Action Memorandum

To: Board of Regents
   University of Hawai‘i

From: John Holzman
      Chair, Board of Regents

Subject: Proposed Reporting Changes for Office of the Vice President for Legal Affairs and University General Counsel

ACTION REQUESTED

The Board of Regents is requested to approve the reporting changes described in this memorandum and set forth in Attachment A-1.

PROPOSED EFFECTIVE DATE

Upon Board of Regents approval.

SPECIFIC ACTION REQUESTED

The Board of Regents ("BOR") is charged with overall management, governance, and control of the University. As such, the BOR has exclusive jurisdiction over the internal structure, management, and operation of the University. The BOR formulates policy, and delegates day-to-day control through its appointed Chief Executive Officer, the University President ("President"). The President, together with the administrators, is responsible for the educational leadership and daily administration of the University. In particular, the Office of the Vice President for Legal Affairs and University General Counsel Office ("OGC") serves as chief legal advisor to both the Board of Regents (BOR) and the President, among other duties specifically enumerated under Hawaii Law. Additionally, the Hawaii Rules of Professional Responsibility clarifies that OGC represents the ‘organization,’ namely, the University, under the direction of the BOR, through its CEO, the President and his duly authorized constituents.

Currently, the BOR, and not the President, has direct, day to day oversight of the OGC, indicated by a solid line in the organizational chart. The reporting line between the OGC and the President is advisory only, indicated by a dotted line in the organizational chart. It is more appropriate that the OGC directly report to the President, as the BOR has delegated day to day control to the President. Thus, the reporting line between the OGC and the President should be reflected as a solid line in the organizational chart. Further, as the President reports directly to the
BOR, the President is to ensure that the OGC also adequately represents the University consistent with Hawaii law, under the direction of the BOR. There may be occasions when it becomes necessary to avoid a conflict, a perception of conflict, or to obtain specialized legal expertise. At such times, the BOR may exercise its discretion in securing the services of independent legal counsel. Thus, the reporting line between the OGC and the BOR should be reflected as a dotted line in the organizational chart.

BACKGROUND AND RATIONALE

The Hawaii State Constitution states that “The board shall ....exercise control over the university through its executive officer, the president of the university...” Article X, Section 6, Constitution of the State of Hawaii. Hawaii law gives the Board “…exclusive jurisdiction over the internal structure, management, and operation of the university.” Section 304A-105, Hawaii Revised Statutes. The BOR By-Laws and Policy, Chapter 2, delegates day-to-day control to the BOR’s appointed Chief Executive Officer, the University President (“President”). The President, together with the administrators, is responsible for the educational leadership and daily administration of the University.

Under Hawaii law, OGC serves as chief legal advisor to both the BOR and the President. Specifically, HRS 304A-1005 provides:

(a) The board of regents may appoint or retain by contract one or more attorneys who are independent of the attorney general, to provide legal services for the university, including:

1. Representation of the university in civil actions to which the university is a party, either directly or through the acts or omissions of its officers or employees;

2. Advice and assistance to ensure the lawful and efficient administration and operation of the university;

3. Review and approval of documents relating to the acquisition of land or interest in land by the university; and

4. Any other legal service specified by the board of regents. The board of regents may fix the compensation of the attorneys appointed pursuant to this section. Attorneys appointed or retained by contract shall be exempt from chapters 76 and 89.

(b) Nothing in this section precludes the board of regents from requesting and securing legal services from the department of the attorney general, for the university, the board of regents or its members, or the university’s officers and employees, upon mutual agreement.
Article VII.A of the BOR By-laws provides, in pertinent part, that the OGC “shall be designated as legal counsel for the Board, and that the [OGC] in the capacity of legal counsel be present at all regular and special meetings and certain standing committee meetings of the Board.” Further, it also recognizes that “[b]y policy and organizational structure, the [OGC] serves the Board as well as the University administration. Understandably, there may be occasions when it becomes necessary to avoid a perception of conflict or to obtain specialized legal expertise. At such times, the Board may exercise its discretion in securing the services of independent legal counsel.” Article VII.C.

Additionally, Rule 1.13 of the Hawaii Rules of Professional Responsibility clarifies that OGC represents the ‘organization’, namely, the University, under the direction of the BOR, through its CEO, the President and his duly authorized constituents.

The reporting lines for the OGC have undergone different iterations over the years. As of February 21, 2013, the OGC directly reports to the BOR as indicated by a solid line in the organizational chart. The OGC reporting line to the President is advisory, as indicated by a dotted line in the organizational chart. (Attachment A-2; See also Attachment B-1, action memo from then-Chair Eric Martinson to the BOR recommending the change and relevant pages of the BOR Minutes of February 21, 2013). Thus, while OGC provides the President advice on legal matters, it is the BOR and not the President that must oversee the day to day operations of the OGC. Prior to February 21, 2013, OGC had dual, solid line reporting obligations to each.

In late Spring 2013, the reporting lines for the OGC was reviewed by the Advisory Task Group on Operational and Financial Controls Improvement (“ATG”) in connection with its charge from the BOR to conduct an independent review of University operating policies and practices. The ATG issued its Report on Board of Regents Policies and Practices and Report on System Level Administration Operating Policies and Practices on July 15, 2013, and August 14, 2013, respectively. In both reports, the ATG recommended that OGC should report to the President instead of the BOR, noting that “leading practice is to have this position report directly to the President while still being available to provide advice and support to the BOR as needed.” (Attachment C-1 and C-2).

The ATG explained that “The statutes...place all operational responsibilities with the BOR and the BOR then delegates authority to the President to carry out the operations of the University. We found no such delegation to the President with respect to the General Counsel and the ATG feels that such a delegation is warranted.” (Attachment C-1). The ATG report further supported its
recommendation by citing the Senate Special Committee Report No. 2, November 19, 2012, in which the Senate Report explained that

"[w]hile the BOR needs access to the General Counsel, it does not need to have General Counsel reporting directly to it. The University’s General Counsel should be available to the BOR to provide advice on legal matters. However, the University President needs to be able to access and utilize General Counsel in the daily conduct of business. General Counsel needs to be available to draft and review legal documents and provide legal input and advice on operational matters on a daily basis."

At the September 19, 2013 Board meeting, Regent Randy Moore reported that the BOR Task Group on Implementation of the Advisory Task Group’s Recommendations agreed with the ATG’s recommendation regarding changing the reporting lines for OGC.

It is requested that the BOR approve the proposed reorganization to return the day to day oversight of the OGC to the President, who is to ensure that the OGC adequately represents the University, under the direction of the BOR. This reorganization change in reporting line will be reflected as a solid line between the OGC and the President.

Secondly, while the BOR will no longer be responsible for the day to day oversight of the OGC, the OGC will still continue to be available to the BOR to provide advice on legal matters. Understandably, there may be occasions when it becomes necessary to avoid a conflict, perception of conflict, or to obtain specialized legal expertise. At such times, the Board may exercise its discretion in securing the services of independent legal counsel. This reorganization change in reporting line will be reflected as a dotted line between the OGC and the BOR.

**ADDITIONAL COSTS**

None.

**ACTION RECOMMENDED**

The Board of Regents is requested to approve the reorganization as described in this memorandum and in Attachment A-1.

Attachments

c: Interim President David Lassner
### OFFICE OF THE VICE PRESIDENT FOR LEGAL AFFAIRS & UNIVERSITY GENERAL COUNSEL

<table>
<thead>
<tr>
<th>Role</th>
<th>Phone Number</th>
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<tbody>
<tr>
<td>VP for Legal Affairs &amp; University General Counsel</td>
<td>89391</td>
</tr>
<tr>
<td>Associate Vice President</td>
<td>89217</td>
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<tr>
<td>University Associate General Counsel</td>
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<tr>
<td>University Associate General Counsel</td>
<td>89439</td>
</tr>
<tr>
<td>Legal Assistant</td>
<td>PBB 81396</td>
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<tr>
<td>Legal Assistant</td>
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<tr>
<td>Legal Secretary</td>
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<td>Legal Clerk</td>
<td>SR-14 209942</td>
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<tr>
<td>Private Secretary II</td>
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### OFFICE OF THE PRESIDENT, UNIVERSITY OF HAWAII SYSTEM

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<td>President, University of Hawai'i System</td>
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### UNIVERSITY RISK MANAGEMENT OFFICE

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<tr>
<td>Director of Risk Management</td>
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<td>Secretary III</td>
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1 Excluded from position count
2 To be redescribed

General Funds 17.00
MEMORANDUM

TO: Board of Regents
    University of Hawai‘i

FROM: Eric Martinson
      Chair, Board of Regents

SUBJECT: PROPOSED REPORTING CHANGES FOR OFFICE OF THE VICE PRESIDENT FOR LEGAL AFFAIRS AND UNIVERSITY GENERAL COUNSEL

ACTION REQUESTED

The Board is requested to approve the reporting changes described in this memorandum and set forth in Attachment B.

PROPOSED EFFECTIVE DATE

Upon Board approval.

SPECIFIC ACTION RECOMMENDED

1. Office of the Vice President for Legal Affairs and University General Counsel's ("OGC") reporting relationship to the President (previously a solid line) will become a dotted line. OGC will maintain a solid line reporting relationship to the Board of Regents.

BACKGROUND AND RATIONALE

The Board is charged with the overall management, governance and control of the University. As such, the Board has exclusive jurisdiction over the internal structure, management and operation of the University.
The Board formulates policy and exercises day-to-day control through its appointed Chief Executive Officer, the University President. The President, together with her administrators, is responsible for the educational leadership and daily administration of the University.

OGC serves as chief legal advisor to both the Board and the President. Presently, OGC has dual, solid line reporting obligations to each. See Attachment A.

Upon consideration of the conflicts that can result from the inherent duality of OGC’s role, I am proposing that OGC’s reporting relationship to the President (currently a solid line) become a dotted line, and that OGC maintain a solid line reporting relationship to the Board. See Attachment B.

**ADDITIONAL COSTS**

None.

**SUMMARY AND PROPOSED ACTION**

The Board is requested to approve the reorganization described in this memorandum and in Attachment B.

Attachments

c: President M.R.C. Greenwood
We could find no evidence that there was any follow-up or continuation of the development of an enterprise risk management process. Nor was a formal risk management policy adopted by the BOR. Interviews of the members of the BOR confirmed there is no formal documented risk management process in place. The broad statutory responsibilities of the BOR and the importance of risk management to the University on a system-wide basis support the need for a Board Policy on this matter. If HB 114 does become law, the BOR, through its Committee on University Audit, will be required to address risk management throughout the University.

**Recommendations**

The ATG recommends that the Committee develop and recommend for adoption appropriate changes to Bylaws or Board Policies that:

1. Develop a Board Policy that provides guidance on the development of policies, including the requirement of periodic reviews of Board Bylaws and Policies for continued need, relevance and applicability, and that priority of review of existing Bylaws and Policies be given to Article II.D.2 of the Bylaws and Chapters 8 and 9 of Board Policies;

2. Include the establishment and oversight of a whistleblower program at the University in accordance with HB 114; which will require establishing and maintaining clearly defined policies, procedures and the respective operational infrastructure to ensure the effectiveness of the program; and

3. Require the establishment of a System-wide risk management process that involves leadership from the BOR and management, and the commitment of resources with the experience and knowledge to successfully implement this initiative.

**Issues with Board Practices and Operational Effectiveness**

**General Counsel should report to President instead of BOR**

Prior to February 21, 2013, the University's General Counsel ("General Counsel") reported directly to the President and the BOR. At its February 21, 2013 meeting, the BOR changed the reporting relationship such that the General Counsel now reports directly only to the BOR and has a "dotted line," or advisory and informational reporting relationship, to the President. Legislation was introduced during the 2013 Legislative Session that, if enacted into law, would have required the General Counsel to report directly to the BOR (the legislation was not passed by the Legislature). That legislation was reviewed by the ATG and it was noted that having General Counsel reporting directly to the BOR is not consistent with leading practices in institutions of higher education. The ATG noted that "Having the University's General Counsel reporting directly to the Board of Regents is not consistent with leading practices at universities as evidenced by the research."
The statute authorizing the University to have its own General Counsel states "The board of regents may appoint or retain by contract one or more attorneys who are independent of the attorney general, to provide legal services for the university." The statute likewise place all operational responsibilities with the BOR and the BOR then delegates authority to the President to carry out the operations of the University. We found no such delegation to the President with respect to the General Counsel and the ATG feels that such a delegation is warranted. The position description also needs to be updated to reflect the responsibility of this position as a Vice President to be involved with System Level strategic efforts as well as the responsibility of this position as General Counsel to provide legal advice and support to the President and others.

The issue of having the General Counsel report directly to the BOR was addressed by the Senate Special Committee on Accountability and it recommended the BOR review the reporting responsibility of General Counsel. While the BOR needs access to the General Counsel, it does not need to have General Counsel reporting directly to it. The University's General Counsel should be available to the BOR to provide advice on legal matters. However, the University President needs to be able to access and utilize General Counsel in the daily conduct of business. General Counsel needs to be available to draft and review legal documents and provide legal input and advice on operational matters on a daily basis. Leading practice has General Counsel reporting to the President and, accordingly, the BOR should revisit its action of February 21, 2013. Additionally, the University should seek a change to Hawaii Revised Statues if it is deemed necessary to clarify the reporting responsibility of this position.

Establishment of a standard process for member input into BOR agendas
Currently, BOR Agendas are generally established during Agenda Development meetings of the BOR Chair and Vice-Chairs and the President. The perception among the other BOR members is that they do not have input on agenda items. Article II.C.1.e. of the BOR Bylaws gives the Chair the authority to "approve agenda items" for BOR meetings. This does not preclude members or Committee Chairs from requesting items be placed on the agenda. It also does not preclude the Executive Secretary to the BOR from soliciting and reviewing suggestions for agenda items from the BOR members. We understand that items are placed on the agenda at the request of Committee Chairs, but there is no documented process to deal with the requests.

Board operations should be open and transparent. Documented and understood procedures for members to request consideration of items for inclusion on meeting agendas encourage openness and transparency. The BOR should develop administrative policies and procedures for the conduct of its business that include a process for the input of members with respect to placing items on the BOR meeting agenda. The process should include a mechanism for vetting proposed agenda items. This does not mean that all items requested will be put on the agenda, but it does provide an open and transparent process for member input on the BOR agenda.

15 Section 304A-1005, Hawaii Revised Statutes
16 Senate Special Committee Report No. 2. November 19, 2012
17 Ibid
18 Here We Have Idaho, Page 17
For instance, the position description for the Vice President of Budget & Finance/Chief Financial Officer does not reflect the organizational changes made that now have the Office of Capital Improvements reporting to this position. Another example is the position description for the Chancellor of UH Maui College. This position description was last revised in January 2003 and still refers to the college as Maui Community College and has the Chancellor reporting directly to the President although the organization chart has the position reporting to the Vice President for Community Colleges and the President. A number of position descriptions also include the name of an individual to whom the positions report. Position descriptions should reflect the position that they report to and not include personal references such as individual names.

Further, a number of Executive Policies assign responsibilities to positions that are no longer reflected on the organization chart. For example, Executive Policy E5.210, Institutional Accountability and Performance assigns responsibilities to the Office of the Vice President for Planning and Policy and to the Office of the Senior Vice President for Administration. Neither office nor position is included in the current organization chart. Additionally, the Policy assigns responsibilities to the Senior Vice Presidents/Chancellors for Hilo and the Community Colleges and the Senior Vice President/Executive Vice Chancellor for Manoa. These positions appear to be those now reflected as the Chancellor for Hilo, the Vice President for Community Colleges, and the Chancellor for Manoa, respectively. The examples noted herein are a fraction of the gaps and inconsistencies noted by the ATG.

As we noted earlier, Executive Policies need to be reviewed and updated within an organizational framework. The issue of Executive Policies not being reflective of the positions and responsibilities contained in the current organization chart, coupled with the other issues noted with respect to position descriptions, support the need to review and revise the position descriptions to ensure that the current position descriptions are updated with respect to not only position titles, but responsibilities and spans of authority.

**Reporting lines for certain positions should be revised**
Currently, the position of Vice President for Legal Affairs and University General Counsel reports directly to the BOR. The ATG, in prior reports has articulated that leading practice is to have this position report directly to the President while still being available to provide advice and support to the BOR as necessary. The statute authorizing the University to have its own General Counsel states “The board of regents may appoint or retain by contract one or more attorneys who are independent of the attorney general, to provide legal services for the university.” The statutes likewise place all operational responsibilities with the BOR and the BOR has delegated authority to the President to carry out the operations of the University as pointed out earlier under the discussion on delegations of authority.

The ATG also believes that the position description needs to be updated to reflect the responsibility of this position as a Vice President to be involved with System Level strategic efforts as well as the responsibility of this position as General Counsel to provide legal advice and support to the President and others. This is consistent with the statute which also states

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12 Section 304A-1005, Hawaii Revised Statutes
that one of the functions of the University General Counsel should be to provide "advice and assistance to ensure the lawful and efficient administration and operation of the university." If the BOR were to find itself in need of separate legal counsel, the statute provides that the BOR may also contract for such services or secure them from the Attorney General. The BOR can obtain confirmation from the Attorney General that the statute does not prohibit General Counsel from reporting directly to the President. If it is determined that the existing statutory language is unclear, the University should seek a change to Hawaii Revised Statutes to clarify the reporting responsibilities of this position.

Shifting of the reporting lines and updates to reflect additional position responsibilities for the Vice President for Legal Affairs and University General Counsel may cause a change in workload and assignments. The President, in consultation with General Counsel and the BOR, should determine the nature and extent of staff resources needed to effectively support and address these workload changes.

The current organization chart has the following academic related positions reporting directly to the President:

- Chancellor, UH at Hilo;
- Chancellor, UH at Manoa;
- Chancellor, UH at West Oahu;
- Vice President for Community Colleges;
- Executive Vice President for Academic Affairs/Provost;
- Vice President for Student Affairs and University/Community Relations; and
- Vice President for Research.

Additionally, the Chancellors of the community colleges report directly to both the President and the Vice President for Community Colleges. The position descriptions for the Chancellors of the seven community colleges have four reporting directly to the University President, one reporting to Vice President for Community Colleges, and one reporting to both. The position description of the remaining Chancellor does not indicate to which position it reports, but the accompanying narrative indicates that it reports to the President.

Having Chancellors reporting directly to two separate positions should be avoided to prevent confusion as to lines of responsibility and accountability. The position descriptions and organization chart should be revised and updated to ensure that the Chancellors report to the appropriate position, in this case, the Vice President for Community Colleges.

Reporting lines could be further improved by having the Associate Vice President for Student Affairs to be included within the office of the Executive Vice President for Academic Affairs/Provost to streamline reporting and reflect the relationship between student affairs and academics. Also we propose transferring the External Affairs and University Relations functions to the Vice President for Administration as part of a recommended consolidation of administrative functions under one administrator.

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13 Ibid
January 24, 2014

The Honorable Shan S. Tsutsui
Lieutenant Governor, State of Hawai‘i
State Capitol
Honolulu, Hawai‘i 96813

Dear Lt. Governor Tsutsui:

Enclosed is a copy of the proposed changes in current functions and reporting relationships of University of Hawai‘i System Offices.

The proposed changes were approved by the Board of Regents on January 23, 2014. A copy of the approved revised organizational charts and functional statements are enclosed for your files.

Sincerely,

James Nishimoto
Executive Assistant

Enclosures

c: Hawai‘i Government Employees Association, Attn Ms. Lena Fernandes, Field Services Officer with copy of enclosures
   University of Hawai‘i Professional Assembly, Attn: Dr. JN Musto, Executive Director with copy of enclosures
   University of Hawai‘i System Budget Office, Attn: Ms. Laurel Johnston with copy of enclosures
   University of Hawai‘i System Human Resources: Attn: Ms. Debra Ishii with copy of enclosures
   University of Hawai‘i System Administrative Services Office: Attn: Ms. Blanche Fountain with copy of enclosures
MEMORANDUM

December 30, 2013

TO: John C. Holzman
Chair, Board of Regents

FROM: David Lassner
Interim President

SUBJECT: Implementation of Changes to System Office Organization, Functions and Reporting Relationships Based on the Board of Regents’ Advisory Task Group on Operational and Financial (ATG) Controls Improvement Recommendations Relating to the Organization, Functions and Reporting Relationship of System Offices

SPECIFIC ACTION REQUESTED:

It is requested that the Board of Regents approve the proposed reorganization for the system offices which implements the organization, functions and reporting relationships of offices as described in the attached proposal which is based on recommendations of the ATG.

RECOMMENDED EFFECTIVE DATE:

Upon Board of Regents Approval

ADDITIONAL COST:

Funds budgeted for the current position of Vice President for Student Affairs and University/Community Relations will be reallocated to support the appointments to the positions of the Vice President for Administration and the Associate Vice President for Administration, Procurement and Real Property Management. Should additional funds be required, such funding requests will be addressed through the reallocation of existing budgeted funds.

PURPOSE:

To comply with Board of Regents Policy Chapter 3, Section 3-2, Reorganizations, requires Board approval for significant change in responsibilities of programs that report directly to the President.
BACKGROUND:

Board of Regents policy Chapter 3, Section 3-2, Reorganizations, requires Board approval of significant changes in responsibilities of programs that report directly to the President.

Proposed Changes to System Offices' Functions and Reporting Relationships. Based on its study, the ATG made recommendations regarding system office structure, functions, and reporting relationships in its August 14, 2013 report, “University of Hawaii – Advisory Task Group - Operational Assessment Report on System Level Administration Operating Policies and Practices” (copy attached). In consideration of the ATG’s recommendations, the following summary of organizational changes are being proposed and discussed in more detail in the attached reorganization proposal.

Office of the Board of Regents
Proposed Changes – None

Office of the President
Proposed Changes - None

Office of the Executive Vice President for Academic Affairs/Provost (EVPAA/P)
Proposed Changes:
- **Amend Office Title:** Amend title to Office of the Executive Vice President for Academic Affairs (EVPAA)
- **Human Resources:** Reassign the Office of Human Resources from the Office of EVPAA/P to the proposed Office of the Vice President for Administration (VPA)

Office of the Vice President for Budget and Finance/Chief Financial Officer (VPB&F/CFO)
Proposed Changes:
- **Capital Improvements:** Reassign the Office of Capital Improvements from the Office VPB&F/CFO to the proposed Office of the VPA
- **Procurement and Real Property:** Reassign the Office of Procurement and Real Property Management from the Office of the VPB&F/CFO, Office of Financial Management, to report to the VPA through the Associate Vice President for Administration, Procurement and Real Property Management (AVPAPRPM)

Office of the Vice President for Community Colleges (VPCC)
Proposed Changes
- Reporting Relationship Clarification: Reflect reporting relationship between Community College Chancellors and the Vice President for Community College as a solid line

Office of the Vice President for Information Technology/Chief Information Officer (VPIT/CIO)
Proposed Changes - None

Office of the Vice President for Legal Affairs/University General Counsel (VPLA/UGC)
Proposed Changes:
- Legal services support: Clarify in functional statements the responsibility to be involved with system level strategic efforts to provide legal advice and support to the President and others
- Risk Management: Reassign the Office of Risk Management from the Office of the VPLA/UGC to the proposed Office of the VPA

Office of the Vice President for Research
Proposed Changes - None

Office of the Vice President for Student Affairs and University/Community Relations (VPSA&UCR)
Proposed Changes:
- Student Affairs: Reassign the Office of Student Affairs from the Office of the VPSA&UCR to the re-titled Office of the EVPAA
- External Affairs and University Relations: Reassign the Office of External Affairs and University Relations from the Office VPSA&UCR to the proposed Office of the VPA
- VPSA&UCR Position: Resdescribe Position No. 89103, VPSA&UCR to be the Associate Vice President for Administration, Procurement and Real Property Management (AVPAPPRPM) and assign to the Office of the VPA
- Private Secretary Position: Reassign Position no.100003 to the AVPAPPRPM and redescribe as a Secretary
- Office of VPSA&UCR: Delete the Office of the VPSA&UCR from organization charts

Proposed: Office of the Vice President for Administration (VPA)
Proposed Changes:
- Position VPA: Assign existing vacant Position no. 89446, Vice President for Administration
• **Private Secretary Position**: Assign existing vacant Position no. 900114, Private Secretary II

• **Positions AVPAPRPM and Secretary to AVPAPRPM**: From Office of OVPSA&UCR, reassign existing positions and update position description for position no. 89103 as the AVPAPRPM and position no. 100003 as Secretary to the AVPAPRPM

• **External Affairs and University/Community Relations**: Reassign the Office of External Affairs and University Relations from the Office of the VPSA&UCR to the proposed Office of the VPA

• **Capital Improvements**: Reassign the Office of Capital Improvements from the Office of the VPB&F/CFO to the proposed Office of the VPA

• **Human Resources**: Reassign the Office of Human Resources from the Office of EVPAA to the proposed Office of the VPA

• **Procurement and Real Property Management**: Reassign the Office of Procurement and Real Property Management from the Office of the VPB&F/CFO, Office of Financial Management, to report to the VPA through the AVPAPRPM

• **Risk Management**: Reassign the Office of Risk Management from the Office of the VPLA/UGC to the proposed Office of the VPA

• **Policies, Procedures and Security/Emergency Management**: Assign responsibility for the management and coordination of system policies, procedures and security/emergency management to the AVPAPRPM

**Consultations.** In accordance with provision of Chapter 89-9c, Collective Bargaining in Public Employment, the exclusive representatives the Hawai‘i Government Employees Association (HGEA), the University of Hawai‘i Professional Assembly (UHPA) and the United Public Worker (UPW) unions were consulted regarding the proposed changes in system office functions, reporting relationships, and impact on bargaining unit members. The HGEA responded and expressed support for the proposed changes in system offices functions and reporting relationships. A meeting to discuss the proposal was held with UHPA, which expressed some concerns associated with the implementation of the proposed changes; and it was agreed that an on-going dialogue between the University and UHPA would be continued to facilitate the successful implementation of the proposed changes. The UPW did not express concerns.

Additionally, the statewide Student Caucus and All Campus Council of Faculty Senate Chairs (ACCFSC) were provided copies of the proposed changes and offered the opportunity to provide comments coincident with the initiation of consultation with the unions. As of the date of this
memorandum, the Student Caucus acknowledged receipt of the proposal and indicated that they may submit comments; and no comments were received from the ACCFSC.

Copies of the proposed reorganization were provided Vice Presidents and Chancellors for review and comment, no comments were received. Informational meetings were held with staff members of each of the offices being reassigned respectively to the Offices of the Vice President of Administration and Executive Vice President for Academic Affairs. Staff expressed no concerns, except for the commonly asked question relating to the implementation timeline of the proposed reorganization, staff was apprised that the reorganization proposal was targeted for submission to the Board of Regents at its January meeting.

Transition. Upon the Board’s approval authorizing the establishment of the office of the VPA, it is envisioned that the university would begin recruitment to fill the position of VPA. However, for transition purposes during the recruitment period and vacancy of the VPA position, units to be reassigned to report to the VPA shall continue to maintain current reporting relationships with respective designated executives as reflected in the organization charts in effect on December 31, 2013. This temporary continuation of current reporting relationships is for temporary operational continuity purposes pending appointment of the VPA.

**ACTION RECOMMENDED:**

It is recommended that the Board of Regents approve the proposed reorganization for the system offices which implements the organization, functions and reporting relationships as described in the attached proposal which is based on recommendations of the ATG.

Attachments
- Reorganization proposal
- University of Hawai‘i – Advisory Task Group - Operational Assessment Report on System Level Administration Operating Policies and Practices

cc: Executive Administrator and Secretary of the Board Quinn

bcc: Director, University Budget Johnston with attachments
System Director of Human Resources Ishii with attachments
Director of System Administrative Services Fountain with attachments
Executive Assistant Nishimoto with attachments
Executive Summary


Office of the Board of Regents
Proposed Changes – None

Office of the President
Proposed Changes - None

Office of the Executive Vice President for Academic Affairs/Provost (EVPAA/P)
Proposed Changes:
- **Amend Office Title:** Amend title to Office of the Executive Vice President for Academic Affairs (EVPAA)
- **Human Resources:** Reassign the Office of Human Resources from the Office of EVPAA/P to the proposed Office of the Vice President for Administration (VPA)

Office of the Vice President for Budget and Finance/Chief Financial Officer (VPB&F/CFO)
Proposed Changes:
- **Capital Improvements:** Reassign the Office of Capital Improvements from the Office VPB&F/CFO to the proposed Office of the VPA
- **Procurement and Real Property:** Reassign the Office of Procurement and Real Property Management from the Office of the VPB&F/CFO, Office of Financial Management to report to the VPA through the Associate Vice President for Administration and Procurement and Real Property Management (AVPAPRPM)

Office of the Vice President for Community Colleges (VPCC)
Proposed Changes
- **Reporting Relationship Clarification:** Reflect reporting relationship between Community College Chancellors and the Vice President for Community College shall be reflected as a solid line

Office of the Vice President for Information Technology/Chief Information Officer (VPIT/CIO)
Proposed Changes - None

Office of the Vice President for Legal Affairs/University General Counsel (VPLA/UGC)
Proposed Changes:
• Legal services support: Clarify in functional statements the responsibility to
be involved with system level strategic efforts to provide legal advice and
support to the President and others

• Risk Management: Reassign the Office of Risk Management from the Office
of the VPLA/UCG to the proposed Office of the VPA

Office of the Vice President for Research
Proposed Changes - None

Office of the Vice President for Student Affairs and University/Community
Relations (VPSA&UCR)
Proposed Changes:

• Student Affairs: Reassign the Office of Student Affairs from the Office of the
VPSA&UCR to the re-titled Office of the EVPAA

• External Affairs and University Relations: Reassign the Office of External
Affairs and University Relations from the Office VPSA&UCR to the proposed
Office of the VPA

• VPSA&UCR Position: Resdescribe Position No. 89103, VPSA&UCR to be
the Associate Vice President for Administration, Procurement and Real
Property Management (AVPAPRPM) and assign to the Office of the VPA

• Private Secretary Position: Position no.100003 to be reassigned to the
Office of the AVPAPRPM and redescribed as a Secretary.

• Office of VPSA&UCR: Delete the Office of the VPSA&UCR from
organization charts

Proposed: Office of the Vice President for Administration (VPA)
Proposed Changes:

• Position VPA: Assign existing vacant Position no. 89446, Vice President for
Administration

• Private Secretary Position: Assign existing vacant Position no. 900114,
Private Secretary II

• Positions AVPAPRPM and Secretary to AVPAPRPM: From Office of
OVPISA&UCR, reassign existing positions and update position description for
position no. 89103 as the AVPAPRPM and position no. 100003 as Secretary
to the AVPAPRPM

• External Affairs and University/Community Relations: Reassign the
Office of External Affairs and University Relations from the Office of the
VPSA&UCR to the proposed Office of the VPA

• Capital Improvements: Reassign the Office of Capital Improvements from
the Office of the VPB&F/CFO to the proposed Office of the VPA

• Human Resources: Reassign the Office of Human Resources from the
Office of EVPAA to the proposed Office of the VPA

• Procurement and Real Property Management: Reassign the Office of
Procurement and Real Property Management from the Office of the
VPB&F/CFO, Office of Financial Management, to report to the VPA through
the AVPAPRPM
• **Risk Management:** Reassign the Office of Risk Management from the Office of the VPLA/UGC, to the proposed Office of the VPA

• **Policies, Procedures and Security/Emergency Management:** Assign responsibility for the management and coordination of system policies, procedures and security/emergency management to the AVPAPRPM.
Changes to the Organization, Functions and Reporting Relationships of System Offices
Arising from the Implementation Board of Regents’
Advisory Task Group on Operational and Financial (ATG) Controls Improvement,
Report on System Level Administration Operating
Policies and Practices Recommendations

In accordance with Administrative Procedure A3.101, University of Hawai‘i
Organizational and Functional Changes, the following information is provided to
implement recommendations relating to the organization and functions of system offices
made by the Board of Regents Advisory Task Group (ATG).

I. Description of the conditions or factors prompting the proposed
reorganization, e.g., new program requirements, changes in the
environment, new legal or policy considerations.

Background. “On September 5, 2012, the University of Hawaii System
(“University”) Board of Regents (“BOR” or “Board”) approved the formation of an
Advisory Task Group on Operational and Financial Controls Improvement
(“ATG”) to assist the BOR with its oversight of the University’s actions and
improvements to policies, internal controls, and practices. The purpose and
primary function of the ATG is to oversee, provide input, monitor activities, and
guide the scope of an evaluation and improvement initiative specific to
operational and financial processes and related internal controls of the
University. The ATG reports to the BOR’s Committee on Independent Audit,
formerly known as the Committee on University Audits (“Committee”).”

The ATG is comprised of eight members, four members from the BOR, and four
from private industry with expertise in financial processes and organizational
structure and internal controls.

The members of the ATG are:
• James H.Q. Lee, Vice Chair, Board of Regents
• Barry Mizuno, Regent
• Randy Moore, Regent
• Saedene Ota, Regent
• Terri Fujii, Retired Managing Partner, Ernst & Young LLP, Hawaii
• Cory Kubota, Assurance Principal, Accuity LLP
• Patrick Oki, Managing Partner, PKF Pacific Hawaii LLP
• Lawrence D. (Larry) Rodriguez, Business Consultant, ATG Chair”

The Final report of the ATG’s Operational Assessment of the University’s System
Level operations. The ATG recommended proposed changes in system office
organization, functions, and reporting relationships to improve University administrative operations as follows:

Associate Vice Presidents for Student Affairs and External Affairs and University Relations. "Reporting lines could be further improved by having the Associate Vice President for Student Affairs to be included within the office of the Executive Vice President for Academic Affairs/Provost to streamline reporting and reflect the relationship between student affairs and academics. Also, we propose transferring the External Affairs and University Relations functions to the Vice President for Administration as part of a recommended consolidation of administrative functions under one administrator."

Vice President for Administration: Procurement, Human Resources, Capital Improvements and External Communications. "Procurement, human resources, capital improvements and external communications are functions not unique to higher education. Additionally, there may be other administrative functions throughout the System that may be better suited for placement within an office whose responsibility is solely administrative operational matters. The ATG believes that the University would be better served if these administrative functions were placed under one administrator at the System Level, instead of being placed under other financial, technical or academic functions. We understand that the University had a Vice President of Administration position in the past and believe that, or a similarly named position, should be established to oversee procurement, capital improvements, human resources, and external communications activities. The responsibilities for policies and procedures, compliance and risk management should also be placed under this administrative position".

Responsibility for Policies, Procedures and Delegations of Authority Policies and Procedures. "The development and maintenance of the University’s policies and procedures are integral to effective operations of the entire University and the responsibility for policy development and maintenance needs to be clearly established and placed at the System Level. The responsibility should rest with a senior administrative executive with sufficient authority to ensure that all Executive Policies are appropriate and current, and aligned with Board Policies and that Administrative Procedures also meet the same criteria. This position should be at the Executive Vice President or Vice President level, depending on the placement of System Level organizational responsibilities. The responsibility could fall under the System Level position responsible for system-wide administrative matters that the ATG is recommending are established."

Delegations of Authority. "The ATG believes there should be an inventory of active delegations. The responsibility for maintaining this inventory may rest with the same position that would be responsible for the maintenance of Executive Policies, which we have stated should be at an Executive Vice President or Vice President level within Administration. Copies of all delegations should be provided to that office or position as a matter of practice."
Community College Chancellors. “Having Chancellors reporting directly to two separate positions should be avoided to prevent confusion as to lines of responsibility and accountability. The position descriptions and organization chart should be revised and updated to ensure that the Chancellors report to the appropriate position, in this case, the Vice President for Community Colleges.”

Office of the Vice President for Legal Affairs and University General Counsel. “Currently, the position of Vice President for Legal Affairs and University General Counsel reports directly to the BOR. The ATG, in prior reports has articulated that leading practice is to have this position report directly to the President while still being available to provide advice and support to the BOR as necessary.”

At the October 17, 2013 Board of Regents meeting, the Board approved changing the reporting relationships between the Board of Regent, President and Vice President for Legal Affairs and University General Counsel. A solid line is reflected on the revised organization chart between the President and Vice President for Legal Affairs and University General Counsel and a dotted line between the Board of Regents and Vice President for Legal Affairs and University General Counsel.

Further, the functional statement of the office is being revised to reflect the recommendation of the ATG that the Vice President be involved with system level strategic efforts, as well as, being responsibility for providing legal advice and support to the President and others.

Risk Management. “The ATG believes a System-wide risk management process needs to be designed and implemented. We view this effort as critical to the University and, as such, it needs to be coordinated at the System Level. This will require leadership and commitment from the BOR and management. The effort will also need a commitment of resources with the experience and knowledge necessary to successfully bring it to completion.”

II. Explanation of how the proposed reorganization will address these conditions or factors.

Office of the Associate Vice President for Student Affairs. The function and associated staff of the Office of the Associated Vice President for Student Affairs are being reassigned from the Office of the Vice President for Student Affairs and University/Community Relations to the Office of the Executive Vice President for Academic Affairs/Provost (EVPAA/P), which is being re-titled to Executive Vice President for Academic Affairs (EVPAA). With the reassignment of the Associate Vice President for Student Affairs, the student affairs activities, which are closely related to academic affairs, will be consolidated under the same Vice President promoting a more streamlined and integrated functional relationship between student affairs and academics. In conjunction with the reassignment of the Offices and functions of the Office of Student Affairs and the Office of External Affairs and University/Community Relations,
the Office of the Vice President for Student Affairs and University/Community Relations is to be abolished.

**Office of the Associate Vice President for External Affairs and University Relations.** The function and associated staff of the Office of the Associate Vice President for External Affairs and University Relations are being reassigned from the Office of the Vice President for Student Affairs and University/Community Relations to the proposed Office of the Vice President for Administration as part of a recommended consolidation of administrative functions under one system level executive. In conjunction with the reassignment of the Office of Student Affairs and the Office of External Affairs and University Relations, the Office of the Vice President for Student Affairs and University/Community Relations is to be abolished.

**Office of the Vice President for Administration.** As recommended by ATG, to improve the University's operations certain administrative functions, which are currently distributed throughout the system level offices, are being aggregated under the Vice President for Administration. The functions to be aggregated are: procurement, human resources, capital improvements, risk management and external and university relations.

To implement the ATG recommendation that a specific system level office be assigned responsibility for the management and administration of system level policies and procedures and maintenance of an inventory of delegations of authority, it is being proposed that these responsibilities be assigned to the proposed position of Associate Vice President for Administration, Procurement and Real Property Management (AVPAPRPM) that will report to the VPA. Additionally, the AVPAPRPM will also be responsible for the systemwide coordinating the planning for and management for the system and systemwide security and emergency management preparations, operations and recovery programs.

**Community College Chancellors.** A direct reporting relationship represented by a solid line has been established between community college chancellors and the Vice President for Community Colleges. Associated position descriptions will be updated to reflect this new reporting relationship.

**Vice President for Legal Affairs and University General Counsel.** A direct reporting line has been established between the Office of the President and Office of the Vice President for Legal Affairs and University General Counsel. The function of the Office of the Vice President for Legal Affairs and University General Counsel is being revised to reflect the ATG recommendation that the office's functions include being responsible for collaborating in System Level strategic efforts as well as the responsibility of this position as General Counsel to provide legal advice and support to the President and others.

**III. Description of how the organization’s operational, organizational, functional and programmatic relationships will be affected, including**
impact on services to students, other target groups and relationships with other segments of the university.

While some system level functions, e.g., student affairs and university/community relations are being reassigned respectively to the Office of the EVPAA and Office of the VPA, existing functions and services will continue. In fact the proposed reorganization will enhance the collaboration and coordination between the closely related fields of academic and student affairs and the aggregation of administrative functions under a single vice president.

To ensure continuity of operations during the transition process to implement the proposed reorganization, interim operating guidelines will be provided to maintain operations until new or revised policies, procedures and practices are promulgated, vetted and adopted. Furthermore, there should be no change in operations, functions and programmatic relationships and therefore no impact on services to students, other target groups and relationships with other segments of the university.

Once the proposed reorganization is approved, position descriptions will be appropriately revised. Additionally, as noted by the ATG, the impact of the implementation of the organizational and functional changes will be evaluated with respect to the resources required. As appropriate, a plan for additional positions and funding resources may be developed with such resources to be provided from existing resource capabilities, to the extent possible, or by legislative supplementation, as may be necessary.

IV. Discussion of the efficiencies, service improvements or other benefits that will be achieved as a result of the organization.

Associate Vice Presidents for Student Affairs. Because the functions of academic is closely related to student services, the reassignment of the Associate Vice President for Student Affairs to report to the Vice President responsible for academic affairs will facilitate collaboration between related functions and enhance the opportunities to ensure the coordination and integration of student and academic affairs initiatives, e.g., articulation.

External Affairs and University Relations. Reassignment of the Associate Vice President for External Affairs and University/Community Relations under the Vice President for Administration will result in administrative functions under a single Vice President whose focus will be on administrative functions and service support.

Vice President for Administration will be the singular position and office for directing and managing systemwide administrative functions of procurement, human resources, capital improvements, risk management, and external affairs and University relations. As noted by the ATG, administrative functions throughout the system may be better suited for placement within an office whose
responsibility is solely administrative operational matters rather than placing these functions under other financial, technical or academic functions.

Additionally, assignment of specific responsibility for the oversight of policies, procedures, and delegations to the AVPAPRPM will make explicit the office and position responsible for organizing and maintaining the currency of policies, procedures and delegation, as many are currently outdated and sorely in need of revision, updates and possibly abolishment.

Community College Chancellors. It is anticipated that proposed changes in reporting relationships and functions will clarify and enhance operations and administration. For example the dual reporting lines (to the President and Vice President for Community Colleges) will be exchanged for a direct reporting line (solid line) to the Vice President for Community Colleges and with continuation of the Council of Chancellors; all chancellors will have access to the President for systemwide coordination and communications.

Office of the Vice President for Legal Affairs and University General Counsel. With the establishment of a solid line on the revised organization chart between the President and Vice President for Legal Affairs and University General Counsel and highlighting of the function of the Office to become more responsible for collaborating in system level strategic efforts and providing services to other units, it is anticipated that enhanced operating relationships and service support will be realized by the closer direct working relationship between the President and Vice President and the associated involvement of the Office in designing and supporting improvement in provision of legal services. Because of the dotted line between the Board of Regents and Vice President for Legal Affairs and University General Counsel, the Board will continue to have access to legal services as may be required.

Additionally, with the reassignment of the Office of Risk Management from the Office of the Vice President for Legal Affairs and University General Counsel to the Office of the VPA, the systemwide risk management program may be continued while facilitating the development of new initiatives in response to systemwide administrative functions and needs.

V. Complete description of the resource requirements or savings associated with the reorganization, including funding, positions, space, equipment and other resources.

No additional resources, e.g., funding, positions, space, equipment or other resources, are being anticipated as being needed to implement the proposed organizational and functional changes. Some existing positions are being redescribed, e.g., position no. 89103, Vice President for Student Affairs and University/Community Relations to be redescribed as the Associate Vice President for Administration and Procurement and Property. Affected offices and their associated staff will remain in place and continue to use existing equipment,
space and facilities. Existing reserve positions will be used: reserve position no. 89446 will be used for the proposed VPA; reserve position no. 900114 to be used for the proposed Private Secretary to the VPA; and position no. 89103, Vice President for Student Affairs and University/Community Relations will be re-described as the AVPAPRPM; position no. 100003 will be redescribed as the proposed Secretary to the proposed AVPAPRPM. Existing funds associated with the position of Vice President for Student Affairs and University/Community Relations will be reallocated to support, as needed, the positions of Vice President for Administration and Associate Vice President for Administration, Procurement and Real Property Management, upon appointments to the positions, with any additional funding needed to support activation of reserve or redescribed positions to be provided through the reallocation of existing budgeted funds.

For purposes of this reorganization proposal, all positions and associated personnel with system units being reassigned, e.g., Office of Human Resources, Office of Capital Improvement, Office of Procurement and Real Property Management, Office of External Affairs and University Relations, and Office of Risk Management are being transferred in toto with no change in the position incumbent's base compensation, benefits, seniority, employment status, or bargaining unit designations. In the course of updating position descriptions to reflect organizational changes, should a position's classifications be affected, current policies and procedures relating to the compensation adjustments shall apply.

VI. Explanation of the source of resources needed to implement the reorganization, e.g., reallocation from within the program or major unit, or new revenue.

The proposed reorganization involves the creation of a new Office of the VPA through the realignment of existing offices and does not require new revenues. Similarly, the reassignment of the existing Office of the Student Affairs to the Office of the EVPAA does not require new revenues. The shifting of the reporting lines and updates to reflect additional position responsibilities for system offices may cause a change in workload and assignments. Therefore, as recommended by the ATG an assessment will be made to determine the nature and extent of additional resources that may be needed to more fully and effectively support implementation efforts following the approval of the reorganization. As appropriate, revisions to position description will be initiated to reflect the reorganization changes, e.g., changes in reporting relationships.

VII. Discussion of the programmatic impacts of the proposed reorganization on the University.

See Section I above.