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HOUSE COMMITTEE ON HEALTH & HUMAN SERVICES  
The Honorable John M. Mizuno, Chair  
The Honorable Bertrand Kobayashi, Vice Chair

**H.B. NO. 1897, RELATING TO HUMAN SERVICES**

Hearing: Thursday, January 25, 2018, 9:00 a.m.

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The Office of the Auditor has **no position** regarding H.B. NO. 1897, which requires us to audit each domestic violence nonprofit organization that has received state funding in the past 5 years. **However, we have strong concerns about the legal authority to conduct the work required by the bill as currently drafted.**

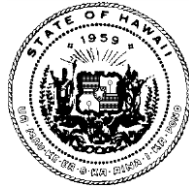
The work called for by H.B. NO. 1897 likely exceeds our legal authority as the State Auditor. H.B. NO. 1897 would require the State Auditor to audit nonprofit organizations, which are non-state agencies and fall outside of the Auditor's authority to audit "all departments, offices, and agencies of the State and its political subdivisions"<sup>1</sup> that Hawai'i Revised Statutes ("HRS") Chapter 23 vests in the State Auditor.

If the legislature is concerned with how nonprofits are managing and spending the monies awarded/appropriated to them, we would suggest a performance audit of the State agencies awarding the monies to such nonprofits. By auditing the State agencies, for which our office has the authority to audit, we can examine the awarding of individual awards/contracts to the various nonprofits as well as evaluate how State agencies are monitoring and managing said contracts to ensure state dollars are being spent in an efficient and effective manner.

Thank you for considering our testimony related to H.B. No. 1897

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<sup>1</sup> HRS § 23-4 Duties (a)



STATE OF HAWAII  
DEPARTMENT OF HUMAN SERVICES  
P. O. Box 339  
Honolulu, Hawaii 96808

January 23, 2018

TO: The Honorable John M. Mizuno, Chair  
House Committee on Health and Human Services

FROM: Pankaj Bhanot, Director

SUBJECT: **HB 1897 - RELATING TO HUMAN SERVICES**

Hearing: Thursday, January 25, 2018, 9:00 a.m.  
Conference Room 329, State Capitol

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) appreciates the intent of the bill, and provides comments and concerns. The DHS agrees that state funds should be expended most efficiently for the direct benefit of domestic violence victims.

**PURPOSE:** The purpose of this bill is to require the state Auditor to conduct an audit of each domestic violence nonprofit organization that has received state funding in the past 5 years. The audits shall focus on accountability and oversight of the state funding.

The DHS contracts with an array of nonprofit organizations for domestic violence services and is one of the largest funders of services to address domestic violence:

- emergency shelters and transitional housing and support services;
- domestic violence services for families;
- immigrant and legal services;
- teen dating violence prevention and intervention services;
- intervention and prevention services for children; and
- training and technical assistance for shelter programs and DHS staff.

There are a number of contract and program provisions in place that provide oversight mechanisms. State funds distributed for domestic violence services vary based on the anticipated

number of people to be served and services provided. The administrative costs within the DHS domestic violence contracted budgets are limited to 15% of the contract funding.

Nonprofit organizations that receive state funding for domestic violence services are contractually required to have external audits. State funds for domestic violence services are also regularly audited for the DHS through the University of Hawaii, Maui College Continuous Quality Improvement (CQI) team.

In general, domestic violence contracted providers are also required to report to DHS, at minimum, the numbers served and services provided. The reporting schedule varies between contracts from monthly, quarterly, or annual basis. The providers must report operational costs on a monthly basis.

Providers who also receive federal funds are subject to the cost principles, reporting, and audit requirements described in 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. These processes are adequate to monitor the domestic violence programs and to hold them fiscally accountable.

While DHS is intent on improving our monitoring processes, system efficiencies and the development of more effective service delivery, we do have concerns that proposed additional oversight requirements may impact our partner nonprofit providers in ways that will decrease resources that would otherwise be directed to client services.

Domestic violence is an unrelenting societal issue that the community must constantly work to stop and respond to families who are impacted by violence in the home. Responsive domestic violence services are imperative to families experiencing family violence and teens experiencing intimate partner violence. The array of domestic violence services assist survivors and their children to provide safe shelter and support services to safely transition from the shelter back to their community. Providing information about community resources, safe alternatives, support families to plan for their safety.

Thank you for the opportunity to testify.



TO: Chair Mizuno  
Vice Chair Kobayashi  
Members of the Committee

FR: Nanci Kreidman, M.A.  
Chief Executive Officer

RE: HB 1897

The Domestic Violence Action Center (DVAC) is dedicated to addressing the complex problem of domestic violence. With a staff of 50 devoted, well trained and well supervised professionals, programs are in place to support survivors as they navigate the civil, criminal, health, housing, law enforcement, and social service systems. Funding to support the programs is received from federal, state, city and county agencies, foundations, events, client sliding fee scale, and private contributors.

Each year, DVAC works with a private accounting firm to conduct a full organization audit. The Domestic Violence Action Center solicits bids from firms and enters into a written agreement with the firm that is the best fit and affordable. Accounting professionals schedule a site visit, and review files, invoices, contracts and client files for approximately 2 weeks. Interviews with pertinent staff and review of documents are undertaken with a final Audit report provided to the Board of Directors at a regularly scheduled meeting. This audit is provided to funders when grant proposals are submitted.

It is not clear from the Bill being heard today, what the goal of an audit from the State auditor would provide that is necessary.

Thank you.

**HB-1897**

Submitted on: 1/24/2018 10:08:33 AM

Testimony for HHS on 1/25/2018 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Renaë Hamilton	YWCA of Kauai	Oppose	No

Comments:

Aloha Committee Members,

on behalf of the YWCA of Kauai I thank y out for the opportunity to express the serious concerns I have about this bill. This bill would duplicate audits that are performed on Non-profits each fiscal year. This would be a waste of resources that could be used for other purposes. I would welcome an opportunity to review with DHS staff to further examine the current funding levels and any remaining gaps in services. The YWCA has a long history of fiscal management that is reflective of our priority to stretch every dollar to better serve our community. Respectfully, Renaë Hamilton HamiltonCambeilh

**HB-1897**

Submitted on: 1/23/2018 5:37:37 PM

Testimony for HHS on 1/25/2018 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Dara Carlin, M.A.	Domestic Violence Survivor Advocate	Support	No

Comments:

Good Morning Chair Mizuno, Vice Chair Kobayashi and HHS Committee Members,

Transparency, accountability and oversight are always good and prudent for any effort so I hope this measure will provide the legislature with a clear picture of what domestic violence needs and services are through this audit.

Thank you for your interest in taking a deeper look into domestic violence services and victims' needs in Hawaii and thank you for this opportunity to provide comments **in strong support** of HB1897.

Respectfully,

Dara Carlin, M.A.



HAWAII STATE COALITION AGAINST DOMESTIC VIOLENCE  
1164 Bishop Street, Suite 1609, Honolulu, HI 96813

DATE: JANUARY 24, 2018

TO: STATE OF HAWAII, HOUSE OF REPRESENTATIVES  
COMMITTEE ON HEALTH AND HUMAN SERVICE  
REP. JOHN MIZUNO, CHAIR  
REP. BERTRAND KOBAYASHI, VICE CHAIR  
REP. DELLA AU BELATTI  
REP. ANDRIA P.L. TUPOLA  
REP. LEI R. LEARMONT

FROM: STACEY MONIZ, EXECUTIVE DIRECTOR  
HAWAII STATE COALITION AGAINST DOMESTIC VIOLENCE

RE: OPPOSITION AGAINST HB1897: RELATING TO HUMAN SERVICES

Aloha:

On behalf of the Hawaii State Coalition Against Domestic Violence (HSCADV) and our 22 member organizations across the state, I am submitting testimony opposing HB1897 which calls for the auditor to conduct an audit of each domestic violence non-profit who has received State funding.

HSCADV is one of the organizations who would be included in this, so I want to disclose this up front. We are first and foremost unclear about what this measure's intent is and what information this committee is seeking to learn. It's possible that this can be shared without a mandate by working with the organizations collectively.

As most of our member organizations do, HSCADV conducts annual financial reviews using qualified auditors to ensure that our expenses are accounted for and appropriate. As 501 c(3) organizations, our financial reports and tax returns are public record. There is tremendous transparency required of non-profits.

I also want to address your points in the bill, individually, in hopes it might help answer some of your concerns.

- (1) The percentage of each nonprofit organization's total budget that is used for staff and administrative costs compared to the costs of providing services directly for domestic violence victims;*

As human services organizations, most of our annual budgets will be for salaries for staff. These are the people who are carrying out the provision of the services directly to and with domestic violence victims. Every agency has administrative costs which vary from agency to agency, however it should be assumed that the number one expense for these organizations will be personnel costs, including taxes, health insurance and other benefits.

~ Together we can do amazing things ~

# hscadv



HAWAII STATE COALITION AGAINST DOMESTIC VIOLENCE  
1164 Bishop Street, Suite 1609, Honolulu, HI 96813

*(2) Recommendations to improve comprehensive care for domestic violence victims; and*

We support this idea and we would like to be part of that conversation. With or without an audit, our member organizations are the folks on the ground and are best positioned in each of our communities statewide to participate in these discussions. In some communities, especially on the Neighbor Islands, our member organizations are the entire comprehensive care for victims of domestic violence and they certainly can use additional support. We also work within our communities to strengthen partnerships with government and private groups and organizations to improve the system responses to domestic violence victims.

*(3) Recommendations on how domestic violence nonprofit organizations can increase efficiency by reducing staff and administrative costs so that more funds may be expended for the direct benefit of domestic violence victims.*

As stated above, staff costs are always going to be the biggest expense in most human and social service organizations. It is the staff who do the direct services that benefit victims of domestic violence. Non-profits have always done more with less funding, have always sought to increase efficiency and are constantly looking to maximize our funding dollars. These organizations, including HSCADV, are constantly looking for grant opportunities, asking for donations to support the bottom line and leveraging the state funding to bring more dollars from federal grants, and private trusts and foundations.

As stated above, HSCADV opposes HB1897.

If you would like to discuss this or have questions, I can be reached at 808.832.9613x4 or via email at [smoniz@hscadv.org](mailto:smoniz@hscadv.org).

~ Together we can do amazing things ~





**TO: Chair Mizuno, Vice Chair Kobayashi, and Members of the House Committee on Health and Human Services**

**FROM: Ryan Kusumoto, President & CEO of Parents And Children Together (PACT)**

**DATE/LOCATION: January 25, 2018; 9:00 a.m., Conference Room 329**

**RE: TESTIMONY IN OPPOSITION OF HB 1897 – RELATING TO AUDITS OF DOMESTIC VIOLENCE NONPROFIT ORGANIZATIONS**

**We urge you to oppose HB 1897 – Relating to audits of each domestic violence nonprofit organization that has received state funds in the past five years.** As a state contracted agency for domestic violence shelter services we understand and agree that all organizations need to be held to the highest standards and accountable for the state funds received. We are curious as to the intention behind this bill and feel this bill is unnecessary for the following reasons:

- Our contracts are already monitored on a regular basis which would duplicate effort.
  - The contracting state agencies will typically review programs with internal or external contracted reviewers/auditors.
  - This involves a review/audit of:
    - Fiscal expenditures
    - Outcomes and Outputs
    - Contract requirements
    - Staffing/HR audit
- Additionally, we are required to provide monthly or quarterly reports on our activities as required by our contracts, that detail the efficacy of our programs. We work closely with our state agencies like the Department of Human Services (DHS) and Department of Health (DOH) to continuously improve service delivery through this relationship.
- Organizations like Parents And Children Together are accredited by many national and international agencies to do this work. As a result, we are held to the highest standards of service delivery to provide the highest, comprehensive, and most effective levels of care.
- If we have an additional audit, it will mean that critical services will be impacted by the need to focus additional time and resources to an audit (in addition to the required reporting and monitoring we already have). This diverts time and resources that are not covered by current contracts. Secondly, state agencies like DHS and DOH have also dedicated significant time and effort to provide the informed review of these programs.
- The funds received for operations only partially cover the costs to operate domestic violence programs. As a provider of these services the funding we receive does not cover the full cost of our operations, which requires agencies like ours to do additional fundraising to make up the difference. For years, our contracted funding amounts have remained unchanged or have been reduced while costs have increased.
- Majority of nonprofit organizations providing such services receive the minimum amount for administrative costs. These nonprofit agencies are already expending the maximum amount of contracted dollars toward service delivery.

Founded in 1968, Parents And Children Together (PACT) is one of Hawaii's not-for-profit organizations providing a wide array of innovative and educational social services to families in need. Assisting more than 18,000 people across the state annually, PACT helps families identify, address and successfully resolve challenges through its 16 programs. Among its services are: early education programs, domestic violence prevention and intervention programs, child abuse prevention and intervention programs, child and adolescent behavioral health programs, sex trafficking intervention, and community building programs. We see many victims fleeing one of the most dangerous situations on a daily basis. We also work with individuals and families to prevent domestic violence from happening.

- For example, last year the Ohia Domestic Violence Shelter served 157 adults and children for a total of 4997 bed days.
- Our hotline also received 793 crisis calls; 166 of these callers were accepted into shelter and 627 were provided supportive services and referrals.
- A total of 784 people were served during the last fiscal year through our shelters.
- We served over 4,000 women, men and children through our Family Peace Domestic Violence Intervention Services.

While we believe in accountability to the State, it is vitally important that domestic violence agencies focus their resources on continuing to provide the most critical direct services and immediate care to clients in need without the burden of an additional audit. Thank you for the opportunity to testify in **opposition to HB 1897**, please contact me at (808) 847-3285 or [rkusumoto@pacthawaii.org](mailto:rkusumoto@pacthawaii.org) if you have any questions.

**HB-1897**

Submitted on: 1/24/2018 9:05:42 AM

Testimony for HHS on 1/25/2018 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Dr. Guy Yatsushiro	Internal Medicine	Support	No

Comments:

**HB-1897**

Submitted on: 1/24/2018 1:12:40 PM

Testimony for HHS on 1/25/2018 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Kalen Holbrook		Support	No

Comments:

**LATE***Rep. John M. Mizuno  
FAX 1-808 586-6311*

To : HOUSE OF REPRESENTATIVES THE TWENTY-NINTH LEGISLATURE REGULAR SESSION OF 2018.

REPRESENTATIVE. JOHN M MIZINO, CHAIR / REPRESENTIVE BERNARD KOBAYASHI, VICE CHAIR.

REPRESENTATIVE. DELLA AU BELATTI, / REPRESENTATIVE ANDRIA P.I. TUPUOLA, / REPRESENTATIVE  
LEI R LEARMONT.

FROM : ROBERT SHOOK / 74-5103 UHI UHI PLACE, KAILUA, KONA 96740 / PHONE # 1-(808) 785-4713  
CELL. / 1-(808) 355-3050 HOME. / 1-\*08) 933-3450 WORK.

PERTAINING TO BILL ( HB 1897 ) I STRONGLY AGREE . THIS IS LONG OVER DUE, SHOULD BE ADDRESSED  
BASED ON GENERAL PRACTICES.

PERTAINING TO BILL ( HB ( 1858 ) THIS IS AN GOING PROBLEM THAT NEEDED TO BE ADDRESSED  
YESTERDAY, THE ELDERLY IS A GROWING CONCERN / THIS SHOULD BE TAKEN AS SERIOUS AS / NORTH  
KOREA, / ELDERLY ARE PROBABLY THE MOST PREYED UPON VICTIMS / NOT ONLY BY SO CALLED FAMILY  
MEMBERS, BUT STATE EMPLOYEES OR ( APS ) WORKERS OR OTHER AGENCY WORKERS. WITH NO  
RECOURSE FOR JUSTICE, BEING THERE IS NO COMPLAINT SYSTEM WITH GUIDELINES TO BE FOLLOWED  
BY THE LETTER OR THE LAW(S). CURRENTLY IN ( APS ) . THERE IS NO HELP AVAILABLE TO ELDERLY WHO  
COMPLAINS OF BEING MISTREATED BY ( APS ) OR FINANCIALLY EXPLOITED, REFER TO COMPLAINT  
SENT TO MR. BAHANJOT, ( DHS ) DIRECTOR, MR. ELLIOT KANO, DEPUTY DIRECTOR ( DHS ) / HAWAII  
STATE ETHICS COMMISSION, MRS. JEFFERIES, KONA OFFICE ( APS ) AND STATE OMBUDSMAN . / BY  
ROBERT SHOOK / FOR DON AND MAGGIE SODERGREN. / STRONGLY AGREE WITH PERPOSAL. / IF NEED  
BE I CAN BE CONTACTED TO PROVIDE DOCUMENTS, TO SHOW POSSIBLE WRONG DOING, VIOLATIONS  
OF LAW, IMPERSONATING OF A DOCTOR, MISUSE OF AUTHORITY, ABUSE OF POLICE BY (APS ) WORKER.  
AND NO AUDIT, OF COURT ORDERED CONTROL FINANCIAL FUNDS BY INSTITUTIONS NOT REQUIRED PER  
MR. ELLIOT KANO, THAT'S INSANE. /THEY DON'T FOLLOW THEIR POLICY AND PROCEDURES, NOTIFY  
PROPER AUTHORTIES AND REPORT CRIMES. / PLEASE CALL ME 1-(808) 785-4713 / SHOOK. / I'AM  
CURRENTLY WAITING FOR COMPLETED INVESTIGATION(S) DONE ON MY FAMILY MEMBERS, UNDER 92-F  
SUNSHINE LAWS, IN WHICH MR. ELLIOT KANO, REPLIED HIRE AN ATTORNEY, (96) YEAR OLD WANTS TO  
KNOW WHAT HAPPENED TO HIS PROPERTY DURING THE TIME THEY MR. AND MRS. WAS PLACED  
UNDER ( APS CARE) . SHOULD HAVE BEEN ANSWERED IN (10 ) DAYS TO ( 30 ) DAY, ( 6 ) MONTHS GOING  
ON A YEAR HAS GONE BY. THIS IS YOUR CURRENT SYSTEM, / SUPERVISOR'S NOT HELD ACCOUNTABLE  
SO DO YOU HOLD EMPLOYEES ACCOUNTABLE. / MILLIONS OF DOLLARS EAR MARKED TO PROTECT  
ELDERLY / WHY ARE THEY ONE OF THE HOMELESS GROUP. / FROM HOME OWNERS TO PARK DWELLERS.  
BECAUSE THEY CAN'T COMPLAIN, / CAN'T ASK FOR HELP SOME ARE FALSELY LABELLED MENTALLY I'LL,  
NO ONE WILL LISTEN TO THEM.

I SUGGEST HUMBLY, THAT YOU LOOK INTO ALL CURRENT WORKERS, TO SEE IF ANY ETHIC VIOLATIONS  
OCCURRED, SUCH AS PEOPLE GETTING RICH ON THE ELDERLY, BUYING PROPERTY FOR PENNIES, TO PAY  
SO CALLED HOSPITAL BILLS, THAN SELLING FOR DOLLARS. / YOU MIGHT BE SUPERIZED.

PERTAINING TO BILL ( 1759 ) STRONGLY AGREE.