

# OVERVIEW

## *Audit of Kalaupapa Settlement Operations and Expenditures*

Report No. 03-15, December 2003

### Summary

In 1865, Kalaupapa, in Kalawao County on the island of Moloka`i, was chosen as the site for the quarantine of Hansen's disease patients. Over the years, nearly 9,000 people have been quarantined. In 1969, the State repealed its mandatory isolation policy for Hansen's disease care as effective medical treatment for the disease had been discovered. Chapter 326, Hawai`i Revised Statutes, however, was established to allow Hansen's disease sufferers to reside in Kalaupapa for the rest of their lives if they so chose, and committed the State to providing for their care. Today, there are 39 patients living under the Department of Health's charge in Kalaupapa. We found that while the department has met the medical needs of the patients, it has been remiss in addressing non-medical needs and has exercised poor oversight of the settlement's operations. Formal rulemaking has been limited and development of policies and procedures for non-medical needs were ignored, contributing to perceptions of abuse and unfair treatment in several administrative practices.

Patients' concerns were not taken seriously by the department or Kalaupapa administration, resulting in patient frustration. For example, the department relies on the Patients' Advisory Council to remedy complaints. However, the council's effectiveness and activity has waned over the years as patients became older and medical conditions prevented their active participation. Until shortly after the initiation of our audit in June 2003, the department admitted that it had not met with the council in over two years. The main source of frustration for patients has been the Kalaupapa administrator, whom patients characterize as abusive, rude, and lacking in compassion. Despite patient concerns, the administrator received consistently high marks from his superiors.

The department did not ensure the competency of the administrator or compliance with his job requirements. Although he met the class specifications for his position, he lacked the background and experience to work with the elderly and those with special needs. Nevertheless, the department has not provided him with any training in these important areas.

The department did not ensure that the administrator established adequate safeguards over state property. We tested 27 inventory items for compliance with state inventory requirements and found that 25 items were not reconcilable to the inventory list. Additionally, settlement employees were not affixing state identification tags to state property, making them subject to potential theft and loss. Moreover, federal employees were placed in charge of state property.

The administrator authorized excess compensation to settlement staff. Our review of employee trail pay disbursements and air travel reimbursements revealed that eight employees received excessive travel compensation. Excessive pay included



75 roundtrip airfare reimbursements to four employees in excess of collective bargaining agreements totaling over \$6,500. One individual received over \$3,000 in excess air travel reimbursement. Another four employees received 22 hours of excessive trail pay.

The department does not have written justification for its food credit program and cannot explain how it benefits settlement operations. This is a departmental program that allows certain individuals to make weekly food and other supply purchases from a commercial market outside the settlement, as opposed to taking meals in the dining facility like other employees. In 2002, the department spent over \$12,600 for five participants without any formal written policies or procedures regarding eligibility requirements, spending limits, or limitations on the kinds of goods that can be purchased.

The department could not justify why it allows state employees to receive state-funded household supplies. Through past practice, the State provided employees with such household goods as laundry detergent, toilet paper and paper towels. In May 1999, the department attempted to cease providing such goods to employees, citing fiscal constraints. Grievances filed by two employee unions thwarted the department. Our review found no evidence documenting when, why, or how the household supplies were historically provided to employees or their cost.

Finally, we found that the department's poor oversight extends to its inability to distinguish between patient and non-patient costs. For example, the department was unable to determine how much it spent to provide employees with household supplies or to maintain employee housing. Likewise, purchases made at the Kalaupapa store are not tracked separately for patients and non-patients.

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## Recommendations and Response

We made several recommendations to the Department of Health to improve Kalaupapa operations. We suggest that the department draft formal policies and procedures and appropriate administrative rules, update position descriptions and provide necessary training, and track patient and non-patient costs separately. We also recommended that the Legislature take action to ensure that the department addresses problem areas.

The department appeared to generally agree with our findings, specifically expressing pleasure with our finding that it is in compliance with its statutory obligations regarding patients' medical and basic living needs. The department noted that in those instances where our report identified clear failure to adhere to state and department policies and procedures, corrective actions have already been initiated or will be implemented shortly. The department also provided additional background information for several issues raised in the report.

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**Marion M. Higa**  
State Auditor  
State of Hawaii

Office of the Auditor  
465 South King Street, Room 500  
Honolulu, Hawaii 96813  
(808) 587-0800  
FAX (808) 587-0830