
SENATE CONCURRENT RESOLUTION

REQUESTING THE AUDITOR TO CONDUCT A FINANCIAL AND MANAGEMENT
AUDIT OF THE HAWAII CENTERS FOR INDEPENDENT LIVING.

1 WHEREAS, Title VII of the Rehabilitation Act of 1973, as
2 amended, provides enabling legislation for the establishment of
3 a network of independent living centers for persons with
4 disabilities in the United States; and
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6 WHEREAS, independent living centers are required to be
7 consumer-controlled, community-based, cross-disability,
8 nonresidential, private nonprofit agencies that aim to maximize
9 the independence of individuals with disabilities and promote
10 their integration into the mainstream of American society; and
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12 WHEREAS, the core required minimum services of an
13 independent living center are information and referral,
14 independent living skills training, peer counseling, and
15 advocacy services; and
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17 WHEREAS, the Hawaii Centers for Independent Living receives
18 nearly \$1,200,000 in federal Rehabilitation Act funds and state
19 general funds; and
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21 WHEREAS, the Hawaii Centers for Independent Living has had
22 a high staff turnover and an exodus of board members within the
23 past five years resulting in a lack of continuity of services;
24 and
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26 WHEREAS, under the federal Education Department General
27 Administrative Regulations, the State is responsible for
28 managing the day-to-day operations of grant and subgrant
29 supported activities, and must monitor grant and subgrant
30 supported activities to assure compliance with applicable
31 federal requirements and that performance goals are being
32 achieved; and
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1 WHEREAS, the Legislature is concerned as to whether the
2 Hawaii Centers for Independent Living is meeting its core
3 function and delivering the services as contracted; and
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5 WHEREAS, the Legislature is concerned as to whether
6 independent living services are available to the full spectrum
7 of persons with disabilities; and
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9 WHEREAS, state contracts require the Hawaii Centers for
10 Independent Living to submit annual and quarterly reports for
11 all its contracts, including final comprehensive, expenditure
12 and activity reports, and the Center has reportedly failed to
13 submit eight annual reports and sixty-six quarterly reports,
14 including expenditure and activity reports, for state contracts
15 dating from 2002 through the present; and
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17 WHEREAS, the Legislature has received testimony from a
18 number of former Center employees who held such positions as
19 finance director, human resources director, deputy operations
20 director, independent living specialist, and neighbor island
21 program coordinator; and these persons have reported instances
22 of alleged fiscal improprieties, misappropriation of funds, and
23 fraud between 2003 and 2006, including the following:
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- 25 (1) Hawaii Centers for Independent Living Board of
26 Directors approved contract moneys for staff bonuses
27 which were not allowable expenses;
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- 29 (2) In 2005, the Executive Director instructed the
30 Center's Finance Director to issue false invoices,
31 reports, and improper checks indicating contracted
32 services;
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- 34 (3) Between July 2005 and April 2006, the Executive
35 Director transferred funds from federal grant moneys
36 in amounts exceeding actual expenditures;
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- 38 (4) The Executive Director received payment for airline
39 tickets, hotel accommodations, and per diem moneys for
40 agency travel, and cancelled the trips without
41 providing reimbursement for funds received;
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- 43 (5) The Executive Director used a Center vehicle for her
44 regular personal use but which was purchased with



1 Department of Transportation funds solely for use as
2 client transportation, and instructed the Center's
3 Finance Director to charge the fuel, insurance, and
4 vehicle repair expenses to three state contracts that
5 did not allow for vehicle expenditures; and
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- 7 (6) The Executive Director hired a security specialist and
8 paid this individual approximately \$2,000 per month
9 out of grant moneys when the services were not
10 budgeted and did not relate to the grants; and
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12 WHEREAS, more than twenty-five Center employees have left
13 their positions either because they were fired for complaining
14 about the Executive Director or were forced to resign due to
15 threats by the Executive Director; and
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17 WHEREAS, the Legislature has also received complaints from
18 numerous persons in Hawaii county with hearing and sight
19 impairments stating that the Center is not presently providing
20 services, and that the Center closed the cases of clients who
21 had offered testimony in support of Senate Concurrent Resolution
22 No. 81 in 2007 which called for an audit of the Center; now,
23 therefore,
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25 BE IT RESOLVED by the Senate of the Twenty-fourth
26 Legislature of the State of Hawaii, Regular Session of 2008, the
27 House of Representatives concurring, that the Auditor is
28 requested to conduct a financial and management audit of the
29 Hawaii Centers for Independent Living in the State of Hawaii;
30 and
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32 BE IT FURTHER RESOLVED that the audit determine whether:
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- 34 (1) The Hawaii Centers for Independent Living is
35 fulfilling the mission of providing core services;
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37 (2) The Board of Directors of the Hawaii Centers for
38 Independent Living is meeting its oversight and
39 fiduciary responsibilities;
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41 (3) State or federal agencies providing funding are
42 adequately monitoring program outcomes, financial
43 management practices, and consumer satisfaction; and
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1 (4) Program effectiveness and consumer satisfaction are
2 adequately measured and, if not, the Auditor is
3 requested to seek out at least some consumer input;
4 and
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6 BE IT FURTHER RESOLVED that the Auditor report its findings
7 and recommendations to the Legislature no later than twenty days
8 prior to the convening of the Regular Session of 2009; and
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10 BE IT FURTHER RESOLVED that certified copies of this
11 Concurrent Resolution be transmitted to the Board Chair and
12 Executive Director of the Hawaii Centers for Independent Living,
13 the Director of Human Services, the Administrator of the
14 Vocational Rehabilitation and Services to the Blind Division,
15 the Federal Rehabilitation Services Administration, the Council
16 President and the Executive Director of the Statewide
17 Independent Living Council of Hawaii, and the Auditor.

