I. CALL TO ORDER

Committee Chair Stanford Yuen, called the meeting to order at 9:00 a.m. on Thursday, April 7, 2016, at the University of Hawai‘i at Mānoa, Information Technology Building, 1st Floor Conference Room 105A/B, 2420 Correa Road, Honolulu, Hawai‘i 96822.

Committee members in attendance: Committee Chair Stanford Yuen, Committee Vice Chair Ben Kudo; Regent Wayne Higaki; Regent Michael McEnerney; Regent Jeffrey Portnoy.

Others in attendance: Board Chair Randy Moore; Regent Simeon Acoba; Regent David Iha; Regent Lee Putnam; Regent Michelle Tagorda; Regent Ernie Wilson, Jr. (ex officio committee members); President David Lassner; Vice President for Administration Jan Gouveia; Vice President for Community Colleges John Morton; Vice President for Legal Affairs and University General Counsel Carrie Okinaga; Vice President for Research Vassilis Syrmos; Vice President for Information Technology and Chief Information Officer, Garret Yoshimi; Vice President for Budget and Finance and Chief Financial Officer Kalbert Young; Interim UH-Mānoa (UHM) Chancellor Robert Bley-Vroman; UH-Hilo (UHH) Chancellor Donald Straney; Executive Administrator and Secretary to the Board Cynthia Quinn; and others as noted.

II. APPROVAL OF MINUTES OF THE DECEMBER 21, 2015 AND FEBRUARY 10, 2016 MEETING

Regent Higaki moved to approve the minutes of the December 21, 2015 meeting, seconded by Committee Vice Chair Kudo, and the motion carried unanimously. Board Chair Moore moved to approve the minutes of the February 10, 2016 meeting, seconded by Regent Higaki, and the motion carried unanimously.

III. PUBLIC COMMENT PERIOD

Executive Administrator and Secretary of the Board Cynthia Quinn announced that the Board Office received no written or oral testimony.

IV. AGENDA ITEMS

A. For Information

1. Update on Whistleblower Program

VP Gouveia provided an update on the progress of the whistleblower program regarding how the program is consolidated in one location, intuitive, and easy to access.
Highlights included how the overarching board policy and parallel executive policies are being created; the reporting website has been developed, and administration will establish training, reporting structure protocols, and an internal communication plan on roles and responsibilities, that is integrated with other policies to create a comprehensive and holistic whistleblower program. Stakeholder meetings are being held with representatives from all 10 campuses and other stakeholders, and projected to go live by June 30, 2016.

The committee commended administration for their efforts and indicated support for this important program and management tool that will help the university remedy fraud, waste and abuse.

2. Internal Audit Report on University of Hawai‘i at Mānoa Commuter Services

Glenn Shizumura, Director of the Office of Internal Audit (OIA), presented a report on the University of Hawai‘i at Mānoa’s Commuter Services that handles parking operations at the UHM campus. Highlights included how commuter services was doing a good job with financial processes and oversight, with nominal payments for debt service, and more significant cash flows expected for repairs and maintenance (R&M) going forward. Permit parking is the most significant source of revenue, and maximized because the parking permits are oversold. The other sources of revenue were reported as appearing to be managed appropriately, but noted opportunities to increase precision on projections and estimates utilizing a gross analytical test on permit revenue taking into account accrual adjustments, conducted on a year-end basis to assess reasonableness of revenue and validating revenues in order to have an accurate baseline for the next year’s projections, and track revenues by source.

The largest expense is the overhead charge for top management of Commuter Services, which is allocated to all revenue producing operations and subsidiaries, and personnel services are the second most significant expense, which includes invoices paid to Diamond Parking Services (Diamond) and Star Protection Agency (Star) for primarily human resources related services.

Questions and comments were raised regarding the significant increase in outstanding citations not forwarded for collection in 2015, what process and rationale was used in determining whether citations are forwarded; whether OIA looked at past years revenue by category such as numbers of permits to determine if it was static, increasing or decreasing. Other questions regarded whether the $8 million in R&M projects were part of the university’s overall $500 million backlog of deferred maintenance (DM); and that administration consider looking into initiatives to streamline processes to generate revenue next legislative session.

Administration explained the outstanding citation policies and procedures and the impact of cumbersome rulemaking processes that impedes increasing fees to generate revenues critical to addressing DM backlog. Administration will continue working with the Legislature to streamline the rulemaking process to give the university the greatest flexibility.
It was noted that special events incur additional expenses for services provided by Diamond and Star, and OIA asked if these additional expenses would be covered by additional revenues from those events. OIA recommended Commuter Services attempt to quantify these revenues and track to ensure adequate revenue recovery, or consider amending the facility use agreement with outside parties to allow invoicing after-the-fact. OIA also recommended that Commuter Services monetize citation information to realize all cash generated. Currently, students with outstanding citations have a hold placed in Banner that prevents them from registering for classes for getting transcripts, however, if those citations are forwarded to collections the hold is removed. OIA recommended that Commuter Services should consider leaving the hold in Banner until the obligation is collected. OIA also recommended that Commuter Services get an updated assessment of R&M, and identify the potential sources of funding. Lastly, OIA did a peer comparison with west coast public higher education institutions, and found that the fees being charged are very competitive and towards the lower end.

Questions and comments were raised regarding whether the current demand exceeds available stalls, prioritization and metrics to measure success, the future plans to meet demand (e.g., increase parking stalls, build facilities) and increase revenue to defray operating costs. Commuter Services agreed to OIA’s recommendations for improvement. The committee requested Commuter Service obtain updated construction cost per stall factoring in inflation, and consideration of reducing contracting services by utilizing in-house support (e.g., student help), and a time to expect the management formal written response.

It was explained how Commuter Services oversubscribes permits and lots are full, maximizing revenue and space, noting peak hours of 9:00 a.m. to 1:00 p.m., and that all faculty and staff receive permits, with the remainder going to students based on seniority. Additional parking facilities are cost prohibitive and contrary to initiatives to alleviate congestion on campus with alternative transportation initiatives to encourage students and others to not drive (e.g., shuttle services, Enterprise, carpool passes, U-Pass, etc.). Administration explained its preference to move forward with a parking rate increase because of the flexibility and elasticity in the rates that would allow Commuter Services to adequately maintain the facilities, and the current revenue stream parking is maximized. Commuter Services is also looking at utilizing technology to stream processes and reduce contracted labor expenses and minimize the impact of a rate increase. Commuter Services agreed with the recommendations in general and will provide a thorough management response by the beginning of May. Regarding the audit for Enterprise rent a car, OIA felt the current monitoring methods were sufficient, however, this was a pilot program that is under review and Commuter Services can take that into consideration moving forward. Contracted services are now limited to renewable one year terms subject to rate adjustments, to address collective bargaining issues. In-house services are more expensive than contracted labor that are especially with highly flexibility positions that require on-call hours. Student hires do help in the office, and with maintenance and parking control.

Regent Higaki moved that the Internal Audit Report on UHM Commuter Services be accepted. Committee Vice Chair Kudo seconded the motion, and the motion carried upon unanimous approval.
Regarding the status of the housing audit. Director Shizumura responded the flow of information has been slower than expected, but was informed this week that all information is expected this week. Committee Vice Chair Kudo requested Director Shizumura let him know if things do not go as expected.

V. **ADJOURNMENT**

There being no further business, Board Chair Moore moved to adjourn, and Regent Higaki seconded, and with unanimous approval, the meeting was adjourned at 10:02 a.m.

Respectfully Submitted,

/S/

Cynthia Quinn
Executive Administrator and
Secretary of the Board of Regents