



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

---

# Improving Child Support Enforcement

*Successful Implementation of the Support Enforcement  
Tracking System (SETS) Faces Serious Challenges*

---

*An Operational Review by the:*

**Fraud, Waste, and Abuse  
Prevention Division**



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

May 5, 1999

The Honorable Robert Netzley, Chairman  
Ohio Welfare Oversight Council  
Ohio House of Representatives  
77 South High Street  
Columbus, Ohio 43266-0603

Dear Representative Netzley:

I am pleased to provide you with our report entitled "Successful Implementation of the Support Enforcement Tracking System (SETS) Faces Serious Challenges". The report recognizes the importance of implementing a state-wide system such as SETS and some of the positive changes that have occurred since concerns were voiced at January 1999 hearings. Despite these positives, success is not guaranteed, particularly in light of the project's past history and the challenges that lay ahead. Meeting the challenges addressed in this report will require the combined efforts of all federal, state, and county stakeholders.

Copies of our report are being sent to other members of the General Assembly, the Ohio Department of Human Services, the Ohio Child Support Enforcement Agency Directors Association, the Ohio Human Services Directors Association, County Directors of Child Support Enforcement, and other interested parties. If you or your staff have any questions concerning the report or would like to discuss its contents, please call John Butts, Chief of our Fraud, Waste and Abuse Prevention Division, at (614) 466-3212.

Yours truly,

JIM PETRO  
Auditor of State

---

## **EXECUTIVE SUMMARY**

---

*Ohio operates a county-administered, state-supervised child support program, which is maintained and operated through 88 county Child Support Enforcement Agencies (CSEAs). The Family Support Act of 1988 required that each state automate its child support enforcement program. The Ohio Department of Human Services (ODHS) is the state agency responsible for overseeing the Child Support Enforcement program in Ohio and for implementing a state-wide automated program -- called the Support Enforcement Tracking System (SETS). ODHS began implementing SETS in 1993 and now projects SETS will be completed by July 2000 at an estimated cost of at least \$252 million.*

*State and county officials agree that an automated state-wide system, if properly implemented, will greatly benefit a program that now relies on county-specific computer systems, many of which are antiquated. Such a system will help Ohio achieve better case management, improve the quality and consistency of child support enforcement services, enhance office automation, and achieve compliance with federal mandates.*

*During January 28, 1999 hearings before the Ohio Welfare Oversight Council, opposing views about the status of SETS were expressed. While recognizing that a few problems still needed to be ironed out, ODHS' Interm Director argued for pushing ahead with the implementation of SETS in order to avoid additional federal sanctions for failing to have SETS in place. Counties, on the other hand, expressed reservations about the prospect of placing child support cases on a system that in their view did not meet their needs. These opposing views prompted the Council Chairman to ask the Auditor of State to assess the status of SETS. To accomplish this task, staff from the Auditor's office met with federal, state, and county officials responsible for implementing SETS and administrating the child support enforcement program; reviewed documents regarding the cost, schedule, and performance of SETS; and surveyed 88 counties to identify and determine the magnitude of the counties' concerns.*

*In the three months following the January hearings, ODHS has responded positively to many of the concerns raised at the hearings. In response to the counties' reluctance to move child support cases onto a system that did not fully meet county needs, ODHS established working committees to clarify and prioritize county concerns and extended the official conversion date by six months to July 2000 to work on these concerns. And, in April, the Director of ODHS, with the support of the Governor's office, met with federal officials to develop a strategy for meeting federal requirements and resolving federal sanction issues.*

*While ODHS' current implementation plan appears more responsive to meeting federal requirements and satisfying county needs, the Department and Ohio still face serious challenges in the next 12 months. The Auditor believes the following challenges are among the most critical and necessary to overcome if SETS is to be successful.*

- ***ODHS must quickly resolve county concerns about their inability to reconcile child support depository accounts. Ensuring that child support payments are properly disbursed to custodial parents is key to a successful child support program, and accounting for the receipt and deposit of child support payments is a primary county responsibility. About 89 percent of the counties responding to our questionnaire expressed dissatisfaction with the complexity and time consuming way SETS assists counties to reconcile funds held in depository accounts. Because of the resources required to reconcile their accounts, 53 counties told us they had not reconciled their most recent bank statement, and some were as much as nine months behind. ODHS has an ongoing effort to modify the reconciliation process to make it more user friendly, but its current plan does not call for completing the work until next year.***

***RECOMMENDATION:*** *Given the fiduciary risks placed on counties until reconciliation concerns are resolved, and the need to gain metropolitan county acceptance for converting cases to SETS, county reconciliation concerns should be resolved before metropolitan counties are asked to fully convert cases into SETS. Although counties have the obligation to reconcile their accounts, the Auditor believes it is the responsibility of the state to provide the best tools available to meet that obligation.*

- ***ODHS must improve the way it communicates information about SETS to counties. As noted above, the Department has several initiatives underway to improve in this area and acknowledges the importance of communicating information about schedules, system changes, and problem resolutions. Despite these initiatives, the Auditor believes that it will be difficult to resolve the mistrust that was evident among parties who discussed the status of SETS during the course of this review.***

***RECOMMENDATION:*** *To foster more effective two-way communications, an independent liaison who can credibly represent both state and county interests should be established. The liaison should have the following attributes: a background sufficient to understand the needs of the user community (counties) as well as state requirements, not be tied to defending past decisions and have sufficient authority to bring unresolved issues to closure.*

*Although agreeing on the need to improve communications, ODHS disagreed that an independent liaison was the best way to achieve that objective. (See Appendix F.) They proposed, instead, that an independent Executive Steering Committee be formed that would represent state, county, judicial, and prosecutorial interests. The Auditor is not opposed to this option, as long as these stakeholders have the decision-making authority to equitably resolve issues of mutual interest.*

*The SETS Project Director also asked for specific suggestions on ways to improve*

*communications between the SETS Project Office and counties. In response, the Auditor is offering three suggestions for ODHS' consideration. These suggestions, which are discussed in more detail on page 10 of the report, involve (1) having high level SETS management representation at regional county meetings, (2) using ODHS' Innerweb to provide scheduled, periodic updates of SETS activities, and (3) issuing system bulletins to SETS users, much the same way bulletins are issued on the state's state-wide public assistance computer system (called CRIS-E).*

- *Counties with local child support computer systems that were not designed to operate in the year 2000 (not Y2K compliant) must either convert their caseloads to SETS before that time or incur the cost of making their system Y2K compliant. It appears that most of the 32 counties who stated their systems were not Y2K compliant are scheduled to convert current cases to SETS in time to avoid Y2K problems. A major exception is Hamilton County, which expects to pay \$216,000 to make their system Y2K compliant for the 8 to 10 weeks in 2000 before they are fully converted to SETS.*

**RECOMMENDATION:** *ODHS should discuss with Hamilton County officials the feasibility of advancing their conversion schedule to assist them in avoiding the costs of upgrading their local computer system.*

- *One of the requirements of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 is that the State have a centralized system in place to electronically accept child support payments withheld from employee wages by employers. A Request for Proposal to establish this function was recently withdrawn by the State due to the absence of a cost-effective bid, necessitating the pursuit of other options. Of additional interest to the metropolitan counties is not only having a system in place to accept electronic payments, but also having a system that disburses payments electronically. ODHS and the Governor's Office have responded by discussing a revised plan for resolving this issue, but have not finalized a plan and established milestones for carrying it out.*

**RECOMMENDATION:** *ODHS should develop a time frame and place high priority on implementing an electronic payment receipt and disbursement system that accommodates the needs of metro counties before they are required to fully convert their cases onto SETS.*

- *Counties also have an obligation to prepare themselves for converting cases onto SETS. ODHS reports that 37 counties had fully converted their child support caseloads to SETS as of April 8, 1999. Those who have done so most effectively planned proactively. Counties with the bulk of their caseloads yet to be converted, which includes most of the large metro counties, could benefit by taking advantage of the best practices followed by*

*converted counties. These practices included developing detailed action plans, restructuring organizationally to meet changing business needs, and gaining experience by putting all types of cases into SETS during test phases. Several unconverted counties have been reluctant to enter complicated cases into SETS until perceived system deficiencies are resolved.*

**RECOMMENDATION:** *The General Assembly, in partnership with the Governor's Office, should work with the counties to encourage county preparedness. ODHS should also devote resources to communicating best practices to counties who have yet to convert their caseloads.*

- *The current design of SETS contains internal control weaknesses that increase the risk of fraud or circumvent controls designed to safeguard assets. For example, the system allows sub-account balances to be updated directly without requiring an entry into the account ledger. This masks the audit trail and could raise questions about the integrity of data in SETS. In addition, SETS does not generate a voided check report, which also weakens the financial audit trail. Also, because of difficulties in making adjustments to child support allocations, counties have been forced to establish "work arounds" that require county staff to mail themselves negotiable checks which they physically void and resend by issuing manual checks.*

**RECOMMENDATION:** *ODHS should make programming changes within SETS to remedy the above control weaknesses.*

- *Because SETS was not federally certified before deadlines established by Section 454 (24) of the Social Security Act, the State will be required to comply with certain federal requirements in order to achieve certification of SETS and avoid additional sanctions. For example, it must develop and implement a Corrective Compliance Plan that details how the State will address deficiencies identified during an October 1998 federal assessment review. Ohio must also hire an Independent Verification and Validation (IV&V) vendor to monitor and assist the state. Although "obtaining user buy in" is among the factors assessed by the IV&V vendor, specific county concerns discussed in this report would not necessarily be included in the vendor's scope of services.*

**RECOMMENDATION:** *Given Ohio's past history of missed targets and design missteps that have already subjected the State to \$15 million in federal sanctions, and the expectation that Ohio will be subject to another \$18 million in sanctions by missing an October 1, 1999 deadline, the Auditor supports the need for an independent and ongoing assessment of SETS implementation, and the IV&V requirement appears to meet that need. To be most useful, a qualified vendor should be quickly located and made available to assess and support the state in the near future. In addition, the county concerns discussed in this report (e.g. reconciliation of depository*

*accounts, county readiness, communication of system updates) should be included in the IV&V vendor's scope of services.*

- *The use of stress testing is a well established procedure and is recommended as a standard system development practice by both national and international standards organizations. Stress testing of new systems and system modifications can help identify potential system capacity problems and inefficient program code, and allow corrective action to be taken prior to that change or system being put into production. Such testing greatly reduces the chance that a new system or system modification will have significant unexpected capacity and efficiency impact on the production environment.*
- *Stress testing of the SETS system was not done prior to moving the system to production. Rather, it was decided that a "live" stress test of the system would be done as counties were converted onto the system. This decision was prompted by limited resources and a move to a more phased roll-out of the system after it was realized the October 1995 deadline could not be met. A number of significant capacity and program efficiency problems were subsequently encountered very early in the conversion of counties to SETS.*

**RECOMMENDATION:** *All future enhancements and major modifications to the SETS system should be stressed tested with a workload approximate to that expected for full production prior to being made operational.*

- *Virtually all national and international standards organizations promulgating standards on system design and implementation strongly recommend if not require the use of a systems development life cycle methodology(SDLC). One of the basic requirements of all SDLCs is that all important stakeholders in a system be identified and involved in the design and approval of any new system or major modification to a system. A second basic requirement is that stakeholders be kept informed and have approval functions through all phases of the system development and implementation.*
- *An SDLC was attempted but not fully accomplished. Specifically, settling for less than full county participation in the specification of system requirements, design and testing was a serious departure from the methodology. Although counties were included in some meetings and discussions, they were not effectively included in the requirement specification or sign-off function. As a result, the design and implementation of SETS went forward with certain financial functions - highly critical functions to the counties, such as reconciliation - being given low priority and being "put on the back burner".*
- *It is difficult today to reconstruct the facts leading to the decisions involved in the design approach used for SETS. What is apparent is that the implementation of this system was*

*not ordinary, but was in fact high risk. The system and many of the requirements of the system were mandated by the federal government. The development project involved large development costs, high functional complexity, high technological complexity, and an aggressive development schedule.*

***RECOMMENDATION:*** *The use of an SDLC methodology should be adopted for all additional major modifications and enhancements to the SETS system. In particular, ODHS needs to ensure that counties have a formal role in the specification of system requirements and the approval of system modifications.*



**TABLE OF CONTENTS**

EXECUTIVE SUMMARY ..... i

BACKGROUND ..... 1

OBJECTIVES, SCOPE AND METHODOLOGY ..... 2

RESULTS ..... 3

    ODHS Has Made Positive Changes since the January Hearing ..... 4

    Reconciliation of Local CSEA Depository Accounts Remains Labor Intensive ..... 5

    Lack of Clear Plan for Centralized Collection and Disbursement Presents Future Risks . 8

    State and County Communications Need Continued Improvement ..... 9

    Federal Review Will Affect Future Use of Resources ..... 11

    ODHS Current Conversion Timetable Still Has Risks ..... 11

    Counties Must Share in Responsibility for Implementing SETS ..... 13

    Other Financial Control Weaknesses Exist Within SETS ..... 14

    SETS Infrastructure Capable but System Efficiency a Concern ..... 16

CONCLUSIONS ..... 20

RECOMMENDATIONS ..... 21

ODHS COMMENTS (Appendix F) ..... 34

**ABBREVIATIONS**

See Appendix E for Abbreviations.

---

## **BACKGROUND**

---

Through federal fiscal year 1998 (FFY98), Ohio has spent \$147.2 million developing the Support Enforcement Tracking System (SETS). SETS is designed to service Ohio's one million child support cases which received about \$1.5 billion in collections during FFY 1998. The Ohio Department of Human Services (ODHS) estimates the final cost of SETS will be at least \$252 million. The federal government pays 66 percent to 90 percent of the development costs (about \$100 million so far), and Ohio pays the remainder. In addition, Ohio faces sanctions from the federal government of up to \$33 million for failing to implement SETS timely as required by the Family Support Act of 1998 (FSA88).

The creation of Ohio's computer system began in 1984 with an amendment to Title IV-D of the Social Security Act which required each state to submit a plan for a statewide child support computer system. Ohio submitted their first proposals to the U.S. Department of Health and Human Services (HHS) in May 1985 and October 1986. Both proposals were rejected, but a June 1987 proposal to transfer a system from Delaware was approved in December 1987. In 1989, HHS approved the 1987 proposal and a vendor was hired to develop Ohio's automated program. The passage of FSA88 officially required the states to have their system operational by October 1995. Following two unfavorable federal compliance reports in 1991, ODHS terminated its contract with their SETS vendor and began to design its own system in 1993. An operational version of SETS was implemented in 1996 with 100 cases in Pickaway County, and ODHS has continued to convert county CSEAs to SETS.

Most states failed to meet the October 1, 1995 deadline created by FSA88. Therefore, Congress extended this deadline to October 1, 1997. As of April 1999, 40 of 54 jurisdictions (which includes states and territories) had met federal certification requirements<sup>1</sup>. Ohio is one of 14 jurisdictions yet to be certified. Failure to meet the October 1, 1997 deadline subjected Ohio to sanctions amounting to 4 percent of federal matching funds, or about \$5.2 million. Failure to obtain federal certification of SETS by October 1, 1998 subjected the state to another 8 percent in sanctions -- for total sanctions of about \$15 million. Ohio is subject to another 16 percent (\$18 million) in sanctions if it fails to implement SETS by October 1, 1999, but could be relieved of up to 90 percent of the \$18 million if SETS is implemented before October 1, 2000.

To meet FSA88 requirements, the federal government requires two levels of certification. Ohio reached federal Level I certification by implementing SETS, on a pilot basis, in Pickaway County. Level II certification will require that all of Ohio's child support cases be entered into SETS. As of April 9, 1999, Ohio had converted over 300,000 cases into SETS. This included 37 fully-converted counties (full conversion does not include cases not accepted by SETS such as Ohio's 2,500 foster

---

<sup>1</sup> Other states who have yet to be certified include California, Indiana, Kansas, Michigan, and Pennsylvania.

care cases). ODHS plans to have counties fully converted by July 2000<sup>2</sup>, after which they project that about 700,000 cases will be in the system. ODHS estimates that 20 to 30 percent of its current caseload will be closed as a result of case clean ups that will occur during the conversion process.

SETS provides two major functions for counties -- case management and financial management.

- Case management functions include: creating and updating cases, locating absent parents, tracking paternity determinations, and establishing and modifying support orders. SETS offers counties a high level of automated case management functionality. Most counties had little or no automation for case management activities prior to SETS. In a December 1998 report to ODHS<sup>3</sup>, the Auditor of State stated that better case management, which is part of SETS' design, was necessary to assist Ohio's counties in improving collections. The system is designed to allow counties to share information, use federal and state-wide data bases to locate persons owing child support and identify asset sources, assist in establishing paternity, track collections, and standardize other processes.
- Financial management functions within SETS include: collecting payments, allocating payments to the appropriate entity (i.e., alimony, child support, fees), disbursing payments, aging and tracking payment receivables (arrearage), creating financial reports, and assisting in reconciliation of the CSEA bank account. Whatever automation existed at the county level prior to SETS consisted mainly of financial-based software.

---

## **OBJECTIVES, SCOPE AND METHODOLOGY**

---

This review was performed at the request of Chairman of the Ohio Welfare Oversight Council. Our objectives were to address county concerns about SETS, determine if SETS has other shortcomings, assess efforts to resolve any problems, identify the fiduciary risks to counties associated with continuing SETS implementation, determine the year 2000 (Y2K) implications for each county if SETS were delayed, determine the status of federal sanction assessments and the implications of further delaying SETS, and present approaches for resolving SETS issues.

Auditors conducted work in two phases. Phase 1 was the initial planning and information gathering phase and was designed to gather enough information to properly plan and execute Phase 2. During Phase 1, AOS staff contacted key federal, state and county stakeholders in the SETS project to discuss the audit objectives and gather information about SETS. Auditors also reviewed SETS supporting documentation and computer-based training software.

---

<sup>2</sup>ODHS states that full implementation of SETS will likely not occur until September 2000, because counties will need to perform case clean ups after converting their cases to SETS.

<sup>3</sup> "Improving Child Support Enforcement: Opportunities to Increase Collections and Establish Performance Goals" (AOS/FWAP-99-003R), Ohio Auditor of State, December 1998

Near the conclusion of Phase 1, a questionnaire was mailed to each county. The purpose of the questionnaire was to measure county satisfaction with SETS implementation, identify high priority issues from the counties' standpoint, and to assess other matters such as the Y2K status of current county systems. The questionnaire was coordinated with ODHS, the Ohio Child Support Enforcement Agency Directors Association (OCDA), and the Ohio Human Services Directors Association (OHSDA) and tested in two counties (Franklin and Delaware). The questionnaire was mailed to counties on February 27, 1999, and counties were asked to return it by March 10, 1999.

Phase 2 entailed conducting detailed audit work. During Phase 2, AOS staff:

- Obtained a listing of county concerns and ODHS' responses to these concerns. (See Appendix A.)
- Reviewed a federal report and ODHS' response regarding the results of SETS certification testing in October 1998.
- Analyzed the returned questionnaires. Responses were received from all 88 counties. (See Appendix B for a summary of the responses.)
- Reviewed data received from ODHS about the SETS project, including implementation, cost and sanction issues.
- Visited 12 counties to discuss SETS issues with county child support enforcement managers.
- Discussed network or capacity issues with officials from ODHS and the Ohio Data Network.

This work was performed from February through April 1999 in accordance with generally accepted government auditing standards at ODHS headquarters in Columbus and at the Cuyahoga, Hamilton, Hancock, Hardin, Licking, Lorain, Lucas, Medina, Miami, Montgomery, Muskingum and Summit County CSEAs.

---

## **RESULTS**

---

The development of the SETS project is a complicated process which requires a high level of technical expertise and communication with key stakeholders, including the 88 counties and the federal government. The project experienced problems due to changes in federal requirements, scrapping and restarting development efforts, problems with contractors, miscalculation of hardware needs and a lack of involvement by end-users in software development. The remainder of this report discusses the historical issues of SETS as well as additional issues raised by counties. The AOS recognizes that ODHS has identified some of these issues and has begun a new partnership with the Governor's office and the federal government which they hope will lead to increased communication with the county stakeholders. While we applaud this new commitment to partnership, this recent development did not permit an evaluation of its effectiveness. Such an assessment would be appropriate for a future audit.

Some current SETS issues can be traced back to less than optimal system design and development procedures used by ODHS. ODHS officials did not fully apply a comprehensive system development life cycle (SDLC) methodology in designing and implementing SETS. ODHS' failed to obtain full

user involvement and assure that the system will address stakeholder needs. Although ODHS officials included county officials in meetings and discussions, this coordination effort did not result in a system design with full user input and sign-off. While it is difficult today to gather all the facts related to a decision process which began in the mid-1980s, available information supports that the methodology was not followed.

SETS has reached its present level of development without formal or complete user agreement. SETS officials' comments coupled with questionnaire results from the counties established that the driving force for SETS was the federal mandates and that counties did not play an adequate role in defining SETS requirements. Consequently, the design and development of SETS has primarily revolved around meeting federal mandates with a seemingly lesser concern for whether the system fully met all functional requirements for conducting child support enforcement business. As a result, the January 1999 hearing unfolded with ODHS citing its case management accomplishments (which are federally mandated), while the counties complained that automated reconciliation (not federally mandated) was not available. In addition, ODHS saw automated reconciliation as an enhancement while county officials saw it as necessary to their business function.

ODHS reacted to the hearings by saying they were previously unaware that the counties had serious reservations about SETS. OCDA was asked to provide a prioritized listing of their concerns. In addition, in March, ODHS was officially informed that the state was being sanctioned because SETS did not meet federal compliance requirements.

### **ODHS HAS MADE POSITIVE CHANGES SINCE THE JANUARY HEARING**

ODHS has made several positive changes since the January 22, 1999 public hearing. These changes include extending the official conversion schedule, working toward improving communication between ODHS and SETS stakeholders, forming a new partnership with the federal government, and restructuring the SETS Help Desk.

One issue ODHS addressed was county concerns about being forced to convert all of their caseloads to SETS by December 31, 1999. ODHS later stated that although December 31, 1999 was the official completion date at the time of the January hearing, they knew that this time frame was not realistic. Since the hearing, ODHS officially extended the conversion timetable for SETS to July 2000. They also notified unconverted counties by letter about their planned conversion dates. In addition, ODHS delayed converting any new counties to SETS in February or March 1999 while they focused on issues raised by county directors.

ODHS also recognized that their level of communication with SETS stakeholders needed to improve. The public hearing surfaced this shortfall. SETS project staff have created two new work groups designed to help them communicate better with counties. One is the Metro Gap Work Group which focuses on the special needs of Ohio's metropolitan counties. The main purpose of this group is to identify the SETS functionality required by the metropolitan counties to avoid losing capabilities they

already possess. The other work group is the Joint Issues Committee which focuses on county-level concerns raised by OCDA. ODHS is also supporting regional grass-roots meetings started by the counties themselves to help them share their SETS knowledge and experience. ODHS stated that the Governor's office has been very proactive about SETS, and that ODHS now provides the Governor with regular updates. The new ODHS Director also stated that she has been working more closely with the Ohio Legislature.

In addition, ODHS staff believe they have improved their relationship with the federal government. Following the issuance of the federal certification review draft report, ODHS staff met twice with HHS officials in Washington, D.C. to discuss Ohio's options. At that time, Ohio elected to take the alternative minimum penalty sanction<sup>4</sup>. They also requested that federal reviewers and HHS staff enter into a partnership that would assist ODHS in achieving Level II certification as quickly as possible while also allowing ODHS to meet the needs of Ohio's local CSEAs. If such a partnership can be realized and fully optimized, it should aid ODHS in meeting its goals of federal certification and a functional child support system for Ohio.

ODHS is implementing plans to reorganize their SETS Help Desk (a troubleshooting unit), which they believe will allow them to be more responsive to users. Historically, ODHS relied on front line staff to identify and prioritize problems. The proposed reorganization specializes Help Desk functions to eliminate the need for front line staff to identify and prioritize problems. Technical staff now determine the cause of problems and prioritize fixes. This method brings technical staff, who have specialized knowledge about programming applications, into the decision-making process sooner which ODHS believes will speed up response time to problems.

Even though ODHS has made strides toward moving SETS toward completion, there are still potential risks involved with future work plans. The remainder of this report addresses some of these issues.

## **RECONCILIATION OF LOCAL CSEA DEPOSITORY ACCOUNTS REMAINS LABOR INTENSIVE**

The primary concern raised by counties at the January hearings before the Ohio Welfare Oversight Council was the difficulty in reconciling depository accounts. Reconciliation, or balancing the CSEA books against the bank account, is required under Ohio Administrative Code Section 5101:1-30-99 to be performed at least monthly. Appendix C shows the major steps to performing a standard bank reconciliation and highlights differences in how this process works in SETS and in the systems used by counties before SETS.

---

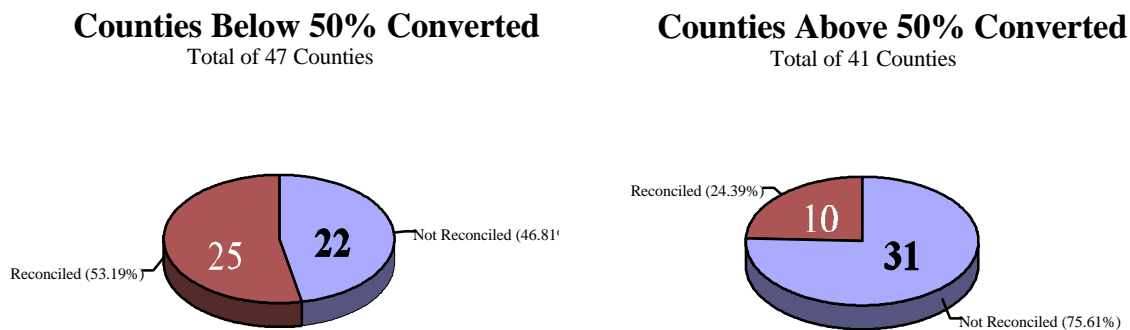
<sup>4</sup> The federal government has designed two types of penalties: the loss of all federal reimbursement funds or the alternative minimum penalty. The latter amounts to four percent of the total federal reimbursement funds for FFY 1998, and increases to 8 percent the second year and 16 percent the third year for each succeeding year that Level II certification is not achieved.

The depository account is the pass-through point for child support payments. Obligor (those who owe child support) make payments directly to the CSEA or their wages are withheld by employers who forward those funds to the CSEA. The CSEA must credit the obligors' accounts, deposit those funds into the depository account, and disburse checks to obligees (those receiving child support) within 48 hours of receipt. County directors indicated that reconciling their books is an important step in assuring that support payments received were properly credited and accounted for. If the CSEAs cannot reconcile their depository accounts, they cannot account for all the funds they have collected from obligors. This is the cornerstone of their fiduciary duty to the public.

During our meetings with counties, those that were currently reconciled stated that reconciliation was labor-intensive and difficult. Those counties that had not reconciled were sometimes as much as nine months behind. The AOS survey of Ohio's 88 counties confirmed reconciliation concerns through the following:

- 78 counties (88 percent) indicated dissatisfaction with SETS reconciliation
- 53 counties (60 percent) had not reconciled their most recent bank statement, and the level of conversion to SETS was related to reconciliation success. As Figure 1 shows, the counties with the most cases on SETS were less likely to have reconciled their depository account.

**Figure 1: County Reconciliation Status by Level of Conversion**



Source: AOS County Survey

The reconciliation software originally released by ODHS contained design flaws that have made it difficult to reconcile CSEA depository accounts that were not reconciled timely during 1998. We identified three main problem areas.

- SETS reconciliation reports made balancing very difficult. Some reports had erroneous data totals that required the counties to seek out additional information on a case by case basis to obtain the correct numbers required to reconcile. In addition, reconciliation

- report dates could not be altered to fit the accounting period, which required counties to add or subtract numbers from multiple reports to cut information into a usable format. This was done by hand, and this is still an issue for counties. To overcome some of these problems, ODHS stated they instructed counties during Fall 1998 to print certain detail information that would assist them in obtaining the correct numbers for reconciliation.
- Point-in-time information reporting problems required counties to print certain data at the end of the reporting period (such as the amount of funds held in escrow). This was data that was not held in history for retrieval anytime later. Therefore, if the data was not captured at the appropriate time, it could not be recreated to assist in reconciliation without severe difficulty. ODHS indicated that their reconciliation enhancement now keeps this information archived for retrieval later.
  - System limitations required timely reconciliation which affected the report on outstanding checks. This report shows the outstanding checks for the past 60 days plus a total of all outstanding checks beyond 60 days. However, the 60 day period starts at the last day the account was reconciled. Therefore, if a county has not reconciled for several months, the report will only provide data from the last reconciliation back and not current information. In addition, counties indicated that the outstanding check report is compiled by caseworker, not check number, which is what they need.

Counties consider these processes to be too labor intensive. In addition, counties stated that they did not all receive the same information as problems arose, making it unlikely that all 88 counties received and acted upon uniform ODHS guidance. Staff at one county we visited could not recall receiving directions from ODHS about the problems noted above.

ODHS plans a successive series of software enhancements to remedy prior shortfalls. An updated reconciliation package was released on February 15, 1999. ODHS stated this enhancement would allow the counties to reconcile their accounts from January 1999 forward. We contacted 8 of the 35 counties that were reconciling their accounts prior to the release of the enhanced reconciliation package. These counties maintained SETS caseloads ranging from 4,820 to 10 cases and averaged 1,063 cases per county. All 8 counties stated they continue to use some form of manual record keeping to reconcile their accounts. Such manual tools included outstanding check lists, void check lists, and held/released funds lists. In addition, 4 counties indicated that they were unaware that the enhancement had been released and that they continue to find errors in some reconciliation reports created by SETS.

ODHS is currently incrementally releasing another enhancement known as Automated Bank File Update. This update will allow SETS to interface with local banks on a daily basis to transfer information about which checks were written by SETS and which checks were cashed by the bank. A major concern of counties was the need to manually key all canceled checks returned from their banks into the SETS system which might have included thousands of checks monthly. Although some counties with older automated systems already performed manual entry, other counties who did



not prior to SETS find the process much more labor intensive. One small county reported using the equivalent of 5 full-time staff working all month to process their 10,000 to 12,000 payments and reconcile their account. In discussions with Ohio's metropolitan counties, they indicated that they could not function in such an environment because they may process up to 60,000 payments monthly.

Following careful review and consideration of the reconciliation package released in February 1999, AOS staff believes ODHS' efforts, though well intended, failed to provide an acceptable reconciliation process. The process remains overly complex and difficult to complete. Although ODHS expects to continue working on this issue, their current plan does not call for completing the work until next year. That will be after several of the metro counties have converted to SETS.

### **LACK OF CLEAR PLAN FOR CENTRALIZED COLLECTION AND DISBURSEMENT PRESENTS FUTURE RISKS**

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) requires that states be able to accept payments into and release payments from one central account. Currently in Ohio, each county performs this function. Having one centralized account also allows the state to accept payments by electronic fund transfer (EFT), which is a Level II certification requirement under FSA88, and disburse payments by direct deposit to obligees. Large businesses prefer a central account because they would be able to send a single EFT under centralized collection and disbursement (CC&D) whereas historically they made multiple payments to multiple county CSEAs. More importantly, CC&D should simplify reconciliation at the local level by reducing the thousands of checks printed daily against the local accounts to a single electronic transfer to the centralized account.

The first attempt made by ODHS to attain centralized collection and disbursement failed. According to ODHS staff, SETS programmers released a basic financial package for the SETS system with plans to contract out a large portion of CC&D and related functions. ODHS issued their request for proposal in February 1998 and estimated associated costs to be about \$110 million. This estimate was based on a similar contract procured by Wisconsin at a cost of \$60-70 million according to ODHS. However, only one bid was submitted at a proposed cost of \$214 million. ODHS and the Department of Administrative Services withdrew the request for proposal in February 1999 as cost-prohibitive. A follow-up plan is currently under consideration, but it is only at the proposal stage at this point.

The delay in implementation of centralized collection and disbursement has caused problems. Some of the components included in the original plan that are not yet operational include electronic fund transfer collections from employers, direct deposit to obligees, and billing to obligors whose wages are not withheld by an employer -- all of which were federally mandated components of SETS under FSA88. These were items cited in the draft report on the HHS October 1998 federal review of SETS as components required for Level II certification. As discussed above, absence of CC&D has also resulted in the CSEAs having to rely on a labor-intensive reconciliation process.

---

## **STATE AND COUNTY COMMUNICATIONS NEED CONTINUED IMPROVEMENT**

ODHS must provide local CSEAs with correct and timely information about SETS changes. During our review, counties voiced frustration about the lack of prior notice about SETS changes from ODHS. These frustrations related to a perceived lack of communication about conversion schedules, enhancements and new version releases, and feedback on matters referred to the SETS Help Desk.

ODHS has not released an official schedule for enhancements. In our survey, and through groups such as OCDA and OHSDA, the counties conveyed numerous concerns about SETS functionality. We found that ODHS was planning to release enhancements on a regular basis that would address many county concerns; however, they had not provided counties with the enhancement schedule. Counties indicated they were frustrated since they felt their concerns were not being addressed. ODHS indicated that they did not formally release the enhancement schedule because their policy was to limit information about upcoming system changes that were susceptible to further alteration or delay. ODHS hoped this policy would avoid county frustration with shifting schedules that are a normal part of any major system conversion.

Counties also indicated that they sometimes did not find out about new version releases until they turned on their computers in the morning and found that the screens were different. ODHS staff agreed that early in the SETS process it was difficult to get timely information out to counties. However, in the last 18 months, ODHS has attempted to place new SETS functionality into their computer-based training (CBT) prior to release into production. They also attempted to place updated version notes (a summary of system changes) on their Innerweb. One problem with this methodology is that many counties did not actively use the CBT. AOS staff questioned how well this concept was marketed to the counties as some of those we met with following the February 1999 release of the enhanced reconciliation package were unaware of the enhancement release or how to use it. ODHS stated they have hired new staff whose primary focus is to address version release communication and training, and that they also sent ODHS staff to the counties to promote both CBT and Innerweb usage.

Overall, counties have shown mixed response to the ODHS SETS Help Desk. In our survey, 50 of the 88 counties (about 57 percent) indicated they were unsatisfied with Help Desk solutions. County satisfaction with response time to reported problems indicated that 66 of the 88 counties (about 75 percent) were unsatisfied. ODHS stated that they were reorganizing the Help Desk to better meet county requests and streamline the process for identifying and fixing problems. We reviewed the Help Desk log for February 1999 and found that counties were calling several times to report the same problem. These results indicated that local county spearheads (local SETS specialists drawn and developed from county staff) were not being used as focal points for problem resolution which would likely have increased the efficiency of the ODHS SETS Help Desk. ODHS staff indicated that, although counties were instructed to have only the spearheads contact Help Desk staff, they continued to take calls from all county workers in the interest of public relations.

Counties, on the other hand, told us about the times that things were reported to the Help Desk, but never logged. Some county coordinators reported that it was difficult to get information about the status of a Help Desk request. One county coordinator gave the example that a request made in March 1998 was never heard of again until she received notice that it was resolved in April 1999.

ODHS recognizes a need to improve communications with counties and requested ideas on how to accomplish this. After reviewing ODHS communication efforts, AOS auditors are offering the following suggestions for consideration:

- Regional county meetings appear to be a good tool for counties to discuss SETS issues, compare operations, and convey information to the SETS Project Office. In the past, the SETS Project Office is generally represented at the meetings by a coordinator for that region. ODHS could further support the regional county meetings by sending someone from the upper management of the SETS Project Office. A single management representative would be more likely to convey consistent and up to date information about SETS activity and be in the best position to carry back issues to the Project Office for resolution.
- Although counties complimented ODHS for information conveyed via its Innerweb, we noted that updates were sporadic and not predictable as to when they occurred. A better method, now that the Innerweb is gaining acceptance, might be to provide updates of key happenings, e.g. the status of system modifications, funding decisions, training opportunities, county best practices, etc. at defined intervals -- perhaps weekly. This way county staff would know where and when to look for information. To avoid overwhelming users with detail, these updates could be limited to quick overviews with links provided for those who want more detail.
- ODHS might consider developing a bulletin page within SETS that is similar to the one found in CRIS-E. This allows communication to occur within SETS itself and may provide an expedited outlet for Help Desk Updates. CRIS-E can provide updates about known problems and fixes directly to users as they access they system. Such a methodology could benefit SETS, and it builds upon a structure already familiar to a portion of the SETS users who are also users of the CRIS-E system.

Although it is apparent that ODHS is making a concerted effort to improve communications with counties, it is also apparent that a past lack of adequate communications has engendered levels of mistrust that will be difficult to overcome. It also appeared that those at the state and county levels who have been involved with SETS since its inception are defensive about who might be at fault for past decisions.

## **FEDERAL REVIEW WILL AFFECT FUTURE USE OF RESOURCES**

In October 1998, staff from HHS came to Ohio to assess SETS for federal certification. SETS did

not pass this review and ODHS was placed under sanction. The primary shortfall identified by the federal government was lack of full state-wide conversion. In addition, HHS cited ODHS for failure to establish centralized collection and disbursement, electronic fund transfer, billing of obligors, IV-A (welfare) interface capability, allocation of wage withholding for multiple orders, electronic tax refund offset, system performance, and other items.

After SETS was not federally certified before deadlines established by Section 454 (24) of the Social Security Act, ODHS chose the minimum alternative penalty option for their sanction. Under this option, ODHS will need to submit a Corrective Compliance Plan to the federal government. However, HHS has veto authority on the Corrective Compliance Plan which could alter ODHS' plan of action. In addition, ODHS corrective action must include strict milestones and time lines which will be monitored by HHS. This could affect ODHS' ability to give counties' needs the attention necessary to obtain county acceptance of SETS.

In addition, HHS staff visited Columbus to assess ODHS' need for Independent Verification and Validation (IV&V). The purpose of this IV&V scope assessment was to determine what type of assistance ODHS needs to obtain federal Level II certification as soon as possible. This process will require ODHS to contract with a vendor to identify project management shortfalls and monitor ODHS activity designed to overcome these barriers. IV&V review may require ODHS to make changes in how they have prioritized their future efforts. This could cause ODHS to move needed resources into other areas. Although the IV&V scope of services will cover system acceptance by users, it will not specifically focus on the challenges discussed in this report.

### **ODHS CURRENT CONVERSION TIMETABLE STILL HAS RISKS**

During the January 1999 public hearing, several county directors requested that the implementation of mandatory conversion to SETS be delayed until perceived system problems were resolved. In the AOS survey of counties, 50 counties (about 57 percent) indicated that SETS implementation should be delayed.

Since January 1999, ODHS has adopted a more realistic conversion schedule. The schedule requires the last county to convert to SETS by July 2000, with post conversion clean up to occur by September 2000. Meeting this schedule would avoid up to 90 percent of an additional \$18 in sanctions that Ohio would be liable for by not meeting the October 1, 1999 deadline. This extended schedule will also allow more time to refine SETS to make it more functional for the metropolitan counties, and to address corrective actions necessary to obtain federal Level II certification by October 1, 2000.

While the current conversion schedule is more realistic, it still contains some risks. Conversion risks involve potential sanctions under PRWORA and Y2K concerns.

### **Ohio Still at Risk for Future Sanctions**

Ohio currently faces about \$15 million in sanctions under FSA88 because it missed SETS deadlines on October 1, 1997 and October 1, 1998. It is also subject to an additional \$18 million penalty by not implementing SETS by October 1, 1999, although Ohio may be relieved of up to 90 percent of the penalty if it completes SETS by October 1, 2000.

In addition, Ohio could also face future penalties under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), which requires SETS to have additional functionality (such as centralized collection and disbursement) by October 1, 2000. Extending the county conversion table could put ODHS at risk for missing PRWORA deadlines unless they can concurrently make programming changes necessary to comply with the PRWORA requirements. In their response to the October 1998 HHS federal review draft report, ODHS indicated they plan to program some of the PRWORA requirements along with their FSA88 certification needs which helps them move closer to PRWORA certification. However, ODHS is still expected to be reviewed in October 2000 under the FSA88 requirements. This would give Ohio one year to get prepared for certification review of SETS under PRWORA rules. Centralized collection and disbursement is the major requirement of PRWORA, but the current ODHS plan is not ready for implementation.

### **ODHS Must Ensure That Manual-Conversion Counties Beat the Y2K Deadline**

Most counties must convert their cases to SETS by November 1999 in order to avoid potential system operation problems caused by the changing to a new century. This effect is known as the Y2K bug. The problem occurs because non-compliant systems cannot read dates with the 2000 year and therefore process that information as 1900. This can cause errors with data integrity, data retrieval, time calculations, and other software problems.

Some of the 24 counties that still need to manually enter their cases into SETS (as opposed to larger counties who will convert cases electronically) are particularly at risk because of the time consuming nature of manual entry. Some of these counties have held off entering cases until perceived system problems are resolved, but cannot afford to wait so long as to make conversion of cases impossible by the end of the 1999. Therefore, ODHS should monitor manual-conversion counties to ensure sufficient progress is made to convert their caseloads.

Other counties may have to manually enter cases that SETS does not currently support. Counties reported that SETS was unable to accept interstate cases by electronic download from their old systems. In addition, local courts sometimes issue child support orders that are difficult by their nature to enforce such as those containing monthly clothing allowances, escrow for school tuition, etc. It is possible that SETS may not readily support such cases, and ODHS may need a back-up plan to deal with these cases outside of SETS.

One issue raised during our review was the conversion of the metropolitan counties during 2000. ODHS moved the metropolitan county conversion back following the January hearing. However, discussion with Hamilton County surfaced that the county does not have a computer system that is

Y2K compliant. Hamilton County officials stated that as a result of having a SETS conversion date of March 2000, they will need to spend about \$216,000 to make their existing computer system compliant for the interim two to three month period. They further explained that they had been originally scheduled to convert to SETS in 1999, but ODHS had moved them to 2000 and they were not aware of the reason for the change.

## **COUNTIES MUST SHARE IN RESPONSIBILITY FOR IMPLEMENTING SETS**

Some counties appeared to be more prepared to operate in a SETS environment than others. This is based upon pre-conversion planning and training. AOS staff met with several counties during our review to discuss these issues.

### **Some Counties Less Prepared for SETS Environment than Others**

AOS reviewers found that some counties had engaged in numerous projects in recent years to get their caseload and case data ready for conversion to SETS. One large county reported a smooth conversion of their 26,000 cases. Their director attributed this success to 39 individual clean-up projects which they undertook up to two years prior to conversion. In addition, this county pre-planned 14 post-conversion projects designed to get difficult cases converted manually and restructure staff functions. Other counties we visited, whether converted or not, did not appear to reach this level of planning which likely affected, or will affect, their success in converting to SETS.

### **Counties Need to Take Advantage of Electronic Training Tools**

County views on SETS training varied, but most counties agreed that ODHS' computer based training was excellent when preparing for conversion. ODHS offers training in various formats -- computer-base training, an "Innerweb" (an internal ODHS web page that contains SETS information), class room instruction at regional training centers, and county-based training. In our county survey (see Appendix B), slightly over one third of the counties rated ODHS' training as mostly adequate, adequate, or very adequate. The balance of the counties rated the training as somewhat adequate or inadequate. Although these ratings were not high overall, most counties we spoke with complimented ODHS' electronic training tools, such as the Innerweb.

Unfortunately, our survey results show that counties were not taking full advantage of computer-based training opportunities. Also, training hours per staff person varied widely by county, ranging from 0 hours to 40 hours per county staff person. Counties explained their lack of usage was due to time constraints and their desire to hold off on training until immediately prior to conversion, since staff would tend to lose skills without cases to practice on. While we understand this reasoning, we believe counties also need to begin acclimating staff to SETS to maximize the effectiveness of just-in-time training at the time of conversion.

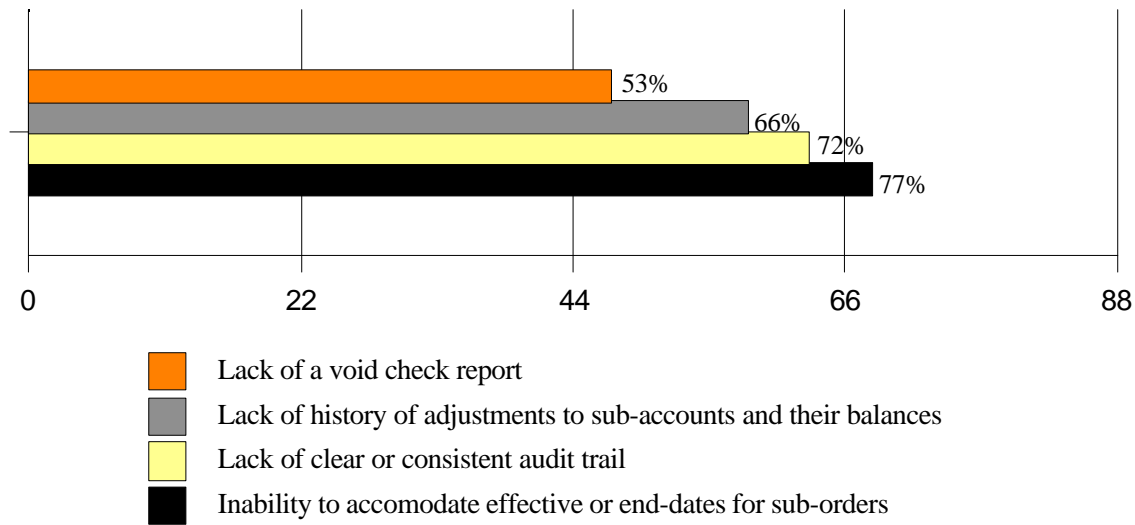
### **County Preparedness Could Be Enhanced By More Work with Real Cases**

Some counties currently maintain as few as ten cases on SETS. This places these counties at risk of being unprepared to operate in a SETS environment. For example, one metropolitan county converted approximately 3,000 cases into SETS in November 1998. Their experience with SETS after the mini-conversion prompted them to seek consultants that can assist them in reorganizing their business operations. County officials stated that SETS was changing the demands on their resources such that staff must be properly allocated away from tasks that were being automated and into other areas where SETS demanded more human intervention. In addition, many of the counties we met with stated their SETS cases were easily administered because they paid regularly and maintained their employment. Other cases such as welfare cases, interstate cases, and paternity cases were avoided because they were too challenging. However, avoiding difficult cases is not likely to get counties prepared to handle a full array of case management services once the counties have converted to SETS.

### **OTHER FINANCIAL CONTROL WEAKNESSES EXIST WITHIN SETS**

At the January 1999 SETS hearing, county directors indicated concern about the financial history maintained in SETS. CSEAs use financial histories to determine how much support was paid, how much support is still owed, and any adjustment that may have occurred while a support case was receiving service. These histories may go on for years. Discussions with counties confirmed their worries about tracking the financial information of their cases. County staff were concerned with the accuracy of client financial records and potential affect this might have on their relationships with their local courts. In our survey of Ohio's 88 counties, 57 counties (about 65 percent) indicated that they were somewhat to completely unsatisfied with SETS financial history. Figure 2 highlights SETS shortfalls identified as most severe by counties in the AOS survey of counties.

**Figure 2: SETS Problems Ranked Most Severe by Counties**



Source: AOS County Survey

Based on these survey results, we discussed these issues with the counties we visited to determine the exact nature of their concerns. In doing so, we identified some general control weaknesses.

One notable item was work-arounds (temporary fixes) that require the counties to mail themselves negotiable checks which they voided, redirected, and sent out again by manual check. This process occurred in two instances. First, SETS was unable to redirect held funds because the payee could not be changed. In addition, the check could not be electronically voided within the system and redirected prior to actual issuance of the paper check. Second, SETS did not allow counties to release child support payments made to families leaving welfare unless that information was entered prior to the welfare benefit actually terminating. If the information was entered afterward, SETS required the funds to be held by ODHS (the normal payee for child support collected for children on welfare) until the end of the first month that the family was off the welfare rolls. Then, SETS allowed the money to be redirected to the family. Many times, families leaving welfare cannot wait 30 days to receive their child support without suffering further economic hardship, which is what prompted counties' concerns about accommodating end-dates. However, the work-around was a weak internal control that opened the CSEA to potential losses through fraud or theft. ODHS stated the only sanctioned work-around of this type was for welfare cases.

Another issue raised by counties concerned voided checks. Voided checks are removed from the electronic check register, and SETS does not provide a voided check report, which weakens the financial audit trail. It is possible to obtain information about voided checks missing from the check register. However, to do so means estimating the date a check was issued, reviewing hard-copy printed material to obtain the check number, and then using the appropriate inquiry screens to determine the check's status. A reviewer should be able to easily determine which checks were



voided. Counties stated this is especially important when attempting to reconcile the account which is already labor-intensive and difficult. One county we spoke with indicated that they print each screen when a check is voided to assist them in tracking voided checks.

The SETS system allows sub-account balances (such as arrearage totals) to be updated directly. This dilutes the audit trail for account activity. Audit trail records will only show that a change was made and the worker making the change; the system does not capture the complete transaction. Proper procedure would force the worker to enter a transaction inside the account ledger, thereby updating the balance while maintaining the prior balance and the transaction amount. In addition, changes made directly to an account balance would appear on a payment history report used by the courts or child support clients (obligors/obligees) to determine how much support was paid and how much support is still owed. Counties relied on case tracking notes to document changes, but a person is not required to add these notes, and a fraudulent change could go undetected.

During interviews with county staff, they reported the need to give clerical staff higher security levels to perform their normal daily functions. This problem has two sides. The county security coordinators should not issue security profiles that allow staff more access to SETS than is required. However, the counties feel profile options are too few to address their normal business practices. The use of security profiles and a caseload hierarchy can be powerful controls for limiting unnecessary user access, safeguarding public funds, and increasing privacy of client information but not if the hierarchy is circumvented at the local level.

## **SETS INFRASTRUCTURE CAPABLE BUT SYSTEM EFFICIENCY A CONCERN**

### **System and Network Capacity**

There are five components to be examined in determining the overall capacity of the system and network supporting SETS. These components are (1) the mainframe computers, disk and tape storage devices of the State of Ohio computing center, (SOCC); (2) the front-end communications equipment supporting connections to the SOCC via frame-relay and asynchronous transfer method (ATM) communication networks; (3) the frame-relay and ATM networks linking county offices to the SOCC; (4) the LAN servers and routers in the county offices linking county users with the network; and (5) the microcomputers being used as workstations by county personnel. All of these components affect the overall performance of the SETS system. A problem with any one can cause serious degradation of overall SETS performance.

A second significant consideration in examining the system's overall capacity is that SETS is not the only application running on this system. Most of the system infrastructure is intended to support not only SETS, but also the Client Registry Information System-Enhanced (CRIS-E) and Family and Children's Service Information System (FACSIS)-successor systems as well. During the development of SETS there have been times when there was significant contention between SETS and the CRIS-E system for mainframe processing resources, tape and disk storage, and front-end

processor connections.

The contention between CRIS-E and SETS over front-end processor connections was so severe that the conversion of counties to SETS had to be slowed and temporarily stopped until the number of front-end processors was tripled. This contention occurred with less than one percent of county cases converted to SETS. At present, there is more than enough network carrying capacity to support SETS and CRIS-E.

A project is currently under way to convert from using the current frame-relay based protocol to one using the ATM protocol. This will increase network capacity by 30-50% and allow mainframe connection via higher capacity switches. The present frame-relay net will continue to exist and serve as backup to the ATM network. The conversion to ATM and an Internet addressing scheme will also allow ODHS, for the first time, to be able to measure a true user response time for SETS.

The mainframe processing capacity, disk storage capacity and tape storage capacity of the state computer center have all been upgraded and ample capacity now exists to support both SETS and CRIS-E. Additional upgrades are planned on a regular basis to meet the processing needs of these systems. As long as there is not a sudden unexpected surge in system resource requirements as all counties convert to SETS, there should be no mainframe capacity problems.

The system areas most vulnerable to capacity problems are the servers and microcomputers in the county offices. These devices support many functions other than SETS. The microcomputers in particular are older machines with limited memory (16 Megabytes of random access memory) and very likely will need to be upgraded or replaced in the near future.

### **Failure to fully follow System Development Life Cycle Methodology Contributed to Slow Development of SETS**

The development of the SETS system is marred by a 12 year history of missed deadlines and failed promises. A major contributing factor to the slow development SETS is the failure of ODHS to fully follow a comprehensive system development life cycle (SDLC) methodology in the design and implementation of this system. The failure to follow such a methodology contributed to a series of significant problems plaguing the development of SETS. These problems include the following:

- The failure of ODHS to adequately determine the size and scope of the SETS development project and to set obtainable milestones and deliverables.
- The failure to fully include the counties, which are significant stakeholders in the system, in the specification, prioritization and approval of the requirements of the system. This contributed to the low priority given to the development of the financial sub-system and reconciliation functions of SETS.

- Inadequate communication of the status of system development, system testing and the status of planned system enhancements to the counties which has resulted in confusion and skepticism by the counties regarding the status of the SETS system.
- An approach that inadequately stress tested the system and its major components prior to putting them into production resulting in significant resource limitations and program inefficiencies being found in 'live' production.

The use of a system development life cycle methodology is almost universally recommended if not required by professional audit and standard setting organizations involved with system development and modification. The failure to follow an SDLC is considered to be high risk by most audit and review methodologies for systems development. In fact, ODHS itself issued a policy guide in September 1994, (# MIS:018), for the eventual implementation of a full structured Systems Development Life Cycle for the Office of Management Information Services.

All system development life cycle methodologies, including that of ODHS, require that there be significant formal user involvement in the analysis, design, development and testing, and modification of a system development or acquisition. This has not been the case in the development of SETS.

In reviewing the approach used by ODHS in developing SETS, AOS used the Control Objectives for Information and Related Technology (COBIT) developed by the Information Systems Audit and Control Foundation. This audit guideline incorporates standards from most of the worlds leading standards organizations dealing with the development or audit of an information system.

The failure to follow a comprehensive SDLC approach allowed ODHS to fall into the trap of developing SETS in a perpetual "crisis" mode leading to overall delays and inefficiencies in system design and deployment. A major factor in the development of SETS was the federal requirement to develop a child support tracking system; however, the failure to include the counties in determining the functional needs and priorities of the system led to the whole project being driven by the federal requirements and deadline. If the full requirements of the system had been identified, ODHS should have realized that an entire system development was not practical in the federal time frame of October 1995 - in fact most states missed the deadline - and followed a more deliberate phased approach. Instead, an accelerated and aggressive approach was followed in a vain attempt to meet the deadline. This aggressive approach led to significant functional user needs being delayed in development; a testing approach that stress and performance tested system design in production rather than a test environment; a decreased ability to respond to changing federal requirements; a series of starts and stops in system deployment as various problems surfaced; and a barrage of users with constant changes to the system.

The COBIT standard states that system acquisitions and development efforts require a high involvement by users and that design specifications should be signed-off by management, the affected users and the organizations' senior management, when appropriate, for all new system development

and modification projects. ODHS did have meetings and discussion with the counties regarding the requirements of SETS. However, no formal agreement or sign-off on the design was done. Some design specifications were communicated to the counties, but they were not in a form that the counties found easy to understand or review.

Nor did counties have a significant enough role in the testing and approval of the system and major modifications to the system prior to deployment. A formal SDLC approach requires that functional users be involved in the specification of testing criteria and approval of testing results prior to system or modification acceptance. The counties were not effectively involved in the specification of formal system testing acceptance criteria. County pilot tests were held on the core system and on several major enhancements, but not on all significant enhancements. Even when pilot tests were conducted, significant problematic areas identified in the tests, such as reconciliations, were not corrected prior to deployment to other counties.

A decision was made in June 1995 by ODHS not to stress test the SETS system prior to implementation. This decision was made because of resource limitations and because it was realized that a full deployment of the system was not possible by October 1995. It was further felt that with the change to a more phased rollout of the system that it would be possible to stress test the system in production as counties were brought onto the system. A number of problems with system resources showed up early in the conversion of counties to SETS. These problems included the following:

- A significant resource conflict between SETS and CRIS-E for front-end processors, (the devices that link users to the mainframe.) The number of front-end processors had to be tripled and conversion of counties to SETS was temporarily halted. This problem showed up with less than one percent of cases loaded onto SETS.
- Resource contention between SETS and CRIS-E also occurred over tape storage, disk storage and the ability to start programs on the mainframe. This was corrected by an expansion of these resources at the computer center.
- A number of standard report programs were given the wrong level of access to the SETS databases resulting in data lockouts that prevented multiple counties from processing certain reports at the same time. This resulted in contention between county report processing and a decrease in system performance.
- At last count, 31 program components were found to take over 10-15 minutes to process, causing problems with the system meeting its production windows, particularly at month-end. Many of these have now been fixed, but 20 had showed up with only a few thousand cases, less than 2 percent of the initial system workload expectation of approximately one million.

The COBIT audit guideline states that application testing should include load and stress testing as

part of overall testing before a change or system is accepted for use by the user. This standard also states that the functional users - in this case the counties - should have a role in the testing process and determining if the test results are in accordance with system requirements.

ODHS and the Ohio Data Network (ODN) have made a number of improvements in the overall monitoring and testing of system performance. Separate testing regions were established on the ODN mainframe system where the SETS application runs. An intensive monitoring effort was put into operation to identify individual components within the SETS system taking over 10-15 minutes to run. Special task teams were set up to review database query and application components for inefficient parameter settings. To date significant improvement has been achieved in the overall performance of the SETS system.

It should also be noted, that in any large complex system such as SETS, with hundreds of thousands of lines of program code, it is common to have a breaking in period before optimal performance is obtained. It is also common for there to be a continuing and significant maintenance function in maintaining system performance and function. ODHS should ensure that the functional users are kept informed as to the status and condition of the system; and that they are given an integral function in determining whether the system is performing up to requirements.

---

## **CONCLUSIONS**

---

The creation and implementation of any automated system can be very difficult in any environment. SETS has a unique history given the federal mandates that demanded the system be created, ODHS' efforts to meet those requirements as they have changed, and the program demands SETS has faced from the local level. However, it is apparent that a statewide automated system is necessary to help Ohio move beyond its current productivity level and collecting even more money owed to the children eligible for child support.

ODHS continues to struggle toward federal Level II certification for SETS. This includes converting all of Ohio's cases to SETS while also developing functionality that includes EFT capability, an interface with the public assistance computer system, and other necessary components. SETS also must face the future hurdles of meeting PRWORA requirements by October 2000, such as centralized collection and disbursement. This is occurring in the face of up to \$33 million in sanctions from the federal government, and a political environment that is pushing for the combining of ODHS and Ohio's unemployment system.

Historically, SETS has not been a model for system development. This occurred for several reasons, including changes in federal legislation that resulted in a need for design changes, scrapping and restarting development efforts, problems with contractors, miscalculations of hardware needs, and a lack of involvement by end-users in software development. SETS was also centralizing a system from the county level to the state level, while welfare reform legislation was empowering counties to make business decisions for public assistance programs at the local level.

Counties play an important role in the history and future of SETS. Counties have been subjected to four different versions of SETS. In addition, counties have operated autonomously within Ohio's state-supervised county-administered system Child Support Program in the past. They have maintained different computer systems and have had different ways of doing business, but they are now being asked to standardize their processes to a great extent in exchange for automated functions such as case management and interconnected business interface capabilities that were never before available to them. Yet, the county CSEAs continue to remain very different from one another whether they be metro or rural. However, the one common need is that of a statewide computer system to link them all together and make them function as a system and not simply parts of a system.

Most counties we spoke with recognized that SETS is a necessary part of their future whether that be focusing on Ohio's local collections, sharing information with other states, or connecting with developing federal databases. In addition, counties realize that the SETS network allows them more access to other tools that can help them achieve their goal of collecting more support. Therefore, even if the conversion process is difficult, counties must continue to work with ODHS to make SETS a viable system especially considering the funds already invested in development.

---

## ***RECOMMENDATIONS***

---

The following recommendations to ODHS are intended to address potential areas for improvement in the state's child support system. These suggestions focus on potential shortfalls or problematic areas and how Ohio and ODHS

might deal with these issues as they move forward with task of implementing SETS.

1. Given the fiduciary risks placed on counties until reconciliation concerns are resolved, and the need to gain metropolitan county acceptance for converting cases to SETS, county reconciliation concerns should be resolved before metropolitan counties are asked to fully convert to SETS. Although counties have the obligation to reconcile their accounts, the Auditor believes it is the responsibility of the state to provide the best tools available to meet that obligation.
2. To foster more effective two-way communications, an independent liaison who can credibly represent both state and county interests should be established. The liaison should have the following attributes: a background sufficient to understand the needs of the user community (counties) as well as state requirements, not be tied to defending past decisions and have sufficient authority to bring unresolved issues to closure.
3. ODHS should discuss with Hamilton County officials the feasibility of advancing their conversion schedule to assist them in avoiding the costs of upgrading their local computer system.
4. ODHS should develop a time frame and place high priority on implementing an electronic payment receipt and disbursement system that accommodates the needs of metro counties

before they are required to fully convert their cases onto SETS.

5. The General Assembly, in partnership with the Governor's Office, should work with the counties to encourage county preparedness. ODHS should also devote resources to communicating best practices to counties who have yet to convert their caseloads.
6. ODHS should make programming changes within SETS to remedy control weaknesses discussed on pages 14 to 16 of this report.
7. Given Ohio's past history of missed targets and design missteps that have already subjected the State to \$15 million in federal sanctions, the Auditor supports the need for an independent and ongoing assessment of SETS implementation, and the IV&V requirement applies to meet that need. To be most useful, a qualified vendor should be quickly located and made available to assess and support the state in the near future. In addition, the county concerns discussed in this report (e.g. reconciliation of depository accounts, county readiness, communication of system updates) should be included in the IV&V vendor's scope of services.
8. All future enhancements and major modifications to the SETS system should be stressed tested with a workload approximate to that expected for full production prior to being made operational.
9. The use of an SDLC methodology should be adopted for all additional major modifications and enhancements to SETS. Furthermore, ODHS needs to ensure that counties have a formal role in the specification of system requirements and the approval of system modifications.

---

### ***ODHS COMMENTS***

---

ODHS reviewed a draft of this report and provided comments on May 4, 1999. (See Appendix F.) Changes were made to the report to correct technical and factual inaccuracies.

**ODHS Response to OCDA Issues**

OCDA Issue/Explanation of the Issue	Scheduled Completion Date
Reconciliation- Inability of SETS to provide the necessary reports for reconciling the county depository account.	February 1999
Default- Generates default child support payment notices incorrectly	April 1999
Payment History information-Lack of ability to provide real time obligor payment information	July 1999
IV-A/IV-D interface-The need for an interface between CRIS-E and SETS to obtain information on public assistance recipients.	March 2000
Electronic Funds Transfer- The ability to electronically receive and disburse payments from the CSEA bank account	August 1999
Functionality for all case types- The ability to enter all cases into SETS, specifically Foster Care and unusual cases	April 1999
Alerts- An electronic SETS notice that prioritizes case work. The counties desire improvements in the frequency and accuracy of these alerts.	Not scheduled
House Bill 352 compliance- The notices in SETS are not HB352 compliant which forces the counties to generate these notices from their old system.	October 1999
Merger of Participants-The ability to link multiple cases to a single obligor regardless of county of residence.	July 1999
SETS Payment Posting System (SPPS)- The ability to post payments off line	November 1999
Voice Response Unit (VRU)- which enables clients to check on the payment history and status of their cases over the phone. The counties desire increased availability and accuracy of payment history information	Not scheduled
Help Desk- The counties voiced concern over the timeliness of the help desk responses.	Restructuring planned
Availability of in-county conversion assistance- The counties are concerned that they do not receive enough assistance during the conversion process.	Further discussion with OCDA is needed.
Adequate testing before statewide production- The counties want greater assurance that a solution to a problem has been properly tested. This would ensure that the problem is resolved and no other problems are created by the solution	Testing has been enhanced and the procedures will be discussed with OCDA.



## SETS QUESTIONNAIRE RESULTS

The results contained below were obtained through the Auditor of States questionnaire, received from 88 counties.

1. According to the SETS procedures manual SETS was designed to perform the following functions. (For a complete definition of each function, see the attached page 4 of the SETS procedures manual.)

On a scale of one (1) to five (5), how satisfied are you with the following SETS functions? Circle the number that best corresponds to your response.

	Completely Unsatisfied	Somewhat Unsatisfied	Neither Satisfied or Unsatisfied	Somewhat Satisfied	Completely Satisfied
<i>Case Establishment/Case Management Functions</i>					
a. Case Intake	2.3%	15.9%	17.0%	52.3%	12.5%
b. Inquiry	0.0%	10.2%	14.8%	55.7%	19.3%
c. Interstate	20.5%	33.0%	34.1%	11.4%	1.1%
d. Locate	9.1%	30.7%	26.1%	30.7%	3.4%
e. Paternity Establishment	22.7%	28.4%	35.2%	10.2%	3.4%
f. Support Establishment	11.4%	12.5%	43.2%	28.4%	4.5%
g. Enforcement	8.0%	31.8%	22.7%	35.2%	2.3%
h. Case Tracking	6.8%	22.7%	29.5%	37.5%	3.4%
<i>Financial Management Functions</i>					
i. Receipts/ Collection Tracking	11.4%	20.5%	14.8%	51.1%	2.3%
j. Allocations	6.8%	34.1%	18.2%	35.2%	5.7%
k. Distribution	28.4%	21.6%	35.2%	12.5%	2.3%
l. Financial Corrections	26.1%	30.7%	21.6%	20.5%	1.1%
m. Disbursements	11.4%	30.7%	19.3%	34.1%	4.5%
n. Reconciliation	75.0%	13.6%	6.8%	3.4%	1.1%
o. Financial History	31.8%	33.0%	10.2%	21.6%	3.4%

2. On a scale of one (1) to five (5), rank the following SETS functions in term of their importance to your county child support operations. Circle the number that best corresponds to your response.

	Not at all Important	Somewhat Unimportant	Neither Important or Unimportant	Somewhat Important	Very Important
<i>Case Establishment/Case Management</i>					
a. Case Intake	0%	0%	2.3%	10.2%	87.5%
b. Inquiry	0%	0%	2.3%	21.6%	76.1%
c. Interstate	0%	1.1%	5.7%	26.1%	67.0%
d. Locate	0%	0%	1.1%	10.2%	88.6%
e. Paternity Establishment	0%	1.1%	4.5%	5.7%	88.6%
f. Support Establishment	0%	0%	3.4%	8.0%	88.6%
g. Enforcement	0%	0%	0.0%	3.4%	96.6%
h. Case Tracking	0%	0%	0.0%	18.2%	81.8%

*Financial Management*

i. Receipts/ Collection Tracking	0%	0%	0%	3.4%	96.6%
j. Allocations	0%	0%	0%	5.7%	94.3%
k. Distribution	0%	0%	0%	10.2%	89.8%
l. Financial Corrections	0%	0%	0%	8.0%	92.0%
m. Disbursements	0%	0%	0%	2.3%	97.7%
n. Reconciliation	0%	0%	0%	1.1%	98.9%
o. Financial History	0%	0%	0%	3.4%	96.6%

3. Did ODHS design SETS in accordance with the design approved by the County Directors?

Yes 9.1%      No 52.3%      Unknown 30.7%      No Answer 8.0%

4. If you answered NO to Question 3, what missing function represents the greatest shortcoming?

16 of the 62 counties who responded to this question sited reconciliation as the greatest shortcoming.

5. Below is a listing of SETS issues that have been reported in the past. On a scale of one (1) to five (5), please indicate the extent, if at all, these potential issues **CURRENTLY** affect your county. Circle the number that best corresponds to your response.

	Not a Problem	Minor Problem	Moderate Problem	Severe Problem	Very Severe Problem
a. SETS lacks a clear or consistent audit trail for case management or financial transactions.	4.5%	8.0%	15.9%	26.1%	45.5%
b. SETS lacks a history of adjustments made to sub accounts and the changes in account balances.	8.0%	6.8%	19.3%	34.1%	31.8%
c. Event log messages only record general information, such as when a new sub order was created.	11.4%	34.1%	29.5%	12.5%	12.5%
d. No vehicle exists in the system to assist in auditing or verifying account changes, payments and balances.	3.4%	4.5%	14.8%	33.0%	44.3%
e. Conversion balances are not maintained in the system.	15.9%	22.7%	15.9%	25.0%	20.5%
f. Scheduling for appointments -- the system does not provide a list of appointments.	30.7%	27.3%	31.8%	8.0%	2.3%
g. The validity of the default report is questionable because the system does not retain the worked information.	10.2%	11.4%	11.4%	39.8%	27.3%
h. SETS forms do not comply with House Bill 352 requirements.	6.8%	8.0%	17.0%	31.8%	36.4%
i. CSEAs have difficulty getting immediate pay histories because of the need to go to "control D" the next day.	4.5%	8.0%	21.6%	30.7%	35.2%
j. 210 alerts reappear after they have been resolved.	8.0%	17.0%	34.1%	21.6%	19.3%

	Not a Problem	Minor Problem	Moderate Problem	Severe Problem	Very Severe Problem
<b>k. CSEAs cannot post payments when the system is down.</b>	1.1%	3.4%	9.1%	13.6%	72.7%
<b>l. The system does not have the capability to put in a future date.</b>	8.0%	2.3%	21.6%	37.5%	30.7%
<b>m. SETS does not automatically add a new arrearage judgement to the old one in sub accounts.</b>	12.5%	14.8%	43.2%	20.5%	9.1%
<b>n. SETS does not have a void check report listing.</b>	3.4%	13.6%	29.5%	30.7%	22.7%
<b>o. The SETS IV-A interface does not sort referrals and automatically build cases when necessary.</b>	23.9%	4.5%	17.0%	27.3%	27.3%
<b>p. SETS does not send default notices properly.</b>	5.7%	4.5%	22.7%	28.4%	38.6%
<b>q. SETS lacks the ability to release monies from unidentified status.</b>	22.7%	19.3%	19.3%	17.0%	21.6%
<b>r. SETS lacks the ability to accommodate certain effective or end dates for sub orders.</b>	4.5%	4.5%	13.6%	39.8%	37.5%
<b>s. SETS does not support EFT collections.</b>	27.3%	30.7%	27.3%	8.0%	6.8%
<b>t. SETS does not support Direct Deposit to obligee bank accounts.</b>	30.7%	25.0%	27.3%	8.0%	9.1%
<b>u. CSEAs need to keep a manual ledger in order to reconcile.</b>	9.1%	2.3%	10.2%	17.0%	61.4%
<b>v. Other (Explain) (Individual narrative answers were tabulated seperately and are not included in this summary)</b>					

**6. The following questions relate to your experiences with SETS conversion.** (The following answers represent a total of all 88 county responses)

- |   | <b>Cases<br/>With Orders</b> | <b>Cases<br/>Without Orders</b> |
|---|------------------------------|---------------------------------|
| a. What was your total case load as of March 1, 1999?   | 719,988,000                  | 176,530,000                     |
| b. What was your total SETS case load as of March 1, 1999?  | 151,730,000                  | 25,856                          |
| c. If you are 100% converted, when did that conversion take place? Answers individual to each county (date)   |                              |                                 |
| d. If you are NOT 100% converted, when are you scheduled to be 100%? Answers individual to each county (date)   |                              |                                 |
| e. How did you convert your cases to SETS? (Check all that apply) Answers individual to each county<br><br><input type="checkbox"/> DCT <input type="checkbox"/> Data Mapping <input type="checkbox"/> Manual |                              |                                 |
| f. In what percentage of the cases input into SETS was it necessary to override SETS input controls in order to have cases accepted by SETS? _____ (percent)  |                              |                                 |

**7. The following questions relate to your training experiences.** (The following answers represent a total of all 88 county responses)

- a. How many Full Time Equivalent CSEA staff were there in your county as of March 1, 1999? 3,335
- b. How many of these (see “a.”) staff will be expected to use SETS? 3,132
- c. How many staff currently use SETS on a daily basis? 1,958
- d. Specify below the number of staff who have the indicated number of training hours. Only include those staff who are expected to use SETS (see “b.”). By training, we are referring to external training provided by ODHS or another county. (The following answers are a total of the 86 counties who tracked their training and responded to this question)

<u># of Staff</u>	<u>Hours of Training</u>
<u>829</u>	0 hours
<u>237</u>	1 to 8 hours
<u>167</u>	9 to 24 hours
<u>802</u>	25 to 40 hours
<u>944</u>	Over 40 hours

- e. Specify below the total number of hours your staff has received in each TYPE of training. (Many counties did not track and could not provide this information)

	Number of Hours
Computer Based Training (CBT)	_____
SETS Regional Training Center	_____
Training by another county	_____
Formal internal training by your county	_____
Other formal training	_____

8. Please rate the CASE MANAGEMENT SETS training that your county received. Circle the number that best corresponds to your response.

- |   |  |              |
|---|--|--------------|
| 1 | Inadequate: the training met none of my needs                | <u>4.5%</u>  |
| 2 | Somewhat Adequate: the training met some of my needs         | <u>60.2%</u> |
| 3 | Mostly Adequate: the training met nearly all of my needs     | <u>25.0%</u> |
| 4 | Adequate: the training met all of my needs                   | <u>9.1%</u>  |
| 5 | Very Adequate: the training met and exceeded all of my needs | <u>1.1%</u>  |

**What, if any additional topics would you like to see covered in Case Management training?**

How to work a case, the day to day activities was sited 29 times as an additional topic to be covered. (Counties listed more than one topic and there were 107 responses to this question)

9. Please rate the FINANCIAL MANAGEMENT SETS training that your county received. Circle the number that best corresponds to your response.

- |   |  |              |
|---|--|--------------|
| 1 | Inadequate: the training met none of my needs                | <u>2.3%</u>  |
| 2 | Somewhat Adequate: the training met some of my needs         | <u>62.5%</u> |
| 3 | Mostly Adequate: the training met nearly all of my needs     | <u>26.1%</u> |
| 4 | Adequate: the training met all of my needs                   | <u>8.0%</u>  |
| 5 | Very Adequate: the training met and exceeded all of my needs | <u>1.1%</u>  |

**What, if any additional topics would you like to see covered in Financial Management Training?**

Reconciliation was sited 23 times as an additional topic to be covered. (Counties listed more than one topic and there were 84 responses to this question)

10. Have you reconciled your SETS depository account to your most recent bank statement?  
Yes 39.8% No 60.2%

**11. Please rate on a scale of one(1) to five (5) your satisfaction with the following factors.**

	Completely Unsatisfied	Somewhat Unsatisfied	Neither Satisfied or Unsatisfied	Somewhat Satisfied	Completely Satisfied
<b>Adequacy of Documentation for SETS Procedures</b>	5.7%	26.1%	21.6%	45.5%	1.1%
<b>Communication of system changes</b>	14.8%	35.2%	15.9%	34.1%	0.0%
<b>Quality of Help Desk solutions to problems</b>	17.0%	39.8%	10.2%	29.5%	3.4%
<b>Timeliness of Help Desk solutions to problems</b>	28.4%	46.6%	9.1%	14.8%	1.1%

**12. If you maintain an automated independent child support computer system, is that system Y2K compliant?**

- 18.2% **Yes**
- 75.% **No**
- 6.8% **Do not have an automated system**
- 66.3% **Can be made compliant**
- 36.4% **Can not be made compliant**

**13. If your answer to Question # 7 was no, how long would it take to make it compliant?**

\_\_\_\_\_ Weeks \_\_\_\_\_ Cannot be made compliant

**14. What would be the approximate cost of making it Y2K compliant? \$\_\_\_\_\_**

**15. Should the implementation of SETS be delayed? Yes 56.8% No 43.2%**

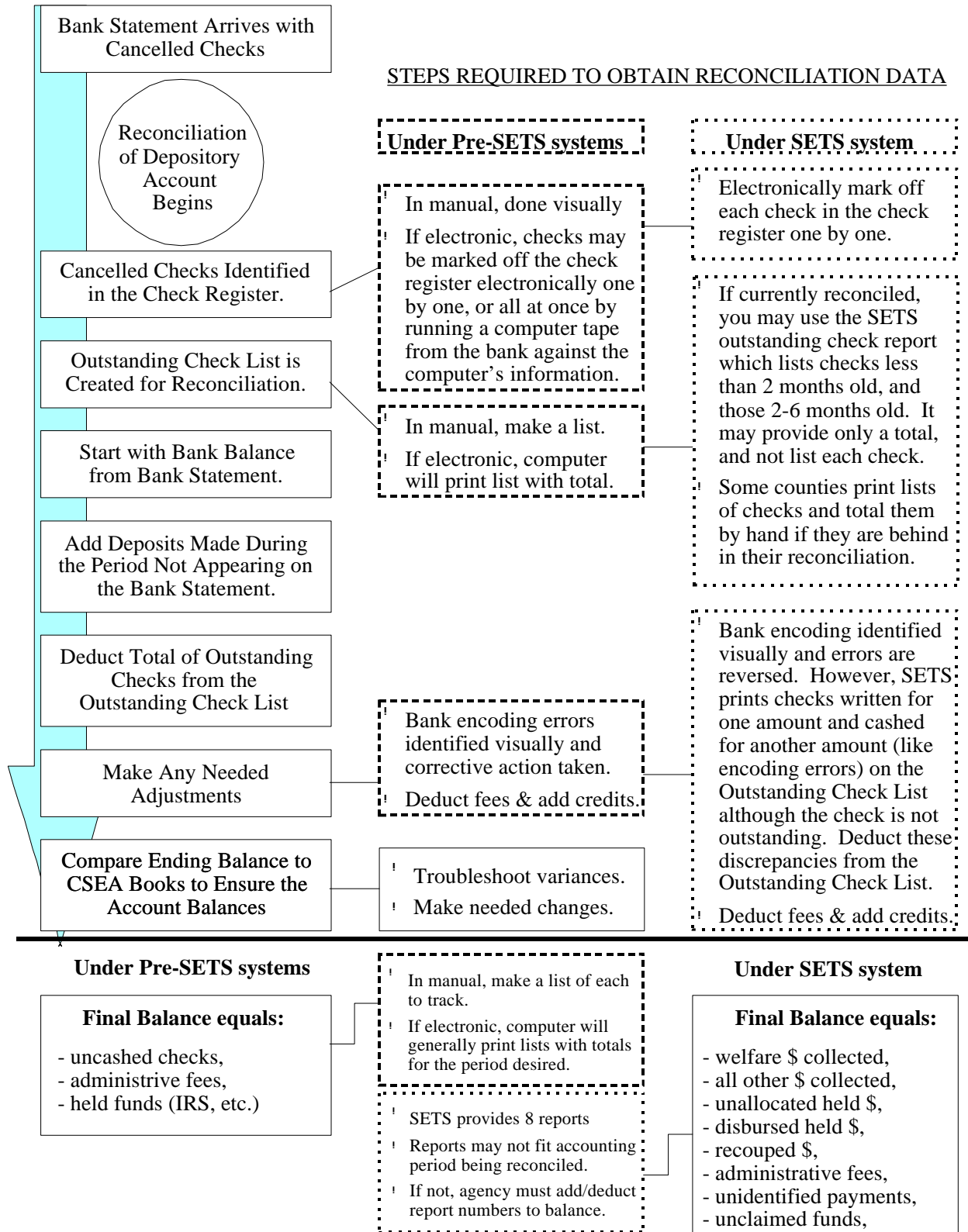
**16. If SETS is delayed, what would you like to see accomplished during the delay? (The following are the top three responses given by counties)**

- a. **IV-A interface is not available (sited 16 times)**
- b. **Fix reconciliation (sited 13 times)**
- c. **Fix all financial issues no work arounds (sited 8 times)**

**17. Please write any other comments or concerns about SETS here.**

The number one concern sited by counties was the fixing of financial issues sited 14 times.

### Comparison of Reconciliation in SETS Environment with Pre-SETS Environment





**Status of Counties Scheduled to be Converted After January 1, 2000\***

<b>County</b>	<b>Status of Y2K</b>	<b>Scheduled Date of Conversion/ Cost to Make System Compliant</b>
Butler	Compliant	January 2000
Hamilton	Not Currently Compliant	March 2000; Compliance will cost \$216,000
Lucas	Compliant	April 2000
Franklin	Compliant	May 2000
Wood	Compliant	June 2000
Summit	Compliant	June 2000

\* Note: One other county recently removed cases from SETS and stated it will not convert to SETS.

## ABBREVIATIONS

AOS	Auditor of State
ATM	Asynchronous Transfer Method
CBT	Computer Based Training
CC&D	Centralized Collections and Disbursement
CCP	Corrective Compliance Plan
COBIT	Control Objectives for Information and Related Technology
CRIS-E	Client Registry Information System - Enhanced
CSEA	Child Support Enforcement Agency
EFT	Electronic Fund Transfer
FFY	Federal Fiscal Year
FSA88	Family Support Act of 1988
HHS	United States Department of Health and Human Services
IV&V	Independent Verification and Validation
OCDA	Ohio Child Support Enforcement Agency Directors Association
ODHS	Ohio Department of Human Services
ODN	Ohio Data Network
OHSDA	Ohio Human Services Directors Association
PRWORA	Personal Responsibility and Work Opportunity Reconciliation Act of 1996
SDLC	System Development Life Cycle
SETS	Support Enforcement Tracking System
SOCC	State of Ohio Computing Center
Y2K	Year 2000

Bob Taft  
Governor



APPENDIX F  
Jacqueline Romer-Sensky  
Director

## Ohio Department of Human Services

30 East Broad Street, Columbus, Ohio 43266-0423

May 3, 1999

Mr. Johnnie L. Butts, Jr., Chief  
Fraud, Waste and Abuse Prevention Division  
State of Ohio Office of the Auditor  
Jim Petro, Auditor of State  
88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Dear Mr. Butts:

This letter transmits the Ohio Department of Human Services (ODHS) response to the draft report by the Auditor of State (AOS), *Successful Implementation of the Support Enforcement Tracking System (SETS) Faces Serious Challenges*, which was provided to ODHS on April 29, 1999. As agreed between ODHS and AOS staff, this response is provided to clarify issues raised in the report and to correct what we perceive to be mis-statements and mis-characterizations of fact. We are grateful to the Auditor for this opportunity.

On the whole, we consider the draft report to be constructive in its approach, and we appreciate the efforts of the AOS team to provide a balanced and thorough assessment of the specific areas of the SETS Project addressed by the report. We have identified several inaccuracies in the draft, particularly with regard to Federal regulations and statutes, SETS functionality, and the history of the Project. We understand that the publication deadline is approaching rapidly, so in the interests of time we are enclosing a copy of the draft with the inaccurate passages highlighted, rather than making specific corrections. As time permits, please feel free to contact ODHS regarding any of these corrections that your internal editing process may not have identified.

Beyond these detailed corrections, we would like to request the following three specific amendments:

- The report's title, *Successful Implementation of the Support Enforcement Tracking System (SETS) Faces Serious Challenges*, suggests findings that may not be representative SETS. Despite similar "serious" challenges in the past, SETS has achieved a case load of more than 300,000 cases; collected and disbursed more than \$300 million in child support payments; and has fully converted 45 counties to the system. Without minimizing the gravity of the issues raised in the report and in the interest of a balanced perspective, we think it is valuable to recognize and emphasize that these issues need not jeopardize the success of the Project. So long as all of the major stakeholders - Federal, State, and County - remain united in support of the goal of a statewide child support system, Ohio will be able to build on these accomplishments.
- The beginning of the report fails to highlight and bring forth the importance of a statewide, standardized system for the State. Such a system will help Ohio to achieve significant, concrete benefits, including: better case management/enforcement, office automation, and communication tools for Ohio's child support workers; statewide data to improve the quality and consistency of child support enforcement services; and compliance with Federal mandates.

Realizing these benefits requires alignment of business processes across 88 counties, and achieving that alignment requires determined, proactive leadership at both the State and County levels. For that reason, we believe that the finding on page 21 of the report, that “most counties [recognize] that SETS is a necessary part of their future,” is an important one that deserves to be addressed in the Executive Summary.

- With regard to Centralized Collections and Disbursement (CC&D), we ask that you refrain from addressing or publishing information about the alternatives currently under discussion within ODHS. In the spirit of open communication, we shared with you some plans that are only in the discussion stage at this time. The Governor’s Office and ODHS consider publication of this preliminary information to be premature and inaccurate. Additionally, we ask that you reword “At the urging of ODHS, the Governor withdrew the request for proposal in February 1999 as cost-prohibitive,” to read “ODHS and DAS withdrew the request...,” to more accurately reflect the process.

More broadly, ODHS has reservations about four general aspects of the report which merit discussion in this cover letter:

1. *Scope of the county survey & findings:* The report as a whole, and the county survey on which it is largely based, are structured to focus on perceived shortcomings of SETS, rather than looking more comprehensively at the status of the Project and its impact on the way child support business is conducted across the State. While helpful as a gauge of county sentiment about specific aspects of SETS, this approach does not capture the complexity of the system or the magnitude of its impact.

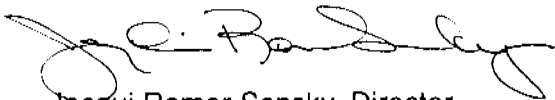
Further, the report does not adequately recognize the nature of the SETS Project as a partnership among the State, the Counties, and the Federal government. We urge that the final report address its recommendations to all of the stakeholders, since successful implementation will require such coordinated efforts. To reach this milestone, ODHS recognizes the extreme importance of resolving county concerns while meeting Federal certification. We will continue to push forward to satisfy county and Federal requirements in order to continue receipt of Federal funding for Ohio’s child support enforcement programs by preventing future sanctions.

2. *Reconciliation process:* The report correctly calls attention to concerns about reconciling County bank accounts – concerns which are recognized and shared by the Counties and by ODHS. However, the report gives inadequate recognition to some relevant facts:
  - a. Several Counties have successfully reconciled their accounts using SETS data. The system contains accurate information about collections and payments, and ODHS is providing extensive training and technical assistance to help the Counties with reconciliation. We recognize that the current process is complex, and are taking steps to make it more user-friendly. But we also must recognize that the process is essentially feasible and effective.
  - b. Those that have done so have taken a proactive approach to meeting their reconciliation responsibilities. They have taken advantage of ODHS training and dedicated resources to get the job done.
  - c. Counties only make the task of reconciliation more difficult by postponing it. It would be a mistake for any county to delay reconciliation until better automated tools are available. This will not alleviate the difficulty of reconciling their accounts; on the contrary, it will only make things worse when the time comes.

3. *Design & development approach:* The report includes findings that SETS (a) does not utilize a system design life cycle methodology, (b) does not incorporate end-user and county input, and (c) does not adequately plan for and assess system performance issues. All three of these findings are incorrect.
  - a. SETS has been developed in accordance with ODHS-wide system development life cycle procedures, which mandate extensive documentation of all design and development activities.
  - b. From its inception, SETS has consistently incorporated county and end-user input and participation in all aspects of the Project, from requirements analysis; to design, development and testing; and through the conversion and implementation process. Accordingly, ODHS has allocated more than \$20 million to support county conversion and preparation efforts.
  - c. SETS has performed comprehensive capacity analysis, rigorous testing, and performance tracking procedures to ensure the highest possible level of system performance. As detailed in the enclosed *ODHS Response*, these efforts have paid off in the form of dramatic performance improvements over the past six months, even as the caseload on the system has doubled.
4. *Improving communication processes between ODHS and the counties:* While we strongly concur with the objective of AOS's recommendations to improve State-County communications, we believe that the proposed independent liaison would be the wrong vehicle to achieve that objective. The only long-term solution to the State-County communication issues cited in the report is a more full, open partnership among the Project's stakeholders. We believe that an independent Executive Steering Committee would provide the recommended credibility, independence, and issue resolution capability, while ensuring the inclusion of key stakeholders who have a vested interest in the completion of SETS. Direct end-user communication is another critical success factor for the project, for that reason, we have developed extensive information and communication resources, delivered to the desktops of county users via the ODHS Intranet.

We look forward to receiving the final document and stand ready to provide any additional information or help that you request. Should you have any questions regarding this response, or other concerns, please feel free to call me at (614) 466-6282, or Mark Birnbrich, SETS Project Director, at (614) 728-6163. Thank you in advance for your time and consideration of our comments.

Sincerely,



Jacquie Romer-Sensky, Director  
Ohio Department of Human Services

Attachments (2)

cc: Mark Birnbrich, SETS Project Director  
Dave McGuckin, Internal Audits



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**Successful Implementation of the Support Enforcement Tracking  
System Faces Serious Challenges**

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

By: *Susan Babbitt*

Date: MAY 05 1999