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AUDIT REPORT
NO. 70-2
FEBRUARY, 1970

AUDIT
OF THE
KAMEHAMEHA DAY
CELEBRATION
COMMISSION

A REPORT TO THE GOVERNOR
AND THE LEGISLATURE
OF THE STATE OF HAWAII

 SUBMITTED BY THE LEGISLATIVE AUDITOR OF THE STATE OF HAWAII

**THE OFFICE
OF THE LEGISLATIVE AUDITOR**

The office of the legislative auditor is a public agency attached to the Hawaii State legislature. It is established by Article VI, Section 7, of the Constitution of the State of Hawaii. The expenses of the office are financed through appropriations made by the legislature.

The primary function of this office is to strengthen the legislature's capabilities in making rational decisions with respect to authorizing public programs, setting program levels, and establishing fiscal policies and in conducting an effective review and appraisal of the performance of public agencies.

The office of the legislative auditor endeavors to fulfill this responsibility by carrying on the following activities.

1. Conducting examinations and tests of state agencies' planning, programming, and budgeting processes to determine the quality of these processes and thus the pertinence of the actions requested of the legislature by these agencies.
2. Conducting examinations and tests of state agencies' implementation processes to determine whether the laws, policies, and programs of the State are being carried out in an effective, efficient and economical manner.
3. Conducting systematic and periodic examinations of all financial statements prepared by and for all state and county agencies to attest to their substantial accuracy and reliability.
4. Conducting tests of all internal control systems of state and local agencies to ensure that such systems are properly designed to safeguard the agencies' assets against loss from waste, fraud, error, etc.; to ensure the legality, accuracy and reliability of the agencies' financial transaction records and statements; to promote efficient operations; and to encourage adherence to prescribed management policies.
5. Conducting special studies and investigations as may be directed by the legislature.

Hawaii's laws provide the legislative auditor with broad powers to examine and inspect all books, records, statements, documents and all financial affairs of every state and local agency. However, the office exercises no control functions and is restricted to reviewing, evaluating, and reporting its findings and recommendations to the legislature and the governor. The independent, objective, and impartial manner in which the legislative auditor is required to conduct his examinations provides the basis for placing reliance on his findings and recommendations.



**LEGISLATIVE AUDITOR
STATE CAPITOL
HONOLULU, HAWAII 96813**

FOREWORD

This audit report is the result of our examination of the financial transactions, organizational structure and the administration of the Kamehameha Day Celebration Commission. It was conducted pursuant to a request in July 1969 by the presiding officers of both houses of the State legislature.

Our audit findings, in general, indicate that the commission is not functioning as intended by law. We found several commission positions to be vacant and of those members now serving, most of their terms have already expired, some as long as four years. We also observed that the commission is not operating as a cohesive unit, but rather, the activities are being dominated by the chairman of the commission. This, in part, explains the lack of interest in the activities displayed by some of the member organizations. To correct the situation that now exists, our report explores some available options.

With respect to financial management, we find that the practices followed and the fiscal records maintained are grossly inadequate. More specifically, the majority of the expenditures lack adequate substantiating documents; contrary to law, advances have been made by the State department of accounting and general services; certain fiscal transactions are questionable and the full cost of the program is not determinable.

As has always been our practice, we requested the agencies affected by our examination to submit in writing their comments on our findings and recommendations and to indicate what action they have taken or intend to take on our recommendations. The responses of the agencies are appended in *Part III, Responses of Affected Agencies*.

We wish to express our sincere appreciation for the cooperation we received from the members of the various organizations of the commission and the staff of the State department of accounting and general services.

Clinton T. Tanimura
Legislative Auditor

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**PART I
INTRODUCTION AND SOME BACKGROUND**

Chapter 1

INTRODUCTION

On July 9, 1969, the presiding officers of both houses of the State legislature requested this office to conduct an audit of the Kamehameha Day celebration commission. This is a report on that audit.

Purpose of Audit

The purpose of the audit was to examine and review the organization, administration, the financial management practices and the financial transactions of the commission.

Scope of Audit

Our audit included a review of the commission's organizational structure and fiscal management relating to the Kamehameha Day celebration held on June 11. It also included an examination of the commission's financial records for and the transactions had during the 1967-68 and 1968-69 fiscal years.

Organization of Report

This report, presented in two parts, contains our comments, findings and recommendations.

Part I consists of this introduction (chapter 1) and some background of the commission (chapter 2).

Part II (chapters 3 and 4) contains our findings and recommendations regarding the organization, administration and the financial management practices of the commission.

Definition of Terms

There are certain terms and abbreviations which are used throughout this report. The terms and their definitions are as follows:

State means the State of Hawaii.

Commission means the Kamehameha Day celebration commission unless otherwise specified.

DAGS means the department of accounting and general services.

Participating organizations means those Hawaiian organizations participating in the Kamehameha Day celebration.

Celebration means the Kamehameha Day celebration activities, including the Kamehameha Day parade.

Chapter 2

SOME BACKGROUND

Historical Data

In the year 1872, Kamehameha V, by royal decree, declared June 11 as a public holiday to commemorate the life and deeds of Kamehameha I. In the early days, Kamehameha Day was annually celebrated with all sorts of sports, mainly aquatic events such as swimming, diving and racing.

The Hawaii Chapter No. 1 of the Order of Kamehameha was organized by Prince Kuhio in 1904. One of the purposes of the organization was to perpetuate the memory of King Kamehameha. From 1904 to 1912, the Kamehameha Day celebration was sponsored by that chapter.

On July 11, 1912, various organizations, including the Hawaii Chapter No. 1, Order of Kamehameha, Hui Kaahumanu, Hale O Na Alii,

Daughters and Sons of Hawaii, and the Daughters and Sons of Hawaiian Warriors, organized a Kamehameha Day celebration committee which assumed the responsibility of the June 11 celebrations.

Legislative Acts

The first public funding of the June 11 events occurred in 1935, when the legislature of the Territory of Hawaii enacted Act 202, creating and funding a commission known as the *Hawaii Jubilee Commission*. The commission consisting of seven members was given the responsibility of planning for a celebration commemorating the anniversaries of the births of King Kamehameha I and King Kalakaua (centennial anniversary for King Kalakaua). In 1939 this commission was abolished by Act 45. In its place, the legislature, through Act 227, created a Kamehameha Day celebration commission. This act provided for 21 commission members from 13 specific organizations to be appointed by the governor, with the advice and consent of the senate. By Act 117, SLH 1959, the legislature increased the membership to 22 and expanded the number of organizations from which appointments could be made to 14.

Each commission member is appointed for a term of four years, and all members serve without compensation or any allowance for expenses. For administrative purposes, the commission is placed within the State department of accounting and general services.

Funding

The cost of the Kamehameha Day celebration is financed from the State general fund through appropriations made by the State legislature. Any additional funds required come from private sources. In recent years, the annual State appropriation has amounted to \$20,500. A breakdown of the annual appropriation by counties is as follows:

County	Appropriation
Honolulu	\$10,000
Hawaii	5,000
Maui, including Molokai	3,000
Kauai	<u>2,500</u>
Total	<u>\$20,500</u>

**PART II
FINDINGS AND RECOMMENDATIONS**

Chapter 3

ORGANIZATION AND ADMINISTRATION

The organizations entitled to membership on the Kamehameha Day celebration commission under the statute now in force and the number of commissioners which each is authorized is as follows:

**Table 3.1
Membership Entitlement of Organizations to
the Kamehameha Day Celebration Commission***

Organization	Number of Members
1. Order of Kamehameha	3
Oahu	1
Hawaii	1
Maui	1
Molokai	1
Kauai	1
2. Kaahumanu Society	1
3. Hale O Na Alii O Hawaii	1
4. Sons and Daughters of Hawaiian Warriors	1
5. Daughters of Hawaii	1
6. Kamehameha Alumnae Association	1
7. Kamehameha Alumnae Association	1
8. Hawaiian Civic Club	1
9. Hawaii Lei Sellers' Association	1
10. Hale Hoonaaauo Hawaii	1
11. Kapahulu Music Club	1
12. Hawaiian Homes Commission	2
13. Native Sons and Daughters of Hawaii	2
14. Hui Holo Pa-u Me Na Hoa Hololio	1
	<u>22</u>

*Per section 8-5, HRS.

Our examination of the commission's current structure and the manner in which it administers its affairs leads us to conclude that the commission is not now functioning as intended by law. *First*, the commission's make-up is characterized by vacancies and expired terms of office; only four commissioners' terms are current. *Second*, the commission does not operate as a unit, but is run essentially as a one-man entity. *Third*, there is an apparent lack of interest on the part of some of the organizations entitled to representation on the commission.

Commission Structure

The current structural status of the 22-member commission is shown in table 3.2.

**Table 3.2
Current Status of Membership on
Kamehameha Day Celebration Commission**

Terms expired	14
Vacancies	4
Current members	4

The 14 commissioners whose terms have expired include six from the Order of

Kamehameha, two from the Native Sons and Daughters of Hawaii and one each from six other organizations. The expiration dates of the terms measure as far back as four years ago in 1965. Table 3.3 lists the expired terms by organizations and year of expiration.

**Table 3.3
Expiration Dates of 14 Commissioners' Terms of Office**

Organization	Expiration Date (December 31)
Order of Kamehameha—Oahu (Chairman)	1965
Order of Kamehameha—Kauai	1965
Order of Kamehameha—Oahu	1966
Order of Kamehameha—Maui	1966
Order of Kamehameha—Oahu	1967
Order of Kamehameha—Hawaii	1967
Kaahumanu Society	1967
Hale O Na Alii O Hawaii	1968
Daughters of Hawaii	1969
Kamehameha Alumni Association	1966
Kapahulu Music Club	1966
Hawaiian Homes Commission	1969
Native Sons and Daughters of Hawaii	1965
Native Sons and Daughters of Hawaii	1968

Although the terms of all 14 commissioners had run out during the course of the past several years, they have continued to serve on the commission as "holdovers." None of them has been reappointed, nor has any successor been named to succeed any of them. The commissioner representing the Hawaiian homes commission, whose term on the Kamehameha

Day celebration commission terminated on December 31, 1969, has continued to serve even though his appointment to the Hawaiian homes commission itself ended back in June 1969.

In addition to the 14 expired terms, four positions on the commission are currently vacant. They include one position each authorized to the Hale Hoonaaauo Hawaii, the Order of Kamehameha, the Hui Holo Pa-U Me Na Hoa Hololio and the Kamehameha Alumnae Association. The vacancies occurred in various years as shown on table 3.4.

**Table 3.4
Vacancy Dates of Four Commissioners**

	Vacancy Dates
Hale Hoonaaauo Hawaii	1963
Order of Kamehameha	1967
Hui Holo Pa-u Me Na Hoa Hololio	1968
Kamehameha Alumnae Association	1969

The position authorized to the Hale Hoonaaauo Hawaii was vacated in 1963 when that organization dissolved. Its dissolution reduced to 21 the effective membership of the commission.

With respect to the vacancy in the position authorized to the Kamehameha Alumnae Association, the following should be noted. The Kamehameha Alumnae Association as such is no longer in existence. In 1962, that organization merged with the Kamehameha Alumni

Association. As a result of that merger, a new organization came into being, called the Kamehameha School Alumni Association. The commission members who were serving as representatives of the Kamehameha Alumnae Association and the Kamehameha Alumni Association at the time of the merger of the two associations, continued to serve on the Kamehameha Day celebration commission as representatives of the new association. Prior to the merger, by statute, the Kamehameha Alumnae Association and the Kamehameha Alumni Association were each entitled to one representative. As the successor organization to both associations, the newly formed Kamehameha School Alumni Association is perhaps legally entitled to representation on the commission. However, whether the new organization is entitled to two, rather than one, representatives is unclear. Ultimately, of course, this is a question which the legislature must determine.

Reasons for holdovers and vacant positions. Very little effort has been made to replace (or to reappoint, where reappointment is permissible under the statute) those commissioners whose terms have expired and to fill those positions which are vacant. The usual practice in appointing members to the commission is for the governor to request from the organizations concerned the names of persons eligible for appointment. The governor selects the nominees from the names thus supplied and makes the appointments with the advice and consent of the senate.

A part of the reason for the failure to replace or reappoint those commissioners whose terms have expired and to fill vacancies has been the neglect on the part of the organizations entitled to representation on the commission to submit names to the governor. A demonstrable example of this is the case of the Order of Kamehameha. That organization is authorized seven commission members. The terms of six have expired and one position has been vacant since 1967. In addition, two of the Order's commission members, including the chairman of the commission, have served beyond the maximum two terms permitted by law. In 1966, the Order submitted the name of the chairman of the commission for reappointment, but was advised by the governor's office that he was not eligible because he had already served the maximum two terms and was requested to submit other names. However, the Order has failed to make any effort since that time to submit any names.

Subversion of legal intent. The non-replacement of persons whose terms have expired and the non-filling of vacant positions evidence a complete disregard for the law. The repeated resort to the practice of "holding over" for extensive periods members whose terms have ended is simply a device to escape the responsibility of naming successors and of filling vacancies. While that practice permits the commission to continue to exist as an organization, it makes mockery of the law pertaining to appointments to and service on the commission.

Section 8-5, HRS, limits each commissioner's term of office to four years; and section 26-34, HRS, provides that each term shall begin on January 1 and expire on December 31, that "no person shall be appointed consecutively to more than two terms," and that "membership on any board or commission shall not exceed eight consecutive years." Article IV, section 6, of the State Constitution states that where gubernatorial appointments require the confirmation of the senate (which is the case here), the governor may fill a vacancy which occurs when the senate is not in session "by granting a commission which shall, unless such appointment is confirmed, expire at the end of the next session of the senate; but the person so appointed shall not be eligible for another interim appointment to such office if the appointment shall have failed of confirmation by the senate."

As a matter of general, legal principle, of course, because "vacancies in public office are contrary to the proper and efficient administration of business" and because "the law abhors vacancies," a public official whose term expires may continue to perform the duties of his office as a "holdover" until a new appointment is made. The State attorney general so held in an intra-office memorandum dated May 5, 1961, regarding a public official whose term terminated on December 31, 1960. In that memorandum, although expressing uncertainty over the legality of a public official holding over beyond the end of the next legislative session, the attorney general nonetheless concluded that, because public policy "looks with favor upon

the holding over by the public official to prevent a hiatus in government," the official in question could be a holdover even after the close of the session.

Indeed, the practice of "holding over" is desirable if continuity in the operations of government is to be insured. However, it would appear that if such holding over continues for an inordinately long period of time, it subverts the intent of the framers of the State Constitution and of the legislature regarding appointments. In the case of the Kamehameha Day celebration commission, more than 60% of the members are currently holdovers. Of these, three members have been holdovers for four years—the equivalent of another term; and four other members will have served four years as holdovers on December 31, 1970. All but two have held over beyond the "next legislative session." Of the 14 holdovers, 2 were not, at the time of the expirations of their terms, and are not now eligible for reappointment by reason of their having served two terms or a total of eight years (including those years served as holdovers). We do not believe that the general, legal principle regarding holding over by public officials was or is intended to countenance such gross subversion of the law.

Commission Operations

Under section 8-5, HRS, the commission is entrusted with the responsibility of making all arrangements for the Kamehameha Day celebration. It is authorized to appoint

committees from among its membership and to delegate to such committees such powers and duties as the commission determines. All actions of the commission are required, under section 92-11, HRS, to have the concurrence of a majority of all the members to which the commission is entitled.

The purpose of section 92-11 is clear; it is to insure that the commission acts as a unit and that no single member runs the entire show. The records of the commission, however, are barren of any evidence that it does in fact act as a unit. *First*, contrary to the requirements of section 92-5, HRS,* there are no minutes of any meeting of the commission. There are no records to indicate that the commission ever met and, if it did, how many members attended and by what vote margin actions were taken. *Second*, there are no recorded policies outlining the manner in which the commission is to do business. There are no rules as to when and how meetings are to be called, how notices of meetings are to be given, what authority, if any, the chairman is to possess, the number and kinds of committees to be appointed, and what responsibility each committee is to have.

In the absence of records, we resorted to interviews of the various members of the commission to determine if the commission ever acts as a unit and, if so, in what manner. Our

*Section 92-5, HRS, provides: "All boards shall maintain minutes of their meetings setting forth an accurate record of votes and actions taken at the meetings."

conclusion is that the commission rarely, if ever, acts as a body. It appears that all essential decisions are made by the chairman and not by the commission. It is the chairman who decides all such relevant matters pertaining to the Kamehameha Day parade as the theme of the parade, who the grand marshal and the king and queen of the parade will be, in what order the various organizations are to appear in the parade, how much money is to be spent, and the manner in which funds are to be allocated among the participating organizations. We are informed that these decisions are made so far in advance and commitments so made that at the initial meeting of the commission (which is usually held just a few months prior to June 11), it is too late for the commission to make any major changes to the chairman's plans.

We are further informed that the chairman often fails to notify all members of commission meetings. The chairman, of course, disputes this contention. He states that all members are notified by letter and by telephone of each meeting. The records, however, show only one written notice of a meeting. This notice is dated February 25, 1969; it was issued for a meeting on March 1 to discuss the June 11, 1969 Kamehameha Day parade.

Lack of Interest

Over the years, interest on the part of some of the organizations entitled to representation on the commission in participating in the affairs of the commission and in the Kamehameha Day

parade has waned. This waning interest probably is both the cause and result of the one man operation of the commission. Commission meetings, when held, are poorly attended (it is doubtful that the commission has been able to muster a quorum at its meetings as prescribed by statute*), and a number of organizations have, in the past years, failed to join in the Kamehameha Day parade.

The degree to which this interest has declined is exemplified by the comments of one commissioner. He has stated that his organization has not participated in the parade in recent years and holds very little interest in the activities of Kamehameha Day, and that he, himself, has attended only about two commission meetings over the last four to five years.

This lack of interest perhaps explains in part (but only in part) the failure of the various organizations to supply the governor with names of persons eligible for appointments to the commission.

The Commission's Future

What can be done to correct the situation which now exists? There are a number of

*In the matter of quorum, the commission is governed by section 92-11, HRS, which requires a majority of the members to which the commission is entitled to constitute a quorum as well as to validate any action of the commission.

options, some of which are explored here. Each option explored assumes the continuing State policy that the State sponsor and fund annually appropriate activities in commemoration of the birth of King Kamehameha I, and that there be maximum opportunity for participation by various persons and groups in planning and carrying out the activities.

The *first option* is to retain essentially the present statutory structure of the commission. However, if this course is followed, to insure that the commission becomes a viable and democratic organization as the legislature intended, the following steps must be taken:

- . The legislature revise the listing of organizations contained in section 8-5, HRS, deleting therefrom all organizations which are now defunct or no longer interested in participating in Kamehameha Day activities and adding thereto other Hawaiian organizations which are interested.
- . Each group entitled to representation on the commission take immediate steps to submit names of persons *eligible* under the statute to the governor for appointments to vacancies or as successors to those whose terms have expired.
- . The commission adopt policies governing the internal operations of the commission. Among the policies should be those spelling out clearly the duties and responsibilities of the chairman and other members, the

frequency of meetings, the number and kinds of committees to be appointed, the authority to be delegated to each committee, and the manner in which notices of commission meetings are to be given, including the giving of notices in writing sufficiently in advance of the meetings.

The commission maintain proper records, including minutes of all of its meetings which set forth an accurate record of votes and actions taken at the meetings as prescribed by statute.

Obviously, this alternative requires the cooperation of each organization concerned. As such, and based on what has occurred in the past, its success in correcting the current deficiencies is doubtful. Note, for example, that the Order of Kamehameha is entitled to seven of the 22 seats on the commission. The chairman of the commission is also the permanent president of the Order. So long as he continues to submit his own name for reappointment to the commission when he is no longer statutorily eligible for appointment (by reason of having served for two terms and more than eight years), the commission cannot be constituted as prescribed by law. This alternative further requires initiative and action by all members representing all organizations in formulating appropriate policies governing the internal management of the commission. Such is not possible if the members and their respective organizations continue to exhibit languidness in

their attitudes toward the operations of the commission.

The *second alternative* is to grant to the governor flexibility in the appointment of the commission members. This means deleting from section 8-5, HRS, the names of specific organizations from which appointments must be made. As a practical matter, the governor would be expected to consult with the various Hawaiian organizations in making appointments, but in the event any organization fails to suggest names of persons eligible for appointment, the governor can turn to other organizations for suggestions. This alternative further permits the governor to select persons only from those organizations which are genuinely interested in sharing the responsibilities of carrying on the celebration activities. Of course, under this option, as well as under the previous one, the commission should adopt appropriate policies to govern its internal affairs and should maintain accurate records of the proceedings of the commission. The likelihood that such policies would be adopted and that records would be kept are immensely greater, at least initially, where a new commission is appointed and its membership consists of persons representing organizations which are truly interested in the Kamehameha Day affairs. It is conceivable, however, that, should interest in the Kamehameha Day affairs be rejuvenated, this alternative might place the governor under pressure from various organizations not only in terms of recognition on the commission, but also in terms of the number of persons to represent the various groups.

Another option is to do away with the commission entirely, to lodge primary responsibility for staging the Kamehameha Day celebration in some State agency (e.g., the department of accounting and general services), and to permit such State agency to contract with an interested organization or organizations to actually prepare and carry out the celebration, in much the same way that the department of planning and economic development contracts with the Hawaii Visitors Bureau for visitor promotion. This course of action requires, however, that the State agency establish, either through policies or through contractual provisions, clear guidelines on the manner in which the organization or organizations with which it contracts should account for the use of State funds. As will be pointed out in the next chapter, the present method of accounting for State funds is far from adequate.

Recommendation. There are perhaps other options. Some immediate action, however, is required if the initial intent of the legislature, when it enacted the statute creating the Kamehameha Day celebration commission, is to be restored. We recommend that the legislature review section 8-5, HRS, as it now exists with the view of making such changes therein as necessary to insure that the Kamehameha Day celebration activities are planned and implemented with as broad a base of participation by various persons and groups as practicable.

Chapter 4

FINANCIAL MANAGEMENT

Since the Kamehameha Day celebration commission is attached to the State department of accounting and general services for administrative purposes, our review of the fiscal aspects of the commission's operations included an examination of both the commission's and the department's financial transactions, fiscal management practices and fiscal records. Our study included fiscal years 1967-68 and 1968-69.

Our finding generally is that in both fiscal years, the method of accounting for moneys spent, the financial management practices followed and the fiscal records kept have been grossly inadequate. Specifically, (1) substantiating documents are lacking for more than 50% of the expenditures made by the commission; (2) the department of accounting and general services' practice of advancing funds in varying amounts to various organizations is contrary to law; and (3) certain fiscal transactions had are questionable; and (4) given the state of the records, it is impossible to determine what the full costs of conducting the Kamehameha Day celebration activities have been in the past two years. Details follow.

Financial Statement

Table 4.1 displays the financial statement of

the Kamehameha Day celebration commission for fiscal years ended June 30, 1968, and June 30, 1969. This financial statement was

reconstructed from the records maintained at the State department of accounting and general services.

Table 4.1
Kamehameha Day Celebration Commission
Statement of Appropriation and Expenditures
Fiscal Years Ended June 30, 1968 and 1969

	June 30, 1969	June 30, 1968
RESOURCE		
State appropriation	<u>\$20,500</u>	<u>\$20,500</u>
EXPENDITURES (including encumbrances)		
Advances and reimbursements to Chapters of the Order of Kamehameha		
City and County of Honolulu	2,050	—
Hawaii County	5,000	5,000
Kauai County	2,500	2,500
Maui County	2,881	2,881
Advances to other participating organizations	1,815	1,651
Other expenditures		
Administration	481	760
Float construction	3,000	3,000
Public address system	1,860	1,860
Rental of horses	—	1,830
Other	<u>913</u>	<u>1,018</u>
Total Expenditures	<u>\$20,500</u>	<u>\$20,500</u>

It has not been verified as to its accuracy; it was impossible to make such verification, given the records available for review (a fuller explanation follows).

Lack of Substantiating Documents

For each of the fiscal years, the State legislature appropriated \$20,500 to the department of accounting and general services to pay for the expenses incurred by the commission and by the various participating organizations in planning, preparing for and running the annual Kamehameha Day parade. The money so appropriated was paid out by the department of accounting and general services in various ways, to-wit: (1) substantial amounts were paid directly to the organizations participating in the parade as advances—that is, moneys were paid to the organizations before they actually incurred any expenses; (2) other amounts were paid at the conclusion of the parade as reimbursements for expenses incurred over and above the advances; and (3) some amounts were paid directly to the vendors who supplied services and materials to the commission and the various organizations.

As shown on table 4.1, in fiscal year ended June 30, 1968, of the total \$20,500 appropriation, \$12,032 was paid out as advances and reimbursements and \$8,468 was paid out directly to vendors. In fiscal year ended June 30, 1969, advances and reimbursements totaled \$14,246 and the amount paid out directly to vendors was \$6,254. Thus, in both fiscal years,

direct payments to vendors constituted less than 50% of the total expenditures.

In both fiscal years, the bulk of the advances went to the various chapters of the Order of Kamehameha on Oahu and the neighbor islands; a small portion went to other participating organizations. Reimbursements were claimed for only by the Order of Kamehameha. In both fiscal years, the Order of Kamehameha submitted itemized statements (it was necessary for the Order to do so in order to claim for reimbursements), but both the statements and the claims for reimbursements lacked documents (such as invoices and receipts) to substantiate most of the purported expenditures. In neither fiscal year, did any of the other participating organizations file any statement or substantiating documents to account for the use of its advances. As a result of the failure of the Order of Kamehameha to submit substantiating documents and the other organizations to submit even a statement of expenditures, 50% of the total expenditures for the fiscal year 1967-68, and 60% for the fiscal year 1968-69 are without substantiation.

The accuracy of the financial statement contained in table 4.1 can be attested to only if evidence to verify the purported expenditures of money is available. None being on file at the department of accounting and general services for a large portion of the expenses, we sought the cooperation of the Order of Kamehameha (which received the bulk of the advances and all of the reimbursements in both fiscal years) in our effort to verify the expenditures. In

response to our request, the president of the Order (who is also the chairman of the commission) submitted only copies of the Order's cancelled checks for the 1969 parade. However, except for a limited few, the checks did not serve as sufficient verification.

We find that the commission and the department of accounting and general services were neglectful in permitting public funds to be used without a proper accounting thereof. Without substantiation, there is no assurance that public funds were actually expended for authorized purposes. Generally, all State expenditures require substantiation. There is no reason why expenditures of the Kamehameha Day celebration should be treated differently.

Advance Payments

For fiscal years 1967-68 and 1968-69, advances made by the department of accounting and general services to those organizations participating in the Kamehameha Day parade totaled \$4,151 and \$12,865, respectively. A major portion of the advances (\$2,500 and \$11,500, respectively) went to the Order of Kamehameha.

These advances were deposited by each receiving organization into its own checking account, and disbursements were made therefrom to various vendors as goods were delivered or services rendered. To some extent, these advances were used by the organizations to pay for small, sundry items, such as tapes,

papers, cords, etc., the need for which arose during the course of decorating floats and preparing for the parade. These items required the immediate outlay of cash. However, in some instances, portions of the advances were used to pay for major items, such as the rental of horses (in fiscal year 1968-69), which did not require immediate payment, but which could have been paid out by the department of accounting and general services upon submission of proper vendors' invoices or for which purchase orders could have been issued.

This practice of making advances stemmed from the State's desire to alleviate any undue financial hardships on the participating organizations. Inasmuch as these organizations are non-profit entities and depend on member contributions for a large part of its financial resources, advances to pay for such sundry items immediately needed when decorating floats (but surely not for items which can be paid for by the department of accounting and general services upon submission of vendors' invoices or for which purchase orders can be issued) are perhaps reasonable. The statute, however, clearly prohibits any such advances. Section 40-56, HRS, provides:

"Warrants for bills of materials, supplies, and incidentals of every kind and character, shall be made payable to the order of each individual person to whom the State is indebted...and only after a detailed statement of all the bills shall have been presented to the comptroller accompanied by all original vouchers...."

There are certain types of advances which are expressly authorized by State regulations, such as travel allowances, but we know of no similar authority for advances in the case of the Kamehameha Day celebration activities.

Certain Financial Transactions

All financial transactions unsupported by proper evidence are subject to question. However, there are two transactions which we think are particularly worthy of note. They are as follows.

Refundable deposit. In its financial report for the fiscal year 1967-68, submitted in support of its request for reimbursements, the Order of Kamehameha, Chapter No. 1 (Oahu), declared that its expenditures for the year totaled \$547.98. Of this amount, it requested reimbursement in the sum of \$267.59, and noted the balance of \$280.39, as being absorbed by the chapter. The \$267.59 equaled the balance of the State appropriation at the time the financial report was filed.

One of the expenditures listed in the report was the sum of \$100 paid to the city and county of Honolulu, parks and recreation department, for the use of the Magic Island and Ala Moana park area as an assembly point for the parade. Our review disclosed that this sum in effect represented a deposit, refundable upon clean-up of the area after its use. The \$100 was in fact refunded subsequent to the filing of the chapter's financial report. However, since the

amount was refundable at the time the report was filed, it should have been properly listed as a refundable item and not as an actual expense.

The warrant of the city and county of Honolulu, refunding the \$100 was made payable "to the order of Kamehameha Day Celebration." It was endorsed by the chairman of the commission to the Hawaiian Airlines, Inc. For what purpose the warrant was so endorsed to the Hawaiian Airlines, Inc., is not clear from the available records.

If indeed the expenditures noted in the chapter's financial report were substantially correct, the \$100 would not have affected the amount reimbursable to the chapter, given the \$267.59 balance in State appropriation. However, the manner in which the \$100 was listed in the financial report and the use made of the city and county's warrant raise questions of probity with respect to all expenditures claimed in the chapter's financial report. Lacking evidence to support the listed expenses, the doubts raised cannot be laid to rest.

Float construction. For most of the years prior to 1968, float construction was contracted out to a licensed contractor.* The cost of the contract had been gradually increasing over the years; for the 1967 parade, the contract cost was \$2,500. For each of the Kamehameha Day

*It has been the customary practice to engage a contractor to construct the basic frame for each float. The participating organizations are responsible for decorating after the frame has been put up.

parades of June 11, 1968 and June 11, 1969, the chairman of the commission secured the services of a member of the Order of Kamehameha, who was not and is not a licensed contractor, for the sum of \$3,000. For the year 1968, he was paid an additional sum of \$120 for added services. We are informed that approximately one-half of the contract amount or \$1,500 represented profit to the contractor.

In each year, the contractor was paid in two installments by warrants issued directly to him by the State comptroller. In 1968, the installments were \$1,120 and \$2,000; in 1969, the installments were \$1,500 and \$1,500. In both years, one of the installment payments was endorsed by the contractor over to the chairman of the commission (also the president of the Order of Kamehameha) and the other was endorsed over to the Order of Kamehameha.

In order to determine the reasons for these endorsements, we interviewed the contractor. The contractor informed us that he and the chairman of the commission are close personal friends and that he had entered into an arrangement with the chairman for the latter to hold for the contractor all moneys paid to the contractor under the float construction contract. Under this arrangement, the chairman disbursed and continues to disburse from time to time to the contractor upon the contractor's request such sums as the contractor required and requires to pay the bills incurred by him in constructing the floats and otherwise for his own use. Moneys are paid to the contractor by the chairman generally in cash, but sometimes

by the chairman's personal check. The contractor has maintained no written records of any expenses incurred by him in constructing the floats nor of any amounts he actually received from the chairman. He stated that he relies upon his memory and the integrity of the chairman in determining the balance still due him from the chairman.

Assuming that the chairman does in fact act as the "trustee" of all funds due the contractor under the float construction contract, this does not explain why one of the two installments was deposited to the credit of the Order of Kamehameha, nor does it indicate how the chairman secures funds from the Order of Kamehameha to pay the contractor upon the latter's demand.

An examination of the records maintained by the Order of Kamehameha is necessary for an ascertainment of the propriety of this arrangement. However, those records were not accessible to us.

Full Costs

Table 4.1 reflects only that portion of the total cost of the Kamehameha Day celebration that was financed by the State. It has been alleged, however, that the full cost of the celebration in both fiscal years had exceeded the amount of the State appropriation and that expenses in excess of the appropriation had been paid for by the participating organizations out of their own funds.

In our examination, we sought to determine the truth of the allegation and the extent to which such private funds were required, if at all. We were, however, unable to do so. The department of accounting and general services has never required the filing of such information by the organizations concerned; hence, there was no information at the department which we could review. We solicited the assistance of the Order of Kamehameha (the principal participating organization) and requested its permission to examine its fiscal records, but the president of the Order (chairman of the commission) denied us that request. We are thus unable to report what the full cost of the Kamehameha Day celebration was in either fiscal year or to comment on the appropriateness of the level of funding by the State.

Despite this lack of information, we have reason to believe that in 1968 and 1969, such private contributions were not required at all, or, if required, were minimal at best. *First*, other than the Order of Kamehameha, none of the participating organizations asked for reimbursements, much less filed any report on the use of advances made to them by the department of accounting and general services. It would appear that if the advances were insufficient and substantial amounts had to be paid out of their own funds, they would have filed some request for reimbursements.

Second, in both fiscal years, the Order of Kamehameha operated several concession booths in and around the Iolani Palace grounds

during the parade on Oahu. In addition, it sold tickets for bleacher seats. Data available to us indicate that income from these sources was more than sufficient to pay for any expenses incurred by the Order over and above the State funds available to it. For example, in the 1969 parade, the Order derived a profit of \$1,088, after deducting the costs of the booth operations and the bleacher seats. The \$1,088 was more than enough to defray the \$542 expenses which the Order claimed it paid out of its own funds. Of course, our conclusion reached here could not be verified without an examination of the Order's financial records.

Recommendations

The problems associated with the fiscal operations of the commission arise principally from the lack of documents to support all claimed expenditures. We, thus, recommend that the department of accounting and general services:

1. except as otherwise indicated herein, cease making advances to the various organizations participating in the Kamehameha Day celebration and adopt the practice of paying directly to vendors on vendors' invoices for all goods and services delivered and rendered in connection with the celebration.

2. explore with the State attorney general the legality of making advances in small amounts to participating organizations to enable them to make purchases of small, sundry items, the need

for which may arise during the course of constructing floats and the payment for which must be made immediately in cash; and if legally permissible, adopt appropriate rules with respect to such small advances.

3. require all organizations requesting reimbursements to submit proper evidence to

support all claims.

4. require all organizations to submit detailed financial reports, together with substantiating documents, of all expenditures made from sources other than State appropriation in order for the department to be able to determine the full cost of each Kamehameha Day celebration.

PART III RESPONSES OF AFFECTED AGENCIES

Upon the completion of the preliminary draft of this report in December 1969, we distributed copies of it to the State comptroller and the Kamehameha Day Commission for their comments. Copies of our transmittal letters are attached as Attachment Nos. 1 and 2.

The response of the State comptroller is attached as Attachment No. 3 and that of the chairman of the commission as Attachment No. 4. In our transmittal letter to the commission, we asked its chairman to respond in behalf of the commission, and we solicited no response from any of the other commission members. However, in addition to the chairman's response, we received a joint letter from three organizations, namely, the Sons and Daughters of Hawaiian Warriors, Kaahumanu Society and the Daughters of Hawaii. Their letter is attached as Attachment No. 5.

The State comptroller agrees with our recommendations and states in his response that they will be implemented. The three organizations also are in agreement with our recommendations. The organizations' joint letter contains some specific suggestions regarding membership representation, holdovers, vacancies and commission responsibilities.

Two of the three organizations enclosed with the letter an accounting of the advances made to them by the State department of accounting and general services. The accounting is not reproduced here, but we have forwarded it to the State comptroller for his information. The accounting, in essence, shows that expenditures made by one of the two organizations exceeded the amounts allotted by \$64.37 in fiscal year 1968, and expenditures made by the other exceeded the amounts allotted by \$99.35 in fiscal year 1968, and by \$60.61 in fiscal year 1969. In our report, we noted that none of the organizations receiving advances from the department of accounting and general services, except the Order of Kamehameha, submitted any accounting of its advances. We further noted our belief that, in the absence of such accounting and request for additional funds, probably the advances were sufficient to cover all expenditures made by these organizations. We have not audited the accounting report submitted by the two organizations, but we stand corrected in our belief to the extent that such excess outlays by the two organizations can be verified.

The response of the chairman of the commission speaks for itself. We find nothing in the lengthy reply which changes any of our findings and recommendations. We take note, however, of the chairman's representation that the commission did adopt rules and regulations, but that the department of accounting and general services has given no official approval thereof. (By statute, all rules and regulations of the commission are subject to the approval of the State comptroller.) Our search revealed that there is a document at the department of accounting and general services which purports to be the rules and regulations of the commission. However, there is no record that these rules and regulations were in fact adopted by the commission or approved by the department of accounting and general services. Further, our examination of the document indicates that it is essentially a restatement of the statute and is not the kind of rules and regulations which we described in our report. We find that the department of accounting and general services is equally to blame for the lack of official and appropriate commission rules and regulations. In our view, the department has not been as active as it can and should be in assuring the adoption of such rules and regulations.

We further note, that the content of the chairman's response and the filing of a separate response by the three organizations underscore the disunity which currently exists among the members of the commission.

CLINTON T. TANIMURA
Auditor

COPY
THE OFFICE OF THE AUDITOR
State of Hawaii
Iolani Palace
Honolulu, Hawaii 96813

ATTACHMENT NO. 1

December 30, 1969

Mr. KeNam Kim, Comptroller
Department of Accounting
and General Services
State of Hawaii
Honolulu, Hawaii

Dear Mr. Kim:

Enclosed is a copy of our preliminary report on the financial audit of the Kamehameha Day Celebration Commission for the fiscal years 1967-68 and 1968-69. The term, "preliminary," indicates that the report has not been released for general distribution. However, copies of the report have been transmitted to the Governor, the presiding officers of both houses of the State Legislature, and to the members of the Kamehameha Day Celebration Commission.

The report contains a number of recommendations. I would appreciate receiving your written comments on them, including information as to the specific actions you intend to take with respect to each of them. Your comments must be in our hands by January 16, 1970. The report will be finalized and released shortly thereafter.

If you wish to discuss the report with us, we will be pleased to meet with you on or before January 14th. We await a call from your office to fix an appointment. A "no call" will be assumed to mean that a meeting is not required.

We wish to express our thanks to your fiscal staff for their kind assistance during the conduct of the audit.

Sincerely,

/s/ Clinton T. Tanimura
Clinton T. Tanimura
Legislative Auditor

Encl.

CLINTON T. TANIMURA
Auditor

COPY
ATTACHMENT NO. 2
THE OFFICE OF THE AUDITOR
State of Hawaii
Iolani Palace
Honolulu, Hawaii 96813

December 30, 1969

Mr. Charles E. Kauhane, Chairman
Kamehameha Day Celebration Commission
P. O. Box 3375
Honolulu, Hawaii

Dear Mr. Kauhane:

Enclosed is a copy of our preliminary report on the financial audit of the Kamehameha Day Celebration Commission for the fiscal years 1967-68 and 1968-69. The term, "preliminary," indicates that the report has not been released for general distribution. However, copies of the report have been transmitted to the Governor, the presiding officers of both houses of the State Legislature, the State Comptroller, and to all of the members of the Kamehameha Day Celebration Commission.

The purpose of the limited distribution at this time is to provide the agencies affected an opportunity to study and discuss the report before it is finalized. Because the report is still in preliminary form, I suggest that its discussion be limited to the commission members only.

The report contains a number of recommendations. I would appreciate receiving from you, as chairman of the commission and on behalf of the commission, written comments on the recommendations. The comments should include information as to the specific action the commission intends to take with respect to each of them. Your reply *must* be in our hands by January 16, 1970. The report will be finalized and released very shortly thereafter.

If you wish to discuss the report with us, we will be pleased to meet with you on or before January 14th. We await a call from you to fix an appointment. A "no call" will be assumed to mean that a meeting is not required.

I appreciate your coming down to our office to meet with my staff when the audit was being conducted.

Sincerely,

/s/ Clinton T. Tanimura
Clinton T. Tanimura
Legislative Auditor

Encl.

22

JOHN A. BURNS
Governor

COPY
ATTACHMENT NO. 3
STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES
P. O. BOX 119
HONOLULU, HAWAII 96810

KENAM KIM
Comptroller

January 12, 1970

Honorable Clinton T. Tanimura
Legislative Auditor
State of Hawaii
State Capitol
Honolulu, Hawaii

Dear Mr. Tanimura:

Thank you for the opportunity given us to review the preliminary report on the financial audit of the Kamehameha Day Celebration Commission for the fiscal years 1967-1968 and 1968-1969.

We are in agreement with your recommendations regarding certain fiscal operations as noted on Pages [17 and 18] of the report. You may be assured that your recommendations will be considered and improvements will be made.

Very truly yours,

/s/ KENAM KIM
KENAM KIM
State Comptroller

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COPY

ATTACHMENT NO. 4

Honolulu, Hawaii
January 22nd, 1970

Mr. Clinton T. Tanimura
Legislative Auditor
The Office of the Auditor
State of Hawaii
Iolani Palace
Honolulu, Hawaii 96813

Dear Mr. Tanimura:

I [am enclosing] an original and a copy of my report as rebuttal of your conclusions and criticisms against the Order of Kamehameha, the members of the Order of Kamehameha on the commission, and the member of the Order of Kamehameha, who as you have stated, is an unlicensed contractor, for your perusal.

I intend to transmit copies of the report to the Speaker of the House of Representatives, to the President of the Senate, and to the Governor, the Honorable John A. Burns.

Respectfully yours,

/s/ Charles E. Kauhane
Charles E. Kauhane, Chairman of the
commission and member representing the
Order of Kamehameha on the commission

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COPY

Honolulu, Hawaii
January 20, 1970

Mr. Clinton T. Tanimura
Legislative Auditor
The Office of the Auditor
State of Hawaii
Iolani Palace
Honolulu, Hawaii, 96813

Dear Mr. Tanimura:

In reviewing your preliminary report on the financial audit of the Kamehameha Day Celebration Commission for the fiscal years 1967-1968 and 1968-1969, I have noted several areas, which in my opinion is in need of further clarification. Accordingly I will attempt to clarify these areas, in my submission of the following comments.

As to your reported conclusions (1) that the commission is not now functioning as intended by law - (2) the commission does not operate as a unit, but is run essentially as a one-man entity - (3) there is apparent lack of interest on the part of some of the organizations entitled to representation on the commission, are incorrect and that your conclusions are based solely upon misinformation given to you by some of the member-commissioners representing organizations on the commission, as evidenced in your preliminary report.

The commission has been functioning as intended by law. The commission has carried out its responsibilities as provided for by law, in the continued programming and planning of the Kamehameha Day Celebration and Parade, not only here in the City and County of Honolulu, but also throughout the State of Hawaii.

Meetings of the commission has been held periodically, committees to carry out some of the responsibilities in the planning of the celebration and parade has been instituted, and decisions were made by member-commissioners.

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The expenditure of the Kamehameha Day Celebration appropriation have been carried out as provided by law, and the accountability of the expenditure has been made in accordance therewith to the Department of Accounting and General Services, the State agency to whom the commission is responsive to, as the commission has been placed under its control and jurisdiction by legislative action. The Department of Accounting and General Services has advised the commission on matters relative to the expenditure of the Kamehameha Day Celebration appropriation.

The commission has operated as a unit, to the contrary notwithstanding. The commission have participated on all levels of decision making, the selection of a "theme" for the celebration, in the scheduling of meetings, and in the final approval of the programming and planning of events for the celebration.

Member-commissioners representing organizations have served on the committees instituted. Member-commissioners have been assigned sponsorship of a particular float, some have refused to accept such assignments. In the absence of a member commissioner, a designated representative of the organization, has been permitted to act by proxy for the member-commissioner, a matter that is contrary to and as intended by law. This permission has been allowed in order that the organization represented on the commission, would be fully informed as to the functions as well as to their individual participation on the commission.

In my opinion, the member-commissioners representing organizations on the commission, presently have been participating as a unit, participating more freely, with but few exceptions. The present member-commissioners have received printed materials pertaining to the over-all programming, planning and allotment of funds for the Kamehameha Day Celebration and Parade, an improvement over past practices.

Your reported conclusion that the commission is being run essentially as a one-man entity is untrue. It is my opinion, that this conclusion was reached by you upon complaints furnished by some of the member-commissioners. As Chairman of the commission, representing the Order of Kamehameha, I have discharged my duties and responsibilities as intended by law and by advice given to me by the Department of Accounting and General Services; an agency to which the commission is responsive to as provided by law. The expenditure of the Legislative

appropriation for Kamehameha Day Celebration and Parade, too, is expended as provided for by law. As Chairman of the Commission, I am fully aware of the provision of law relative to the function of the Kamehameha Day Celebration Commission. As Chairman of the commission, I am charged with the responsibilities of over-seeing the programming and planning of the Kamehameha Day Celebration and Parade not only for the City and County of Honolulu, but also for the neighbor islands throughout the State of Hawaii. In addition to following the mandated under the provisions of law, I have followed such accepted and recognized practices pertaining to the office of Chairman. As Chairman of the commission, representing the Order of Kamehameha, I have at all times during the tenure of my office, labored to continue to promote, and preserve Kamehameha Day—June 11 in commemoration of the birth of King Kamehameha I, and also in preservation of the Hawaiian culture.

As Chairman of the commission, I have made for and on behalf of the commission decisions in the programming and planning of the Kamehameha Day Celebration and Parade, preliminary to submission to the commission. Decisions on requests from organizations and others to participate in the Kamehameha Day Celebration and Parade — as examples: (a) a request from a Mr. Don Whitely, Director of Promotion and Advertising on behalf of the Pride of the Valley High School Marching Band from Gilcrest, Colorado, to participate in the June 11, 1970 Kamehameha Day Parade, was approved by me as Chairman of the commission. This request for participation by the Valley High School Marching Band was later made official by Governor John A. Burns, when during his attendance of a Governor's Conference held in Denver, when he invited the band to participate in the June 11, 1970 Kamehameha Day Parade; (b) From Mr. Earl A. Vida, a requesting approval and permission for the Shriner's organization to participate in the June 11, 1970 Kamehameha Day Parade, which approval was given by me as Chairman of the commission; (c) the tentative proposal from the Pacific Recording Company to furnish PA systems and equipment to the Kamehameha Day Celebration Commission, which request is to be submitted in writing to the commission, was also given tentative approval as a means of assurance that these PA systems and equipment would be available for use by the commission; (d) a tentative proposal of the allotment of funds for the various programs for the Kamehameha Day Celebration and Parade.

All of these matters will be submitted to the member-commissioners for their

consideration, amendment and approval.

All of these undertakings by the Chairman of the commission, in my opinion, are valid and in accordance with the intention of the law.

YES, there is lack of interest on the part of some of the organizations entitled to representation on the commission. The cause of this lack of interest according to your reported conclusions has been placed upon the Chairman of the commission and the Order of Kamehameha, the organization which he represents. The Chairman and the member-commissioners representing the Order of Kamehameha on the commission, from Oahu and the neighboring islands have faithfully and with dedication of purpose discharged each of their respective duties and responsibilities in the manner as intended by law. The same cannot be said of the other member-commissioners representing other organizations on the commission.

In my opinion, there [are] two distinct classes of commissioners representing the organizations on the commission, one class consist of those member-commissioners who are dedicated and sincere in the continued promotion and preservation of June 11 as Kamehameha Day and the furtherance of the preservation of Hawaiian culture. The other class is composed of member-commissioners who are appointed because of politics, who care less for the over-all promotion and preservation of Kamehameha Day, June 11. These member-commissioners are only concerned of the appointment as commissioners and prestige the office holds forth.

As for the member-commissioners, representing the Order of Kamehameha, including the Chairman of the Commission, we are charged with the responsibility to accept any and all assignments given and to commit the membership of the Order of Kamehameha to full participation in the program relative to the Kamehameha Day Celebration and Parade.

As for the other member-commissioners of the other organizations, this commitment of their membership cannot be made by the member-commissioner representing each of their respective organizations, each must obtain approval from each of the organization membership. This has caused some delay in the decision-making on the part of some of these organizational member-commissioners, while others have not participated fully and freely, when the organization votes to withdrawal from participation in the affairs of the Kamehameha Day Celebration and Parade.

The following fall within the latter situation:

The Daughters of Hawaii, who failed to participate during the 1969 Kamehameha Day Celebration and Parade;

The Native Sons, Council No. 1, who has failed for some period of time, to participate and accept the sponsorship of decorating a float-- this holds true for the Native Daughters, Council No. 2;

The Hawaiian Civic Club, who withdrew participation during the holding of the Kamehameha Day Celebration and Parade throughout the State of Hawaii;

The Association of Kamehameha Schools (formerly Kamehameha Schools Alumni and Alumnae) have withdrawn from participation throughout the State during the holding of the Kamehameha Day Celebration and Parade -- this organization has participated at intervals. As Chairman of the commission, I have been informed that this organization would not participate in the 1970 Kamehameha Day Celebration and Parade.

The Lei Seller's Association, has participated at intervals. Withdrew from participation during the 1969 Kamehameha Day Celebration and Parade;

The Hawaiian Homes Commission has not participated actively in the affairs of the Kamehameha Day Celebration Commission. The member-commissioners representing this organization were not successful in their endeavors to involve the homesteaders in participation during the Kamehameha Day Celebration and Parade;

The Hui Holo Pa-u Me Na Hoa Hololio, except for the organization's participating as a riding unit in the Kamehameha Day Celebration and Parade, and two other occasions, have participated actively in the affairs of the Kamehameha Day Celebration and Parade;

The Hale Hoonaaauo Hawaii, since the death of and prior thereto, of its founder Mr. David "Daddy" Bray, has not actively participated in the affairs of the Kamehameha Day Celebration Commission.

The Order of Kamehameha's involvement, including its member-commissioners on the commission, have an obligation to fulfill relative to Kamehameha Day and to the preservation of Hawaiian culture, presently and since 1904. When other organizations fail to fulfill its responsibilities, it has been the Order of Kamehameha and its membership who have responded with dedication to assume all of these other responsibilities.

Relative to the appointment of member-commissioners because of "politics" I know this to be factual, for as a former member of the Territorial House of Representatives, I have witnessed such an appointment.

Another area for the lack of interest on the part of some of the organizations revolves on the question of "personalities" by some of the member-commissioners and primarily due to ignorance of the intention of the law and the reluctance to accept interpretations of the law. The often raised question by some of the member-commissioners, "how come the Chairman of the commission is chosen from the Order of Kamehameha, why not from the other organizations?" Because of this misunderstanding of the law, and the interjection of "personalities" the functions of the commission has been somewhat hampered. Absenteeism by member-commissioners too is largely a cause for lack of interest.

Another area which may be the cause for the lack of interest on the part of some of the organizations to participate in the affairs of the commission lies in the fact that since my becoming the Chairman of the commission, I have placed some stringent rules relative to the expenditure of the Kamehameha Day funds, and it is because of this type of stringent rules and control some of the member-commissioners of the organizations represented on the commission have not participated.

Prior to my becoming a member-commissioner and as Chairman, I have reviewed the policies of past functional operations of the commission, and have found flagrant violations of the intention of the law, and further that the commission were negligent in the exercise of their duties and responsibilities in permitting the continuance of intended violations of the law. As an example—I found that purchase orders were issued to organizations charged with the sponsorship and decorations of floats, which reflected purchases made by the organizations for items such as — one gallon of soyu in the morning, one gallon of soyu in the afternoon and one gallon of soyu in the evening, making a total purchase in one day of three (3)

gallons of soyu. Purchases of other commodities were made in same manner by all of the organizations who then were participating in the Kamehameha Day Celebration and Parade programming of events, including the decorations of assigned floats. This practice, in my opinion, is in direct violation of the intended law, but no one, from the Chairman then of the commission, the member-commissioners then representing organizations entitled to representation on the commission and the then Territorial Auditor were concerned over this purchase policies.

As Chairman of the commission, I issued an oral directive that this past purchase practices would be discontinued and a stringent rule be set-up for the expenditure of the Kamehameha Day Celebration funds by the participating organizations. Because of my taking this position as Chairman, I have been highly criticized by the member-commissioners of the organizations entitled to representation on the commission, some of whom have and are still pursuing on a campaign to have me removed as Chairman, even as a member of the commission. Several approaches have been made in the past but without success. This perhaps may be one of the reasons for the lack of interest on the part of some of the organizations to participate, but the most flagrant cause as I see it — is the matter of "personalities and absenteeism."

At one of the recent meetings of the commission, a newly appointed member-commissioner presented a petition signed by several member-commissioners who were absent, relative to the selection of the Queen of the Pa-u riders of the Kamehameha Day Celebration and Parade. As presented, the member-commissioner stated that the member-commissioners whose signatures appearing thereon and who are absent, are voting by proxy, and that this proxy voting was being registered by the said member-commissioner. This member-commissioner brought along a private secretary to record the proceedings of the specific commission meeting. The member-commissioner was informed that at no time did the commission meeting use proxy voting and that the commission has never used proxy voting. When the final selection of the Pa-u Queen was made, this proxy voting procedure was instituted and the member-commissioner was fully informed of this practice. The proxy voting was overwhelmingly against the selection of the Pa-u Queen as proposed by the member-commissioner.

As for the commission being run essentially as a one-man entity and the reported conclusion which you have made, is not true. I respect your findings in this matter.

My serving as a member-commissioner representing the Order of Kamehameha on the Kamehameha Day Celebration Commission, is the decision of the membership of the Order of Kamehameha. Every other member-commissioner representing the Order of Kamehameha, has been the decision of the membership of the Order of Kamehameha. Although recommendations are submitted by the Subordinate Chapters, it is the Executive Board that makes the final decision as to who is fraternally qualified to represent the Order of Kamehameha. And, too, because of the Order's continued dedication to the preservation of the Hawaiian culture and identity, the representation of the Order of Kamehameha must be a worthwhile and meaningful selection.

I note that in the past, organizations participating in the programming and planning of the Kamehameha Day Celebration and Parade, would reflect expenditure for food and a glaring example of this practice I have noted in the expenditure of an amount equal to ten (10) percent of the then total appropriation which amounted to \$6500.00 for food or a total of \$650.00. Upon further pursuing this matter, I was informed that this amount of \$650.00 was for payment of services rendered by the promoter charged with the programming and planning of the Kamehameha Day Celebration and Parade. This expenditure in my opinion is in direct violation of the intended law. As Chairman, I informed the member-commissioners representing organizations entitled to representation on the commission that this practice was in violation of the intended law and that this practice would be disallowed.

As Chairman of the commission, I noted that the commission had inherited unpaid claims to various business firms, individuals and even an agency of the then Territorial government – the Territorial Hospital, totalling approximately \$650.00. Through the curtailment of expenses not related to the programming and planning of the Kamehameha Day Celebration and Parade, this indebtedness was paid in full. The Legislature through subsequent approval of appropriation for Kamehameha Day Celebration and Parade expenses, failed to include this amount.

I have found during my tenure as Chairman of the commission, that the credit status of the State government is wholly inadequate because of its performance in the delay of remitting payments for services rendered by individuals, business firms and agencies of the government. In this regard I might add, that it takes the State government to complete the payment for services rendered, for contractual services entered into with business firms and with individuals, sometime as long as a whole

year or more, to complete said payments. Some of the business firms, individuals and even governmental agency I have done business on behalf of the Kamehameha Day Celebration Commission have demanded payment in advance before the rendering of any service to the Kamehameha Day Celebration Commission. It is somewhat embarrassing to learn that the credit position of the State government is NIL, but as the programming and planning of the Kamehameha Day Celebration and Parade must go on, the Order of Kamehameha has to take the responsibility of guaranteeing that any claim for payment for services rendered to the commission, will be paid if not by the State but by the Order of Kamehameha.

During the holding of the Kamehameha Day Celebration and Parade, the Chairman of the commission was asked to guarantee payment for horses at the end of the parade, before delivery of horses be made to the commission for its use in the Pa-u section. This guarantee of payment at the end of the parade was made by the Chairman on behalf of the Order of Kamehameha and to the full satisfaction of all parties concerned. At the end of the parade, the owners of horses were paid in full and reimbursement by the State was made some weeks later.

On the matter of travel expenses to the neighbor islands to meet with the neighbor island commissioner and participating organizations, again the credit position of the Order of Kamehameha was used. Travelling to the neighbor islands were vested upon the Chairman of the commission by the Department of Accounting and General Services, who had advised that this procedure is within the intended law and is part of the over-all programming and planning of the Kamehameha Day Celebration and Parade.

As Chairman of the commission, I have in the past received and accepted invitations from the neighbor island commissioners to participate as guest speaker and as Grand Marshal during the Kamehameha Day Celebration and Parade. As Grand Marshal, I was also asked to bring along escort riders. In addition to these functions, as Chairman of the commission I have made inspectional tours of the neighbor islands as requested by the neighbor island commissioners and have attended meetings with said respective commissioners and the participating organizations, in the programming and planning of the Kamehameha Day Celebration and Parade activities. On occasions, I have designated other member-commissioners to accompany me on these inspectional tours, where their expert advice can be made available to all parties concerned.

The travelling expenses have been charged to the credit of the Order of Kamehameha and as advised by the Department of Accounting and General Services, that this procedure is in line with the intended law and within the scope of proper programming and planning of the activities of the Kamehameha Day Celebration and Parade.

Refunds of deposit made to the Department of Public Parks and Recreation for the use of designated areas of Ala Moana Park for the tethering of horses, when received has been used towards the payment of the travel expenses charged to the Order of Kamehameha.

Liability Insurance Coverage as a protective measure for the members of the commission and for liability damages to the owners of horses furnished to the commission, has been secured by the Chairman of the commission, as the Liability Insurance Coverage of the State Government, as reported, cannot be extended to cover the members of the commission and others. This insurance coverage premium is paid for out of the appropriation of the Kamehameha Day Celebration Commission, and approved by the Department of Accounting and General Services.

I recall two specific incidents during my term as Chairman of the commission, one, a demand made upon me as Chairman to guarantee to provide a dinner for the male riders in the Pa-u section, a commitment made by my predecessors but was never honored, before these selected male riders would participate in the Kamehameha Day Celebration and Parade. This demand was made three days prior to June 11. An immediate decision had to be made, and as Chairman of the commission, I kept this guarantee by providing a dinner for the selected male riders of the Pa-u section, the other, was when I was asked by the leader of the float section participants whether I would hold fast to the directive I made for the non-issuance of purchase orders. Standing firm on this matter, the leader at about 11:00 p.m. on the eve of June 11, called the float participants to withdraw in a body from participating in the June 11 celebration and parade. Here again an immediate decision had to be made, and I then instructed all of the float participants to leave the premises and to return the funds that have been allotted to each of the organizational participants. The walkout did not materialize, but upon learning the male riders of the Pa-u section was given a dinner, they too demanded that a dinner be given to them upon the completion of the parade. The expenses for these two incidents were borne and paid for by the Order of Kamehameha and not the Kamehameha Day Celebration Commission, as these activities were not within the provisions as intended by law.

In the past, the float construction was contracted out to a licensed contractor as it has been the customary practice to construct the basic frame for each float, the participating organizations being responsible for decorating the float after each frame has been put up. The service of the licensed contractor was secured by the Chairman of the commission, after a review of past procedures were made, when the Kamehameha Day Celebration expenses paid out for construction cost in an amount equal to fifty (50) percent of the total appropriation, which included the purchase of materials. The licensed contractor furnished all the materials needed and for a flat rate per float. The licensed contractor requested that it be given a guarantee of three (3) years as a contractual condition for this purpose, and after agreement mutually reached, the Chairman of the commission approved the contract in and for the Kamehameha Day Celebration Commission. I might add that at the time the licensed contractor was not a unionized unit. But upon the contractor becoming unionized, the cost of construction increased in relation with the wage schedule as entered into by the contractor and the union.

The services now rendered by a member of the Order of Kamehameha, and who is not a licensed contractor is questionable by you. The fact that the member of the Order of Kamehameha is not a licensed contractor, is redundant, the important issue, has he rendered services protective to the State and to the Kamehameha Day Celebration Commission. Or, are we legally bound to secure the services of only a licensed contractor?

The member-contractor in contracting to construct the basic frame for each float, has also contracted to furnish all of the materials needed for this purpose, the dismantling of the float materials after the parade, the cleaning up of the decoration area from all debris. In the past, the licensed contractor contracted for the construction of the basic frames and the dismantling of the float materials. The cleaning up of the areas were carried out by the members of the Order of Kamehameha.

The participating organizations have been requested to assist in the cleaning up of the decoration area, but in my experience, only about two has responded, the others are too interested in the social aspect after the parade, either at the Governor's residence (Washington Place) or at Kawaiahao Church, the sponsors of the annual luau on June 11. The cleaning up of the area is a must, as much criticism has been made concerning this matter.

The member-contractor has in addition to the construction of the basic frame of the float, furnished materials to the participating organizations in their construction of built-up platforms, back stops and for other types of construction to be performed.

The member-contractor, because of his concern and dedication towards the preservation of the Hawaiian culture, customs and arts, is also acting as Chairman of the Youth Activities Program for the Order of Kamehameha. He has formed a canoe club, known as the Order of Kamehameha (Oahu) Canoe Club, where his concern over Hawaiian culture, customs and arts have been carried out. He has expertly instructed the members of the canoe club, in the art of repairing a canoe, the art of canoe paddling, the art of fashioning out equipment for canoe paddling, and has extended to the members his knowledge of woodcrafts and the various types of Hawaiian wood.

Because of his concern, his interest and dedication towards the continued preservation of the Hawaiian culture, customs and arts, the Order of Kamehameha has assisted in obtaining two (2) canoes for the use of the members of the canoe club and for his instructional purposes relative to the continued preservation of Hawaiian culture, customs and arts.

The accountability as to the compensation paid to this member-contractor and the disbursements made, has been, in my opinion, over criticized in your report. The fact that services has been rendered in justification of the contractual amount, and whether the services rendered, either by a licensed contractor or by this member-contractor, who is an unlicensed contractor, has been rendered in a manner conducive to the programming and planning of the Kamehameha Day Celebration and Parade, and as to whether in the rendering of the services, either the licensed contractor or the member-contractor, an unlicensed contractor, performed such services as to render unto the State and the Kamehameha Day Celebration Commission harmless from any liability damages which could or may happen. This in my opinion is an area of concern. With relation to the services rendered, either by a licensed contractor, or by the member-contractor, who is an unlicensed contractor and member of the Order of Kamehameha, as Chairman of the commission, I find that the services rendered were in line with the views as expressed herein.

On the other hand the accountability and disbursement of the funds of the member-contractor is a matter of his concern and desires. Whatever methods he sets

out, which is approved by him, in my opinion, is his own affairs, although methods to achieve his own purposes, does not meet with our individual concern. As I read your report of the interview with the member-contractor, I find where he has placed implicit faith and trust in and with the individual he referred to in your report.

In the programming and planning of the Kamehameha Day Celebration and Parade, the total amount of expenses, exceeded the legislative appropriation. The Kamehameha Day Celebration Commission, has on every occasion, programmed and planned the Kamehameha Day Celebration and Parade within the limitation of the legislative appropriation, even though the demands have been made upon the commission to allot increase funds because of the increase cost of services. The excess cost in the programming and planning of the Kamehameha Day Celebration and Parade, has to be paid for, either by all of the participating organizations represented on the commission or by the organization of which the Chairman is a member, because of the guarantee of payments made by the Chairman of the commission. Because the Chairman is a member of the Order of Kamehameha on the commission, such excess payments were made by the Order of Kamehameha, out of receipts from concessions sponsored by the Order of Kamehameha, and from the funds of the Order of Kamehameha and for which reimbursements have been made. As for the privilege of manning of the concessions, request for approval has been made to the various State agencies for this purpose by the Order of Kamehameha. There was a time when such approval was not given, still the excess for programming and planning of the Kamehameha Day Celebration and Parade was borne by the Order of Kamehameha.

As requested periodically by the Department of Accounting and General Services, the Kamehameha Day Celebration Commission has submitted its budget for the programming and planning of the Kamehameha Day Celebration and Parade and request for an increase in the legislative appropriation due largely to the increase in the cost for such programming and planning. As Chairman of the commission, I have been requested by the Department of Accounting and General Services to avail myself to the giving of testimony and to answering questions relative to the Kamehameha Day Celebration and Parade and need for the requested increase in the legislative appropriation.

As I have experienced, the Kamehameha Day Celebration Commission's budget request must first be reviewed by the Department of Accounting and General

Services, who will make its recommendations, after which the budget request is referred to the Budget Review Board, who too will review the budget request together with the recommendations made, after when their recommendations are made thereto, the budget request with the recommendations, then is referred to the Governor's Office, who after a review of the budget request together with the recommendations made thereto, after which the Governor's Office makes its recommendations thereon and then submitted to the Legislature as part of the Governor's Budget. The Legislature then reviews the budget request and final recommendations as approved by the Governor's Office and the final budget for the programming and planning for the Kamehameha Day Celebration and Parade is adopted. All throughout this procedure, the request for increase in the legislative appropriation has never received any consideration and the adopted legislative appropriation continues as in the past—\$20,500.00 as the total legislative appropriation for the programming and planning of the Kamehameha Day Celebration and Parade.

In my opinion, the Kamehameha Day Celebration Commission, is a part of the organizational structure of the Department of Accounting and General Services, but the budget request submitted has been given little support by the Department, as I realize that the Department is concerned about the other segments within its organizational structure, which is above all else more important in structure than perhaps the Kamehameha Day Celebration Commission.

It is also my opinion that this expression is taken by all other agencies in their review of the Kamehameha Day Celebration Commission's budget, and further I might add that, in my opinion, the members of the State Legislature has taken the same dim view relative to the commission's budget request.

As you so ably reported, June 11 was by royal decree declared as a public holiday by Kamehameha V in the year 1872 to commemorate the life and deeds of Kamehameha I. Subsequently, the legislature set aside June 11 as a STATE holiday, and since has been observed as such a State holiday.

I know, for it has been stated to me, that June 11 is a Hawaiian holiday, set aside for the Hawaiian people. This kind of a statement has been made by others, including some of the younger Hawaiian people and from passing remarks by some of the politicians. Perhaps because of this inference, little attention is being given to the request by the

Kamehameha Day Celebration Commission as to the need for an increased legislative appropriation. As an example of the kind of statement made relative to June 11 being a Hawaiian holiday, a staff member of a City and County agency, stated that June 11 has been set aside as a holiday for the Hawaiians, but when I asked, why then that you're not working on June 11, if this is a holiday for the Hawaiians?

Again you ably reported that the cost of the Kamehameha Day Celebration is financed from the State general fund through appropriations made by the State legislature. Let us therefore make some comparison with other costs, financed from the State general fund through appropriations made by the State legislature.

The appropriations made to the Kamehameha Day Celebration Commission is for a state wide programming and planning for the Kamehameha Day Celebration and Parade.

Kamehameha Day Celebration	\$20,500.00
(Breakdown by counties):	
City and County of Honolulu	\$10,000.00
Hawaii	5,000.00
Maui, including Molokai	3,000.00
Kauai	2,500.00
Aloha Week Inc.	85,000.00
As provided under the appropriation for the Hawaii Visitors Bureau	
Narcissus Festival — A Special Event program for the City and County of Honolulu	7,500.00
Cherry Blossom Festival — A Special Event program for the City and County of Honolulu	7,500.00

As compared with the programming and planning by Aloha Week Inc., the Kamehameha Day Celebration Commission, in my opinion, has a much greater responsibility to perform as intended by law, and yet the legislative appropriation to the Kamehameha Day Celebration Commission is far less than what the appropriation should be. Aloha Week Inc., in addition to the legislative appropriation as provided for under the Hawaii Visitors' Bureau is supplemented by other activities, activities for which admission has been levied. As Chairman of the commission, I have discontinued the past practices on the part of the civic club organizations to charge admission fees, when the promotion of such programs have been subsidized with Kamehameha Day Celebration funds and which has been programmed as a part of the over-all Kamehameha Day Celebration program.

As per your recommendations contained in your report, as Chairman and a member representing the Order of Kamehameha, I fully subscribe and support your recommendations. As I stated to you, a set of rules and regulation has been promulgated by the former Comptroller of the State and the payment of the services of a secretary was made out of the unexpended balance of the Kamehameha Day Celebration appropriation. Mr. Francis Wee, Fiscal Officer of the department and myself as the Chairman of the commission, in the discussion of a set rules to be drafted. In my opinion, there is a copy of such rules and regulations on file with the Department of Accounting and General Services, copies of which were never distributed to the members of the commission, nor was there any official approval given to this set of rules and regulations. There is no doubt that if you were to secure a copy of the promulgated rules and regulations, and implemented with your proposed recommendations, the corrected and much needed direction then can be followed.

I note by your report areas in which you have been highly critical of—the Order of Kamehameha per se; of the Chairman of the commission, an office which I hold as intended by law; of a member of the Order of Kamehameha, who is an unlicensed contractor and of my being the permanent President of the Order of Kamehameha. But, nowhere, do I find in your report, of your criticism of the Department of Accounting and General Services, the State agency to which the commission is responsive to, for their laxity in the promulgation of rules and regulations for the conduct of the affairs of the commission; and for the other member-commissioners representing organizations entitled to representation on the commission for their lack of interest and non-fulfillment of each of their respective duties and

responsibilities as member organizations. It is my feeling that some of the conclusions which you have embodied in your report stems from hearsay complaints made by member-commissioners and was duly accepted as the truth.

As Chairman of the commission representing the Order of Kamehameha, I had undergone such criticisms from some of the member-commissioners, who are representing organizations entitled to representation on the commission, and this kind of criticisms were leveled at me as a representative of the Order of Kamehameha.

As the permanent President of the Order of Kamehameha, I informed these member-commissioners and the organizations they represented, that the Order of Kamehameha was withdrawing its participation in the Kamehameha Day Celebration and Parade. This directive as permanent President of the Order of Kamehameha was issued not only to the membership here in Honolulu, but was issued state-wide.

Since then, the high ranking officers of the participating organizations asked that a meeting be held to resolve the difference, which they claim were not brought to their attention except that the Order of Kamehameha was not participating in the Kamehameha Day Celebration and Parade.

Another incident at point — a member-commissioner representing one of the organizations entitled to representation on the commission, took matters in hand and went directly to the present State Comptroller, after all of the member-commissioners were informed by the Chairman, that according to the Department of Accounting and General Services no advancement of funds will be made, that services must be first rendered and payment be made later, to get his approval for the advancement of funds for one of the organizations in Honolulu. The member-commissioner then came to the Kamehameha Day Celebration Commission office and said, if I know what is good for me, I should not object to what had been made. My reply, I don't know what it is all about, and that I don't know arrangement if any has been made. I called the Department of Accounting and General Services and spoke with Mr. Ke Nam Kim, who stated that he was approached by the member-commissioner and had given some assurance that funds for this particular organization would be made available.

During the course of my discussion with Mr. Kim, I told him, I am concerned with

the over-all programming and planning on a state-wide basis, and am ready to abide by his earlier directive – that no funds will be advanced, that services must be rendered first and payments made at a later date – I further informed Mr. Kim, that since he has made an exception to the member-commissioner that he take over the functions of the Chairman of the commission and the further programming and planning of the Kamehameha Day Celebration.

The legislative appropriation for Kamehameha Day Celebration and Parade has been expended as provided for and as intended by law. Any deviation of this intention of law, has been with the advice of the Department of Accounting and General Services. In providing for the legislative appropriation for the Kamehameha Day Celebration and Parade, the legislature has provided some rather strict rules and have given no attention to the need for increase of the appropriation and for flexibility as to the use of the funds, as recommended by the commission.

The legislature has not provided for such items as – office equipment such as desks and typewriter; funds for the temporary hiring of a secretary; for travelling expenses and other incidental expenses of the commission. The attitude of the legislature with respect to the appropriation for the Kamehameha Day Celebration and Parade, has been a disturbing factor, in relation with the concern the legislators have for Kamehameha Day June 11, as a State holiday, particularly towards its continued programming and planning with respect to the increase in cost for such programming and planning.

Several proposals have been suggested to amend the present law as it refers to the method of the selection of the Chairman of the commission, an office I hold as provided for by law. Some politicians and the former State Comptroller questioned this method, my answer was then and is still same – change the law for that this can be done. The reason as I was able to ascertain, was purely politics. Some of the politicians have discussed the patronage question, and how some of their supporters can best serve as commissioners; some of the member-commissioners representing the organizations entitled to representation on the commission too have expressed concern in this area, purely on the basis of “personalities.” No matter what is or has to be done, the decision is up to the legislature, and as the permanent President of the Order of Kamehameha, no objection will be raised by the Order of Kamehameha. As permanent President of the Order of Kamehameha, particularly as it pertains to the neighboring islands, it is the members of the Order of Kamehameha, who has

been undertaking the responsibilities of the programming and planning of the Kamehameha Day Celebration and Parade.

It is my opinion, that all of the member-commissioners representing organizations on the commission and including the Department of Accounting and General Services, and the Governor’s Office, and NOT ONLY the Order of Kamehameha and the Chairman of the commission, who is a member of the Order, be singled out for the criticisms as contained in your audit report.

Another suggestion, I propose, that since politics will be playing an important role in the affairs of the Kamehameha Day Celebration Commission, why not make the appointment of the members to the commission as political as can be.

There are some member-commissioners who represent organizations on the commission, that they two and organizations be eliminated because of absenteeism and lack of interest in the main function of the commission – that is to continue to promote, program and plan for the Kamehameha Day Celebration and Parade.

Today the Kamehameha Day Celebration Commission has an office for the holding of meetings by the commission. The commission has finally attained some spectrum of respectability. This was made possible by the former Governor of the State, the Honorable William Quinn, a Republican.

As Chairman of the commission, I have been informed and have received notice from a staff member of the State agency involved in the housing problems of the various departments of the State, that the Kamehameha Day Celebration Commission, would in the near future vacate the premises it is now using. When asked where will the office be re-located, the staff member said, that perhaps out at Fort Shafter flats. I cannot but help feel that here again the Kamehameha Day Celebration Commission has been and will be treated as an orphan of the State government. Well the decision is up to the present administration to make and not mine, nor by any of the members representing the Order of Kamehameha on the commission.

This report is being submitted as a rebuttal to your reported conclusions and criticisms leveled against the Order of Kamehameha, and its members representing

the Order of Kamehameha on the commission, and including also the member of the Order of Kamehameha who as you have reported, is an unlicensed contractor.

Respectfully submitted,

/s/ Charles E. Kauhane
Charles E. Kauhane, Chairman of the
commission and member representing the
Order of Kamehameha on the commission

COPY

ATTACHMENT NO. 5

January 16, 1970

Mr. Clinton T. Tanimura
Legislative Auditor
Kana'ina Building
Iolani Palace Grounds
Honolulu 96813

Dear Mr. Tanimura:

Having made a careful study of your preliminary audit of the Kamehameha Day Celebration Commission the following Commissioners met to consider some recommendations:

Mrs. Healani Doane, Regent
Sons and Daughters of Hawaiian Warriors
Mrs. Muriel Lupenui
Kaahumanu Society
Miss Abigail K. Kawanakoa
Daughters of Hawaii

We now respectfully submit the conclusions reached at this meeting.

1. Membership entitlement of organizations.
 - a. Remove from the list of commissioners the following defunct organizations:
 - Hale Hoonaaauao O Hawaii
 - Hui Holo Pa-u Me Na Hoa Hololio.
 - b. Replace the two Hawaiian Homes Commission representatives with three representatives from the homesteaders organizations, namely:
 - Nanakuli, Waimanalo and Papakolea.

- c. Specify that the selection of the commissioner from the Hawaiian Civic Club be from the State Association of Hawaiian Civic Clubs, District I (Oahu).
 - d. Add to the list of organizations:
 - Hui O Pio, President Mr. Owen Ho.
 - This is a young peoples group, that have participated in past parades with gratifying enthusiasm and talent.
 - e. Consider the possibility of having the Kawaihao Church Mothers Guild as a member.
2. Regarding holdovers and vacancies:
- a. A letter from the Governor's office to the respective organizations requesting the selection of possible appointees be submitted to their Board of Directors, and/or officers, for consideration rather than have the letter directed solely to the head of that organization for his or her, sole determination.
 - b. After an appropriate amount of time has passed without response allow the Governor to make his own selection from the officers of that particular organization.
3. Commission responsibilities:
- a. Direct the Chairman of the Commission to formulate policy guide lines.
 - b. Require salaried secretary for accounts, minutes, notification of meetings, etc., to be hired with the approval of the Commission.
4. Private contributions: [Page 17]
- a. Enclosed copies of expenses incurred by the Daughters of Hawaii 1967 and 1968, Sons and Daughters of Hawaiian Warriors 1968 and 1969. No claims were made for reimbursements since it was clearly stipulated that additional funds would not be made available.

Other than the above listed recommendations we wholeheartedly concur with the findings of this audit and wish to extend our gratitude to the office of the Legislative Auditor for this study.

Yours truly,

/s/ Abigail K. Kawanakoa
Miss Abigail Kawanakoa, Commissioner
Daughters of Hawaii

AK/kk

Enc.

**PUBLISHED REPORT OF
THE LEGISLATIVE AUDITOR**

Audit Reports

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2. Management Audit of Kula Sanatorium, 136 pp.
- 1968 1. Financial Audit of the Department of Health for the Fiscal Year Ended June 30, 1967, v.p. (out of print).
2. Financial Audit of the Department of Planning and Economic Development for the Fiscal Year Ended June 30, 1967, v.p. (out of print).
3. Financial Audit of the Department of Regulatory Agencies for the Fiscal Year Ended June 30, 1967, v.p. (out of print).
4. Financial Audit of the Department of Hawaiian Home Lands for the Fiscal Year Ended June 30, 1967, 54 pp.
5. Financial Audit of the Oahu Transportation Study for the Period July 1, 1962 to August 31, 1967, 68 pp.
6. Financial Audit of the Hawaii Visitors Bureau for the Period July 1, 1966 to January 31, 1968, 69 pp.
7. State Capital Improvements Planning Process, 55 pp.
8. Financial Audit of the Hilo Hospital for the Fiscal Year Ended June 30, 1967, 43 pp.
9. Financial Audit of the Hawaii Visitors Bureau for the Period July 1, 1967 to June 30, 1968, 42 pp.
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3. Financial Audit of the State Department of Budget and Finance for the Fiscal Year Ended June 30, 1968, v.p.
4. General Audit of the Department of Personnel Services, State of Hawaii, 129 pp.
4. A Summary of the General Audit of the Department of Personnel Services, 53 pp.
5. Financial Audit of the Samuel Mahelona Memorial Hospital for the Fiscal Year Ended June 30, 1968, 34 pp.
6. Financial Audit of the Honokaa Hospital for the Fiscal Year Ended June 30, 1968, 41 pp.
7. Financial Audit of the Kohala Hospital for the Fiscal Year Ended June 30, 1968, 34 pp.

8. Financial Audit of the Kona Hospital for the Fiscal Year Ended June 30, 1968, 44 pp.
9. Financial Audit of the Kauai Veterans Memorial Hospital for the Fiscal Year Ended June 30, 1968, 30 pp.
10. An Overview of the Audits of the Act 97 Hospitals, 18 pp.
- 1970 1. Management Audit of the Department of Water County of Kauai, 65 pp.

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- 1965 1. Long and Short Range Programs of the Office of the Auditor, 48 pp. (out of print).
2. A Preliminary Survey of the Problem of Hospital Care in Low Population Areas in the State of Hawaii, 17 pp. (out of print).
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3. Manual of Guides of the Office of the Legislative Auditor, v.p.
- 1969 1. Transcript of Seminar in Planning-Programming-Budgeting for the State of Hawaii, 256 pp.
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4. An Overview of the Governor's 1969-70 Capital Improvements Budget, 61 pp.
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