



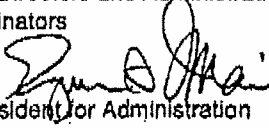
## UNIVERSITY OF HAWAII

SENIOR VICE PRESIDENT FOR ADMINISTRATION

July 6, 2001

**MEMORANDUM**

TO: Interim Chancellor Neubauer  
Mānoa Deans, Directors and Administrative Officers  
Telecom Coordinators

FROM: Eugene S. Imai   
Senior Vice President for Administration

SUBJECT: **CORRECTIVE ACTION FOR TELECOMMUNICATION CHARGES**

This memo is to inform you that as of July 1, 2001 telephone line charges for the Mānoa campus (956-xxxx numbers) will not be allowed as a direct charge to federal awards and must be paid from a G, R, or S source of funding. Overall, only about 6% of the campus phone lines will be affected. This action is being taken as a result of an audit performed by the Inspector General's Office of the U.S. Department of Health and Human Services which found that the University was inadvertently but improperly employing a dual methodology (direct and indirect) for recovering these costs from federal awards. The use of a dual methodology, employed here since 1992, is unallowable because federal Cost Accounting Standard 502 stipulates that costs must be consistently treated as direct or indirect.

We have reviewed several alternatives for correcting this problem and have determined that the use of non-federal sources to pay for these expenses is the best solution. This solution enables the lowest possible rate for all users and allows the University to claim all recoverable costs which will prevent further reductions to our indirect cost rates which are already the lowest in the nation.

This alternative was proposed to the UH research community for over a month of input and discussion and was favorably received. There was some concern over long distance charges, however, the ability to directly charge long distance expenses to federal project accounts will not be affected by this change. The only other concern expressed was the availability of alternative funds for a particular extramural program. Noting that even a single federally funded part-time student assistant generates enough indirect cost return to the major unit to cover a phone line, we recommend that deans and directors give consideration to the use of Facilitating Services funds where absolutely necessary to cover this cost.

ITS Telecommunications will be following up directly with affected units to identify an appropriate account to charge in place of any federal accounts before the next quarterly billing cycle. Thank you for your understanding and cooperation which is essential and appreciated.

c: President Dobelle  
Director Lassner  
ACUH Executive Director Masumoto

## UNIVERSITY OF HAWAII

Information Technology Services

August 20, 2001

MEMO TO: Deans, Directors, Fiscal Officers, and Department Telecom Coordinators

FROM: *Harry Morita*  
Harry Morita, User Services Manager  
ITS-Telecommunications

SUBJECT: Elimination of Federal Equipment Account Codes

Effective July 1, 2001, per Eugene S. Imai's memo re: Corrective Action For Telecommunication Charges, ITS-Telecommunications can no longer accept Federally-funded account codes to pay for the monthly recurring charges to Telecom equipment and rental charges. This change affects your Equipment and MAC (Move, Adds, and Changes) billing reports. The toll account codes which affect the long distance Direct Dialed, Sprint CC/9+0, and Verizon reports are not affected by this change. You may still continue to use Federal account codes to pay for long distance (toll) charges and the one-time MAC charge on the Telecom Request (TR) form.

Enclosed, only in your department's Fiscal Officers copy of memo, please find Attachment 1 which lists your department's current line numbers and all corresponding equipment and toll account codes. For Federally-funded "equipment" account codes, please indicate the new non-Federal account code. You may also make changes to non-Federal equipment account codes and/or your toll account codes using Attachment 1 as your Form 4 - Account Code Request for Telephone Lines if returned to our office by Wednesday, August 29, 2001. You may fax your Attachment 1 to us at x65150. After this date, you will need to submit the Form 4 (and Forms 4A - Account Code Request for Authorization Codes and 4B - Account Code Request for Calling Cards as appropriate). These forms are available at our website [www.hawaii.edu/telecom](http://www.hawaii.edu/telecom).

Thank you for your cooperation in this matter. If you have any questions and/or concerns, please feel free to contact our department at x66033.

Enc. (Attachment 1)

cc: David Lassner  
Kathy Kai  
Craig Shinsato