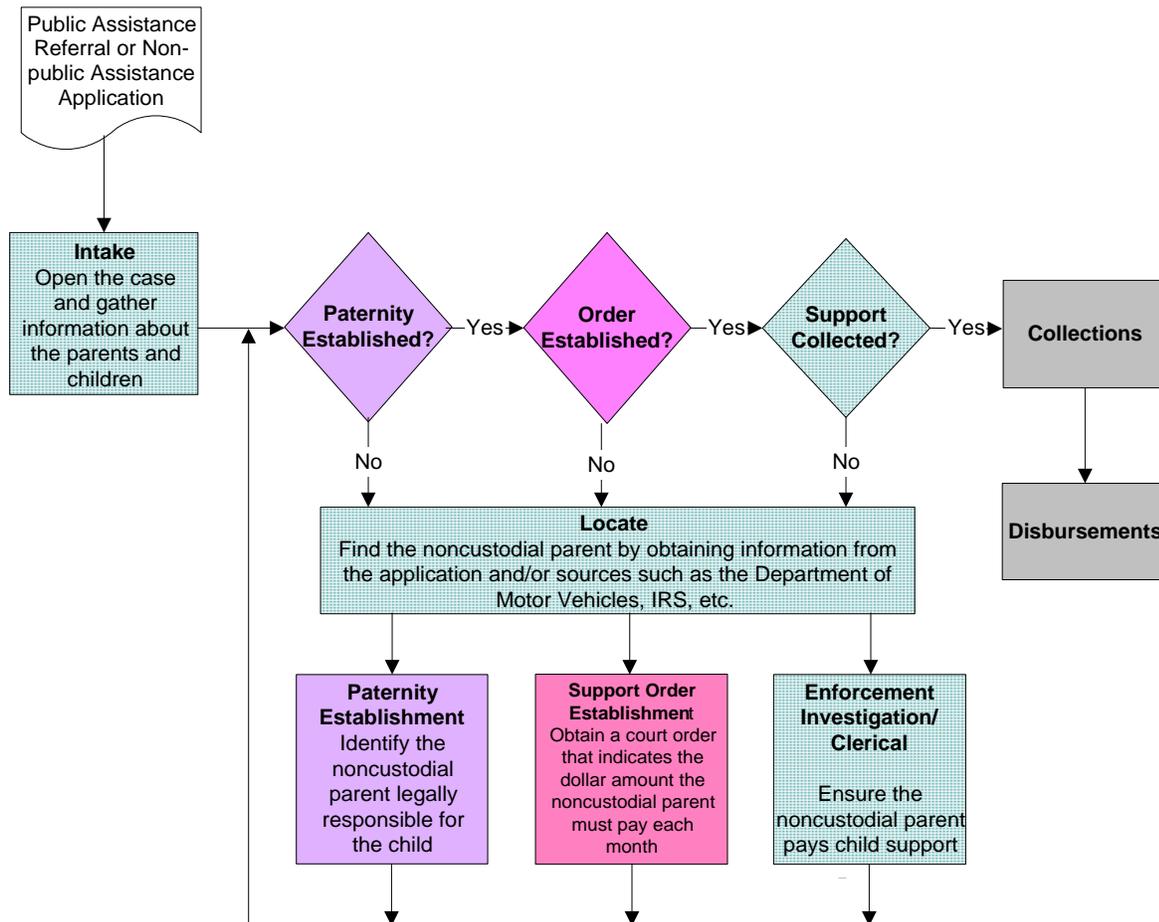
By providing the following services, the agency functions as a conduit in helping custodial parents receive child support payments:

- *Case Initiation.* This first step in the child support enforcement process involves creating a case and accepting, opening, and processing the case for a particular child support order, court hearing, and/or request for government assistance services;
- *Locate/Investigation.* This process involves locating a noncustodial parent for the purpose of establishing paternity and establishing and enforcing child support obligations;
- *Paternity Establishment.* This process establishes a legal determination of fatherhood. Paternity must be established before child support can be ordered;
- *Support Order Establishment.* The agency assists in activities surrounding judgments issued by a court officer for child support. Support orders can incorporate the provision of monetary support, health care, and other forms of relief;
- *Enforcement.* This process establishes the means to obtain payment of a child support obligation contained in a child support order. Enforcement procedures include garnishment of wages and taxes, seizure of assets, suspension of professional licenses, and denial of U.S. passports;
- *Case Management.* Agency personnel manage case updates, perform routine case functions, and monitor case activity; and
- *Financial and Accounting.* This activity includes managing collections, disbursements, and the financial aspects of child support enforcement.

The child support enforcement process is complex. When a case enters the program, it may progress through some or all the processes listed above. Exhibit 1.2 provides a high-level view of key services and decisions that make up the child support enforcement process. The exhibit also indicates branches responsible for each activity in the process: Family Support (e.g., Paternity), Administrative Process (e.g., Orders), Branch Operations (e.g., Enforcement, Locate/Investigation and Clerical), and Collections (e.g., Collection and Disbursement).

Locating noncustodial parents—a prerequisite for proceeding with child support enforcement cases—poses a major challenge for the agency. In August 2002, we extracted data from KEIKI and found that the agency had 104,627 active cases, which involved 94,834 noncustodial and

Exhibit 1.2 Child Support Enforcement Process



84,646 custodial unique IDs within the system. Of these, the agency lacked a valid current address for 28,395, or about 30 percent, of the noncustodial parent IDs involved in active cases in Hawaii’s child support system.

The agency also lacked current addresses for 6,076 (over 7 percent) of custodial parent IDs involved in active cases. Contact with a custodial parent is considered lost when the agency sends a check or correspondence to the custodial parent that is returned by the post office. The agency then looks for other valid addresses. If one does not exist, responsibility is placed upon the custodial parent to contact the agency. The agency is currently holding about \$1.7 million in collections waiting to be disbursed to the over 7 percent of custodial parents who have lost contact with the agency.

The agency collected over \$103 million in child support during FY2000-01 and over \$109 million in FY2001-02. Exhibit 1.3 shows collections and their sources.

**Exhibit 1.3
Child Support Collected from Various Sources,
FY2000-01 and FY2001-02**

Collection Source	FY2000-01	FY2001-02
Regular payment	\$22,215,138	\$23,798,781
Income withholding	66,265,935	67,949,755
Federal tax refund intercept	7,191,942	8,907,410
State tax refund intercept	1,544,520	1,614,453
Unemployment withholding	1,057,127	1,686,613
Lien payment	870,355	1,163,552
Other state agency	4,054,520	4,073,046
Other source	208,183	201,682
Totals	\$103,407,720	\$109,395,292

Source: KEIKI Data Extract

Federal funds provide majority of the agency’s finances

The agency receives the majority of its funding from the federal government. Federal funds finance approximately 66 percent of the operating costs incurred by the agency. The federal government awards special incentive moneys to the agency for meeting federal measurements of child support payment collections, paternity establishment, child support order establishment, collections on arrears, and cost effectiveness. Over the past two fiscal years, the Federal and Incentive (or Trust) fund provided about 85 percent of the agency’s revenues. The remainder of funds comes from the state general fund.

The agency's total appropriations fell from \$13,286,620 in FY2000-01 to \$12,529,960 in FY2001-02. This decrease resulted primarily from the agency's inability to meet some of the federal incentives. Chapter 2 discusses these incentives in detail. Exhibit 1.4 shows the agency's appropriations for FY2000-01 and FY2001-02.

Exhibit 1.4 Appropriated Funds by Source, FY2000-01 to FY2001-02

	FY2000-01	FY2001-02
Appropriation Source		
General	\$1,704,617	\$1,889,865
Federal	9,156,447	8,938,056
Trust*	2,425,556	1,702,039
Total	\$13,286,620	\$12,529,960
Percent of total federally funded	87%	85%

* Trust funds are federal incentives

Source: Hawaii Financial Accounting & Management Information System Data Extract.

KEIKI was initiated by federal law

The federal Family Support Act of 1988 required all states to complete statewide automated systems for child support enforcement processing by October 1995. However, Congress extended this deadline to October 1997 because most states, including Hawaii, were unable to meet the deadline. The 1996 Personal Responsibility and Work Opportunity Reconciliation Act (Public Law 104-193) established additional federal requirements for child support enforcement automation.

In 1991, the agency initiated the KEIKI project to build its automated child support enforcement system and hired the first of several contractors to provide technical assistance.⁴ As previously detailed in the State Auditor's reports, the agency experienced substantial cost overruns and problems transferring information from the old to the new system. Exhibit 1.5 outlines major milestones in the development of KEIKI.

Before KEIKI, the agency utilized a system known as KFRI. For most tasks, KFRI required a great deal of manual processing and user intervention. For instance, some types of standard correspondence required using a typewriter. The agency determined that KFRI would not meet the federally mandated requirements for a single, statewide system capable of tracking events, providing an audit trail, and generating federally required reports. As a result, KEIKI was designed and built to automate many of the tasks and procedures needed to execute a case from beginning to end.

Exhibit 1.5
KEIKI Milestones

Date	Event
October 1988	Federal Family Support Act of 1988 requires all states to develop an automated child support system.
September 1991	Hawaii's Child Support Enforcement Agency hires a vendor, Maximus, Inc. (Maximus), to serve as contract monitor for a new system, the KEIKI project.
September 1993	The agency determines its old system, KFRI, does not meet federal standards. The agency contracts with Network Solutions, Inc. (NSI) and Maximus to conduct quality assurance. NSI hires Complete Business Systems, Inc. (CBSI) to conduct most of the programming.
October 1995	Deadline for implementation.
March 1996	NSI defaults on contract.
December 1996	State contracts with Lockheed, which continues to subcontract with CBSI, for development and warranty service through September 1999.
October 1997	New deadline granted by Congress.
April 1998	Pilot testing complete.
July 1998	KEIKI goes live.
July 1998	KEIKI interfaces with the voice response unit (VRU) system, which automates customer requests.
October 1998	Warranty phase is contracted to CBSI.
November 1998	Federal government grants conditional certification for KEIKI. CBSI worked on enhancements required by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.
May 2000	Formation of the KEIKI Steering Committee.
June 2001	Personal Responsibility and Work Opportunity Reconciliation Act conditional certification granted. ("Conditional" reflects uncompleted interstate referral and information sharing requirements).

The KEIKI design divides the child support enforcement process into eight modules:

1. *Case Initiation:* Accept, open, and process the case;
2. *Locate:* Obtain information about noncustodial parents using sources such as the City and County of Honolulu's Department of Motor Vehicles and the state Department of Labor and Industrial Relations;
3. *Establishment:* Initiate, track, and monitor paternity establishment and support;
4. *Enforcement:* Monitor compliance with support orders and initiate enforcement actions;
5. *Case Management:* Accept and process case updates, perform routine case functions, and monitor case activity;
6. *Financial Management:* Accept and process payments, record and track collections, and maintain all financial information;
7. *Reporting:* Generate all required federal reports; and
8. *Security and Privacy:* Protect against unauthorized access to computer resources and data, protect application software, hardware, documentation and communication, and provide adequate backup.

Federal law required that KEIKI implement the above eight modules in order for the agency to continue receiving federal funding for Title IV-D (child support enforcement) and Title IV-A (human services) programs under the Social Security Act.⁵

Exhibit 1.6 outlines KEIKI's expenditures over the past ten years. (The exhibit does not include some internal KEIKI expenditures such as internal staffing because the agency does not earmark these expenditures as KEIKI costs. To capture these costs the agency would have to perform a receipt-by-receipt accounting of some expense categories.) The agency categorizes expenditures in the following areas:

- *Software:* System software and database license purchases;
- *Service Support:* Support costs associated with sustaining the system incurred by the Department of Accounting and General Services' Information and Communications Services Division (ICSD);

- *Hardware:* Physical equipment required to support the KEIKI system;
- *Consulting:* All costs associated with contracting consultants in the design, development, testing and quality assurance of the KEIKI system. Vendors in this category include Network Solutions, Inc., Lockheed Martin IMS, Complete Business Systems Inc., and Maximus; and
- *Other:* Miscellaneous supply costs (e.g., surge protectors and printers) from various vendors during the development of KEIKI.

Exhibit 1.6 KEIKI Expenditures

Calendar Year	Software	Service Support	Hardware	Consulting	Other	Total
2001		\$495,066	\$331,815	\$313,946		\$1,140,827
2000		526,282	286,627	3,029,618	33,674	3,876,200
1999	\$12,816	1,537,112	533,670	5,952,483	6,613	8,042,695
1998	10,625	2,762,722	694,830	4,977,208	48,322	8,493,707
1997		2,411,226	703,874	10,729,153	147,640	13,991,893
1996	368,531	508,194	1,183,175	3,389,840	25,007	5,474,747
1995			658,446	5,733,177	34,747	6,426,370
1994			57,928	5,030,923	6,895	5,095,746
1993				250,806	16,603	267,409
1992				165,898		165,898
Adjustments		-6,225,639				-6,225,639
Totals	\$391,972	\$2,014,964	\$4,450,364	\$39,573,052	\$319,501	\$46,749,854

With initial development complete, the primary costs associated with KEIKI are ongoing maintenance and system enhancements. As the trend over the past two years indicates in Exhibit 1.6, one-time consulting fees for KEIKI are stabilizing, so the impact of annual maintenance and support costs for the system will be increasingly important.

An incorrect billing by the State's Information and Communications Services Division resulted in the adjustment for the service support category shown in Exhibit 1.6. The division erroneously calculated its service billing rate but subsequently made corrections.

During KEIKI's development, the federal government required the agency to submit an Advanced Planning Document (APD). The APD provides detailed information on expenditures necessary to support the system such as hardware, software, and consultants. The federal

government also requires the agency to provide updates of KEIKI's status, costs, savings, benefits, and funding requests. However, the agency last produced an APD Update in 1999. To date, the federal government has not penalized the agency for not completing another APD Update.

The full costs of maintaining and enhancing KEIKI today are unclear because the agency has no current APD Update and does not yet identify all system costs separately in the agency's accounting procedures. However, we can roughly estimate the primary component not captured in Exhibit 1.6—the cost of internal staff supporting KEIKI. Approximately 15 staff have a primary duty to support the KEIKI system. If the cost basis per staff member is \$60,000 per year (assuming 1.5 x \$40,000 average salary; 1.5 is used to reflect benefits such as vacations and health insurance), then primary maintenance costs are approximately \$900,000 per year.

Objectives

1. Assess the status and measures of effectiveness of the implementation of the automated child support enforcement system (KEIKI) of the Department of the Attorney General.
2. Assess the effectiveness of the department's Child Support Enforcement Agency in addressing problems of erroneous determinations, clients' inability to reach agency staff by telephone, and other client problems.
3. Review child support enforcement systems in other states where child support enforcement has been successful.
4. Recommend a plan of action with goals, measures of effectiveness, and time lines to improve the Child Support Enforcement Agency, including possible changes to the organization or positions to improve the agency's structure.

Scope and Methodology

Our methodology combined the Theory of Constraints approach, pioneered by Dr. Eliyahu Goldratt, with best practices systems analysis techniques. The Theory of Constraints approach involves distilling the goal or intent of an organization as the beginning point and then judging effectiveness by how well the organization fulfills this intent. Undesirable effects, called root causes, can steer an organization away from its goal. We uncovered root causes within the agency and developed high-level plans and recommendations to reduce or eliminate them.

Our criteria included industry standards for software engineering, federal child support standards, and best practices for cause-effect analysis, including the Theory of Constraints. We also used the Institute of Electrical and Electronic Engineers standards and industry best practices for software engineering to guide our assessment in matters relating to the effectiveness of KEIKI, particularly in the areas of application and general controls. Federal guidelines for child support enforcement certification and incentives provided an additional basis for measuring effectiveness.

We identified the overall goal of the agency as maximizing throughput, or movement of cases through the agency, to culminate in payment to the custodial parent. We used maximizing the rate of payment as the agency standard against which to analyze undesirable effects. (In our report, we use the term *goals* to refer to management's preference for stating several strategic goals of an organization, such as found in strategic planning. However, we assessed the agency's effectiveness in light of maximizing throughput.)

The agency administrator restricted our direct observations of staff interacting with the computer system. Direct observations would have included monitoring phone coverage, observation of interaction with information on the computer screens, and perusing actual case files. However, the administrator invoked privacy concerns under Section 576D-12, HRS and Internal Revenue Service restrictions to prevent us from reviewing specific case files or directly observing agency workers as they performed workflow and customer service tasks. The administrator stated that direct observation would violate the privacy rights of individuals whose matters were being addressed by the agency. The restrictions caused us to undertake additional processes and tasks in order to derive supporting information for key findings. Instead of direct observations, we conducted numerous interviews with line staff and supervisors to determine their interaction with KEIKI and how customer service is accomplished. The agency's restriction did not materially impact our results and conclusions of the study because we also used system extracts, reports, documentation on federal guidelines, regulations, and reports relating to child support to analyze system and agency "health" and effectiveness.

We conducted over two dozen interviews in accordance with a pre-defined, structured questionnaire. Information gleaned from the first round of management level interviews provided guidance for interviews of staff. We also conducted additional interviews with personnel from organizations that interface with the agency. These organizations included the State's Information and Communication Services Division, Office of the Ombudsman, and Department of Human Services.

Our analysis of extracts of data from KEIKI included key operational files, case information, orders, “locate” statuses, paternity establishment data, receipts and payments, tasking and tracking data, and addresses. We used the data extracts to independently analyze potential causes for bottlenecks and other system-related issues.

We also reviewed system documentation. We reviewed the federal documents governing child support operations to understand the guiding principles under which the agency operates. In addition, we examined pertinent federal reports regarding the agency, state documents (for example, the Ombudsman’s complaint logs and State Auditor reports from previous years), and current and historical documentation. We also analyzed organization charts, KEIKI steering committee documents, the agency expenditure and other financial reports, federal assessment reports, call statistics, bulletins, complaint/referral logs, and other relevant documentation.

Act 259, SLH 2001 required this study to include a review of child support enforcement systems in other states where child support enforcement has been successful. However, the proviso did not elaborate on whether “successful” meant that the state experienced fewer complaints or greater distribution of child support payments. Consequently, we took a broad perspective in selecting other states against which to compare and contrast Hawaii’s agency and computer system and to provide suggestions for best practices. We selected the states of Wyoming, Wisconsin, and Maryland as examples of successful states because they demonstrate:

- Varied child support agency size (case load and collections);
- Geographical locations in different parts of the country;
- Automated systems that have been in production for several years;
- Automated systems that are fully or nearly fully federally certified; and
- Federal performance statistics that, in general, are positive.

Exhibit 1.7 shows a brief statistical overview of the systems, size, and caseload for Hawaii and the three other child support enforcement agencies selected.

**Exhibit 1.7
Overview of Child Support Enforcement Agencies in Hawaii, Maryland, Wyoming, and Wisconsin**

State	System	Inception Date	Certifications	Annual Collections	Caseload
Hawaii	KEIKI	1998	Family Support Act and Professional Responsibility and Work Opportunity Reconciliation Act.	\$111 million	105,000 Total
Wyoming	Parental Obligation Support System Enforcement (POSSE)	1996	Family Support Act and Professional Responsibility and Work Opportunity Reconciliation Act.	\$73 million	39,000 IV-D
Wisconsin	Kids Information Data System (KIDS)	1995	Family Support Act certified. Professional Responsibility and Work Opportunity Reconciliation Act certification is pending due to resolution of an Order establishment policy.	\$1 billion	340,000 IV-D
Maryland	Child Support Enforcement System (CSES)	Several Years Ago	Family Support Act and Professional Responsibility and Work Opportunity Reconciliation Act.	\$420 million	313,000 Total

We interviewed representatives from child support agencies in Wyoming, Wisconsin, and Maryland for comparison. We consolidated information from the interviews and other documentation supplied by these states in order to understand issues and historical circumstances of these organizations and to draw comparisons with the agency.

We conducted our work from July 2002 through August 2002. Chapter 2 of this report presents our findings on the agency's management and operations of computer systems and customer service. Chapter 3 presents our action plan and recommendations.

Chapter 2

The Agency Hampers KEIKI's Effectiveness and Inadequately Manages Its Customer Service

In this chapter, we address the first three objectives of this study. Specifically, this chapter assesses the effectiveness of the Child Support Enforcement Agency in implementing its computer system, KEIKI, and in addressing customer service problems. Customer service problems include erroneous determinations, inability of clients to reach the agency by telephone, and other client problems. The chapter also draws upon our review of child support enforcement systems in Wyoming, Wisconsin, and Maryland.

Summary of Findings

1. KEIKI's effectiveness is limited by the manner in which it is designed and applied by the Child Support Enforcement Agency. KEIKI has capabilities that are not being fully exploited by the agency. The agency is not converting the wealth of data being captured into information to support management, planning, and operational control.
2. The agency has made improvements in customer service but has not yet established a culture of customer service. Customer service still needs numerous improvements.
3. Other states whose child support enforcement efforts we reviewed face similar but not necessarily the same challenges as Hawaii. However, the other states are able to use their automated systems effectively to improve child support enforcement services. Hawaii may benefit from adopting best practices used by these states.
4. The agency has attempted to address many recommendations made by the Auditor in prior reports. However, the agency has yet to effectively address key recommendations relating to leadership, strategic planning, information technology, and organizational and customer service strategies. The agency's failure to implement the Auditor's recommendations has perpetuated many of the problems it currently faces.

The Agency Failed To Adequately Plan KEIKI and Now Struggles To Manage the System

For the past ten years, the agency has had a singular goal: maximizing federal appropriations, grants, and incentives. This goal has shaped the agency's priorities and caused it to focus on:

- 1992-1998: KEIKI implementation;
- 1998-1999: Keeping the agency afloat following a troubled KEIKI implementation;
- 1999-2001: Obtaining federal Professional Responsibility and Work Opportunity Reconciliation Act certification (eighth state in the nation to do so; only 15 are currently certified); and
- 1998-2002: Cleaning up data integrity problems from KEIKI implementation, interfaces with other systems, and erroneous processing.

Since noncompliance with federal requirements, deadlines, and measures carries the weight of financial penalties, compliance was an understandable priority. Unfortunately this focus turned out to be a double-edged sword. The agency experienced displeasure with KEIKI from the population it was meant to serve, state government leadership to whom issues were escalated, and agency staff who struggled to adopt and utilize the automated system.

This focus also left other core agency priorities wanting. Lack of strategic planning, management information, and system leadership limited the effectiveness of KEIKI.

In addition, the agency's management of KEIKI remains a struggle. KEIKI has the potential to increase the effectiveness of the agency. However, the system is complex, difficult to learn, and requires regular maintenance and support. The agency's deficient user training program and difficulties in retaining qualified information technology professionals are major obstacles to KEIKI reaching its full potential.

Lack of strategic plan hinders KEIKI's effectiveness

The agency has not developed a strategic plan and performs minimal strategic planning. In Report No. 00-06, *Follow-up Management Audit of the Child Support Enforcement Agency*, the State Auditor documented this weakness as follows:

The agency's leadership has allowed itself to function too much at the mercy of changing events for several years, particularly while the new KEIKI system was being developed, installed, and

refined to meet statutory requirements. This reactive leadership has contributed to the agency's continuance of a long history of failing to resolve weaknesses in its management controls and its failure to take advantage of opportunities to improve its operations, services, and the use of its resources.

Our own review found that this weakness continues.

The agency's emphasis on meeting established federal guidelines (automation system certification, predefined performance measures, data integrity standards) was its de facto strategic plan for many years. Current executive management has raised customer service as a priority for the agency. However, without a strategic plan the agency does not possess a clearly defined purpose or mission. Consequently, agency executive management has not effectively defined what customer service means to the agency, how customer service meshes with federal child support enforcement mandates, or how customer service integrates with other agency priorities.

Lack of a plan deprives the agency of the opportunity to set defined goals and objectives, and implement strategies and action plans to meet them. Outside of predetermined federal measures, the agency has no means to evaluate success or foster continuous improvement. Executive management has little background to determine whether various aspects of the organization are healthy or in need of attention. Without a strategic plan and a process to periodically monitor and evaluate progress and update the plan, the agency will continue to operate in a reactive fashion.

Formal, structured leadership is a major contributor to other states' successes

In the other states we reviewed, we found that a formal and structured leadership group plays an important role in the success of child support enforcement. All three states have some form of management leadership body in place. Wisconsin, for example, has a Child Support Customer Advising Council comprised of state and county representatives that meets every other month to discuss system changes, enhancements, and issues. Wisconsin also has county user groups that meet regularly to discuss system issues and share best practices. To support continuous improvement, Maryland has created the Metro Area Performance Project (MAPP) that meets monthly to review performance statistics, share best practices, and focus on weaker areas to identify problems and offer solutions. Wyoming also has an agency-wide committee attended by program managers from its different divisions.

Management teams from all three states use reports generated from their respective systems to monitor the performance and activities of their employees. Maryland's and Wisconsin's systems also generate performance reports used to manage their State Disbursement Unit (SDU), which processes collections and disbursements, and customer service vendors.

With all three states having some degree of a structured leadership body, Hawaii's child support agency should follow suit. The agency's KEIKI Steering Committee serves as the information technology decision-making group for the system's enhancements and updates. However, no strategic body is in place to make strategic decisions and strive to make the agency more proactive.

KEIKI's Steering Committee is on track but falls short of providing strategic direction

In May 2000, the agency established a KEIKI Steering Committee in response to earlier Auditor reports and as a mechanism for the agency to manage and prioritize an overwhelming number of system issues. The committee meets weekly and consists of agency senior management and technology specialists. The committee has seven subcommittees that correspond to core KEIKI functions:

- Financial;
- Enforcement;
- Interstate;
- Locate;
- Case Management;
- Orders; and
- Paternity.

Over two years after KEIKI's implementation, there are still more than 1,100 documented, open issues concerning the system. Prior to the committee's formation, issues were separated only into high (designated as "fix now") and low ("fix later") priorities. (As of August 2002, there were 261 high priority issues and 863 low priority issues outstanding.) The agency was unable to effectively determine true priorities within this extremely high volume of issues without instituting some management structure. The steering committee provided this structure by requiring each subcommittee to prioritize issues within its area. Currently, 82 of

the 261 high priority issues are labeled Priority 1. The committee then prioritizes Priority 1 issues for completion, given the limited technical staff and other resources available to address them.

Although development of a steering committee and a graded system of prioritization was a major step forward for an organization that had constantly been in a reactive mode, it has still not provided strategic direction for the management of KEIKI. No documented goals or objectives exist for any of the subcommittee teams or for KEIKI in general. The committee does not operate under a formal charter and has not evolved into the strategic role such committees traditionally fulfill—to ensure that the agency's application of technical resources align with its strategic direction. The KEIKI steering committee is purely a reactive one, triggered into action only by appearance of the next issue. The committee provides structure, but little context, for the agency to focus on the business of steering KEIKI towards providing the functionality and information required to maximize agency workflow and throughput.

Workflow planning and control information is not effectively used

Agency management lacks fundamental information needed to manage its workflow and complaints. A majority of this data is available in KEIKI, but the agency has focused on meeting federal incentive measures and made little effort to extract the data from KEIKI. Unlocking workflow information from KEIKI could help in evaluating the effectiveness of the agency and the KEIKI system.

Management lacks information on potential workflow bottlenecks

Locating bottlenecks in the agency's workflow is impossible due to the lack of basic management information. Analysis of case work flow could yield insights into how effective users are in interacting with KEIKI, what functions may be taking excessive time to complete, where resource reallocation could enhance throughput, or what quality control measurements could be used to minimize errors.

Similarly, management does not have adequate information to analyze complaints and learn from them. Information available to management is not precise enough to determine how many referrals are real complaints versus simple inquiries, what types of complaints are most prevalent, or what types of remedies successfully resolved them. Moreover, with proper information, a correlation between complaints, types of cases, and workflow characteristics might reveal areas for improvement within the agency.

Due to this lack of management data, information to justify staffing decisions, including reassigning staff or obtaining more staff, is not

available. While intuition based on experience may sometimes be adequate in making resource allocation decisions, the complexities of child support operations make it difficult to consistently identify how many staff are needed and where they should be positioned. Exploiting the data analysis capabilities of KEIKI could prove invaluable in light of the budget challenges facing the agency.

In contrast, other states we contacted effectively use their automated child support enforcement systems to support daily operations. The other states indicated they rely on tasking and management reporting capabilities built into their systems to manage employees and/or vendors. For example, Wyoming's system creates alerts for Orders to be established for cases within 180 days, and Maryland's system generates reports of upcoming case emancipations and of cases referred to the Motor Vehicle Administration for driver's license suspension. All three states indicated they use information generated by their systems to manage, reward, and discipline their employees.

Hawaii's child support enforcement agency does not effectively track or utilize tasking to assist workflow and improve case management. In addition, Hawaii does not generate adequate management information to determine the health of the agency's processes. Much of the data useful for management reporting is stored within KEIKI, but the agency has made little effort to retrieve such information.

A wealth of workflow data is not being utilized

KEIKI contains a wealth of data that is not being converted into useful information. KEIKI records hundreds of different types of events affecting individuals and cases within the child support enforcement system. For example, KEIKI automatically records case establishment, order establishment, and "locate" attempts. However, the agency has made few attempts, and established no consistent processes, to harvest this data and convert it to meaningful information.

One effort now gaining some success is in the financial holds area. For a number of reasons, the agency is holding and not disbursing over 36,000 payments from noncustodial parents. The majority of these holds are mandated by state and federal regulations or involve other logical reasons. Some holds indicate problems with information on the case. By categorizing reasons for the holds, the agency has been able to concentrate efforts on resolving these problem payments. However, this example is an exception to the agency's general under-use of system information to proactively find and resolve child support problems.

In pursuing federal incentives, the agency has been oriented to a defined, static set of measurements for the program and has not used KEIKI to

provide information pertinent to workflow. For example, federal incentive measures include identifying the number of paternities established and the number of cases with support orders. While these provide the agency with some data measurements, they represent snapshots in time. By contrast, customer service orientations emphasize workflow or throughput, as customers want to get their cases established and receive regular disbursements as quickly as possible. To maximize this, management needs the following basic information about child support activities within the agency that is not yet available:

- The amount and percentage of cases needing location services and the success rate, average staff time spent, and overall average time elapsed in locating non-custodial parents;
- The amount and percentage of cases needing paternity services and the success rate, average staff time spent, and overall average time elapsed in paternity establishment;
- The amount and percentage of cases needing establishment of support orders and the success rate, average staff time needed, and overall average time needed for establishing and collecting from support orders;
- The percentage of children within the child support enforcement system who receive funds from their non-custodial parent, the time an average case takes from establishment to disbursement of first check, and the correlation between number of collections processed per day and number of cashiers processing collections; and
- The number and percentage of custodial parents with correct, current address information on file versus the number with incorrect address information, and the change in this trend over the last three years.

Much of the data needed to answer these questions exists in KEIKI, but agency personnel have not attempted to program the system to extract it yet. Unlocking this information would help the agency determine the effectiveness of legal, process, or organizational changes. It could also expose potential system or process problems within KEIKI itself.

Use of KEIKI information may reveal problems within the system

To determine the source of erroneous child support determinations, we analyzed one area of KEIKI data to assess whether bad data or flawed processes had caused the wrongful determinations. We scrutinized an

area of batch counts for check collections to see if the agency task completion files within the system could be reconciled with those of the receipt file within the system, thereby providing an automated check for correctness.

Information technology managers at the agency explained that when collections from noncustodial parents are received, a batching cashier creates a batch number for a group of checks. This activity creates an entry in a tasking file, after which a posting cashier posts individual payments into a receipt file against the tasking file entry. Although not a definitive method of reconciliation, batch counts of the task files should correlate with the receipt files. However, our sample resulted in the following discrepancy:

**Exhibit 2.1
Task File to Receipt File Validation**

	Single Batch	
No. Task Files	No. Receipt Files	Difference
771	1,020	249

Source: Data Extract from KEIKI, April 2002

A possible explanation for the discrepancy is there are sources other than the automated tasks that create batches into the receipt file. However, identifying such sources is not straightforward and leaves data reliability in doubt.

The questionable reliability of KEIKI data decreases its value as management reporting information. On the other hand, its value in revealing problems with agency processes or interfaces is increased.

Workflow and operational control are driven by customer complaints

Without adequate management reports, the agency’s ability to process cases, maximize workflow, and control operations is decreased. Consequently, complaints are often the primary force driving the movement of cases for the agency.

The agency does not use a concept of “caseworker” or “case team” to handle case flow. For a particular case, there is no person or team who “owns” the case or is directly responsible for ensuring the case moves step-by-step through the child support enforcement system. Cases progress through a series of handoffs between agency staff members or branches. This makes the case’s timely movement through the agency

highly dependent on complex KEIKI automation features, such as tasking.

KEIKI's design was intended to provide management and system users with tasking capabilities. Tasking capabilities consist of KEIKI automatically distributing and adding the next step of the support enforcement process to a staff's queue (task list) after marking the previous step as completed. The system was built to specifications developed and agreed upon by the agency. However, shortly after system implementation in 1998, users realized KEIKI's automation of tasking generated very high task volumes. Most personnel did not utilize tasking because they were not aware of it or because they were overwhelmed. The contractor at the time was requested to turn off many of the tasks that were not of high importance. However, even with only the "high priority" tasks left, supervisors did not emphasize tasking as important and most staff did not track their tasks.

A system extract that we took in August 2002 showed over 430,000 tasks existing in KEIKI, while over 395,000 tasks were not updated. The average KEIKI user has at least 1,000 tasks sitting in his or her queue. To go back and resolve all the tasks would involve a massive amount of effort and time. Consequently, the agency does not utilize KEIKI's tasking function.

While KEIKI users ignore the tasking function for most tasks, the burden of ensuring their work is completed falls on their supervisors. Many supervisors assign work to their employees weekly by using a manual log to track assignments. Throughput is measured by the amount of backlog in employees' queues. For example, supervisors each get a report at the end of the week that provides the following information:

- Employee A has 160 Orders of Income Withholding (OIW) in his queue at the start of the week;
- Employee A processed 30 OIWs during the week, 29 new OIWs entered Employee A's queue; and
- Employee A has 159 OIWs at the end of the week.

Ideally, cases that have been in the queue longest would be addressed first. However, if difficult cases are delayed or lost, supervisors lack effective means to track those cases. Instead of using KEIKI's robust tracking and scheduling features, staff follow throughput by using tick marks on a paper or spreadsheet.

Without an effective organizational or systematic way to track cases that are idle and need attention, cases are often moved along by customer

inquiries and/or complaints. For example, a case may sit idle in the system until a telephone inquiry, correspondence, or complaint to a legislator by the custodial or non-custodial parent restarts the case for processing. If the customer does not take action, the case will not be completed in a timely manner. Customer complaints or referrals are a major driver of throughput for the agency.

Poor data quality hinders federal incentive payments

Federal moneys to state child support enforcement agencies have three conditions attached. States must:

- Meet federal regulations and requirements for child support enforcement, including obtaining certification for their child support enforcement automation system;
- Achieve acceptable limits for five predefined child support enforcement categories; and
- Ensure the integrity of data within the automated system.

In terms of meeting federal certification requirements, Hawaii compares favorably with other states. The agency is one of only 15 states certified under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. This act added additional system requirements that the agency implemented in KEIKI and received certification for in June 2001.

However, Hawaii's performance is not as favorable in meeting minimums for federally defined categories and data integrity. During federal FY1999-2000 (October 1 to September 30), the federal government began phasing in an incentive program in which all states report results along five predefined categories to the federal Office of Child Support Enforcement of the Administration for Children and Families. The office conducts audits of all state child support organizations to verify states' performance and their data integrity in the five categories. Samples from each area must meet data reliability standards of at least 90 percent error free (95 percent beginning federal FY2000-01), or else the incentive is not granted for that particular area. Exhibit 2.2 depicts Hawaii's results for the previous two federal fiscal years.

Exhibit 2.2**Hawaii's Data Reliability Performance, Federal FY1999-2000 to FY2000-01**

Category	Formula	Federal Criteria	Hawaii's Performance	
			Federal FY1999-2000	Federal FY2000-2001
Order Establishment	Percent of cases with support orders	Sliding scale multiplier for incentive: 0 at 50% to 100 at 80%	47.5%; data unreliable	58%; data reliable
Paternity Establishment	Percent of cases with paternity established	Sliding scale multiplier for incentive: 0 at 50% to 100 at 80%	32.7%; data unreliable	79%; data unreliable
Current Support	Total support collected vs. total support owed	Sliding scale multiplier for incentive: 0 at 40% to 100 at 80%	49.9%; data reliable	51%; data reliable
Arrears	Cases paying arrears vs. cases with arrears due	Sliding scale multiplier for incentive: 0 at 40% to 100 at 80%	37.2%; data reliable	36%; data reliable
Cost-Effectiveness Ratio	Total collections vs. total expenditures	Sliding scale multiplier for incentive: 0 at 2.00 to 100 at 5.00	4.54%; data reliable	Not available during the study

Source: Revised OCSE-157 Report--Federal FY2001

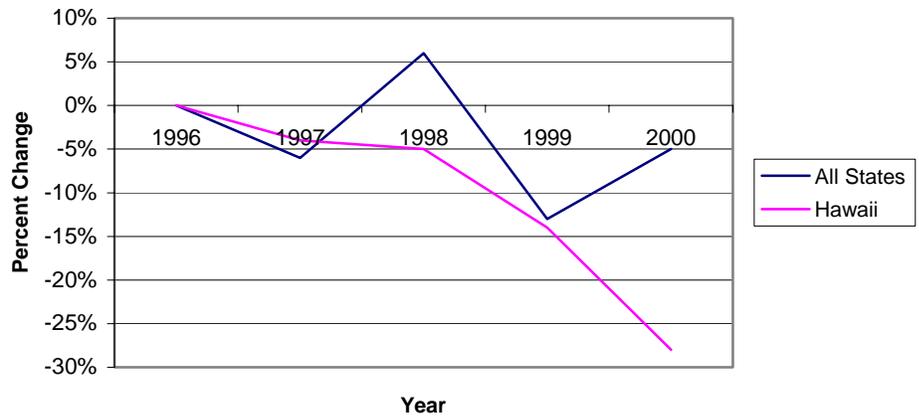
For example, in the category of Order Establishment above, federal incentive regulations require that more than 50 percent of cases have support orders to start qualifying for incentive payments. During federal FY1999-2000, Hawaii achieved a percentage of 47.5 percent of cases with support orders, and therefore received no incentive payments. For federal FY2000-01, the agency estimated that cases with support orders would be 58 percent of all cases; this would qualify the agency to receive 0.68 of the maximum incentive from the sliding scale. If the agency continually improves its scores, it will receive increasing incentive rewards from the federal government.

The formula for the federal incentive evaluation is complex and based on a pool of moneys divided between all state child support enforcement agencies. In large part because of a failure to meet data integrity minimums, Hawaii's agency was unable to maximize its receipt of federal incentive moneys. Hawaii qualified for \$1,960,000 of incentives based on its collections; however, it was able to retain only \$1,329,706 of this amount after the incentive evaluation, resulting in a loss of \$630,294. According to the Office of Child Support Enforcement, Hawaii ranked 48th in the nation for obtaining estimated federal incentive payments during federal FY1999-2000.

Although the federal FY2000-01 data audit was completed, federal incentive payments are still under review and have not been finalized. Hawaii's incentive payments for federal FY2000-01 are expected to be higher than in previous years because data integrity problems existed only in the paternity establishment area. Agency management and technology personnel have concentrated on data cleanup efforts in this area over the past year, and the agency's information technology manager believes Hawaii's data will meet integrity minimums for the FY2001-02 cutoff in September of this year. If so, incentive payments will likely continue rebounding for federal FY2001-02.

Since 1996, the agency has steadily seen its incentive payments erode. The total amount of federal incentive payments granted to all states fell by five percent between 1996 and 2000; however, Hawaii's payments fell by 28 percent. Exhibit 2.3 illustrates the five-year decline in this important source of agency funding compared to the rest of the country since 1996.

Exhibit 2.3
Percentage Change in Federal Incentive Payments,
1996-2000



Source: Federal Office of Child Support Enforcement

**Exhibit 2.4
Other States' Achievements in Meeting Federal Requirements**

	Paternity Establishment	Order Establishment	Support Collections	Arrears Collections
Maryland	75%	68%	Not provided	Not provided
Wisconsin	89%	77%	Not provided	Not provided
Wyoming	90%	77%	58%	58%

Sources: IV-D Director, Wyoming; Bureau of Child Support, Wisconsin; Director of System Support, Maryland

In comparison, all three of the other states we interviewed are meeting federal performance measures, and two are certified. Wisconsin is still in the process of resolving a data discrepancy issue but expects to be certified following the next review. Exhibit 2.4 shows current measurements from Maryland, Wyoming, and Wisconsin.

The agency struggles to manage KEIKI

KEIKI is a tool with the potential to dramatically increase the effectiveness of the agency in serving the State's child support enforcement needs. However, this highly complex, automated system takes a long time to master and requires high quality data inputs and a lot of attention to keep it at peak performance. The agency is not using KEIKI in a manner that unlocks its potential.

Agency executive management firmly believes that many of its problems stem from inadequate staffing. We attempted to verify this theory but found that new staff would not necessarily solve most of the agency's core problems, such as a lack of management information and focus on strategic definition, organizational constraints, system capability issues, and training deficiencies.

Many recommendations in this report address root causes of key problems surrounding staffing. The outcome of implementing these efforts will help the agency determine whether or not it is truly short-staffed and what areas, functions, or benchmarks would most benefit from staffing additions.

Training on KEIKI is deficient, but outsourcing may provide a solution

Users have a steep learning curve to become proficient in understanding KEIKI's complexities. KEIKI's output is highly dependent on the information it receives from external sources and staff input. If any of these sources provides the system with incorrect or incomplete data, the

system's automation will not be able to function properly. This makes training on KEIKI crucial to staff productivity and KEIKI's effectiveness in processing child support enforcement cases.

Before KEIKI became operational, the consultant responsible for system implementation provided some formal training. However, according to numerous users of the system, the training did not adequately prepare them for the enormity of the change from the previous system. Current training procedures and tools continue to be ill-equipped to effectively prepare staff in using KEIKI.

Training materials do exist in some areas. For instance, the original system consultant developed a "beta" or test version of a training manual. However, the manual was never finalized. Supervisors and managers have also prepared some training materials, but the agency has not developed a formal training approach curriculum and training facilities are practically nonexistent.

The most common training technique at the agency is to allow a new employee or an employee in a new position to shadow a more experienced employee or trainer for a period of time. An online Policy and Procedures (PAP) manual supplements this training. However, this technique has serious limitations. For instance, training cannot be uniform when using this individualized approach. The PAP manual could potentially alleviate this lack of uniformity but it was primarily designed as a reference source and is an ineffective training tool. Although the PAP gives step-by-step procedures about how agency staff interface with the system and what automation events will ensue, it does not provide a context for these actions. This is equivalent to teaching a student to read by providing him with a dictionary.

In addition, the PAP is outdated in some areas and incomplete in others. For instance, the PAP does not mention four of 32 events in the locate function nor 13 of 46 events in the case initiation function. It also gives other events only a cursory mention even though an understanding of these events is critical to determining how a case is progressing through KEIKI.

Lack of a structured training curriculum has made it more difficult for staff to become proficient with KEIKI and consequently reduces their productivity. In addition, training deficiencies can cause effective functioning of the system to be hampered. Non-use of the tasking function by many staff is one example of this. Currently, the agency has very limited opportunity to provide staff with feedback on their system interactions and to trace errors back to their source causes. For this reason, it is important for the agency to establish a rigorous, standard training program to minimize errors from occurring.

Although none of the other states we contacted has a rigorous training program, each has some training procedures in place. Wisconsin and Maryland both outsource their training support to a local university, which manages regional training centers for their employees across the state. All three states provide online training and user manuals. Additionally, Wisconsin has four staff assigned to a system help desk and a bulletin board feature in the KIDS system so that system users can communicate with each other.

In contrast, Hawaii does not have a formalized program; its training is mostly ad hoc. Hawaii needs to develop a formal training program and should explore opportunities to outsource its training.

KEIKI's reliability and availability impact staff productivity

Scheduled and unscheduled KEIKI outages have materially affected staff's ability to process child support workflow through the system. Scheduled downtimes—which account for approximately 50 percent of total downtime—occur because of the extensive processing requirements for system backups, month-end processing, and certain management reports. As a result, system downtime often overlaps into working hours. As more data is added to the system from increasing case volumes and longer historical information on current cases, backup and reporting timeframes will continue to lengthen.

Downtime schedules and logs show that KEIKI is offline from 25 to 30 hours per month during business hours, depending on the particular office. This equates to an average downtime during working hours of 15 to 17 percent. Comparable mission-critical systems at other businesses and government agencies are typically offline less than 1 percent during working hours.

Areas that are highly dependent on KEIKI, such as collection and processing of incoming checks, are especially impacted by downtimes. Over 1,900 checks per day flow into the agency. Many of these must be processed and disbursed within 48 hours to meet federal regulations, but downtime prevents this goal from being reached at times. This situation is aggravated by the fact that much of the scheduled downtime is at the start of each month, coinciding with a peak time for collection of checks.

Another area significantly impacted by KEIKI's performance and availability is customer service. During downtimes, customer service representatives are unable to pull up case status and history while customers wait at walk-up windows or on the telephone. This causes frustrations and inefficiencies, as customers do not receive satisfaction and staff are unable to resolve issues at the time of contact and must address them later.

None of the other states we contacted identified issues related to system availability or downtime. Wyoming reported its only performance challenge as being a network bandwidth issue, which it plans to resolve by using an application that reduces the amount of information traveling over a network.

By contrast, Hawaii's system has significant availability issues. This requires agency attention to determine architectural and process changes and techniques to maximize system availability. It also includes exploring changes to technologies and processes used for system backups and for reporting and decision support.

One of the major causes of Hawaii's poor system performance stems from a lack of separation between operational, current data and strategic, historical data. This means that regular workflow data is stored in the same database as information required for system reports and management planning activities. Consequently, any time a report requiring intensive processing or analysis is requested, it impacts system performance for users who are processing daily workflow activities. An example of this even occurred during our assessment, when a system extract of historical data we requested slowed system response times dramatically enough to decrease the total number of collections that could be batched and posted that day.

A best practice is to separate information used for decision support purposes from daily transactional data within a system. This management information can then be organized and stored in a manner not constrained by data collection and processing needs, which leads to improved decision support and minimal impacts on system availability and performance.

Computer system maintenance and support are at risk

Overall, the agency's Information Technology Office is managed and organized in a manner that allows it to deploy its limited resources efficiently and operate effectively. However, numerous issues outlined below in the hiring, retention, and training of information technology staff and management put the agency's ability to provide effective services at risk.

The agency currently employs 18 information technology professionals. These staff support KEIKI, create enhancements for the system, update change requests, and run day-to-day information technology operations. The number of employees by specialty and category is:

Title	No. Staff
Data Process Systems Analyst VI	1.0
Data Process Systems Analyst V	1.0
Data Process Systems Analyst IV	11.0
Computer Programmer IV	4.0
Data Process User Support Technician	1.0

Most Information technology staff are assigned to support specific KEIKI functions (which correspond to the KEIKI steering subcommittees):

Area	No. Staff
Financials	4.0
Enforcement	2.0
Interstate	1.0
Locate	1.0
Case Management	2.0
Orders	1.5
Paternity	1.5
Help Desk	1.0

Each function, with the exception of financials, has a relatively small number of personnel who possess the technical and subject matter expertise to manage it. Information technology management is working on documenting technical and system knowledge. However, some areas are not well documented, and knowledge transfer is very difficult due to the limited number of information technology staff. The lack of functional understudies and inability to perform extensive cross-training would be very detrimental should any key information technology staff leave the agency.

Outsourcing the maintenance of KEIKI is one option for the agency, but we do not recommended it at this time for a number of reasons:

1. Any outsourced contractor would need to learn KEIKI, which is not a trivial challenge;
2. Outsourcing would not necessarily solve root problems such as deficiencies in training and inadequate strategic direction;
3. With an outsourced agreement, the agency would likely lose key in-house process and technical knowledge. Over time, the outsourcer would gain substantial bargaining power over rates and terms;
4. The agency has a troubled history of managing outside vendors;

5. Outsourcing would likely add complexity to the process of managing and executing application changes;
6. Outsourcing would likely alienate, and cause the agency to lose, key technical managers; and
7. Perhaps most importantly, outsourcing would likely cost more than the agency currently spends on maintenance (see Chapter 1 for current costs).

Many recommendations in this report address root causes of key issues surrounding this area. The outcome of response efforts will help the agency determine whether or not to consider outsourcing this important function.

Employee retention and turnover in information technology is a major problem

Employee retention in the competitive information technology market is extremely difficult. Of the current information technology manager's six original staff members, only two are still with the agency. The State's compensation model makes it difficult for the agency to compete for and keep highly skilled technologists. In addition, the agency loses employees to other state agencies that are perceived to have fewer job pressures or firm deadlines. For these reasons, the agency has had to be flexible in its hiring. For two recent hires, the agency opted to employ people who did not have degrees in computer-related fields and to train them in programming and system support.

Information technology staffing and maintenance is also a challenge in other states

In the three states we contacted, information technology staffing was a challenge due to either the quantity or quality of resources available. Maryland, for example, has been reducing information technology staff due to budget constraints. Members of the information technology staff generally perform a diverse set of tasks and, as in the case of Wyoming, there is heavy reliance on key individuals. Maryland indicated that due to salary limitations, the quality of staff employed is not always sufficient to support its needs.

Although the other states did not discuss operating costs, Wisconsin acknowledged that operation and maintenance costs (approximately \$1 million per month) are an issue. Reducing such costs is a major goal, which Wisconsin is trying to accomplish by rewriting poorly performing programs and streamlining business processes. All three states indicated they were experiencing budget reductions.

Although KEIKI's maintenance costs have stabilized somewhat since implementation, Hawaii does not track all internal system costs. We advocate that Hawaii track all such costs to better monitor and respond to changes and maximize federal grant capture.

Each of the states we contacted has a governing body that provides guidance for system-related activities and prioritizes and monitors system change requests and enhancements. Maryland, for example, has a Systems Requirements Office and a Telecommunications Process Review Committee with a charter to ensure that proposed and in-process system additions, enhancements, and modifications adhere to current architecture and will not adversely affect existing systems, processes, or programs.

Hawaii's agency faces many of the same information technology staffing challenges as other states. Like the other states we contacted, Hawaii also has a governance body to provide guidance for change requests and enhancements. To minimize risks associated with the loss of information technology staff, the agency needs to bolster and centralize system documentation.

System documentation is decentralized or non-existent

In Hawaii's agency, system documentation is either scattered throughout different applications and storage mechanisms or does not exist. For example, an application created during system development houses the original requirements and design specifications of KEIKI. This application is a read-only program, so any revisions or changes to KEIKI must be documented in other diagramming or text-based formats. These are stored in various shared-drive locations at the agency.

In another example, a database application houses the tracking and resolution of KEIKI issues. However, issue tracking and prioritization is also done through a series of 11 Microsoft Excel spreadsheets, which require manual synchronization with the database and each other. This creates additional work and opportunities for errors to be introduced into the system.

Furthermore, some important system information is outdated or simply does not exist. An important artifact for large systems is a map of the relationship between and among data elements within the system, commonly referred to as a data model. This is used to help developers understand the system and make needed changes and modifications. With this information, areas that will be affected by system changes are identified ahead of time and unintended consequences minimized. For KEIKI, this map is obsolete and will require a major system programming effort to recreate.

These are some examples of KEIKI's scattered or inadequate system documentation that highlight the problems encountered when searching for useful system information. Especially with limited cross-functional job knowledge and backup duties in information technology, access to documentation is critical to the continued effective support of KEIKI.

Customer Service Has Improved, But The Agency Has Not Yet Established a Culture of Customer Service and More Improvements Can Be Made

During the initial implementation of KEIKI, customer service staff at the agency felt inundated and overwhelmed, resulting in poorer customer service. This result was compounded by the agency's view that being responsive to clients was not part of its mandate, as reported in the Auditor's Report No. 00-06. Although new agency leadership has improved upon the dismal customer service performance found in the Auditor's last report, including increased agency accessibility and lower complaint volume, many challenges remain.

In part because of past problems, the overall philosophy of the agency toward customer service has changed. The role of the child support enforcement agency has always been divided between its enforcement and service missions. In prior agency administrations, enforcement was the sole emphasis. Enforcement continues to be a high priority, as many federal incentives are oriented around enforcement, such as paternity establishment, support order establishment, collections, and collections on arrears. However, the agency administrator has now verbally elevated customer service to the agency's top concern.

The administrator appears to have fully communicated internally that customer service is now a major focus of the agency. All supervisors and staff whom we interviewed were aware of the new emphasis on customer service. However, details of "customer service"—such as what it means, how it is measured, and how it is to be improved—have yet to be defined and were not clear to staff. Changing from an enforcement to a customer-focused organization is a major cultural shift that will require extensive strategic and tactical planning to make this transition. Such a plan does not yet exist within the agency.

We also found diverse treatments of customer service among the other states we reviewed. Some techniques and practices could be useful in improving Hawaii's customer service operations.

The agency's legacy of poor customer service hinders its effectiveness at serving the public

Over the past five years, the agency has received much high-profile, negative publicity from media coverage, public officials, Auditor's reports, and litigation. Much of this was sparked by the problematic implementation of KEIKI, which has been well documented in two previous Auditor reports, Nos. 98-12 and 00-06.

The KEIKI development effort was underestimated and had major schedule slips and cost overruns. Upon implementation in the summer of 1998, KEIKI created numerous erroneous notices and disrupted collection and disbursement of child support. Telephone and foot traffic into the agency ballooned to unmanageable levels. At the peak of the problems, fewer than three in every 100 people could get through to customer service representatives on the phones, and offices had standing-room-only crowds and service delays that stretched for hours. During that turbulent period, public trust diminished and some families' lives were disrupted because they could no longer depend on receiving their child support checks.

The ultimate beneficiaries of the child support enforcement agency are children of custodial parents who receive agency services. However, the agency rarely works with children directly; its primary customers are the more than 200,000 mothers, fathers, and legal guardians of children with active cases at the agency. Customer service at child support enforcement agencies is inherently challenging because of the charged environment between many of its primary customers. The agency's highly publicized problems have made customer service even more difficult.

Some customers and members of the public have a perception that the agency is indifferent to their problems, which is magnified by reports in the media. Nearly every agency staff member, supervisor, and executive involved with customer service whom we interviewed mentioned the extensive amount of anger and wrath they receive from customers on a daily basis. One staff member estimated that in one agency branch, eight out of 12 staff members have stress-related medical excuses exempting them from performing direct customer service tasks. This results in a smaller pool of agency staff who are able to perform such tasks; these factors also combine to lower morale and make improving customer service more difficult.

Administrator has not defined expectations or measures of effectiveness for customer service

The agency administrator has not defined what constitutes adequate or excellent customer service. The result is that neither customers nor agency staff have a clear idea of what level of service should be delivered. Numerous child support enforcement agencies have defined a set of principles or best practices to guide their customer service. For example, Texas' Child Support Program has developed and publicized a list of customer service guiding principles. That program has also created training courses and tools to ensure staff convey a consistent message and ability to deliver improved service. Hawaii's agency has not created a vision of how it will provide service to its customers.

Lack of defined customer service expectations has caused public misconceptions of the agency's role. This partially contributes to the public's anger and hostility when contacting agency personnel for complaint resolution. The agency should take a more proactive role in communicating and educating the public on the agency's mission, goals, and legislative mandate.

Most agency staff view customer service as time spent assisting walk-ins and handling telephone calls and other follow-up matters that arise from those assignments. Many staff we interviewed view these activities as very taxing, and a chore that takes a great deal of time away from their regular workflow. Few guidelines exist to assess effectiveness of these activities, so staff do not know if they are doing well or poorly.

Supervisors and branch chiefs are the group most affected by the lack of defined customer service expectations. They must prioritize between customer service and back office/workflow functions. Supervisors are not measured, reviewed, or rewarded on improved customer service. However, there is a constant backlog of back-office/workflow functions. Consequently, supervisors are strongly driven to focus their resources on the workflow, not customer service.

Management is unable to gauge customer service effectiveness

Information is the critical missing element preventing the agency from being able to assess how effective it is at providing service to its customers. Many key pieces of data arising from customer interactions are not captured. For example, the nature of complaint/issues are not logged in any systematic manner by agency staff. Therefore, trend analysis to determine major sources of complaints or problems is not easily accomplished and consequently is not done.

Even the large amount of information obtained during customer interactions is not organized in a manner that provides the agency adequate management feedback. The agency has not surveyed customers on their needs or satisfaction with the agency. This general lack of customer service information creates an environment where management cannot formulate effective judgments on how agency systems, policies, or process changes affect customer service.

The agency averages over 350 customer service contacts per business day

The three main avenues for customer service interactions at the agency are walk-in, phone service, and correspondence. The huge walk-in lines, overwhelmed phone queues, and massive volumes of written complaints that plagued the agency when KEIKI was brought online have become

more manageable. However, the agency still engages in a substantial number of customer service interactions daily. Following are the primary methods used to address customer issues and complaints outside the regular case workflow:

- **Telephone Assistance:** In FY2001-02, the help desk received 53,565 phone calls, or an average of about 217 calls per workday, requesting a live agency representative. Direct calls into the agency administrative office line amounted to 7,118, or about 28.8 per workday;
- **Walk-in Assistance** (at one of four agency offices throughout the state): Oahu receives between 30 and 50 walk-ins per workday. Hawaii and Maui each receive approximately 20 per workday, and Kauai receives about 10 per workday; and
- **Complaint/Issue Correspondence:** Direct referrals (including from federal agencies, the governor's office, lieutenant governor's office, attorney general's office, the Legislature, and via fax, email, and direct mail) totaled 1,795, or about 7.3 per workday, in FY2001-02. The Ombudsman also received 386 complaints (1.6 per day) in FY2001-02.

Altogether, the above contacts add up to approximately 350 customer service contacts for Hawaii's agency per working day, or approximately 1.5 contacts per full-time employee (FTE) per day, that require staff attention. In addition to contacting the agency, there are three automated sources of information where customers can obtain self-service information:

- **Automated Voice Response Unit (VRU):** 105,871 calls received in a three month period (May-July 2002), or about 8,140 per week;
- **Agency website:** Approximately 47,000 visitors since 1996; and
- **Agency brochures and pamphlets.**

Measures for tracking customer service are rudimentary

The hundreds of customer service contacts made every day are an invaluable source of information about the health of systems and processes within the agency. Customers' complaints, issues, and inquiries are one of the most effective and efficient ways to obtain information about customer expectations and internal service delivery. However, the agency tracks only basic data on these contacts and the resolution of their concerns. Even this data, however, is not used in

meaningful ways to improve internal processes or service delivery. The agency does not have an effective feedback loop for incorporating customer comments and complaints into its planning processes. Because of this, management has a low awareness of day-to-day problems and issues until they become crises.

The agency administrator uses three pieces of information to measure customer service effectiveness:

- *Number of complaints:* Complaints are either directly recorded by the agency or received as referrals from the Ombudsman and other sources. Some referrals are information requests or general inquiries rather than complaints, but their type and nature are not categorized. And while the agency records number of telephone support line calls and office walk-ins, it does not categorize the nature of these contacts;
- *Telephone customer support line answer rate:* The agency records this information, but has not defined its target measurements or goals, although management desires a 90+ percent answer rate; and
- *48-hour turnaround percentage for Order of Income withholding collections:* The agency captures this information only for Self Assessment Reviews that are completed once a year for the federal government. The federal standard is 75 percent; the latest agency result for federal FY2000-2001 was 73 percent.

Because the agency does not capture and utilize critical information on its customer service contacts and complaints, basic customer service questions cannot be answered nor appropriate techniques employed. Such questions would include:

- How many complaints does the agency receive per year?
- What are the five most frequent complaints? Do these complaints indicate any system or procedural problems?
- What are the five most frequent requests for information? What strategies can the agency employ to enable customers to obtain this information before speaking with an agency representative?
- How many calls to the help desk are complaints? How many are requests for information, and how many are regarding other customer concerns?

- What percent of complaints is resolved immediately? What percent are resolved in five and ten days? What percent of complaints is never satisfactorily resolved?
- Which staff members and supervisors excel at complaint resolution? How much staff time is spent on complaint resolution?
- How many complaints per month are the results of follow-up to an existing complaint?
- What percent of contacts come from the same customers? Are there proactive strategies the agency can employ to address their issues and minimize their continued contacts?
- What types of complaints and issues take up the most staff time? Are there systematic approaches that can allow them to be settled faster?
- If a recurring complaint is addressed systematically, how much staff time would this save?
- How do walk-in customer issues and problems differ from telephone ones, if at all? Why do customers choose to walk-in over using the telephone support lines?
- What key areas of the agency's automated voice response unit (VRU) or website could be augmented to increase customer self-service? and
- What training areas should effort be directed to, based on customer service inquiries or complaints?

Until feedback information from daily customer interactions can be captured and employed, the agency will continue to be trapped in a reactive mode regarding customer service. The agency will be unable to effectively develop strategy and tactical implementation plans to improve customer service delivery. For example, two agency staff members believe one of the most common complaints is caused by support order modification delays. However, the agency administrator disagreed that this is a high complaint area. This difference highlights the need for definitive, rather than anecdotal, complaint statistics.

The agency lacks a firm understanding of customer service satisfaction rates

The agency does not monitor or track customer expectations or satisfaction rates, nor does it formally survey, or provide defined avenues for, customer feedback. Customers may email, write, or verbally give their opinions or impressions of the agency, but the agency does not capture or organize this information in any meaningful way.

Many states use customer surveys to gauge customer satisfaction and expectations. For instance, Texas' Child Support Program utilizes a questionnaire for custodial and non-custodial parents to aid in assessing agency effectiveness. The questionnaire seeks to determine whether customers feel that:

- The voice response unit is a good way to obtain case information;
- They can usually get through to the local office;
- Letters and notices are easy to understand;
- Staff answer questions and explain services;
- Staff treat customers with courtesy and respect;
- Staff take actions needed for cases; and
- They are satisfied with paternity establishment, locate services, established court orders, and forwarded payments.

The federal Office of Child Support Enforcement also provides sample questionnaires for both custodial and non-custodial parents at <http://www.acf.dhhs.gov/programs/cse/pubs/surveys/>. However, we recommend the agency use these questionnaires as references, as they are very lengthy and response rate could be a problem.

Telephone customer service is improved, but far from excellent

A large majority of customer service contacts is performed via telephone. Over 8,000 calls per week come into the automated Voice Response Unit (VRU), which was installed over four years ago to automate handling of customer inquiries. Of those, more than 2,000 callers per week transfer into telephone queues to speak with a customer service representative and approximately 1,000 eventually speak with a representative.

The VRU system creates potential for a bad first impression of the agency

The VRU has a large amount of taped general information about the agency's services and also provides case specific information on collections, payment history, and order establishment status. The VRU's role is to automate the dissemination of information and handle basic inquiries, thereby freeing up agency personnel for inquiries or complaints that require more personalized assistance. Unfortunately, implementation of the VRU has been problematic for both customers and the agency.

Customers' experience with the VRU has the potential to immediately sour their view of the agency. For example, although the VRU telephone number is advertised on the agency website and in its literature as its primary contact number, what is not mentioned is that this number connects to an automated information line that does not offer any menu options to speak to a live customer service representative. However, dialing "0" will transfer the call to a customer support person between the hours of 9 a.m. and 3 p.m. on business days—but this option is not announced in the VRU script. Moreover, there are 40 seconds of "dead air" before a customer is connected to the customer service line. During this delay, customers may believe they have been disconnected and hang up, but the agency does not track abandoned calls. The agency's information technology department does not believe the "dead air" problem can be fixed without replacing the VRU system.

The VRU also provides an extensive amount of fast-paced spoken information, making it difficult for customers to follow it or write it down and requiring them to repeat the menu numerous times. Statistics on what areas of the menu are receiving the most attention are not recorded by the agency and cannot be tracked with the current VRU system. Agency personnel assume that most customers utilize the VRU system to obtain case-specific information such as payment history, collections, and order status. However, interface with KEIKI is poor and data available on the VRU is updated only every one to three days. In addition, presentation of information to customers cannot be customized. Because of this, customers may try to speak with agency personnel (if they can figure out how to do so) rather than utilize the VRU, thereby limiting the VRU's effectiveness and making the customer's experience less than adequate.

VRU system support poses a major risk for the agency

The original vendor that furnished the VRU went out of business. A new vendor has taken over but will not support the agency's VRU product and has refused to provide access to the VRU menu scripts unless the

agency purchases its latest VRU product. Consequently, the agency is unable to change any of the VRU's scripts or menu choices.

This situation creates a major risk for the agency, as a glitch or power outage with the now unsupported VRU could rapidly overwhelm customer service personnel with up to 8,000 calls per week. Agency staff recognize this serious risk and have begun to identify and implement another VRU system. We strongly recommend that this proceed as rapidly as possible.

Telephone customer support still has unacceptable service levels

Customers who wish to speak to a customer service representative between 9:00 a.m. and 3:00 p.m. can try to reach the helpdesk service line by dialing "0" from the VRU. After approximately 40 seconds of "dead air," they are either entered in or blocked from the queue.

Substantial improvements have been made in the accessibility of agency customer service representatives by phone since the Auditor's last review. Nevertheless, as of FY2001-02, fewer than 60 percent of callers got into the telephone queue and under 50 percent eventually talked to an agency representative. The Auditor reported in September 1999 that 83 percent of attempts to reach an agency representative were unsuccessful. In the intervening three years there has been a more than 300 percent improvement in this area: the agency now averages a 48 percent answer rate (217 of 455 calls answered per day). However, this is still extremely poor.

Of the 52 percent of callers who do not speak with a representative, approximately four out of five (80 percent) are blocked from getting through because the lines are full. The other 20 percent abandon their calls before a customer service representative can answer. Average wait times in the queue is more than 3.5 minutes; yet even this figure may be sliding. In the second half of FY2001-02, customer service line call volume increased from 397 to 514 calls per day (a 29.5 percent increase). Consequently, answer rates dropped by 9 percent (53 to 44 percent) and wait times increased by over half a minute (3:17 to 3:50 minutes). Additionally, although call volume increased by 117 calls per day, only 14 additional calls were answered on average (210 to 224 calls).

According to agency management, more calls are received in the second half of the year due to federal and state income tax garnishments for child support. This may explain some of the 30 percent increase in call volume the agency typically experiences during the second half of a fiscal year. If this is caused by tax offsets, it indicates that a proactive educational campaign on tax offsets could substantially alleviate this

increase. However, if call volume increases are the result of other issues, then operational problems may be the cause. Without detailed information, agency management cannot measure these trends and is forced to remain in a reactive mode.

The agency's telephone support lines create a mediocre customer experience

Nearly two-thirds of customer contacts that are not part of everyday workflow occur through the telephone support lines. Approximately four out of ten callers are blocked from getting through; for those who are put in the queue, estimated call wait times are not provided. Depending on the number of calls received on a particular day, average wait times can be more than three to eight minutes. For these reasons, approximately 20 percent of callers abandon their wait before reaching a representative. In addition, the relatively limited agency hours (9:00 a.m. to 3:00 p.m. weekdays) are inconvenient for parents who must work and add to frustrations regarding agency accessibility.

Customer service representatives work part-time on the telephone support lines or the walk-up counter in addition to their everyday jobs of investigator, legal assistant, and so on. Each of the four agency office locations is responsible for answering telephone support lines. Oahu typically has three representatives tending the phone, while the other offices have one representative each. Although the Oahu Branch Manager has overall responsibility for the telephone support lines, supervisors in each branch office also manage the many staff who operate the lines part-time. This shared oversight makes managing employees' time difficult and ultimate accountability for effective customer service unclear.

Some customers have tried to bypass the telephone customer support lines by calling the agency administrative number directly. This number receives approximately 30 calls per day, many of which cannot be handled by administrative staff and must be redirected to telephone support lines or other agency personnel, creating inefficiencies and increasing customer frustrations.

Tracking mechanisms vary from state to state

Tracking methods vary among the states we contacted. Wisconsin indicated that it does not have an automated system in place to track or analyze complaints. Wyoming uses a combination of Excel and Microsoft Access to track incidents.

Maryland appears to have the best defined customer service organization, which it has outsourced to a private call center. That state

has automation throughout its process and can provide statistics on the number of calls, length of conversation, unanswered calls, and so on. If an inquiry cannot be immediately resolved, a customer service representative completes a work order and forwards it to a local office, which has 20 days to respond. If the inquiry is labeled 'hot,' the local office has 48 hours to respond. In addition, Maryland employs a contract monitor who is responsible for monitoring the performance of the call center vendor. Both Wisconsin and Maryland use Voice Response Units (VRUs) to respond to payment inquiries, while in Wyoming every call is answered by a customer service representative.

Hawaii's agency has not set goals for customer service delivery and does not effectively track complaints or their resolution to determine trends, common problems, or resolution strategies. The agency needs to improve its VRU system and its customer service delivery and tracking mechanisms.

Opportunities exist to improve complaints processing

Complaints processing and resolution at the agency varies depending on the source of the complaint. This fragmented approach results in inconsistent resolutions and hinders the ability to track complaints and address their root causes. Other states that we reviewed have centralized, dedicated units with defined performance measurements and customer service objectives with which to gauge customer service effectiveness. Hawaii needs to define its customer service objectives and performance measurements to improve customer satisfaction. It should also expand its use of the Internet as a vehicle for customer service interaction.

Complaints to the Ombudsman have decreased but are still above pre-KEIKI levels

The Hawaii Ombudsman's office offers one avenue for customers to express their concerns or complaints about their interactions with the agency. Exhibit 2.5 shows the volume of complaints to the Ombudsman over the past seven years versus the agency's caseload.

Although complaints have subsided from record highs during the problematic initial implementation of KEIKI, they stubbornly remain well over twice the pre-KEIKI implementation averages. Case volumes have increased by only 23 percent between 1996 and 2002.

Prior to 1998, the Ombudsman tried to address complaints in-house. However, when KEIKI was implemented in the summer of 1998, the Ombudsman became inundated with complaints and could not handle the volume. The Office of the Ombudsman then worked with the agency to

Exhibit 2.5

Complaints Against the Child Support Enforcement Agency Received by the Ombudsman, FY1995-96 Through FY2001-02

	FY1995-96 – FY1996-97	FY1996-97 – FY1997-98	FY1997-98 – FY1998-99	FY1998-99 – FY1999-00	FY1999-2000 – FY2000-01	FY2000-01 – FY2001-02
No. of Complaints	157	159	730	454	458	386
No. of Cases	86,826	95,766	98,302	98,878	100,848	107,123
Percentage of Complaints	0.18%	0.17%	0.74%	0.46%	0.45%	0.36%

Source: Office of the Ombudsman

develop a system in which the office records information from the customer and then forwards the agency a synopsis of the problem on a standard transmittal form.

A liaison at the agency assigns the complaint a case number and forwards it to an appropriate agency supervisor to address. The liaison keeps a record of status and resolution date for all complaints. Supervisors have ten working days in which to contact customers to address issues or complaints. Actual resolution of the complaint may take longer, and if so, the supervisor can request a 30-day extension for resolution. The agency supervisor determines whether the complaint is settled and the resolution status is faxed back to the Ombudsman's office. The Ombudsman keeps track of total complaints and calls the agency administrator to follow-up on unresolved complaints.

Based upon the agency's report logs of the 386 complaints it received in the past fiscal year, a high number were not resolved within the agreed upon timeframe or remain unresolved:

- Late: 44 (11.4 percent); and
- Unresolved: 74 (19.2 percent).

Unresolved complaints may be lower, but some agency supervisors do not inform the Ombudsman when complaints are resolved as per agency policy. One supervisor has never informed the liaison of the resolution status of any complaint ever forwarded to him. Neither the Ombudsman nor the agency performs follow-up audits to determine whether complaints or issues have been truly resolved to the customer's satisfaction. If a customer registers a second complaint to the Ombudsman, it is treated as a new complaint and goes through the process again.

As with all its complaints, the agency does not categorize Ombudsman complaints for trends or root causes, nor does the agency assess the reasons for late or unresolved complaints. Consequently, although the agency rigorously tracks Ombudsman complaints and their resolution, it does not analyze this information to help minimize future complaints or establish processes to make their resolution more effective.

The agency does not emphasize the Internet as a customer service vehicle

Many government agencies throughout the nation utilize the Internet extensively as a vehicle for customer self-service. The agency's website currently provides some static information describing the locations, processes, and procedures of child support in the state. Currently, case-specific information and functionality that would allow customers to access account balances, review payment history, make payments, initiate modifications in support orders, and other child support processes are not available through the Internet. The agency has cited cost as a major factor for not developing a more robust Internet functionality. The major cost components and technical challenges of such development would revolve around user identity management, interfacing with KEIKI, and information security. The agency should further explore customer interest in, and potential savings that would result from, this type of customer self-service.

In the short term, the agency should review its website to ensure information is correct based on the latest regulatory changes and agency processes. For instance, the website's frequently asked questions (FAQ) section indicates that under current Hawaii law, "all child support payments must be made by means of wage withholding through the Child Support Enforcement Agency." This information is no longer current, as the law has been changed to allow some parents to opt out of the State's child support system if both parents agree.

Agency's response to complaint resolution is fragmented

Some systems and tools are in place to help ensure complaints and problems are handled in a standardized manner. The CSEA Bulletin, distributed to agency staff roughly every month and a half, describes changes in regulations and provides a forum to address frequently asked questions. The online KEIKI Policies and Procedures (PAP) manual details procedures, forms, screens, and policies of child support. In addition, training documentation exists that depicts how to best handle common complaints.

However, in practice, complaint/issue resolution at the agency heavily depends on the source of complaints. There are three distinct paths for

complaint resolution. Each path may be handled by a different set of personnel, even if it is exactly the same type of complaint:

- *Walk-in and telephone customer support line* issues and complaints are addressed by the front-line employees who attend to customers. The rate at which inquiries, complaints, or issues are resolved immediately is not tracked and appears to vary significantly by agency personnel, whose estimates ranged from 25-75 percent. When possible, front-line employees follow up on issues that cannot be immediately dispatched or handed off to specialized agency representatives. The agency puts no defined time limit on resolution. Depending on the type of task, KEIKI may also post some automated event flags for completion.
- *Interstate and Ombudsman* issues and complaints are assigned to whichever supervisor the agency liaison deems most appropriate. The supervisor delegates such complaints and is responsible for their timely closure.
- *Direct Referrals* issues and complaints are primarily assigned to a special Complaint Resolution Team that consists of two staff and a supervisor whose main responsibility is to resolve these sometimes high-profile complaints (referred from Hawaii's state executive, legislative, and judicial branches, and from federal sources). They provide complainants with individualized attention when handling their issues.

The Complaint Resolution Team, utilized for direct referrals, is an outgrowth of poor customer service provided on cases where customers built up enough frustration to send correspondence to a government body or the agency directly. The continued need for this special team indicates that the agency's management does not trust its regular processes to properly handle complaint resolution.

This fragmented approach to addressing complaints creates inconsistencies in their resolution. More importantly, it removes important feedback mechanisms for agency staff and management to view and correct the root causes of complaints.

Centralized, dedicated, and monitored customer service helps to ensure constituent satisfaction in other states

Although each provided multiple means of interaction to its clients, the states we interviewed have tried to standardize their customer service environments with varying degrees of automation, typically through their payment-processing unit. Wisconsin and Wyoming have customer service centers tied to their State Disbursement Unit, which primarily

field payment inquiry calls. Case inquiry calls are directed to the local office managing the case. Maryland contracted with a vendor to maintain a central customer service center, although some of Maryland's local jurisdictions still handle calls.

Each state also has defined and documented performance measurements with which to gauge the success of its customer service departments. For example, in Maryland, calls must be answered within three rings; they cannot be on hold for more than 30 seconds; and there can be no more than a 10 percent call abandonment rate. Maryland also has a contract monitor responsible for monitoring performance of its call center vendor. Maryland's vendor is paid based on performance against the benchmarks. From these examples, it appears that centralizing the customer service center and dedicating resources to the activity and/or outsourcing the process can free up resources and improve customer service performance.

Hawaii's agency has very loosely defined customer service standards. In addition, the agency's customer service representatives perform telephone support only part-time and are dispersed throughout the state. Hawaii's agency should follow Maryland's lead and develop documented customer service objectives, measure performance against the objectives, manage telephone support lines centrally, and explore outsourcing options concerning telephone support.

Hawaii Can Benefit from Other States' Best Practices

Similar to Hawaii, the three other states we contacted also experience what they see as staff shortages. However, the other states' computer systems have increased their child support enforcement agencies' reach and capabilities. Unlike Hawaii, the other states are not impacted by system availability and are able to use their computer systems more effectively to support daily operations. Below, we describe some best practices used by the other states' organizations that may be of benefit to Hawaii.

Other states' child support agencies' reach and capabilities have been expanded through automation

Automation has not reduced staff headcounts for any of the three states we interviewed. All indicated they were short of staff, overworked, and that even though their systems automated many existing processes, they often introduced new processes and monitoring requirements. Automation has, however, enabled these child support enforcement organizations to streamline formerly manual processes and provided their employees with interfaces and access to data that was previously unavailable (e.g., Federal Case Registry, State Lottery Intercept, and Credit Bureau Reporting). Maryland has been able to increase paternity establishment by 5 percent over the past two years partly because the

state can now accurately track case progress within the system. Also, Maryland has increased collections because an Administrative Automated Earnings Withholding process was recently implemented.

Automation and centralization have enabled other states' child support enforcement organizations to improve their effectiveness for several reasons. First, by automating previously manual tasks, their systems free up resources to focus on other initiatives and establish new programs (e.g., alternative paternity establishment programs, collection programs, etc.). Second, by automating activities (such as driver's license suspension and automatic case closure) and generating daily tasks for employees, these systems have enabled the organizations to create consistent processes that can be monitored and adjusted based on performance. Finally, by centralizing functions (like customer service) and dedicating resources to those functions, it appears the organizations are able to provide more consistent service and caseworkers are able to focus on case-related activities.

Child support enforcement organizations in Wisconsin and Maryland have chosen to focus on what they do well—paternity establishment and enforcement processes—and have outsourced their repetitive or non-core activities such as State Disbursement Unit, customer service, and training. In Hawaii, as with other states, the new automation system has failed to reduce staffing needs. As part of its strategic planning process, the agency should explore the cost versus benefits of outsourcing some of its non-core activities like check processing, customer service, and training.

***General conclusions
can be drawn from
other states***

Several conclusions can be drawn from our examination of three other states that may apply to Hawaii's challenges. Specifically:

- The systems used by each of the states generate a variety of alerts, work lists, and management reports that are used to manage employees or vendors;
- The systems automate many processes, which frees up employees to perform other activities and create new programs (such as paternity establishment, enforcement, etc.);
- Two states use local colleges to support their training needs and have processes in place to provide continuing education to their employees throughout the state;
- Two states have centralized and contracted their system distribution units, with vendor payments tied to performance;

- Two states try to focus on what they do well, and use outside vendors or organizations to perform repetitive or non-core activities such as customer service, payment processing, and training;
- None of the states appear to have any issues related to managing bank reconciliations or fiscal activities. Two states have a high volume of money flowing through their organizations, but they employ accountants and auditors to manage their fiscal activities and perform daily reconciliations. All three states use their systems to support the reconciliation process either with direct bank interfaces or financial reporting;
- Each state indicated it was short of staff and is generally reactive rather than proactive; and
- Each state has some type of governing body that oversees both business and information technology initiatives and sets direction for the organization.

Best practices are observed in other states' organizations

This section describes the best practices that we identified from discussions with other states:

- Maryland conducts a quarterly audit of its county and local offices to monitor the accuracy of its child support cases. This helps ensure that data captured at each office is consistent and accurate. We recommend that Hawaii's agency adopt some self-assessment procedures to monitor performance of its offices and functions.
- Wisconsin categorizes its suspense or hold payments to better manage their resolution. Hawaii's agency is currently performing this activity and has used it to concentrate efforts on resolving and reducing certain types of held collection payments.
- Wisconsin has regional user groups that meet on a regular basis to discuss system and policy issues and best practices. We recommend that Hawaii's agency adopt this approach as a forum for sharing thoughts, ideas, and effective strategies in key aspects of child support enforcement.
- Both Wisconsin and Maryland outsource training support to local universities that manage regional training centers for their employees. We recommend Hawaii's agency explore outsourced training opportunities as part of the development of an overall training program.

- Maryland has a dedicated customer service organization with processes and procedures that include a handoff to local caseworkers when additional case investigation is required. We recommend that Hawaii's agency explore assigning dedicated telephone support representatives.
- All of the states we reviewed have some form of governing body to set direction for both the business and information technology organizations. Hawaii has the basis for this with its KEIKI Steering Committee. We recommend that Hawaii's agency expand the role of this team and develop an umbrella oversight body to weigh system changes, performance benchmarks, customer service strategies, and other aspects mentioned in this report.
- Maryland and Wisconsin have documented performance standards to manage State Disbursement Unit and customer service activities. We recommend that Hawaii's agency set formal guidelines for customer service delivery and all other aspects of its operations.

Summary of the Status of Previous Recommendations

The focus of this study was on KEIKI and customer service, not on financial management aspects of the agency. Consequently, in following up on previous audit recommendations relating to the agency's financial management, we relied mostly on interviews and did not independently verify the agency's claims.

The agency has made attempts to address many recommendations from the Auditor's Report No. 00-06. The agency seems to be working to improve its financial management and has made some strides since the last audit. It has also made improvements in general and application controls, and in implementing Electronic Fund Transfers (EFT). However, the agency has not effectively addressed many key recommendations regarding lack of leadership and leadership strategies. To date, no agency-wide strategic plan has been developed. In addition, the agency has failed to document and implement robust information technology, organizational, or customer service strategies as recommended in the last audit.

The agency's failure to implement the Auditor's previous recommendations has perpetuated many of the problems it faces today. In Chapter 3, we provide additional recommendations for the agency's use.

Exhibit 2.6 summarizes recommendations made in the *Follow-up Management Audit of the Child Support Enforcement Agency*, Report No. 00-06, and our findings based on the agency's reported actions to address the recommendations.

**Exhibit 2.6
Status of Previous Recommendations**

Follow-Up Management Audit of the Child Support Enforcement Agency, Report No. 00-06	Current Follow-Up Findings
Recommendation: Improve Financial Management	
1. Resolve obstacles to reconciliation of bank accounts.	Reconciliation of bank accounts has been performed since May 2000. For verification purposes, two accountants have been assigned to monitor bank statements versus KEIKI to look for bank errors and address irregularities.
2. Attach a copy of bank reconciliation to account balance reports submitted to the attorney general's fiscal office and ensure balances are accurately reported to the Department of Accounting and General Services.	Submitted journal vouchers to the Accounting and General Services Fiscal Office.
3. Discontinue commingling of interest earnings with federal funds. Adhere to state law and generally accepted accounting practices in recording and using interest earnings.	No action taken.
4. To the extent possible, clarify the use of \$867,108 in interest earned prior to 1992. Transfer \$59,444 in interest to the state general fund immediately. Transfer all other accumulated interest earnings to the general fund unless justifiable reasons for not doing so can be established.	No action taken.
5. Return unidentified payments to sender faster than 90 days until multiple personal identification numbers have been eliminated. Correct data errors causing unidentified payments reports by replacing batch dates with actual transaction dates.	The agency generates a financial hold report, which categorizes the reason collections are not disbursed. The hold report dated 7/31/02 shows there are two outstanding incidents involving \$260.00 for unidentified payments with multiple PINS. This problem has been minimized.

<p>6. Develop reports to allow monitoring unidentified payment refund activity.</p>	<p>The agency generates a financial hold report, which categorizes the reason collections are not disbursed. The hold report dated 7/31/02 shows that there are 206 outstanding incidents totaling \$30,954.17 for all types of unidentified payments.</p>
<p>7. Follow escheating procedures in accordance with Chapter 523A, HRS and establish a more reasonable holding period to comply with Chapter 523A-13, HRS.</p>	<p>Agency assistant administrator stated that this is being followed currently.</p>
<p>8. Provide appropriate safeguards over assets, including installing safe storage for cash and checks while awaiting transfer and spot checks of transactions by supervisors.</p>	<p>The agency has installed a safe and performs a daily check audit sheet to provide safeguards over assets.</p>
<p>9. Address the lack of segregation of the agency accountant's duties.</p>	<p>Agency assistant administrator stated that segregation of duties is in place. Separate personnel independently perform check collection counts.</p>
<p>10. Modify access to computer records to minimize the risk of loss through undetected unauthorized alterations.</p>	<p>Measures of physical and application security are in place to minimize the risk of computer records being accessed by unauthorized users. In addition, all access and modification to computer records are logged and reviewed by management for irregularities.</p>
<p>Recommendation: Address the Agency's Lack of Leadership and Develop Strategies for Leadership</p>	
<p>11. Formalize the agency's mission. Perform a thorough assessment of the current processes, organization, and controls to evaluate their contribution to the agency's mission. Develop a formal mission statement and a strategy, including, if appropriate, a work process reengineering plan to guide the organization towards achieving its mission, using benchmarks to measure progress. Consider acquiring appropriate expert advice and emulating successful models from other states for this task.</p>	<p>No formal mission or strategy has been developed.</p> <p>This recommendation is important to the agency's future success and is covered in more detail in Chapter 3 of this report.</p>

<p>12. Improve the use of resources. More aggressively exploit technological capabilities and improve work processes both within the agency and in concert with stakeholders. Specifically, establish and encourage the use of payments and direct deposits by electronic transfer to the maximum extent possible.</p>	<p>The agency has made a concerted effort to increase the use of electronic fund transfer. EFT disbursements and collections have increased substantially over the past year. The agency's EFT goal is to have all employers who are capable of EFT utilize this function over next two years.</p>
<p>13. Make a concerted effort to correct bad data in a systematic manner, dedicating staff to the conversion.</p>	<p>The agency has failed to meet federal data integrity measurements in some areas over the past two years. The agency still has problems with bad data in KEIKI. KEIKI's interface with the State Department of Human Services' application HAWI creates bad data for KEIKI. The agency has made some effort in the past year to eliminate problems with this interface and clean up sources of bad data that affect its federal performance measures.</p>
<p>14. As part of an overall strategic plan, develop a strategic plan for the computer system to maximize organizational structure to make optimal use of the KEIKI system and provide adequate support for systems maintenance. This plan should also address the need for adequate training.</p>	<p>The agency has not yet developed a strategic plan for the computer system. An annual Advanced Planning Document (APD), which is used as a reporting mechanism to the federal government, covers some aspects of system costs. The latest APD the agency was able to furnish was from 1997. A new APD is currently under development. However, the APD is not a comprehensive strategic planning document and does not contain all that would be expected to be in a typical strategic plan.</p> <p>The agency needs a technology strategic plan that is tied in with its overall strategic plan to ensure the agency is on target with its technology needs, including system support and maintenance, training, and budgeting. This recommendation is important to the agency's future success and more detail is provided in Chapter 3 of this report.</p>

<p>15. As part of an overall strategic plan and implement a reorganization addressing optimal organizational structure and needed employee types, positions, classifications, and support infrastructure. In addition, develop a system of performance benchmarks for organizational units and individuals that define expectations, allow measuring results and positive recognition of progress. As part of the support infrastructure for employees, improve training and establish clear written policies and procedures.</p>	<p>The agency has not yet developed a strategic plan. Although some reorganization is proposed to increase financial efficiencies and reporting structure, the agency has not implemented other performance benchmarks to measure employee performance. This makes measurement of performance of employees by supervisors highly subjective. Inequity among employees can ensue.</p> <p>Organizational changes are recommended within this report in Chapter 3 of this report.</p>
<p>16. Comply with overtime provisions of the Department of the Attorney General's policies and procedures.</p>	<p>As of August 1999, the agency began complying with overtime provisions by logging personnel required to work overtime, dates and total number of hours to be worked, and reason for overtime.</p>
<p>17. As part of an overall strategic plan, develop an effective customer service function. The plan should address development and training of broadly experienced workers, focus on resolving problems at first contact, assign accountability for responding to and resolving client problems, and aim to make the agency a more user friendly organization.</p>	<p>To address customer service, agency executive management has elevated customer service to a top priority of the agency. However, no strategic plan has been developed to set goals and training regimen that gives a common understanding among employees of what is expected for customer service.</p> <p>This recommendation is important to the agency's future success and more detail is provided in Chapter 3 of this report.</p>
<p>18. Consider the feasibility of using an experienced contractor to handle public contact customer service functions, possibly on a temporary basis.</p>	<p>The agency has not done a formal feasibility study for this possibility. Exploring this option is recommended.</p>

Agency's general and application controls have improved

General and application controls address physical and logical measures taken to ensure protection of the technical environment, KEIKI, and child support information. Our review found controls to be adequate based on an overall assessment of the system and its physical security. Unlike some other system areas, adequate general and application controls documentation does exist.

Physical security in Oahu and the other branches is adequate. At the Oahu branch, physical entry to terminals and computer rooms is restricted to those staff required for computer operations. All entry doors are locked at all times and are electronically opened with encoded badges issued to authorized personnel. In areas that require a higher level of security, such as the computer room, encoded badges are required to enter as well as exit, also known as pass back entry. Other branches conduct similar physical security measures and practices.

Application change control and configuration management are tools and processes that ensure any update to KEIKI does not compromise integrity of the system. KEIKI staff adequately control the application change control process internally and adequately coordinate the configuration management process with the State's Information and Communications Services Division, which houses and maintains the computer server hardware on which KEIKI resides.

All user accounts for KEIKI are centrally managed in the agency's information technology branch database. User screen access is categorized into three areas: read only, update/modify, and unauthorized.

User system access change requests (i.e., new user, change in user security role, or deleting user) by staff must go through a supervisor for permission to make the change. Once a supervisor completes the request forms, the forms are sent to the help desk to ensure they are complete and there are no errors. The help desk then forwards the completed forms to the Information Technology Branch to update or add the user and the information is logged into the user account database. This process shows solid checks and balances to make any change to user access rights. Process diagrams and user checklists are in place to ensure these steps are fulfilled.

User access in any given area (e.g., Operations) is structured to ensure controlled access to KEIKI. Employees do not have the capability to update, add or view case and/or financial information if their job functions do not entitle them to do so. Users must be granted screen access and update capabilities based upon job function, level, and supervisor permission. In addition, every user is given a Personal Identification Number (PIN)/Identification (ID) that serves as the user's

electronic signature on all system transactions for which it is used. The child support agency monitors users for compliance and conducts routine reviews for inappropriate or illegal activity.

Segregation of duties at the agency has been addressed since the Auditor's Report No. 00-06 by providing checks and balances among functional areas. For example, none of the financial employees who have authorization to sign child support checks and access physical assets have access to KEIKI financial screens or modules. Only four staff at the agency have access to both the child support ledgers and bank accounts: the administrator, assistant administrator, and two agency specialists.

Likewise, employees authorized to make financial updates or adjustments to child support cases in KEIKI do not have access to physical accounts and assets. Segregation of duties is a basic principle of internal control. In this case that means separating the manipulation of accounting records in KEIKI from the handling of physical assets.

In other states, types of controls vary from state to state, but none of the states we interviewed expressed any issues or concerns related to fiscal or user controls. For example, Wisconsin relies heavily on its computer system to manage, secure and track the activities of its employees. Additionally, Wisconsin relies on physical security (cameras) to monitor employees. All three states have rigorous accounting controls in place, which minimizes their risk and exposure to fiscal issues.

Electronic Funds Transfer activities are limited, but should remain emphasized to increase agency effectiveness

Electronic funds transaction (EFT) is the transfer of money from one account to another via computer. The ability to do this with employers and other states was one of the federal requirements that the agency had to meet to gain certification for KEIKI under the Professional Responsibility and Work Opportunity Reconciliation Act of 1996. In April 2000, the agency started utilizing EFT. The agency has dedicated one full-time and three part-time staff to increase EFT collections and disbursements. EFT provides the agency with a tool to decrease its manually intensive processes, which have a high potential for errors, required to collect and disburse checks.

EFT disbursements increased from \$274,000 in FY2000-01 to \$1.88 million in FY2001-02. Similarly, EFT collections increased from \$99,000 in FY2000-01 to \$ 1.98 million in FY2001-02. Over 2,000 checks were collected through EFT transactions in June 2000, representing a fourfold increase from January 2000. This is a small, but growing, percentage of the approximately 39,000 checks that the agency processed during the month. EFT collection check growth is significant for the agency, as manual check collections are very labor-intensive and

susceptible to errors. As more entities have the technology to process EFT, it will become an increasingly important mechanism for the agency. The agency's goal for EFT is to have all employers capable of handling EFT and to utilize this function over next two years.

The agency hopes for legislative changes that will mandate EFT transactions for child support payments for employers above a certain size. This will speed child support payments to custodial parents and reduce check-handling costs for the agency. With less human intervention required and increased throughput of funds possible, use of EFT will increase timeliness and efficiency of this agency function as well as reduce operating costs and administrative errors. As collection and disbursement of checks becomes more automated, personnel performing these tasks can be reassigned to provide direct child support case and customer service activities.

Chapter 3

Action Plan and Recommendations

We identified three root causes within Hawaii’s Child Support Enforcement Agency (the agency) that inhibit it from achieving its mission and goals. These causes, which could also be called core constraints, are:

Root Cause 1: Lack of focus on strategic definition;

Root Cause 2: Lack of full exploitation of system capabilities; and

Root Cause 3: Deficiencies in training.

In this chapter, we offer an action plan to provide the agency a road map for reducing or eliminating these root causes. The action plan contains recommendations that address the findings of our study. The plan’s strategic and tactical initiatives will begin the process of transforming the agency’s current reactive state into one of continuous improvement. Exhibit 3.1 proposes a timeline for the action plan.

Exhibit 3.1
Action Plan for the Child Support Enforcement Agency
(November 2002–November 2003)

	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04
Root Cause 1 - Strategic Definition													
1.1 Establish an Agency Strategic Plan	█	█											
1.2 Establish Executive Steering Committee		█	█	█									
1.3 Establish Customer Service Committee				█	█	█	█	█					
1.4 Reorganize Operations	█	█	█	█	█	█	█	█					
1.5 Develop Quality Control						█	█	█					
1.6 Identify Decision Support System							█	█	█	█	█	█	█
Root Cause 2 - System Capabilities													
2.1 Replace the Current VRU System													
2.2 Utilize Tasking ID's					█	█	█	█	█	█	█	█	█
2.3 Investigate the use of the Internet						█	█	█	█	█	█	█	
2.4 Upgrade System Technology								█	█	█	█	█	
Root Cause 3 - Training Deficiencies													
3.1 Develop Training Organization	█	█	█	█									
3.2 Centralize Documentation					█	█	█	█	█				
3.3 Develop User Groups									█	█			

The rest of this chapter details action plan recommendations, each of which consists of the following elements:

- *Recommendation Description* explains the rationale for each recommendation. Each recommendation has specific, measurable, and time-based objectives that address one or more root cause.
- *Action Steps* are detailed methods and tasks for achieving the recommendation.
- *Proposed Completion Dates* are suggested timeframes for completion of each action step.
- *Estimated Costs* provides a *rough* estimate of the hard costs (equipment, outside services, hardware, software, travel) and soft costs (agency staff effort) to implement the recommendation.

Root Cause 1: Lack of focus on strategic direction.

Recommendation 1.1: Establish an Agency Strategic Plan

The agency lacks a clear and complete definition of its mission and strategy, resulting in reactive decision making. This affects overall management controls and limits the agency’s ability to improve its operations, services, and resources.

Action Steps		Proposed Completion Date
1.1.a.	The agency administrator or senior management should:	
	1. Develop a formal mission statement, goals, and objectives;	1/31/03
	2. Define expectations for the agency in customer service and other appropriate areas;	2/28/03
	3. Recognize and promote continuous improvement (for example, reducing holds). Identify similar objectives in other areas of the child support enforcement process and develop a plan for continuous improvement; and	2/28/03
	4. Define and develop benchmarks for agency operations by roles and level of individuals to reach the goal (for example, measure customer service, nature of complaints, and employee performance).	2/28/03
1.1.b.	The executive steering committee (once it is established) should:	
	1. Implement and promote/communicate the strategic plan to all agency employees; and	Ongoing
	2. Update the Strategic Plan annually.	Annually

Estimated Costs

Hard Costs: Minimal. (Note: Some objectives and implementation measures in the strategic plan are expected to require hard dollar costs.)

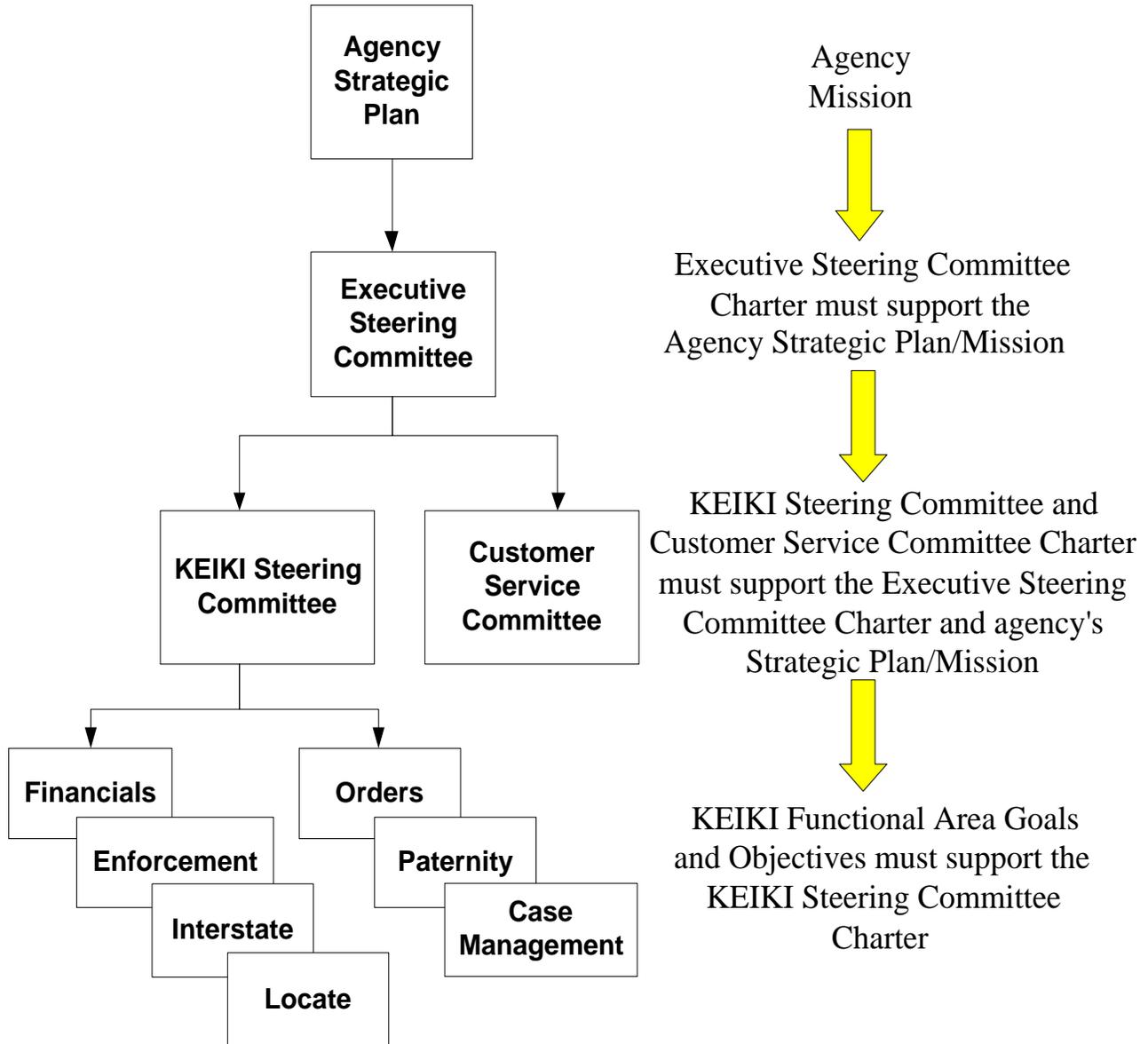
Soft Costs: 150-300 agency staff hours to set up to develop, communicate, and promote strategic plan and foster ongoing strategic planning function. Ongoing agency implementation, measurement, and updates thereafter.

Recommendation 1.2: Establish an executive steering committee.

Develop an executive steering committee that will provide overall leadership and strategic direction for the agency. The committee should be made up of the agency administrator, senior management staff, and selected key strategic personnel to maximize the exchange of ideas and build strong buy-in and support for strategies. It should meet periodically (monthly or bimonthly) and act as the body that defines direction, sets priorities, and measures progress against the agency's goals and objectives.

Once the agency's strategic plan is complete and approved, the committee should enforce and have overall responsibility for the plan. In addition, the committee should oversee, and make decisions that are escalated from, its sub-committees. (See Exhibit 3.2 for graphical depiction of the relationship.)

Exhibit 3.2
Proposed Agency Strategic Organization



Action Steps		Proposed Completion Date
1.2.a.	The administrator or senior management should develop an executive steering committee charter (driven from the strategic plan) that includes, but is not limited to, a mission statement, clear objective and purpose, membership roles and responsibilities, steering committee members, and committee operations and processes.	3/31/03
1.2.b.	The executive steering committee should:	
	1. Reorganize all other sub-committees (e.g., KEIKI steering committee and customer service committee) to report to the executive steering committee; and	3/31/03
	2. Develop the customer service committee and help define its charter. The customer service committee will provide guidance in delivering effective customer service.	See Recommendation 1.3
1.2.c.	The executive steering committee and the information technology manager should:	
	1. Clearly define the role and charter of the current KEIKI steering committee. Assist in the development the KEIKI steering committee charter/mission statement and create individual goals and objectives for each KEIKI functional area. KEIKI steering committee mission and KEIKI function goals and objectives must be driven from the executive steering committee charter and the agency's strategic plan;	4/30/03
	2. Evaluate KEIKI issue log and the current priority list to measure whether high priority issues support the KEIKI function goal and objectives, KEIKI steering committee mission and the Strategic Plan; and	4/30/03
	3. Build a robust information technology strategic plan that incorporates KEIKI and general information technology budgeting, training, support needs and overall goals.	4/30/03

Estimated Costs

Hard Costs: Minimal

Soft Costs: 100 agency staff hours to set up executive steering committee function and ongoing senior management participation thereafter. 100-200 agency staff hours to create individual goals and objectives for each KEIKI function area and build an information technology strategic plan.

Recommendation 1.3: As part of the strategic plan and the customer service committee, proactively manage customer service.

In part because of past problems, the overall philosophy of the agency toward customer service has moved to the forefront of the agency's mission. However, the agency has not defined what constitutes adequate or excellent customer service. The result is that neither customers nor agency staff have a clear idea of what level of service should be delivered.

Develop a subcommittee of the executive steering committee, the customer service committee, which provides sponsorship and leadership for customer service activities, measurements, and improvements. The customer service committee should meet periodically and consist of the administrator, branch managers and key customer service personnel. The customer service committee should own the development of a plan to effectively manage and execute customer service. This will provide the agency with a common understanding, expectation, definition, and vision of customer service and the strategies to accomplish them.

Action Steps		Proposed Completion Date
1.3.a.	The executive steering committee should:	
	1. Establish the customer service committee; and	5/30/03
	2. Define customer service and expectations, identify members, and develop the customer service committee charter/mission.	
1.3.b.	The customer service committee should:	
	1. Assign supervisor for the telephone service center who will provide oversight and have full accountability for customer service agents;	6/30/03
	2. Examine the customer service workload and organization structure surrounding it;	6/30/03
	3. Develop benchmarks around excellent customer service delivery;	6/30/03
	4. Explore outsourcing and assigning full-time dedicated staff as a possibility to replace current rotational assignments;	7/15/03
	5. Track complaints to identify trend information for possible improvements in resolution of repetitive complaints, understanding length of calls, and so on; and	7/31/03
	6. Streamline complaint resolution avenues (walk-in/telephone, interstate/Ombudsman, and direct referrals).	7/31/03
1.3.c.	The customer service committee and the training coordinator should:	
	1. Develop training program for customer service and implement training;	Complete training program by 8/15/03
	2. Provide ongoing training;	Ongoing
	3. Develop KEIKI standardized complaint/inquiry tracking form for customer service representatives to document issues; and	7/31/03
	4. Involve the Hawaii's Ombudsman office in active follow through and audit of customer complaints. Set up audit procedures between the Ombudsman and the agency for customer complaint resolution.	8/31/03

Estimated Costs

Hard Costs: Minimal

Soft Costs: 200-400 agency staff hours to set up and begin to proactively manage customer service.

Recommendation 1.4: Reorganize and establish cross-functional teams in operations.

The agency’s current operational organization is arranged in job classification bands. For example, all clerk typists II work on assignments designated for their position and upon completion, pass the case on to the next job classification. This silo-effect organization lacks the ability to make certain each case is followed through and completed from beginning to end. As indicated in the findings, this organizational structure is at least partially responsible for cases not moving forward in a timely manner.

By implementing cross-functional team, with defined expectations and standards, the agency will be able to move case processing from a system of handoffs between several groups and branches within the agency to a system where one team is responsible for a case from initiation through disbursement.

Action Steps		Proposed Completion Date
1.4.a.	The executive steering committee and branch managers should:	
	1. Understand current number of staff, their job classifications and skill levels; and	1/31/03
	2. Logically divide operational resources from each job classification into separate teams based upon the output of Step 1.	1/31/03
1.4.b.	The executive steering committee should define expectations and guidelines for each team.	2/28/03
1.4.c.	The agency administrator should submit a reorganization plan through the Hawaii state government process.	2/28/03
1.4.d.	The executive steering committee should implement and promote the new organizational structure with sets of cross-functional teams that each “own” a portion of the caseload.	8/31/03

Estimated Costs

Hard Costs: Minimal

Soft Costs: 50-100 agency staff hours to perform Action Steps 1-3 (agency staff hours for reorganization implementation are highly

dependent on Hawaii state government processes and the scope of reorganization).

Recommendation 1.5: As part of agency’s strategic plan, create self-assessment (quality control) procedures to monitor performance.

Self-assessment procedures and periodic audits are used by other states to establish an environment of continuous improvement and to reveal potential issues and problems before they become major issues. These quality control processes promote and enforce higher levels for delivery of child support services. With ongoing self-assessment procedures and quality control teams performing periodic audits, the agency will have mechanisms to evaluate compliance against the guidelines and standards set forth in its strategic plan (Recommendation 1.1).

Action Steps		Proposed Completion Date
1.5.a.	The executive steering committee should:	
	1. Develop quality control measures and standards for customer service, task completion and overall accuracy of cases;	8/15/03
	2. Identify other areas that would benefit from quality control measures and develop quality control measures and standards;	8/15/03
	3. Define implementation and on-going maintenance plan (including periodic internal audits) for quality control; and	8/31/03
	4. Assign owners and/or teams that will own this function.	8/31/03
1.5.b.	The training coordinator and executive steering committee-designated quality control team(s) should provide employee training around new measures and expectations.	Ongoing
1.5.c.	The executive steering committee and quality control teams should execute self-assessment procedures.	Ongoing

Estimated Costs

Hard Costs: Minimal (but depending on the type of quality control measures and procedures, there may be some travel costs to assess performance at various offices).

Soft Costs: 50-100 agency staff hours to establish initial self-assessment procedures (agency staff hours for ongoing execution of self-assessment procedures are highly dependent on their makeup).

Recommendation 1.6: Identify a decision support system capable of supporting executive management in making informed decisions.

The lack of key management information greatly hinders the agency in understanding its productivity, workflow bottlenecks, and in making strategic decisions. In addition, almost all management information that

is reported must be generated from the same KEIKI database utilized for all daily transactions, causing performance degradation. A decision support system (which, at its core, is a database with tools to enable access and manipulation of information) is designed to support management reporting and analysis by storing a wide variety of data in ways that can be extracted to better understand organizational effectiveness—potentially including many of the areas discussed in this report, such as customer service, overall case results, and KEIKI functional area throughput.

Action Steps		Proposed Completion Date
1.6.a.	The KEIKI steering committee should:	
	1. Develop an executive support information strategy including the requirements for informational needs, utilizing the agency's strategic plan as baseline; and	8/15/03
	2. Identify industry best practices for the use and implementation of decision support systems (for example, separate decision support/reporting data from day-to-day operational data).	8/15/03
1.6.b.	The KEIKI steering committee and information technology manager should:	
	1. Design the system based on user defined requirements;	9/15/03
	2. Complete the Request For Proposal with high-level features and functional requirements for the decision support system; and	10/15/03
	3. Select a decision support system vendor.	11/15/03
1.6.c.	The information technology manager should:	
	1. Phase in the system to ensure all requirements are satisfied; and	12/31/03
	2. Implement a decision support system.	1/31/04

Estimated Costs

Hard Costs: \$50,000-150,000 for hardware/software costs. Additional annual support costs: depending on approach and solution, there could be contractor/consultant costs to design and implement the system.

Soft Costs: 250-500 agency staff hours to define strategy, requirements, design and initial implementation of system. Ongoing costs as functionality is added to system.

Root Cause 2: System capabilities are not fully exploited.

Recommendation 2.1: Replace the current Voice Response Unit (VRU) system.

The original vendor that furnished the VRU system went out of business. The new company will not support the VRU product and has refused to provide access to the VRU menu scripts unless the agency purchases

their latest VRU product. Consequently, the agency is unable to change any scripts or menu choices within VRU.

This situation creates a major risk for the agency, as a problem or outage with the now unsupported VRU could rapidly overwhelm the customer service personnel at the agency with up to 8,000 calls per week. Replacement of the VRU system is a high priority.

Action Steps		Proposed Completion Date
2.1.a.	The KEIKI steering committee and information technology manager should:	
	1. Gather detailed user requirements for the system and identify industry best practices for the use and implementation of VRU systems;	6/30/02
	2. Design the system based on user defined requirements;	10/1/02
	3. Begin procurement of a VRU vendor by 8/15/02 and complete a request for proposal (RFP) with high-level features and functional requirements for the VRU system; and	10/31/02
	4. Select a VRU vendor.	11/15/02
2.1.b.	The information technology manager should:	
	1. Phase in the system to ensure all requirements are satisfied; and	12/15/02
	2. Implement the VRU system.	12/31/2002

Estimated Costs

Hard Costs: \$300,000-400,000 for hardware/ software/ implementation of VRU system. (Note: these costs are already set aside within the agency’s budget).

Soft Costs: 150-300 agency staff hours to define strategy, requirements/ RFP, design and implementation of VRU system.

Recommendation 2.2: Utilize Tasking IDs within KEIKI.

KEIKI was designed to assist the scheduling of activities by automatically issuing tasks whenever actions need to be taken on a child support case. The ability to track completed tasks assists management in identifying the flow of work through the agency, the bottlenecks, and the impacts various process or organizational changes have on child support enforcement case management. However, from the initial implementation and operation of the KEIKI system, users became inundated and overwhelmed with task assignments. Because of this, the functionality of tasking gradually fell into disuse. Consequently, management has limited visibility into the effectiveness of daily operations and some cases do not progress in a timely fashion.

A potential obstacle to effective use of tasks is the perception that working the tasks takes more time than the value derived from doing so. In its current form, this observation may be valid; therefore, implementing certain prerequisites outlined in the Action Steps below will be required before successful application of tasking can be realized.

Action Steps		Proposed Completion Date
2.2.a.	The KEIKI steering committee's subcommittees should:	
	1. For each functional area of KEIKI, identify the important tasks (KEIKI defines each task through its Task ID) that support the goals and objectives (defined in Recommendation 1.2, item 3) and will provide management with key measurements; and	5/31/03
	2. For each functional area of the KEIKI system, define the new Task IDs that should to be added and those that can be deleted.	5/31/03
2.2.b.	The KEIKI steering committee should:	
	1. Viewing the KEIKI system as a whole, examine how tasking will be utilized within the agency; and	6/15/03
	2. Define a requirements specification document for implementing the tasking functionality within KEIKI.	7/31/03
2.2.c.	The information technology manager should:	
	1. Based on requirements specifications determine programming effort; and	8/31/03
	2. Design and implement the tasking functionality as defined in the requirements specification.	12/31/03
2.2.d.	The training coordinator should develop and refine the training program.	12/31/03
2.2.e.	The KEIKI steering committee and information technology manager should update the online Policies and Procedures (PAP) manual and user documentation.	1/31/04

Estimated Costs

Hard Costs: Minimal

Soft Costs: 100-200 agency staff hours to determine desired tasking requirements. (Agency staff hours for execution of desired tasking functionality are highly dependent on the requirements.)

Recommendation 2.3: Investigate greater use of the Internet.

As mentioned previously in this study, the agency does not emphasize use of the Internet as a customer service vehicle. This causes most of the agency's customer support contacts to come through customer's use of telephone, correspondence, and walk-in facilities. A robust agency website for customers to obtain forms and perhaps personal case information would relieve some of the customer support burden caused by these other avenues, and potentially improve customer satisfaction.

Action Steps		Proposed Completion Date
2.3.a.	The customer service committee should:	
	1. Identify potential customer services the Internet can provide;	6/30/03
	2. Explore the maximum potential of Internet-based services relative to the numbers of custodial parents with access to the Internet either from work, home or public locations (public libraries, schools, Internet cafes, and so on); and	6/30/03
	3. Review and clean up current information and content on the agency website.	7/31/03
2.3.b.	The customer service committee and information technology manager should provide “quick hit” or easy-to-establish benefit services such as documentation, forms, Frequently-Asked-Questions, and so on, on the agency website.	7/31/03
2.3.c.	The customer service committee and information technology manager should identify customer interest in customer service (for example, to obtain case information) via the Internet.	10/31/03
2.3.d.	The customer service committee and information technology manager should:	
	1. Conduct cost/benefit analysis of upgrading and enhancing the system for integration with the agency website; and	11/30/03
	2. Recognize security risks for distributing personal case information and identify potential resolution.	12/31/03
2.3.e.	The customer service committee should continue to review the website’s content to update information and expand services.	Ongoing

Estimated Costs

Hard Costs: Minimal (If and when the agency establishes a project to provide personal case information through the agency website, there will be significant hardware/software/contracting costs.)

Soft Costs: 100-200 agency staff hours to determine customer’s interest, review information, and make minor enhancements to the existing agency website. (If and when the agency establishes a project to provide personal case information through the agency website, there will be significant agency staff hour requirements.)

Recommendation 2.4: Increase system availability by upgrading system technology.

System backups, mid-month processing, and month-end processing cause significant KEIKI system downtime. The current tape cartridge system used for backups of system data is extremely time consuming, and backups regularly overlap into the agency workday. Newer backup devices are approximately twice as fast as the tape cartridge system currently in place. Agency as well as Information and Communications Services Division’s information technology management estimate that newer backup technology will enable the agency to regain at least seven hours of availability to system users each month.

Action Steps		Proposed Completion Date
2.4	The information technology manager should:	
	1. Confirm performance and availability gains with the implementation of the new system;	8/30/03
	2. Define current and future requirements for the backup system;	9/30/03
	3. Perform cost, benefit, and risk analysis;	9/30/03
	4. Understand physical site requirements and confirm with the state's Information and Communications Services Division;	10/31/03
	5. Acquire new tape subsystem; and	11/30/03
	6. Install new tape subsystem.	12/31/03

Estimated Costs

Hard Costs: \$75,000-150,000 in hardware and software costs to replace the old backup system.

Soft Costs: 100-200 agency staff hours to determine requirements, acquire, and implement new backup system.

Root Cause 3: Training Deficiencies.

Recommendation 3.1: Develop a training organization and plan.

Effectiveness of staff can be traced to their level of training. The agency does not have a formal training program. Negative effects include taking longer than expected to accomplish tasks, providing wrong or inconsistent answers to inquiries, and taxing information technology and help desk staff with fundamental questions that training should have covered. Lack of training, therefore, lies at the root of reduced staff productivity, which in turn negatively affects workflow.

Training for the effective use of KEIKI and the child support policy and procedures (PAP) is not formalized. Many benefits would result from a robust training program, including:

- Increased job satisfaction, morale and motivation among employees;
- Increased efficiencies in processes;
- Reduced employee turnover; and
- Improved risk management.

Action Steps		Proposed Completion Date
3.1.a	The executive steering committee should:	
	1. Perform assessment and explore the need for full-time training resource, facilities, and equipment. Explore outsourcing the training function (resource, facilities and equipment);	2/28/03
	2. Develop the training charter to include goals, objectives, and expectations; and	2/28/03
	3. Identify the agency training disciplines.	3/15/03
3.1.b.	The executive steering committee and training coordinator should:	
	1. Identify skill sets received for each training discipline; and	3/15/03
	2. Formulate on-the-job training guidelines.	4/30/03
3.1.c.	The training coordinator should update and develop new training material and activities based upon the training disciplines.	4/30/03 and ongoing

Estimated Costs

Hard Costs: Minimal (unless outside training coordinator is brought in to assist on the Action Steps).

Soft Costs: 500-1000 agency staff hours to develop initial training charter, guidelines, and materials.

Recommendation 3.2: Centralize documentation.

Systems and information technology documentation is currently scattered and spread out in different applications and storage mechanisms. Information technology best practices promote centralization of resource documents for better information management, ease of access, and facilitation of knowledge sharing and transfer.

Action Steps		Proposed Completion Date
3.2.	The information technology manager should:	
	a. Identify all relevant information technology/system documentation and their storage devices;	5/15/03
	b. Develop strategy and requirements for storage of resource documents;	6/15/03
	c. Research storage mechanisms and select best technology and approach for the agency based on storage strategy and requirements;	7/15/03
	d. Implement a storage device;	8/31/03
	e. Import all relevant resource documents into a central repository;	8/31/03
	f. Develop standard process for adding, updating, and deleting information technology resource documents from the storage device; and	9/15/03
	g. Provide training on storage processes to all information technology employees.	Ongoing

Estimated Costs

Hard Costs: \$50,000-250,000 for storage hardware/software (costs highly dependent on requirements and type of solution implemented).

Soft Costs: 300-600 agency staff hours to determine needs, acquire, and implement storage solution.

Recommendation 3.3: Develop user groups for defined areas.

User groups are utilized by other states (see Chapter 2) to provide a forum to share ideas and concerns about child support enforcement systems and policies. Other recommendations in this section outline formal changes in organization, systems, and training policies to promote the agency’s goals. User groups would supplement these proposed changes by providing a more informal, yet powerful, tool to promote organizational learning and training. User groups enable an agency to identify problems, illuminate lessons learned, and share best practices in a collaborative and team-oriented environment.

Action Steps		Proposed Completion Date
3.3.a.	The agency administrator and branch managers should identify areas of employee synergy for creation of user groups (for example, customer service and KEIKI).	9/15/03
3.3.b.	The branch managers should:	
	1. Assign owners for each user group; and	9/30/03
	2. Create user group guidelines and processes for defined child support enforcement areas where the sharing of thoughts, ideas and successful strategies will increase effectiveness of the agency.	10/15/03

Estimated Costs

Hard Costs: Minimal

Soft Costs: 40-80 agency staff hours to establish and kickoff user groups. (Ongoing agency staff participation in user groups: about one hour per user group participant per month.)

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Notes

Chapter 1

1. Hawaii, The Auditor, *Follow-up Management Audit of the Child Support Enforcement Agency*, Report No. 00-06, Honolulu, February 2000.
2. Sorenson, Elaine and Chava Zibman, “To What Extent Do Children Benefit from Child Support?” Washington, DC: Urban Institute, January 2000, cited in Vicki Turetsky, “What If All the Money Came Home?” Center for Law and Social Policy, Inc., June, 2000.
3. Hawaii, The Auditor, *Follow-up Management Audit of the Child Support Enforcement Agency*.
4. Hawaii, The Auditor, *Specifications and Instructions for Submission of a Proposal for a Study of the Automated Child Support Enforcement System (KEIKI) of the Department of the Attorney General (RFP No. 02-1)*, Honolulu, March 2002.
5. Hawaii, The Auditor, *Audit of the Implementation of the Child Support Enforcement Agency’s Information System*, Report No. 98-12, Honolulu, April 1998.

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Response of the Affected Agency

Comments on Agency Response

We transmitted a draft of this report to the Department of the Attorney General on December 18, 2002. A copy of the transmittal letter to the department is included as Attachment 1. The response from the department is included as Attachment 2. However, we have excluded the exhibits submitted with the department's response because of their volume. The exhibits, which provide additional background material, are available in our office for public review.

The department responded that it is pleased with the outcome of the audit report, particularly the findings related to improvements since the previous audit recommendations. The department also expressed appreciation for positive comments regarding the agency's financial management and controls, including reporting processes and bank account reconciliation. It noted in its response that "we recognize that we can and must improve in several areas."

The department concurred with most of the report's findings and recommendations. Specifically, it concurred with the consultant's findings and recommendations regarding the importance of strategic planning, the need to timely update advance planning documents, the need for a more formalized training program, the need for improvements in telephone customer service, the need to replace its voice response unit, using other states' best practices, and the majority of the action plan to address deficiencies. The department stated that the agency has submitted a reorganization plan for executive approval, which it feels will carry out some of the agency's objectives. However, we pointed out that the agency was working on the reorganization plan during the study and did not forward a copy of the plan to the consultant for review.

The department also noted that the report's discussion of conditional certification, successful states, and cost-effectiveness ratios needs clarification. The department stated that KEIKI's status of "conditional" certification resulted from un-finalized federal requirements during the federal government's certification review of KEIKI and does not necessarily mean uncompleted requirements. The department also stated that the states selected as examples of successful states had received "conditional" certification similar to Hawaii. The department also provided statistics on the agency's cost effectiveness ratio for federal fiscal year 2001. The consultant noted that the agency's response on the "conditional status" simply provides additional background information and that states selected have areas that exhibit best practices for child

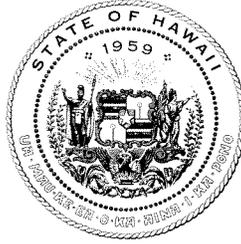
support enforcement and rate high in numerous objective categories of comparison when evaluated against all states. The consultant also responded that the agency's cost-effectiveness ratio for federal fiscal year 2001 was not available during the study.

The department did not concur with statistical data relating to the agency's knowledge of custodial and non-custodial parents' addresses. The consultant responded that in identifying missing addresses, it used cases instead of isolating unique individuals. The consultant adjusted its calculations and the resulting statistics relating to missing addresses.

The department also did not concur with the audit findings that only 50 percent of callers directly receive a response. The department stated that prior to increased emphasis on telephone servicing, the agency responded to only 13 percent of those callers who wished to discuss their cases directly, but that the agency's current response rate is 85 percent and it has maintained that rate for the past year. However, the consultant stands by its calculations on the agency's answer rate of 50 percent for answering callers who wish to speak to a caseworker. The consultant stated that the agency's numbers may result from excluding busy signals from its calculations, which is not a common practice in reporting help desk statistics. From a customer's point-of-view, busy signals should be included because the caller was unable to reach a caseworker.

The department offered other technical points of clarification. Minor changes were made to the report for purposes of accuracy and style.

STATE OF HAWAII
OFFICE OF THE AUDITOR
465 S. King Street, Room 500
Honolulu, Hawaii 96813-2917



MARION M. HIGA
State Auditor

(808) 587-0800
FAX: (808) 587-0830

December 18, 2002

COPY

The Honorable Mark Bennett
Attorney General
Department of the Attorney General
Hale Auhau
425 Queen Street
Honolulu, Hawaii 96813

Dear Attorney General Bennett:

Enclosed for your information are three copies, numbered 6 to 8 of our confidential draft report, *Study of the Automated Child Support Enforcement System (KEIKI)*. We ask that you telephone us by Friday, December 20, 2002, on whether or not you intend to comment on our recommendations. If you wish your comments to be included in the report, please submit them no later than Thursday, December 26, 2002.

The Governor, and presiding officers of the two houses of the Legislature have also been provided copies of this confidential draft report.

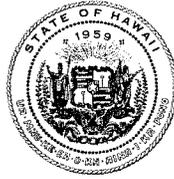
Since this report is not in final form and changes may be made to it, access to the report should be restricted to those assisting you in preparing your response. Public release of the report will be made solely by our office and only after the report is published in its final form.

Sincerely,

Marion M. Higa
State Auditor

Enclosures

LINDA LINGLE
GOVERNOR



MARK J. BENNETT
ATTORNEY GENERAL

RICHARD T. BISSEN, JR.
FIRST DEPUTY ATTORNEY GENERAL

STATE OF HAWAII
DEPARTMENT OF THE ATTORNEY GENERAL
425 QUEEN STREET
HONOLULU, HAWAII 96813
(808) 586-1500

January 2, 2003

Ms. Marion M. Higa
State Auditor
State of Hawaii
Office of the Auditor
465 S. King Street, Room 500
Honolulu, Hawaii 96813-2917

RECEIVED
JAN 3 11 33 AM '03
OFFICE OF THE AUDITOR
STATE OF HAWAII

Dear Ms. Higa:

The Child Support Enforcement Agency (CSEA) hereby acknowledges receipt of the State Auditor's draft report, *Study of the Automated Child Support Enforcement System (KEIKI)*. We appreciate the opportunity given to review and comment on the Auditor's recommendations, as well as the extended timeframe in which to submit its comments.

Attached, please find the CSEA's detailed response to the Auditor's findings (Attachment 1) and documents supporting the agency's response. Overall, the CSEA is pleased with the outcome of the audit report particularly the findings related to improvements noted since the previous audit recommendations made in Auditor's Report No. 00-06. This office is appreciative of the positive comments regarding the Agency's financial management and controls, including reporting processes and bank account reconciliation. We recognize that we can and must improve in several areas. We are also pleased with the Auditor's recognition of our federal certification, and are very proud of our excellent cost effectiveness ratio as recognized by the federal Office of Child Support Enforcement (OCSE).

As the draft report has noted in more than one section, the concept of customer service has only recently been added to the CSEA culture. Prior to the current administration, the mission of the CSEA, for the most part, has been to follow the mandates set by the federal government and to meet its deadlines. Now that customer service is a recognized facet of the CSEA, the implementation of customer service objectives is a natural progression. And, as with any business, we will strive to maintain a high level of customer service.

Ms. Marion Higa
January 2, 2003
Page 2

We understand that certain statistics cited in the draft report, as well as some dates and other key data, will be corrected in the Auditor's final report, based on our discussions with your personnel. Those adjustments, in conjunction with the report's action plan and recommendations, will provide a solid platform for the Agency; one which will serve as a blueprint for improvement, well into the future.

The CSEA is fully aware of the critical service it provides to the State, and is prepared and committed to address the challenges outlined in this draft report. As the case with many state agencies, the CSEA faces resource limitations (including a caseload to employee ratio of 416 per employee), ever-increasing responsibilities, and numerous obstacles. This CSEA, however, intends to fully commit itself to the continuous improvement process that is necessary to achieve the objectives cited in the audit report action plan.

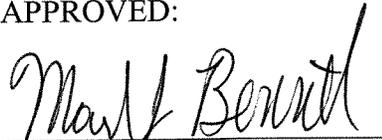
Thank you for the time taken and the sincere effort expended by your audit staff. We look forward to the Auditor's final report and recommendations.

Yours truly,



Arnold S. Enoki
Administrator

APPROVED:



Mark J. Bennett
Attorney General

Attachments

**THE STATE OF HAWAII
AUDIT (DRAFT) REPORT
STUDY OF THE AUTOMATED CHILD
SUPPORT ENFORCEMENT SYSTEM**

ATTACHMENT 1

RESPONSE TO AUDIT FINDINGS & RECOMMENDATIONS

1. Audit Draft Report, Pages 4 and 5, regarding statistical data on non-custodial and custodial parents for whom the agency lacks a valid current address
“Of these, the agency lacked a valid current address for 38,168, or about 36.5 percent, of the noncustodial parents in Hawaii’s child support system. The agency also lacked current addresses for 26,057 (almost 25 percent) of custodial parents.”

AGENCY RESPONSE:

We do not concur with the audit findings that the agency lacks a valid current address for 38,168, or 36.5% of the non-custodial parents in Hawaii’s child support system. We understand that this number will be revised to more correctly read 28,395, or 29.9% of the non-custodial parents.

We do not concur with the audit findings that the agency lacks a valid current address for 26,057, or 25% of the custodial parents in Hawaii’s child support system. We understand that this number will be revised to more correctly read, 6,076, or 7.2% of the custodial parents.

2. Audit Draft Report, Page 8, Exhibit 1.5, regarding “Conditional” certification of the KEIKI system.
 (“Conditional” reflects uncompleted interstate referral and information sharing requirements).

AGENCY RESPONSE:

Hawaii has conditional certification as it awaits federal review of the CSENET function. The CSENET applications were not yet finalized by the OCSE during the certification audit of the KEIKI system during the period October 2000 to June 2001. We are currently working with the OCSE in identifying the specific applications that must be reviewed before final certification is granted.

Please note that conditional certification can be the result of federal data specifications which have not yet been finalized, or were finalized but issued late in the development cycle by the federal government. “Conditional” does not necessarily mean that requirements are uncompleted.

3. Audit Draft Report, Page 11, regarding the last produced Advance Planning Document (APD) Update in 1997.
“However, the agency last produced an APD Update in 1997. to date, the federal government has not penalized the agency for not completing another APD Update.”

AGENCY RESPONSE:

We do not concur with the audit finding that CSEA's latest approved APD Update is dated 1997. Attached for your review is a copy of the agency's letter submitting our APD Update as of June 1999 (EXHIBIT A).

However, the CSEA concurs with the audit recommendations that APD Updates must be completed on a timely basis in order to more effectively control systems costs, and to avoid any possible funding restrictions by the federal government. We are currently developing our latest APD Update, which we estimate will be submitted at the end of January 2003.

4. Audit Draft Report, Page 13, that the States Wyoming, Wisconsin, and Maryland have automated systems that are fully or nearly fully federally certified.

"We selected the states of Wyoming, Wisconsin, and Maryland as examples of successful states because they demonstrate:..."

AGENCY RESPONSE:

According to the latest (October 2002) OCSE report on systems certification on child support enforcement agencies, we find that, similar to Hawaii, Wyoming and Maryland have received "conditional" certification; however, Wisconsin is not yet certified.

5. Audit Draft Report, Page 16, regarding the lack of strategic planning.

"The agency has not developed a strategic plan and performs minimal strategic planning."

AGENCY RESPONSE:

The agency has, in fact, already begun to implement some of the 00-06 Auditor's Report recommendations. For example, the agency has submitted a reorganization plan for executive approval (EXHIBIT B), which we feel will help to carry out some of the agency's objectives. The Attorney General is committed to making strategic planning a priority. Nonetheless, we concur with the audit findings and recommendations regarding the importance of strategic planning. We fully agree that the agency must create a more definitive plan of action in order to successfully achieve its short and long term goals and objectives.

We also appreciate the audit finding that the agency's priority in placing its resources to comply with federal systems requirements was understandable. The agency emphasizes that federal penalties of non-compliance, specifically for failure to meet federal systems deadlines, may subject the State to the disapproval of the child support enforcement State plan, which, in turn, may result in the cessation of all federal child support funding for the State of Hawaii. We have attached a copy of AT-98-22 of the OCSE (EXHIBIT C) for your review.

6. Audit Draft Report, Page 25, Exhibit 2.2 regarding Hawaii's Data Reliability Performance, Cost-Effectiveness Ratio "not available."

AGENCY RESPONSE:

We have attached a copy of Table 14 of the OCSE report on Cost Effectiveness Ratios (EXHIBIT D) for Federal FY2001 for your review. We are very pleased that Hawaii has surpassed its reliability ratio to achieve 100% reliability for Federal FY2001 and we expect to meet 100% reliability for Federal FY2002 as well. The ratio, which represents a performance factor measuring dollars spent over child support collections, establishes the agency's tight controls over spending, yet maximizing its total child support collection efforts. As Table 14 demonstrates, our cost effectiveness ratio for Federal FY2001 was the sixth (6th) best in the country.

7. Audit Draft Report, Page 27, regarding Training.

"Training on KEIKI is deficient, but outsourcing may provide a solution"

AGENCY RESPONSE:

We concur with the audit findings regarding the need for a more formalized training program at the agency. The agency's proposed reorganization plan submitted for executive approval includes the placement of a qualified trainer to identify specific training needs and to help develop a formal training program.

8. Auditor's Draft Report, Page 40, regarding telephone customer service.

"Of those, more than 2,000 callers per week transfer into telephone queues to speak with a customer service representative and approximately 1,000 eventually speak with a representative."

AGENCY RESPONSE:

We do not concur with the audit findings that only 50% of the agency's callers who wish to speak with a caseworker directly receive a response. In fact, the agency's statistical reports provided the auditors show a mark improvement between January 2001 and August 2002. Prior to the increased emphasis on telephone servicing, the agency responded to only 13% of those callers who wished to discuss their cases directly. The agency's current response rate is 85%, and has maintained this high level efficiency for the past year.

We agree with the audit recommendation, however, that continued improvement in the area of telephone customer service through the gathering of more detailed management information is critical in identifying more specific customers' needs, thus, decreasing customer frustrations.

9. Audit Draft Report, Page 41, regarding an electronic Voice Response Unit (VRU).

"VRU system support poses a major risk for the agency"

AGENCY RESPONSE:

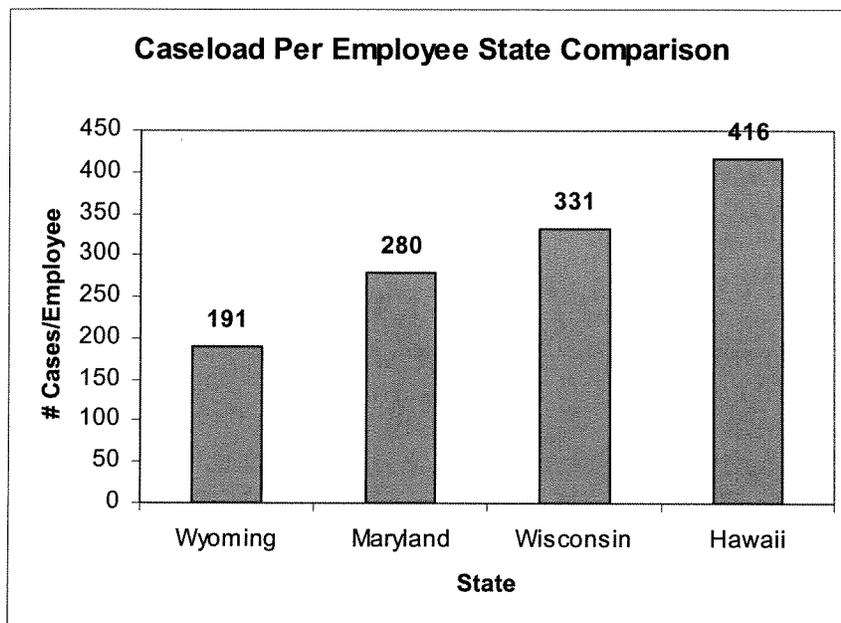
We concur with the audit finding that the agency’s VRU system is in immediate need of replacement. To address this issue we have already completed a requirements study and received quotes from several vendors. Our estimates for the cost of a new system are approximately \$300,000. We have sent a request to the OCSE for approval to procure a new system. The Agency currently receives approximately 34,000 calls per month; should the VRU become inoperable before it is replaced, the impact would severely handcuff the agency’s ability to service its customers and provide timely child support payments to the custodial parents and children.

10. Audit Draft Report, Page 48, regarding benefits from other states’ best practices.
“Hawaii Can Benefit from Other States’ Best Practices”

AGENCY RESPONSE:

While the CSEA agrees with the audit findings regarding benefits that Hawaii might consider using other states’ best practices, we also realize that additional support from the legislature may also be necessary in order for Hawaii to meet the standards or best practices of other states.

We emphasize that the caseload to employee ratio of the Hawaii CSEA far exceeds those of the three states used in the audit survey. Based on the latest OCSE reports, and as evidenced by the chart below, Hawaii has the highest caseload per employee when compared to the Auditor’s chosen benchmark states. Clearly, the more cases Hawaii receives for child support enforcement, the more difficult the task to meet higher levels of enforcement and customer service without further increases in staffing.



11. Audit Draft Report, Page 59, Chapter 3 Action Plan and Recommendations

AGENCY RESPONSE:

We concur with the majority of the Auditor's outline for an Action Plan to address some of the deficiencies of the CSEA. We do, however, submit that much of our plan as well as the plan proposed by the Auditor are contingent upon three things:

- 1) The approval of our reorganization plan (EXHIBIT B),
- 2) The current hiring freeze, and
- 3) The currently proposed budget reductions.

We will be requesting and working through the Department of Budget and Finance and the Governor in receiving an exemption from budget reductions and a partial exemption from the current hiring freeze, as it applies to the proposed reorganization.