

**DRAFT**

**STATE OF HAWAII  
OFFICE OF HAWAIIAN AFFAIRS  
560 N. Nimitz Hwy, Suite 200  
HONOLULU, HI 96817**

**Committee on Resource Management  
Minutes**

**January 22, 2020 10:00 am**

**ATTENDANCE**

Trustee Dan Ahuna, Chairperson  
Trustee Leina'ala Ahu Isa  
Trustee Kalei Akaka  
Trustee Keli'i Akina  
Trustee Carmen Hulu Lindsey  
Trustee Brendon Kalei'aina Lee  
Trustee Colette Machado  
Trustee Robert Lindsey  
Trustee John Waihe'e, IV

**Guest and Community:**

None.

**STAFF PRESENT:**

Sylvia Hussey	Nietzsche Ozawa
Raina Gushiken	Phyllis Ono-Evangelista
Carol Ho'omanawanui	Sterling Wong
Dayna Pa	Kama Hopkins
Lehua Itokazu	
Alyssa Kau	Robert Klein
Hihina Ahsing	
Anuheia Patoc	
Paul Harleman	
Maria Calderon	
Brandon Mitsuda	
Kauikeaolani Wailehua	
Zuri Aki	
Lei Ann Durant	
Nathan Takeuchi	
Everett Ohta	
Gloria Li	
Jim McMahon	
Jocelyn Doane	
Lisa Watkins-Victorino	
Maile Luuwai	

## **I. CALL TO ORDER**

### **Gavel sounds.**

**Chair Ahuna** – Thank you for being here. Today is the Committee on Resource Management for Wednesday, January 22<sup>nd</sup>, its 10:00am. To begin this meeting I'd like to start off with a roll call.

### **Roll call taken.**

	<b>Present</b>	<b>Excused</b>	<b>Comments</b>
TRUSTEE LEI <b>AHU ISA</b>	<b>x</b>		
TRUSTEE KALEI <b>AKAKA</b>	<b>x</b>		
TRUSTEE KELI 'I <b>AKINA</b>	<b>x</b>		
TRUSTEE BRENDON KALEI 'AINA <b>LEE</b>	<b>x</b>		
TRUSTEE HULU <b>LINDSEY</b>	<b>x</b>		
TRUSTEE ROBERT <b>LINDSEY</b>	<b>x</b>		
TRUSTEE COLETTE <b>MACHADO</b>	<b>x</b>		
TRUSTEE JOHN <b>WAIHE'E</b>			<b>Arrives at 10:07am</b>
CHAIRPERSON <b>DAN AHUNA</b>	<b>x</b>		
<b>TOTAL</b>	<b>8</b>		
At the Call to Order, there are (8) Trustees present.			

**Chair Ahuna** – Mahalo. For II, is there anyone in the audience who'd like to give public testimony? Is there anyone here? No. I don't see anyone so with that, III – were going to have some changes.

## **II. PUBLIC TESTIMONY**

NA

## **III. NEW BUSINESS**

### **A. Approval of Minutes**

- 1. July 31, 2019**
- 2. September 4, 2019**
- 3. November 27, 2019**
- 4. December 4, 2019**

**Chair Ahuna** - On the approval of minutes, July 31st has already been approved in November so we're going to delete 1. And 4. December 4<sup>th</sup>, I'm going to defer those minutes because they're not ready yet. And I'd like to request a 72 hour waiver for September 4<sup>th</sup> and November 27<sup>th</sup>. With that, is there a motion to approve minutes?

**Trustee Bob Lindsey** – So moved, Mr. Chair.

**Trustee Hulu Lindsey** – Oh second.

**Chair Ahuna** – It has been moved by Trustee Bob Lindsey and seconded by Trustee Hulu Lindsey. Is there any questions or concerns? If not –

**Trustee Machado** – So Mr. Chair, were approving September 4<sup>th</sup> and November 27<sup>th</sup>?

**Chair Ahuna** – That's it.

**Trustee Machado** – Thank you.

**Chair Ahuna** – September 4<sup>th</sup> and November 27<sup>th</sup>, yes. Any discussion? If there's no discussion, roll call please.

<b>Trustee Bob Lindsey, MOVED, SECOND by Trustee Hulu Lindsey. Motion to approve 9/4/2019 and 11/27/2019 minutes.</b>						
	1	2	'AE (YES)	'A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
TRUSTEE LEI AHU ISA			X			
TRUSTEE KALEI AKAKA			X			
TRUSTEE KELI'I AKINA			X			
TRUSTEE BRENDON LEE			X			
TRUSTEE HULU LINDSEY		x	X			
TRUSTEE ROBERT LINDSEY	x		X			
TRUSTEE COLETTE MACHADO			X			
TRUSTEE JOHN WAIHE'E						Excused
CHAIRPERSON DAN AHUNA			X			
<b>TOTAL VOTE COUNT</b>			<b>8</b>			
MOTION: [ ] UNANIMOUS [x] PASSED [ ] DEFERRED [ ] FAILED Motion passes with eight (8) YES votes.						

### **III. NEW BUSINESS**

#### **B. Presentation by Administration of its DRAFT Recommendations Implementation Plan on the recommendations contained in the final report prepared by CliftonLarsenAllen LLP (CLA).**

**Chair Ahuna** – Thank you. For III. B. I'm going to be calling up our Ka Pouhana, Sylvia Hussey to present administration's draft recommendations.

**KP Sylvia Hussey** – Good morning trustees. Everybody got their books?

**Trustee Akaka** – Kala mai, the camera.

**Chair Ahuna** – Sorry. \*meeting goes in to recess to tend to technical issues.

**Chair Ahuna** – \*gavel sounds. Thank you. Meeting convenes and calls on Ka Pouhana Sylvia Hussey for the III. B.

**KP Sylvia Hussey** – Thanks staff who helped put information together, refers to report received and discusses processes and implementation of CLA recommendations.

**Chair Ahuna** – Asks if there are any other questions.

**Trustee Hulu Lindsey** – Requests a timelier schedule to receive meeting info.

**KP Sylvia Hussey** – acknowledges

**Trustee Hulu Lindsey** – Thank you.

**Trustee Machado** – Mr. Chairman?

**Chair Ahuna** – Trustee Machado.

**Trustee Machado** – Asks if Sylvia can discuss the executive summary of the report.

**KP Sylvia Hussey** – acknowledges and discusses the executive summary of the report including references, definitions, and the responses. All 110 recommendations are addressed. LLC responses are also included.

**Chair Ahuna** – Calls on Trustee Lindsey, followed by Trustee Ahu Isa to share.

**Trustee R. Lindsey** – expresses thanks to staff and acknowledges that this is a positive for the people.

**Trustee Ahu Isa** – Asks about position recommendations in the summary

**KP Sylvia Hussey** – discusses and explains to clarify

**Chair Ahuna** – calls on Trustee Akina

**Trustee Akina** – Thanks KP. Agrees with internal audit function and further discusses the mentioned independent audit function that should fulfill CLA's recommendation.

**KP Sylvia Hussey** – explains how the RM Committee can function as this.

**Trustee Akina** – would like to further discuss this before we take action. He recommends a segregation of duties.

**KP Sylvia** – refers to board by laws and scope to better clarify which will be discussed tomorrow at board meeting.

**Chair Ahuna** – explains that prior to this audit, he was not the RM chair and that it was not his recommendation.

**Trustee Akina** – acknowledges and would still like KP to consider his current recommendation, which is one independent of the board.

**Trustee Ahu Isa** – discusses her work at UH and how it relates to the item being discussed.

**Trustee Akina** – explains that there were two audit functions there.

**Trustee Lee** – asks and discusses why, if we are mandated by law to be audited by the state, we would expend our own funds for another audit. And internal audit would make more sense to help us in between those mandated audits.

**KP Sylvia Hussey** – acknowledges, discusses and explains that there are a number of audits.

**Trustee Lee** – asks if the function of the internal audit is best practice.

**KP Sylvia Hussey** – yes.

**Chair Ahuna** – calls on Trustee Akina

**Trustee Akina** – thanks Trustee Lee and shares that the state audits are helpful but not sufficient to meet the recommendations of CLA.

**Trustee Lee** – questions Trustee Akina on how he is speaking to this.

**Trustees Akina** – says the state auditor explained his scope of work and shared from the last quadrennial audit.

**Trustee Lee** – asking for clarification and asks what his expertise in making that justification because he spoke with a CPA.

**Trustee Akina** – explains that he is a trustee who was here when the state auditor explained.

**Trustees Lee and Akina** – further discuss their points and thank each other.

**Trustee Machado** – questions internal auditor vs independent auditor and administrations recommendations and responses to CLA.

**KP Sylvia Hussey** – references and discusses report to clarify processes and procedures in relation to the audit functions.

**Chair Ahuna** – calls on Trustee Machado

**Trustee Machado** – discusses that we need to move forward in this matter.

**Chair Ahuna** – calls on Trustee Ahu Isa

**Trustee Ahu Isa** – gives another example of her experience with UH.

**Chair Ahuna** – calls on Trustee Akina

**Trustee Akina** – thanks KP. Discusses a possible hotline program option for employees.

**KP Sylvia Hussey** – calls on Raina. Discusses anonymity and HR roles to speak to Trustee Akina's points.

**Trustee Lee** – point of clarification questioning where the backlog of complaints are and engages in discussion to Trustee Akina's points.

**Trustee Akina** – continues discussion on his concerns re: transparency portal with KP. Adds that in the interest of time maybe it should be outside of this meeting.

**Chair Ahuna** – agrees. Calls on Trustee Lee.

**Trustee Lee** – discusses appendix C and notes.

**Sterling Wong** – requests we discuss this in executive session to Trustee Lee's points.

**Judge Klein** – clarifies that answers to certain questions can take place in executive session.

**Chair Ahuna** – calls on Trustee Akina

**Trustee Akina** – withdraws a previous statement on ethics commission's backlog (it's the office of information practice)

**KP Sylvia Hussey** – reiterates that this is a draft.

**Chair Ahuna** – calls on Trustee Hulu Lindsey

**Trustee Hulu Lindsey** – asks KP about appendix c matters and expresses concerns.

**Sterling Wong** – addresses Trustee Hulu Lindsey's concerns and explains.

**Trustee Hulu Lindsey** – has more concerns regarding items on fraud and abuse.

**Sterling Wong** – suggests executive session for further discussion on the matter. KP supports.

**Trustee Hulu Lindsey** – moves to go into executive session.

**Trustee Lee** – second.

**Chair Ahuna** – recognizes motion and second by trustees.

**Trustee Akina** – wants hand acknowledged but has nothing to say to the current motion.

**Chair Ahuna** – asks if there is any further discussion. There is none. Calls for roll call vote.

<b>Trustee Hulu Lindsey, MOVED, SECOND by Trustee Lee. Motion to move into Executive Session.</b>						
	1	2	'AE (YES)	'A'OLE (NO)	KANALUA (ABSTAIN )	EXCUSED
TRUSTEE LEI AHU ISA			X			
TRUSTEE KALEI AKAKA			X			
TRUSTEE KELI'I AKINA			X			
TRUSTEE BRENDON LEE		2	X			
TRUSTEE HULU LINDSEY	1		X			
TRUSTEE ROBERT LINDSEY			X			
TRUSTEE COLETTE MACHADO			X			
TRUSTEE JOHN WAIHE'E			X			
CHAIRPERSON DAN AHUNA			X			
<b>TOTAL VOTE COUNT</b>			<b>9</b>			
MOTION: [ ] UNANIMOUS [ x ] PASSED [ ] DEFERRED [ ] FAILED						
Motion passes with seven (9) YES votes.						

The committee resolved into Executive Session at 10:50am.

The committee returned to Open Session at 11:45am.

**Chair Ahuna** – calls on Trustee Akaka

**Trustee Akaka** – Mahalo to staff.

#### **IV. ANNOUNCEMENTS**

None.

#### **V. ADJOURNMENT**

**Chair Ahuna** calls for motion to adjourn. It has been motioned by Trustee Hulu Lindsey.

**Trustee Lee** – second.

**Chair Ahuna** - calls for roll call vote.

<b>Trustee Hulu Lindsey, MOVED, SECOND by Trustee Lee. Motion to adjourn.</b>						
	1	2	'AE (YES)	'A'OLE (NO)	KANALUA (ABSTAIN )	EXCUSED
TRUSTEE LEI AHU ISA			X			
TRUSTEE KALEI AKAKA			X			
TRUSTEE KELI'I AKINA			X			
TRUSTEE BRENDON LEE		2	X			
TRUSTEE HULU LINDSEY	1		X			
TRUSTEE ROBERT LINDSEY			X			
TRUSTEE COLETTE MACHADO			X			
TRUSTEE JOHN WAIHE'E			X			
CHAIRPERSON DAN AHUNA			X			
<b>TOTAL VOTE COUNT</b>			<b>9</b>			
MOTION: [ ] UNANIMOUS [x ] PASSED [ ] DEFERRED [ ] FAILED						
Motion passes with seven (9) YES votes.						

**Chair Ahuna** adjourned meeting at 11:47am.

Respectfully Submitted,

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Anuheia Patoc, Trustee Secretary  
Committee on Resource Management



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Dan Ahuna, Chairperson  
Committee on Resource Management

Approved: RM Committee meeting \_\_\_\_\_

Attachment(s):

- DRAFT Recommendations Implementation Plan on the recommendations contained in the final report prepared by CliftonLarsenAllen LLP (CLA).



# OHA & LLCs Contract and Disbursement Review

## Recommendations Implementation Report

### January 2020

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## I. EXECUTIVE SUMMARY

### A. Scope, Background and Context

In 2018, the Office of Hawaiian Affairs (OHA) contracted CliftonLarsonAllen (CLA) to review for a period of five (5) years, specifically fiscal years (FY) 2012, FY 2013, FY 2014, FY 2015, and FY 2016 and to include both OHA and the Limited Liability Company(ies) (LLCs). For OHA, the scope of work called for CLA to select eighty (80) contracts and fifty (50) other financial disbursements of funds for testing and review. For the LLCs, the scope of work called for CLA to select thirty (30) contracts and twenty-five (25) other financial disbursements of funds for testing and review. The scope of services specified all contracts and financial disbursements tested would be selected by CLA based on CLA's understanding of OHA's and LLC's policies and procedures and data analytics performed on the financial activity of the organizations.

The overall scope of work and approach was conducted utilizing standards in accordance with the Statement on Standards for Consulting Services, Consulting Services: Definitions and Standards (codified as CS Section 100 in AICPA Professional Standards) of the American Institute of Certified Public Accountants (AICPA). The report did not constitute an audit, compilation, or review, in accordance with standards of the AICPA, the objective of which would be the expression of an opinion on any specified elements, accounts, or items. Accordingly, CLA did not express such an opinion.

The results of the review was reported to the Board of Trustees (BOT) Committee on Resource Management (CRM) on December 4, 2019 and after full and free discussion, recommended approval of the following action to the BOT:<sup>1</sup> *Move to recommend that: 1) the Board of Trustees receive the final report on OHA & OHA's LLCs Contract & Disbursement Review prepared by CliftonLarsonAllen LLP and commissioned by the Board under [Contract] 3284, as amended; and 2) direct Administration to review and analyze the recommendations contained in the final report and report back to the RM Committee with its analysis and plan to implement the recommendations at the first Resource Management Committee meeting in January 2020.* The BOT approved the action at its meeting on December 5, 2019 and this report by Administration is in response to that action and directive.

### B. Activities Completed by CLA – Review, Analyses, Observations and Recommendations<sup>2</sup>

In executing the engagement, CLA completed reviews and analyses of data gathered from: preliminary information gathering and document review; process interviews of OHA and LLCs staff; documents requested; test items; selected sample of contracts and disbursements; interviews with OHA Trustees; inquiries with OHA and LLCs staff; assessments of Board of Trustees oversight; and status updates and communications with the Resources Management Committee (RMC).

In the final report, CLA provided both observations and recommendations for OHA and the LLCs separately. For OHA: Seventy-three (73) recommendations based on the results of contracts and financial disbursements testing as well as measures concerning the internal controls in place to ensure

<sup>1</sup> Committee on Resource Management Committee Report dated December 4, 2019

<sup>2</sup> CLA report, p 18

the integrity of the performance indicators in the OHA annual report to the BOT; and six (6) recommendations pertaining to the BOT's general oversight and governance of OHA and the LLCs. CLA also made thirty (30) recommendations based on the results of contracts and financial disbursements testing as well as measures concerning the internal controls in place to ensure the integrity of the performance indicators in the LLC's Quarterly reports to the BOT. In addition the CLA Report strongly encouraged the Trustees to delegate to OHA's Administration the development of a "Recommendations Implementation Plan".

### C. Fraud, Waste and Abuse

Administration noted the CLA Report definitions of fraud<sup>3</sup>, waste<sup>4</sup> and abuse<sup>5</sup> in responding to the observations, recommendations and implementation plan. In addition, there are two limitations<sup>6</sup> that should be noted, CLA's procedures were designed to: 1) Detect and identify possible fraud, waste, and abuse; however, CLA cannot provide absolute assurance that all instances of possible fraud, waste, and abuse were identified; and 2) Detect red flags of fraud and transactions that appeared questionable. The CLA Report noted, **"However, if during the performance of our services other matters had come to our attention suggesting possible financial improprieties and/or irregularities, we would have communicated such matters to the Resource Management Committee of the Office of Hawaiian Affairs."**<sup>7</sup> [emphasis added] To Administration's knowledge, no such communication was made to the Resource Management Committee.

### D. Recommendation Implementation Plan Development Activities

In preparing this response to the Committee on Resources Management directive, in addressing the recommendations<sup>8</sup> provided by CLA (Recommendations), Administration completed the following: 1) Reviewed in detail, the related testing criteria, methodology, results and observations; 2) Compared the recommendations to policy, procedure and practice actions taken by the organization since FY2016; 3) Contacted prior employees, vendors and other stakeholders, reviewed

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<sup>3</sup> "A type of illegal act involving the obtaining of something of value through willful misrepresentation. Whether an act is, in fact, fraud is a determination to be made through the judicial or other adjudicative system and is beyond the auditor's professional responsibility."---CLA Report, page 24.

<sup>4</sup> "Involves not receiving reasonable value for money in connection with any government funded activities due to an inappropriate act or omission by actors with control over or access to government resources (e.g., executive, judicial, or legislative branch employees, grantees, or other recipients). Importantly, waste goes beyond fraud and abuse and most waste does not involve a violation of law. Rather, waste relates primarily to mismanagement, inappropriate actions, and inadequate oversight."---CLA Report, page 24

<sup>5</sup> "Involves behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances. Abuse also includes misuse of authority or position for personal financial interests or others of an immediate or close family member or business associate. Abuse does not necessarily involve fraud, violation of laws, regulations, or provisions of a contract or grant agreement."---CLA Report, page 24.

<sup>6</sup> CLA Report, page 28

<sup>7</sup> CLA Report, Page 2

<sup>8</sup> Refers to 73-OHA, 30-LLC and 7-BOT recommendations, collectively "Recommendations"

internal systems and sources and located documents and deliverables that CLA noted were not available at the time of field work; 4) Assessed implementation status (e.g., full, partial); 5) Determined corrective action and related implementation actions; and 6) Designed implementation monitoring and reporting activities.

In addition to addressing the CLA Recommendations, Administration also focused on transactions flagged by CLA as “potential” for fraud waste and abuse in both OHA and the LLCs. Appendices C and D reflect Administration’s comments and notes to the 32 and 6 items flagged for OHA and the LLCs, respectively.

#### **E. Responses by LLCs Leadership**

Implementation responses to the 30 Recommendations and six (6) test items flagged for possible fraud, waste and abuse, were provided by LLC Management (e.g., Chief Operating Officer, Executive Director). Administration reviewed and discussed the LLC implementation plan responses (e.g., implemented, partially implemented, not implemented) and included LLC Management in the recommendations and implementation quarterly monitoring and reporting responsibilities.

#### **F. CLA Report to the Committee on Resource Management, Dated December 4, 2019**

The CLA report to the Committee on Resource Management, dated December 4, 2019 (CLA Report), is incorporated herein by reference and used as the basis for Administration’s Recommendations Implementation Plan (RIP). Restating of certain sections of the CLA Report verbatim is done when deemed by Administration to be important for context, clarity and emphasis.

#### **G. Reporting and Monitoring of Recommendations Implementation Plan**

Administration developed a CLA Report Recommendations Implementation Plan dashboard that will be used to report the progress of the implementation at Appendix E. Administration plans to update the dashboard and report to the CRM on a quarterly basis----no later than April 30, 2020 for the third quarter ending March 31, 2020; and no later than July 31, 2020 for the fourth quarter and year ended June 30, 2020. Administration anticipates that all Recommendations will be addressed no later than fiscal year ended June 30, 2020, with the exception of OHA Recommendation #55 related to a records management system, implementation activities are scheduled for completion by June 30, 2021.

## II. SUMMARY OF RECOMMENDATIONS

The recommendations served many purposes including tending to: improve the overall financial internal control efficiencies and effectiveness of the financial processes of OHA; minimize the risk of fraud, waste, and abuse; and overall strengthen the BOT's fiduciary, general oversight and governance of OHA. In addition, **"the recommendations for both OHA and the LLCs comprise a few central themes, including: 1) Written policies to align with current procedures and ensure best practices are followed; 2) Increasing documentation of the decision-making process, authorizations, and monitoring and oversight of contracts and grants; 3) Employee training and development; 4) Increasing transparency; and 5) Oversight and governance of the organizations."**<sup>9</sup> [emphasis added]

In preparing this response to the Committee on Resources Management and in addressing the Recommendations, Administration completed the following: 1) Reviewed in detail, the related testing criteria, methodology, results and observations; 2) Compared the recommendations to policy, procedure and practice actions taken by the organization since FY2016; 3) Contacted prior employees, vendors and other stakeholders, reviewed internal systems and sources and located documents and deliverables that CLA noted were not available at the time of field work; 4) Assessed implementation status (e.g., full, partial); 5) Determined corrective action and related implementation actions; and 6) Designed implementation monitoring and reporting activities.

### A. OHA RECOMMENDATIONS (73)

Appendix A details the 73 OHA recommendations, including cross referenced responses to the State Audit Recommendation Responses<sup>10 11</sup>, implementation status and comments including implementation or targeted implementation date. CLA recommendations impacted the Grants, Procurement and Financial Services programs as well as recommendations that jointly involved two programs (e.g., Grants/Procurement, Procurement/Financial Services), Corporate Counsel/Records Management, Community Engagement and the Board of Trustees. The Grants and Procurement programs combined and Financial Services comprise 66.4% and 13.7%, respectively of the CLA recommendation areas.

### B. LLCs RECOMMENDATIONS (30)

Appendix B details the 30 LLC recommendations, implementation status and comments including implementation or targeted implementation date as determined by LLC Management. Sixty-seven percent (67%) of the 30 LLC recommendations pertained to Hi'ilei Aloha LLC, 30% to Hi'ipaka LLC and one recommendation related to Ho'okipaipai LLC.

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<sup>9</sup> CLA Report, p. 18

<sup>10</sup> Report No. 18-08, June 2018, Audit of the Office of Hawaiian Affairs' Competitive Grants and Report on the Implementation of 2013 Audit Recommendations, <http://files.hawaii.gov/auditor/Reports/2018/18-08.pdf>

<sup>11</sup> Report No. 18-03, February 2018, Audit of the Office of Hawaiian Affairs, A Report to the Governor and the Legislature of the State of Hawaii, <http://files.hawaii.gov/auditor/Reports/2018/18-03.pdf>

### **C. BOARD OF TRUSTEES OVERSIGHT OF OHA AND THE LLCs (7)**

In addition to the OHA (73) and LLC (30) recommendations, CLA “...also developed observations and recommendations pertaining to the Board of Trustees oversight of OHA and the LLCs.” The governance related recommendations are: 1) Development of Permitted Interaction Group on Organizational Guidance; 2) Transparency and Financial Reporting; 3) Internal Audit; 4) Hotline; 5) Employee Training; and 6) Audit Committee. An additional recommendation made by CLA was related to the development of a Recommendations Implementation Plan (this document). Some of the governance related recommendations have been addressed in OHA’s responses to the State Auditor for, Report No. 18-08, June 2018 and Report No. 18-03, February 2018.

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### III. RECOMMENDATIONS IMPLEMENTATION PLAN

#### A. OHA 73 Recommendations Implementation Plan

Appendix A details the 73 OHA recommendations, including cross referenced responses to the State Audit Recommendation Responses<sup>12 13</sup>, implementation status and comments including implementation or targeted implementation date. When the implementation of the recommendations involve two operating units, the unit status is split between A and B to reflect the different implementation status for the one recommendation. For example, for recommendation 26—the Procurement Services Program status is ‘partially implemented’ and the Grants Program is ‘implemented’, therefore, 26A is in the ‘partially implemented’ row and 26B is in the ‘implemented’ row in Table 1 below.

**Table 1 - Summary of Implementation Plan for 73 OHA Recommendations by Implementation Status**

Implementation Status	Total	Recommendation Numbers
Implemented	<b>45</b> <b>(61.6%)</b>	1, 3, 4, 5, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 25A, 26B, 27, 30, 32B, 33, 34B, 35B, 37, 39, 41, 42, 44, 46, 48, 51, 52, 53, 54, 58, 59, 61, 62, 63, 66, 68B, 71, 72
Partially Implemented	<b>18</b> <b>(24.7%)</b>	6, 23A, 26A, 28, 29, 31, 32A, 34A, 35A, 36, 38, 40, 43, 45, 47A, 47B, 50, 55, 57, 60, 68A, 69
Not Implemented	<b>0</b>	
Not Implemented, N/A	<b>7</b> <b>(9.6%)</b>	23B, 24, 25B, 49, 56, 64, 65, 70
Not Implemented, Disagree	<b>3</b> <b>(4.1%)</b>	2, 67, 73
<b>Total</b>	<b>73</b> <b>(100%)</b>	

<sup>12</sup> Refer to Appendix G for OHA Response to Report No. 18-08, June 2018, Audit of the Office of Hawaiian Affairs’ Competitive Grants and Report on the Implementation of 2013 Audit Recommendations, <http://files.hawaii.gov/auditor/Reports/2018/18-08.pdf>

<sup>13</sup> Refer to Appendix F for OHA Response to Report No. 18-03, February 2018, Audit of the Office of Hawaiian Affairs, A Report to the Governor and the Legislature of the State of Hawaii, <http://files.hawaii.gov/auditor/Reports/2018/18-03.pdf>

**Table 2 - Summary of Implementation Plan for 73 OHA Recommendations by Operating Unit**

Implementation Status	Total	Joint <sup>14</sup>	Grants	Procurement	Financial Services	Executive Office, Organization Wide	CC, Rec Mgmt	CE	BOT
Implemented	45	1, 12, 14, 27	3, 4, 5, 7, 8, 9, 10, 11, 13, 15, 16, 17, 18, 19, 20, 21, 22, 26B, 32B, 33, 34B, 35B, 59, 62, 72	25A, 37, 39, 41, 42, 44, 46, 51, 53, 54	30, 48, 52, 58, 63, 66, 68B	61		71	
Partially Implemented	18	38		23A, 26A, 28, 32A, 34A, 36, 40, 43, 45, 47A, 50, 68A	29, 47B	35A, 31, 69	6, 55		57, 60
Not Implemented	0								
Not Implemented, N/A	7		23B, 25B	24, 49, 64, 70	65				56
Not Implemented, Disagree	3		2, 73		67				
<b>Total</b>	<b>73 (100%)</b>	<b>5 (6.8%)</b>	<b>26 (35.6%)</b>	<b>22.5 (30.8%)</b>	<b>10 (13.7%)</b>	<b>3.5 (4.8%)</b>	<b>2 (2.7%)</b>	<b>1 (1.4%)</b>	<b>3 (4.2%)</b>

<sup>14</sup> Joint recommendation implementation activities (e.g., Grants/Procurement, Grants/Financial Services, Corporate Counsel/Procurement)

## B. LLCs 30 Recommendations Implementation Plan

Appendix B details the LLCs' 30 recommendations, implementation status and comments including implementation or targeted implementation date; with 87% of the recommendations implemented to date and two recommendations to be implemented by June 2020.

**Table 3 - Summary of Implementation Plan for 30 LLC Recommendations by LLC Entity<sup>15</sup>**

		Recommendation No.		
Implementation Status	Quantity	Hi`ilei Aloha LLC	Hi`ipaka LLC	Ho`okipaipai LLC
Implemented	26 (87%)	1-11,13,16,23, 26-29	12,14,15,17,18, 19,20,25	
Partially Implemented	2 (7%)	30	21	
Not Implemented	0			
Not Implemented, N/A	1 (3%)			22
Not Implemented, Disagree	1 (3%)	24		
<b>Total</b>	<b>30 (100%)</b>	<b>20 (67%)</b>	<b>9 (30%)</b>	<b>1 (3%)</b>

<sup>15</sup> LLCs are calendar year entities whose operating year begins on January 1<sup>st</sup> and ends on December 31<sup>st</sup>

## C. Board of Trustees Oversight of OHA and the LLCs

### 1. Governance: Development of Permitted Interaction Group on Organizational Guidance

**Summarized Recommendation.** CLA’s recommendation noted the “excellent process” of the Permitted Interaction Group (PIG) to effect Board governance work; suggested reference tools from the Government Finance Officers Association and American Institute of Certified Public Accountants; and recommended addressing conflict of interest codes violations (from June 2019 minutes).

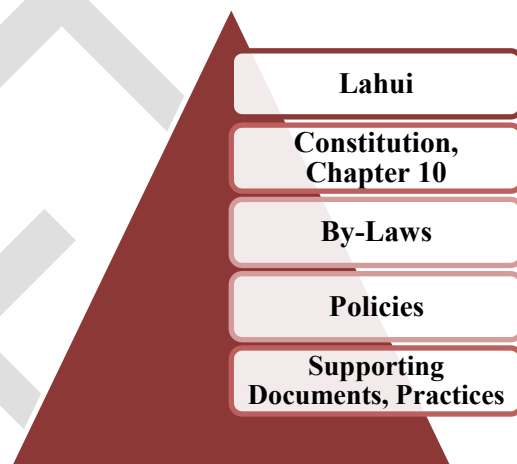
**Implementation Plan.** In January 2019, the Board approved the formation of a Permitted Interaction Group (PIG) to: Investigate various elements of governance frameworks and models, including but not limited to cultural, indigenous, native, national and international contexts. Via Action Item BOT# 19-04, the Board was asked to approve the five elements of OHA’s Board Governance Framework: 1) Identity; 2) Values and Mana; 3) Statutory Basis; 4) Policies; and 5) Supporting Documents and Practices (Operations).

Included in the final report, the PIG recommended implementation of the Board Governance Framework elements via the following sequenced, subsequent, newly formed, approved and executed PIGs:

1. Development of L-Lahui level policies;
2. Alignment and update of existing BOT By-Laws;
3. Development of T-Trustee level policies;
4. Development of C-CEO level policies<sup>16</sup>; and
5. Alignment and update of existing Board governance documents (e.g., Executive Policy Manual, BOT Operating Manual).

Implementation of the Board’s Governance Framework, is “in flight” and progressing well.

**Targeted Implementation Date: June 2020.**



<sup>16</sup> The development of C-CEO level policies work has since been determined to be Administration (vs. Board) level work and a Permitted Interaction Group will not be formed by the Board to address.

## 2. Governance: Transparency and Financial Reporting

**Summarized Recommendation:** CLA believes "...that when RM #18-2 is fully implemented, financial reporting and transparency will be adequately addressed."<sup>17</sup> In the meantime, to improve transparency, it is recommended that additional financial reporting be provided to the Board regarding: 1) Contracts awarded; 2) Expenditures incurred, and 3) Grant submissions. It is recommended that a list of grantees be provided on a monthly basis to the Board.

- a. Implementation Plan re RM #18-12 Recommendation:** On October 11, 2018 (2nd rdg), the Board approved RM #18-12, amendments to the OHA BOT Executive Policy Manual and BOT Operations Manual relating to budget preparation, format and budget reporting requirements (PPB approach). The amendments were aimed at improving fiscal management, transparency, reporting, and accountability as well as to address the 18-03 Audit recommendations 1.d., 1.e., and 1.f. Under the approved amendments, "Administration is delegated authority to approve budget adjustments that fall within the lesser of \$100,000 or 5% between each program. Budget adjustments in and out of grants and sponsorships appropriations are prohibited." Furthermore, under the amendments, the authority of the CEO to approve Grants in an amount up to \$25,000 under paragraph 2.2.d. of the OHA EPM was eliminated, meaning that the CEO will no longer have any authority to approve any Grants regardless of amount without Board approval. The effective date of these approved amendments is deferred until submission of the FY2022-2023 Biennium Budget to allow Administration sufficient time for process implementation. Thus, starting July 1, 2021, the Board policies will require Board approval for all Grants and Sponsorships. Currently, and until the new policy goes into effect on July 1, 2021, the organization operates under the approved amendments.

**Implementation Date: October 2018**

- b. Implementation Plan re Other Financial Reporting Recommendations:** Administration recommends further discussion with the Board regarding the granularity, form and frequency of the additional suggested reports by CLA (e.g., contracts, expenditures, grants).

**Targeted Implementation Date: June 2020**

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<sup>17</sup> CLA Report, page 295

### 3. Governance: Internal Audit

**Summarized Recommendation.** CLA’s recommendation is to establish an Internal Audit Division with Internal Auditors reporting to the Audit Committee or Governing Board. The internal audit function should assist management with: 1) Control Environment (e.g., policies, procedures, organizational structure, management philosophy and ethical values; 2) Fraud Risk Assessment; 3) Control Assessments (e.g., design and operating effectiveness of internal controls including assessing the risk for fraud or misconduct); 4) Communication and Training; and 5) Monitoring (e.g., assessing monitoring activities related to computer software and security, and conducting investigations as required through normal monitoring and as requested by the audit committee (or governing board) as needed.

Internal auditors often perform proactive fraud audits and tests, investigations when needed, and provide remediation for findings. In addition, management’s fraud risk assessment and help in identifying and testing risks (e.g., high risk transactions, transactions involving suppliers, contracts and related parties) can be performed. Internal auditors can also assist management with assessing the effectiveness of information, systems and practices, and provide support for fraud-related training initiatives.

**Implementation Plan Initial (March 2019).** An internal audit division or function, also described as a quality assurance function, was contemplated and documented by OHA in March 2019 when providing a response to the State Auditor’s Formal Request for Information on Status of Implementation of Audit Recommendations, Report No. 18-03 (refer to **Appendix F**). Implementation of a quality assurance function with a Senior Internal Auditor position was anticipated to begin July 1, 2019, included in the FY 20-21 biennium budget and applied to the Grants Department (fka Transitional Assistance Program).

The March 2019 response also contemplated the implementation of an internal control framework<sup>18</sup> for the organization modeled after the COSO framework.

#### **What Does COSO Stand For?**

In 1992, the [Committee of Sponsoring Organizations of the Treadway Commission \(COSO\)](https://info.knowledgeleader.com/bid/161685/what-are-the-five-components-of-the-coso-framework) developed a model for evaluating internal controls. This model has been adopted as the generally accepted framework for internal control and is widely recognized as the definitive standard against which organizations measure the effectiveness of their systems of internal control.



**Figure 1.**  
**COSO Framework**

<sup>18</sup> <https://info.knowledgeleader.com/bid/161685/what-are-the-five-components-of-the-coso-framework>, retrieved 2/24/2019

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## **What Is The COSO Framework?**

The **COSO** model defines internal control as “a process, effected by an entity’s board of directors, management and other personnel, designed to provide reasonable assurance of the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations;
- Reliability of financial reporting; and
- Compliance with applicable laws and regulations”

In an “effective” internal control system, the following five components work to support the achievement of an entity’s mission, strategies and related business objectives.

### ***1. Control Environment***

- Integrity and Ethical Values
- Commitment to Competence
- Board of Directors and Audit Committee
- Management’s Philosophy and Operating Style
- Organizational Structure
- Assignment of Authority and Responsibility
- Human Resource Policies and Procedures

### ***2. Risk Assessment***

- Company-wide Objectives
- Process-level Objectives
- Risk Identification and Analysis
- Managing Change

### ***3. Control Activities***

- Policies and Procedures
- Security (Application and Network)
- Application Change Management
- Business Continuity/Backups
- Outsourcing

### ***4. Information and Communication***

- Quality of Information
- Effectiveness of Communication

### ***5. Monitoring***

- Ongoing Monitoring
- Separate Evaluations
- Reporting Deficiencies



These components work to establish the foundation for sound internal control within the company through directed leadership, shared values and a culture that emphasizes accountability for control. The various risks facing the company are identified and assessed routinely at all levels and within all functions in the organization. Control activities and other mechanisms are proactively designed to address and mitigate the significant risks. Information critical to identifying risks and meeting business objectives is communicated through established channels up, down and across the company. The entire system of internal control is monitored continuously and problems are addressed timely. OHA's Trustees and Administration were in the process of designing and implementing an internal control framework using the COSO framework as an exemplar to be completed no later than June 30, 2019.

**Implementation Plan Updated (January 2020).** As the organization completed its biennium budget construction process (Spring of 2019 for fiscal year beginning 7/1/2019) fiscal and related policy constraints (e.g., lapsed funds, freeze on fiscal reserve, sunset of Kaka'ako Makai policy, no cash management policy), hampered the ability for the organization to implement staffing and strategic functions in the biennium budget for FY 20-21; and therefore, the biennium budget for FY 20-21 approved by the Trustees in June 2019, did not include new personnel positions and functions, including the Senior Internal Auditor position.

In late Spring of 2019, Administration commissioned a white paper study that recommended, "OHA should focus on improving its internal controls to ensure that it has the proper environment and framework. Once internal controls are improved, OHA could consider appointing an internal compliance officer to ensure compliance with its mission and legal requirements. In OHA's current condition, these steps would serve OHA better than an internal audit function. Without a properly designed and monitored internal control system, an internal audit function can do little to promote efficiency or prevent fraud or other illegal acts."<sup>19</sup> Administration concurred with the recommendation. The FY 20-21 biennium budget was subsequently realigned in September 2019 and a Compliance Officer was included in the budget instead of a Senior Internal Auditor position. Recruitment began in early October and continued through November, the position remains unfilled and active recruitment continues, including the use of 89-day employee hires.

It is Administration's intent to continue active recruitment for a Compliance Officer, supplement with 89-day employee hires, eventually build and skill up to develop and implement a formal internal audit function, and implement the COSO framework at OHA. The targeted date noted below is to hire and onboard a Compliance Officer to begin to develop and strengthen the internal control environment at OHA. The Board's By-Laws identified the following responsibility for the Committee on Resource Management (CRM): The committee shall: handle all fiscal and budgetary matters and ensure proper management, planning, evaluation, investment and use of OHA's trust funds. Therefore, the CRM can function as an audit committee (governing board).

**Targeted Implementation Date: June 2020 for Compliance Officer; to be considered for the internal audit function**

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<sup>19</sup> SPIRE, OHA Internal Audit White Paper, July 2019



#### 4. Governance: Hotline

**Summarized Recommendation.** CLA recommended OHA consider the implementation of a hotline for anonymous reporting of fraud and abuse. “This is an important and essential part of a successful ethics and compliance program in any organization. Hotline programs can be operated internally, especially if an internal audit division is in place, or can be outsourced to a reputable company offering such services. CLA’s recommendation including details to establishing a hot line (e.g., planning, communication, responding).

**Implementation Plan.** Administration acknowledges CLA’s observation that “This (hotline) is one of the most effective and cost efficient tools available to organizations. As reported in the ACFE’s<sup>20</sup> Report to the Nations: 2018 Global Study on Occupational Fraud and Abuse<sup>21</sup>, tips are the by far the most common means of detecting fraud. The report explains further that more than half of the tips were provided by employees of the victim organizations.”<sup>22</sup> A hotline is essentially a systems implementation requiring purchase of software, possibly hardware and implementation services, including training. At this point in OHA’s strategic and tactical priorities, resourcing in dollars and time will need to be prioritized considering other priorities.

### BUILDING COMMUNITY

BOARD OF TRUSTEES MEETINGS Snippet

DC INTERNSHIPS

EMPLOYMENT OPPORTUNITIES

GRANTS

HAWAIIAN REGISTRY

LEASING OPPORTUNITIES

LOANS

SCHOLARSHIPS

SOLICITATIONS & AWARDS

FINANCIAL TRANSPARENCY

However, based on observations and experiences, Administration believes there are mitigating mechanisms and processes to provide avenues for “tips” for fraud and waste, including: a) Internal/HR policies and processes for employees to raise and escalate concerns to supervisors, managers, director and senior leadership (e.g., CFO, COO, CEO) without fear of retaliation; b) the Hawaii State Ethics Commission; c) State of Hawai‘i Attorney General’s office; d) Trustees (e.g., directly, via “Community Concerns” on Board agendas, via organizations and communities); e) Administration; f) Trustees’ engagement and meeting(s) in the community; and g) Beneficiaries engagement; to name a few. OHA’s current website also provides a “Financial Transparency” section which will take readers to OHA’s annual reports, financial statements and audits, Trustee protocol allowance and the CLA report.

**Not Implemented: January 2020**

<sup>20</sup> Association of Certified Fraud Examiners

<sup>21</sup> <https://s3-us-west-2.amazonaws.com/acfe-public/2018-report-to-the-nations.pdf> , retrieved 1/15/2020

<sup>22</sup> CLA Report, page 298

## 5. Governance: Employee Training

**Summarized Recommendation.** CLA's recommendation is to provide robust and consistent employee training as part of an effective anti-fraud program. Such training should include expectations of employees in regards to their duty to communicate certain matters, a list of such matters, including actual or suspected fraud and information on how to communicate such matters.

**Implementation Plan.** In April 2019, the Board approved **Element 2: Values and Mana** as part of the Board Governance Framework.



### Element 2: Values and Mana

A Permitted Interactin Group recommended that the Board Governance Framework acknowledge the surrounding intangible, yet invaluable role of values and mana in governance.

Effecting the operating values of kūlia, kākou, pono, ho'omau and aloha,

begins with Trustees and Board work as exemplars for Administration and the Organization as a whole. *O ke kahua mamua, mahope ke kūkulu*, the site first, and then the building, learn all you can, then practice, 'ōlelo no'eau 2459<sup>23</sup>.

The concept of mana<sup>24</sup>, often oversimplified as "power", belies the complexity of the concept and its acquisition, development and maintenance toward OHA enabling capital. As the organization builds out the various business processes and internal control framework, related and applicable employee training will be conducted organization wide.

<sup>23</sup> Pukui, 'Olelo No'eau, Hawaiian Proverbs & Poetical Sayings, p. 268

<sup>24</sup> Na Puke Wehehe, Supernatural or divine power, mana, miraculous power; a powerful nation, authority; to give mana to, to make powerful; to have mana, power, authority; authorization, privilege; miraculous, divinely powerful, spiritual; possessed of mana, power, <http://weheweh.org>, retrieved 3/26/2019

**Mana as Capital.** The acquisition, development and maintenance of mana toward strengthening OHA's influence capital, cultural capital and financial capital.

THE OFFICE OF HAWAIIAN AFFAIRS  
*Empowering Hawaiians, Strengthening Hawai'i*



Mana – OHA will:



- Build upon the wisdom of our ancestors;
- Build upon the patriots who came before us; and
- Acquire and grow its mana as it strives to serve for the betterment of Hawaiians.

**Targeted Implementation Date: June 2021**

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## 6. Governance: Audit Committee

**Summarized Recommendation.** CLA noted a key attribute of an effective anti-fraud program is the audit committee. An audit committee can help to reinforce management's commitment to creating a culture with "zero tolerance" for fraud. OHA should consider establishing an audit committee that could include: evaluating management's identification of fraud risks; implementation of anti-fraud measures; creating an appropriate "tone at the top"; ensuring senior management implements appropriate fraud deterrence and prevention measures to better protect stakeholders; work with independent auditors regarding the external audit; evaluating the financial reporting process, especially considering the potential for management to override-controls; assuring there is a mechanism in place to report concerns; ability to authorize and oversee alleged or suspected wrongdoing; assuring there is a mechanism in place to report concerns about unethical behavior, actual or suspected fraud, or violations of OHA policies and procedures.

**Implementation Plan.** As noted earlier, the Board's By-Laws identified the following responsibility for the Committee on Resource Management (CRM): The committee shall: handle all fiscal and budgetary matters and ensure proper management, planning, evaluation, investment and use of OHA's trust funds. Therefore, the CRM can function as an audit committee (governing board). Administration is committed to working with the CRM to more explicitly support the definition and implementation of an Audit Committee.

**Targeted Implementation Date: June 2020**

#### IV. POSSIBLE FRAUD, WASTE AND ABUSE – APPENDICES C & D

In addition to addressing the Recommendations, Administration also focused on test items that were flagged by CLA as “possible” fraud, waste and abuse in the context of the following limitations on the identification of possible fraud, waste, and abuse stated in the CLA Report<sup>25</sup>, bolded emphasis added:

*“C. Limitations on the Identification of Possible Fraud, Waste, and Abuse*

*The following limitations regarding the identification of possible fraud, waste, and abuse were included in the scope of work approved by OHA.*

- 1) *CLA’s procedures were designed to detect and identify possible fraud, waste, and abuse; however, CLA cannot provide absolute assurance that all instances of possible fraud, waste, and abuse were identified. **If indicators of potential fraud were identified, the scope of this engagement did not include investigative procedures into these matters. Rather, CLA will communicate such matters to you.** Examples of investigative procedures, which were not performed as part of this engagement, may include, but are not limited to, undercover procedures, interviews of vendors or other third-parties/individuals external to the OHA/LLCs, review of vendor files solely in the possession of a vendor (such as payroll files), etc. **To the extent that information was identified during the scope of this engagement that indicates a possibility of fraud, waste or abuse, CLA has included in this report the information identified.***
- 2) *CLA’s procedures were designed to detect red flags of fraud and transactions that appeared questionable. However, CLA cannot render an opinion as to the existence of fraud. Additionally, fraud and irregularities by their very nature are most often hidden, and no absolute assurance can be given that all such matters were detected. CLA’s engagement cannot be relied upon to disclose any irregularities or illegal acts, including fraud, which may exist.”*

Appendix C - Detailed Responses Addressing 32 Flagged Test Items of Possible Fraud Waste Abuse summarizes test items flagged by CLA related to OHA, including notes from Administration.

<sup>25</sup> CliftonLarsonAllen LLP OHA & LLCs Contract and Disbursement Review report, dated December 4, 2019, page 28

**Table 4 - Summary of Responses Addressing 32 OHA Flagged Test Items of Possible Fraud Waste Abuse by Process Area**

Type	Items	Amount	Flagged Test Items No.
Grants	5	\$3,948,000	1-5
Competitive Sealed Bid (RFP)	2	\$3,110,752	6,7
Professional Services	3	\$843,496.24	8,9,10
Exempt Purchase	10	\$1,274,162.50	11-20
CEO Sponsorship	5	\$129,999	21-25
Exempt Non-Grants, Small Purchase	7	\$850,797.08	26-32
<b>Total</b>	<b>32</b>	<b>\$10,157,206.82</b>	

Appendix D – Detailed Responses Addressing 6 Flagged Test Items of Possible Fraud Waste Abuse summarizes test items flagged by

**Table 5 - Summary of Responses Addressing 6 LLC Flagged Test Items of Possible Fraud Waste Abuse by Process Area**

Type	Total Items	Total \$	Response No.
Contracts	2	\$11,960	1, 2
Disbursements	4	\$103,367	3,4,5,6
<b>Total</b>	<b>6</b>	<b>\$115,327</b>	

## V. MONITORING AND REPORTING

Appendix E provides dashboards to track all of the ‘partially implemented’ recommendations. Sample tables below are for OHA and LLC quarterly tracking.

**Table 6 – Sample Dashboard for OHA Partially Implemented (18) Recommendations**

OHA PARTIALLY IMPLEMENTED (18)				
ITEM NO	REC NO	SUMMARY	Q3 (MARCH 2020 <sup>26</sup> )	Q4 (JUNE 2020 <sup>27</sup> )
1	6	<p><b>Corporate Counsel:</b> The primary responsibility to identify and disclose conflicts of interest will remain with the individual staff involved in decision-making. A certification by the contract signator, will be included as part of the standard OHA contract signature line, to attest that he/she has no conflicts of interests related to the contract. An additional step to screen for potential conflicts during the processing of contracts by staff in OHA Grants, Procurement, and Corporate Counsel, will utilize a list of publicly disclosed entities from the Hawai'i State Ethics Commission Short Form Disclosures of Financial Interests.</p> <p><b>Targeted Implementation Date: June 2020</b></p>		

**Table 7– Sample Dashboard for LLCs Partially Implemented (16) Recommendations**

LLC PARTIALLY IMPLEMENTED (2) – APPENDIX B				
ITEM NO	REC NO	SUMMARY	Q3 (MARCH 2020)	Q4 (JUNE 2020)
1 (HI'ILEI ALOHA LLC)	L-30	<p>Consider formatting the quarterly financial reports to mirror the format of the audited financial statements.</p> <p>To be implemented upon confirmation from OHA of preferred format.</p>		

<sup>26</sup> Reported no later than April 30th

<sup>27</sup> Reported no later than July 31st

LLC PARTIALLY IMPLEMENTED (2) – APPENDIX B				
ITEM NO	REC NO	SUMMARY	Q3 (MARCH 2020)	Q4 (JUNE 2020)
		Targeted Implementation Date: No later than June 30, 2020		

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## VI. CONCLUSION AND NEXT STEPS

CLA's closing statement is important to emphasize regarding OHA and LLCs staff engagement: "CLA is extremely appreciative of the outstanding efforts by the OHA and LLC staff throughout the course of this engagement. The staff of OHA and the LLCs were cooperative throughout this engagement, responsive to CLA's requests, and provided documents and information within the updated timetable request by CLA in order to complete this engagement. CLA recognizes the increased demand and pressure this engagement has put on the staff in addition to their day-to-day duties and responsibilities."<sup>28</sup>

Administration acknowledges the improvements in people, processes, policies, procedures and practices post CLA review period (e.g., 2016+); values the recommendations provided by CLA; and is committed to implementation of the recommendations and strengthening of the overall organizational control environment.

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<sup>28</sup> CLA Report, Page 18

**VII. APPENDICES**

- A Implementation Plan for 73 OHA Recommendations**
- B Implementation Plan for 30 LLCs Recommendations**
- C OHA Addressing Possible Fraud Waste Abuse Flagged Test Items (32)**
- D LLCs Addressing Possible Fraud Waste Flagged Test Items (6)**
- E Recommendations Implementation Plan Monitoring and Reporting Dashboard**
- F 3.28.19 OHA Response to Audit Report 18-03 Status of Implementation**
- G 8.30.19 OHA Response to Audit Report 18-08 Status of Implementation**

## I. Summary of Implementation Plan for 73 OHA Recommendations by Implementation Status

Implementation Status	Total	Recommendation Numbers
Implemented	45 (61.6%)	1, 3, 4, 5, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 25A, 26B, 27, 30, 32B, 33, 34B, 35B, 37, 39, 41, 42, 44, 46, 48, 51, 52, 53, 54, 58, 59, 61, 62, 63, 66, 68B, 71, 72
Partially Implemented	18 (24.7%)	6, 23A, 26A, 28, 29, 31, 32A, 34A, 35A, 36, 38, 40, 43, 45, 47A, 47B, 50, 55, 57, 60, 68A, 69
Not Implemented, N/A	7 (9.6%)	23B, 24, 25B, 49, 56, 64, 65, 70
Not Implemented, Disagree	3 (4.1%)	2, 67, 73
<b>Total</b>	<b>73 (100%)</b>	

## II. Summary of Implementation Plan for 73 OHA Recommendations by Operating Unit

Implementation Status	Total	Joint <sup>1</sup>	Grants	Procurement	Financial Services	Executive Office, Organization Wide	Corporate Counsel, Records Management	Community Engagement	Board of Trustees
Implemented	45	1, 12, 14, 27	3, 4, 5, 7, 8, 9, 10, 11, 13, 15, 16, 17, 18, 19, 20, 21, 22, 26B, 32B, 33, 34B, 35B, 59, 62, 72	25A, 37, 39, 41, 42, 44, 46, 51, 53, 54	30, 48, 52, 58, 63, 66, 68B	61		71	
Partially Implemented	18	38		23A, 26A, 28, 32A, 34A, 36, 40, 43, 45, 47A, 50, 68A	29, 47B	35A, 31, 69	6, 55		57, 60
Not Implemented	0								
Not Implemented, N/A	7		23B, 25B	24, 49, 64, 70	65				56
Not Implemented, Disagree	3		2, 73		67				
<b>Total</b>	<b>73 (100%)</b>	<b>5 (6.8%)</b>	<b>26 (35.6%)</b>	<b>22.5 (30.8%)</b>	<b>10 (13.7%)</b>	<b>3.5 (4.8%)</b>	<b>2 (2.7%)</b>	<b>1 (1.4%)</b>	<b>3 (4.2%)</b>

<sup>1</sup> Joint recommendation implementation activities (e.g., Grants/Procurement, Grants/Financial Services, Corporate Counsel/Procurement)



## APPENDIX A - IMPLEMENTATION PLAN FOR 73 OHA RECOMMENDATIONS

### III. Details of Implementation Plan for 73 OHA Recommendations by Recommendation Number

Rec No.	CLA Recommendation Description	State Audit Recommendation Response <sup>2 3</sup>	Implementation Status	Comments, Including Implementation (or Targeted Implementation) Date
01)	Update policies and procedures to require that all vendors hired by OHA complete the Standards of Conduct Declaration form and retain the completed form in the contract files.		<b>Procurement Services Program:</b> X Implemented  <b>Grants Program:</b> X Implemented	<b>Procurement Services Program:</b> The Procurement Services Program (PSP) contract template revision in 2012 included the Standards of Conduct Declaration form as page 6. These documents are retained according to OHA's records retention policy. <b>Implementation Date: June 2012</b>  <b>Grants Program:</b> All grant agreements, with the exception of 'Ahahui grant agreements, were updated in May 2019 to include the Provider's Standard of Conduct Declaration. Effective January 1, 2020, the Provider's Standard of Conduct Declaration has been added to the 'Ahahui grant agreements. <b>Implementation Date: May 2019 and January 2020, for all and 'Ahahui grant agreements, respectively.</b>
02)	Require grant applicants to disclose on the grant application form any previous or existing financial relationships that any of the grantee's governing board or executives had or have with OHA, the LLCs, or its employees. Additionally, grant applicants should be required to disclose any personal relationships with OHA staff that may be perceived as a potential conflict of interest. This information should be reviewed and used by OHA in making its assessment on whether to award a grant to the applicant.		<b>Grants Program:</b> X Not Implemented, Disagree Disagree with the use by OHA in making its assessment on whether to award a grant to the applicant (or not) based on potential conflicts. There are four process areas to address conflicts in the granting process.	<b>Grants Program:</b> Grant applicants are not required to disclose actual or potential conflicts. Existence of previous or current personal or financial relationships of grant applicants with OHA Board, Administration or staff is not an awarding criteria. OHA processes address potential or perceived conflicts in several ways: 1) OHA employee; 2) Grants Staff; 3) Internal or External reviewers; and 4) Board of Trustees. During the grant application phase, conflict disclosures are required by grant application reviewers (submission of a form) and disclosure requirements are mandated for OHA employees by the Hawai'i State Ethics Code and OHA's Employee Handbook . Grants staff are not assigned to grants wherein a staff member may have an actual or potential conflict.  The recommendation is not implemented because conflict disclosure requirements at the grant application phase are addressed through processes and OHA staff mandated disclosure requirements.  <i>See also CLA Recommendation #03, Comments.</i>

<sup>2</sup> Refer to Appendix G for OHA Response to Report No. 18-08, June 2018, Audit of the Office of Hawaiian Affairs' Competitive Grants and Report on the Implementation of 2013 Audit Recommendations, <http://files.hawaii.gov/auditor/Reports/2018/18-08.pdf>

<sup>3</sup> Refer to Appendix F for OHA Response to Report No. 18-03, February 2018, Audit of the Office of Hawaiian Affairs, A Report to the Governor and the Legislature of the State of Hawaii, <http://files.hawaii.gov/auditor/Reports/2018/18-03.pdf>



APPENDIX A - IMPLEMENTATION PLAN FOR 73 OHA RECOMMENDATIONS

Rec No.	CLA Recommendation Description	State Audit Recommendation Response <sup>2 3</sup>	Implementation Status	Comments, Including Implementation (or Targeted Implementation) Date
				Implementation Date or Targeted Implementation Date: N/A
03)	Provide training to OHA grants staff to ensure that they document any apparent or perceived conflicts of interest between OHA staff and a grant applicant or grantee. Grants files should maintain documentation of how the grants staff reached its determination of whether the conflict existed and/or how the conflict was resolved prior to awarding a grant.		<b>Grants Program:</b> X Implemented	<b>Grants Program:</b> OHA processes address potential or perceived conflicts in several ways: 1) OHA employee; 2) Grants Staff; 3) Internal or External reviewers; and 4) Board of Trustees. Conflict of interest disclosures for OHA employees are mandated by the Hawai'i State Ethics Code and OHA's Employee Handbook. The Grants Program conducts internal conflict assessments before assigning staff to facilitate the grant application review processes. If an apparent or perceived conflict exists, the employee is not assigned to the application review process or to monitor a grant. All employees who are assigned as grant application reviewers are required to submit conflicts disclosure forms in the grants information management system (OHA Grants Portal). Prior to Board of Trustee grant award decision making, the Grants Program provides the Board with a list of the grant applicant's governing board and executive staff names and the Board conducts its own conflicts checks prior to its awarding decision. <b>Implementation Date: July 2019</b>
04)	Require any OHA employee that has an existing relationship with a grantee, or had a relationship with a grantee in the prior two years, to disclose whether he or she is receiving compensation for his or her involvement with the grantee and its activities. OHA employees with an existing relationship (personal or professional) with a grant applicant should abstain from making any decisions pertaining to the grant award.		<b>Grants Program:</b> X Implemented	<b>Grants Program:</b> Conflict of interest disclosure and policy requirements for OHA employees are mandated by the Hawai'i State Ethics Code and OHA's Employee Handbook. <i>See CLA Recommendation #03, Comments.</i> <b>Implementation Date: July 2019</b>
05)	Grantees should be required to communicate and report to OHA any time that it intends to change or alter the intended purpose and outcome of the activities for which the grant is awarded. Changes or alterations to the grants purpose and outcome should be documented on a grant contract amendment, which should clearly state what the new purpose and outcome of the grant is and an updated budget to reflect how grant funds will be used. Any additional supporting documentation that reflects how OHA and the grantee resolved the change should be retained in the grant file. OHA must review and approve the revised purpose and outcome and document its decision to continue funding the grant.		<b>Grants Program:</b> X Implemented	<b>Grants Program:</b> The current Grants Program Standard Operating Procedures (SOP) requires that a grant amendment be executed for grant agreement revisions. Amendments document the grant changes and are retained in the Grantee's file. <b>Implementation Date: April 2019</b>



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Rec No.	CLA Recommendation Description	State Audit Recommendation Response <sup>2 3</sup>	Implementation Status	Comments, Including Implementation (or Targeted Implementation) Date
06)	Implement a process whereby the Hawai'i State Ethics Commission Short Form Disclosure of Financial Interests filed by OHA's officers are reviewed to ensure there are no potential conflicts with OHA vendors or grantees. Copies of the disclosure forms and documentation of the internal review should be retained according to OHA's document retention policy.		<b>Corporate Counsel:</b> X Partially Implemented	<b>Corporate Counsel:</b> The primary responsibility to identify and disclose conflicts of interest will remain with the individual staff involved in decision-making. A certification by the contract signator, will be included as part of the standard OHA contract signature line, to attest that he/she has no conflicts of interests related to the contract. An additional step to screen for potential conflicts during the processing of contracts by staff in OHA Grants, Procurement, and Corporate Counsel, will utilize a list of publicly disclosed entities from the Hawai'i State Ethics Commission Short Form Disclosures of Financial Interests.  <b>Targeted Implementation Date: June 2020</b>



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Rec No.	CLA Recommendation Description	State Audit Recommendation Response <sup>2 3</sup>	Implementation Status	Comments, Including Implementation (or Targeted Implementation) Date
07)	Ensure that the OHA grant contract and procurement forms are compliant and clearly document that the grantee is meeting the conditions for awarding grants as described in HRS §10-17(b). There should be documentation in the procurement forms that OHA verified if the grantee had applied or received all applicable licenses and permits and that OHA verified the grantee's insurance was sufficient to provide indemnification, when requested by OHA. OHA should require the grantee submit copies of the applicable licenses and insurance certificates and retain them in the grantee file. If the grantee was not required to obtain licenses, permits, or insurance, the grant documentation should indicate so with an explanation for why the grantee was exempt.	<b>18-08 Recommendation No. 1.a.</b>	<b>Grants Program:</b> X Implemented	<b>Grants Program: All Grants (except 'Ahahui):</b> The current grant agreement incorporates mandated performance requirements and grantee's compliance with HRS 10-17 pertaining to applicable federal, state and county licensing and entertainment and perquisites disallowed costs. The grant agreement requires the submission of a certificate of liability to meet minimum state standards and the certificate is retained in the Grantee's file. The grant agreement also includes an indemnification provision. Effective December 2019, the grant agreement template was revised to include that the grantee has applied for or received all applicable licenses and permits and a provision that the grantee confirms that it has sufficient funds to support grant activities.  <b>'Ahahui Grants:</b> Current 'Ahahui grant agreements require that the grantee have current licenses and permits to conduct grant activities and comply with all applicable federal, state, and county statutes and ordinances. The 'Ahahui grant agreement also has an indemnification provision. 'Ahahui Grants are awards of \$10,000 or less for community events. OHA does not mandate the purchase and a submission of insurance certificates for 'Ahahui Grants. Effective January 2020, the 'Ahahui grant agreement was revised to include provisions for: 1) records retention and access; 2) entertainment and perquisites disallowed costs; and 3) sufficient funds compliance. Contrary to the CLA audit recommendation, HRS §10-17(b) does not require OHA to request and retain copies of Grantee's licenses and permits in Grantee's files.  <b>Implementation Date: December 2019 and January 2020 for all grants (other than 'Ahahui) and 'Ahahui grants, respectively</b>
08)	Ensure that the OHA grant contract and procurement forms are compliant and clearly document that the grantee is meeting the conditions for grantees as described in HRS§10-17(c). There should be documentation in the procurement forms that OHA verified the composition of the grantee's governing board, the governing board does not receive compensation, the grantee has bylaws that address conflicts of interest and nepotism, and the grantee does not employ or contract with two or more family members. OHA should retain in the grant files all related documentation obtained during this verification process.	<b>18-08 Recommendation No. 1.a.</b> <b>18-08 Recommendation No. 1.b.</b> <b>18-08 Recommendation No. 2.e.</b> <b>18-08 Recommendation No. 3.a.</b>	<b>Grants Program:</b> X Implemented	<b>Grants Program:</b> All current grant applications (competitive and noncompetitive grants) include a Board Governance Certification submission requirement. The certification provides that the grant applicant is in compliance with HRS 10-17(c)(2) pertaining to Board compensation and has policies that govern conflict of interest/nepotism for board members and employees. The certification also provides that if a grant applicant employs or contracts with two or more members of a family or kin, the grant applicant confirms that it has policies that govern nepotism and potential conflict of interest situations that may arise. Contrary to the





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		<b>18-08 Recommendation No. 3.d.</b>		CLA audit recommendation, HRS §10-17(c) does not require OHA to certify the composition of the grantee's governing board. <b>Implementation Date: July 2019</b>
09)	Ensure that OHA grants are consistently executed on the most current OHA templates, including Memorandum of Agreements and Fiscal Sponsorship Agreements. The same language from the OHA grant contract should apply to all OHA grants awarded. Add a revision date to the bottom of all grant templates so that grant staff are able to easily identify the most current version.	<b>18-08 Recommendation No. 1.a.</b> <b>18-08 Recommendation No. 1.b.</b>	<b>Grants Program:</b> X Implemented	<b>Grants Program:</b> Effective January 2020, all grant agreement and form templates include revision dates on the bottom of each template and are included in the Grants Program G Drive Templates Folder. <b>Implementation Date: January 2020</b>
10)	Ensure that the grants staff is conducting grant monitoring and evaluation in accordance with HRS §10-17(d). Grants are required to be evaluated annually to determine whether the grant attained the intended results in the manner contemplated. Documentation of the evaluation must be retained in the grant file. OHA should consider whether the development of a standard annual evaluation form will assist in this process.	<b>18-08 Recommendation No. 1.a.</b> <b>18-08 Recommendation No. 1.b.</b> <b>18-08 Recommendation No. 2.a.</b> <b>18-08 Recommendation No. 2.b</b> <b>18-08 Recommendation No. 2.c.</b> <b>18-08 Recommendation No. 2.d.</b> <b>18-08 Recommendation No. 2.e.</b> <b>18-08 Recommendation No. 3.a.</b> <b>18-08 Recommendation No. 3.a.</b> <b>18-08 Recommendation No. 3.b.</b> <b>18-08 Recommendation No. 3.c.</b> <b>18-08 Recommendation No. 3.d.</b>	<b>Grants Program:</b> X Implemented	<b>Grants Program:</b> The current Grants Program standard operating procedures include policies and procedures to ensure that grants are consistently monitored and assessed.  The Grants staff utilizes the current grants information management system (OHA Foundant Grants Portal) to ensure grants are monitored and assessed on a consistent basis. The system: a. Electronically tracks and retains grant pre-award, award and post-award documents; b. Verifies submission of and retains system emails and required grant documents (e.g., grant agreements, support documents, OHA Staff Attendance Reports, Grantee Final Reports, and Grant Monitor Closeout Reports, expenditure, reports, and payment information); and c. Provides 'real time' status updates to verify that grantee reports, program assessments and monitoring have been completed and submitted. This includes system generated automatic reminders and past due notifications for reports that are emailed to the grantee, grant monitor and assigned Grants Program staff.  The Grants Manager and assigned staff are also able to check OHA Grants Portal dashboards in 'real time' to determine if reports have been submitted and completed on a timely basis by the grantee and staff.  The foregoing process ensures that each grant, at minimum, is evaluated on an annual basis in compliance with HRS §10-17 to determine whether the grant attained the intended results in the manner contemplated. <b>Implementation Date: July 2019</b>



Rec No.	CLA Recommendation Description	State Audit Recommendation Response <sup>2 3</sup>	Implementation Status	Comments, Including Implementation (or Targeted Implementation) Date
11)	Implement a process whereby the Grant Monitor reviews the grant file to ensure that Purchase Requisitions have been prepared and approved in an amount equal to the total grant award. The Grant Monitor should also notify procurement of multi-year awards to ensure that a Purchase Requisition is prepared and approved for the grant award for each fiscal year.		<b>Grants Program:</b> X Implemented	<b>Grants Program:</b> Purchase requisitions (PR) are submitted by Grants Specialists to the Grants Manager and Line of Business Director for review and approval to ensure PRs match grant awards. At the beginning of each calendar year, the Procurement Department issues an organization-wide notification to all programs to complete PRs for multi-year grants. <b>Implementation Date: July 2019</b>
12)	CLA observed that certain grants that were not fully spent contained a Request to Close a Purchase Order; however, CLA did not observe a policy regarding this in the Fiscal Procedures Manual. Update the Fiscal Procedures Manual to indicate when a Request to Close a Purchase Order should be used in the grant process, train staff accordingly, and enforce the use of this form and process		<b>Grants Program:</b> X Implemented  <b>Financial Services Program (FSP):</b> X Implemented	<b>Grants Program:</b> The Grants Program SOP requires that the Grants Specialist check the final payment box on the Payment on Contract form when submitting a final payment request. The checked box initiates the closeout of the grant purchase order. The Grants Manager and the Line of Business Director review and approve prior to final submission. After submission of the form, it is then Financial Services Program's process to close the purchase order (PO). <b>Implementation Date: July 2019</b>  <b>Financial Services Program (FSP):</b> In instances where contract monitors/requestors did not check the appropriate box or submit for "final" payment resulting in unspent funds, FSP requires a <u>Request to Close a Purchase Order</u> form to be completed, which includes the reason for closing the PO and the proper approval signatures. FSP then files the form for any future inquiries. <b>Implementation Date: June 2008</b>
13)	Implement a review process whereby each grant contract file is reviewed to ensure that each of the documents required for the monitoring and evaluation of grants is appropriately completed and retained in the grant file. This should include all monitoring and evaluation documents required by HR\$ §10-17, OHA's Fiscal Procedures Manual, and OHA's Grants Standard Operating Procedures.	<b>18-08 Recommendation No. 1.a.</b> <b>18-08 Recommendation No. 1.b.</b> <b>18-08 Recommendation No. 2.a.</b> <b>18-08 Recommendation No. 2.b</b> <b>18-08 Recommendation No. 2.c.</b> <b>18-08 Recommendation No. 2.d.</b>	<b>Grants Program:</b> X Implemented	<b>Grants Program:</b> The current Grants Program SOP incorporates a monitoring and evaluation process for all grants. Progress reports completed by Grants Specialists are subject to review and approval by the Grants Manager. This approval process is mandated and required prior to grant payment approval.  The current grants information management system (OHA Foundant Grants Portal) includes a retention system for required grant documents (grant agreements, support documents, OHA Staff Attendance Reports, Grantee Final Reports, and Grant Monitor Closeout Reports, expenditure reports, and payment information). The system also provides 'real time' status updates to verify that grantee reports, program assessments and monitoring

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		<b>18-08 Recommendation No. 2.e.</b> <b>18-08 Recommendation No. 3.a.</b> <b>18-08 Recommendation No. 3.a.</b> <b>18-08 Recommendation No. 3.b.</b> <b>18-08 Recommendation No. 3.c.</b> <b>18-08 Recommendation No. 3.d.</b>		<p>have been completed and submitted.</p> <p>The Grants Manager and assigned staff can check and monitor OHA Foundant Grants Portal dashboards in 'real time' to determine if reports have been submitted and completed on a timely basis by the grantee and staff.</p> <p><b>Implementation Date: July 2019</b></p>
14)	A check should never be issued for an amount different than what was approved on the Request for Payment on Contract or Request for Check Issuance. Implement a policy and train staff to ensure this practice does not continue. If the amount requested for payment must be modified, a new or revised Request for Payment on Contract (or Request for Check Issuance) should be prepared and approved and supporting documentation should be retained to document the reason for the change.		<b>Grants Program:</b> X Implemented	<p><b>Grants Program:</b> Requests for Payment on Contract and Requests for Check Issuances are reviewed against grantee invoices by the Grants Specialist and forwarded to the Grants Manager and Line of Business Director for review, approval and final submission.</p> <p><b>Implementation Date: July 2019</b></p> <p><b>Financial Services Program (FSP):</b> FS currently has multiple layers of review to ensure that the approved amounts requested for payment are properly supported and that checks issued are for the same amounts.</p> <p><b>Implementation Date: June 2008</b></p>
15)	Implement a process to mark digital and hard copies of grant applications with the date the grant was received so that grant staff that review the application can verify that the application was received before the solicitation deadline.		<b>Grants Program:</b> X Implemented	<p><b>Grants Program:</b> All grant applications are now submitted electronically through the current grants information management system (OHA Grants Portal) which provides a digital stamp of receipt upon application submission.</p> <p><b>Implementation Date: July 2019</b></p>



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Rec No.	CLA Recommendation Description	State Audit Recommendation Response <sup>2 3</sup>	Implementation Status	Comments, Including Implementation (or Targeted Implementation) Date
16)	Ensure that the grant committee scoring and recommendation documentation is retained in the grant file to provide evidence that the review and recommendation processes occurred.	<b>18-08 Recommendation No. 1.b.</b>	<b>Grants Program:</b> X Implemented	<b>Grants Program:</b> The current grants information management system (OHA Foundant Grants Portal) retains grant committee scoring as evidence that the review process occurred. The OHA Grants Portal electronically tracks each grant pre-award phase, i.e., application, evaluation & scoring process. Effective <i>Jan. 15, 2020</i> , the system was updated to include all recommendation and award documents for each process cycle in the OHA Grants Portal (i.e., Action Items, BOT minutes, CEO / BOT Memos) <b>Implementation Date: January 2020</b>
17)	Ensure that attachments and schedules to BOT minutes are retained in the grant file to provide evidence that the grant was reviewed and approved by the BOT.	<b>18-08 Recommendation No. 1.b.</b>	<b>Grants Program:</b> X Implemented	<b>Grants Program:</b> <i>See Rec. CLA #16, Comments Section (supra)</i> <b>Implementation Date: January 2020</b>
18)	Enforce the requirement that Kulia Initiative grant files contain a statement explaining why the grant requests and awards were not made through the Community Grants Program. Ensure that the Certificate of Vendor Compliance and IRS letter of determination are retained in the grant files.	<b>18-03 Board Recommendation No.2.a.</b> <b>18-03 Board Recommendation No.2.b.</b> <b>18-03 Board Recommendation No.2.d.</b> <b>18-08 Recommendation No. 1.a.</b> <b>18-08 Recommendation No. 1.b.</b>	<b>Grants Program:</b> X Implemented	<b>Grants Program:</b> Kūlia Grants Guidelines & Processes were approved by the Board of Trustees on July 26, 2018. Beginning with the FY20 Kūlia Grant Solicitation, Kūlia Grant applications require that applicants confirm the basis for their grant request submitted as a Kūlia Grant request and not through the Community Grants Program. Certificate of Vendor Compliance and IRS determination letters are retained in each grant applicant's grants information management system (OHA Foundant Grants Portal) Letter of Intent file. <b>Implementation Date: December 2019</b>

Rec No.	CLA Recommendation Description	State Audit Recommendation Response <sup>2 3</sup>	Implementation Status	Comments, Including Implementation (or Targeted Implementation) Date
19)	Ensure that Kulia Initiative grants are assessed using the Kulia Initiative Review Form and that a copy of the form is retained in the grant file.	<b>18-03 Board Recommendation No.2.a.</b> <b>18-03 Board Recommendation No.2.b.</b> <b>18-03 Board Recommendation No.2.d.</b> <b>18-03 Adm Recommendation No. 2.a.</b> <b>18-03 Adm Recommendation No. 2.b.</b> <b>18-08 Recommendation No. 1.a.</b> <b>18-08 Recommendation No. 1.b.</b>	<b>Grants Program:</b> X Implemented	<b>Grants Program:</b> Beginning with the FY19 Kūlia Grants Solicitation, Kulia Grant applications are assessed based on the grant solicitation and scoring system. The review and scoring process is documented in the grants information management system (OHA Grants Portal). The OHA Grants Portal electronically tracks Kūlia Grant pre-award phase (i.e., application, evaluation & scoring process). This process replaces the Kūlia Initiative Review Form which was used for Kulia grants prior to 2018.  <b>Implementation Date: November 2018</b>
20)	Implement a process whereby the grant staff, when reviewing a new grant application for award, conduct research to determine whether the grant applicant has received prior grants from OHA or has other historical business relationships with OHA. For example, if a grant applicant has previously received grants from OHA, and the purpose or intended results of the grant were not attained, OHA should consider this information in the review process for the new grant application. This information should be documented in the grant file and used by the grant staff to determine whether the grant applicant is in good standing with OHA as required by the Grants SOP.	<b>18-03 Board Recommendation No.1.f.</b> <b>18-03 Board Recommendation No. 1.g.</b> <b>18-08 Recommendation No. 1.b.</b>	<b>Grants Program:</b> X Implemented	<b>Grants Program:</b> The current Grants SOP includes a noncompliance and ineligibility process. The Grant Closeout Report has a provision in which the Grants Specialist confirms (checks a box) and provides a justification if a grantee is found ineligible for future OHA funding. The Grants Manager reviews, confirms the eligibility determination and signs the Closeout Report. Eligibility determinations are tracked in the grants information management system (OHA Grants Portal) wherein a list can be retrieved and used to identify ineligible grantees during the grant application process.  <b>Implementation Date: November 2019</b>
21)	Provide all grants department staff with ongoing training to ensure all policies and procedures are being followed and necessary documentation is being retained in the grant files.		<b>Grants Program:</b> X Implemented	<b>Grants Program:</b> Grants Program staff training is conducted for current employees and all new employees.  <b>Implementation Date: July 2019</b>

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22)	<p>Implement the use of a software program for tracking all grant applications and awards. OHA currently uses Excel spreadsheets to track and monitor grants awarded. To ensure that there is one reliable source of information for grants, OHA should implement the use of a software program that allows the following:</p> <ul style="list-style-type: none"> <li>a. Input of all grant applications with applicant information</li> <li>b. Uploading of all applicable grant documents for each application and award</li> <li>c. Status of grant applications, including those that were not awarded</li> <li>d. Grant awards with total dollar amount, time period, and award per year</li> <li>e. Tracking of all monitoring activities, including uploading electronic copies of evaluation and monitoring reports</li> <li>f. Customization of reports</li> </ul> <p>Using a software program for tracking grants will assist OHA in retaining grant information on a long-term basis and prevent the accidental loss of information. Additionally, the program will result in a comprehensive database that OHA can use when assessing future grant applications for award.</p>	<p><b>18-03 Board Recommendation No.1.f.</b>  <b>18-03 Board Recommendation No. 1.g.</b>  <b>18-08 Recommendation No. 1.b.</b></p>	<p><b>Grants Program:</b>  X Implemented</p>	<p><b>Grants Program:</b> The grants information management system (OHA Foundant Grants Portal) serves as the grants comprehensive database and tracks all Grants Program grants.</p> <p>Tracking By Phases. Reports can also be generated for all phases of a grant lifecycle:</p> <ul style="list-style-type: none"> <li>a. Pre-Award: applications submitted/ineligible/denied, email notifications, application evaluations/scores.</li> <li>b. Award: email notifications, grant agreements, support documentation-insurance certificates.</li> <li>c. Post-Award: email notifications, reports (progress, monitoring and closeout) with specific report data such as date due/date submitted/submitter name, and award amount/payments made (amount expended)/award balance.</li> </ul> <p>The OHA Foundant Grants Portal ensures that grant files are complete. All mandated reports for each grant are on a dashboard, which serves as a checklist for each grant. The system electronic file includes system emails and all grant documents (e.g., grant agreements, support documents, OHA Staff Attendance Reports, grantee Final Reports, and Grant Monitor Closeout Reports, expenditure reports, and payment information). The system emails include auto generated emails and emails from Grants Program staff to the grantees. The system serves as the system of record for all grant information and documents. Grants Program staff can access the system to provide customized grant reports.</p> <p><b>Implementation Date: July 2019</b></p>
23)	<p>Establish a process to ensure that all documentation related to the RFP process is retained in the contract procurement file. This documentation should include (1) written determination on the use of the RFP method, (2) appointment of the evaluation committee, (3) a copy of the RFP, (4) a copy of the published notice, (5) a copy of the registry of proposals received by OHA, (6) copies of the acknowledgment of receipt of proposal (7) a copy of the evaluation documents, (8) a copy of the evaluation matrix, (9) a copy of the evaluation committee recommendation to hire, and (10) any other documents relevant to the RFP process.</p>		<p><b>A. Procurement Services Program (PSP):</b>  X Partially Implemented</p>	<p><b>Procurement Services Program (PSP):</b> Effective 2016, the Procurement Services Program contract file is comprised of three sections: 1) all solicitation documents, including the appointment of the evaluation committee, evaluation documents, and copy of recommendation to award; 2) the executed contract documents; 3) all original proposals and any other documents relevant to the RFP process. The solicitation section includes all seven items noted by the CLA recommendation required for an RFP. To maintain the integrity of the contract file, Procurement does not permit original proposals to be loaned out for any type of review. Only copies of</p>



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				<p>the proposals submitted are loaned out for reviewing purposes. Currently, one hard copy of each proposal is maintained in the contract file. Procurement plans to scan all solicitation documents for efficient document retrieval. The entire procurement contract file is retained throughout the term/life of the contract. Once the contract has expired, the contract file comprised of the three parts is archived according to OHA's records retention policy. This process will be included in the current draft of the Procurement Services Program SOP which is pending review and approval. Further revisions will be forthcoming to reflect automation of our processes and advancements achieved with the Oracle Fusion System.</p> <p><b>Targeted Implementation Date: June 2020</b></p> <p><b>Grants Program:</b> Effective FY2019, the Grants Program no longer uses the RFP process, a solicitation process is used.</p> <p><b>Implementation Date or Targeted Implementation Date: N/A</b></p>
24)	Ensure that in accordance with OHA policy, a written determination is made by the Administrator that a competitive sealed proposal is the more appropriate method of contracting rather than competitive sealed bidding.		<p><b>Procurement Services Program (PSP):</b> X Not Implemented, N/A</p> <p><b>Grants Program:</b> X Not Implemented, N/A</p>	<p><b>Procurement Services Program (PSP):</b> HRS 103D-301, as amended by Act 239 (2013), no longer requires that procurements begin with a competitive sealed bidding. Pursuant to Act 239, the designated procurement official has the authority to choose the appropriate source selection to meet the circumstances of each procurement. The Procurement Services Program documents in the contract file the written justification for the selection of the procurement method, which is approved by the Procurement Manager, the designated procurement official.</p> <p><b>Implementation Date or Targeted Implementation Date: N/A</b></p> <p><b>Grants Program:</b> The Grants Program does not use this process.</p> <p><b>Implementation Date or Targeted Implementation Date: N/A</b></p>



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25)	Implement the requirement for a review of the RFP draft by legal counsel prior to publication, and document this review on the Procurement Solicitation Routing form.		<p><b>A. Procurement Services Program (PSP):</b> X Not Implemented, N/A</p> <p><b>B. Grants Program:</b> X Not Implemented, N/A</p>	<p><b>Procurement Services Program (PSP):</b> There is no statutory requirement that legal counsel must review an RFP prior to publication. Notwithstanding, the Corporate Counsel office conducts reviews of the RFPs provided by Procurement prior to publication. If the Procurement staff have any substantive questions or issues at any time during the procurement process, they seek guidance from Corporate Counsel and/or State Procurement Office (SPO).</p> <p><b>Implementation Date or Targeted Implementation Date: N/A</b></p> <p><b>Grants Program:</b> Effective FY 2019, the Grants Program no longer uses the RFP process.</p> <p><b>Implementation Date or Targeted Implementation Date: N/A</b></p>
26)	Conduct a review of each contract to ensure that each of the documents required for the establishment of a contract is appropriately completed and retained in the contract file. See also recommendation 47.		<p><b>A. Procurement Services Program (PSP):</b> X Partially Implemented</p> <p><b>B. Grants Program:</b> X Implemented</p>	<p><b>Procurement Services Program (PSP):</b> Effective 2016, all procurement contract documents are uniformly organized into the procurement contract file with three dividers. The three dividers create six sections as follows: 1) Solicitation document (other than IFB Or RFP); 2) Primary contract, supplemental and completed PAC forms; 3) Supplemental contracts and completed Procurement Authorization Checklist (PAC) forms; 4) PO and all PO revisions; 5) internal communications; and 6) external communications. The procurement contract files for the IFB and RFP have two sections: 1) Solicitation, approval forms, and documents; and 2) the Final IFB and RFP. This process will be included in the current draft of the PSP's SOPs which is pending review and approval. Further revisions will be forthcoming to reflect automation of our processes and advancements achieved with the Oracle Fusion System.</p> <p><b>Targeted Implementation Date: June 2020.</b></p> <p><b>Grants Program:</b> The Grants Program grant agreement process requires that documents required for the establishment of a contract are submitted and retained in the grants information management system (OHA Foundant Grants Portal). The Grants Program routing form requires that initial documents are secured prior to routing the agreement for Grants Manager, LOB Director, and Legal review.</p>



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				<b>Implementation Date: July 2019</b>
27)	Ensure that whenever an amendment is executed for an existing contract, the amendment document is retained in the contract file.		<b>Procurement Services Program (PSP):</b> X Implemented  <b>Grants Program:</b> X Implemented	<b>Procurement Services Program (PSP):</b> Effective 2016, the Procurement Services Program files all primary contracts and supplemental contracts in Section 2 of the Procurement Contract File.  <b>Implementation Date: January 2016</b>  <b>Grants Program:</b> The Grants Program maintains grant agreement amendments in the grant files in the grants information management system (OHA Foundant Grants Portal).  <b>Implementation Date: July 2019</b>
28)	Ensure that the senior staff attorney performs a review of the contract file prior to signing the contract. The senior staff attorney must ensure compliance with State Procurement Laws for purchases of more than \$2,500 and document the review on the Procurement Document Checklist as indicated by OHA Policies and Procedures Manual. See also recommendations 48 and 52.		<b>Procurement Services Program (PSP):</b> X Partially Implemented	<b>Procurement Services Program (PSP):</b> It is the responsibility of the Procurement Services Program to ensure compliance with the State Procurement Laws for purchases of more than \$2,500. The Procurement Manager reviews and signs for approval of the source selection on the PAC form. The Procurement Document Checklist is no longer used. The Procurement Services Program submits to Corporate Counsel the procurement contract file for review and approval of a contract as to form. This process has been included in the current draft of the PSP's SOP, which is pending review and adoption. Further revisions will be forthcoming to reflect automation of our processes and advancements achieved with the Oracle Fusion System.  <b>Targeted Implementation Date: June 2020</b>
29)	Provide training to OHA staff, especially accounts payable staff, to ensure that once a payment is processed for a vendor, the payment is mailed or otherwise delivered directly to the vendor. It is not a best practice to deliver a prepared check to the staff requesting the payment. This practice heightens the risk of an employee not mailing or otherwise delivering the payment to the intended vendor.		<b>Financial Services Program (FSP)</b> X Partially Implemented	<b>Financial Services Program (FSP):</b> Processed check payments are being sent directly to vendors via mail or in person. While the current fiscal procedures allow for checks to be released to the requestors for delivery to vendors/grantees, with the control over the practice the signature of receipt (by the requestor) as indicated on the check transmittal; procedures to be updated to discontinue this practice.  <b>Targeted Implementation Date: June 2020</b>





## APPENDIX A - IMPLEMENTATION PLAN FOR 73 OHA RECOMMENDATIONS

Rec No.	CLA Recommendation Description	State Audit Recommendation Response <sup>2 3</sup>	Implementation Status	Comments, Including Implementation (or Targeted Implementation) Date
30)	Ensure that individuals in the accounts payable department are trained to double check their work to reduce the risk of overpayment in error.		<b>Financial Services Program (FSP)</b> X Implemented	<b>Financial Services Program (FSP):</b> FS has multiple layers of review to reduce the risk of overpayment in error. Staff pre-audits requests for correct amounts, charge codes and authorized signatures before inputting into the accounting system. The Accounting Manager reviews the Invoice Register against the individual requests for accuracy of data entries and validity of billings. The Controller conducts final review and approval of invoices for payment issuance. Accounting staff have been reminded to double check their work prior to approval. <b>Implementation Date: June 2008</b>
31)	Implement a process whereby record of the deliverables submitted by the vendor are retained in the contract file. If the deliverable by the vendor consists of verbal updates or meetings, ensure that some type of documentation is included in the contract file as reference for the deliverable.		<b>Executive Office, Organization Wide:</b> X Partially Implemented	<b>Executive Office, Organization Wide, Contract Management:</b> Once a good or service has been procured through the PSP, the Program (e.g. Land, Community Engagement, Research) is responsible for contract administration. PSP is not responsible for maintaining a record of the deliverables submitted by the vendor or for keeping a record of the deliverable in the contract file. The Program communicates and works directly with the contractor or vendor to ensure the deliverables are met, received, and/or otherwise maintained. An organization wide process for contract administration will be developed and implemented that complements and is integrated with OHA's Oracle Fusion processes. <b>Targeted Implementation Date: June 2020</b>
32)	Ensure that OHA staff and administration are aware that it is not a best practice to execute a contract for which the effective date precedes the execution date. There may be certain instances when a contract must be executed in this manner; however it should be only in rare occasions and a note should be included in the contract file to indicate the reason for this.		<b>A. Procurement Services Program (PSP):</b> X Partially Implemented  <b>B. Grants Program:</b> X Implemented	<b>Procurement Services Program (PSP):</b> This is an exception to the normal practice. Only in rare occasions, and in instances concerning emergencies, will contracts with an effective date that precedes the execution date be reviewed for consideration by Corporate Counsel. A memo to file will be included with the contract to document the reason for Corporate Counsel's granting of the exception, consistent with state practice (Comptroller's Memorandum no. 2009-14). <b>Targeted Implementation Date: June 2020</b>  <b>Grants Program:</b> The grant agreement review and contract execution process includes administrative oversight (Grants Manager) to ensure that contracts do not have effective dates that precede execution dates. <b>Implementation Date: July 2019</b>



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Rec No.	CLA Recommendation Description	State Audit Recommendation Response <sup>2 3</sup>	Implementation Status	Comments, Including Implementation (or Targeted Implementation) Date
33)	OHA must retain, within the contract file, the invoice and other supporting documents for all payments made on a contract. OHA should consider the risk of payment a vendor upon the execution of a contract and before the vendor has performed any work. If at all possible, OHA should avoid executing contracts that require a payment upon execution. If this type of arrangement continues to be used, it should be infrequent, and payment should not be made to the vendor without first obtaining an invoice.		<b>Grants Program:</b> X Implemented	<b>Grants Program:</b> The Grants Program retains invoices and support documents for payments made on a grant agreement. The Grants Program provides an initial payment on grant agreements with an invoice. Since most grant agreements are reimbursement contracts, the initial payment is necessary for the grants start-up processes. There is no payment upon execution, however, most Community Grant, Kulia and other grantees are allowed to bill for 10% of the contract during the initiation of the grant for grant start up costs. <b>Implementation Date: July 2019</b>
34)	If additional fees must be paid to a vendor on an existing contract, a contract amendment should be processed. Clear documentation must be included in the contract amendment language to describe the reasons for the amendment. If additional funds are needed for the vendor to complete work that was already accounted for within the original contract, there should be documented evidence of what prevented the vendor from accomplishing the deliverable within the original contract price. For example, if the vendor encountered delays that were outside of its control but within OHA's control, then a case could be made of the need for additional funds to be added as an amendment to the contract.		<b>A. Procurement Services Program (PSP):</b> X Partially Implemented  <b>B. Grants Program:</b> X Implemented	<b>Procurement Services Program (PSP):</b> A Program's request to extend and/or add funds to an existing contract must be submitted in writing to the Procurement Services Program. The Procurement Specialist will request justification in writing for the amendment, and it will be retained in the contract file under Section 5: "Internal Communications of the Procurement Services Program (PSP)." However, justification for the amendment will not be drafted into the contract amendment.  The PSP SOP is pending review and approval. Further revisions will be forthcoming to reflect automation of our processes and advancements achieved with the Oracle Fusion System. <b>Targeted Implementation Date: June 2020</b> <b>Grants Program:</b> For Grantee initiated amendments, grantees are required to submit a formal amendment request on a Grant Amendment Request form to the Grants Program. The request describes the basis for an amendment and must be approved by the Grants Specialist and Grants Manager. Grant agreement amendments specify the basis for the amendments. Support documentation is also included in grantee's files, if needed. <b>Implementation Date: July 2019</b>

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35)	Implement a process for all contracts whereby the contract manager reviews all contracts no less than 60 days prior to the termination of the contract to assess whether there is a need for a contract amendment to document an extension in the effective period and, if applicable, an increase in contract fees. The contract manager, LOB Director, CFO, or any other OHA staff should never approve for payment an invoice that includes time or costs incurred after the contract period has expired for which no amendment has been executed. See also recommendation L10.		<b>A. Executive Office, Organization Wide, Contract Management</b> X Partially Implemented  <b>B. Grants</b> X Implemented	<b>Executive Office, Organization Wide, Contract Management:</b> Once a good or service has been procured through the PSP, the Program (e.g. Land, Community Engagement, Research) is responsible for contract administration. PSP is not responsible for maintaining a record of the deliverables submitted by the vendor or for keeping a record of the deliverable in the contract file. The Program communicates and works directly with the contractor or vendor to ensure the deliverables are met, received, and/or otherwise maintained. An organization wide process for contract administration will be developed and implemented that complements and is integrated with OHA's Oracle Fusion processes.  <b>Targeted Implementation Date: June 2020</b>  <b>Grants Program:</b> Current Grants Program practice includes Grants Specialist and Grants Manager ongoing review of grantee progress and proactive determinations by the Grants Program regarding contract extensions.  <b>Implementation Date: July 2019</b>
36)	Establish a process whereby the contract procurement file maintains the names of the persons serving on a professional services review committee and selection committee and the following documents providing evidence that an appropriate selection process was completed: (1) Memorandum to CEO to appoint the Selection Committee, (2) evidence that the Procurement Officer ensured the impartiality and independence of committee members, (3) the Selection Committee individual scoring sheets, (4) the Selection Committee Scoring Matrix, (5) Memorandum to CEO recommending the top three ranked candidates with the CEO's approval.		<b>Procurement Services Program (PSP):</b> X Partially Implemented	<b>Procurement Services Program (PSP):</b> Effective 2016, the Procurement Services Program retains the approved review and selection committee members' names in the procurement contract file. The following documents that evidence completion of an appropriate selection process are kept in Section 1 of the procurement contract file: (1) Memorandum to CEO to appoint the Selection Committee, (2) evidence that the Procurement Officer ensured the impartiality and independence of committee members, (3) the Selection Committee individual scoring sheets, (4) the Selection Committee Scoring Matrix, and (5) Memorandum to CEO recommending the top three ranked candidates with the CEO's approval.  The approval memos and evaluation conducted by the Review committee are kept in a separate file with the corresponding fiscal year's Statement of Qualifications and Notice of Interest.  This process will be included in the current draft of the Procurement Services Program Standard Operating Procedures, which is pending review and approval. Further revisions will be forthcoming to reflect automation of our processes and advancements achieved with the Oracle Fusion System  <b>Targeted Implementation Date: June 2020</b>



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37)	Consistently require a process is in place to ensure the impartiality and independence of committee members. This process may include requiring that persons serving on a professional services review committee and selection committee complete and sign an affidavit attesting to having no personal, business, or any other relationship that would influence their decision.		<b>Procurement Services Program (PSP):</b> X Implemented	<p><b>Procurement Services Program (PSP):</b> Effective 2016, the Procurement Services Program requires that the SPO-024 “Attestation Serving on an Evaluation, Review or Selection Committee” form is completed, signed, and dated by all persons serving on an evaluation, review, or selection committee. The SPO-024 form is kept in the solicitation file, and this form documents the following:</p> <ul style="list-style-type: none"> <li>1) identifies a committee member as a governmental employee or non-governmental employee;</li> <li>2) states the purpose of the committee; and</li> <li>3) requires the committee member to attest: <ul style="list-style-type: none"> <li>• I have no personal, business, or any other relationship that will influence my decision in the applicable evaluation, review, or selection process.</li> <li>• I agree not to disclose any information on the applicable evaluation, review, or selection process; and</li> <li>• I agree that my name will become public information upon award of the contract.</li> </ul> </li> </ul> <p><b>Implementation Date: January 2016</b></p>
38)	Ensure that, in accordance with HRS §84-18(c) and (e), no former employee of OHA who was employed for more than 181 days in the prior year, is hired for compensation nor any other consideration to perform the same type of work the person had performed while employed by OHA.		<b>Corporate Counsel:</b> X Partially Implemented	<p><b>Corporate Counsel:</b></p> <p>The CLA statement is over-broad.</p> <p>The Hawaii State Ethics Commission (HSEC) provides the following guidance on post-employment ethics laws:</p> <p>There are three basic provisions of the post-employment law, which apply to anyone who works for OHA for more than 180 days (HRS § 84-18(e)):</p> <ul style="list-style-type: none"> <li>1. There’s a confidentiality provision (HRS § 84-18(a)), so former OHA employees are still prohibited from using or disclosing any confidential information obtained while with OHA. That prohibition applies as long as the information is confidential.</li> <li>2. There’s a one-year ban on representing any private entity before OHA. HRS 84-18(c). That is, the former OHA employee cannot</li> </ul>

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				<p>communicate with OHA personnel on behalf of the employee’s new employer. (The former employee can, of course, testify to the Board of Trustees as an individual member of the public; s/he could not do so on behalf of her/his new employer, however.)</p> <p>3. There’s a one-year ban on representing any private entity before <u>any</u> state agency on <u>any matter</u> the former OHA employee worked on at OHA. HRS 84-18(c). For example, if the OHA employee worked on a project to promote kalo production, the former OHA employee would be prohibited from lobbying the Legislature on that same matter on behalf of a private entity.</p> <p>One note for #2 and #3: In this context, “represent” means to communicate directly with OHA. So the former OHA employee could work with a new employer behind the scenes (as long as they don’t use or disclose any confidential information), but they can’t be communicating directly with OHA on any matter (#2), nor can they communicate with any state agency regarding any matter they worked on while with OHA (#3).</p> <p>There is another provision in the Contracts law, HRS § 84-15, which applies if a former OHA employee is helping her/his new company obtain a contract from OHA. If the former OHA employee worked on some matter at OHA, and then goes to work for a private employer, there is a <u>two</u>-year ban on the employee assisting the new employer in trying to get a contract (such as a grant) from OHA on the same matter. If, within that two-year period, the former OHA employee helps the new private employer apply for that contract, then OHA would be prohibited from entering into the contract with the private employer. In other words, a violation of this particular provision doesn’t result in penalties against the former employee; instead, it results in OHA being prohibited from entering into the contract with the private employer. Furthermore, this isn’t just a ban on direct communication between the former OHA employee and OHA - instead, the former OHA employee is prohibited even from <i>assisting</i> her/his new employer in getting the contract.</p>



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				<p>With this guidance from HSEC, if during the contracts or grants process, OHA staff becomes aware that a former OHA employee is working for a prospective vendor, contractor, or grantee, then OHA staff should inform Corporate Counsel. Corporate Counsel can confirm with Human Resources the separation date of the former employee and follow-up with the former OHA employee or his/her current employer on the former OHA employee's role or responsibilities with respect to the contract or grant being considered by OHA. Corporate Counsel can make a determination on whether OHA or the vendor, contractor, or grantee can proceed further. If there are any questions, Corporate Counsel or the former OHA employee can contact HSEC for guidance.</p> <p><b>Targeted Implementation Date: June 2020</b></p>
39)	Provide training and education to all levels of OHA employees involved in the execution of contracts. It must be clear to them that completed documentation and approvals must be in place, such as the completed Authorization to Proceed with Contract, before a contract is actually executed.		<b>Procurement Services Program (PSP):</b> X Implemented	<p><b>Procurement Services Program (PSP):</b> All Procurement Services Program staff involved in the execution of a contract are required to complete training and SPO webinars documented on the Procurement Unit Checklist. Any required documentation and approvals are obtained before the execution of a contract. All construction contracts have the requisite Notice to Proceed, and all other service contracts are sent with the information to proceed, executed contract, and PO numbers.</p> <p>The Procurement Services Program has provided onboarding training to all levels of OHA staff for the past several years. The first level of basic procurement training consisted of 4-5 classes and was provided twice a month during new hire onboarding.</p> <p><b>Implementation Date: January 2014</b></p>
40)	Ensure that the contract procurement process is followed as dictated by current OHA policies and procedures without circumvention and without completing the required steps in the wrong order. For example, a contract should never be executed prior to all of the necessary steps being completed. See also recommendation 51.		<b>Procurement Services Program (PSP):</b> X Partially Implemented	<p><b>Procurement Services Program (PSP):</b> Currently, to process a procurement request from solicitation to an executed contract requires the PAC form to be completed. The PAC form documents the procurement process on a single form and provides a useful tool to effectively inventory the required compliance documents and approvals for procurement processing. The PAC form includes: the PR number and relevant information; approval for solicitation method; compliance documents; and approvals as required by program managers, directors, CFO, COO and/or CEO.</p>

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				<p>This process has been included in the current draft of the Procurement Services Program Standard Operating Procedures, which is pending review and approval. Further revisions will be forthcoming to reflect automation of our processes and advancements achieved with the Oracle Fusion System.</p> <p><b>Targeted Implementation Date: June 2020</b></p>
41)	<p>Consistently follow the process outlined by HRS §103D-304 and by OHA's policy for the selection of Professional Service providers from the approved list when the need arises during the year for a specific service.</p> <p>a. An administrator should designate a Selection Committee to evaluate the Statements of Qualification submitted by the approved professional service providers and rank at a minimum three providers using the selection criteria.</p> <p>b. Professional service providers should not be selected without written documentation of the process followed and reason for selection.</p> <p>c. The vendors approved for inclusion on the list of approved professional service providers must have submitted a Statement of Qualification and Expression of Interest for the year applicable to the contract for which they are being considered. The Statement of Qualifications and Expression of Interest should not be carried forward from one year to the next.</p>		<p><b>Procurement Services Program (PSP):</b></p> <p>X Implemented</p>	<p><b>Procurement Services Program (PSP):</b> Past and current Procurement Services Program practice has been to follow the process outlined by HRS §103D-304 and OHA's policy for the selection of Professional Service (PS) providers from the approved list when the need arises during the year for a specific service. Effective 2016, the Procurement Services Program has retained the documentation for the approvals to conduct the professional services review and selection, in the procurement contract file according to OHA's records retention policy. The names of the individuals serving on the professional services review committee and the selection committee are also maintained in the procurement contract file. The following documents that evidence completion of an appropriate selection process are kept in Section 1 of the procurement contract file: (1) Memorandum to CEO to appoint the Selection Committee, (2) evidence that the Procurement Officer ensured the impartiality and independence of committee members, (3) the Selection Committee individual scoring sheets, (4) the Selection Committee Scoring Matrix, and (5) Memorandum to CEO recommending the top three ranked candidates with the CEO's approval.</p> <p>The approval memos and evaluation conducted by the review committee are kept in a separate file with the corresponding fiscal year's Statement of Qualifications and Notice of Interest.</p> <p>All Procurement Services Program staff conducting a procurement for Professional Services (PS), complete the SPO training webinar SPO 115, and are required to read HRS §103D -304 and HAR §3-122-62. The procurement staff conducting the PS is required to use the forms provided by SPO and OHA Memos created for PS.</p> <p>Prior to each new fiscal year, the Procurement Services Program conducts its annual solicitation for the various Professional Services Categories needed for OHA. A Statement of Qualifications and Expressions of Interest are solicited for as well.</p>

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				<b>Implementation Date: January 2016</b>
42)	Ensure that a copy of the published Notice to Providers of Professional Services is included in the Professional Service Providers binder for reference along with evidence that the notice was published. This may include a newspaper clipping or screenshot of the Procurement Notices System to provide evidence that the notice was posted.		<b>Procurement Services Program (PSP):</b> X Implemented	<b>Procurement Services Program (PSP):</b> The publication of solicitations is done electronically on the SPO website. Previously, only the Star Advertiser receipt for posting was kept with the file. The Procurement Services Program currently retains the SPO website publication confirmation, the OHA website posting, and the Star Advertiser receipt, with the respective fiscal years' Professional Services solicitation files. <b>Implementation Date: September 2016</b>
43)	Ensure that compliance documents are always obtained from the vendors prior to contract execution. It would be prudent to establish a policy that requires an explanation as to why compliance documents may not be required from a vendor whenever this designation has been listed on the Procurement Package Checklist for procurements that are not grants or purchases of less than \$25,000.		<b>Procurement Services Program (PSP):</b> X Implemented	<b>Procurement Services Program (PSP):</b> The Procurement Services Program currently requires a "Procurement Authorization Checklist" (PAC) form to be completed in order to process a procurement request from solicitation to an executed contract. The PAC form documents the procurement process on a single form and provides a useful tool to effectively inventory the required compliance documents and approvals for procurement processing. If an exemption is applicable, procurement staff provides citation to the exemption with an explanation on the PAC form. The PAC form is then submitted to the PSP Manager for approval. The PAC form includes: the PR number and relevant information; approval for solicitation method; compliance documents; and approvals by program managers, directors, CFO, COO and CEO. This process will be included in the current draft of the Procurement Services Program Standard Operating Procedures, pending review and adoption. Further revisions will be forthcoming to reflect automation of our processes and advancements achieved with the Oracle Fusion System. <b>Targeted Implementation Date: June 2020</b>
44)	Ensure that a Purchase Requisition is always completed not only at the beginning of the procurement process for a new contract, but also when the need for a contract amendment is identified so that there is verification of availability of funds, encumbering funds, and for use in creating the Purchase Order. See also recommendations 47, 48, and 54.		<b>Procurement Services Program (PSP):</b> X Implemented	<b>Procurement Services Program (PSP):</b> Currently, the Procurement Services Program requires the completion of a Purchase Requisition for all new purchases, contract amendments, and encumbering the new FY funds. Funds are verified prior to creating a Purchase Order. <b>Implementation Date: January 2016</b>



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45)	In the event that a procurement violation is identified, ensure that the appropriate steps are taken to complete a Report of Procurement Violation on State Procurement Office (SPO) Form-016, which lists five steps including determining whether appropriate corrective action has been taken, and forwarding the form (request) to the CFO for after-the-fact payment approval if one has been requested. In addition to completing the appropriate documentation, ensure that a copy of the completed form is retained in the related contract file.		<b>Procurement Services Program (PSP):</b> X Partially Implemented	<b>Procurement Services Program (PSP):</b> Upon notice of a possible procurement violation, the Procurement Manager will gather information by requesting that the program complete the “Procurement Inquiry Form.” The Procurement Manager will use the information provided on the Procurement Inquiry Form to determine if a violation has occurred. If a violation has occurred, the Procurement Manager will request that the program complete Form SPO-016, Report of Procurement Violations: Finding and Corrective Actions and/or Request for After-The-Fact Payment Approval. Upon receipt of Form SPO-016 from the program, the Procurement Manager will review for completeness and submit to the HOPA and CPO for review and approval. All Procurement violations will be reported to SPO. This process will be included in the current draft of the Procurement Services Program Standard Operating Procedures, pending review and adoption. Further revisions will be forthcoming to reflect automation of our processes and advancements achieved with the Oracle Fusion System.  <b>Targeted Implementation Date: June 2020</b>
46)	Implement a process to increase communication with the Board of Trustees with respect to the procurement of professional services, particularly when the services involve action items from the Board of Trustees. For any contract for which it is expected that the results of the work will require action or agreement by the Board of Trustees, it is prudent that discussions with the Board of Trustees take place prior to the commencement of the procurement process. This will help reduce possible waste from decisions made by the Board of Trustees not to proceed on an action item.		<b>Procurement Services Program (PSP):</b> X Implemented	<b>Procurement Services Program (PSP):</b> Effective 2016, the process to include the BOT in a professional services procurement has been done in accordance with HRS§103D-304 and HAR §§ 3-122-62 thru 69. The BOT has participated as advisors and selection committee members.  <b>Implementation Date: January 2016</b>
47)	Perform revisions and updates to the OHA Fiscal Procedures Manual to ensure that it is complete and accurately reflects the policies and procedures as currently mandated by applicable Hawai'i Revised Statutes and as practiced by OHA. The manual should also be updated to reflect current titles and approval authorities. The review and update of this manual should take place at least every two years to ensure that current policies are reflected.		<b>A. Procurement Services Program (PSP):</b> X Partially Implemented  <b>B. Financial Services Program (FSP):</b> X Partially Implemented	<b>Resource Financial Management Assets:</b> Financial Services Program (FSP) and Procurement Services Program (PSP): The updated FSP and PSP SOP is pending further revisions reflect automation of our processes and advancements achieved with the Oracle Fusion System.  <b>Targeted Implementation Date: June 2020</b>



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48)	Consider implementing the process of stamping each invoice paid, indicating the check number on the invoice itself instead of, or in addition to, applying this stamp to the Request For Payment form. It is a best practice to apply this type of marking to the invoice itself to prevent the risk of the invoice being paid again should the invoice become separated from the Request for Payment form.		<b>Financial Services Program (FSP):</b> X Implemented	<b>Financial Services Program (FSP):</b> Current fiscal procedures require accounting staff to stamp “Paid” and write the check number on all invoices and Request for Payment forms.  <b>Implementation Date: June 2008</b>
49)	Consider developing and implementing a policy and procedures that require the procurement office to obtain a minimum of three quotes, when feasible, when seeking services that qualify as exempt. Although obtaining quotes are not required for goods or services that qualify as exempt under HRS §103D-102(b), the statute states in subsection 102(d) that “[g]overnmental bodies making procurements which are exempt from this chapter are nevertheless encouraged to adopt and use provisions of this chapter and its implementing rules as appropriate ... ” Obtaining three quotes before awarding a contract for exempt goods or services will help ensure that OHA receives a fair price, increases competition, and helps reduce the risk of vendor favoritism or other unethical behavior in the procurement process. Documentation of the quotes received should be retained in the procurement files.		<b>Procurement Services Program (PSP):</b> X Not Implemented, N/A	<b>Procurement Services Program (PSP):</b> The process of obtaining minimum quotes for goods or services that qualify as exempt will not be implemented, as this is not applicable pursuant to Hawai’i Revised Statutes §103D-102 and Hawai’i Administrative Rules §3-120-4.  The CLA recommendation did not include the complete text of HRS §103D-102(d). The complete text of HRS §103D-102(d) as provided below, does not require obtaining three quotes:  “Governmental bodies making procurements which are exempt from this chapter are nevertheless encouraged to adopt and use provisions of this chapter and its implementing rules as appropriate; provided that the use of one or more provisions shall not constitute a waiver of the exemption conferred and subject the procurement or the governmental body to any other provision of this chapter.”  <b>Implementation Date or Targeted Implementation Date: N/A</b>
50)	Require staff to use other procurement methods (e.g., Professional Services), whenever possible, prior to using the exempt procurement method. The exempt procurement method should be used only when the goods or services qualify under the statute and when other procurement methods are not feasible. The use of other procurement methods will provide more competition and ensure OHA is receiving a fair and competitive price for its purchases.		<b>Procurement Services Program (PSP):</b> X Partially Implemented	<b>Procurement Services Program (PSP):</b> The Procurement Services Program currently requires a “Procurement Authorization Checklist” (PAC) form to be completed in order to process a procurement request from solicitation to an executed contract. The PAC form documents the procurement process on a single form and provides a useful tool to effectively inventory the required compliance documents and approvals for procurement processing. If an exemption is applicable, procurement staff provides citation to the exemption with an explanation on the PAC form. The PAC form is then submitted to the PSP Manager for approval.  This process has been included in the current draft of the Procurement Services Program Standard Operating Procedures, pending review and



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Rec No.	CLA Recommendation Description	State Audit Recommendation Response <sup>2 3</sup>	Implementation Status	Comments, Including Implementation (or Targeted Implementation) Date
				adoption. Further revisions will be forthcoming to reflect automation of our processes and advancements achieved with the Oracle Fusion System. <b>Targeted Implementation Date: June 2020</b>
51)	Consider seeking guidance from the State Procurement Office regarding the appropriate application of the exemptions under HRS §103D-102(b) and Hawai'i Administrative Rules Section 3-120-4 - Exhibit A. The State Procurement Office may be able to provide additional training or guidance to OHA staff, especially the procurement department, to ensure the proper interpretation and application of the list of exempt goods and services. Appropriate OHA staff should be sufficiently trained. If staff are unsure of whether a service or good qualifies as exempt, they should be encouraged to contact the State Procurement Office for guidance.		<b>Procurement Services Program (PSP):</b> X Implemented	<b>Procurement Services Program (PSP):</b> The Procurement Services Program and Procurement Manager has an open communication and active relationship with the State Procurement Office (SPO). The Procurement Manager encourages the Procurement Specialist to contact the SPO with any questions, concerns, and for guidance regarding procurements they are working on. The Procurement Manager also has an open communication and active relationship with the SPO. The OHA Procurement Services Program has participated in the annual Conference organized by the SPO office for the past four years. It is mandatory for all procurement staff to complete and pass SPO webinars prior to being assigned a method of solicitation. <b>Implementation Date: January 2016</b>
52)	Update the Operational Authority Delegation Hierarchy, Request for Payment on Contract, and Request for Issuance of Check to ensure that the approval signatures included on the request for payment/check align with the signatures required per the delegation hierarchy. If necessary, include a location on the payment request where the program, line of business, or other pertinent information is included so that staff can easily verify that the appropriate signatures were obtained.		<b>Financial Services Program (FSP):</b> X Implemented	<b>Financial Services Program (FSP):</b> The last updated Operational Authority Delegation Hierarchy is referenced when verifying approval signatures for all financial transactions. <b>Implementation Date: June 2008</b>
53)	Update the Procurement Document Checklist to include a location for the Procurement Manager to sign indicating that the form was reviewed.		<b>Procurement Services Program (PSP):</b> X Implemented	<b>Procurement Services Program (PSP):</b> Effective 2016, the "Procurement Document Checklist" was replaced by the "Procurement Authorization Checklist" (PAC) form. The Procurement Services Program requires the PAC form to be completed in order to process a procurement request from solicitation to an executed contract. The PAC form documents the procurement process on a single form and provides a useful tool to effectively inventory the required compliance documents and approvals for procurement processing. The PAC form tracks and records approvals from the receipt of the Purchase Requisition to the approvals by the Procurement Manager for the solicitation method selected; Program Manager and/or LOB for content; Controller, CFO, Budget Analyst for availability of funds; and COO and/or CEO for execution of contract.



## APPENDIX A - IMPLEMENTATION PLAN FOR 73 OHA RECOMMENDATIONS

Rec No.	CLA Recommendation Description	State Audit Recommendation Response <sup>2 3</sup>	Implementation Status	Comments, Including Implementation (or Targeted Implementation) Date
				<b>Implementation Date: January 2016</b>
54)	Implement a process for obtaining and retaining documentation when signing authority is delegated to another member of OHA staff, such as the CFO giving signing authority to the Controller while the CFO is absent. Ensure that this documentation is kept with the procurement, contract, and payment files for later verification.		<b>Procurement Services Program (PSP):</b> X Implemented	<b>Procurement Services Program (PSP):</b> Effective 2015, the Procurement Services Program has retained an electronic file of the Delegation of Signing Authority. Effective early 2019, the Procurement Services Program also retains a hardcopy of the Delegation of Signing Authority in the contract file when the signing authority is delegated to another OHA staff member.  <b>Implementation Date: May 2015 Electronic, January 2019 Hard Copy</b>
55)	Implement procedures to ensure that documents are retained according to OHA's document retention policy and the Hawai'i state requirements. Consider the implementation of a digital document repository that would allow OHA to easily scan, upload, and store all relevant documents. This could assist OHA in the retention of important documents on a long-term basis.		<b>Records Management Program:</b> X Partially Implemented	<b>Records Management Program:</b> OHA Administration has initiated the Records Management Redesign Project, which will effect a systematic, agency-wide review and update to OHA's records management policies and procedures that is tailored to the unique records produced by each OHA program, starting with programs in our Resource Management – Financial Assets Division. In addition to digital document retention systems that have since been implemented by individual programs, ISRM is currently redesigning OHA's internal SharePoint site and reviewing its function as a document management system.  <b>Targeted Implementation Date: February 2020</b> - Agency-wide project planning completed; <b>June 2020</b> - updated records policies and procedures for Resource Management – Financial Assets Division implemented; <b>June 2021</b> - agency-wide implementation completed.
56)	Update the Operational Delegation Authority Hierarchy regarding grants awarded to the LLC's. The Operational Delegation Authority Hierarchy should require the approval of the Board of Trustees, regardless of dollar amount, to ensure there is no conflict of interest in the grant award process.		<b>Board of Trustees:</b> X Not Implemented, N/A	<b>Board of Trustees:</b> OHA does not award grants to LLCs. In May 2019, the Board of Trustees approved: 1) the dissolution of LLCs ---Ho'okele Pono LLC, Hookipaipai, LLC and Hi'ikualono, LLC; and 2) the search and seating of non-OHA employee LLC managers for Hi'ilei Aloha LLC and Hiipaka LLC (dba Waimea Valley). During the FY20-21 budget and budget realignment actions (May and September 2019, respectively), operational winddown activities were projected and the related winddown, dissolution and termination activities were a part of the BOT approved LLC budget for FY20-21.



Rec No.	CLA Recommendation Description	State Audit Recommendation Response <sup>2 3</sup>	Implementation Status	Comments, Including Implementation (or Targeted Implementation) Date
				<b>Implementation Date or Targeted Implementation Date:</b> N/A
57)	Ensure that information on the sponsorship review forms are consistent with the grantees formal letter or application. Grantee information received by OHA that is not on the letter or application should be retained in the sponsorship file to ensure that a record of all relevant information is retained.	<b>18-08 Recommendation No.1.a.</b> <b>18-03 Board Recommendation No. 4.a.</b> <b>18-03 Board Recommendation No. 4.b.</b>	<b>Board of Trustees:</b> X Partially Implemented	<b>Board of Trustees:</b> On August 1, 2017, the Board approved the appointment of members to an Ad Hoc Committee on Grants and Scholarships to review and address Grants, including Kūlia Initiatives, Sponsorships, and the Trustee Sponsorship and Annual Allowance Fund (TSAAF). This program is still under review by the Ad Hoc Committee <b>Targeted Implementation Date: June 2020</b>
58)	Revise the Operational Authority Delegation Hierarchy to specify the departments or titles required to approve and sign Requests for Check Issuance. Currently, the delegation hierarchy simply states "Appropriate Budget Authority," and OHA was unable to identify for CLA who the "Appropriate Budget Authority" was for disbursements. If necessary, consider creating a budget authority document that identifies the appropriate budget authority by line of business, division, etc.		<b>Financial Services Program (FSP)</b> X Implemented	<b>Financial Services Program (FSP):</b> The Operational Authority Delegation Hierarchy for all approval signatures has been last updated 7/3/18. "Appropriate Budget Authority" is further defined as the manager or director for the program account being charged if different from manager's approval line. <b>Implementation Date: July 2018</b>
59)	Ensure that grants are issued only for the grant types established within the OHA Grants Program Standard Operating Procedures. Disbursements described as "Other" grants should be required to use another procurement method.		<b>Grants Program:</b> X Implemented	<b>Grants Program:</b> The Grants Program has two types of grants- Competitive and Noncompetitive Grants. Noncompetitive grants are initiated as an Administration and/or BOT initiative based on an identified need in the Native Hawaiian community that does not conform to the Competitive Grants Program process. Noncompetitive Grants conform to HRS §10-17 requirements. The Noncompetitive Grants process is included in the current Grants Program SOP. The Grants Program does not have "Other" Grants. <b>Implementation Date: November 2019</b>
60)	Ensure that sponsorships are not awarded for programmatic services. Grants awarded for programmatic services should use other grant methods (e.g., Community Grants Program).	<b>18-03 Board Recommendation No. 4.a.</b> <b>18-03 Board Recommendation No. 4.b.</b>	<b>Board of Trustees:</b> X Partially Implemented	<b>Board of Trustees:</b> On August 1, 2017, the Board approved the appointment of members to an Ad hoc Committee on Grants and Scholarships to review and address Grants, including Kūlia Initiatives, Sponsorships, and the Trustee Sponsorship and Annual Allowance Fund (TSAAF). Administration is in the process of developing new organization wide Sponsorship processes, including processing of sponsorships formerly identified as "CEO Sponsorships" now known as "Kaiāulu Sponsorships".

Rec No.	CLA Recommendation Description	State Audit Recommendation Response <sup>2 3</sup>	Implementation Status	Comments, Including Implementation (or Targeted Implementation) Date
				<p>The new process includes: 1) Board approval of overall Sponsorship biennium budget as an authorization control; 2) Aggregation of all Sponsorships throughout the organization; and 3) A single, consistent central processing function (i.e., Grants Department) regardless of the budget origination point, program or line of business. All sponsorship process activities of planning, solicitation, application, review, recommendation, contracting, monitoring &amp; close out and evaluation will involve other areas of OHA (e.g., planning, marketing, awarding announcement, monitoring, evaluation), but the overall process is to be managed by the Grants Department, resulting in more standardized processing.</p> <p><b>Targeted Implementation Date: June 2020</b></p>
61)	Implement a process whereby the accounts used for a Budget Realignment to fund a sponsorship or grant are presented to the BOT for consideration and review.	<p><b>18-03 Board Recommendation No. 1.e</b></p> <p><b>18-03 Adm Recommendation No. 4.b.</b></p> <p><b>18-03 Board Recommendation No. 4.c.</b></p>	<p><b>Executive Office:</b></p> <p>X Implemented</p>	<p><b>Executive Office:</b> On October 11, 2018 (2nd rdg), the Board approved RM #18-12, amendments to the OHA BOT Executive Policy Manual and BOT Operations Manual relating to budget preparation, format and budget reporting requirements (PPB approach). The amendments were aimed at improving fiscal management, transparency, reporting, and accountability as well as to address the 18-03 Audit recommendations 1.d., 1.e., and 1.f. Under the approved amendments, "Administration is delegated authority to approve budget adjustments that fall within the lesser of \$100,000 or 5% between each program. Budget adjustments in and out of grants and sponsorships appropriations are prohibited." Furthermore, under the amendments, the authority of the CEO to approve Grants in an amount up to \$25,000 under paragraph 2.2.d. of the OHA EPM was eliminated, meaning that the CEO will no longer have any authority to approve any Grants regardless of amount without Board approval. The effective date of these approved amendments is deferred until submission of the FY2022-2023 Biennium Budget to allow Administration sufficient time for process implementation. Thus, starting July 1, 2021, the Board policies will require Board approval for all Grants and Sponsorships. Currently, and until the new policy goes into effect on July 1, 2021, the organization operates under the approved amendments.</p> <p><b>Implementation Date: October 2018</b></p>



## APPENDIX A - IMPLEMENTATION PLAN FOR 73 OHA RECOMMENDATIONS

Rec No.	CLA Recommendation Description	State Audit Recommendation Response <sup>2 3</sup>	Implementation Status	Comments, Including Implementation (or Targeted Implementation) Date
62)	Enforce the requirement that sponsorships, and other awards and disbursements, not exceed the dollar limits established by OHA. All appropriate OHA staff (i.e., grants, procurement, and accounting) should be adequately trained to scrutinize the supporting documentation to ensure that amounts are not split to circumvent spending/award limits. Any request that exceeds such spending limits should not be awarded, approved, or paid.		<b>Grants Program:</b> X Implemented	<b>Grants Program:</b> Grant awards conform to a BOT approved budget and require BOT award approval. Given this process, the Grant Program would not contract an amount that exceeded the award amount.  <b>Implementation Date: July 2019</b>
63)	Ensure that accounting staff are sufficiently trained to not pay requests for payment that do not contain sufficient supporting documentation. All disbursements should equal the approved requests for payment and supporting invoices. Any exceptions should be returned by accounting to the appropriate OHA staff for correction and resubmission.		<b>Financial Services Program (FSP)</b> X Implemented	<b>Financial Services Program (FSP):</b> Staff has been trained to pre-audit payment requests for sufficient supporting documentation and proper approvals. Any incomplete forms or signatures are given back to the requestor to complete.  <b>Implementation Date: June 2008</b>
64)	Require that disbursements not exceed the amount approved on a Purchase Requisition. If it is determined that the amount approved on a Purchase Requisition is not sufficient for the required disbursement, issue a new Purchase Requisition for the full amount of the disbursement and not only for the incremental increase. Approval of Purchase Requisitions is based on the dollar amount; therefore, issuing disbursements based on incremental Purchase Requisitions could be used to circumvent appropriate approval requirements.		<b>Procurement Services Program (PSP):</b> X Not Implemented, N/A	<b>Procurement Services Program (PSP):</b> The Purchase Requisition is "how" programs request that the Procurement Services Program conduct a solicitation for a particular goods, service or construction needed by the program. The cost listed on the Purchase Requisition is only an estimate as an actual cost will not be known until the solicitation is completed. Should the actual cost be higher than stated on the PR once the solicitation is completed, the Procurement Authorization Checklist documents the original amount on the PR and provides for the actual cost to be approved by the LOB and the Budget Analyst.  <b>Implementation Date or Targeted Implementation Date: N/A</b>
65)	Disbursements and other financial transactions should not be approved by individuals other than OHA staff and designated on the Operational Authority Delegation Hierarchy. If OHA desires an approval from staff working in the Native Hawaiian Roll Commission (NHRC) regarding a disbursement, there should be an additional approval required of the appropriate staff of NHRC; however, it should not replace the approval signatures required of OHA staff. The Operational Authority Delegation Hierarchy should be updated to include the additional approval signatures required of NHRC staff.		<b>Financial Services Program (FSP)</b> X Not Implemented, N/A	<b>Financial Services Program (FSP):</b> All financial transactions are processed and approved by authorized OHA personnel. The Native Hawaiian Roll Commission (NHRC) was administratively attached to OHA and OHA funded. The NHRC ceased its active operations in 2016, so no associated update to the Operational Authority Delegation Hierarchy is needed.  <b>Implementation Date or Targeted Implementation Date: N/A</b>

Rec No.	CLA Recommendation Description	State Audit Recommendation Response <sup>2 3</sup>	Implementation Status	Comments, Including Implementation (or Targeted Implementation) Date
66)	Ensure that OHA staff and administration are sufficiently trained on the appropriate order of documents that must be approved before purchasing goods or services. CLA observed instances in which a check request was prepared prior to or at the same time as other documents that require approval before requesting payment. Goods and services should not be purchased or paid for prior to obtaining adequate approval for the purchase.		<b>Financial Services Program (FSP)</b> X Implemented	<b>Financial Services Program (FSP):</b> Simultaneous preparation of various documents is acceptable in certain urgent/emergency instances to expedite processing. FS staff are trained to obtain sufficient supporting documentation and proper approvals for all payment requests. <b>Implementation Date: June 2008</b>
67)	Consider implementing a policy that requires all disbursements to be approved via a Request for Check Issuance or Request for Payment on Contract. These documents include information indicating that the approver has certified to the receipt of goods or services, which is an important step for approving all disbursements.		<b>Financial Services Program (FSP)</b> X Not Implemented, Disagree	<b>Financial Services Program (FSP):</b> The FS program disagrees with the recommendation of a policy requiring ALL disbursements be approved by the Check Issuance or Request for Payment on Contract. Other than the monthly recurring invoices (e.g. utilities, rent, etc.), the use of a “form” to request for payment is required. Encumbrances are setup in the beginning of the fiscal year for the recurring fixed expenditures, Program monitors review, verify and sign off on the monthly invoices acknowledging receipt of goods and services. FS staff processes the approved invoices in accordance with established fiscal procedures. <b>Implementation Date or Targeted Implementation Date: N/A</b>
68)	Implement a process to enforce the requirements that (1) the Request for Use of Procurement Card form is completed and appropriately signed before a pCard is used, (2) all receipts and other supporting documentation are retained within the disbursement file, (3) the Statement of Completed Travel form is submitted within the deadline, and (4) all forms are signed and dated. Provide additional staff training regarding the appropriate process for pCard approval, documentation, and use. Ensure that steps are taken to immediately address instances when the policy is not followed. Consider revoking pCard privileges for staff that consistently do not follow policy.		<b>A. Procurement Services Program (PSP):</b> X Partially Implemented  <b>B. Financial Services Program:</b> X Implemented	<b>Procurement Services Program (PSP):</b> Addresses item number (3) Statement of Completed Travel Form is submitted within the deadline: OHA initiated the OHA Business Travel Process project team to help develop an efficient travel process for OHA Trustees and staff. Through the project management process, the project team plans to, among other things, address inefficiencies in the current travel process and to provide for clear accountability to the travel policy and procedures. <b>Targeted Implementation Date: June 2020</b>  <b>Financial Services Program (FSP):</b> Current pCard guidelines and procedures specify that cardholder is to obtain a completed Request for Use of Purchasing Card Form before charging, reconcile all charges on account and submit a bi-monthly billing statement supported by receipts and appropriate documentation for payment processing. Cardholder who consistently violates internal guidelines and procedures may be put on a corrective active plan including verbal or written warning, temporary



Rec No.	CLA Recommendation Description	State Audit Recommendation Response <sup>2 3</sup>	Implementation Status	Comments, Including Implementation (or Targeted Implementation) Date
				suspension, revocation of privileges, or other disciplinary action. <i>See</i> OHA's Purchasing Card Program Internal Guidelines and Procedures.  <b>Implementation Date: June 2016</b>
69)	Implement a process to enforce the requirement that the Travel Allowance Authorization form is submitted within the deadline required for in-state and out-of-state travel. Provide additional staff training regarding the required process, and ensure that steps are taken to immediately address instances when the policy is not followed.		<b>Procurement Services Program (PSP):</b> X Partially Implemented	<b>Procurement Services Program (PSP):</b> OHA initiated the OHA Business Travel Process project team to help develop an efficient travel process for OHA Trustees and staff. Through the project management process, the project team plans to, among other things, address inefficiencies in the current travel process and to provide for clear accountability to the travel policy and procedures.  <b>Targeted Implementation Date: June 2020</b>
70)	Implement a process whereby leases and long-term rentals are procured using the Exempt Procurement method for contracts. Using contracts for leases and long-term rentals will provide assurance that a contract manager is assigned, the contract has appropriate oversight and monitoring, and the invoice amounts and rates are compared to the rental or lease agreement.		<b>Procurement Services Program (PSP):</b> X Not Implemented, N/A	<b>Procurement Services Program (PSP):</b> Pursuant to HRS§103D-104 of the Hawai'i Public Procurement Code, leases of real property and office rentals are explicitly excluded from the definition of "goods" and it does not fall under the definition of "service." As such, leases of real property and office rentals do not fall under procurement. Properties which OHA leases and long-term rentals are managed by the Resource Management Land Assets, Commercial Property Program.  <b>Implementation Date or Targeted Implementation Date: N/A</b>
71)	The Community Engagement department should retain in the department files the information provided by various OHA staff to prepare the annual report to the Board of Trustees. This information should be retained in accordance with OHA's standard retention policy to ensure that there is support for the information and numbers reported.		<b>Community Engagement Program:</b> X Implemented	<b>Community Engagement Program:</b> The Community Engagement (CE) program will retain in the Department files the information provided by various OHA staff to prepare the annual report to the Board of Trustees in accordance with OHA's standard retention policy to ensure that there is support for the information and numbers reported. CE begins to gather information for the annual report in August, submission deadlines for various sections of the report run from September 1 and the final deadline for submissions is October 31. The report is sent for printing in mid-November.  <b>Implementation Date: January 2020 for next annual report period fiscal year ended 6/30/2020</b>

Rec No.	CLA Recommendation Description	State Audit Recommendation Response <sup>2 3</sup>	Implementation Status	Comments, Including Implementation (or Targeted Implementation) Date
72)	The Community Engagement department should clarify with the grants department regarding whether the reported grant and sponsorship information is based on dollars awarded or disbursed. The report should be updated to clarify the nature of the dollars reported (awarded versus disbursed).		<b>Grants Program:</b> X Implemented	<b>Grants Program:</b> The Grants Program notified Community Engagement that grant and sponsorship information provided for the Annual Report are ‘awarded’ not ‘disbursed’ amounts. <b>Implementation Date: December 2019</b>
73)	Consider including information in OHA's annual report to the BOT that addresses the amount of grant awards disbursed. Currently, the annual report provides only grant awards. Providing disbursed dollars will help the BOT and other readers assess the overall results of the grant programs.		<b>Grants Program:</b> X Not Implemented, Disagree	<b>Grant Program:</b> Contrary to the audit recommendation, providing disbursement amounts for active grants in OHA’s annual report will not support an assessment regarding overall results of grants program. The current grant closeout process provides data on grant performance and actual disbursement amount for each grant. The grants information management system (OHA Foundant Grants Portal), which was launched in July 2019, can provide customized grant disbursement data for any requested grant period. Administration will consider how actual grant expenditures and other information can be reported to the Trustees, Administration, staff and beneficiaries on a quarterly basis. <b>Implementation Date or Targeted Implementation Date: N/A</b>

## APPENDIX B - IMPLEMENTATION PLAN FOR 30 LLC RECOMMENDATIONS

### I. Summary of Implementation Plan for 30 LLC Recommendations by LLC Entity<sup>1</sup>

		Recommendation No.		
Implementation Status	Quantity	Hi'ilei Aloha LLC	Hi'ipaka LLC	Ho'okipaipai LLC
Implemented	26	1-11,13,16,23,26-29	12,14,15,17,18,19,20,25	
Partially Implemented	2	30	21	
Not Implemented	0			
Not Implemented, N/A	1			22
Not Implemented, Disagree	1	24		
<b>Total</b>	<b>30</b>	<b>20</b>	<b>9</b>	<b>1</b>

<sup>1</sup> LLCs are calendar year entities whose operating year begins on January 1<sup>st</sup> and ends on December 31<sup>st</sup>

## APPENDIX B - IMPLEMENTATION PLAN FOR 30 LLC RECOMMENDATIONS

### II. Detail of Implementation Plan for 30 LLC Recommendations by Recommendation Number

Recommendation No.	Recommendation Summary	Implementation Status	Comments, Including Implementation (or Target Implementation) Date
L01	Complete Financial Conflicts of Interest Disclosure Statements annually.	X - Implemented	Created a checklist of tasks to be completed annually at the end of every year (e.g., financial conflicts of interest disclosure) and added this to the list. <b>Implementation Date: January 2020</b>
L02	Retain proof of deliverables for established contracts in the contract file.	X - Implemented	Maintain an individual contract file folder for every contract and added "Proof of Deliverables" verbiage to Check Request forms to confirm receipt of goods and/or services. SOP ADMIN ACCT-009, SOP BUS-004, and CPM 005 have been updated. <b>Implementation Date: January 2020</b>
L03	Implement process to assign contract numbers.	X - Implemented	Created contract log with assigned contract number for all contracts. Added contract number to individual contract files and all forms related to each contract. <b>Implementation Date: January 2020</b>

## APPENDIX B - IMPLEMENTATION PLAN FOR 30 LLC RECOMMENDATIONS

Recommendation No.	Recommendation Summary	Implementation Status	Comments, Including Implementation (or Target Implementation) Date
L04	Implement use of Purchase Request form.	X - Implemented	Created a Purchase Request form to be used for all purchases. Budget compliance check is included on the form. Hi'ipaka will use the form only for non-routine purchases and all purchases over \$500. SOP ADMIN-004 has been updated. <b>Implementation Date: January 2020</b>
L05	Document the contract cost or price analysis process to determine reasonableness, allocability and allowability.	X - Implemented	Created Cost & Price Analysis form to be used with all purchases and inserted into the contract file. Hi'ipaka will use the form for non-routine purchases, capital items, and internet purchases. SOP ADMIN-004 has been updated. <b>Implementation Date: January 2020</b>
L06	Update Hi'ilei Aloha's Fiscal Policies and Procedures manual to designate the contract execution and delegation of authority.	X - Implemented	Added section to Fiscal P&P manual on these provisions and added them on forms to be included in every contract file. <b>Implementation Date: January 2020</b>
L07	Document process for contract execution ensuring contract effective date occurs after the execution date.	X - Implemented	Added section to Fiscal P&P (1) requiring contract effective date to be after contract execution date, and (2) recommended process for facilitating

## APPENDIX B - IMPLEMENTATION PLAN FOR 30 LLC RECOMMENDATIONS

Recommendation No.	Recommendation Summary	Implementation Status	Comments, Including Implementation (or Target Implementation) Date
			signatures. CPM-005 and SOP BUS-004 have been updated. <b>Implementation Date: January 2020</b>
<b>L08</b>	Train employees on established check issuance process.	X - Implemented	Added this provision in Fiscal P&P and added refresher training to Year End checklist. <b>Implementation Date: January 2020</b>
<b>L09</b>	Ensure complete and appropriate documentation is received to support completing a Request for Check Issuance form.	X - Implemented	Added section to Fiscal P&P requiring that payments may be processed only after receiving a detailed invoice from vendor. CPM and SOP have been updated. <b>Implementation Date: January 2020</b>
<b>L10</b>	Ensure services obtained are fully utilized for the benefit of the organization.	X - Implemented	Added section to Contract File Folder Checklist to document use of vendor's service or product (or explanation of why service or product was not used). <b>Implementation Date: January 2020</b>
<b>L11</b>	Guide and train individuals to ensure that contract payments submitted for payment should	X - Implemented	Added section to Contract Payment Balance Form that payments may never exceed the contract amount. If additional payments are required, staff

## APPENDIX B - IMPLEMENTATION PLAN FOR 30 LLC RECOMMENDATIONS

Recommendation No.	Recommendation Summary	Implementation Status	Comments, Including Implementation (or Target Implementation) Date
	never exceed the total contract amount.		must execute a contract amendment. CPM and SOP updated. <b>Implementation Date: January 2020</b>
<b>L12 (Hi'ipaka LLC)</b>	Ensure appropriate contract monitoring is in place between Hi'ipaka and OHA.	X - Implemented	Hi'ipaka is working with OHA to ensure appropriate contract monitoring is in place when applicable. <b>Implementation Date: January 2020</b>
<b>L13</b>	Document consistently the verification of receipt of a product or service.	X - Implemented	Added section to Check Request Form to confirm goods and/or services were received. <b>Implementation Date: January 2020</b>
<b>L14 (Hi'ipaka LLC)</b>	Update and align Hi'ipaka's Standard Operating Procedures and existing Corporate Procedures Manual.	X - Implemented	Aligned CPM-005 and SOP BUS-004 and SOP ADMIN-004. <b>Implementation Date: January 2020</b>
<b>L15 (Hi'ipaka LLC)</b>	Obtain and verify and retain in contract files, vendor submitted contract related documentation (e.g., Certificates of Good Standing, certificates of insurance, contractor's license).	X - Implemented	Implemented a process to include all contract-related documents in hard copy file folder and digital files. <b>Implementation Date: August 2019</b>

## APPENDIX B - IMPLEMENTATION PLAN FOR 30 LLC RECOMMENDATIONS

Recommendation No.	Recommendation Summary	Implementation Status	Comments, Including Implementation (or Target Implementation) Date
L16	Ensure appropriate steps are implemented to review contract drafts for accuracy.	X - Implemented	Added instruction to Fiscal P&P that all contracts must contain an effective date and execution dates. <b>Implementation Date: January 2020</b>
L17 (Hi`ipaka LLC)	Ensure changes to contracts are appropriately documented as a written contract amendment.	X - Implemented	This is already the practice for all contracts. <b>Implementation Date: Inception</b>
L18 (Hi`ipaka LLC)	Ensure invoice submitted for contract payment accurately reflects the terms of the contract.	X - Implemented	All contractors are required to include a schedule of payments made to date on their invoice with the outstanding contract balance that will then be verified by the contract monitor before payment is approved. <b>Implementation Date: January 2020</b>
L19 (Hi`ipaka LLC)	Train employees on established check issuance process.	X - Implemented	All employees preparing check request have been trained. Added annual refresher training on Fiscal P&P to Year End checklist. <b>Implementation Date: January 2020</b>
L20 (Hi`ipaka LLC)	Implement review process to ensure information in the general ledger accurately records payment	X - Implemented	Accountant has implemented this recommendation. <b>Implementation Date: January 2020</b>



## APPENDIX B - IMPLEMENTATION PLAN FOR 30 LLC RECOMMENDATIONS

Recommendation No.	Recommendation Summary	Implementation Status	Comments, Including Implementation (or Target Implementation) Date
	information, such as payee name, check number, and date.		
<b>L21 (Hi'ipaka LLC)</b>	Consider requesting from the bank, images of the front and back of cancelled check with the monthly bank statements.  On a sample basis, use images to compare payee information to the information in the general ledger and ensure Hi'ipaka's check signing policy is in compliance.	X Partially Implemented	Currently receive a copy of the front of the check with the monthly bank statement. Also have access to copies of both front and back of checks upon request. Will obtain sample copies (5% of checks written) on a monthly basis.  <b>Targeted Implementation Date: February 2020</b>
<b>L22 (Ho'okipaipai LLC)</b>	Ensure three verbal quotations of rate or price are obtained as required by the Ho'okipaipai Fiscal Policies and Procedures manual.	X Not Implemented, N/A	Not implemented as Ho'okipaipai LLC is in the process of dissolving.
<b>L23</b>	Document in the contract file the basis for non-competitive negotiations when competitive negotiation becomes infeasible.	X - Implemented	Added section to Fiscal P&P that the basis for any non-competitive negotiations must be documented and placed in the contract file folder. Added confirmation of this to Cost & Price Analysis form.  <b>Implementation Date: January 2020</b>

## APPENDIX B - IMPLEMENTATION PLAN FOR 30 LLC RECOMMENDATIONS

Recommendation No.	Recommendation Summary	Implementation Status	Comments, Including Implementation (or Target Implementation) Date
<b>L24</b>	Consider OHA's procurement staff reviewing of LLC's "loans" and "grants" for compliance with the regulations of HRS 10-17.	X - Not Implemented, Disagree	Hi'ilei Aloha LLC is an independent Hawai'i organized limited liability corporation exempt from federal income tax under section 501(c)(3) and is not subject to the regulations of HRS 10-17 and related compliance. <b>Implementation Date: N/A</b>
<b>L25 (Hi'ipaka LLC)</b>	Implement procedures to ensure completeness of documents required for the disbursement and retaining such documents in the contract file.	X Implemented	Currently retain all contract-related and required documents in contract files. <b>Implementation Date: August 2019</b>
<b>L26</b>	Document and implement a transparent review and approval process when funding support to the benefit of a third-party organization.	X Implemented	Added section to Fiscal P&P that Capacity-Building disbursements with OHA funds for the benefit of a third party (i.e., strategic planning, grant writing, business plan writing, etc.) require adequate and equal consideration of OHA's beneficiaries, with transparent review and approval of requests for capacity-building support. <b>Implementation Date: January 2020</b>
<b>L27</b>	Ensure comprehensive quality review control in place for the	X Implemented	Created Quarterly Report form and initiated review process for OHA quarterly reports:

## APPENDIX B - IMPLEMENTATION PLAN FOR 30 LLC RECOMMENDATIONS

Recommendation No.	Recommendation Summary	Implementation Status	Comments, Including Implementation (or Target Implementation) Date
	production of the LLCs quarterly reports to the Board of Trustees (BOT).		<p>a. Review draft &amp; circulate to other LLC executive director(s)</p> <p>b. Address differences in reports</p> <p>c. Identify &amp; correct mathematical errors</p> <p>d. Add footnotes with explanation of any legitimate differences</p> <p>e. Sign off by Hi'ipaka E.D., Hi'ilei accountant, and Hi'ilei COO.</p> <p><b>Implementation Date: January 2020</b></p>
<b>L28</b>	Consider adding footnotes or notes to the quarterly reports to the BOT; including reconciliation notes addressing recorded transactions after the quarterly reports provided to the BOT.	X Implemented	<p>Footnote disclaimer is already included in OHA Quarterly Reports per suggestion made by CLA staff earlier this year; next quarter for reporting is third quarter ending September 2019.</p> <p><b>Implementation Date: January 2020</b></p>
<b>L29</b>	Ensure strict quality control review process to ensure mathematical errors are identified and corrected prior to finalization.	X Implemented	<p>Initiated process outlined in L27 above; next quarter for reporting is third quarter ending September 2019.</p> <p><b>Implementation Date: January 2020</b></p>

## APPENDIX B - IMPLEMENTATION PLAN FOR 30 LLC RECOMMENDATIONS

Recommendation No.	Recommendation Summary	Implementation Status	Comments, Including Implementation (or Target Implementation) Date
L30	Consider formatting the quarterly financial reports to mirror the format of the audited financial statements.	X - Partially Implemented	To be implemented upon confirmation from OHA of preferred format.  <b>Targeted Implementation Date: No later than June 30, 2020</b>

### Individual Contract File folder for each contract will contain:

1. Contract number, contract manager, and delegation of contract execution and/or management from COO/ED to contract manager (if applicable);
2. Purchase Request Form
3. Cost & Price Analysis form with attachments
  - Copies of all quotations
  - Include basis for non-competitive negotiations
4. Certificate of Good Standing, Certificate of Insurance, contractor license, and/or any other vendor certifications that are required.
5. Executed contract (execution date must be prior to effective date).
6. Contract amendments (if any are required).
7. Invoice(s) from vendor (must be detailed)
8. Contract Payment Balance form
9. Check Request Form(s) with proof of deliverables
10. Copy of checks

**I. Summary of Responses Addressing 32 Flagged Test Items of Possible Fraud Waste Abuse by Process Area**

Type	Items	Amount <sup>1</sup>	Flagged Test Items No.
Grants	5	\$3,948,000	1-5
Competitive Sealed Bid (RFP)	2	\$3,110,752	6,7
Professional Services	3	\$843,496.24	8,9,10
Exempt Purchase	10	\$1,274,162.50	11-20
CEO Sponsorship	5	\$129,999	21-25
Exempt Non-Grants, Small Purchase	7	\$850,797.08	26-32
<b>Total</b>	<b>32</b>	<b>\$10,157,206.82</b>	

**II. Detailed Responses Addressing 32 Flagged Test Items of Possible Fraud Waste Abuse**

#	Category	Type	CLA Sample #	OHA Contract # / Check #	Vendor/Contractor/Grantee	Contract Amount with Amendments	Report Page	Contract Monitor	Contract Purpose Summarized CLA Observations	Notes
1	Contract	Grants	K-11	2726 (12/01/2011-11/30/2013)	I Ola Lāhui, Inc.	\$ 500,000.00	72	Contract monitor no longer employed by OHA and was not interviewed by CLA	<b>Contract Purpose:</b> Community Grant to provide evidence-based health interventions  <b>Observations:</b> <ul style="list-style-type: none"> <li>Contractor's Executive Director of contractor and CEO may be acquaintances; CEO in position to review and approve grants recommended by the review</li> </ul>	<ul style="list-style-type: none"> <li>CLA found that "there does not appear to be any financial benefit to an OHA employee."</li> <li>Request for Final Payment on Contract of \$1,000 was found in the files provided to CLA.</li> <li>Contract monitor is no longer employed with OHA.</li> </ul>

<sup>1</sup> Based on contract \$ (vs. disbursed \$)



APPENDIX C – OHA ADDRESSING POSSIBLE FRAUD WASTE ABUSE FLAGGED TEST ITEMS (32)

#	Category	Type	CLA Sample #	OHA Contract # / Check #	Vendor/Contractor/Grantee	Contract Amount with Amendments	Report Page	Contract Monitor	Contract Purpose Summarized CLA Observations	Notes
									<p>committee before sending to BOT;</p> <ul style="list-style-type: none"><li>• Grant period overlapped with K-25;</li><li>• Backdating of contract K-11;</li><li>• K-11 grant file missing Purchase Requisition for first year and final Request for Payment on Contract for \$1,000</li><li>• Does not appear to be financial benefit to OHA employee; but there is a possibility of preferential treatment to this grantee;</li></ul> <p>Any mishandling of grant awards or perceived favoritism could pose a risk to OHA of possible fraud, waste, abuse</p>	
2	Contract	Grants	K-25	2887 (07/01/2013-06/30/2015)	I Ola Lāhui, Inc.	\$ 500,000.00	72	Former Grants Manager was interviewed; still at OHA in another role	<p><b>Contract Purpose:</b> Community Grant for Kūlana Hawai‘i Weight Management Program</p> <p><b>Observations:</b></p> <ul style="list-style-type: none"><li>• Contractor’s Executive Director of contractor and CEO may be acquaintances; CEO in position to review and approve grants recommended by the review committee before sending to BOT;</li><li>• Grant periods overlapped with K-11;</li><li>• Purchase Requisition for second year for \$250,000 missing from grant file.</li></ul>	<ul style="list-style-type: none"><li>• CLA found that "there does not appear to be any financial benefit to an OHA employee."</li><li>• Contract monitor is no longer employed with OHA.</li></ul>



# APPENDIX C – OHA ADDRESSING POSSIBLE FRAUD WASTE ABUSE FLAGGED TEST ITEMS (32)

#	Category	Type	CLA Sample #	OHA Contract # / Check #	Vendor/Contractor/Grantee	Contract Amount with Amendments	Report Page	Contract Monitor	Contract Purpose Summarized CLA Observations	Notes
									<ul style="list-style-type: none"> <li>Does not appear to be financial benefit to OHA employee; but there is a possibility of preferential treatment to this grantee;</li> </ul> <p>Any mishandling of grant awards or perceived favoritism could pose a risk to OHA of possible fraud, waste, abuse</p>	
3	Contract	Grants	K-39	2953 (02/01/2014-05/31/2014)	Native Hawaiian Education Association on behalf of World Indigenous Peoples Conference on Education (WIPCE)	\$ 150,000.00	73	Contract monitor no longer employed by OHA and was not interviewed by CLA	<p><b>Contract Purpose:</b> Grant for WIPCE Conference</p> <p><b>Observations:</b></p> <ul style="list-style-type: none"> <li>Former OHA CEO was keynote speaker at Grant event;</li> <li>CLA could not determine if Dr. Crabbe received compensation for the speech and if there was any financial interest at stake;</li> <li>CEO makes final decision on recommendations to BOT for Kūlia;</li> <li>Grant file missing: grant application, monitoring and eval reports, Grant Assessment Form, on-site monitoring report, Grant Closeout Report.</li> </ul> <p>Potential for personal benefit to the former CEO combined with missing documents are indicators of possible fraud, waste or abuse</p>	<ul style="list-style-type: none"> <li>According to NHEA President (phone call, 1/7/2020): Former OHA CEO was not compensated for his keynote speech.</li> <li>Contract monitor is no longer employed with OHA.</li> </ul>
4	Contract	Grants	K-57	3026	Akamai Foundation on behalf of Na‘i Aupuni	\$ 2,598,000.00	73	Contract monitor no longer	<p><b>Contract Purpose:</b> To facilitate election of delegates, election and referendum monitoring, a governance</p>	



#	Category	Type	CLA Sample #	OHA Contract # / Check #	Vendor/Contractor/Grantee	Contract Amount with Amendments	Report Page	Contract Monitor	Contract Purpose Summarized CLA Observations	Notes
				(05/04/2015-08/03/2016)				employed by OHA and was not interviewed by CLA	<p>‘Aha, and a referendum to ratify any recommendation of the delegates arising out of the ‘Aha</p> <p><b>Observations:</b></p> <ul style="list-style-type: none"> <li>Potential conflict of interest between Native Hawaiian Roll Commission Executive Director and his wife, who was a board member of Na‘i Aupuni, No disclosure in the grant file of potential conflict of interest</li> <li>Appearance of abuse of OHA’s disbursement process</li> </ul> <p>Because all funds were disbursed and the election was canceled, the intended results of the grant were not recognized, which is an indication of waste of funds</p>	
5	Contract	Grants	K-76	2785 (06/15/2012-07/15/2012)	‘Aha Kāne	\$ 200,000.00	75	Contract monitor no longer employed by OHA and was not interviewed by CLA	<p><b>Contract Purpose:</b> Grant for ‘Aha Kāne Conference 2012</p> <p><b>Observations:</b></p> <ul style="list-style-type: none"> <li>Grantee was founded by former OHA CEO before he was employed by OHA</li> <li>Documentation shows the former OHA CEO served as an advisory chair to ‘Aha Kāne at time it received grant</li> <li>Grant file contained no disclosure of this information</li> <li>Grant executed day prior to event so funds dispersed after event began</li> </ul>	<ul style="list-style-type: none"> <li>CLA found that "there is no evidence of a personal financial benefit" to the OHA CEO.</li> <li>Contract monitor is no longer employed with OHA.</li> </ul>

#	Category	Type	CLA Sample #	OHA Contract # / Check #	Vendor/Contractor/Grantee	Contract Amount with Amendments	Report Page	Contract Monitor	Contract Purpose Summarized CLA Observations	Notes
									<ul style="list-style-type: none"> <li>Association between former OHA CEO and organization indicate possible conflict of interest in the awarding of this grant</li> </ul> <p>There is no evidence of a personal financial benefit to the former OHA CEO</p>	
6	Contract	Competitive Sealed Proposals (RFP)	K-52	3007 (12/11/2014-12/10/2016)	WCIT Architecture	\$ 2,925,752.00	93	Contract monitor no longer employed by OHA and was not interviewed by CLA	<p><b>Contract Purpose:</b> Contract for conceptual master plan and prepare for an RFP to select developer</p> <p><b>Observations:</b></p> <ul style="list-style-type: none"> <li>Deliverable(s) not provided to CLA, however, it may exist.</li> <li>Plans may have changed however rendering work performed under contract obsolete.</li> </ul> <p>Raises concern for possible waste</p>	<ul style="list-style-type: none"> <li>Conceptual Master Plan was presented in Executive Session to Board on 11/4/2015 and remains confidential. OHA paid approximately \$1.86 million of the total contract.</li> </ul> <p>Payment was for work relating to contract deliverables for the conceptual master plan, design guidelines and initial stages of EIS scoping meetings and draft EIS preparation.</p>
7	Contract	Competitive Sealed Proposals (RFP)	K-77	2847 (01/01/2013-09/30/2014)	Absolute Plus Advisors	\$ 185,000.00	94	Contract monitor no longer employed by OHA and was not interviewed by CLA	<p><b>Contract Purpose:</b> Provide investment advisory services</p> <p><b>Observations:</b></p> <ul style="list-style-type: none"> <li>None of documents related to RFP were provided to CLA.</li> <li>No Purchase Requisition for original contract provided.</li> <li>Evidence of a deliverable was not provided.</li> <li>Backdating of contract amendment.</li> </ul>	<p><b>Deliverable identified:</b> ARM Agendas indicate Absolute Plus Advisors Presented at these meetings:</p> <ul style="list-style-type: none"> <li><b>1/23/2013</b> – presented: Summaries of Hawaii Direct Investments and Ending Market Value of 2012, Growth Asset of Sep. 2012, Short Term Liquidity Account</li> <li><b>7/10/2013</b> – presented: Quarter Portfolio Overview</li> <li><b>10/2/2013</b> – presented: Native Hawaiian Trust Fund 2013 Risk Management Evaluation</li> <li><b>4/16/2014</b> – presented: Native Hawaiian Trust Fund 4th Quarter 2013 Performance</li> </ul>



# APPENDIX C – OHA ADDRESSING POSSIBLE FRAUD WASTE ABUSE FLAGGED TEST ITEMS (32)

#	Category	Type	CLA Sample #	OHA Contract # / Check #	Vendor/Contractor/Grantee	Contract Amount with Amendments	Report Page	Contract Monitor	Contract Purpose Summarized CLA Observations	Notes
									<ul style="list-style-type: none"> <li>Invoices approved past expiration of original contract and prior to amendment.</li> </ul> <p>Lack of documentation raises concern that this contract was not procured properly, lack of evidence of a deliverable raises concern contract was not managed properly</p>	Review <ul style="list-style-type: none"> <li><b>6/4/2014</b> – presented: Native Hawaiian Trust Fund Annual Review - hard copy of this report found</li> <li><b>7/9/2014</b> – presented: Native Hawaiian Trust Fund 1st Quarter 2014 Performance Review</li> <li><b>9/3/2014</b> – presented: Native Hawaiian Trust Fund 2nd Quarter 2014 Performance Review - hard copy of this report found</li> </ul>
8	Contract	Professional Services	K-17	2828 (05/11/2012-08/31/2015)	Mid-Continent Research for Education and Learning	\$ 349,527.00	121	Contract monitor no longer employed by OHA and was not interviewed by CLA	<p><b>Contract Purpose:</b> Kūkulu Hou assessment framework project (Mana Scale)</p> <ul style="list-style-type: none"> <li>No names of selection committee members or a signed affidavit by the selection committee members.</li> <li>No evidence of contract being awarded to 1st ranked contractor.</li> <li>No evidence that contract was reviewed by purchasing agency.</li> <li>Missing purchase requisition for original contract.</li> <li>First contract amendment made effective before execution date.</li> <li>No deliverable found by current OHA staff for vendor's work.</li> <li>Redacted email content from Procurement Manager to CEO's special assistant day before execution.</li> </ul> <p>Lack of deliverable combined with other observations raise concern that contract not handled properly and</p>	<p><b>Deliverable identified:</b> According to OHA staff for project: McRel's work under this contract contributed to Chapters 1-5 and bibliography of the Mana Lāhui Kānaka book. Contractor is named as one of the "Partners and Facilitators" of the book on page 447 of the online version (oha.org/mana) and cited throughout the book as Mid-Continent Research for Education and Learning and "McRel"</p>

#	Category	Type	CLA Sample #	OHA Contract # / Check #	Vendor/Contractor/Grantee	Contract Amount with Amendments	Report Page	Contract Monitor	Contract Purpose Summarized CLA Observations	Notes
									OHA did not receive benefit for which it paid	
9	Contract	Professional Services	K-55	3022 (04/01/2015-03/31/2017)	Stryker Winer & Yokota Public Relations, Inc.	\$ 293,969.24	122	Contract monitor no longer employed by OHA and was not interviewed by CLA	<p><b>Contract Purpose:</b> Develop an Integrated Marketing Communications Plan</p> <p><b>Observations:</b></p> <ul style="list-style-type: none"> <li>Selection committee documentation not included in file.</li> <li>No verification documentation to confirm contract was awarded to first-ranked person.</li> <li>No Procurement Document Checklist.</li> </ul> <p>OHA ultimately never used a portion of the product produced by this vendor and paid for by OHA, which is an indication of possible waste</p>	OHA continues to use the integrated communication plan(s) created by Stryker Winer & Yokota Public Relations under this contract.
10	Contract	Professional Services	K-56	3025 (09/07/2014-until services no longer needed)	Reed Smith LLP	\$ 200,000.00	124	Contract monitor no longer employed by OHA and was not interviewed by CLA	<p><b>Contract Purpose:</b> Provide legal services regarding Native Hawaiians</p> <p><b>Observations:</b></p> <ul style="list-style-type: none"> <li>Pro-bono work within the year after Ms. Nu‘uhiwa’s departure from OHA, then contracted under Reed Smith -- unsure if this pro-bono work was in exchange for receiving contract.</li> <li>Evidence that Professional Services Committee could not be impartial or remain independent.</li> </ul>	Contract monitor is no longer employed with OHA.

#	Category	Type	CLA Sample #	OHA Contract # / Check #	Vendor/Contractor/Grantee	Contract Amount with Amendments	Report Page	Contract Monitor	Contract Purpose Summarized CLA Observations	Notes
									<ul style="list-style-type: none"> <li>Documents suggest that the procurement process did not occur in the proper order, suggesting OHA had already made a decision to hire Reed Smith prior to any of the procurement steps being undertaken for FY14-15</li> <li>Inconsistent documentation in the procurement file.</li> <li>No compliance documents from vendor.</li> </ul>	
11	Contract	Exempt Purchase	K-09	2721 (12/01/2011-06/30/2012)	The Kalaimoku Group LLC	\$ 50,000.00	152	Contract monitor no longer employed by OHA and was not interviewed by CLA	<p><b>Contract Purpose:</b> Public relations and messaging services related to the proposed Kaka‘ako settlement</p> <p><b>Observations:</b></p> <ul style="list-style-type: none"> <li>Appears that this contract should not have been executed as exempt contract.</li> <li>Vendor was established in 2011, same year this contract was executed.</li> <li>Effective date was before the time contract was executed by OHA.</li> <li>Invoices dated six weeks apart.</li> <li>Unknown whether OHA paid a fair price for the services, potential indication for waste.</li> <li>Contractor was formed in the same year that the contract was executed and invoices are sequentially numbered,</li> </ul>	Contract monitor is no longer employed with OHA.



APPENDIX C – OHA ADDRESSING POSSIBLE FRAUD WASTE ABUSE FLAGGED TEST ITEMS (32)

#	Category	Type	CLA Sample #	OHA Contract # / Check #	Vendor/Contractor/Grantee	Contract Amount with Amendments	Report Page	Contract Monitor	Contract Purpose Summarized CLA Observations	Notes
									<p>indicates OHA may be (or was) its only customer/client. This could be an indication that the company was formed solely to provide services to OHA.</p> <p>Combined with possible inappropriate use of the exempt contract method, raises question of whether contract was handled properly, which could be an indication of favoritism to vendor.</p>	
12	Contract	Exempt Purchase	K-18	2857 (12/03/2012-09/30/2014)	Native Hawaiian Education Association	\$ 99,600.00	153	Contract monitor no longer employed by OHA and was not interviewed by CLA	<p><b>Contract Purpose:</b> Hold 36 scholarship ‘aha</p> <p><b>Observations:</b></p> <ul style="list-style-type: none"> <li>• Appears that this contract should not have been processed as an exempt contract, but instead as a grant or sponsorship</li> <li>• OHA could not provide documentation to support NHEA provided documents or reports required in contract.</li> <li>• Contract executed after effective date.</li> <li>• Questions of whether full scope of contract and amendment was fulfilled.</li> </ul> <p>Combination of exempt procurement method and OHA’s inability to provide deliverables are an indication of possible waste and abuse.</p>	<ul style="list-style-type: none"> <li>• NHEA provided a 4/20/2013 Prezi report to OHA detailing the 18 scholarship aha held in FY13 with 3,308 people attending.</li> <li>• Contract monitor is no longer employed with OHA.</li> </ul>



#	Category	Type	CLA Sample #	OHA Contract # / Check #	Vendor/Contractor/Grantee	Contract Amount with Amendments	Report Page	Contract Monitor	Contract Purpose Summarized CLA Observations	Notes
13	Contract	Exempt Purchase	K-20	2879 (06/01/2014-06/30/2016)	Kuauli 'Āina-Based Insights LLC	\$ 435,000.00	154	Contract monitor no longer employed by OHA and was not interviewed by CLA	<p><b>Contract Purpose:</b> Inventorying, digitization, and analysis of the sales and transfers of the former Hawaiian Kingdom Government and Crown Lands</p> <p><b>Observations:</b></p> <ul style="list-style-type: none"> <li>• Appears contract should not have been processed as an exempt contract.</li> <li>• Partial evidence showed that Kuauli completed the work required within scope of contract.</li> <li>• Contractor formed in same year contract was executed and the invoices are sequentially numbered indicate that OHA may be (or was) its only customer/client</li> <li>• Petition in support of CEO has listed the name of Kuauli's owner, during the time that work was being performed by Kuauli.</li> <li>• Raises question whether contract was handled properly and could be an indication of possible favoritism to vendor, posing a risk for possible fraud, waste, abuse</li> </ul> <p>Exemption method raises question whether OHA paid a fair price for services, an indication of possible waste</p>	Contract monitor is no longer employed with OHA. Administration previously provided information about Contract 2879 and its amendments to the Board.



#	Category	Type	CLA Sample #	OHA Contract # / Check #	Vendor/Contractor/Grantee	Contract Amount with Amendments	Report Page	Contract Monitor	Contract Purpose Summarized CLA Observations	Notes
14	Contract	Exempt Purchase	K-44	2967 (04/01/2014-07/31/2014)	Rider Levett Bucknall, LTD	\$ 10,000.00	155	Contract monitor no longer employed by OHA and was not interviewed by CLA	<p><b>Contract Purpose:</b> Present management and development framework on the Kaka‘ako Makai parcels</p> <p><b>Observations:</b></p> <ul style="list-style-type: none"> <li>• Scope of previous contract with vendor appears duplicative or similar to the scope covered by this contract.</li> <li>• Invoice related to this contract identified the \$10,000 as “additional fees” for a total of \$160,000.</li> <li>• OHA did not provide information about dates of presentation by contractor.</li> <li>• No explanation of why this contract was processed as new and exempt rather than an amendment to the initial contract</li> </ul> <p>Additional payment for similar services could be an indication of possible waste</p>	According to staff, Rider Levett Bucknall presented the “management and development framework on Kaka‘ako Makai land parcels” to the OHA Board of Trustees on November 21, 2013
15	Contract	Exempt Purchase	K-47	2979 (05/01/2014-04/30/2016)	David Keanu Sai, Ph.D.	\$ 25,000.00	156	Contract monitor no longer employed by OHA and was not interviewed by CLA	<p><b>Contract Purpose:</b> Providing memorandums and lectures regarding political science perspective under the framework of international law</p> <p><b>Observations:</b></p> <ul style="list-style-type: none"> <li>• Possible that this contract should not have been processed as an exempt contract.</li> </ul>	A Sept. 16, 2014 memo from OHA CEO to the OHA Board indicated that “Dr. Sai has met all terms of this contract, upon submission of his memorandum dated, May 27, 2014, titled: <i>Memorandum for Ka Pouhana, CEO of the Office of Hawaiian Affairs regarding Hawaii as an Independent State and the Impact it has on the Office of Hawaiian Affairs.</i> ”

#	Category	Type	CLA Sample #	OHA Contract # / Check #	Vendor/Contractor/Grantee	Contract Amount with Amendments	Report Page	Contract Monitor	Contract Purpose Summarized CLA Observations	Notes
									<ul style="list-style-type: none"> <li>OHA did not provide evidence that lectures were requested by OHA or provided by Dr. Sai.</li> <li>Contract was executed by OHA on June 23, 2014, when effective date was May 1, 2014.</li> <li>Letter and memo were dated before the Purchase Order was approved and contract was executed.</li> </ul> <p>Use of procurement exemption raises the question whether this contract was handled properly and could be an indication of possible favoritism to this particular vendor</p>	
16	Contract	Exempt Purchase	K-54	3019 (01/05/2015 – until services no longer needed)	McCorriston Miller Mukai MacKinnon LLP	\$ 150,000.00	157	Contract monitor no longer employed by OHA and was not interviewed by CLA	<p><b>Contract Purpose:</b> Legal defense of OHA in <i>Ka Piko O Waimea v. OHA</i></p> <p><b>Observations:</b></p> <ul style="list-style-type: none"> <li>Processed as an exempt contract when it does not appear to qualify as an exempt procurement.</li> </ul> <p>Exempt procurement method removes ability to ensure contracts are awarded fairly and best value is obtained, and raises concerns of favoritism or conflicts of interest</p>	<p>This contract pertained to the lawsuit captioned, <i>Ka Piko O Waimea v. Office of Hawaiian Affairs</i>. Insurance defense counsel is provided consistent with OHA's applicable insurance policy providing coverage for the lawsuit. The law firm was listed on the Choice of Counsel Endorsement to the policy and selected therefrom to provide legal representation and defense of OHA.</p> <p>HAR §3-120-4, Ex. A, No. 5. exempts the purchase of insurance, to include insurance broker services. OHA's insurance broker helps the agency obtain appropriate insurance coverage for OHA's assets and activities. For OHA's POL/EPL policy, the insurance carrier has an approved panel of counsel and/or the agency can obtain a Choice of Counsel endorsement.</p>

#	Category	Type	CLA Sample #	OHA Contract # / Check #	Vendor/Contractor/Grantee	Contract Amount with Amendments	Report Page	Contract Monitor	Contract Purpose Summarized CLA Observations	Notes
17	Contract	Exempt Purchase	K-69	3072 (08/13/2015- until services no longer needed)	McCorriston Miller Mukai MacKinnon LLP	\$ 250,000.00	157	Contract monitor no longer employed by OHA and was not interviewed by CLA	<p><b>Contract Purpose:</b> Legal defense of OHA <i>Akina, et al. v. State of Hawaii, et al.</i></p> <p><b>Observations:</b></p> <ul style="list-style-type: none"> <li>Processed as an exempt contract when it does not appear to qualify as an exempt procurement.</li> </ul> <p>Exempt procurement method removes ability to ensure contracts are awarded fairly and best value is obtained, and raises concerns of favoritism or conflicts of interest</p>	<p>Under this contract, Contractor represented and defended OHA in the lawsuit captioned <i>Akina et al. v. The State of Hawai'i et al.</i>, bearing Case No. 1:15-cv-00322, filed in the United States District Court for the District of Hawai'i.</p> <p>The Contractor was selected because it was on the Choice of Counsel Endorsement to the policy, had performed satisfactory in the past, possessed the requisite qualifications, legal expertise, and capacity to render the services required to OHA and was familiar with the history and background of OHA.</p> <p>HAR § 3-120-4, Ex. A, No. 5. exempts the purchase of insurance, to include insurance broker services. OHA's insurance broker helps the agency obtain appropriate insurance coverage for OHA's assets and activities. For OHA's POL/EPL policy, the insurance carrier has an approved panel of counsel and/or the agency can obtain a Choice of Counsel endorsement.</p>
18	Contract	Exempt Purchase	K-70	3073 (08/27/2015- until services no longer needed)	McCorriston Miller Mukai MacKinnon LLP	\$ 179,500.00	157	Contract monitor no longer employed by OHA and was not interviewed by CLA	<p><b>Contract Purpose:</b> Legal Representation of OHA for mediation and litigation regarding Mauna Kea</p> <p><b>Observations:</b></p> <ul style="list-style-type: none"> <li>Processed as an exempt contract when it does not appear to qualify as an exempt procurement.</li> </ul> <p>Exempt procurement method removes ability to ensure contracts are awarded</p>	<p>On August 27, 2015, pursuant to HRS 92-5(a)(4), the Board met in Executive Session to consult with its attorney re: questions and issues pertaining to the board's powers, duties, privileges, immunities, and liabilities regarding the Board of Land and Natural Resources Rules for Mauna Kea. The disclosure of executive session minutes is subject to review and approval by the OHA Board counsel. Nevertheless, the Board discussed with its counsel, its powers, duties, privileges and liabilities regarding the State of</p>

#	Category	Type	CLA Sample #	OHA Contract # / Check #	Vendor/Contractor/Grantee	Contract Amount with Amendments	Report Page	Contract Monitor	Contract Purpose Summarized CLA Observations	Notes
									fairly and best value is obtained, and raises concerns of favoritism or conflicts of interest	Hawaii's proposed rules relating to Mauna Kea. Following this meeting, the McCorriston law firm was engaged to provide legal services to OHA, including but not limited to, a mediated effort to resolve existing disputes between OHA, the State of Hawaii, the University of Hawai'i and other interested parties relating to Mauna Kea.
19	Contract	Exempt Purchase	K-73	3101 (01/15/2016-07/08/2016)	Ayda Aukahi Austin Seabury	\$ 30,062.50	158	Contract monitor no longer employed by OHA and was not interviewed by CLA	<p><b>Contract Purpose:</b> Transcription and facilitation services</p> <p><b>Observations:</b></p> <ul style="list-style-type: none"> <li>• Appears that should not have been processed as an exempt contract.</li> <li>• Two payments made required Ms. Seabury to provide specific deliverables, which OHA did not provide -- no evidence that Seabury completed the work.</li> <li>• Contract was executed after the effective date.</li> <li>• Based on timing of interviews in the contract, it appears services were supposed to begin prior to when contract was executed.</li> <li>• OHA did not receive competitive bids so it's unknown whether OHA paid a fair price because an exemption was used</li> </ul>	<p><b>Deliverable located:</b> 23 transcribed (including translating Hawaiian to English) interviews (totaling 1,400 pages) of individuals and at least one group discussion were submitted to OHA. Ms. Seabury's work under this contact contributed to Chapter 4 of Mana Lāhui Kānaka book.</p>



# APPENDIX C – OHA ADDRESSING POSSIBLE FRAUD WASTE ABUSE FLAGGED TEST ITEMS (32)

#	Category	Type	CLA Sample #	OHA Contract # / Check #	Vendor/Contractor/Grantee	Contract Amount with Amendments	Report Page	Contract Monitor	Contract Purpose Summarized CLA Observations	Notes
									Combined with lack of deliverables led to red flag for possible fraud, waste, or abuse	
20	Contract	Exempt Purchase	K-75	3110 (03/08/2016-06/30/2016)	Raedeem M. Keahiolalo LLC	\$ 45,000.00	159	Contract monitor no longer employed by OHA and was not interviewed by CLA	<p><b>Contract Purpose:</b> Provide writing and editing services to the Kūkulu Hou Assessment Project</p> <p><b>Observations:</b></p> <ul style="list-style-type: none"> <li>Appears that contract should not have been processed as an exempt contract.</li> </ul> <p>OHA did not provide evidence of deliverables required by contract.</p>	<b>Deliverable located:</b> Ms. Keahiolalo’s work under this contract related to the editing (three full passes of line-by-line editing) of the Mana Lāhui Kānaka book. She is given editing credit on the cover of the book for her work under this contract.
21	Disbursements	CEO Sponsorships	D-09	26307 (04/20/2012)	University of Hawai‘i, Office of Research Services	\$ 30,000.00	173	CEO no longer employed by OHA and was not interviewed by CLA	<p><b>Disbursement Purpose:</b> Sponsor the GEAR UP Hawai‘i Public Awareness Campaign</p> <p><b>Observations:</b></p> <ul style="list-style-type: none"> <li>CEO sponsorship awards seem to have been split to avoid restrictions on maximum amount of CEO sponsorships.</li> <li>Split into two components; \$24,950 for grants in aid and \$5,050 for services on a fee basis.</li> </ul> <p>Raises the question of whether it was handled properly, which could be an indication of possible abuse of the grant award process to benefit the grantee.</p>	The grantee was University of Hawaii, which is a state entity. The grant arguably should have gone through the procurement process as an exempt contract with another state entity under §103D-102(b)(3).



#	Category	Type	CLA Sample #	OHA Contract # / Check #	Vendor/Contractor/Grantee	Contract Amount with Amendments	Report Page	Contract Monitor	Contract Purpose Summarized CLA Observations	Notes
22	Disbursements	CEO Sponsorships	D-19	27638 (01/03/2013)	Supporting the Language of Kauaʻi	\$ 25,000.00	174	CEO no longer employed by OHA and was not interviewed by CLA	<p><b>Disbursement Purpose:</b> To help cover operational start-up costs</p> <p><b>Observations:</b></p> <ul style="list-style-type: none"> <li>Confidential business plan was not provided by OHA.</li> <li>Notes within the procurement document indicate that it was a "rush" request.</li> <li>Lack of documentation to support that the confidential business plan was properly reviewed and approved</li> </ul> <p>Raises question of whether it was handled properly, which could be an indication of possible abuse of the grant award process to benefit the grantee</p>	<ul style="list-style-type: none"> <li>OHA Board approved Action Item BOT #07-05, which approved and authorized the formation of a limited liability company, as subsidiary of Hiʻilei Aloha LLC, to acquire the assets and operate Makaweli Poi Mill. BOT #07-05 indicates the purpose of purchasing the assets of the poi mill was "to preserve and promote Hawaiian culture and create economic opportunities for Native Hawaiians by encouraging taro farming and the production of high quality poi."</li> <li>The OHA Board received updates on poi mill operations from Hiʻipoi on May 3, 2012 and August 2, 2012. From 2008 to 2012, poi mill operations netted a loss of almost \$450,000, according to OHA Board meeting minutes. On May 15, 2012, OHA announced in a press release that it would "transition ownership and management" of the mill to a "Kauaʻi community organization". Over the next two days (May 16 and 17), OHA held a Board and Board community meetings on Kauai, during which the poi mill was a major topic of discussion with the community.</li> <li>On Dec. 26, 2012, OHA issued a press release stating that the agency was "transferring Makaweli Poi" to Supporting the Language of Kauai Inc (SLK). The Request for Check Issuance was submitted the same day as the press release and marked "rush"</li> </ul>

#	Category	Type	CLA Sample #	OHA Contract # / Check #	Vendor/Contractor/Grantee	Contract Amount with Amendments	Report Page	Contract Monitor	Contract Purpose Summarized CLA Observations	Notes
										<p>as noted by CLA. The press release stated that "OHA had previously been working with Ka Piko o Waimea on the transfer of Makaweli Poi since May, and recently began accepting business proposals from other nonprofit community groups."</p> <p>The press release said that ultimately OHA accepted the business plan of SLK, and would transfer the poi mill assets by the beginning of 2013 and would also "provide seed money to help with start-up costs" to SLK.</p>
23	Disbursements	CEO Sponsorships	D-30	30149 (05/19/2014)	Smithsonian National Museum of the American Indian	\$ 25,000.00	174	CEO no longer employed by OHA and was not interviewed by CLA	<p><b>Disbursement Purpose:</b> Sponsorship of Living Aloha Event honoring Sen. Daniel K. Inouye, May 2014</p> <p><b>Observations:</b></p> <ul style="list-style-type: none"> <li>OHA forms were not completed in chronological order.</li> </ul> <p>Duplicates of three documents in the file, indicating a simultaneous procurement and disbursement process was taking place.</p>	Individuals with knowledge about this disbursement are no longer employed with OHA.
24	Disbursements	CEO Sponsorships	D-31	30190 (05/27/2014)	The Nature Conservancy	\$ 24,999.00	175	CEO no longer employed by OHA and was not interviewed by CLA	<p><b>Disbursement Purpose:</b> Sponsorship of the Marine Fellowship Program</p> <p><b>Observations:</b></p> <ul style="list-style-type: none"> <li>OHA knew the purpose of the sponsorship was to support a programmatic service.</li> <li>CEO Sponsorships were intended to be used for one-day</li> </ul>	





APPENDIX C – OHA ADDRESSING POSSIBLE FRAUD WASTE ABUSE FLAGGED TEST ITEMS (32)

#	Category	Type	CLA Sample #	OHA Contract # / Check #	Vendor/Contractor/Grantee	Contract Amount with Amendments	Report Page	Contract Monitor	Contract Purpose Summarized CLA Observations	Notes
									events. Sponsorship should have been submitted under a grant process for programmatic services, such as Community Grants or Kūlia Grants  Sponsorship raises the question of whether it was handled properly, which could be an indication of possible abuse of the grant award process to benefit the grantee.	
25	Disbursements	CEO Sponsorships	D-43	33539 (04/21/2016)	The Edith Kanakaʻole Foundation	\$ 25,000.00	176	CEO no longer employed by OHA and was not interviewed by CLA	<b>Disbursement Purpose:</b> To support research towards Kanawai o Mauna a Wākea stewardship <b>Observations:</b> <ul style="list-style-type: none"><li>Email indicated that the grant award was a rush at the request of the CEO.</li><li>Appears that the CFO approved the Request for Check Issuance before Purchase Requisition was approved.</li><li>Grant file was missing a formal funding request letter or application and Procurement Document Checklist, required by Grants SOP and Fiscal Procedures Manual, and a copy of the Purchase Order.</li><li>CEO rushing the award may have resulted in circumventing the Grants Program Standard Operating Procedure.</li></ul>	Individuals with knowledge about this disbursement are no longer employed with OHA.

#	Category	Type	CLA Sample #	OHA Contract # / Check #	Vendor/Contractor/Grantee	Contract Amount with Amendments	Report Page	Contract Monitor	Contract Purpose Summarized CLA Observations	Notes
									Sponsorship raises question of whether it was handled properly, could be an indication of possible favoritism to the grantee.	
26	Disbursements	Exempt Non-Grants Small Purchase	D-02	28535 (06/17/2013)	David R. Sanborn	\$ 5,000.00	193	Contract monitor no longer employed by OHA and was not interviewed by CLA	<b>Disbursement Purpose:</b> Develop a Native Hawaiian Organization consultation policy development handbook <b>Observations:</b> <ul style="list-style-type: none"> <li>Contractor was paid entire amount he invoiced OHA</li> <li>OHA could not locate deliverable document.</li> </ul> Possible waste.	Individuals with knowledge about this disbursement are no longer employed with OHA.
27	Disbursements	Exempt Non-Grants Small Purchase	D-04	25498 (11/30/2011)	ABW Holdings, LLC	\$ 150,000.00	193	Individuals with knowledge about this disbursement are no longer employed by OHA and were not interviewed by CLA	<b>Disbursement Purpose:</b> To pay for a lease guaranty OHA had signed on behalf of Kauhale LLC, which defaulted on its commercial lease at the Waikiki Beach Walk <b>Observations:</b> <ul style="list-style-type: none"> <li>\$150,000 was split into two separate Purchase Requisitions</li> <li>No evidence that legal counsel reviewed the disbursement before the payment was issued</li> <li>Disbursement did not contain vendor's invoice or evidence that indicated that Kauhale defaulted on its lease.</li> <li>Not sufficient transparency because disbursement lacked a single PR for the total</li> </ul>	<ul style="list-style-type: none"> <li>CLA was provided Action Item ARM/BAE #06-09, which was approved with five votes by the OHA Board in open session on 10/05/06.</li> <li>In response to CLA's question of "why OHA was involved in guarantying commercial leases for a non-profit business," ARM/BAE #06-09 explains "OHA's economic development agenda includes stimulating Native Hawaiian entrepreneurship and expanding profitability and sales for Native Hawaiian artisans and producers by building substantial marketing opportunities [...] This action proposes that OHA facilitates small business development and growth by helping Native Hawaiian owned businesses locate in [...] prime</li> </ul>

#	Category	Type	CLA Sample #	OHA Contract # / Check #	Vendor/Contractor/Grantee	Contract Amount with Amendments	Report Page	Contract Monitor	Contract Purpose Summarized CLA Observations	Notes
									<p>\$150,000, and there was no Procurement Document Checklist (although not required)..</p> <p>Combined with fact that OHA did not retain copy of vendor invoice or file an explanation as to why it was in the business of providing a lease guaranty, these factors could be an indication of possible waste or abuse.</p>	<p>retail space at the Waikiki Beach Walk [...] With OHA's [lease] guarantee, these businesses are able to secure a lease at discounted lease rates, which would have otherwise been inaccessible to these firms on their own."</p> <ul style="list-style-type: none"> <li>Board action on 10/05/06 approved a lease guarantee not to exceed \$250,000.</li> <li>File sent to CLA contained a Procurement Package Checklist</li> </ul> <p>Request for Check Issuance Form for \$150,000 was initiated by Corp Counsel and signed by Corp Counsel, indicating that legal counsel did in fact "review the disbursement before the payment was issued."</p>
28	Disbursements	Exempt Non-Grants Small Purchase	D-22	28442 (05/31/2013)	Hu'ena Power, Inc.	\$ 600,000.00	194	N/A	<p><b>Disbursement Purpose:</b> Investment Purchase</p> <p><b>Observations:</b></p> <ul style="list-style-type: none"> <li>BOT Agenda that indicates there was BOT Action in Executive Session.</li> <li>OHA did not give the copy of the Action Item because it was in Executive Session and confidential.</li> <li>No evidence of public vote by BOT that approved the investment.</li> <li>Public Record shows that Hu'ena Power was not selected by HELCO to develop geothermal stations and as a</li> </ul>	<p>OHA Action Item ARM 13-02 entitled "Consideration by the Board of Trustees of an investment in Hu'ena Power Consortium ("HPC")" was placed on the 4/18/13 OHA Board of Trustees meeting agenda in Executive Session and remains confidential.</p>

#	Category	Type	CLA Sample #	OHA Contract # / Check #	Vendor/Contractor/Grantee	Contract Amount with Amendments	Report Page	Contract Monitor	Contract Purpose Summarized CLA Observations	Notes
									<p>result OHA did not recover its \$600,000 investment in the venture.</p> <p>Highly risky investment with no return, loss of initial investment led to red flag for waste of funds and possibility of fraud.</p>	
29	Disbursements	Exempt Non-Grants Small Purchase	D-33	28949 (09/09/2013)	The Kalaimoku Group, LLC	\$ 28,115.17	195	<p>Individuals with knowledge about this disbursement are no longer employed by OHA and were not interviewed by CLA</p>	<p><b>Disbursement Purpose:</b> Produce Native Hawaiian Roll Commission Concert Series, August 31, 2013</p> <p><b>Observations:</b></p> <ul style="list-style-type: none"> <li>• Several inconsistencies re: dates of procurement documents. Invoice for the concert production was dated 19 days before the concert, with no explanation provided by OHA.</li> <li>• Purchase order was issued by OHA and dated nine days after the concert with no explanation for why it was created after services were rendered.</li> <li>• Check was issued same day as OHA prepared the Purchase Order, but the request for Check Issuance was dated three days before the Purchase Order was created.</li> <li>• CLA determined that this disbursement did not qualify as an exempt procurement</li> </ul>	<p>Individuals with knowledge about this disbursement are no longer employed with OHA.</p>

#	Category	Type	CLA Sample #	OHA Contract # / Check #	Vendor/Contractor/Grantee	Contract Amount with Amendments	Report Page	Contract Monitor	Contract Purpose Summarized CLA Observations	Notes
									Indicators that procurement was not handled properly which could indicate possible favoritism to this vendor	
30	Disbursements	Exempt Non-Grants Small Purchase	D-34	30921 (10/28/2014)	Hi‘ilei Aloha LLC	\$ 50,000.00	196	Individuals with knowledge about this disbursement are no longer employed by OHA and were not interviewed by CLA	<p><b>Disbursement Purpose:</b> To hire a grant writer for Hi‘ilei Aloha</p> <p><b>Observations:</b></p> <ul style="list-style-type: none"> <li>No documentation that the grant writer position was advertised or filled.</li> <li>OHA did not provide any documentation to show that position was advertised or filled.</li> <li>OHA was unable to demonstrate the purpose of the disbursement met its intended use.</li> </ul> <p>Indicator for possible fraud, waste or abuse.</p>	
31	Disbursements	Exempt Non-Grants Small Purchase	D-47	30659 (08/29/2014)	Kualoa Ranch Hawaii, Inc.	\$ 9,198.58	196	Individuals with knowledge about this disbursement are no longer employed by OHA and were not interviewed by CLA	<p><b>Disbursement Purpose:</b> To rent facilities to entertain staff and their families at a tourist attraction</p> <p><b>Observations:</b></p> <ul style="list-style-type: none"> <li>Used to rent facilities to entertain OHA staff and families, indication of possible use of public funds for entertainment and could be considered wasteful.</li> <li>HRS 103D may broadly apply because it prohibits unethical use of state funds.</li> </ul>	Individuals with knowledge about this disbursement are no longer employed with OHA.

#	Category	Type	CLA Sample #	OHA Contract # / Check #	Vendor/Contractor/Grantee	Contract Amount with Amendments	Report Page	Contract Monitor	Contract Purpose Summarized CLA Observations	Notes
									<ul style="list-style-type: none"> <li>HRS 84 fair treatment statute may apply; CLA interpreted the statute to mean that no OHA employee can use their position to grant unwarranted privileges to others.</li> </ul> <p>Indicators of possible waste include lack of documentation to support that the activities undertaken qualified as an exempt disbursement.</p>	
32	Disbursements	Exempt Non-Grants Small Purchase	D-48	28834 (08/14/2013)	Wet ‘N’ Wild Hawaii	\$ 8,483.33	197	Individuals with knowledge about this disbursement are no longer employed by OHA and were not interviewed by CLA	<p><b>Disbursement Purpose:</b> To entertain OHA staff and their families at a water theme park</p> <p><b>Observations:</b></p> <ul style="list-style-type: none"> <li>Used to rent facilities to entertain OHA staff and families, indication of possible use of public funds for entertainment and could be considered wasteful.</li> <li>HRS 103D may broadly apply because it prohibits unethical use of state funds.</li> <li>HRS 84 fair treatment statute may apply; CLA interpreted the statute to mean that no OHA employee can use their position to grant unwarranted privileges to others.</li> </ul> <p>Indicators of possible waste include lack of documentation to support that the activities undertaken qualified as an exempt disbursement.</p>	Individuals with knowledge about this disbursement are no longer employed with OHA.



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## APPENDIX D – LLCs ADDRESSING POSSIBLE FRAUD WASTE ABUSE FLAGGED TEST ITEMS (6)

### I. Summary of Responses Addressing 6 Flagged Test Items of Possible Fraud Waste Abuse by Process Area

Type	Total Items	Total \$	Response No.
Contracts	2	\$11,960	1, 2
Disbursements	4	\$103,367	3,4,5,6
Total	6	\$115,327	

### II. Detailed Responses Addressing 6 Flagged Test Items of Possible Fraud Waste Abuse

#	Category	Type	CLA Sample #	LLC Contract # / Check #	Vendor, Contractor, Grantee	Contract Amount with Amendments	Report Page - Start
1	Contract	Hi'ilei Aloha Contracts	LK-26		Peter Hanohano. Jr.	\$ 1,960.00	245
<p><b>CLA Observation (Summarized):</b> A \$500 payment was issued to vendor as a stipend that was not included in contract. Travel costs exceeded contract amount by \$100.68</p>							
<p><b>LLC Management:</b> The contract manager for this contract is no longer a Hi'ilei employee. Peter Hanohano, Ph.D., was one of Hi'ilei's capacity-building managers and had recently left Hi'ilei's employment. Capacity-Building had a full schedule of workshops to conduct on various islands. Because of that, Peter offered to help, and Hi'ilei agreed to cover his travel costs. A contract was written based on estimated travel costs, which turned out to be \$100 more than estimated. Hi'ilei also provided Peter a \$500 stipend for his time. He spent several days</p>							

## APPENDIX D – LLCs ADDRESSING POSSIBLE FRAUD WASTE ABUSE FLAGGED TEST ITEMS (6)

#	Category	Type	CLA Sample #	LLC Contract # / Check #	Vendor, Contractor, Grantee	Contract Amount with Amendments	Report Page - Start
teaching workshops and traveling on his own time. It would have cost much more to use a consultant. If Peter did not assist, some of the workshops would had to have been canceled, which would inconvenience Hi'ilei clients and OHA beneficiaries.							
2	Contract	Hi'ilei Aloha Contracts	LK-28		HAHCBED Hi Alliance	\$ 10,000.00	245
<b>CLA Observation (Summarized):</b> Payments to vendor exceeded contract amount by \$406 for out-of-pocket expenses that were invoiced to Hiilei Aloha but for which no receipt was provided							
<b>LLC Management:</b> The contract manager for this contract is no longer a Hi'ilei employee. The Department of Hawaiian Home Lands (DHHL) contracted with Hi'ilei to do convention planning and to provide capacity-building services to homestead associations. Some of those services were contracted to Hawai'i Alliance for Community Based Economic Development (HACBED), a well-known nonprofit organization that focuses on community economic development. HACBED had been one of DHHL staff's preferred vendors. When services were contracted out, capacity-building staff did not require vendors to attach copies of receipts as long as the services were performed and verified. All services under this contract were performed and verified.							
3	Disbursements	Hi'ilei Aloha Disbursements	LD-03	003687	Lehua Poi Company	\$ 20,000.00	270

## APPENDIX D – LLCs ADDRESSING POSSIBLE FRAUD WASTE ABUSE FLAGGED TEST ITEMS (6)

#	Category	Type	CLA Sample #	LLC Contract # / Check #	Vendor, Contractor, Grantee	Contract Amount with Amendments	Report Page - Start
<p><b>CLA Observation (Summarized):</b> Purpose of disbursement is questionable since Hiilei Aloha was not involved with poi mill operations and Hiipoi had already transferred poi mill on 12/31/12. No indication in Hiilei Aloha's Fiscal Policies and Procedures manual that its purpose is to make loans to 3rd parties. \$20,000 loan was not repaid and eventually written off in Oct. 2015. Raises question of whether this disbursement adhered to mission and goals of Hiilei Aloha, which could indicate possible waste of funds. In addition, lack of documentation surrounding transaction and method of how handled are possible indicators of fraud, waste, abuse.</p>							
<p><b>LLC Management :</b> This and the next three transactions relate to Hi'ipoi LLC and Makaweli Poi Mill.</p> <p>CLA questions whether this disbursement adhered to Hi'ilei's mission and goals. It absolutely was in line with Hi'ilei's mission to preserve Hawaiian culture and provide educational opportunities as outlined in detail below. CLA states the disbursement is questionable because Hi'ilei was not involved with poi mill operations. This is incorrect. Hi'ilei was very involved with poi mill operations from 2010 forward. Hi'ilei provided capacity-building assistance, grant writing assistance, and technical assistance onsite plus marketing, sales, and delivery support on O'ahu.</p> <p>Following is the background information on reasons for acquiring the Poi Mill and details about Hi'ilei's mission.</p> <p>In 2006, the owner of Makaweli Poi Mill (John Aana) approached OHA and asked OHA to buy the mill because he wanted to devote all of his time to taro farming. He agreed to double his taro production to help the poi mill become self-sustainable and profit-making. After much discussion, OHA Trustees agreed to buy the Poi Mill in 2006 with all Trustees voting to keep it in operation for the cultural and economic benefit of the westside Kaua'i community. This would preserve the making of Makaweli-style poi, which is thicker and more tart than other poi varieties, and is favored by Niihauans who live on the west side. There would also be economic benefit to the taro farmers of Waimea and Makaweli valleys. It was contemplated that the Poi Mill and surrounding taro lo'i would serve as education projects for students and the community at large to learn Hawaiian culture and the practice of planting and harvesting taro and making Makaweli-style poi. All of these points are discussed at length in the Business Plan that was prepared to support the purchase of Makaweli Poi Mill.</p>							

## APPENDIX D – LLCs ADDRESSING POSSIBLE FRAUD WASTE ABUSE FLAGGED TEST ITEMS (6)

#	Category	Type	CLA Sample #	LLC Contract # / Check #	Vendor, Contractor, Grantee	Contract Amount with Amendments	Report Page - Start
							<p>OHA Trustees approved purchasing the mill from Aana for \$185,000 and gave him a consulting contract in the amount of \$25,000 for the first year to help the mill succeed. Trustees created a nonprofit organization, Hi'ipoi LLC, to take ownership of the mill and manage it. Trustees formed another nonprofit organization, Hi'ilei Aloha LLC, as the parent company of Hi'ipoi.</p> <p>The mission of the parent company, Hi'ilei Aloha LLC, is:</p> <ul style="list-style-type: none"> <li>• To study the history and culture of the Hawaiian people, including ancestral lifestyles, traditions, customs, practices, values and beliefs including, by way of example, agricultural, farming, language, religion, economy, trade, and social practices.</li> <li>• To educate the Hawaiian people and all people on the history and culture of the Hawaiian people, including through educational models, demonstrations, employment opportunities, and scientific studies.</li> <li>• To educate the Hawaiian people and all people as to the plants, land, and water resources, and other wildlife and ecosystems endemic to the Hawaiian Islands along with their role in Hawaiian history, civilization and culture.</li> <li>• To educate, train, assist, and prepare Hawaiians for leadership in business and community affairs.</li> </ul> <p>The mission of Hi'ipoi LLC was:</p> <ul style="list-style-type: none"> <li>• To preserve, protect, enhance, develop and promote Hawaiian culture, customs and practices through the production of poi and/or other taro products and by supporting and encouraging the farming of taro in Makaweli Valley and surrounding communities.</li> <li>• To create educational and business opportunities for Hawaiians related to taro farming and production of poi and other taro products.</li> </ul> <p>The Poi Mill struggled financially from the beginning of OHA's acquisition of it. Aana did not double his taro production as committed to, and there were not enough poi sales to become self-sustaining as projected in the Business Plan. Hi'ipoi LLC constantly requested more</p>

## APPENDIX D – LLCs ADDRESSING POSSIBLE FRAUD WASTE ABUSE FLAGGED TEST ITEMS (6)

#	Category	Type	CLA Sample #	LLC Contract # / Check #	Vendor, Contractor, Grantee	Contract Amount with Amendments	Report Page - Start
							<p>funds from OHA to sustain operations. The financial struggles are documented in many reports given to OHA and Trustees. At one point, Trustees instructed Hi'ipoi managers not to come back and ask for more funding.</p> <p>Within a few years, OHA ended up putting more than \$500,000 into the Mill to keep it operating. Upon close review of site management at the Mill, Hi'ipoi learned that Aana was undermining OHA's acquisition by redirecting the staff and questioning decisions made by Hi'ipoi LLC managers. Aana blamed the financial struggles on OHA for hiring a full-time executive director, incurring accounting costs for fiscal reporting, purchasing insurance, and incurring other costs that he did not have as a mom-and-pop operation.</p> <p>Knowing that Trustees would not approve additional funding and that OHA could not successfully manage the Mill from off-island, Hi'ipoi LLC managers looked at exit strategies to transfer ownership of the Mill to a community-based nonprofit organization on Kaua'i. The Trustees' original goals of purchasing the Mill still remained in place: to support cultural practices and education and to keep the Mill operational as an economic and cultural resource for the westside Kaua'i community.</p> <p>When Hi'ipoi LLC managers announced that it would be transferring ownership of the Mill to a community-based organization, Aana and the poi mill's onsite manager (Brynna Storch) objected, stating that OHA had an obligation to continue funding the mill and make it successful. Later they agreed to a transfer in ownership provided that they were allowed to form their own nonprofit organization to take over the mill. They asked Hi'ipoi managers to give them \$1,000 to form their organization (Ka Piko). The Managers approved the expense and directed Ka Piko to submit a Business Plan for review.</p> <p>After six months of requests for Ka Piko's business plan, but not receiving it, Hi'ipoi managers decided to look for another community organization to acquire the Mill. A call went out for proposals, and Supporting the Language of Kaua'i (SLK) submitted a Business Plan with their proposal. SLK is the nonprofit arm of Kawaikini Public Charter School located on the grounds of Kaua'i Community College. SLK intended to contract with a Waimea business owner (Nākulu Arquette) to run the Mill. Arquette had many years of experience of growing taro, making poi, and running a successful snack business. Part of the profits of the Mill would go to SLK for scholarships for its students.</p>

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<p>Hi'ipoi managers selected SLK as the community-based organization to take over the Mill. When they informed Ka Piko that they were proceeding to work with another community organization because Ka Piko had not produced a Business Plan, members of Ka Piko became enraged. They started a hostile media and community campaign against OHA, Hi'ilei, Hi'ipoi, and the managers. They undermined the success of the mill, calling for a boycott by taro farmers and employees, and spreading lies in the community about OHA, Hi'ilei, Hi'ipoi, SLK and Arquette. They eventually sued OHA, Hi'ilei Aloha LLC, and Hi'ipoi LLC, and lost the lawsuit.</p> <p>Through all of this, the goal still remained to help the Poi Mill survive and preserve it as a resource for the community as initially directed by OHA Trustees. Hi'ilei's capacity-building program helped the poi mill under SLK and Arquette many times the same way Hi'ilei helped any Native Hawaiian business or nonprofit organization that requested assistance. Under SLK/Arquette, the poi mill still continued to struggle financially and was still in danger of closing. Arquette eventually asked OHA for a loan, which the LLC Managers approved. The hostility from Ka Piko continued. The mill continued to struggle and eventually Arquette was not able to repay the loan. The LLC Managers approved write-off of the loan.</p> <p>Although the Mill was struggling financially, Arquette kept the mill running while he looked for someone else to take over. The Mill was producing poi, purchasing taro from farmers, and continuing the practice of making thick, tart Makaweli-style poi. OHA Trustees' original goal of preserving the Mill as a cultural and economic resource for the community was being achieved in spite of all the hostility.</p>							
4	Disbursements	Hi'ilei Aloha Disbursements	LD-05	004597	Supporting the Language of Kaua'i, Inc. (SLK)	\$ 60,000.00	270
<p><b>CLA Observation (Summarized):</b> Lehua Poi Co. is an independent organization separate from Hiilei Aloha and OHA, yet Hiilei Aloha is providing it funding to stay in operation and subsidize its losses. Raises question of whether this disbursement adhered to mission and goals of</p>							

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#	Category	Type	CLA Sample #	LLC Contract # / Check #	Vendor, Contractor, Grantee	Contract Amount with Amendments	Report Page - Start
							<p>Hiilei Aloha, which could be an indication of possible waster of funds. In addition, lack of documentation surrounding transaction and method of how handled are possible indicators of fraud, waste, abuse.</p> <p><b>LLC Management :</b> CLA states that assistance to SLK was outside of Hi‘ilei Aloha’s mission. But this is incorrect. It is absolutely part of Hi‘ilei’s mission to preserve Hawaiian culture and provide educational opportunities as outlined in detail above. In addition, Hi‘ilei had a responsibility to find solutions to growing losses of sub-entity Hi‘ipoi with the knowledge of OHA Trustees’ initial goal to preserve the Mill as a cultural and economic resource for the community and admonition not to come back and ask for more funding.</p> <p>Arquette decided to stop managing the mill for SLK because of mounting financial losses and continual hostility from Ka Piko. Arquette looked for buyers of the business at \$125,000 to pay off his debts, including the above loan. Several buyers expressed an interest in the Mill but could not come up with financing.</p> <p>SLK identified a former taro farmer and current educator (Kaina Makua) who wanted to take over the mill, but he did not have the funds to buy it. Makua was an ideal candidate to run the mill because he was from the community, was an experienced taro farmer, had a Master’s degree in education, and had a strong background in Hawaiian language and culture. With his experience and knowledge, he had a Business Plan to help the Mill become self-sustaining by using both nonprofit cultural approaches and for-profit business approaches.</p> <p>SLK asked OHA and Hi‘ipoi LLC for financial assistance to help transfer management of the Mill from Arquette to Makua. This would cover some of Arquette’s losses and provide Makua with start-up funds. As part of its capacity-building program, Hi‘ilei provided the funding. The goal was still to keep the Mill open and preserve it as a resource for the community as initially directed by OHA Trustees. The Mill was turned over to Makua without any exchange of funds between Arquette and Makua.</p> <p>Once Makua took over management of the Mill, Hi‘ilei continued to provide capacity-building assistance to the Mill by helping with grant writing, strategic planning, and training their in-house grant writer. Their grant writer became very successful, writing grants jointly at first with Hi‘ilei staff and eventually identifying grant opportunities and writing grant applications on her own.</p>



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5	Disbursements	Hi'ilei Aloha Disbursements	LD-22	004494	Commercial Dehydrator Systems, Inc.	\$ 13,367.00	270
<p><b>CLA Observation (Summarized):</b> \$13,367 purchase of commercial dehydrator system for poi mill made four days prior to Hiipoi's transfer of poi mill. According to Hiilei Aloha, purchase of dehydrator was a verbal agreement between Dr. Crabbe and Lehua Poi Company during negotiations to transfer poi mill. Raises question of whether the disbursement adhered to the mission and goals of Hiilei Aloha which could be an indication of possible waste of funds.</p>							
<p><b>LLC Management:</b> CLA states that the purchase of a commercial dehydrator system for the Mill was outside of Hi'ilei Aloha's mission. But this is incorrect. It is absolutely part of Hi'ilei's mission to preserve Hawaiian culture, provide educational opportunities, and assist and prepare Native Hawaiians for leadership in business, as outlined in detail above.</p> <p>In addition, OHA Trustees approved funding for Hi'ilei's capacity-building program to help Native Hawaiian nonprofit organizations and businesses succeed. The mission of Hi'ilei's capacity-building program is to "identify, promote, develop, and support culturally-appropriate, sustainable opportunities that benefit Native Hawaiians."</p> <p>In order for the poi mill to be successful, it needed to sell more products other than poi and sell those products on islands other than Kaua'i. The population of Kaua'i was not big enough to sustain the poi mill only on sales of poi. Because the goal was still OHA Trustees' original goal of keeping the Mill open and preserving it as a cultural and economic resource for the community, LLC Managers stayed involved to help the Mill succeed. One of the ways to help was to purchase a dehydrator so the Mill could expand its product line by making taro flour. If Hi'ipoi still owned the Mill, OHA or Hi'ilei would have assisted in ways like this without hesitation.</p> <p>Hi'ilei had already assisted the poi mill over the years by helping to develop, package, and sell new products such as Taro Chunks and kūlolo. Hi'ilei explored bottling options with Kōloa Rum to package poi as a baby food. Hi'ilei brought in the Agriculture Incubator</p>							

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<p>Program at the UH College of Tropical Agriculture (CTAHR) to help analyze the business and provide advice. Hi'ilei helped the mill obtain clients on O'ahu, which included all of the Foodland stores and Times Supermarkets and other potentially big clients such as Young's Market. Hi'ilei helped the Poi Mill deliver its products on O'ahu by picking up shipments at Aloha Air Cargo and delivering to 20+ stops around the island.</p>							
6	Disbursements	Hi'ipoi <sup>1</sup> Disbursements	LD-21	001058	Supporting the Language of Kaua'i, Inc.	\$ 10,000.00	280
<p><b>CLA Observation (Summarized):</b> SLK is an independent organization separate from Hiilei Aloha and OHA, yet Hiilei Aloha continued to fund the operation of poi mill after it was transferred. Because there were no policies or procedures for Hiipoi, CLA is unable to determine a process was established for awarding grants to support poi production. Further, appears grant was actually funded by OHA. There was no documentation to support that the grant was reviewed and approved through OHA's standard grant process (including HRS § 10-7 and OHA Grants SOP), which indicates that this payment may have been structured to avoid OHA's grant policies and procedures by using Hiipoi as a conduit to make grant payments to SLK. Lack of documentation surrounding transaction, method in which transaction was handled and possible personal relationships between Dr. Crabbe, Mr. Perry and Mr Arquette are possible red flags of fraud, waste, abuse.</p>							
<p><b>LLC Management :</b> CLA implies that SLK's status as an independent organization separate from OHA and Hi'ilei would make this grant inappropriate. However, that is incorrect. CLA overlooks OHA's mission to better the conditions of Native Hawaiians; Hi'ilei's mission to preserve and educate on Hawaiian cultural practices; and the capacity-building program's mission to help Native Hawaiian businesses as</p>							

<sup>1</sup> Dissolved in 2017.

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							<p>outlined in detail above. This disbursement to SLK was for the same purposes: to help the Mill survive and preserve it as a cultural and economic resource for the community, as initially directed by OHA Trustees when the Mill was first acquired.</p> <p>If the relationship between Crabbe, Perry, and Arquette is only that they know each other in the Hawaiian community and sit on the same nonprofit board(s), that displays a lack of knowledge and needs to be reconsidered. In the small community of Hawai'i, many people know each other and many people sit on the same boards. The Hawaiian community is even smaller, with a population of less than 300,000 living in Hawai'i. People are bound to know each other. That alone should not be a basis for presuming a conflict of interest, fraud, waste, or abuse. There should be evidence before inflammatory statements such as this are made.</p> <p><u>IN SUMMARY</u>, it is important to note that the poi mill is finally successful. With the resources that OHA, Hi'ipoi, and Hi'ilei provided to SLK, Arquette, and Makua, the poi mill is finally self- sustaining. With Makua's nonprofit cultural model and for-profit business model, the Poi Mill is finally succeeding.</p> <p>OHA Trustees' original goal has been achieved: preservation of the Mill as a cultural and economic resource for the westside Kaua'i community.</p> <p>If Hi'ipoi LLC had retained ownership of the Mill, OHA and Hi'ilei would have put all of these resources into the Mill, without hesitation, to make it successful. The fact that ownership was under SLK, a nonprofit community-based organization, does not remove OHA's responsibility to better the conditions of Native Hawaiians, nor does it change the mission of Hi'ilei Aloha LLC to help preserve Hawaiian culture and practices; to educate Native Hawaiians and other people on Hawaiian culture and practices; to educate, train, assist and prepare Hawaiians for leadership in business and community affairs; and to help Native Hawaiian businesses succeed.</p> <p>OHA, Hi'ilei Aloha LLC, and Hi'ipoi LLC should be commended for enduring the struggles of owning a Poi Mill, a difficult business anywhere, and persevering to find a methodology that would work. It took courage to constantly consider other possibilities in the face of hostility. Today the Mill is surviving and has been preserved as a cultural and economic resource for the community.</p>

OHA PARTIALLY IMPLEMENTED (18)				
ITEM No	REC No	SUMMARY	Q3 (MARCH 2020 <sup>1</sup> )	Q4 (JUNE 2020 <sup>2</sup> )
1	6	<p><b>Corporate Counsel:</b> The primary responsibility to identify and disclose conflicts of interest will remain with the individual staff involved in decision-making. A certification by the contract signator, will be included as part of the standard OHA contract signature line, to attest that he/she has no conflicts of interests related to the contract. An additional step to screen for potential conflicts during the processing of contracts by staff in OHA Grants, Procurement, and Corporate Counsel, will utilize a list of publicly disclosed entities from the Hawai'i State Ethics Commission Short Form Disclosures of Financial Interests.</p> <p><b>Targeted Implementation Date: June 2020</b></p>		
2A	23A	<p><b>Procurement Services Program (PSP):</b> Effective 2016, the Procurement Services Program contract file is comprised of three sections: 1) all solicitation documents, including the appointment of the evaluation committee, evaluation documents, and copy of recommendation to award; 2) the executed contract documents; 3) all original proposals and any other documents relevant to the RFP process. The solicitation section includes all seven items noted by the CLA recommendation required for an RFP. To maintain the integrity of the contract file, Procurement does not permit original proposals to be loaned out for any type of review. Only copies of the proposals submitted are loaned out for reviewing purposes. Currently, one hard copy of each proposal is maintained in the contract file. Procurement plans to scan all solicitation documents for efficient document retrieval. The entire procurement contract file is retained throughout the term/life of the</p>		

<sup>1</sup> Reported no later than April 30th

<sup>2</sup> Reported no later than July 31st

OHA PARTIALLY IMPLEMENTED (18)				
ITEM No	REC No	SUMMARY	Q3 (MARCH 2020 <sup>1</sup> )	Q4 (JUNE 2020 <sup>2</sup> )
		<p>contract. Once the contract has expired, the contract file comprised of the three parts is archived according to OHA's records retention policy. This process will be included in the current draft of the Procurement Services Program SOP which is pending review and approval. Further revisions will be forthcoming to reflect automation of our processes and advancements achieved with the Oracle Fusion System.</p> <p><b>Targeted Implementation Date: June 2020</b></p>		
2B	26A	<p><b>Procurement Services Program (PSP):</b> Effective 2016, all procurement contract documents are uniformly organized into the procurement contract file with three dividers. The three dividers create six sections as follows: 1) Solicitation document (other than IFB Or RFP); 2) Primary contract, supplemental and completed PAC forms; 3) Supplemental contracts and completed Procurement Authorization Checklist (PAC) forms; 4) PO and all PO revisions; 5) internal communications; and 6) external communications. The procurement contract files for the IFB and RFP have two sections: 1) Solicitation, approval forms, and documents; and 2) the Final IFB and RFP. This process will be included in the current draft of the PSP's SOPs which is pending review and approval. Further revisions will be forthcoming to reflect automation of our processes and advancements achieved with the Oracle Fusion System.</p> <p><b>Targeted Implementation Date: June 2020</b></p>		
3	28	<p><b>Procurement Services Program (PSP):</b> It is the responsibility of the Procurement Services Program to ensure compliance with the State Procurement Laws for purchases of more than \$2,500. The Procurement Manager reviews and signs for approval of the source selection on the PAC form. The Procurement Document Checklist is no longer used. The Procurement Services</p>		

OHA PARTIALLY IMPLEMENTED (18)				
ITEM No	REC No	SUMMARY	Q3 (MARCH 2020 <sup>1</sup> )	Q4 (JUNE 2020 <sup>2</sup> )
		<p>Program submits to Corporate Counsel the procurement contract file for review and approval of a contract as to form.</p> <p>This process has been included in the current draft of the PSP's SOP, which is pending review and adoption. Further revisions will be forthcoming to reflect automation of our processes and advancements achieved with the Oracle Fusion System.</p> <p><b>Targeted Implementation Date: June 2020</b></p>		
4	29	<p><b>Financial Services Program (FSP):</b> Processed check payments are being sent directly to vendors via mail or in person. While the current fiscal procedures allow for checks to be released to the requestors for delivery to vendors/grantees, with the control over the practice the signature of receipt (by the requestor) as indicated on the check transmittal; procedures to be updated to discontinue this practice.</p> <p><b>Targeted Implementation Date: June 2020</b></p>		
5	31	<p><b>Executive Office, Organization Wide, Contract Management:</b> Once a good or service has been procured through the PSP, the Program (e.g. Land, Community Engagement, Research) is responsible for contract administration. PSP is not responsible for maintaining a record of the deliverables submitted by the vendor or for keeping a record of the deliverable in the contract file. The Program communicates and works directly with the contractor or vendor to ensure the deliverables are met, received, and/or otherwise maintained. An organization wide process for contract administration will be developed and implemented that complements and is integrated with OHA's Oracle Fusion processes.</p> <p><b>Targeted Implementation Date: June 2020</b></p>		
6A	32A	<b>Procurement Services Program (PSP):</b>		

OHA PARTIALLY IMPLEMENTED (18)				
ITEM No	REC No	SUMMARY	Q3 (MARCH 2020 <sup>1</sup> )	Q4 (JUNE 2020 <sup>2</sup> )
		<p>This is an exception to the normal practice. Only in rare occasions, and in instances concerning emergencies, will contracts with an effective date that precedes the execution date be reviewed for consideration by Corporate Counsel. A memo to file will be included with the contract to document the reason for Corporate Counsel's granting of the exception, consistent with state practice (Comptroller's Memorandum no. 2009-14).</p> <p><b>Targeted Implementation Date: June 2020</b></p>		
6B	34A	<p><b>Procurement Services Program (PSP):</b> A Program's request to extend and/or add funds to an existing contract must be submitted in writing to the Procurement Services Program. The Procurement Specialist will request justification in writing for the amendment, and it will be retained in the contract file under Section 5: "Internal Communications of the Procurement Services Program (PSP)." However, justification for the amendment will not be drafted into the contract amendment.</p> <p>The PSP SOP is pending review and approval. Further revisions will be forthcoming to reflect automation of our processes and advancements achieved with the Oracle Fusion System.</p> <p><b>Targeted Implementation Date: June 2020</b></p>		
7A	35A	<p><b>Executive Office, Organization Wide, Contract Management:</b> Once a good or service has been procured through the PSP, the Program (e.g. Land, Community Engagement, Research) is responsible for contract administration. PSP is not responsible for maintaining a record of the deliverables submitted by the vendor or for keeping a record of the deliverable in the contract file. The Program communicates and works directly with the contractor or vendor to ensure the deliverables are met, received, and/or otherwise maintained. An organization wide process for contract administration will be developed and</p>		



OHA PARTIALLY IMPLEMENTED (18)				
ITEM No	REC No	SUMMARY	Q3 (MARCH 2020 <sup>1</sup> )	Q4 (JUNE 2020 <sup>2</sup> )
		implemented that complements and is integrated with OHA's Oracle Fusion processes. <b>Targeted Implementation Date: June 2020</b>		
7B	68A	<b>Procurement Services Program (PSP):</b> Addresses item number (3) Statement of Completed Travel Form is submitted within the deadline: OHA initiated the OHA Business Travel Process project team to help develop an efficient travel process for OHA Trustees and staff. Through the project management process, the project team plans to, among other things, address inefficiencies in the current travel process and to provide for clear accountability to the travel policy and procedures. <b>Targeted Implementation Date: June 2020</b>		
8	36	<b>Procurement Services Program (PSP):</b> Effective 2016, the Procurement Services Program retains the approved review and selection committee members' names in the procurement contract file. The following documents that evidence completion of an appropriate selection process are kept in Section 1 of the procurement contract file: (1) Memorandum to CEO to appoint the Selection Committee, (2) evidence that the Procurement Officer ensured the impartiality and independence of committee members, (3) the Selection Committee individual scoring sheets, (4) the Selection Committee Scoring Matrix, and (5) Memorandum to CEO recommending the top three ranked candidates with the CEO's approval.  The approval memos and evaluation conducted by the Review committee are kept in a separate file with the corresponding fiscal year's Statement of Qualifications and Notice of Interest.  This process will be included in the current draft of the Procurement Services Program Standard Operating Procedures, which is		

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ITEM No	REC No	SUMMARY	Q3 (MARCH 2020 <sup>1</sup> )	Q4 (JUNE 2020 <sup>2</sup> )
		<p>pending review and approval. Further revisions will be forthcoming to reflect automation of our processes and advancements achieved with the Oracle Fusion System</p> <p><b>Targeted Implementation Date: June 2020</b></p>		
9	38	<p>With this guidance from HSEC, if during the contracts or grants process, OHA staff becomes aware that a former OHA employee is working for a prospective vendor, contractor, or grantee, then OHA staff should inform Corporate Counsel. Corporate Counsel can confirm with Human Resources the separation date of the former employee and follow-up with the former OHA employee or his/her current employer on the former OHA employee's role or responsibilities with respect to the contract or grant being considered by OHA. Corporate Counsel can make a determination on whether OHA or the vendor, contractor, or grantee can proceed further. If there are any questions, Corporate Counsel or the former OHA employee can contact HSEC for guidance.</p> <p><b>Targeted Implementation Date: June 2020</b></p>		
10	40	<p><b>Procurement Services Program (PSP):</b> Currently, to process a procurement request from solicitation to an executed contract requires the PAC form to be completed. The PAC form documents the procurement process on a single form and provides a useful tool to effectively inventory the required compliance documents and approvals for procurement processing. The PAC form includes: the PR number and relevant information; approval for solicitation method; compliance documents; and approvals as required by program managers, directors, CFO, COO and/or CEO.</p> <p>This process has been included in the current draft of the Procurement Services Program Standard Operating Procedures, which is</p>		

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ITEM No	REC No	SUMMARY	Q3 (MARCH 2020 <sup>1</sup> )	Q4 (JUNE 2020 <sup>2</sup> )
		<p>pending review and approval. Further revisions will be forthcoming to reflect automation of our processes and advancements achieved with the Oracle Fusion System.</p> <p><b>Targeted Implementation Date: June 2020</b></p>		
11	43	<p><b>Procurement Services Program (PSP):</b> The Procurement Services Program currently requires a “Procurement Authorization Checklist” (PAC) form to be completed in order to process a procurement request from solicitation to an executed contract. The PAC form documents the procurement process on a single form and provides a useful tool to effectively inventory the required compliance documents and approvals for procurement processing. If an exemption is applicable, procurement staff provides citation to the exemption with an explanation on the PAC form. The PAC form is then submitted to the PSP Manager for approval. The PAC form includes: the PR number and relevant information; approval for solicitation method; compliance documents; and approvals by program managers, directors, CFO, COO and CEO. This process will be included in the current draft of the Procurement Services Program Standard Operating Procedures, pending review and adoption. Further revisions will be forthcoming to reflect automation of our processes and advancements achieved with the Oracle Fusion System.</p> <p><b>Targeted Implementation Date: June 2020</b></p>		
12	45	<p><b>Procurement Services Program (PSP):</b> Upon notice of a possible procurement violation, the Procurement Manager will gather information by requesting that the program complete the “Procurement Inquiry Form.” The Procurement Manager will use the information provided on the Procurement Inquiry Form to determine if a violation has occurred. If a violation has occurred, the Procurement Manager will request that the</p>		

OHA PARTIALLY IMPLEMENTED (18)				
ITEM No	REC No	SUMMARY	Q3 (MARCH 2020 <sup>1</sup> )	Q4 (JUNE 2020 <sup>2</sup> )
		<p>program complete Form SPO-016, Report of Procurement Violations: Finding and Corrective Actions and/or Request for After-The-Fact Payment Approval. Upon receipt of Form SPO-016 from the program, the Procurement Manager will review for completeness and submit to the HOPA and CPO for review and approval. All Procurement violations will be reported to SPO. This process will be included in the current draft of the Procurement Services Program Standard Operating Procedures, pending review and adoption. Further revisions will be forthcoming to reflect automation of our processes and advancements achieved with the Oracle Fusion System.</p> <p><b>Targeted Implementation Date: June 2020</b></p>		
13A	47A	<p><b>Resource Financial Management Assets:</b> Financial Services Program (FSP) and Procurement Services Program (PSP): The updated FSP and PSP SOP is pending further revisions reflect automation of our processes and advancements achieved with the Oracle Fusion System.</p> <p><b>Targeted Implementation Date: June 2020</b></p>		
13B	47B	Same as 47A		
14	50	<p><b>Procurement Services Program (PSP):</b> The Procurement Services Program currently requires a “Procurement Authorization Checklist” (PAC) form to be completed in order to process a procurement request from solicitation to an executed contract. The PAC form documents the procurement process on a single form and provides a useful tool to effectively inventory the required compliance documents and approvals for procurement processing. If an exemption is applicable, procurement staff provides citation to the exemption with an explanation on the PAC form. The PAC form is then submitted to the PSP Manager for approval.</p>		

OHA PARTIALLY IMPLEMENTED (18)				
ITEM No	REC No	SUMMARY	Q3 (MARCH 2020 <sup>1</sup> )	Q4 (JUNE 2020 <sup>2</sup> )
		<p>This process has been included in the current draft of the Procurement Services Program Standard Operating Procedures, pending review and adoption. Further revisions will be forthcoming to reflect automation of our processes and advancements achieved with the Oracle Fusion System.</p> <p><b>Targeted Implementation Date: June 2020</b></p>		
15	55	<p><b>Records Management Program:</b> OHA Administration has initiated the Records Management Redesign Project, which will effect a systematic, agency-wide review and update to OHA's records management policies and procedures that is tailored to the unique records produced by each OHA program, starting with programs in our Resource Management – Financial Assets Division. In addition to digital document retention systems that have since been implemented by individual programs, ISRM is currently redesigning OHA's internal SharePoint site and reviewing its function as a document management system.</p> <p><b>Targeted Implementation Date: February 2020</b> - Agency-wide project planning completed; <b>June 2020</b> - updated records policies and procedures for Resource Management – Financial Assets Division implemented; <b>June 2021</b> - agency-wide implementation completed.</p>		
16	57	<p><b>Board of Trustees:</b> On August 1, 2017, the Board approved the appointment of members to an Ad Hoc Committee on Grants and Scholarships to review and address Grants, including Kūlia Initiatives, Sponsorships, and the Trustee Sponsorship and Annual Allowance Fund (TSAAF). This program is still under review by the Ad Hoc Committee</p> <p><b>Targeted Implementation Date: June 2020</b></p>		
17	60	<p><b>Board of Trustees:</b> On August 1, 2017, the Board approved the appointment of members</p>		

OHA PARTIALLY IMPLEMENTED (18)				
ITEM No	REC No	SUMMARY	Q3 (MARCH 2020 <sup>1</sup> )	Q4 (JUNE 2020 <sup>2</sup> )
		<p>to an Ad hoc Committee on Grants and Scholarships to review and address Grants, including Kūlia Initiatives, Sponsorships, and the Trustee Sponsorship and Annual Allowance Fund (TSAAF).</p> <p>Administration is in the process of developing new organization wide Sponsorship processes, including processing of sponsorships formerly identified as "CEO Sponsorships" now known as "Kaiāulu Sponsorships". The new process includes:</p> <p>1) Board approval of overall Sponsorship biennium budget as an authorization control;</p> <p>2) Aggregation of all Sponsorships throughout the organization; and 3) A single, consistent central processing function (i.e., Grants Department) regardless of the budget origination point, program or line of business. All sponsorship process activities of planning, solicitation, application, review, recommendation, contracting, monitoring &amp; close out and evaluation will involve other areas of OHA (e.g., planning, marketing, awarding announcement, monitoring, evaluation), but the overall process is to be managed by the Grants Department, resulting in more standardized processing.</p> <p><b>Targeted Implementation Date: June 2020</b></p>		
18	69	<p><b>Procurement Services Program (PSP):</b> OHA initiated the OHA Business Travel Process project team to help develop an efficient travel process for OHA Trustees and staff. Through the project management process, the project team plans to, among other things, address inefficiencies in the current travel process and to provide for clear accountability to the travel policy and procedures.</p> <p><b>Targeted Implementation Date: June 2020</b></p>		

LLC PARTIALLY IMPLEMENTED (2) – APPENDIX B				
ITEM NO	REC NO	SUMMARY	Q3 (MARCH 2020)	Q4 (JUNE 2020)
1 (HI'ILEI ALOHA LLC)	L-30	<p>Consider formatting the quarterly financial reports to mirror the format of the audited financial statements.</p> <p>To be implemented upon confirmation from OHA of preferred format.</p> <p><b>Targeted Implementation Date: No later than June 30, 2020</b></p>		
2 (HI'IPAKA LLC)	L-21	<p>Consider requesting from the bank, images of the front and back of cancelled check with the monthly bank statements.</p> <p>On a sample basis, use images to compare payee information to the information in the general ledger and ensure Hi'ipaka's check signing policy is in compliance.</p> <p>Currently receive a copy of the front of the check with the monthly bank statement. Also have access to copies of both front and back of checks upon request. Will obtain sample copies (5% of checks written) on a monthly basis.</p> <p><b>Targeted Implementation Date: February 2020</b></p>		



PHONE (808) 594-1888

FAX (808) 594-1938



**STATE OF HAWAII  
OFFICE OF HAWAIIAN AFFAIRS**  
560 N. NIMITZ HWY., SUITE 200  
HONOLULU, HAWAII 96817

March 28, 2019

VIA E-MAIL: [lao.auditors@hawaii.gov](mailto:lao.auditors@hawaii.gov)  
and U.S. MAIL, FIRST CLASS

Mr. Leslie H. Kondo, State Auditor  
Office of the Auditor  
State of Hawaii  
Kekuanao'a Building  
465 S. King Street, Room 500  
Honolulu, Hawaii 96813-2917

Re: Response to the Formal Request for Information on Status of Implementation of Audit  
Recommendations (Report No. 18-03)<sup>1</sup>

Dear Mr. Kondo,

The Office of Hawaiian Affairs' ("OHA") Trustees and Ka Pouhana (Chief Executive Officer) is pleased to respond to your letter dated March 1, 2019 requesting an update on the status of audit recommendations made in Report No. 18-03, issued in February 2018, and offer the following comments as well as our specific responses relating to each recommendation in the attached forms. OHA is pleased to inform you that we have made substantial progress in addressing concerns identified in Report No. 18-03, fully implementing seven and partially implementing 32 of the 39 recommendations. We understand that we still have much work to do to. However, OHA remains committed to making necessary improvements to our overall administration of funds that we disburse to the Native Hawaiian community and to providing increased transparency and accountability to our beneficiaries.

## **I. Background**

OHA notes the objectives of the audit reported in Report No. 18-03 was to: 1) Evaluate OHA policies and actions regarding use of its Fiscal Reserve, Grants, CEO Sponsorships, and Trustee Allowances; 2) Review and report on the status of OHA's implementation of our [auditors] 2013 audit recommendations; and 3) Make recommendations as appropriate.

<sup>1</sup> Report No. 18-03, February 2018, Audit of the Office of Hawaiian Affairs, A Report to the Governor and the Legislature of the State of Hawaii, <http://files.hawaii.gov/auditor/Reports/2018/18-03.pdf>

In addressing the recommendations and formulating our responses, OHA engaged in the following review and engagement activities: 1) Reviewed the requirements of Hawaii Revised Statutes, Chapter 10. Office of Hawaiian Affairs, § 10-3, § 10-4 and particularly § 10-17. Grants; conditions and qualifications; 2) Reviewed Reports No 18-03 and related Report No. 18-08, issued in June 2018<sup>2</sup>; 3) Reviewed current and updated standard operating procedures; and 4) Engaged in discussions with Grants Department management regarding the changes in processes implemented since the issuance of Reports No. 18-03 and 18-08.

## **II. Permitted Interaction Group**

In January 2019, the Board, in accordance with HAWAII REVISED STATUTES, CHAPTER 92, PUBLIC AGENCY MEETINGS AND RECORDS, §92-2.5 (b) Permitted interactions of members, approved the formation of a Permitted Interaction Group (PIG) to: Investigate various elements of governance frameworks and models, including but not limited to cultural, indigenous, native, national and international contexts. The PIG anticipates formulating and reporting on recommendation(s) for a governance framework that includes, but not limited to: 1) Statutory, board and organization policies, procedures and other supporting documents; 2) Monitoring mechanism of governance practices (e.g., compliance); and 3) Accountability mechanisms for non-compliant behavior and practices. The recommendations from the PIG, Board action and implementation (e.g., reporting) is expected to be completed no later than June 30, 2019.

## **III. Quality Assurance Function**<sup>3</sup>

As part of OHA's response to the recommendations of Report 18.03, we wanted to apprise the Office of the Auditor that OHA designed and established an organization wide quality assurance (QA) function. Quality control can be defined as "part of quality management focused on fulfilling quality requirements." While quality assurance relates to how a process is performed or how a product is made, quality controls are more the inspection aspect of quality management. An alternate definition is "the operational techniques and activities used to fulfill requirements for quality." Auditing is part of the quality assurance function. It is important to ensure quality because it is used to compare actual conditions with requirements and to report those results to management. Such a QA function is being designed to focus on business functions and processes, including, but not limited to: process design (e.g., controls, efficiencies); risk assessments of processes, processors, practices; policy alignment; procedures documentation (e.g., level of granularity, users, systems); auditing actual practice against documented procedure, etc.

The QA function will be implemented via a Senior Internal Auditor (SIA) position that is anticipated to be launched in the new fiscal year beginning July 1, 2019 and included in the FY 20-21 Biennium Budget. The Grants Department<sup>4</sup> (formerly known as the Transitional Assistance

<sup>2</sup> Report No. 18-08, June 2018, Audit of the Office of Hawaiian Affairs' Competitive grants and Report on the Implementation of 2013 Audit Recommendations, A Report to the Governor and the Legislature of the State of Hawaii, <http://files.hawaii.gov/auditor/Reports/2018/18-08.pdf>

<sup>3</sup> ASQ, <https://asq.org/quality-resources/quality-assurance-vs-control#qa>, retrieved 1/5/2019

<sup>4</sup> Throughout this document, the terms "Grants Department" and "Transitional Assistance Program", if used, refers to the same functional OHA unit.



Program in Report No. 18-08) is the first area or business function in OHA that will apply QA function processes via the SIA position. An implementation plan and roll out of the QA function beyond the Grants Department, in the OHA organization, will be detailed after outcomes from the Grants Department implementation are analyzed and other organization wide design activities completed by the SIA.

#### IV. Summary Internal Control Framework & Implementation

Framing OHA's responses in Appendix A is its overall internal control framework<sup>5</sup> for the organization modeled after the COSO framework.

##### What Does COSO Stand For?

In 1992, the Committee of Sponsoring Organizations of the Treadway Commission (COSO) developed a model for evaluating internal controls. This model has been adopted as the generally accepted framework for internal control and is widely recognized as the definitive standard against which organizations measure the effectiveness of their systems of internal control.



Figure 1. COSO Framework

##### What Is The COSO Framework?

The COSO model defines internal control as “a process, effected by an entity’s board of directors, management and other personnel, designed to provide reasonable assurance of the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations;
- Reliability of financial reporting; and
- Compliance with applicable laws and regulations”

In an “effective” internal control system, the following five components work to support the achievement of an entity’s mission, strategies and related business objectives.

##### 1. *Control Environment*

- Integrity and Ethical Values
- Commitment to Competence
- Board of Directors and Audit Committee
- Management’s Philosophy and Operating Style

<sup>5</sup> <https://info.knowledgeleader.com/bid/161685/what-are-the-five-components-of-the-coso-framework>, retrieved 2/24/2019

- Organizational Structure
- Assignment of Authority and Responsibility
- Human Resource Policies and Procedures

**2. *Risk Assessment***

- Company-wide Objectives
- Process-level Objectives
- Risk Identification and Analysis
- Managing Change

**3. *Control Activities***

- Policies and Procedures
- Security (Application and Network)
- Application Change Management
- Business Continuity/Backups
- Outsourcing

**4. *Information and Communication***

- Quality of Information
- Effectiveness of Communication

**5. *Monitoring***

- Ongoing Monitoring
- Separate Evaluations
- Reporting Deficiencies

These components work to establish the foundation for sound internal control within the company through directed leadership, shared values and a culture that emphasizes accountability for control. The various risks facing the company are identified and assessed routinely at all levels and within all functions in the organization. Control activities and other mechanisms are proactively designed to address and mitigate the significant risks. Information critical to identifying risks and meeting business objectives is communicated through established channels up, down and across the company. The entire system of internal control is monitored continuously and problems are addressed timely.

OHA's Trustees and Administration are in the process of designing and implementing an internal control framework using the COSO framework as an exemplar to be completed no later than June 30, 2019.

## V. Updates re: Grants Processes

In addition to the status of the implementation of audit recommendations in Report No. 18-03, OHA would like to provide you with the following updates related to the Grants processes, which address previous audit recommendations, improvements in the control environment and process efficiencies:

1. Completed Standard Operating Procedures;
2. In the process of implementing an information system to track grant status and project deliverables, including retaining copies of e-mails, correspondence, performance reports and evaluations and alerts monitoring staff when reports due; can monitor grant staff performance, assists grants management staff in tracking delinquent annual and final reports to ensure grant deliverables are received; and flags the approval of new awards to grantees that miss deliverable.<sup>6</sup> Upgrades to and implementation of enhanced functionality to the existing information system (i.e., Foundant Grants Database) is in process and projected to be fully implemented no later than June 30, 2019 for the new cycle (e.g., Kūlia, Community, 'Ahahui); and,

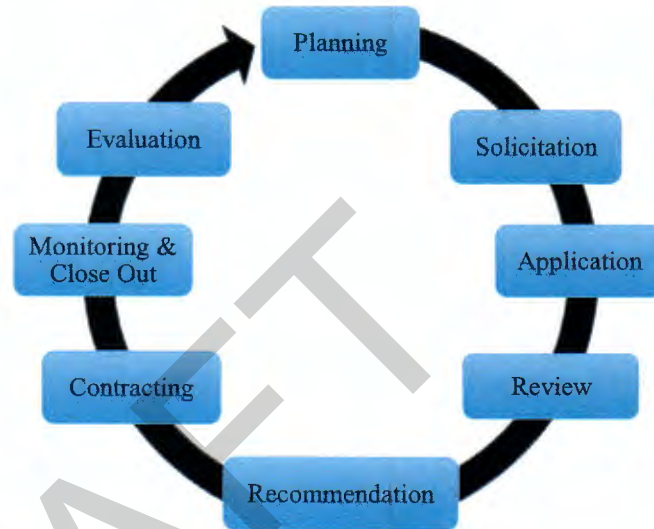


Figure 2. Grants Process Phases

3. Implementation and application of the QA function, as described above, to the Grants processes.

Responses included in Attachment A are reflective of the above process activities and plans.

## VI. Summary of the Implementation of Audit Recommendations in Report No. 18-03

A summary of the implementation of audit recommendations is noted in the table below and details are included in Appendix A.

<sup>6</sup> Report No. 13-07 Audit of the Office of Hawaiian Affairs and Report on the Implementation of State Auditor's 2009 OHA Recommendations, A Report to the Governor and the Legislature of the State of Hawaii, September 2013, <http://files.hawaii.gov/auditor/Reports/2013/13-07.pdf>



Audit Recommendation Status	Implemented	Partially Implemented	Total
<b>Board of Trustees</b>	1e, 2a, 2b, 2c, 2d, 4c,	1a, 1b, 1c, 1d, 1f, 1g, 3a, 3b, 3c, 3d, 3e, 3f, 4a, 4b, 4d, 5a, 5b, 5c, 5d, 5e, 5f	27
<b># of recs</b>	<b>6</b>	<b>21</b>	<b>27</b>
<b>Administration</b>	4b	1a, 1b, 2a, 2b, 3a, 3b, 4a, 5a, 5b, 5c, 5d	12
<b># of recs</b>	<b>1</b>	<b>11</b>	<b>12</b>
<b>Total</b>	<b>7</b>	<b>32</b>	<b>39</b>

## VII. Conclusion

Again, we are pleased to provide this update on OHA's progress in implementing the recommendations contained in Report No. 18-03 and hope our continuing commitment to address audit recommendations and working with your office is evident in our work and responses. We look forward to providing an update to our implementation of these recommendations in another year.

If there are any questions or desire to discuss these matters further, please do not hesitate to contact Dr. Crabbe via e-mail at [kamanaoc@oha.org](mailto:kamanaoc@oha.org) or telephone at 594-1892.

Me ka ha'aha'a,

*Colette Y. Machado*

Colette Y. Machado  
 Chair, Board of Trustees

*Kamana'opono Crabbe*

Kamana'opono Crabbe, Ph.D.  
 Ka Pouhana, Chief Executive Office

CM/KC:rg

Attachment A: Status of Implementation of Audit Recommendation Report No. 18-03 – 52 pages

Attachment B: List of Available Sources and References

**Attachment B: List of Available Sources and References**

Description	
1.	Trustee Bylaws
2.	Board of Trustees Executive Policy Manual
3.	Board of Trustees Operations Manual
4.	RM 18-01 Action Item (January 2018): Amendment to BOT Exec Policy Manual 3.5.e and 3.5.f
5.	BOT 18-01 Action Item (February 2018): Approval for OHA to impose moratorium on use of Trustee Sponsorship and Allowance Fund (TSAAF) and CEO-initiated Sponsorships
6.	RM 18-03 Action Item (February 2018): Moratorium on Fiscal Reserve Spending
7.	BOT 18-03 Action Item (July 2018): Approve all updates and amendments to BOT Bylaws with the exception of the Re-Designation of all references in Bylaws from "Administrator" to "Chief Executive Officer" which will be considered separately
8.	RM 18-12 Action Item (September 2018): Move to update budget preparation, format and reporting requirements by approving amendments to EPM and BOT Operations Manual, excluding aments on Fiscal Transparency 3.4.k through 3.4.l in Attach A and C
9.	RM 17-07 Action Item (June 2017): OHA Biennium Budget for the Fiscal Biennium Periods 2017-2018 (FY 18) and 2018-2019 (FY 19)
10.	On March 29, 2017, the Board approved the creation of a working and implementation advisory committee to address and complete various Financial Sustainability Plan (FSP) activities.
11.	Standard Operating Procedures and Appendices for the Grants Department
12.	Kulia Grants Guidelines and Process
13.	Training and communication records re: Ethics, HRS Chapter 92, Chapter 10 and Fiduciary Duties for Board of Trustees, Administration and Management
14.	Audited financial statements 2004 to 2017 on website – <a href="http://www.oha.org">www.oha.org</a>
15.	Annual reports 2001 to 2018 on website – <a href="http://www.oha.org">www.oha.org</a>



**Status of Implementation of Audit Recommendation**  
**Report No. 18-03**

**OHA Board of Trustees**  
**Recommendation No. 1.a.**

OHA Board of Trustees should, in general, require trustees and trustee staff to attend regular training that includes, but is not limited to:

- i. Fiduciary duties and other responsibilities of trustees;
- ii. State Ethics Code, Chapter 84, HRS;
- iii. Sunshine Law, part I of Chapter 92, HRS; and
- iv. Uniform Information Practices Act (Modified), Chapter 92F, HRS.

**Status (Select One):**

<input type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Detailed Response:**

**Dated:** \_\_\_\_\_

Estimated Date of Completion:	
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**OHA Board of Trustees**  
**Recommendation No. 1.a. (Continuation Page)**

Regular training for new Trustees and Administration has been an on-going practice with the most recent training occurring in December 2018, shortly after the Trustee Investiture (two new Trustees) and the start of the new Chief Operating Officer. The new trustees met with the BOT and in-house counsel for training regarding OHA's mandates and duties under HRS Chapter 10; the various HRS statutes specifically applicable to the OHA; and the open meeting requirements under HRS Chapter 92 for public boards.

On December 27, 2018, Board and Committee leadership aides were provided training on HRS Chapter 92, the recent statutory amendments that affect their job responsibilities as to agendas, meeting minutes, and board packets, and handling public records requests under HRS Chapter 92F.

On January 10, 2019, the new Trustees to the Board attended HSEC provided training on the State Ethics Code.

On a periodic basis and most recently on July 24, 2018 and March 5, 2019, HR sends an email to all OHA, informing Trustees and employees about available State Ethics training, the HSEC's monthly newsletter, *The High Road*, and ethics related information. HR informed new employees of the upcoming Ethics training schedule and helps new employees register for Ethics training. OHA employees know that they can contact their supervisor or HSEC directly if they have questions.

Managers meet on a monthly basis to discuss operations and program updates, including Ethics updates and education.

**Status of Implementation of Audit Recommendation**  
**Report No. 18-03**

**OHA Board of Trustees**  
**Recommendation No. 1.b.**

OHA Board of Trustees should, in general, ensure that OHA policies and procedures, applicable to trustees and the Administration, align and are consistent with OHA's mission, trustees' fiduciary duties, and State laws.

**Status (Select One):**

<input type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Detailed Response:**

**Dated:** \_\_\_\_\_

Estimated Date of Completion: \_\_\_\_\_

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**OHA Board of Trustees****Recommendation No. 1.b. (Continuation Page)**

The BOT Executive Policy Manual (EPM) is currently being reviewed to include all previously Board approved amendments; reformatted for ease of use, reference and page replacement as future amendments are approved by the Board; and updated for alignment with fiduciary duties and state laws.

In January 2019, the Board, in accordance with HRS §92-2.5 (b), approved the formation of a Governance Permitted Interaction Group (PIG) to: Investigate various elements of governance frameworks and models, including but not limited to cultural, indigenous, native, national and international contexts. This Governance PIG anticipates formulating and reporting on recommendation(s) for a governance framework that includes, but not limited to: 1) Statutory, board and organization policies, procedures and other supporting documents; 2) Monitoring mechanism of governance practices (e.g., compliance); and 3) Accountability mechanisms for non-compliant behavior and practices. The recommendations from the PIG, Board action and implementation (e.g., reporting) is expected to be completed no later than June 30, 2019.

Trustee staff and Administration frequently consult HSEC, Office of Information Practices (OIP), and State Procurement Office (SPO) for guidance when questions arise and to ensure policies and procedures comply with State law.

**Status of Implementation of Audit Recommendation**  
**Report No. 18-03**

**OHA Board of Trustees**  
**Recommendation No. 1.c.**

OHA Board of Trustees should, in general, develop a clearly defined process by which trustees must hold each other individually accountable for actions that are inconsistent with their collective fiduciary duties and responsibilities to trust beneficiaries and for violations of State laws.

**Status (Select One):**

<input type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Detailed Response:**

**Dated:**

Estimated Date of Completion:

**Status of Implementation of Audit Recommendation**  
**Report No. 18-03**

**OHA Board of Trustees**  
**Recommendation No. 1.d.**

OHA Board of Trustees should, in general, provide greater transparency into OHA's administration of trust assets, including OHA's fiscal year budgets and actual expenditures, specific information regarding the Grants, Sponsorships, and other funding awarded by OHA, OHA's investment portfolio holdings and returns, and expenditures by trustees using Trustee Allowances. Consider posting such information on OHA's website or some other similarly accessible public portal.

**Status (Select One):**

<input type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Detailed Response:**

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Estimated Date of Completion:	
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**OHA Board of Trustees**  
**Recommendation No. 1.d. (Continuation Pages)**

OHA currently posts its audited Financial Statements (2004 thru 2017) and Annual Reports (2001 thru 2018) on its website at [www.oha.org](http://www.oha.org). The Annual Reports identify the Community and 'Ahahui Grants and Sponsorships that were awarded by OHA as well as OHA's unaudited financial statements. The 2017 and 2018 Annual Reports contain a budget summary outlining the budget and spending limit for those fiscal years. The solicitation and related information to apply for Community, Kulia and 'Ahahui Grants are also accessible on OHA's website.

Where biennium budget and budget alignment requests are submitted to and approved by the Board through budget action items, and quarterly updates about OHA's investment portfolio are presented to the Board in open meetings, the action items with budget information and investment update documents that are a part of the board packet and/or meeting minutes, when reasonably available, are posted on OHA's website on the Board or Committee web-pages, and may be made available to the public upon request.

In a proactive response to the concerns raised in Report 18-03, the BOT took the significant action of placing a moratorium on the TSAAF and CEO-initiated Sponsorships on February 27, 2018 via Action Item BOT #18-01. The Ad Hoc Committee on Grants and Sponsorships convened, with the assistance of support staff, to review existing policies, review external guidelines, and discuss a proposed revised trustee allowance policy.

In its September 20, 2018 Report presented to the BOT on October 2, 2018, the Ad Hoc Committee made specific recommendations that included: renaming the TSAAF to Trustee Protocol Allowance (TPA) to match statutory language HRS Sec. 10.9; to revert to the original purposes of the Trustee allowance - establishing a communication network and promoting broader understanding and participation in the resolution of Native Hawaiian issues; set the TPA at \$7,200 per Trustee; make the TPA a reimbursable fund; specify allowable and disallowable expenses; establish an appeal process for determinations by Administration that an expenditure is disallowed; and posting of the quarterly report of expenditures to OHA's public website. The draft TPA was reviewed and commented on by the Executive Director of the HSEC, who appreciated OHA's commitment to promoting the highest ethical standards.

The BOT had discussions on the draft TPA at its October 11, 2018 meeting, and the matter was referred to the RM Committee for further review and action. The Ad hoc Committee on Grants and Sponsorships will request that the RM Committee place an action item relating to the TPA on agenda for discussion and approval by the Committee and referral to the Board. If the TPA is approved, Trustee expenditures will be posted quarterly on OHA's website.

In January 2019, the Board, in accordance with HRS § 92-2.5 (b), approved the formation of a Governance Permitted Interaction Group (PIG) to: Investigate various elements of governance frameworks and models, including but not limited to cultural, indigenous, native, national and international contexts. The Governance PIG anticipates formulating and reporting on recommendation(s) for a governance framework that includes, but not limited to: 1) Statutory, board and organization policies, procedures and other supporting documents; 2) Monitoring mechanism of governance practices (e.g., compliance); and 3) Accountability mechanisms for non-compliant behavior and practices. The recommendations from the PIG, Board action and implementation (e.g., reporting) is expected to be completed no later than June 30, 2019.

DRAFT

**Status of Implementation of Audit Recommendation**  
**Report No. 18-03**

**OHA Board of Trustees**  
**Recommendation No. 1.e.**

OHA Board of Trustees should, in general, consider requiring board approval of all Grants, Sponsorships, and other funding awarded by OHA and/or that use Native Hawaiian Trust Fund assets.

**Status (Select One):**

<input type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**OHA Board of Trustees**  
**Recommendation No. 1.e. (Continuation Page)**

On February 27, 2018, the Board approved BOT #18-01 which placed a moratorium on the use of the Trustee Sponsorship and Allowance Fund (TSAAF) and CEO-initiated Sponsorships and approved RM #18-03 which placed a moratorium on the use of Fiscal Reserve funds. Both moratoriums are in effect until policies amendments are approved by the BOT.

On July 26, 2018, the Board approved the Kūlia Grants Guidelines and Process that requires Board approval of Kūlia grant applicants upon recommendation from the Joint RM/BAE Committee.

On October 11, 2018 (2nd rdg), the Board approved RM #18-12, amendments to the OHA BOT Executive Policy Manual and BOT Operations Manual relating to budget preparation, format and budget reporting requirements (PPB approach). The amendments were aimed at improving fiscal management, transparency, reporting, and accountability as well as to address the 18-03 Audit recommendations 1.d., 1.e., and 1.f. Under the approved amendments, "Administration is delegated authority to approve budget adjustments that fall within the lesser of \$100,000 or 5% between each program. Budget adjustments in and out of grants and sponsorships appropriations are prohibited." Furthermore, under the amendments, the authority of the CEO to approve Grants in an amount up to \$25,000 under paragraph 2.2.d. of the OHA EPM was eliminated, meaning that the CEO will no longer have any authority to approve any Grants regardless of amount without Board approval. The effective date of these approved amendments is deferred until submission of the FY2022-2023 Biennium Budget to allow Administration sufficient time for process implementation. Thus, starting July 1, 2021, the Board policies will require Board approval for all Grants and Sponsorships. Currently, and until the new policy goes into effect on July 1, 2021, the CEO is delegated authority to approve Grants Program funding up to \$25,000, except for "CEO-initiated Sponsorships", now known as Kaiāulu Sponsorships", which is currently under moratorium. Grant requests over \$25,000 require Board approval.

These amendments will increase transparency and accountability to our beneficiaries and the public by requiring these important fiscal decisions to be made in public board meetings subject to the state Sunshine Law.

**Status of Implementation of Audit Recommendation**  
**Report No. 18-03**

**OHA Board of Trustees**  
**Recommendation No. 1.f.**

OHA Board of Trustees should, in general, require the Administration to develop a master list of all OHA Grants, Sponsorships, and other funding awarded, including the name of the individual, group, or organization receiving the funds, the amount of the award, and the approving or granting entity within OHA (such as the board, CEO, or line of business).

**Status (Select One):**

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**Detailed Response:**

**Dated:**

Estimated Date of Completion:

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**Status of Implementation of Audit Recommendation**  
**Report No. 18-03**

**OHA Board of Trustees**  
**Recommendation No. 1.g.**

OHA Board of Trustees should, in general, consider developing policies regarding the maximum number and maximum total dollar amounts of Grants, Sponsorships, and other funding awarded to the same individual, group, or organization during a fiscal year or other determined period.

**Status (Select One):**

<input type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Detailed Response:**

**Dated:**

Estimated Date of Completion:

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**Status of Implementation of Audit Recommendation**  
**Report No. 18-03**

**OHA Board of Trustees**  
**Recommendation No. 2.a.**

OHA Board of Trustees should, with respect to Kūlia Initiatives, determine and clearly define the purpose of Kūlia Initiatives.

**Status (Select One):**

<input type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Detailed Response:**

**Dated:** \_\_\_\_\_

Estimated Date of Completion: \_\_\_\_\_

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**Status of Implementation of Audit Recommendation**  
**Report No. 18-03**

**OHA Board of Trustees**  
**Recommendation No. 2.b.**

OHA Board of Trustees should, with respect to Kūlia Initiatives, review, update, and amend policies related to Kūlia Initiatives, as needed, to align with the defined purposes of Kūlia Initiatives. Such policies and procedures should clearly describe the types of spending for which Kūlia Initiatives are appropriate (as opposed to the purposes of other OHA funding support mechanisms, such as Community and ‘Ahahui Grants).

**Status (Select One):**

<input type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Status of Implementation of Audit Recommendation**  
**Report No. 18-03**

**OHA Board of Trustees**  
**Recommendation No. 2.c.**

OHA Board of Trustees should, with respect to Kūlia Initiatives, consider including in OHA's annual budget a board-determined amount to fund Kūlia Initiatives.

**Status (Select One):**

<input type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Dated:** \_\_\_\_\_

Estimated Date of Completion: \_\_\_\_\_

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**Status of Implementation of Audit Recommendation**  
**Report No. 18-03**

**OHA Board of Trustees**  
**Recommendation No. 2.d.**

OHA Board of Trustees should, with respect to Kūlia Initiatives, ensure that the purpose and use of Kūlia Initiatives aligns and is consistent with: (a) OHA's mission; (b) OHA's policies and procedures; (c) trustee's fiduciary duties; and (d) State laws.

**Status (Select One):**

<input type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Detailed Response:**

**Dated:** \_\_\_\_\_

Estimated Date of Completion: \_\_\_\_\_

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**OHA Board of Trustees**  
**Recommendation No. 2.d. (Continuation Page)**

of non-profit status and a copy of organization bylaws or other policy related to conduct of business and conflict of interest, including nepotism.

The Kūlia Grants Guidelines and Process document also includes the process activities: planning, solicitation, application, review, recommendation, awarding and contracting, monitoring and close out (including post award reporting) and evaluation; have been designed, documented and implemented. The Kūlia Grants Guidelines and Process were specifically drafted to address the Auditor's recommendations and to comply with OHA's mandate and grant making authority under HRS Chapter 10.

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**Status of Implementation of Audit Recommendation**  
**Report No. 18-03**

**OHA Board of Trustees**  
**Recommendation No. 3.a.**

OHA Board of Trustees should, with respect to the Fiscal Reserve, determine and clearly define the purpose of the Fiscal Reserve, considering the original intent of the reserve, as well as the board's current intent for maintaining a reserve.

**Status (Select One):**

<input type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Detailed Response:**

**Dated:** \_\_\_\_\_

Estimated Date of Completion: \_\_\_\_\_

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**Status of Implementation of Audit Recommendation**  
**Report No. 18-03**

**OHA Board of Trustees**  
**Recommendation No. 3.b.**

OHA Board of Trustees should, with respect to the Fiscal Reserve, review, update, and amend policies and procedures related to the Fiscal Reserve, including OHA's Spending Policy and Fiscal Reserve Guidelines, as needed, to align with the defined purpose of the Fiscal Reserve. Such policies and procedures should clearly describe the circumstances in and purposes for which the Fiscal Reserve can be used.

**Status (Select One):**

<input type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Detailed Response:**

**Dated:**

Estimated Date of Completion:

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**Status of Implementation of Audit Recommendation**  
**Report No. 18-03**

**OHA Board of Trustees**  
**Recommendation No. 3.c.**

OHA Board of Trustees should, with respect to the Fiscal Reserve, clarify and clearly define the purpose of the 5 percent spending limit, and determine whether it is necessary to establish a withdrawal rate limit to ensure the health and sustainability of the Native Hawaiian Trust Fund.

**Status (Select One):**

<input type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Detailed Response:**

**Dated:**

Estimated Date of Completion:

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**Status of Implementation of Audit Recommendation**  
**Report No. 18-03**

**OHA Board of Trustees**  
**Recommendation No. 3.d.**

OHA Board of Trustees should, with respect to the Fiscal Reserve, work with the administration, including OHA's Investment Management staff, to determine and obtain the financial information necessary for the board to assess the short- and long-term impacts to the Native Hawaiian Trust Fund when considering use of the Fiscal Reserve.

**Status (Select One):**

<input type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Detailed Response:**

**Dated:**

Estimated Date of Completion:

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**Status of Implementation of Audit Recommendation**  
**Report No. 18-03**

**OHA Board of Trustees**  
**Recommendation No. 3.e.**

OHA Board of Trustees should, with respect to the Fiscal Reserve, for each action item considering use of the Fiscal Reserve, ensure the Administration clearly includes the specific information as required by the Fiscal Reserve Guidelines and necessary for the board's decision-making.

**Status (Select One):**

<input type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Detailed Response:**

**Dated:**

Estimated Date of Completion:

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**Status of Implementation of Audit Recommendation**  
**Report No. 18-03**

**OHA Board of Trustees**  
**Recommendation No. 3.f.**

OHA Board of Trustees should, with respect to the Fiscal Reserve, ensure that the purpose and use of the Fiscal Reserve aligns and is consistent with: (a) OHA's mission; (b) OHA's policies and procedures; (c) trustees' fiduciary duties; and (d) State laws.

**Status (Select One):**

<input type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Status of Implementation of Audit Recommendation**  
**Report No. 18-03**

**OHA Board of Trustees**  
**Recommendation No. 4.a.**

OHA Board of Trustees should, with respect to CEO Sponsorships, determine and clearly define the purpose of CEO Sponsorships.

**Status (Select One):**

<input type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Status of Implementation of Audit Recommendation**  
**Report No. 18-03**

**OHA Board of Trustees**  
**Recommendation No. 4.b.**

OHA Board of Trustees should, with respect to CEO Sponsorships, review, update, and amend policies and procedures related to CEO Sponsorships, as needed, to align with the defined purpose of CEO Sponsorships. Such policies and procedures should clearly describe the circumstances in and purposes for which CEO Sponsorships can be used.

**Status (Select One):**

<input type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Detailed Response:**

**Dated:**

Estimated Date of Completion:

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**Status of Implementation of Audit Recommendation**  
**Report No. 18-03**

**OHA Board of Trustees**  
**Recommendation No. 4.c.**

OHA Board of Trustees should, with respect to CEO Sponsorships, consider restricting the Administration's ability to independently adjust the fiscal year budget, once approved by the board, to fund or otherwise support CEO Sponsorships.

**Status (Select One):**

<input type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**OHA Board of Trustees**  
**Recommendation No. 4.c. (Continuation Page)**

CEO is delegated authority to approve Grants Program funding up to \$25,000, except for "CEO-initiated Sponsorships", now known as Kaiāulu Sponsorships", which is currently under moratorium. Grant requests over \$25,000 require Board approval.

These amendments will increase transparency and accountability to our beneficiaries and the public by requiring these important fiscal decisions to be made in public board meetings subject to the state Sunshine Law.

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**Status of Implementation of Audit Recommendation**  
**Report No. 18-03**

**OHA Board of Trustees**  
**Recommendation No. 4.d.**

OHA Board of Trustees should, with respect to CEO Sponsorships, ensure that the purpose and use of CEO Sponsorships aligns and is consistent with: (a) OHA's mission; (b) OHA's policies and procedures; (c) trustees' fiduciary duties; and (d) State laws.

**Status (Select One):**

<input type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**OHA Board of Trustees**  
**Recommendation No. 4.d. (Continuation Page)**

approved amendments is deferred until submission of the FY2022-2023 Biennium Budget to allow Administration sufficient time for process implementation. Thus, starting July 1, 2021, the Board policies will require Board approval for all Grants and Sponsorships. Currently, and until the new policy goes into effect on July 1, 2021, the CEO is delegated authority to approve Grants Program funding up to \$25,000, except for "CEO-initiated Sponsorships", now known as Kaiāulu Sponsorships", which is currently under moratorium. Grant requests over \$25,000 require Board approval.

These amendments will increase transparency and accountability to our beneficiaries and the public by requiring these important fiscal decisions to be made in public board meetings subject to the state Sunshine Law.

Administration is in the process of developing new organization-wide Sponsorship processes, including processing of sponsorships formerly identified as "CEO Sponsorships" now known as "Kaiāulu Sponsorships". The new process includes: 1) Board approval of overall Sponsorship biennium budget as an authorization control; 2) Aggregation of all Sponsorships throughout the organization; and 3) A single, consistent central processing function (i.e., Grants Department) regardless of the budget origination point, program or line of business. All sponsorship process activities of planning, solicitation, application, review, recommendation, contracting, monitoring & close out and evaluation will involve other areas of OHA (e.g., planning, marketing, awarding announcement, monitoring, evaluation), but the overall process is to be managed by the Grants Department, resulting in more standardized processing.

**Status of Implementation of Audit Recommendation**  
**Report No. 18-03**

**OHA Board of Trustees**  
**Recommendation No. 5.a.**

OHA Board of Trustees should, with respect to Trustee Allowances, amend the Trustee Allowances policy to restrict the use of Trustee Allowances to expenses incurred by trustees relating to their communication with beneficiaries and the public, as was the original purpose of the Trustee Allowances, and reduce the Trustee Allowances to an amount determined by the board to be reasonably necessary for that purpose.

**Status (Select One):**

<input type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Detailed Response:**

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**Status of Implementation of Audit Recommendation**  
**Report No. 18-03**

**OHA Board of Trustees**  
**Recommendation No. 5.b.**

OHA Board of Trustees should, with respect to Trustee Allowances, prohibit the use of Trustee Allowances to provide financial support, direct or otherwise, to individuals, groups, or organizations. Require requests for financial support by individuals, groups, or organizations to be approved by the board and funded through a program other than Trustee Allowances.

**Status (Select One):**

<input type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Detailed Response:**

**Dated:**

Estimated Date of Completion:

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**Status of Implementation of Audit Recommendation**  
**Report No. 18-03**

**OHA Board of Trustees**  
**Recommendation No. 5.c.**

OHA Board of Trustees should, with respect to Trustee Allowances, work with the Administration to more clearly define procedures related to the use and administration of Trustee Allowances.

**Status (Select One):**

<input type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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Estimated Date of Completion: \_\_\_\_\_

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**Status of Implementation of Audit Recommendation**  
**Report No. 18-03**

**OHA Board of Trustees**  
**Recommendation No. 5.d.**

OHA Board of Trustees should, with respect to Trustee Allowances, require trustees to seek reimbursement of expenses; do not disburse the total amount of Trustee Allowances to trustees at the beginning of the fiscal year or otherwise advance any funds to trustees.

**Status (Select One):**

<input type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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Estimated Date of Completion: \_\_\_\_\_

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**Status of Implementation of Audit Recommendation**  
**Report No. 18-03**

**OHA Board of Trustees**  
**Recommendation No. 5.e.**

OHA Board of Trustees should, with respect to Trustee Allowances, review and amend, as needed, the sanctions established in the Code of Conduct for violations of Trustee Allowance policies and procedures and establish a process to ensure enforcement of sanctions to appropriately address such violations.

**Status (Select One):**

<input type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Detailed Response:**

**Dated:**

Estimated Date of Completion:

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**OHA Board of Trustees**  
**Recommendation No. 5.e. (Continuation Page)**

If the Board approves the TPA, the small working group of Trustee staff and in-house counsel will propose amendments, if appropriate, to the BOT Code of Conduct as it relates to violations of the TPA

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**Status of Implementation of Audit Recommendation**  
**Report No. 18-03**

**OHA Board of Trustees**  
**Recommendation No. 5.f.**

OHA Board of Trustees should, with respect to Trustee Allowances, ensure that the purpose and use of Trustee Allowances aligns and is consistent with: (a) OHA's mission; (b) OHA's policies and procedures; (c) trustees' fiduciary duties; and (d) State laws.

**Status (Select One):**

<input type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Dated:** \_\_\_\_\_

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**Status of Implementation of Audit Recommendation**  
**Report No. 18-03**

**OHA Administration**  
**Recommendation No. 1.a.**

OHA Administration should, in general, require the Administration to attend regular training that includes, but is not limited to:

- i. Fiduciary duties and other responsibilities of trustees;
- ii. State Ethics Code, Chapter 84, HRS;
- iii. Sunshine Law, part I of Chapter 92, HRS; and
- iv. Uniform Information Practices Act (Modified), Chapter 92F, HRS.

**Status (Select One):**

<input type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Detailed Response:**

**Dated:** \_\_\_\_\_

Estimated Date of Completion: \_\_\_\_\_

**OHA Administration**  
**Recommendation No. 1.a. (Continuation Page)**

On a periodic basis and most recently on July 24, 2018 and March 5, 2019, HR sends an email to all OHA, informing Trustees and employees about available State Ethics training, the HSEC's monthly newsletter, *The High Road*, and ethics related information. HR informed new employees of the upcoming Ethics training schedule and helps new employees register for Ethics training. OHA employees know that they can contact their supervisor or HSEC directly if they have questions.

Managers meet on a monthly basis to discuss operations and program updates, including Ethics updates and education.

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**Status of Implementation of Audit Recommendation**  
**Report No. 18-03**

**OHA Administration**  
**Recommendation No. 1.b.**

OHA Administration should, in general, support trustees in performing their fiduciary duties and other responsibilities by, among other things, providing financial documents and other information in a timely manner as requested by individual trustees.

**Status (Select One):**

<input type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Detailed Response:**

**Dated:** \_\_\_\_\_

Estimated Date of Completion: \_\_\_\_\_

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**OHA Administration**  
**Recommendation No. 1.b. (Continuation Page)**

are prohibited." Furthermore, under the amendments, the authority of the CEO to approve Grants in an amount up to \$25,000 under paragraph 2.2.d. of the OHA EPM was eliminated, meaning that the CEO will no longer have any authority to approve any Grants regardless of amount without Board approval. The effective date of these approved amendments is deferred until submission of the FY2022-2023 Biennium Budget to allow Administration sufficient time for process implementation. Thus, starting July 1, 2021, the Board policies will require Board approval for all Grants and Sponsorships. Currently, and until the new policy goes into effect on July 1, 2021, the CEO is delegated authority to approve Grants Program funding up to \$25,000, except for "CEO-initiated Sponsorships", now known as Kaiāulu Sponsorships", which is currently under moratorium. Grant requests over \$25,000 require Board approval.

These amendments will increase transparency and accountability to our beneficiaries and the public by requiring these important fiscal decisions to be made in public board meetings subject to the state Sunshine Law.

OHA is currently implementing Phase 1 of Oracle Fusion upgrade for the following modules: Financials, Contract Management, PeopleSoft (HR), Timecard Entry, and PR Processing to coincide with the biennium budget cycle. Improved efficiencies in processing, management, and reporting for strategic planning and decision-making are expected.

**Status of Implementation of Audit Recommendation**  
**Report No. 18-03**

**OHA Administration**  
**Recommendation No. 2.a.**

OHA Administration should, with respect to Kūlia Initiatives, ensure that the board and the Administration adhere to and comply with the board-adopted policies and procedures for Kūlia Initiatives.

**Status (Select One):**

<input type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Detailed Response:**

**Dated:** \_\_\_\_\_

Estimated Date of Completion: \_\_\_\_\_

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**Status of Implementation of Audit Recommendation**  
**Report No. 18-03**

**OHA Administration**  
**Recommendation No. 2.b.**

OHA Administration should, with respect to Kūlia Initiatives, ensure that OHA's use of Kūlia Initiatives aligns and is consistent with: (a) OHA's mission; (b) OHA's policies and procedures; (c) trustees' fiduciary duties; and (d) State laws.

**Status (Select One):**

<input type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Detailed Response:**

**Dated:** \_\_\_\_\_

Estimated Date of Completion: \_\_\_\_\_

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**OHA Administration**  
**Recommendation No. 2.b. (Continuation Page)**

beneficiaries to be served; describe the proposed project purpose and plan including: program objectives, activities or tasks, program timeline, staffing, and anticipated results and outcomes; explain why the request is being submitted as a Kūlia Grants request and not through the Community Grants Program; provide a list of applicable licenses or permits required for the proposed activities or services and the status in applying for each license or permit; provide a detailed program budget that identifies the costs to be supported with OHA funding; organizations must certify that they possess sufficient funds available to achieve effective operations of activities for the purpose for which the grant is sought; applicants must make available to OHA all records relating to operations and programs for which Kūlia Grants funding is sought; certify that board members have no material conflicts of interest and that they serve without compensation; provide support documents regarding IRS letter of determination of non-profit status and a copy of organization bylaws or other policy related to conduct of business and conflict of interest, including nepotism.

In the current cycle of Kūlia grants process activities, the planning, solicitation, application and review process activities have been completed. The remaining process activities---recommendation, awarding and contracting---are scheduled to be completed no later than June 30, 2019. The monitoring and close out (including post award reporting) and evaluation process activities are also in place to be effected over the period of the Board approved award/contract.

The Joint RM/BAE Committee has scheduled a workshop on the recommendations for Kūlia Grants on March 20, 2019. The Joint RM/BAE Committee is expected to then discuss and vote on the recommendations for Kūlia Grants on March 27, 2019. The BOT is expected to then vote to approve the Kūlia Grants recommendation on March 28, 2019.

**Status of Implementation of Audit Recommendation**  
**Report No. 18-03**

**OHA Administration**  
**Recommendation No. 3.a.**

OHA Administration should, with respect to the Fiscal Reserve, ensure each proposed use of the Fiscal Reserve is consistent with the Fiscal Reserve Guidelines and the board-stated purpose of the Fiscal Reserve.

**Status (Select One):**

<input type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Detailed Response:**

**Dated:** \_\_\_\_\_

Estimated Date of Completion: \_\_\_\_\_

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**Status of Implementation of Audit Recommendation**  
**Report No. 18-03**

**OHA Administration**  
**Recommendation No. 3.b.**

OHA Administration should, with respect to the Fiscal Reserve, for each requested use of the Fiscal Reserve, provide the board with specific information and recommendations as to whether the board's or the Administration's proposed use of the Fiscal Reserve is consistent with the Fiscal Reserve Guidelines and the purpose of the Fiscal Reserve. Such information may include, but is not limited to, specific financial information regarding the Native Hawaiian Trust Fund balance, projected revenue for the fiscal year, and impact to the Native Hawaiian Trust Fund resulting from the requested use of the Fiscal Reserve.

**Status (Select One):**

<input type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Detailed Response:**

**Dated:** \_\_\_\_\_

Estimated Date of Completion: \_\_\_\_\_

**Status of Implementation of Audit Recommendation**  
**Report No. 18-03**

**OHA Administration**  
**Recommendation No. 4.a.**

OHA Administration should, with respect to CEO Sponsorships, adhere to Grants Staff recommendations regarding the Administration's requests to fund CEO Sponsorships.

**Status (Select One):**

<input type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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Estimated Date of Completion: \_\_\_\_\_

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**Status of Implementation of Audit Recommendation**  
**Report No. 18-03**

**OHA Administration**  
**Recommendation No. 4.b.**

OHA Administration should, with respect to CEO Sponsorships, if the Administration is allowed to adjust the budget to fund Sponsorships, obtain board approval before doing so, and provide the board with specific information about the proposed funding request to inform trustees' decision-making.

**Status (Select One):**

<input type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Detailed Response:**

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Estimated Date of Completion:

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**OHA Administration**  
**Recommendation No. 4.b. (Continuation Page)**

was eliminated, meaning that the CEO will no longer have any authority to approve any Grants regardless of amount without Board approval. The effective date of these approved amendments is deferred until submission of the FY2022-2023 Biennium Budget to allow Administration sufficient time for process implementation. Thus, starting July 1, 2021, the Board policies will require Board approval for all Grants and Sponsorships. Currently, and until the new policy goes in effect on July 1, 2021, the CEO is delegated authority to approve Grants Program funding up to \$25,000, except for "CEO-initiated Sponsorships", now known as "Kaiāulu Sponsorships", which is currently under moratorium. Grant requests over \$25,000 require Board approval.

These amendments will increase transparency and accountability to our beneficiaries and the public by requiring these important fiscal decisions to be made in public board meetings subject to the state Sunshine Law.

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**Status of Implementation of Audit Recommendation**  
**Report No. 18-03**

**OHA Administration**  
**Recommendation No. 5.a.**

OHA Administration should, with respect to Trustee Allowances, monitor and review trustees' use of Trustee Allowances and ensure expenditures using Trustee Allowances comply with the Trustee Allowances policy.

**Status (Select One):**

<input type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Detailed Response:**

**Dated:** \_\_\_\_\_

Estimated Date of Completion: \_\_\_\_\_

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**Status of Implementation of Audit Recommendation**  
**Report No. 18-03**

**OHA Administration**  
**Recommendation No. 5.b.**

OHA Administration should, with respect to Trustee Allowances, establish procedures to more clearly define the Administration's role and procedures for administering and monitoring the use of Trustee Allowances.

**Status (Select One):**

<input type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Detailed Response:**

**Dated:** \_\_\_\_\_

Estimated Date of Completion: \_\_\_\_\_

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**Status of Implementation of Audit Recommendation**  
**Report No. 18-03**

**OHA Administration**  
**Recommendation No. 5.c.**

OHA Administration should, with respect to Trustee Allowances, report to the board the specific expenditures approved and reimbursed to each trustee using Trustee Allowances.

**Status (Select One):**

<input type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Detailed Response:**

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Estimated Date of Completion: \_\_\_\_\_

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**Status of Implementation of Audit Recommendation**  
**Report No. 18-03**

**OHA Administration**  
**Recommendation No. 5.d.**

OHA Administration should, with respect to Trustee Allowances, create a formal appeal process for trustees to request a second determination of whether they are entitled to reimbursement of expenses using Trustee Allowances, for instance, through staff whose regular duties do not involve review and approval of Trustee Allowances.

**Status (Select One):**

<input type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Detailed Response:**

**Dated:**

Estimated Date of Completion:

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PHONE (808) 594-1888

FAX (808) 594-1938



**STATE OF HAWAII  
OFFICE OF HAWAIIAN AFFAIRS**  
560 N. NIMITZ HWY., SUITE 200  
HONOLULU, HAWAII 96817

August 30, 2019

VIA E-MAIL: [lao.auditors@hawaii.gov](mailto:lao.auditors@hawaii.gov)  
and U.S. MAIL, FIRST CLASS

Mr. Leslie H. Kondo, State Auditor  
Office of the Auditor  
State of Hawaii  
Kekuanao'a Building  
465 S. King Street, Room 500  
Honolulu, HI 96813-2917

Re: Response to the Formal Request for Information on Status of Implementation of  
Audit Recommendations (Report No. 18-08)<sup>1</sup>

Dear Mr. Kondo,

The Office of Hawaiian Affairs' ("OHA") Trustees and Ka Pouhana Kūikawā (Interim Chief Executive Officer) are pleased to respond to your letter dated July 31, 2019, requesting an update on the status of audit recommendations made in Report No. 18-08, issued in June 2018, and offer the following comments as well as our specific responses relating to each recommendation in the attached forms.

We understand the audit of OHA was conducted pursuant to Sections 10-14.55 and 23-7.5, Hawai'i Revised Statutes (HRS). Section 10-14.55 requires the Office of the Auditor to conduct an audit of the OHA at least every four years. Section 23-7.5 requires the Auditor to report to the Legislature, annually, on each audit recommendation more than one year old that has not been implemented by the audited agency. For this audit, the objectives were to: (1) Evaluate OHA policies and actions regarding use of its Fiscal Reserve, Grants, and Trustee Allowances; (2) Report on the status of OHA's implementation of our recommendations contained in Report No. 13-07, *Audit of the Office of Hawaiian Affairs and Report on the Implementation of State Auditor's 2009 OHA Recommendations*; and (3) Make recommendations as appropriate.

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<sup>1</sup> Report No. 18-08, June 2018, **Audit of the Office of Hawaiian Affairs' Competitive Grants and Report on the Implementation of 2013 Audit Recommendations**, <http://files.hawaii.gov/auditor/Reports/2018/18-08.pdf>

We further understand that the evaluation of OHA's use of Fiscal Reserve, non-competitive grants (Kūlia Initiatives and CEO Sponsorships), and Trustee Allowances was reported in Report No. 18-03, *Audit of the Office of Hawaiian Affairs*, issued in February 2018. Part 1 of Report No. 18-08 evaluated OHA's competitive grants, 'Ahahui Grants and Community Grants, which addressed the first audit objective. Part 2 of Report No. 18-08 reported on OHA's implementation of the 2013 audit recommendations.

OHA is pleased to inform you that we have made substantial progress in addressing concerns identified in Report No. 18-08, fully implementing all 11 recommendations. Supporting our responses in Attachment A are Standard Operating Procedures which have been updated, implemented and refined by the Grants Department; and are available upon request for your review.

As we noted in our March 2019 correspondence re: Report No. 18-03, we understand that we still have much work to do to and the OHA has been intently working to align policy, procedure and practice from governance to operational matters. OHA continues to make necessary improvements to our overall administration of funds that we disburse to the Native Hawaiian community and to providing increased transparency and accountability to our beneficiaries. We look forward to providing an update to our implementation of these recommendations in another year.

If there are any questions or desire to discuss these matters further, please do not hesitate to contact Dr. Hussey via e-mail at [sylviah@oha.org](mailto:sylviah@oha.org) or telephone at 594-1973.

Me ka ha'aha'a,



Colette Y. Machado  
Chair, Board of Trustees



Sylvia M. Hussey, Ed.D.  
Ka Pouhana Kuikawa, Interim Chief Executive  
Office

:SH

cc: Ke Kaupoku o Ke Ke'ena Kuleana Hawai'i  
Lisa Watkins-Victorino, Ka Pou Nui Kūikawā  
Gloria Li, Ka Pou Kihi Kanaloa Wai Kūikawā  
Raina Gushiken, Ka Paepae Puka

Attachment A: Status of Implementation of Audit Recommendation Report No. 18-08 – 11 pages

**Status of Implementation of Audit Recommendation**  
**Report No. 18-08**

**Recommendation No. 1.a.**

OHA should improve its **overall administration and reporting of grants** by ensuring that all grants are awarded and administered consistent with the requirements set forth in Section 10-17, HRS.

**Status (Select One):**

<input checked="" type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Detailed Response:**

**Dated:** 8/20/19

<b>Estimated Date of Completion:</b> July 1, 2019
<p><b>Responsible Department:</b> Grants Program (formerly Transitional Assistance Program)</p> <p>The Grants Program standard operating procedures were revised and implemented to ensure that grants are consistently monitored and evaluated.</p> <p>The grant agreement was revised to incorporate mandated performance requirements. The grant agreement certifies grantee's compliance with HRS 10-17 pertaining to applicable federal, state, and county laws, as well as licenses and permits required to conduct grant activities and/or provide grant services.</p> <p>Program reports and monitoring forms were revised to ensure that performance requirements and grant deficiencies are documented, and identified corrective action is implemented.</p> <p>The grants information management system has been developed to ensure that grants are monitored and evaluated on a consistent basis. The system has been implemented for 'Ahahui grants and will be implemented for all new grants.</p> <p>The system:</p> <ol style="list-style-type: none"> <li>Electronically tracks pre-award, award and post-award documents;</li> <li>Verifies submission of and retains system emails and required grant documents; and</li> <li>Provides 'real time' status updates to verify that grantee reports, grant assessments and monitoring have been completed and submitted.</li> </ol> <p>Grant solicitations were revised to include a Board Governance Certification form. The form certifies that the grant applicant is in compliance with HRS 10-17(c)(2) pertaining to Board compensation and has policies that govern conflict of interest/ nepotism for Board Members and employees.</p>

**Status of Implementation of Audit Recommendation**  
**Report No. 18-08**

**Recommendation No. 1.b.**

OHA should improve its **overall administration and reporting of grants** by developing and documenting a process to ensure a complete list of grants is properly maintained and reported. As part of this process, OHA should consider establishing a master list of all grants, and reconciling TAP's grant records against the grant records of fiscal and other OHA divisions.

**Status (Select One):**

<input checked="" type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Detailed Response:**

**Dated:** 8/20/19

Estimated Date of Completion:	July 1, 2019
<p>Responsible Department: Grants Program (formerly Transitional Assistance Program)</p> <p>The grants information management system has been developed and implemented that electronically tracks all Grants Program grants and can provide a master list of grants.</p> <p>Tracking By Program. Reports can be generated by specific grant program process areas, i.e., 2018-2019 'Ahahui Grants Round 2, 2019 Kulia Grants, and 2020-2021 Community Grants.</p> <p>Tracking By Phases. Reports can also be generated for all phases of a grant lifecycle:</p> <ol style="list-style-type: none"> <li>Pre-Award: applications submitted/ineligible/denied, email notifications, application evaluations/scores.</li> <li>Award: email notifications, grant agreements, support documentation-insurance certificates.</li> <li>Post-Award: email notifications, reports (progress, monitoring and closeout) with specific report data such as date due/date submitted/submitter name, and award amount/payments made (amount expended)/award balance.</li> </ol> <p>Tracking By Categories. Reports can also be generated by specific categories, i.e., organization name, island, strategic priority, grants awarded, grants closed, etc.</p> <p>The Grants Program is able to provide the master list of grants or a specific report to other OHA divisions for reconciliation and reporting, as needed.</p>	

**Status of Implementation of Audit Recommendation**  
**Report No. 18-08**

**Recommendation No. 2.a.**

OHA should improve its administration of 'Ahahui Grants by monitoring, tracking, and documenting grantees' compliance with grant agreement terms and conditions, submission of required grant documents, and achievement of applicable performance measures for use in future grant application reviews and award decisions.

**Status (Select One):**

<input checked="" type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Detailed Response:**

**Dated:** 8/20/19

<b>Estimated Date of Completion:</b> July 1, 2019
<p><b>Responsible Department:</b> Grants Program (formerly Transitional Assistance Program)</p> <p>The Grants Program standard operating procedures for 'Ahahui grants were revised and implemented to ensure that 'Ahahui grant events are consistently monitored and assessed to determine if expected results were achieved.</p> <p>The grants information management system has been developed to ensure that grants are monitored and assessed on a consistent basis. The system has been implemented for 'Ahahui grants. The system:</p> <ul style="list-style-type: none"> <li>a. Electronically tracks 'Ahahui grant pre-award, award and post-award documents;</li> <li>b. Verifies submission of and retains system emails and required grant documents (grant agreements, support documents, OHA Staff Attendance Reports, Grantee Final Reports, and Grant Monitor Closeout Reports, expenditure reports, and payment information); and</li> <li>c. Provides 'real time' status updates to verify that grantee reports, program assessments and monitoring have been completed and submitted. This includes system generated automatic reminders and past due notifications for reports that are emailed to the grantee, grant monitor and assigned Grants Program staff.</li> </ul> <p>The Grant Monitor Closeout Report now includes a final assessment and determination if an event should be funded in the future and a determination if an organization should be funded for future events.</p>



**Status of Implementation of Audit Recommendation**  
**Report No. 18-08**

**Recommendation No. 2.b.**

OHA should improve its administration of 'Ahahui Grants by formally evaluating the information gathered from grantee final reports and OHA staff attendance reports to determine whether events met criteria and should be funded in the future.

**Status (Select One):**

<input checked="" type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Detailed Response:**

**Dated:** 8/20/19

Estimated Date of Completion:	July 1, 2019
<p>Responsible Department: Grants Program (formerly Transitional Assistance Program)</p> <p>The OHA Staff Attendance Report and Grant Monitor Closeout Report forms were revised to include an assessment component to determine if an event meets 'Ahahui program criteria.</p> <p>The OHA Staff Attendance Report includes an assessment by the grant monitor if the event should be funded in the future.</p> <p>Information from the OHA Staff Attendance Report and the grantee Final Report is incorporated into a formal evaluation on the Grant Monitor Closeout Report.</p> <p>The Grant Monitor Closeout Report now includes a final assessment and determination if an event should be funded in the future and a determination if an organization should be funded for future events.</p>	

**Status of Implementation of Audit Recommendation**  
**Report No. 18-08**

**Recommendation No. 2.c.**

OHA should improve its administration of 'Ahahui Grants by requiring OHA personnel to attend 'Ahahui Grant-funded events to monitor and evaluate the events to ensure grants are used consistent with the purpose and intent of the grant, and achieved the expected results; and ensuring that staff reports are submitted by the established deadline.

**Status (Select One):**

<input checked="" type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Detailed Response:**

**Dated:** 8/20/19

Estimated Date of Completion: July 1, 2019

Responsible Department: Grants Program (formerly Transitional Assistance Program)

The Grants Program requires OHA personnel to attend 'Ahahui events and to monitor and assess events to ensure that grants are used consistent with the purpose and intent of the grant and that the grant has achieved expected results. The OHA Staff Attendance Report to be completed by the grant monitor includes assessment fields for community engagement, OHA recognition, and impact and benefit to Native Hawaiians, as well as a final assessment component regarding funding the event in the future.

The Grants Program, in coordination with OHA Community Outreach Program staff, ensures that events are attended. Staff event attendance is tracked via a form that identifies primary and secondary event monitors. If the primary monitor is unable to attend the event, the secondary monitor will attend the event.

The grants information management system generates an email notification to the grantee seven (7) days before the Final Report is due and another email notification to the grantee the day after the report is due, if a report has not been submitted in the system. Assigned Grants Program staff receive the same notices and can follow-up with the grantee, as needed. The system also generates an email notification to the grant monitor that the OHA Staff Attendance Report or Grant Closeout Report is due in seven (7) days and another email notification one day after the due date, if the report was not submitted. The Grants Manager and assigned staff also receive the notifications and can follow-up with the Grant Monitor, as needed.

The Grants Manager and assigned staff are also able to check the grants information management system dashboards in 'real time' to determine if reports have been submitted on a timely basis by the grantee and staff.

**Status of Implementation of Audit Recommendation**  
**Report No. 18-08**

**Recommendation No. 2.d.**

OHA should improve its administration of 'Ahahui Grants by clarifying and documenting the responsibilities and processes for monitoring and evaluating all 'Ahahui Grants, and updating existing policies and procedures as necessary.

**Status (Select One):**

<input checked="" type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Detailed Response:**

**Dated:** 8/20/19

Estimated Date of Completion: July 1, 2019

Responsible Department: Grants Program (formerly Transitional Assistance Program)

The Grants Program standard operating procedures for 'Ahahui grants were revised and implemented to clarify and document responsibilities and processes for monitoring and evaluating all 'Ahahui Grants.

The Grants Program is responsible for ensuring that 'Ahahui grants are monitored and assessed and that reports are submitted.

The Grants Program coordinates with Community Outreach Program staff to attend and monitor 'Ahahui events. If Community Outreach Program staff are unable to attend an event, Grants Program staff will attend and monitor the event.

Grant monitors that attend the events are required to submit an OHA Staff Attendance Report. The Grants Program will follow-up with staff if the reports are not submitted, and if needed, program managers, to ensure submission of the reports.

The Grants Program is responsible to ensure that the grantee submits the Final Report.

The Grants Program is responsible for submission of the Grant Monitor Closeout Report.

**Status of Implementation of Audit Recommendation**  
**Report No. 18-08**

**Recommendation No. 2.e.**

OHA should improve its administration of 'Ahahui Grants by implementing a formal, documented system to ensure that grant files are complete and contain all necessary documents, including grantee final reports and OHA staff attendance reports, such as a checklist for each grant.

**Status (Select One):**

<input checked="" type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Detailed Response:**

**Dated:** 8/20/19

Estimated Date of Completion: July 1, 2019

Responsible Department: Grants Program (formerly Transitional Assistance Program)

Electronic Files: The grants information management system has been developed and implemented to ensure that 'Ahahui grant files are complete. All mandated reports for each grant are on a dashboard, which serves as a checklist for each grant. The system electronic file includes system emails and all grant documents (e.g., grant agreements, support documents, OHA Staff Attendance Reports, grantee Final Reports, and Grant Monitor Closeout Reports, expenditure reports, and payment information). The system emails include auto generated emails and emails from Grants Program staff to the grantees.

**Status of Implementation of Audit Recommendation**  
**Report No. 18-08**

**Recommendation No. 3.a.**

OHA should improve its administration of **Community Grants** by monitoring, tracking, and documenting grantees' compliance with grant agreement terms and conditions, submission of required grant documents, and achievement of applicable performance measures for use in future grant application reviews and award discussions.

**Status (Select One):**

<input checked="" type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Detailed Response:**

**Dated:** 8/20/19

<b>Estimated Date of Completion:</b> July 1, 2019
<p><b>Responsible Department:</b> Grants Program (formerly Transitional Assistance Program)</p> <p>The Grants Program standard operating procedures were revised and implemented to ensure that grants are consistently monitored and assessed.</p> <p>Grants Program reports and monitoring forms were revised to ensure that performance requirements and grant deficiencies are documented and corrective action identified by the Grants Program is implemented by the grantee. The Grantee Closeout Report was revised and includes a final assessment component to determine if the grantee is recommended for future funding.</p> <p>The grants information management system has been developed to ensure that grants are monitored and assessed on a consistent basis. The grants monitoring process will be implemented for the 2020-21 Community Grants that begin on October 1, 2019 (contract inception date). The system will:</p> <ul style="list-style-type: none"> <li>a. Electronically track grant monitoring and program evaluation documents;</li> <li>b. Verify the submission and retention of system emails and required grant documents (grant agreements, support documents, grant amendments, grantee progress reports, expenditure and final reports, payment information, Grant Assessments, On-site Monitoring Reports and Grantee Closeout Reports); and</li> <li>c. Provide 'real time' status updates to verify that grantee reports, program assessments and monitoring have been completed and submitted.</li> </ul> <p>The Grants Program will document compliance with grant agreement terms, conditions and performance measures and will be able to generate a list of grants that have not been recommended for future funding. The grant agreement template includes a provision stating that noncompliance with any conditions of the agreement may result in the grantee being deemed ineligible for OHA funding for a period of three (3) years.</p>

**Status of Implementation of Audit Recommendation**  
**Report No. 18-08**

**Recommendation No. 3.b.**

OHA should improve its administration of **Community Grants** by monitoring the scheduling and performance of on-site visits to ensure that visits are conducted annually and results are communicated to grantees in a timely manner.

**Status (Select One):**

<input checked="" type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Detailed Response:**

**Dated:** 8/20/19

Estimated Date of Completion:	July 1, 2019
<p>Responsible Department: Grants Program (formerly Transitional Assistance Program)</p> <p>The Grants Program will monitor Community Grants to ensure that site visits are scheduled and completed and that results are communicated to grantees on a timely basis.</p> <p>Site visits will be scheduled on an annual basis, as needed. Risk criteria considered for annual or on-going site visits include, but are not limited to: failure to meet minimum performance expectations on over half of the critical performance indicators; large grants that have multiple program service areas; and grantees unable to meet compliance requirements.</p> <p>The Grants Program conducts weekly staff meetings and will incorporate tracking of site visits. Site visits and On-Site Monitoring Reports will be tracked for completion by the Grants Manager and assigned staff.</p> <p>The Grant Monitor will be required to email the On-site Monitoring Report via the grants information management system to the grantees. The Grants Manager and assigned staff will be copied on the email.</p> <p>The Grants Manager and assigned staff can access the grants information management system dashboard to obtain 'real time' status updates for On-site Monitoring Reports and verification that the reports were emailed to grantees.</p> <p>Quarterly Grant Assessment Reports for each grant are completed by Grants Program staff to meet the annual evaluation requirement of HRS 10-17(d)(2). The Grant Assessment Reports are based on a review of grantee Quarterly Progress and Expenditure Reports and ongoing desktop monitoring and communications with the grantees.</p>	

**Status of Implementation of Audit Recommendation**  
**Report No. 18-08**

**Recommendation No. 3.c.**

OHA should improve its administration of **Community Grants** by clarifying and documenting the responsibilities and processes for monitoring and evaluating all Community Grants, and updating existing policies and procedures as necessary.

**Status (Select One):**

<input checked="" type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Detailed Response:**

**Dated:** 8/20/19

Estimated Date of Completion:	July 1, 2019
<p>Responsible Department: Grants Program (formerly Transitional Assistance Program)</p> <p>The Grants Program standard operating procedures have been updated to clarify and document responsibilities and processes for monitoring and evaluating Community Grants.</p> <p>The purpose of the Grants Program grant monitoring and assessment process is to determine if a grant has achieved its expected results. The Grants Program is responsible for monitoring and providing grant assessments throughout the post-award grant period. The Grants Program Closeout Report is the final grant assessment component.</p> <p>The purpose of the Program Improvement Program grant evaluation process is to improve grant making for impact and accountability.</p>	

**Status of Implementation of Audit Recommendation**  
**Report No. 18-08**

**Recommendation No. 3.d.**

OHA should improve its administration of **Community Grants** by implementing a formal, documented system to ensure that grant files are complete and contain all necessary documents, including on-site monitoring reports, such as a checklist for each grant.

**Status (Select One):**

<input checked="" type="checkbox"/> Implemented	<input type="checkbox"/> Partially Implemented	<input type="checkbox"/> Not Implemented	<input type="checkbox"/> Not Implemented N/A	<input type="checkbox"/> Not Implemented Disagree
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**Detailed Response:**

**Dated:** 8/20/19

Estimated Date of Completion: July 1, 2019

Responsible Department: Grants Program (formerly Transitional Assistance Program)

Electronic Files: The grants information management system has been developed to ensure that Community Grant grant files are complete. All mandated reports for each grant will be on a dashboard, which serves as a checklist for each grant. The system electronic file will include system emails and all grant documents (grant agreements, support documents, grant amendments, grantee progress reports, expenditure and final reports, payment information, Grant Assessments, On-site Monitoring Reports and Grantee Closeout Reports). The system emails include auto generated emails and emails from Grants Program staff to the grantees.