

OVERVIEW

THE AUDITOR
STATE OF HAWAII

Follow-Up Audit of the Hawaii State Hospital

Summary

The Hawaii State Hospital is a psychiatric facility for the care of mentally ill persons and persons who are both mentally ill and drug-addicted. The hospital is a branch under the Adult Mental Health Division of the Behavioral Health Administration in the Department of Health. The hospital has 168 beds and 626 staff positions. For FY1996-97, the Legislature appropriated to the hospital about \$30.7 million for operating costs.

The Office of the Auditor conducted a follow-up audit of the Hawaii State Hospital for the period from January 1996 to March 1997. The audit examined the extent to which findings and recommendations contained in our *Management and Fiscal Audit of the Hawaii State Hospital*, Report No. 95-34, are being addressed.

In our follow-up audit, we found that management of the hospital has improved and the hospital has attained accreditation. However, significant challenges remain. The hospital has improved its management of personnel, but sick leave abuse and excessive overtime continue. Excessive absenteeism has prevented the hospital from meeting Department of Justice staffing requirements, and has resulted in high overtime costs. Also, the hospital has not ensured that all staff are evaluated in a timely manner, and that staff meet all requirements for competencies.

Progress in financial management has been mixed. While the hospital's control of purchases and payroll functions has improved, further improvements are needed. The hospital continues to have little input in negotiations concerning its contracts with the University of Hawaii. Also, new rules to control costs and improve recordkeeping in the patient work program are not always followed.

During our previous audit, the hospital raised the price of staff meals from 40 cents to \$1.50. This has decreased the state subsidy on staff meals. However, the meal price is still lower than the median price at other Department of Health dining facilities, and covers less than one-fourth of the cost of the meals. We also found inadequate controls over the number of take-out meals.

We found that hospital inventory controls are stronger but are not consistently applied. The inventory system for food supplies has improved, but further improvements are needed to account for gasoline and housekeeping items. Controls were insufficient to account for gasoline from the hospital gas pump and from a commercial gas station. Gaps in recordkeeping for housekeeping and other supplies prevent accurate inventory records for these supplies.

Finally, we found that management problems posed by the forensic population—those committed by court order—remain unresolved. The hospital has made efforts to provide transitional services and return patients to the community. However, the hospital's large forensic population continues to cause problems, including security costs and limits on non-forensic admissions.

Recommendations and Response

We recommend that the Department of Health provide stronger guidance to the Hawaii State Hospital in addressing its problems with sick leave and overtime. We also recommend a wide range of improvements by the hospital or the department with regard to the hospital's personnel management, purchasing, contracting, payroll, employee meal arrangements, inventory control, and management of the forensic population.

The department says it is pleased that management of the Hawaii State Hospital has improved. The department concurs that many significant challenges remain, and says that our report seems objective and fairly presented. Its response expresses overall agreement with our recommendations and a commitment to making improvements. The department also says that the hospital finds our summary and findings agreeable. The response offers comments on some areas of our findings, including recent or planned improvements, and some other observations.

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