<table>
<thead>
<tr>
<th></th>
<th>BOR &amp; COMMITTEE DOCUMENT ROUTING SLIP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Original Document Time Stamped (Admin)</td>
</tr>
<tr>
<td>2.</td>
<td>Time Stamped Original Given to MM</td>
</tr>
<tr>
<td>3.</td>
<td>Original Document Logged (MM)</td>
</tr>
<tr>
<td>4.</td>
<td>Copy Document, Stamp Copy &amp; Put in File Cabinet #3 (MM)</td>
</tr>
<tr>
<td>5.</td>
<td>Original to CQ for Review</td>
</tr>
<tr>
<td></td>
<td>□ CQ Approve</td>
</tr>
<tr>
<td></td>
<td>□ Return Document to Admin for Revision</td>
</tr>
<tr>
<td></td>
<td>(If Returned, Attach New Routing Slip)</td>
</tr>
<tr>
<td>6.</td>
<td>Replace Copy with Approved Original in File Cabinet #3 (MM)</td>
</tr>
<tr>
<td>7.</td>
<td>Scan Approval Original onto BOR/CMTE Folders on Share Drive (MM/SY)</td>
</tr>
<tr>
<td>8.</td>
<td>Input Item on Draft Agenda (MM/SY)</td>
</tr>
</tbody>
</table>
February 6, 2015

TO: Benjamin Kudo, Chair
    Committee on Independent Audit

THROUGH: David Lassner
         President

FROM: Kalbert K. Young
      Vice President for Budget and Finance/Chief Financial Officer

SUBJECT: University of Hawai‘i Internal Control and Business Issues Report and Corrective Action Responses for the Internal Control and Business Issues Report

Attached is the University of Hawai‘i Internal Control and Business Issues Report for the Year Ended June 30, 2014. This report is an item for review and acceptance at the Independent Audit Committee meeting on February 12, 2015.

These report has been completed by Accuity LLP to satisfy annual audit requirements and expectations. The Internal Control and Business Issues Report is officially provided to the Board of Regents as a draft and subject to Board acceptance before designation as final. Cory Kubota, CPA, of Accuity LLP will be providing the discussion presentation to the Independent Audit Committee.

Also attached is the Corrective Action Responses for the Internal Control and Business Issues Report, which provides the management responses to the Accuity LLP audit comments and the management corrective action plans to address the business issues.

Attachment

c: University Internal Auditor (w/o Attachments)
   University Controller (w/o Attachments)
To the Board of Regents
University of Hawai’i

In planning and performing our audit of the consolidated financial statements of the University of Hawai’i (the "University") as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting ("internal control") as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of the University’s internal control.

We are pleased to present for your consideration, comments and observations identified during the course of our audit that were not required to be reported in our OMB Circular A-133 compliance audit report. This letter is intended solely for the information and use of the Board of Regents, management, and others within the University and is not intended to be and should not be used by anyone other than these specified parties.

If you would like any further information or would like to discuss any of the issues raised, please do not hesitate to contact us.

Honolulu, Hawaii
February 4, 2015
University of Hawai‘i
State of Hawai‘i
Index
Year Ended June 30, 2014

Page(s)

Current Year Comments and Observations.......................................................... 1-4
Summary Schedule of Prior Comments and Observations................................. 5
University of Hawai‘i  
State of Hawai‘i  
Current Year Comments and Observations  
Year Ended June 30, 2014

Comment No. 14-01: Unrecorded Liabilities

During our audit, we noted $2,550,730 in unrecorded liabilities, $1,720,730 of which related to the following federally funded major programs:

- Title III Higher Education – Institutional Aid - $176,917
- Research and Development Cluster - $1,040,365
- Title VII Native Hawaiian Education - $503,448

The remaining $830,000 in identified unrecorded liabilities related to the University's non-federally funded activities.

We noted that during fiscal 2014, the Office of Research Services conducted various training sessions and created other informational material to educate fiscal personnel on the importance of recording expenditures in the proper reporting period.

The amounts as documented above pertained to invoices rendered for services rendered prior to June 30, 2014, but such invoices were improperly excluded from the University's accrued liabilities for the year ended June 30, 2014.

Although the improper exclusion of federally funded activities from the University's accrued liabilities will have no net effect on the change in net position as reported in the Consolidated Statements of Revenues, Expenses and Changes in Net Position, failure to properly accrue expenses in the appropriate fiscal reporting period may result in inaccurate amounts reflected in the federal grant revenue amount reported in the University's consolidated financial statements.

Failure to properly accrue non-federally funded activities may result in inaccurate accounts payable and expense amounts reflected in the University's consolidated financial statements.

Recommendation

To ensure the accuracy of accounts payable, expense and federal grant revenue amounts reported in the University's consolidated financial statements, we recommend that the responsible Principal Investigator and Fiscal Administrator ensure that all expenditures are accurately recorded in the proper fiscal period.

Comment No. 14-02: Ship Operations

During our current year audit, we noted that the University's Ship Operations specialized service facility ("Ship Ops") was operating at a cumulative deficit of approximately $6.9M in revolving accounts maintained at RCUH, at December 31, 2013. Furthermore, we noted as of the completion of fieldwork for our 2014 audit, Ship Ops was projecting an operating deficit for the 2014 calendar year.

Section J of OMB Circular A-21; paragraph 44. Specialized Service Facilities states:

- The cost of such institutional services when material in amount will be charged directly to users, including sponsored agreements based on actual use of the services and a schedule of rates that does not discriminate between federally and non-federally supported activities of the institution, including use by the institution for internal purposes. Charges for the use of specialized facilities should be designed to recover not more than the aggregate cost of the services over a long-term period agreed to by the
University of Hawai‘i
State of Hawai‘i
Current Year Comments and Observations
Year Ended June 30, 2014

institution and the cognizant Federal agency. Accordingly, it is not necessary that the rates charged for services be equal to the cost of providing those services during any one fiscal year as long as rates are reviewed periodically for consistency with the long-term plan and adjusted if necessary.

Failure to properly calculate the appropriate break even rate to be billed to users of Ship Ops will necessitate management of the University to identify outside sources of working capital to ensure the future operational viability of Ship Ops.

Recommendation

As the rates that can be billed to users of the vessels are regulated by the National Science Foundation, we recommend that management continue to evaluate the operational feasibility of the vessels and develop a long term plan to subsidize the accumulated deficit of Ship Ops.

We also recommend that management continue to identify additional sources of working capital that can be designated to assist in funding the daily operating costs of the vessels, including designating currently available working capital maintained in revolving accounts at RCUH to be used specifically to support the operations of Ship Ops.

Comment No. 14-03: Nonmonetary Federal Assistance

In April 2012, Honolulu Community College received the donation of two buildings from the State of Hawaii (the “State”). Based on the University’s discussions with the State, the buildings maintained an aggregate historical cost of $9,516,284 and approximate fair value of $2,210,294 at the date of transfer.

In May 2014, the University received communications from the State regarding the inclusion of the donated property in the University’s Schedule of Expenditure of Federal Awards (“SEFA”). Prior to the receipt of these communications, the corresponding federal expenditures related to the approximate fair value of the buildings were not recognized in the University’s SEFA. Also, the University did not receive any information from the State related to the sponsoring organization from whom the federal monies that were initially used to procure the buildings were provided by.

Paragraph (b)(6) of section .310, Financial Statements, of OMB Circular A-133, states that an entity’s Schedule of Expenditure of Federal Awards shall:

“Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule.”

Failure to report the amount of non-cash assistance received by the University in the appropriate reporting period exposes the University to an undue risk of a material misstatement of the reported amount of federal assistance received.

Recommendation

We recommend that the University’s Property Fund Management Office ensure that the Office of Research Services is notified in a timely manner upon the receipt of any donated items that were previously procured with federal funds.
Comment No. 14-04: Untimely Execution of Purchase Orders

During our audit of the Title VII Native Hawaiian Education major program, we noted two instances in which a purchase order was executed and approved subsequent to the receipt of the goods or services from the vendor.

An executed and approved purchase order serves as an indication that a formal agreement between the vendor and the University regarding the nature and cost of goods or services to be provided has been reached.

Failure to complete a purchase order prior to the commencement of services or the receipt of goods from a vendor exposes the University to an undue risk of the misuse of federal funds.

Recommendation

We recommend that the University ensure that a purchase order is properly executed and approved prior to the receipt of goods or services from a vendor.

Comment No. 14-05: Performance Reporting

During our audit, we noted that the University did not submit quarterly performance reports for the C3T Program, in a timely manner as follows:

- Award number TC-23786-12-60-A-15
  - The quarterly performance report for the period ended 12/31/2013 was not submitted by the University until 2/18/2014, 4 days after the required deadline.

- Award number TC-23858-12-60-A-15
  - The quarterly performance report for the period ended 3/31/2014 was not submitted by the University until 5/15/2014, 1 day after the required deadline.

Federal performance reporting guidelines require the submission of quarterly performance reports no later than 45 days after the end of the reporting period.

Federal performance reports not submitted in a timely manner can adversely affect funding received from the various awarding agencies.

On February 3, 2015, the University obtained correspondence from the Department of Labor indicating that they had completed their review of the University's grants under awards TC-23786-12-60-A-15 and TC-23858-12-60-A-15. The Department of Labor noted that they did not identify the untimely submission of the performance reports as a finding during their review.

Recommendation

We recommend that the University ensure that the quarterly performance reports are submitted timely in accordance with federal regulations.
Comment No. 14-06: Travel Completion Report

During our audit of the C3T program, we noted instances where "Travel Completion Report" forms were not submitted in a manner consistent with the policies set forth in the University's APMs. The instances of noncompliance were as follows:

- For the travel period from February 7, 2014 to February 9, 2014, the "Travel Completion Report" was not submitted until May 7, 2014.
- For the travel period from June 8, 2013 to June 20, 2014, the "Travel Completion Report" was not submitted until September 10, 2013.

Paragraph 14, subsection f, of section A8.851, Employee Out-of-State and Intra-State Travel, of the University's Administrative Procedures Manual states that "the Travel Completion report must be submitted to the traveler's business office within 21 calendar days from the end date of the trip."

Failure to submit the "Travel Completion Report" in a timely manner may result in the untimely disbursement of federal funds by the University.

Recommendation

We recommend that all reimbursement requests for travel expenditures are submitted and approved in a timely manner in accordance with University and RCUH policies.

Comment No. 14-07: Centralization of Student Financial Aid Packaging

During our prior audits, we noted that the University began to evaluate centralization of its student financial aid processing functions for the Community Colleges. Based on discussion with system personnel, currently they have three temporary staff whose primary focus is to (1) assist campuses to streamline campus financial aid application processes and improve efficiencies, and (2) to communicate with financial aid applicants to increase completion of their applications, in hopes of facilitating their enrollment by receiving financial aid. We believe, with a reallocation of resources and permanent staffing of this system office, centralization can be further expanded to include packaging of aid, compliance reporting and other back office functions.

During our 2014 audit, we noted that the University has implemented certain application processes and computerized procedures at the community college system level and is also evaluating additional financial aid processes that could be centralized.

Recommendation

We recommend that the University continue its consideration of centralizing many of the compliance monitoring and reporting functions at the system level to ensure consistent review of compliance requirements are done for all 10 campuses. We believe that the focus of the campus financial aid officer and counselors should be to counsel their students and attend to their specific needs.
Summary Schedule of Prior Comments and Observations
<table>
<thead>
<tr>
<th>Finding</th>
<th>Description</th>
<th>Type</th>
<th>Status</th>
<th>Current Year Finding</th>
</tr>
</thead>
<tbody>
<tr>
<td>13-01</td>
<td>Procurement Testing</td>
<td>Control Deficiency (&quot;CD&quot;)</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>13-02</td>
<td>Implementation of Kuali Financial System</td>
<td>CD</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>13-03</td>
<td>Timesheet and Payment System (&quot;TAPS&quot;) and PeopleSoft Information Technology Controls</td>
<td>CD</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>13-04</td>
<td>Financial Closing Process with KFS</td>
<td>CD</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>13-05</td>
<td>Centralization of Student Financial Aid Packaging</td>
<td>CD</td>
<td>X</td>
<td>14-07</td>
</tr>
<tr>
<td>13-06</td>
<td>Financial Aid Award Summary</td>
<td>CD</td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>
CORRECTIVE ACTION RESPONSES FOR THE INTERNAL CONTROL AND BUSINESS ISSUES REPORT

FISCAL YEAR ENDED JUNE 30, 2014
Comment No. 14-01: Unrecorded Liabilities

Individuals Responsible: Donald Young, College of Education, Dean
Brian Hamasaki, College of Education, CRDG, Fiscal Administrator
Durome Campbell, College of Education, CDS, Fiscal Administrator

Date Action Taken: Immediately

The unrecorded liability had occurred due to a data entry error and appropriate action was not taken to address the issue. In the event that this action occurs in the future, the following procedure will be followed: If there is an input error on the “service date” on an extramurally funded project paid through RCUH; GALC, ORS-Compliance, and RCUH will be notified via email. The email will explain the situation and will also include the correct “service date.” If the erroneous service date is after the fiscal year end, the invoice/payment will be included on the Unrecorded AP list with an explanation.

Individual Responsible: Manuel Cabral, Leeward Community College, Chancellor
Cecilia Lucas, Leeward Community College, Fiscal Administrator

Date Action Taken: January 31, 2015

The Principal Investigator (PI) and his/her staff, will stamp all invoices with an aging stamp; the service date/date goods and services were received, will be provided by the PI on the aging stamp. The PI will sign on the aging stamp, certifying that the Information provided is accurate.

The PI or his/her staff, will post the service date information, derived from the aging stamp, to the RCUH payment website and route the invoice to the Business Office. The Fiscal Administrator and/or the APT in the Business Office will review the aging stamp information on the invoice and compare it to the information entered in the RCUH payment website. If the dates agree, the invoice will be forwarded to the Accounts Payable clerk who will do a final review and approve the invoice in the RCUH payment website. If there is a discrepancy, the invoice will be disapproved and returned to the PI.

Individual Responsible: Richard Rocheleau, HNEI, Director
David Oride, HNEI, Senior Fiscal Administrator

Date Action Taken: January 30, 2015

PIs and Project Staff have been reminded of the importance for reporting expenditures in the proper reporting period. New procedures have been implemented that require the Project Staff to submit all invoices to the fiscal office once they’re received.
Comment No. 14-01: Unrecorded Liabilities (Continued)

Individual Responsible: Maria Gallo, CTAHR, Dean
Janis Morita, CTAHR, Senior Fiscal Administrator

Date Action Taken: Ongoing

In order to mitigate future occurrences of unrecorded liabilities for CTAHR, the CTAHR fiscal office, in addition to providing training, is working to develop a mechanism to identify expenses that should be captured as unrecorded liabilities for a particular fiscal year. Special attention will be made to identify purchase orders and other documents for which goods and/or services span multiple fiscal years and for documents for which goods and services have been received prior to the end of a particular fiscal year but not paid as of the fiscal year end. Individual Fiscal Administrators in the CTAHR fiscal office will identify unpaid purchase orders and in-transit documents through, KFS, eThinity, and other systems, and will work with the departments/individual PIs to verify if goods and/or services have been received prior to the end of the fiscal year that may need to be included on CTAHR’s report of unrecorded liabilities.

Individual Responsible: Irene Herold, Library Services, Director
Chiu Wong, Library Services, Admin & Fiscal Support Specialist

Date Action Taken: October 15, 2014

Library Services lost its Fiscal Administrator on 06/17/2014 leaving the fiscal office shorthanded. The new Fiscal Administrator will be reminded to follow up on outstanding unrecorded liabilities to ensure timely processing next year.

Comment No. 14-02: Ship Operations

Individual Responsible: Brian Taylor, SOEST, Dean
Juanita Andaya, SOEST, Director of Administrative Services

Date Action Taken: Ongoing

SOEST was asked to address concerns raised in an internal control audit of the Ship Operations accounts entitled “Comment No. 14-__: Ship Operations”, which provides an analysis of 9 annual (calendar year) RCUH Revolving Accounts used for managing SOEST ship operations for each year from 2008 through 2014 (with 2014 through September), as well as a statement of cumulative surplus/(deficit) prior to 2008.

The accounts analyzed include:
R/V Kilo Moana (KM) Operations
R/V Ka‘imikai-O-Kanaloa (KOK) Operations
Shore Support Operations
UMC Facility Operations
Comment No. 14-02: Ship Operations (Continued)

Four much smaller accounts that have limited use:
R/V Wyrtdl Operations (a small vessel that was sold in 2012)
R/V Kalmalino Operations (a medium size vessel that was never put in service)
"Kilo Moana Crew/Techs" (used only to pay one 20% FTE employee for 4 years)
UMC Facility Move/Clean Up (used to prepare to move UHMC, starting 2014)

One other account was evaluated beginning in 2014:
Mandated Reserves

The evaluation states that these nine Ship Operations accounts have a surplus/deficit in aggregate over this period of:

Pre-2008: $1,051,877.35
1/1-12/31/2008: 64,373.86
1/1-12/31/2009: 16,110.74
1/1-12/31/2010: (766,525.35)
1/1-12/31/2011: (578,354.12)
1/1-12/31/2012: (2,979,087.13)
1/1-12/31/2013: (3,667,376.61)
Aggregate position: (6,858,955.25) through end of 2013
1/1-09/30/2014: (276,525.14) said to show a projection of an operating deficit for the 2014 calendar year

Our own analysis suggests that while still a serious concern, the magnitude of the deficit is considerably less than that shown above, mainly due to the methodology used, which fails to capture any costs or income that is credited to the account after 12/31 of the operating year. In many cases, delayed payment for use of vessel time gets credited in January of the subsequent year, or even later. In an extreme case, more than $2 million in payments for ship usage was credited to the 2012 account in January 2013, and was not updated in the audit workpapers.

We provide an analysis here of the three largest accounts (KM Operations, KOK Operations, Shore Support Operations) in the table below to address this issue, and to help clarify the reasons for the deficits that have been incurred.
Comment No. 14-02: Ship Operations (Continued)

Large vessel and facility operations:

**Total expenses:**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>KM Ops</td>
<td>6,889,227</td>
<td>7,405,374</td>
<td>6,949,258</td>
<td>7,481,341</td>
<td>7,665,473</td>
</tr>
<tr>
<td>Shore Ops-KM*</td>
<td>980,671</td>
<td>739,208</td>
<td>1,109,314</td>
<td>1,178,922</td>
<td>1,218,366</td>
</tr>
<tr>
<td>Subtotal-KM Ops</td>
<td>7,869,898</td>
<td>8,144,582</td>
<td>8,058,572</td>
<td>8,660,263</td>
<td>8,883,840</td>
</tr>
<tr>
<td>KOK Ops</td>
<td>2,492,647</td>
<td>3,823,134</td>
<td>3,120,872</td>
<td>3,872,992</td>
<td>1,498,868</td>
</tr>
<tr>
<td>Shore Ops-KOK*</td>
<td>372,231</td>
<td>677,510</td>
<td>297,997</td>
<td>303,291</td>
<td>230,363</td>
</tr>
<tr>
<td>Subtotal-KOK Ops</td>
<td>2,864,878</td>
<td>4,500,644</td>
<td>3,418,869</td>
<td>4,176,283</td>
<td>1,729,232</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>10,734,776</td>
<td>12,645,226</td>
<td>11,477,440</td>
<td>12,836,546</td>
<td>10,613,071</td>
</tr>
</tbody>
</table>

**Total income:**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>KM Ops</td>
<td>7,770,000</td>
<td>8,156,700</td>
<td>7,862,000</td>
<td>8,713,900</td>
<td>8,770,300</td>
</tr>
<tr>
<td>KOK Ops</td>
<td>2,250,823</td>
<td>4,427,500</td>
<td>3,150,000</td>
<td>1,457,000</td>
<td>1,247,500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>10,020,823</td>
<td>12,584,200</td>
<td>11,012,000</td>
<td>10,170,900</td>
<td>10,017,800</td>
</tr>
</tbody>
</table>

**Annual surplus (deficit):**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>KM Ops</td>
<td>(99,898)</td>
<td>12,118</td>
<td>(196,572)</td>
<td>53,637</td>
<td>(113,540)</td>
</tr>
<tr>
<td>KOK Ops</td>
<td>(614,055)</td>
<td>(73,144)</td>
<td>(268,869)</td>
<td>(2,719,283)</td>
<td>(481,732)</td>
</tr>
<tr>
<td><strong>Annual Ops surplus</strong> (deficit)</td>
<td>(713,953)</td>
<td>(61,026)</td>
<td>(465,440)</td>
<td>(2,665,646)</td>
<td>(595,271)</td>
</tr>
</tbody>
</table>

*Shore Ops allocated to the KM and KOK based on operating days

Data shown above are from the January 31, 2015 budget reports, and they provide an accurate assessment of the status of the vessel operations from 2010 through 2014. Of particular note are the following:

1. Kilo Moana operations ran a deficit of less than 1% of annual revenues over this five-year period ($344,255 deficit over the five year period, or $69k/yr).
2. KOK operations had significant deficits every year except 2011, and an aggregate deficit of more than $4.1 million over the five year period.
3. KOK had a very large deficit in 2013, over $2.7 million, that accounts for a majority of the deficit generated by both ships over the full five year period.
Comment No. 14-02: Ship Operations (Continued)

Important points raised by this analysis are:

1. Kilo Moana operations are backstopped by a cooperative agreement between UH and NSF that allows the vessel operating rate to be adjusted at year end to recover unanticipated costs and prevent significant deficits.
2. During the period evaluated, KOK had only one year (2011) of well-funded operations with a reasonable schedule and no major maintenance issues.
3. Major operations were planned for 2013, and a contract from NOAA to support the TAO moorings along the equator was anticipated to result in an operating year exceeding $5 million for KOK. This collapsed when the new vessel control system, installed in January 2013, failed to operate properly all year and into mid-2014, cancelling about 170 scheduled operating days in 2013-14 and preventing us from scheduling additional work in the first half of 2014 due to Coast Guard decertification of operating status. The budget problem was compounded by a breakdown in Panama in mid-2013, which required us to maintain a full crew on the vessel for more than three months awaiting repairs, resulting in normal operating costs, but no income. Management and RCUH are initiating legal actions to recoup costs from Gulf Coast International.

The major issue that needs to be addressed going forward is whether it is possible to operate KOK profitably. Although the issues with the control system have finally been resolved, and the vessel is once again fully operational, her age and condition pose serious concerns, especially if she is not in routine operation. Given the difficulty covering operating costs even in the best year of the past five, and given that the HURL submersibles are in layup status, and they formed a major part of the rationale for KOK's operations, it is doubtful that we can afford to operate the ship without a new, major source of funds. This is being sought actively, but if not in place by mid-year 2015, we will likely begin to pursue sale of the vessel before her next scheduled shipyard maintenance period.

Action taken:
Since December 2013, management has been closely monitoring the ship accounts expenditures and cash flow. The marine center is processing invoices on a monthly basis and management is monitoring these billings to ensure it is being paid timely. To avoid delays in delivery of the invoices between the Sand Island facility and the Manoa campus, we have obtained approval from RCUH to accept and process scanned/electronic copies of approved invoices.

As recommended, management continues to identify additional financial resources to address current deficits and/or increase existing reserves.
Comment No. 14-03: Nonmonetary Federal Assistance

Individuals Responsible: Susan Lin, FMO, Director & Controller
Karen Morimoto, Property Fund Management Office, Director

Date Action Taken: January 30, 2015

The Property and Fund Management Office is now aware of this requirement. We will notify ORS of donated items that were previously procured with federal funds on a timely basis.

Comment No. 14-04: Untimely Execution of Purchase Orders

Individuals Responsible: Amy Agbayani, SEED, Assistant VC for Diversity
Richard Okubo, SEED, Institutional Support

Date Action Taken: November 12, 2014

From this date forward, ‘after the fact’ purchase order requisitions will not be approved. If such a service is rendered prior to the issue of a purchase order, the payment will be the responsibility of the individual who requests the service.

Periodic reviews will be held to educate program staff and directors on the proper procedures of purchase order requisitions and the consequences of an untimely purchase order request.

Comment No. 14-05: Performance Reporting

Individuals Responsible: Erika Lacro, Honolulu Community College, Chancellor

Date Action Taken: Immediately

On February 3, 2015, the University obtained correspondence from the Department of Labor indicating that they had completed their review of the University's grants under awards TC-23786-12-60-A-15 and TC-23858-12-60-A-15. The Department of Labor noted that they did not identify the untimely submission of the performance reports as a finding during their review.

The University has been submitting the quarterly performance reports for the C3T Program since then and will continue to submit the quarterly performance report in a timely manner, in accordance with sponsor deadlines.
Comment No. 14-06: Travel Completion Report

Individuals Responsible: Lui Hokoana, UH Maui College, Chancellor
                Cindy Yamamoto, UH Maui College, Fiscal Administrator

Date Action Taken: February 3, 2015

The C3T Program Project Staff have been reminded that they ensure all reimbursement requests for travel expenditures are submitted and approved in a timely manner in accordance with University and RCUH policies.

Comment No. 14-07: Centralization of Student Financial Aid Packaging

Individuals Responsible: Jan Javinar, Interim Associate VP for Student Affairs, OVPSA
                Gregg Yoshimura, Financial Aid Specialist, UH System

Date Action Taken: March 2015

Client acknowledges the perspective of auditors and concurs that the centralized processing functions have contributed to increases in completed financial aid applications. Client also will formalize a proposal to institutionalize some of the financial aid processing functions and will rely on the participating campuses to make the final programmatic decisions since they will bear the financial responsibility to cover operating costs of the centralized service.