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**Notice of Meeting  
UNIVERSITY OF HAWAI'I**

**BOARD OF REGENTS COMMITTEE ON INDEPENDENT AUDIT**

Members: Regents Kudo (Chair), Acoba (Vice-Chair), Higaki, Nahale-a, and Paloma

**Date:** Wednesday, June 1, 2022  
**Time:** 10:30 a.m.  
**Place:** University of Hawai'i at Mānoa  
Information Technology Building  
1st Floor Conference Room 105A/B  
2520 Correa Road  
Honolulu, HI 96822

**See the Board of Regents website to access the live broadcast of the meeting and related updates: [www.hawaii.edu/bor](http://www.hawaii.edu/bor)**

**AGENDA**

- I. Call Meeting to Order**
- II. Approval of Minutes of the April 7, 2022 Meeting**
- III. Public Comment Period for Agenda Items:**

All written testimony on agenda items received after posting of this agenda and up to 24 hours in advance of the meeting will be distributed to the board. Late testimony on agenda items will be distributed to the board within 24 hours of receipt. Written testimony may be submitted via the board's website through the testimony link provided on the Meeting Agendas, Minutes and Materials page. Testimony may also be submitted via email at [bor.testimony@hawaii.edu](mailto:bor.testimony@hawaii.edu), U.S. mail at 2444 Dole Street, Bachman 209, Honolulu, HI 96822, or facsimile at (808) 956-5156.

Those wishing to provide oral testimony virtually may register [here](#). Given the constraints with the format of hybrid meetings, individuals wishing to orally testify virtually must register no later than 7:00 a.m. on the day of the meeting in order to be accommodated. Registration for in-person oral testimony on agenda items will also be provided at the meeting location 15 minutes prior to the meeting and closed at the posted meeting time. It is highly recommended that written testimony be submitted in addition to registering to provide oral testimony. Oral testimony will be limited to three (3) minutes per testifier.

All written testimony submitted are public documents. Therefore, any testimony that is submitted orally or in writing, electronically or in person, for use in the public meeting process is public information and will be posted on the board's website.

- IV. Agenda Items**

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For disability accommodations, contact the Board Office at (808) 956-8213 or [bor@hawaii.edu](mailto:bor@hawaii.edu). Advance notice requested five (5) days prior to the meeting.

- A. Annual Review of Committee Charter
- B. Approval of Proposed Internal Audit Work Plan for Fiscal Year (FY) 2022-2023
- C. Review and Acceptance of Draft Committee on Independent Audit Annual Report to the Board
- D. Approval of Selection of Accuity, LLP for Audit and Accounting Services as External Auditors, for FY 2022 through FY 2024
- E. Review and Acceptance of Evaluation of the Maunakea Revised Management Structure
- F. Review and Acceptance of the University Bookstore System Status of Corrective Action
- G. Review and Acceptance of Waikīkī Aquarium Status of Corrective Action
- H. Review and Acceptance of the Review of the Masters of Business Administration for Executives in Vietnam Program
- I. Update on Review of University of Hawai'i Revolving Funds at the Research Corporation of the University of Hawai'i
- J. Audit Project Status Update
- K. Whistleblower Report
- L. Committee Annual Review

**V. Executive Session (closed to the public):**

A. Personnel: *(To consider the hire, evaluation, dismissal, or discipline of an officer or employee, where consideration of matters affecting privacy will be involved, pursuant to Section 92-5(a)(2), Hawai'i Revised Statutes)*

- 1. Evaluation of the Director of Internal Audit

**VI. Adjournment**

**DISCLAIMER – THE FOLLOWING ARE DRAFT MINUTES AND ARE SUBJECT TO FURTHER REVIEW AND CHANGE UPON APPROVAL BY THE COMMITTEE**

**MINUTES**

**BOARD OF REGENTS COMMITTEE ON INDEPENDENT AUDIT MEETING**

**APRIL 7, 2022**

**I. CALL TO ORDER**

Chair Benjamin Kudo called the meeting to order at 9:02 a.m. on Thursday, April 7, 2022, with regents participating from various locations.

Committee members in attendance: Chair Benjamin Kudo; Vice-Chair Simeon Acoba; Regent Wayne Higaki; Regent Alapaki Nahale-a; and Regent Diane Paloma.

Others in attendance: Regent Randy Moore; Regent Eugene Bal; Regent William Haning; and Regent Ernest Wilson (ex officio committee members); Vice President (VP) for Administration Jan Gouveia; VP for Community Colleges Erika Lacro; VP for Legal Affairs/University General Counsel Carrie Okinaga; VP for Research and Innovation Vassilis Syrmos; VP for Information Technology/Chief Information Officer Garret Yoshimi; VP for Budget and Finance/Chief Financial Officer Kalbert Young; UH West O‘ahu Chancellor Maenette Benham; Executive Administrator and Secretary of the Board of Regents (Board Secretary) Kendra Oishi; and others as noted.

**II. APPROVAL OF MINUTES**

Chair Kudo inquired if there were any corrections to the minutes of the December 2, 2021, committee meeting which had been distributed. Hearing none, the minutes were approved.

**III. PUBLIC COMMENT PERIOD**

Board Secretary Oishi announced that the Board Office did not receive any written testimony, and no individuals signed up to provide oral testimony.

**IV. AGENDA ITEMS**

**A. Review and Acceptance of University Real Property Lease Management Status of Corrective Action**

Glenn Shizumura, Director of the Office of Internal Audit (OIA), reported on the status of corrective actions taken by the university’s Office of Strategic Development and Partnership (OSDP) to address improvement opportunities and mitigate risks documented in a report dated April 9, 2021, titled “University of Hawai‘i Review of Real Property Lease Management”. He reviewed several of the objectives of the initial audit, as well as recommendations contained within the audit report, noting that OIA has concluded that all recommended corrective actions have been implemented by OSDP.

Vice-Chair Acoba moved to accept the university real property lease management status of corrective action report, seconded by Regent Higaki, and the motion carried with all members present voting in the affirmative.

**B. Amendment to Internal Audit Work Plan for 2021–2022 (Work Plan)**

Internal Auditor Shizumura explained the rationale for the addition of a project to the Work Plan that would evaluate the university's new management structure for Maunakea contained within the recently adopted internal restructuring plan for management operations of Maunakea lands (Restructuring Plan). He also reviewed the objectives and purpose of the audit project, the auditing procedures that will be used, and the estimated time of performance and completion, stating that OIA was seeking committee approval to amend the Work Plan to include this project.

Referencing House Bill No. 2024 (HB 2024) which proposed to establish an alternative management structure for Maunakea and is currently pending before the Legislature, Vice-Chair Acoba asked about the impact passage of this bill would have on this audit project. Director Shizumura replied that the objective of the audit was to evaluate the Maunakea management structure contained within Restructuring Plan in addition to the status of corrective actions to address recommendations included in historical audit reports made by OIA. He added that it was his understanding that enactment of HB 2024 may result in the university no longer having management authority over Maunakea. Should this occur, it was his belief that this audit will become immaterial.

Chair Kudo remarked that, despite the uncertainty created by HB 2024 with respect to the management of Maunakea and the future of astronomy in Hawai'i, responsibility for the management of Maunakea lands associated with astronomy continues to rest with the university. As such, he suggested that the Work Plan be amended to include this audit project with the understanding that the project would be subject to legislative actions with respect to the university's role in the management of Maunakea lands.

Vice-Chair Acoba moved to approve the amendment to the Work Plan with a proviso that the project be subject to the outcome of pending legislative action, seconded by Regent Paloma, and the motion carried with all members present voting in the affirmative.

**C. Review of University of Hawai'i Revolving Funds at the Research Corporation of the University of Hawai'i (RCUH)**

Chair Kudo stated that this matter was placed on the agenda due to his receipt of a letter from State Senator Donna Kim dated February 17, 2021, expressing concerns about the use of revolving fund accounts managed by RCUH and requesting that this matter be reviewed and discussed at a meeting of the Committee on Independent Audit (IA). Senator Kim also asked that an audit of revolving accounts managed by RCUH be initiated should IA deem it necessary.

VP Syrmos explained that a task force was recently established to examine the relationship between the university and RCUH and noted that an early recommendation

from the task force was to review, streamline, and clarify transactions occurring between the university and RCUH, and scrutinize these transactions to ensure compliance with applicable requirements. He also provided a historical overview on the existence of revolving fund accounts at the university, as well as the rationale for their placement within RCUH; discussed administrative and executive policies, as well as federal requirements, governing revolving fund accounts; spoke about a new executive policy that was established to address issues discovered in the task force's review; reviewed alternatives to the use of revolving funds; and offered a comparative analysis of the university's revolving fund account oversight role in relation to peer R1 research institutions noting that the administration has established a dedicated position to monitor revolving fund accounts. Ongoing administrative actions as well as anticipated actions that will be taken with respect to revolving fund accounts were reviewed with the expectation that additional recommendations will be forthcoming as the task force continues to move forward with its charge.

Regent Wilson asked about the role of the board's Committee on Research and Innovation (R&I) in this issue given the committee's subject matter jurisdiction. VP Syrmos replied that, to the best of his knowledge, revolving fund accounts were not reviewed for compliance by the administration or R&I in the past as responsibility for these matters was transferred from the Office of the Vice President for Research and Innovation to the individual campuses. He stated that the lack of centralized control for revolving fund accounts was one of the concerns raised and that the administration is working towards correcting this issue.

Citing user fees paid for certain projects, Regent Wilson questioned the impacts these fees had on the overall research and development efforts of the university. VP Syrmos stated that user fees should not have any impacts on the university's research and development efforts given that they mainly involve financial transactions.

Chair Kudo requested clarification on the approach being used to review the 365 revolving fund accounts currently in existence and whether certain accounts were being prioritized for review. VP Syrmos stated that the administration is prioritizing its examination of revolving fund accounts based upon three main factors including whether the accounts are appropriate under current policies, are carrying large balances or deficits, and are essential for day-to-day research operations. He noted that, to date, the review has discovered approximately two dozen accounts that the administration believes do not satisfy established requirements and discussions are ongoing with the responsible campuses to address this matter.

Chair Kudo asked if his understanding was correct that the administration was anticipating that the review of all revolving fund accounts would be completed in one-year. VP Syrmos responded in the affirmative. Chair Kudo expressed his belief that this review could be completed in a much shorter period of time and inquired about the reason for the lengthy timeframe. VP Syrmos clarified that the actual review of revolving fund accounts and determining a course of action should be completed by the end of the current fiscal year. However, implementation of corrective actions will take time. Additionally, the administration believes that coinciding changes with the start of the new fiscal year in 2023 would allow for a smoother transition. Chair Kudo requested

that the administration report back to the committee in three months on the status of the review of the accounts themselves, as well as any anticipated corrective actions, and provide an estimated timeframe for completion of these corrective actions. VP Syrmos acknowledged the request stating that the account review will be completed in the next few months and agreed to provide a status at that time.

Regent Acoba noted that one of the recommended actions presented involved the closing of RCUH revolving fund accounts and the establishment of these accounts in the university's Kuali Financial System (KFS), with certain exceptions for necessary service orders. He questioned what constituted a necessary service order and whether this action meant that RCUH will no longer be associated with any revolving fund accounts. VP Syrmos replied that necessary service orders referred to service orders applicable to procurement or personnel services. He also explained that centralizing control of revolving fund accounts by placing them in KFS would allow for a better understanding of the university's overall financial picture and a more accurate portrayal of this picture in reports made by the administration.

Referencing RCUH's involvement with activities with respect to Cancer Center facilities, Regent Acoba asked if actions being proposed by the administration regarding revolving fund accounts and service orders would impact any of these activities. VP Syrmos stated that actions being proposed by the administration should not impact activities involving the Cancer Center. However, core facilities at the Cancer Center that currently provide services using revolving fund account monies will be required to service order these activities through RCUH going forward.

Regent Acoba asked whether actions proposed by the administration will impact fees charged by RCUH to the university. VP Syrmos replied that fees will need to be adjusted accordingly and it is anticipated that accounts with large balances would witness a decrease in fees whereas accounts with large deficits would experience an increase in fees.

Noting the statutory alternatives to the use of revolving funds that were presented, Regent Acoba requested clarification on the administration's method for determining which alternative to use. VP Syrmos responded that, by definition, the majority of the revolving fund accounts fall under the guise of the statutorily-established University of Hawai'i Auxiliary Enterprises Special Fund and will therefore be placed in that special fund. The University of Hawai'i Commercial Enterprises Revolving Fund is another statutorily established alternative but is geared more towards revenues derived from commercial enterprises such as H Zone.

Regent Acoba asked whether the administration's proposed actions constituted a substantial change to the way the university will be managing research funds in the future. VP Syrmos stated that these actions will not substantially change the way the university will be managing research funds in the future. Rather, he expressed his belief that they will ensure proper management of research funds.

Regent Wilson inquired about the major benefit of the actions being proposed by the administration. VP Syrmos replied that, through these actions, the administration will

gain a better understanding of the liabilities and exposures associated with the various revolving fund accounts and allow it to provide a complete and more accurate picture of the university's finances. Additionally, these actions will ensure compliance with federal financial requirements for research funding.

Regent Acoba requested clarification about revolving fund account deficits and whether the university needed to act to cover these deficits. VP Syrmos replied that, in the aggregate, the revolving fund accounts currently have a balance of \$12 million. However, some individual accounts do have deficits and action needs to be taken to address these deficits that might entail raising fees or closing of accounts.

Citing a comment made that revolving fund accounts are similar to checking accounts, Chair Kudo asked whether the accounts were being regularly monitored for appropriateness of account transactions. VP Syrmos stated that responsibility for monitoring these accounts currently rests with the principal investigator (PI) and campus fiscal officer.

Chair Kudo expressed his concerns with respect to account oversight and monitoring, particularly given the large amount of funds contained within some of the accounts, and asked whether safeguards were in place to ensure appropriate use of revolving fund account monies. VP Syrmos replied that current safeguards exist at higher levels within the administration. However, transferring the revolving fund accounts to KFS will allow for centralized oversight and increased monitoring of these accounts. In addition, bringing the accounts under the oversight of the university through KFS will result in these accounts being subject to regular financial audits performed by the university. Chair Kudo stated that, despite these assurances, he remained concerned about regular monitoring of these accounts and requested that the administration include a recommended mechanism to address these concerns when it reports back to IA on the status of the revolving fund account review.

Regent Paloma noted that she was one of the regents appointed to serve on the RCUH Board and remarked she will closely monitor this issue. VP Syrmos thanked Regent Paloma and praised the cooperative manner in which RCUH has worked with the university on this matter.

Regent Acoba asked if it was customary for a PI to carry a deficit on a project and if this was something that the university needed to include in its budget. VP Syrmos replied that deficits within a revolving fund included short term deficits, such as those associated with the purchase of large pieces of equipment, and longer-term structural deficits which are subsidized. He stated that administration is seeking to close accounts with structural deficits. Regent Acoba suggested that information about liabilities that may impact the university's budget and require board action be presented as part of the report made to IA on the status of the revolving fund account review.

Chair Kudo concurred with Regent Acoba's suggestion and requested the Board Secretary to make note of the requested information to be included in the next status update on the review of revolving fund accounts.

**D. Audit Project Status Update**

Internal Auditor Shizumura provided a status update on the projects and audits outlined in the Work Plan and presented a chart indicating new and ongoing carryover projects and their current status. He highlighted that the evaluation of the university's new management structure for Maunakea was added to the list of projects on the Work Plan in anticipation of receiving IA approval and noted that OIA has already begun preliminary work on this project due to the compressed timeframe for completion.

Regent Acoba asked if progress has been made in completing the report for the audit conducted on the Vietnam Executive Master of Business Administration (VEMBA) Program at the Shidler College of Business. Internal Auditor Shizumura replied that OIA has concluded its report and is awaiting the issuance of a final corrective action response from VEMBA. Upon receipt of a completed corrective action response, OIA will prepare a final report for presentation to IA. Regent Acoba expressed his dismay at the apparent lack of cooperation with respect to the VEMBA audit and questioned whether it would be helpful to invite the executives overseeing VEMBA to a meeting of the committee to discuss questions raised by OIA. Internal Auditor Shizumura responded in the affirmative, provided that a response is not received in the near future. Regent Acoba requested that executives overseeing VEMBA be extended an invitation to the next IA meeting to discuss the program's pending response to concerns raised by OIA in its audit report.

Chair Kudo agreed with Regent Acoba's request and asked Board Secretary Oishi to request the presence of the appropriate individuals related to the VEMBA audit at the next IA meeting.

**E. Whistleblower Report**

Internal Auditor Shizumura provided an overview of the whistleblower summary and tracking reports and reviewed some of the specific information contained within these reports noting that, while cases involving employment or human resources-related issues continue to be a large portion of the whistleblower cases report, cases involving health and safety issues related to the COVID-19 pandemic have been a major cause of whistleblower complaints since July 1, 2021.

Regent Acoba questioned whether the complaints regarding athletics were still pending and whether the general details of these complaints were publicly available. Internal Auditor Shizumura replied that the six complaints received about athletics have been resolved and closed. He noted that reports on complaints involving athletics are forwarded to Athletic Director David Matlin. As such, AD Matlin would be able to provide more information on these complaints and their resolution.

**F. Enterprise Risk Management (ERM) Update**

VP Gouveia provided an ERM update noting that the administration continually assesses risk exposures to the university as part of its internal control process. She stated that this provides the administration with the opportunity to report to the committee on any areas of concern, from a risk management standpoint, that it believes



should be addressed by the board. VP Gouveia noted that the top risk categories identified by the administration were financial resiliency and the maintenance of health and safety. The administration will be reviewing the risk heat map over the coming weeks to update and reevaluate the two highest risk categories moving forward and will report its findings to the committee during the next ERM update.

Chair Kudo reiterated his concerns with respect to revolving fund account oversight and monitoring and inquired as to whether these types of issues were a part of the risk management assessment. VP Gouveia replied that risk management assessment is general and broad in nature and not specific to one issue. Chair Kudo requested that VP Gouveia discuss concerns raised with respect to the oversight and monitoring of revolving fund accounts with VP Syrmos as he believed this was a potential risk factor that should be considered when evaluating ERM.

**V. ADJOURNMENT**

There being no further business, Chair Kudo adjourned the meeting at 10:14 a.m.

Respectfully Submitted,

Kendra Oishi  
Executive Administrator and Secretary  
of the Board of Regents

## [D.] Independent Audit Committee

**§304A-321 Independent audit committee; established; powers; duties.**

(a) There is established within the board of regents of the University of Hawaii an advisory body to be known as the independent audit committee.

(b) The independent audit committee shall consist of at least three members but no more than five members who shall be appointed by the chairperson of the board of regents, from among the members of the board of regents, except as provided in this subsection. The chair of the independent audit committee shall be selected in a manner consistent with the bylaws of the board of regents.

The independent audit committee shall include one or more individuals with financial expertise.

(c) The board of regents shall generally:

- (1) Establish the charter of the independent audit committee and set forth its members' roles and responsibilities;
- (2) Consider changes to the independent audit committee's charter that are necessary in response to new laws, regulations, and best practices; and
- (3) Conduct an annual review of the independent audit committee's charter to reassess its adequacy and adopt any proposed and necessary changes to the charter.

(d) The independent audit committee shall be exempt from chapter 91 and part I of chapter 92 to the extent that the independent audit committee is engaging in discussions with internal or external auditors on matters that should remain confidential in accordance with nationally recognized best practices for independent audit committees, or in proceedings arising from an investigation by the independent audit committee relating to potentially actionable civil or criminal conduct, regardless of whether the investigation is pending or outstanding. At the discretion of the chair of the independent audit committee, discussions under this subsection may be held in the absence of the president of the University of Hawaii or the chief financial officer of the university.

(e) The independent audit committee shall undertake professional development to improve the financial expertise of the independent audit committee as a whole, including:

- (1) Attendance at seminars and conferences;
- (2) Attendance at educational sessions including special speakers; and
- (3) The study of analytical tools for audit committees.

(f) The independent audit committee shall engage in oversight relating to enterprise risk management including:

- (1) Providing oversight of risk management, which shall include determining overall strategy and influencing the university's risk philosophy;
- (2) Inquiring of the president of the University of Hawaii, the chief financial officer of the university, and external auditors about significant risks or exposures faced by the university;
- (3) Assessing steps that the president of the University of Hawaii has taken or proposes to take to minimize those risks to the university and periodically reviewing compliance with those steps; and
- (4) Reviewing with the general counsel of the University of Hawaii, external auditors, external counsel, and the chief financial

officer of the university legal and regulatory matters that, in the opinion of the president of the University of Hawaii, may have a material impact upon the financial statements, related organization compliance policies, and programs and reports received from regulators.

(g) The independent audit committee shall hold meetings as needed to address matters on its agenda, not less frequently than twice per year. The independent audit committee may request the president of the University of Hawaii or others to attend its meetings or to provide pertinent information as necessary. The board of regents shall provide in the charter of the independent audit committee for the independent audit committee to take action between meetings by unanimous consent.

(h) The independent audit committee shall review its effectiveness annually and shall prepare, or oversee the preparation of, an annual report to the board of regents.

(i) The annual report of the independent audit committee shall address other matters affecting the management and organization of the University of Hawaii by engaging in functions, including:

- (1) Reviewing with the president of the University of Hawaii and an external auditor retained pursuant to subsection (r) the effect of any regulatory and accounting initiatives and unique transactions, including relationships with legally separate entities, to determine whether the accounting for those transactions applied best practices;
- (2) Reviewing significant related party transactions;
- (3) Reviewing with the president of the University of Hawaii and the chief financial officer of the university, any interim financial reports or reports on internal control issued with respect to the university since the last meeting of the independent audit committee; and
- (4) Reviewing with an external auditor who performs an audit the following:
  - (A) All critical accounting policies and practices used by the external auditor; provided that:
    - (i) All alternative treatments of financial information within generally accepted accounting principles have been discussed with the president of the University of Hawaii;
    - (ii) The ramifications of each alternative are discussed; and
    - (iii) The treatment preferred by the university is discussed;
  - (B) Any consultation with audit firms other than the external auditor, including the reasons for, and results of, the consultation; and
  - (C) Any other information relating to significant estimates and judgments.

(j) The independent audit committee shall also review with any external auditor and the chief financial officer of the university matters affecting internal control and an internal audit, including:

- (1) The adequacy of the University of Hawaii's internal control, including computerized information system controls and security; and
- (2) Any related significant findings and recommendations of the internal and external auditors, together with the responses of the president of the University of Hawaii.

(k) The independent audit committee shall also review matters affecting the accounting policies and procedures of the University of Hawaii by:

- (1) Ensuring that accounting policies, procedures, and related controls are documented and reviewed with the independent audit committee;
- (2) Reviewing accounting controls annually;
- (3) Reviewing with the president of the University of Hawaii policies and procedures with respect to officers, key employees, and disqualified persons as defined under section 4958 of the Internal Revenue Code of 1986, as amended; and
- (4) Inquiring of the president of the University of Hawaii and the chief financial officer regarding the financial health of the university.

(l) The independent audit committee shall review the University of Hawaii's antifraud programs and controls and aid in discovering and remedying incidences of fraud.

(m) Notwithstanding part V of chapter 378, the independent audit committee shall review:

- (1) Procedures for the receipt, retention, and treatment of complaints received by the University of Hawaii regarding accounting, internal accounting controls, auditing matters, or suspected fraud that may be submitted by any party internal or external to the university; and
- (2) As the independent audit committee deems necessary, complaints that may have been received, the current status of such complaints, and the resolution of such complaints, if any resolution has been reached;

provided that any person who makes a complaint covered by this section shall be accorded the same protections as under part V of chapter 378.

(n) With regard to internal control and any internal audit, the independent audit committee shall also:

- (1) Review with any external auditor, the chief financial officer of the university, and the comptroller the audit scope and plan of the internal auditors;
- (2) Address the coordination of audit efforts to ensure the completeness of coverage, reduction of redundant efforts, and the effective use of audit resources; and
- (3) Discuss with the chief financial officer of the university and the external auditor opportunities for reliance by the external auditor on the audit activities of any internal audit.

(o) For internal audits, the independent audit committee shall review the following with the president of the University of Hawaii and the chief financial officer of the university:

- (1) Significant findings of internal audits conducted during the university's previous and current fiscal year and the president's responses;
- (2) Whether internal auditors have encountered difficulties in discharging their responsibilities in the course of their audits, such as any restrictions on the scope of their work or access to required information;
- (3) Any changes required in the scope of internal audits;
- (4) The budget and staffing of internal audit operations;
- (5) An audit plan to govern internal audits; and

(6) The compliance of internal audits with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

(p) Internal auditors shall meet separately with any external auditor to coordinate audit plans to optimize the ability of the external auditor to rely upon the results of the internal audit team.

(q) The independent audit committee shall annually evaluate the performance of any internal audit, including:

- (1) The adequacy of the audit plan;
- (2) The management of the execution of the audit plan;
- (3) The adequacy of human and other resources available to execute the audit plan;
- (4) The ability of any external auditor to rely upon the internal audit work product in the annual audit performed by an external auditor retained pursuant to subsection (r); and
- (5) The nature of the findings or results of any internal audits.

(r) Subject to approval by the board of regents, the independent audit committee shall select one or more external auditors to be retained by the University of Hawaii. The independent audit committee shall:

- (1) Approve an audit plan;
- (2) Establish the audit fees of any external auditor;
- (3) Pre-approve any non-audit services provided by the external auditor, including tax services, before such services are rendered;
- (4) Review with the president of the University of Hawaii the significance of contracting out audit services; and
- (5) Ensure that single audit obligations are incorporated into an annual audit plan.

(s) The independent audit committee shall review all material written communications between any external auditor and the president of the University of Hawaii, including any management letter or schedule of unadjusted differences.

(t) The independent audit committee shall annually evaluate any external auditor; provided that communications with the external auditor in the evaluation shall be done so as to maintain the open flow of communication between the external auditor and the independent audit committee.

(u) The independent audit committee shall review the following matters relating to any annual audit with the president of the University of Hawaii and any external auditor:

- (1) The university's annual financial statements and related footnotes;
- (2) The external auditor's audit of the financial statements and the external auditor's report;
- (3) The external auditor's judgments about the quality of the university's accounting principles as applied in the university's financial reporting;
- (4) Any significant changes required in the external auditor's audit plan;
- (5) Any serious difficulties or disputes with the president of the University of Hawaii encountered during the audit; and
- (6) Matters to be discussed by the Statement on Auditing Standards No. 114, The Auditor's Communication with those Charged with

Governance (AICPA, Professional Standards), related to the conduct of any annual audit.

(v) The independent audit committee may hire external auditors, legal counsel, or other consultants as necessary, to address any issues arising from:

- (1) The execution of the whistleblower protection procedures subject to subsection (m);
- (2) Any statutory or contractual procedures when engaging external resources; and
- (3) The detection of fraud.

(w) The independent audit committee shall submit an annual report to the board of regents and the legislature no later than twenty days prior to the convening of each regular session of the legislature on matters that include the following:

- (1) All instances of material weakness in internal control, including the responses of university management; and
- (2) All instances of fraud, including the responses of university management. [L 2013, c 87, §5; am L 2021, c 172, §1]

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[Chapter 34A](#)

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Bylaws of the Board of Regents as of March 17, 2022 (ARTICLE II.D.2.e.):

e. Committee on Independent Audit

- (1) Advise the Board regarding the Board's responsibilities to oversee:
  - (a) the quality and integrity of the University's compliance with legal, regulatory and policy requirements, financial reporting and financial statements, and internal controls related to risks;
  - (b) the function, disclosures, and performance of the University's compliance, internal control, and risk management systems regarding ethics and compliance, risk, finance, and accounting, and the adequacy of such systems; and
  - (c) the independent certified public accountant's qualification, independence and performance, as well as performance of the internal audit function.
- (2) Review the annual internal audit plan and the extent to which it addresses high risk areas.
- (3) Review the annual report of the internal audit department and discuss significant issues of internal controls with the Internal Auditor and management.
- (4) Discuss the planned scope of the annual independent audit with the independent certified public accountants and review the results of the audit with the independent certified public accountants and management.
- (5) Receive and review the annual certified financial reports with the independent certified public accountants and management.
- (6) Recommend to the Board the certified public accountants to serve as the independent auditor, and their fees.
- (7) Revise the scope of the annual audit, and approve any services other than audit and audit related services provided by the certified public accountants.
- (8) Provide recommendations to the Board regarding approval of the internal audit mission statement, the committee's charter, and other governance documents related to both internal and external compliance and auditing activities at the University.

UNIVERSITY OF HAWAII  
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OFFICE OF INTERNAL AUDIT

Audit Plan

*For the Fiscal Year Ended June 30, 2023*

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For the Committee on Independent Audit of the Board of Regents

*May 2022*





## Overview

The University of Hawai'i (University) Office of Internal Audit (Internal Audit) has developed this audit plan for the fiscal year ended June 30, 2023 (Audit Plan) as required by the Charter of the Office of Internal Audit of the University of Hawai'i (Charter). The primary purpose of the Audit Plan is to document Internal Audit's role, objectives, and goals underlying its intent to contribute to the University's continued success.

Pursuant to the Bylaws of the BOR (Article II, Section D, 2.) and Hawaii Revised Statutes §304A-321, the University's Board of Regents (BOR) Committee on Independent Audit (Audit Committee) is responsible for reviewing and approving the Audit Plan and significant changes to the Audit Plan. The Audit Committee is also responsible for evaluating the extent to which the Audit Plan addresses high risk areas.

As set forth in its Charter, Internal Audit's mission is to assist the BOR and University Management (President, Senior Management Team, Chancellors and Vice Chancellors) in fulfilling their oversight, management, and operating responsibilities. This is accomplished through providing independent and objective assurance and consulting services conducted in a systematic and disciplined approach to evaluate, add value, and improve the University's operations while simultaneously mitigating the University's risk. Internal Audit services are described below:

### **Assurance Services**

Assurance services may vary depending on the nature of the engagement, its objectives and type of assurance desired. Assurance services include the following:

- Financial audits and reviews – determine the fairness, accuracy, and reliability of financial information presented in accordance with established or stated criteria.
- Attestation engagements – examination, review, or agreed-upon procedures on a subject matter, or an assertion about a subject matter (including financial information).
- Operational reviews – evaluate an area, department, or functional operation for the purpose of evaluating efficiency and effectiveness.
- Compliance reviews – address adherence to laws, regulations, policies and procedures, and terms and conditions of contracts/agreements.
- Follow-up reviews – evaluate the status of corrective actions on internal or external audit findings reported in a previously completed audit report.

### **Consultation and Investigation Services**

Consultations are similar to operational reviews. The nature and scope of consultation services are to add value and improve the auditee's governance, risk management, and control processes without Internal Audit assuming management responsibility. Investigations may relate to fraud, waste and/or abuse complaints reported to the BOR office, University management or the whistleblower hotline.

Internal Audit has also been consulted on generally accepted accounting principles and its application, accounting and operational process analyses and related internal control matters. Internal Audit also provides guidance and consults with auditees in connection with implementing corrective actions to address Internal Audit recommendations. Internal Audit is always available to become involved in planning committees, policy and guidance development, and other University strategic efforts in order to promote internal controls, quality processes, and the alignment of resources in the planning and implementation stages.



### **Audit Plan Development and Objectives**

As in prior years, the Audit Plan was developed using a risk-based approach and considered Internal Audit's available resources. Executive Policy (EP) 8.204, *University Audits* states that the University's Vice President for Budget and Finance/Chief Financial Officer (CFO) shall serve as the President's designee to work with Internal Audit in the planning and coordination of internal audits. Accordingly, the Director of Internal Audit consults and obtains feedback from the University's President, CFO and University Vice President for Administration (commencing with the fiscal year 2023 Audit Plan) with respect to potential audit projects to be included in the annual Audit Plan. Criteria used in selecting audit projects include providing coverage of higher risk departments/units/functions including revenue generating operations (University Housing, student housing, parking operations, Community College food service operations, Bookstore operations, etc.) and a University campus, school or department (University Unit) with identified cash receipts internal control matters (Bookstore operations, Vietnam Executive Masters of Business Administration program). Other audit projects result from areas of concern identified by the Board of Regents (BOR) and University management (Waikiki Aquarium, Maunakea, Maunakea Restructuring Plan, University of Hawai'i at West O'ahu – Review of Certain Kamehameha Schools Funded Programs, etc.). The following are also considered in preparing the Audit Plan:

- Matters discussed at periodic Audit Committee meetings.
- Observations and findings contained in historical reports issued by Internal Audit. In addition, certain University departments and/or functions may be reviewed as a result of:
  - audit issues identified in connection with fiscal 2022 audit projects that warrant further analysis
  - audit issues noted in departments and/or functions with similar operations and/or
  - unremediated audit findings.
- Review of the various Internal Control and Business Issues Reports issued by the University's external auditors.
- Meetings and discussions with Accuity LLP (Accuity) with respect to sensitive audit areas.
- Regulatory compliance.

Internal Audit designs audit procedures for projects listed in the Audit Plan to assess the following:

- Risks are appropriately identified and managed.
- Information is accurate, complete, reliable and timely.
- Employee actions comply with policies, standards, procedures and applicable laws and regulations.
- Operations are efficient and effective.
- Resources are acquired economically, used efficiently and adequately protected.
- Accountability systems are in place to ensure organizational and program missions, goals, plans and objectives are achieved.

This Audit Plan is a living document requiring continual monitoring and revision as conditions warrant. Flexibility is an inherently accepted part of the Audit Plan to accommodate audit requests from the Audit Committee and management that arise throughout the year. Accordingly, an Audit Plan approved by the Audit Committee may be supplemented with additional projects due to the sensitivity, high risk and/or media exposure associated with the additional project similar to the Audit Plan Supplement of the Maunakea Restructuring Plan audit approved by the Audit Committee in April 2022 and the Audit Plan Supplement of the University of Hawai'i West O'ahu – Certain Kamehameha Schools Funded Programs audit approved by the Audit Committee in February 2020. These additional projects may be the result of University President and Senior Management consultation with the BOR (including the Audit Committee). All revisions to the approved Audit Plan require Audit Committee concurrence. The ongoing support of the BOR, University Management, and other constituents in developing this Audit Plan and maximizing Internal Audit's effectiveness is greatly appreciated.



## Proposed Audit Projects July 1, 2022 to June 30, 2023

### External Audits

#### **Overview:**

During April 2018, Accuity was re-engaged to provide external audit services to the University for the three-year period ended June 30, 2021 with an option to extend the contract for an additional year. Accuity was re-selected as the University's external auditor through the year ended June 30, 2024 with extension options. Accuity is scheduled to perform the following audits for the year ended June 30, 2022:

- Single Audit – University of Hawai'i
  - Financial Statements
  - Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)
- Intercollegiate Athletics – University of Hawai'i at Mānoa (UHM Athletics)
  - NCAA Agreed-Upon Procedures

The University consistently issues its financial statements prior to the due date established by the State of Hawai'i Comptroller for inclusion in the State of Hawai'i's Comprehensive Annual Financial Report.

Historically, Internal Audit has provided up to 1,000 hours of external audit assistance to decrease Accuity's audit hours and related audit fees. The current Accuity audit contract is priced with and without the 1,000 hours of external audit assistance. Accuity's contract values the 1,000 hours of external audit assistance at \$65,000. The University's Vice President of Budget and Finance/Chief Financial Officer has requested that Internal Audit continue to provide the external audit assistance. A description of Accuity's audit services are as follows:

#### 1. Single Audit (Uniform Guidance) – University of Hawai'i

Federal regulations require that organizations (state/local governments and non-profits) expending federal awards in excess of \$750,000 are subject to the Single Audit requirements of OMB Uniform Guidance. The University's Schedule of Expenditures of Federal Awards for the year ended June 30, 2021 noted approximately \$533 million in federal expenditures.

A Single Audit requires an examination by an independent certified public accountant of the financial records, financial statements, federal award transactions and expenditures, and internal control systems of the auditee. The Single Audit consists of financial statement and compliance audit components. Single Audit reports are generally required to be submitted to the federal government within 9 months after the organization's year-end (March 31 for the University).

The University is responsible for preparing the Management Discussion and Analysis, financial statements and related notes, supplementary information accompanying the financial statements, and the Schedule of Expenditures of Federal Awards (SEFA) and related notes. The University's external auditor is required to audit the University's financial statements and SEFA in accordance with *Government Auditing Standards* (Yellow Book) and the federal audit requirements of OMB Uniform Guidance.



Type:	Financial, Compliance
Period under audit:	July 1, 2021 – June 30, 2022
Est. time of performance:	August 2022 – December 2022

2. Intercollegiate Athletics – University of Hawai'i at Mānoa

University of Hawai'i at Mānoa Athletics is subject to an annual agreed-upon procedures review pursuant to NCAA requirements. The NCAA manual requires that Division I institutions submit financial data detailing operating revenues, expenses and capital expenditures related to its intercollegiate athletics program on an annual basis. The financial data shall be subject to annual agreed-upon verification procedures conducted by a qualified independent accountant who is not a staff member of the institution and who is selected by the institution's chancellor or president or by an institutional administrator from outside the athletics department designated by the chancellor or president.

Type:	Attestation (agreed-upon procedures)
Period under audit:	July 1, 2021 – June 30, 2022
Est. time of performance:	July 2022 – December 2022

**Audit Committee Assistance**

1. Whistleblower Hotline

The University whistleblower hotline and associated website was launched on June 15, 2016. The hotline/website is accessible globally 24 hours/day, 365 days/year and is available to University employees and the general public for the reporting of violations of law, rules or regulations in a confidential and anonymous manner.

Internal Audit and the Office of Risk Management have administrative roles with respect to the hotline and consult with campus personnel overseeing the investigation of claims received through the hotline. The Director of Internal Audit prepares and presents whistleblower reports at Audit Committee meetings.

2. Audit Committee Reports

Internal Audit will continue to assist the Audit Committee prepare the following reports required by Hawai'i Revised Statutes §304A- 321:

- a. Annual report to the BOR and the Hawai'i State Legislature (Legislature), no later than twenty days prior to the convening of each regular session of the Legislature on matters that include the following:
  - All instances of material weakness in internal control, including the responses of University management (to these instances); and
  - All instances of fraud, including the responses of University management (to these instances).

Historical reports submitted to the Legislature included documents prepared by Accuity noting that Accuity did not identify any matters that they considered to be material weaknesses in internal control over financial reporting and that they noted no instances of fraud or illegal acts.



- b. Annual report to the BOR to evaluate the effectiveness of the Audit Committee.

**Internal Audits**

**New:**

1. ASUH Investment Compliance

In connection with a review of the ASUH financial statements for the year ended June 30, 2017, Internal Audit noted that ASUH did not comply with various requirements of BOR Policy (RP) 8.207 *Investments*. The non-compliance matters were documented in Internal Audit’s November 15, 2017 correspondence to ASUH’s President and Senate. For the year ended June 30, 2018, Internal Audit performed an operational audit of ASUH’s Recognition for Service Awards and Graduate Test Preparation Awards. A component of this audit was to determine if the investment non-compliance matters documented in Internal Audit’s November 15, 2017 correspondence were remediated. Internal Audit’s report of ASUH’s Recognition for Service Awards and Graduate Test Preparation Award dated March 20, 2020 noted that the investment non-compliance matters identified in the November 15, 2017 report were remediated. However, Internal Audit identified a different non-compliance matter related to a lack of evidence supporting quarterly compliance with RP 8.207. ASUH stated that their investment consultants confirmed that ASUH complied with all requirements of RP 8.207. However, documentation from the investment consultants were not maintained and would be maintained on a go forward basis.

The BOR and University senior leadership believe that ASUH may be in non-compliance with RP 8.207 during 2021 and 2022. Accordingly, Internal Audit will evaluate ASUH’s compliance with RP 8.207 during the fiscal years ended June 30, 2023, 2022 and 2021.

Type:	Compliance a
Period under audit:	Years ended June 30, 2022 and 2021 and from July 1, 2022 through December 31, 2022
Est. time of performance:	November 2022 – January 2023

2. Outreach College

Outreach College at the University of Hawai’i at Mānoa (UHM) provides year-round learning opportunities during the day, evenings and weekends. The courses offered by Outreach College are categorized by Credit Programs, Summer Session, International Programs, Professional Programs or Community Programs (collectively “Programs”). Credit Program, Summer Session and the majority of Professional Program courses are developed and instructed with faculty from a UHM College, School or Department (UHM Unit).

During 2017, Internal Audit reviewed historical Outreach College’s financial statements and its related processes and controls to evaluate financial and operational risks and opportunities. Internal Audit’s report noted that total annual revenues for Outreach College ranged from \$34.5 - \$39.7 million during the four years ended June 30, 2017. Total revenues in excess of expenses during this period ranged from \$15.8 - \$18.2 million. Internal Audit’s report dated December 2017 identified several financial and operational improvement opportunities. These opportunities were implemented by the Outreach College during 2018 and 2019.



The University adopted Executive Policy (EP) 12.207, *Research Corporation of the University of Hawaii*, in January 2022. The purpose of this policy is to clarify the permissible activities that may be service ordered to the Research Corporation of the University of Hawaii (RCUH) and the employment status of University personnel supported by extramural contracts or grants received by the University or intramural funds administered by RCUH pursuant to a service order. Certain UHM colleges and departments that historically used RCUH to administer certain courses will no longer be allowed to do so pursuant to this policy.

Internal Audit was informed that Outreach College may be performing services similar to RCUH for certain UHM colleges and departments. Accordingly, Internal Audit will determine if certain UHM colleges and departments have a practice of engaging Outreach College to administer certain courses on their behalf thereby bypassing the standard UHM registration process. If Internal Audit determines the existence of this practice, Internal Audit will evaluate the permissibility of this practice and its financial impact. Potential financial impacts include the UHM college and department receiving increased financial benefits from this practice when compared to the financial allocation received from the UHM Business Office. In addition, students enrolled through the Outreach College and utilizing UHM facilities may not be subject to all fees assessed to other UHM students. Anticipated audit procedures may include the following:

- a) Research and review applicable University policies.
- b) Determine if certain UHM colleges and departments engage Outreach College to administer certain courses on their behalf.
- c) Evaluate permissibility and financial impact, if any, of Outreach College administering courses on behalf of UHM colleges and departments
- d) Other relevant procedures

Type:	Compliance, operational and financial
Period under audit:	Year ended June 30, 2022
Est. time of performance:	August 2022 – December 2022

### 3. Systemwide Financial Reserves

Higher education institutions maintain financial reserves for various reasons including the following:

- Temporary institutional revenue shortfalls or expenditure gaps,
- State funding uncertainties,
- Ongoing deferred maintenance needs,
- Strategic capital projects.
- Unanticipated or uninsured catastrophic events or legal obligations,
- Information technology system failures,
- Etc.

Board of Regents policy (RP) 8.203, *Reserve Policy*, and Executive Policy (EP) 8.210, *Systemwide Financial Reserves*, represents the University’s guidance with respect to financial reserves. Summarized excerpts from RP 8.203 and EP 8.210 are as follows:

- Emergency reserves (resulting from a financial crisis) should be sufficient to provide for continued operations of the University for a minimum of two months, calculated as 16% of the average general operating expenditures over the last three fiscal years.



- Each University unit (a budgeted campus/college/department) should maintain a minimum of five percent in unencumbered cash from all tuition and fee funds, to be calculated based upon recurring expenditures from those funds and general funds in the previous fiscal year; and a minimum of five percent in unencumbered cash from all other special and revolving funds, to be calculated based upon recurring expenditures from those funds in the previous fiscal year, and in addition to reserves for bond system projects required by bond resolutions or University policies.
- If a unit has operating reserves greater than 16 percent, the Chancellor or Vice President shall justify the need for such additional reserves as part of their biennium budget request.

The following are excerpts from the MD&A section of the University’s June 30, 2021 financial statements.

Page 8:

In November 2013, the University adopted a financial reserve policy to establish systemwide operating reserves from non-general fund revenue in amounts sufficient to provide continued operations for at least two months with a minimum of 5.0% unencumbered cash from all tuition and fee funds, special funds, and revolving funds. At June 30, 2021, 2020 and 2019, working capital amounted to \$420.2 million, \$329.2 million and \$307.1 million, respectively. The University is committed to maintaining a prudent level of working capital to fund operations, including pre-funding our extramural grants which are mostly paid on a cost reimbursement basis. Based on the \$1.7 billion of operating expenses (excluding depreciation) for the year ended June 30, 2021, the working capital at year-end represents approximately 81 days of operating funds, as compared to 68 and 62 days of operating funds in 2020 and 2019, respectively.

Page 14:

The reduction in unrestricted net positions for the years ended June 30, 2021 and 2020 was caused by the University’s required accounting and recognition of the University’s allocated share of the State’s actuarially determined net pension and OPEB liabilities. Below is a table showing the unrestricted net position excluding the impact of the net pension and OPEB liabilities (in thousands of dollars):

	<b>2021</b>	<b>2020</b>	<b>2019</b>
Unrestricted net position	\$(2,893,986)	\$(2,812,382)	\$(2,740,971)
Pension	1,618,237	1,509,291	1,399,792
OPEB	1,727,355	1,662,321	1,674,987
Adjusted net unrestricted position	<u>\$451,606</u>	<u>\$359,230</u>	<u>\$333,808</u>

On a systemwide basis, the University is complying with RP 8.203. However, compliance with EP 8.210 is uncertain. In addition, the adequacy of the University’s reserve policies as well as the level of reserves is a potential operational and financial risk. Accordingly, the objective of this audit is to evaluate compliance with applicable University policies in addition to evaluating the adequacy of these policies. Anticipated audit procedures may include the following:

- a) Research and review applicable University policies.
- b) Perform inquiries with applicable University personnel (Vice President of Budget and Finance, campus VC’s of Administration, campus business officers and fiscal administrators, etc.)



- c) Evaluate compliance with EP 8.210. Review campuses' allocation of reserves to discreet units and programs.
- d) Evaluate the adequacy and sufficiency of University policies by researching the policies and practices at other higher education institutions to identify best practices.
- e) Other relevant procedures

Type:	Compliance, operational and financial
Period under audit:	Year ended June 30, 2022
Est. time of performance:	November 2022 – March 2023

#### 4. Tuition Waivers

Tuition waivers reduce a student's cost of attending a higher education institution. Section 304A-502, Hawai'i Revised Statutes (HRS), authorizes the Board of Regents to grant tuition waivers. From a higher education institution's standpoint, tuition waivers decrease revenue earned per enrolled student but should increase total enrollment and thus total tuition collected. Section 304A-502, HRS, identifies the broad parameters for which the Regents may grant waivers. A complete inventory of waivers should be cataloged to ascertain the types, volume, and financial impact of tuition waivers offered by the University. Consider also cataloging the types of tuition exemptions given that exemptions also decrease revenue earned per enrolled student. The process to grant and determine the amount of the tuition waiver should be documented in connection with this audit.

Typical higher education institutions tuition waivers are offered to the following students:

- a) Veterans or the Spouse or Dependent of a Veteran
- b) Employees of the higher education institution as an employee benefit
- c) Foster children
- d) Nontraditional student (attending a higher education institution in your 60s)
- e) Have a financial or other type of hardship (e.g., a disability)
- f) Enrolled in a STEM (science, technology, engineering and math) program
- g) High achiever (good grades and a high class ranking in high school)
- h) Native status (RP 6.207(E) specifies at least 250 full tuition waivers for Native Hawaiian students)

Of the tuition waivers listed above, preliminary research by Internal Audit indicates that waivers are provided to veterans, employees and Native Hawaiians. The objective of this audit is to identify the types and volume of tuition waivers throughout the University by campus. Given that UHM has the largest enrollment, Internal Audit will commence its evaluation with the UHM financial aid office. The determination of the financial impact of these waivers may require consultation with the UHM financial aid office, the University Bursar, the University's Banner accountant and the University General Accounting Office among others. Evaluation of other University campuses will commence after completion of the UHM campus. Anticipated audit procedures may include the following:

- a) Research and review applicable University policies.
- b) Perform inquiries with applicable University personnel (Vice President of Budget and Finance, campus chancellors, campus financial aid officers, University Financial Management Office personnel, University Bursar, University Banner accountant, etc.) Read applicable contracts and agreements
- c) Determine the various types and volume of tuition waivers and the process to award these waivers
- d) Quantify tuition waivers by campus for each of the three fiscal years ending June 30, 2022





e) Other relevant procedures

Type:	Compliance, operational and financial
Period under audit:	Three years ended June 30, 2022
Est. time of performance:	December 2022 – May 2023

**Follow-up:**

The following engagements relate to the performance of follow-up reviews to evaluate the status of corrective action of audit findings reported in reports issued in the prior year.

5. Corrective Action – Auditee Status

Internal Audit performs follow-up reviews to evaluate the status of corrective action on audit findings reported in prior year audit reports. An assessment of the implementation of corrective action for historical Internal Audit projects will be performed during fiscal 2023. The report will document Internal Audit’s prior year recommendations and the procedures performed to assess corrective action implementation. Follow-up reviews in connection with completed fiscal 2022 audits are anticipated to include the following:

- Clery Act compliance
- Waikiki Aquarium (2<sup>nd</sup> follow up)
- University Bookstore (2<sup>nd</sup> follow up)
- Warrior Recreation Center

Type:	Financial, Operational, Compliance
Period under audit:	Through December 31, 2022
Est. time of performance:	January 2023 – May 2023

**Carryover:**

6. Public-Private Partnership (P-3) Policy Compliance

The University’s two active P-3 projects are with the following entities:

A. Greystar Real Estate Partners

This estimated \$110 million project is anticipated to provide 388 affordable rental housing units for UHM graduate students and faculty members along with a child-care facility and ground floor retail space. It will be located on the former National Oceanic and Atmospheric Association site on Dole Street.

B. Hunt Development Group and the University of Hawai’i Foundation (UHF)

In 2017, UHF acquired the Atherton YMCA property on Metcalf Street and University Avenue for \$8 million. The Hunt Development Group is engaged to develop the Atherton YMCA property for approximately \$70 million by building a student-housing / innovation and entrepreneurship facility for the benefit of the University. The University is leasing the Atherton YMCA property from UHF.



The Hunt Development Group will be responsible for the design, construction, financing, operation, and maintenance of the Atherton YMCA property.

Executive Policy (EP) 10.204, *Public Private Partnerships*, is the University’s guidance with respect to P-3 projects. The purpose of this audit is to verify compliance with this policy and other relevant University policies in addition to researching potential future issues that impact P-3 projects and measures that can be taken to mitigate these issues.

Internal Audit reviewed EP 10.204 and other relevant policies (e.g. EP 4.201 *Integrated Long-Range Planning Framework* and EP 10.103 *Responsibilities for Oversight & Management of Capital Improvement & Repair Maintenance Projects*) noting the University complied with these policies in connection with the P-3 projects listed above. Additional Internal Audit observations included noting the lack of written procedures and processes with respect to identifying, procuring, managing and monitoring P-3 projects.

Internal Audit continues to research P-3 specific issues in addition to identifying appropriate process and/or policies to mitigate these issues, including process and policies implemented at other higher education institutions.

Type:	Compliance and operational
Period under audit:	Year ended June 30, 2021

## 7. Gifts to the University

University Administrative Procedure (AP) 8.620, *Gifts*, states:

*“The University shall not accept, deposit or record gifts directly from donors. Rather, in any communication with prospective donors, the University shall direct such donors to the Foundation. Any exception to this Policy must be justified and submitted to the President of the University for approval. Otherwise, all gifts to the University shall be coordinated with the advice and assistance of the University of Hawaii`i Foundation.”*

University Administration is aware of instances in which University departments have accepted gifts (monetary, capital assets, etc.) directly without engaging the University of Hawaii Foundation (UHF). In addition to non-compliance with AP 8.620, these instances could create income tax exposure and negative income tax consequences for the University. Enhancing the current gift policy with procedures to accept gifts may provide needed guidance to University campus and departmental leadership to mitigate the risk of future policy non-compliance and the associated negative income tax consequences.

Internal Audit discussions with the University’s Tax Manager confirm possible instances in which the University has received gifts directly from donor’s contrary to the provisions of AP 8.620 and the Memorandum of Agreement between the University and UHF dated December 2018. Further discussions with the University’s Tax Manager support potential income tax risks of this practice to both the University and donor.

Internal Audit continues to research and compare the gift acceptance policies of other higher education institutions to the policies of the University and UHF to identify controls and/or strategies to mitigate



the potential tax consequences of University departments accepting gifts directly without engaging UHF.

Type:	Compliance, operational, financial
Period under audit:	Three years ended June 30, 2021

## 8. Conflict of Interest Management

According to University Administrative Procedure (AP) 5.504, *Procedures for Disclosing and Addressing Conflicts of Interest and Commitment*, dated August 11, 2014, a Conflict of Interest (COI) “refers to situations in which an employee’s financial, professional, or other personal interests may influence, or appear to interest, the employee’s judgment in fulfilling his or her responsibilities to the University.” AP 5.504, AP 12.304, *Procedures for Disclosing and Addressing Conflicts of Interest Related with Extramurally-Funded Activities* dated February 2019 and Executive Policy (EP) 12.214, *Conflicts of Interest and Commitment*, dated October 2014, comprise the Universities policies in regards to COIs. Attachment A to AP 5.504 provides a COI Disclosure Form that must be completed and submitted by all non-exempt (exemptions defined by AP 5.504) employees on an annual basis by April 15<sup>th</sup>. The University’s Office of the Vice President for Research is responsible for oversight of compliance with AP 5.504, AP 12.304 and EP 12.214.

Internal Audit met with the Vice President for Research and Innovation and Director of Research Compliance, reviewed process and procedure narratives and University executive policies and administrative procedures. Internal Audit also reviewed University COI training materials, other University COI and foreign influence policies, and read best practices related to COI and foreign influence. Internal Audit also reviewed a sample of submitted electronic and paper COI disclosure forms for the year ended June 30, 2021 and discussed COI management processes with the Deans of the Shidler College of Business, John A. Burns School of Medicine and School of Ocean and Earth Science Technology.

Internal Audit’s preliminary observations noted a decentralized COI management and compliance process. COI training materials adequately communicate the University’s COI policies and expectations. However, current University policies do not clearly identify University personnel required to complete a COI disclosure form as evidenced by the inability of the University to determine the number employees subject to the requirement. Regarding foreign influence, the University does not appear to have a robust process to evaluate, monitor and manage compliance with the provisions of various EPs and APs intended to reduce the risk of undue foreign influence.

In March 2022, the Vice President for Research and Innovation issued a memorandum to Vice Presidents, Provost and Chancellors regarding the 2021-2022 Conflict of Interest Commitment Annual Disclosure. The following were included in this memorandum:

- Implementation of electronic COI disclosure forms for employees not involved in extramural proposals and awards. The electronic COI disclosure forms will replace the paper COI disclosure forms used in prior years.
- Reinstatement of the Annual Summary Report requirement which had been waived since 2018 due to the impending implementation of electronic COI forms . The Annual Summary Report, provided by senior administrators to their respective Vice Provost/Vice Chancellor or Provost/Chancellor by June 30<sup>th</sup>, indicates whether employees required to complete the COI



disclosure forms have done so. The Annual Summary Report is also to be completed and submitted electronically rather than hard copy as in previous years.

Internal Audit continues to research best practices related to COI and foreign influence including the practices and policies implemented at other higher education institutions.

Type:  
Period under audit:

Compliance  
July 1, 2019 – June 30, 2021

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# Committee on Independent Audit of the Board of Regents

Annual Report

*For the Fiscal Year Ended June 30, 2022*

**+** Office of Internal Audit: *Audit Results for the fiscal year ended June 30, 2022*

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May 2022

## **Summary**

This Annual Report is prepared pursuant to the provisions of Hawai‘i Revised Statutes (HRS) §304A-321, *Independent Audit Committee*. This June 30, 2022 Annual Report is organized by the following sections:

1. Committee on Independent Audit (Audit Committee) Charter
2. Audit Committee Membership
3. Audit Committee Meetings

The Audit Committee has fulfilled its responsibilities pursuant to the Bylaws of the Board of Regents of the University of Hawai‘i (BOR Bylaws) and HRS §304A-321. Collectively, BOR Bylaws (Article II.D.2.e) and HRS §304A-321 functions as the Audit Committee’s Charter. This Annual Report includes and is complemented and supported by the “Audit Results” report prepared by the University of Hawai‘i (University or UH) Office of Internal Audit (Internal Audit) that summarizes Internal Audit’s activities during the fiscal year ended June 30, 2022.

## **Committee on Independent Audit (Audit Committee) Charter**

The duties and responsibilities of the Audit Committee are documented in its Audit Charter (collectively BOR Bylaws and HRS §304A-321). The Audit Committee’s duties and responsibilities include the following:

1. Undertake professional development to improve the financial expertise of the Audit Committee.
2. Provide oversight relating to enterprise risk management.
3. Hold meetings at least twice per year.
4. Review the Audit Committee’s effectiveness and prepare or oversee the preparation of an annual report to the BOR.
5. Review the procedures for the receipt, retention, and treatment of complaints received by the University regarding accounting, internal accounting controls, auditing matters, or suspected fraud that may be submitted by any internal or external party.
6. Review (1) significant findings of internal audits and auditee responses, (2) whether internal auditors have encountered difficulties in the course of their audits, (3) changes in the scope of internal audits, (4) the internal audit budget and staffing, (5) the annual internal audit plan, and (6) the annual report of the internal audit department.
7. Review the following with management and the external auditor: (1) UH’s annual financial statements and related footnotes, (2) all reports certified by the external auditor, (3) the external auditor’s judgments about the quality of UH’s accounting principles, (4) any significant changes required in the external auditor’s audit plan, (5) any difficulties or disputes encountered during the audit, and (6) matters pursuant to required external auditor communications with the Audit Committee (critical accounting policies and practices, consultations with audit firms other than the external auditor, and any other information relating to significant estimates and judgments).
8. Review with the external auditor matters affecting internal control including (1) the adequacy of UH’s internal control, including computerized information system controls and security and (2) any related significant findings and recommendations of the internal and external auditors, together with the responses of UH.
9. Annually evaluate the external auditor and the internal audit function.
10. Recommend to the BOR, the external auditor to be retained by UH and their fees.
11. Submit an annual report to the BOR and the legislature no later than 20 days prior to the convening of each regular session of the legislature on matters that include (1) all instances of material weaknesses in internal control, including the responses of UH management and (2) all instances of

- fraud, including the responses of UH management.
12. Perform such other functions as assigned by the BOR and/or its bylaws.

### **Audit Committee Membership**

The Audit Committee members are appointed by the BOR Chair and serve for one year or until the appointment of successors. The Audit Committee Chair is selected by the members of the Audit Committee.

The Audit Committee must consist of at least three members but not more than five members. During the fiscal year ended June 30, 2022, membership of the Audit Committee consisted of the following Regents:

1. Benjamin Kudo, Chair
2. Simeon Acoba, Vice Chair
3. Wayne Higaki
4. Alapaki Nahale-a
5. Diane Paloma

### **Audit Committee Meetings**

The Audit Committee is required to meet at least twice per year. During the fiscal year ended June 30, 2022, the Audit Committee held four meetings (six meetings were held during fiscal year 2021 and four meetings were held during fiscal year 2020). The fiscal year 2022 Audit Plan was approved by the Audit Committee at the June 2, 2021 Audit Committee meeting. In addition to Audit Committee members, other BOR members attending fiscal year 2022 meetings included Regents Randy Moore, Eugene Bal, William Haning, Robert Westerman, and Ernest Wilson. Meeting attendees also included University executive management (President, Vice Presidents, Chancellors of various campuses, etc.), the Director of Internal Audit, and personnel from the University's external auditors (Accuity, LLP or Accuity). Other attendees consisted of University personnel from a University campus/department/function associated with an Audit Committee meeting agenda topic or matter. As a result of COVID-19 restrictions, attendance at the fiscal year 2022 and 2021 meetings was both in person and virtually via Zoom.

The following summarizes the significant matters and topics discussed at Audit Committee meetings held during fiscal year 2022.

#### **August 5, 2021:**

1. Chair Kudo spoke of the passing of Regent Michael T. McEnerney who served as Audit Committee Chair for three years and recognized his significant contributions to both the BOR and University.
2. Chair Kudo referenced the Audit Committee's Work Plan as an outline to guide the work to be performed by the committee during the coming year.
3. Internal Audit presented and discussed its Audit Plan Development Report. This report described Internal Audit's process to identify and prepare its Annual Audit Plan as well as the process utilized by other higher education institutions. The report noted that Internal Audit's process to identify audit projects is consistent with the processes of other higher education institutions. The Audit Plan Development Report also included a listing of historical Internal Audit projects for the past seven fiscal years. Discussions regarding University senior leadership input to the Annual Audit Plan determined that Vice President for Administration Gouveia should be consulted with respect to potential audit projects given her knowledge of the University's Enterprise Risk Management process.
4. Internal Audit also presented and discussed an update to Internal Audit's Emergency Response Plan

that was last presented at the June 4, 2020 Audit Committee meeting. The Emergency Response Plan included a description of Internal Audit's process to back-up its electronic files on two encrypted external hard drives. As a result of Audit Committee questions regarding the current electronic file back-up process, President Lassner stated that the University's information technology staff would work with Internal Audit on a more structured approach for offsite data storage.

5. Internal Audit provided an Audit Project status report on the audit projects included in the Audit Plan for the fiscal year ended June 30, 2022.

**December 2, 2021:**

1. The Audit Committee reviewed and accepted the following reports presented by Accuity:
  - a. University Audited Financial Reports (Financial Statements, Required Supplementary Information, and Other Supplementary Information) for the year ended June 30, 2021.
  - b. University Corrective Action Responses for the Federal Compliance Findings for the year ended June 30, 2021
  - c. University Internal Control and Business Issues Report for the year ended June 30, 2021
  - d. University Corrective Action Responses for the Internal Control and Business Issues Report for the year ended June 30, 2021
2. The Audit Committee reviewed and accepted the Annual Report to the Legislature on Material Weaknesses and Fraud pursuant to HRS §304A-321 prepared and presented by Internal Audit. The report noted no material weaknesses or fraud.
3. The Audit Committee reviewed and accepted the University of Hawai'i at Manoa (UHM) Intercollegiate Athletics NCAA Agreed-Upon Procedures Report for the year ended June 30, 2021 prepared and presented by Accuity.
4. The Audit Committee reviewed and accepted the following Internal Audit reports:
  - a. Status of Corrective Action related to the Check Disbursements Less Than \$2,500.
  - b. Status for the Implementation of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*.
  - c. Status of Corrective Action related to the University of Hawai'i at Hilo (UHH) Intercollegiate Athletics Audit Report. This audit was the result of exceptions identified by Accuity in connection with their evaluation of UHH Athletics for the year ended June 30, 2020 and the Audit Committee's request for Internal Audit to evaluate the implementation of corrective actions given that UHH Athletics is subject to an audit every third year pursuant to NCAA Division II requirements.
5. Internal Audit provided an Audit Project status report on the audit projects included in the Audit Plan for the fiscal year ended June 30, 2022.
6. Internal Audit presented the Whistleblower Hotline Tracking Reports.
7. Internal Audit presented an update to its Electronic Data Recovery Plan discussed at the August 5, 2021 Audit Committee meeting. The update noted that Internal Audit implemented a more structured approach to offsite data storage with the assistance of the University's information technology staff.
8. An ERM update was presented by the Vice President for Administration.
9. Internal Audit presented and discussed its Audit Plan/Risk Management Integration report. This report included a matrix that cross-referenced key risks contained in the March 2021 ERM update with audit projects for the past five years illustrating that the majority of risks have been addressed by those projects. This report reiterated Internal Audit's plan to consult with the Vice President for Administration in the development of the Annual Audit Plan on a prospective basis.

**April 7, 2022:**

1. The Audit Committee reviewed and accepted the Status of Corrective Action related to Internal Audit's Review of Real Property Lease Management.
2. The Audit Committee reviewed and approved the Audit Plan Supplement related to an audit of the



- Maunakea Restructuring Plan as an additional audit project to the fiscal year 2022 Audit Plan.
3. The Vice President of Research and Innovation presented a slide deck regarding the University's recently adopted Executive Policy (EP) 12.207, *Research Corporation of the University of Hawai'i*, and an internal review of Research Corporation of the University of Hawai'i (RCUH) revolving accounts as a result of EP 12.207.
  4. Internal Audit provided an Audit Project status report on the audit projects included in the Audit Plan for the fiscal year ended June 30, 2022.
  5. Internal Audit presented the Whistleblower Hotline Tracking Reports.
  6. An ERM update was presented by the Vice President for Administration.

**June 1, 2022:**

The following lists the matters and topics anticipated to be discussed at this meeting.

1. The Audit Committee's approval of the following:
  - a. Annual Review of Committee Charter
  - b. Proposed Internal Audit Work Plan for fiscal year ended June 30, 2023.
  - c. Selection of Accuity LLP as external auditors for the fiscal years ended June 30, 2022 through 2024.
2. The Audit Committee's review and acceptance of the following Internal Audit reports:
  - a. Year ended June 30, 2022 Annual Report of the Committee on Independent Audit
  - b. Year ended June 30, 2022 Audit Results of the Office of Internal Audit
  - c. Maunakea Revised Management Structure
  - d. Status of Corrective Action of the University Bookstore System
  - e. Status of Corrective Action of the Waikiki Aquarium
  - f. Vietnam Executive MBA Program
3. Update on Review of the University of Hawai'i Revolving Funds at RCUH.
4. Internal Audit will provide a status of fiscal year 2022 Audit Projects.
5. Internal Audit will present Whistleblower Hotline Tracking Reports.
6. Audit Committee annual review

# UNIVERSITY OF HAWAII

Mānoa • Hilo • West O'ahu • Community Colleges

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## OFFICE OF INTERNAL AUDIT

### Audit Results

*For the Fiscal Year Ended June 30, 2022*

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For the Committee on Independent Audit of the Board of Regents

May 2022



## Executive Summary

### Introduction

The Office of Internal Audit (Internal Audit) prepares this Audit Results (or Annual Report) report to summarize their activities and accomplishments for the fiscal year ended June 30, 2022. The Bylaws of the Committee on Independent Audit of the Board of Regents (Audit Committee) require that the Audit Committee review this report. Additionally, the preparation of this report assists the Audit Committee review the internal audit function of the University of Hawai'i (University) as required by Hawai'i Revised Statutes (HRS) §304A-321, *Independent Audit Committee*. Pursuant to the Charter of the Office of Internal Audit (Internal Audit Charter), an annual audit plan is developed and submitted to the Audit Committee for review and approval. The fiscal year 2022 Audit Plan was approved by the Audit Committee on June 2, 2021.

### Overview of fiscal 2022 audit engagements

*Exhibit 1* summarizes the audit objective(s), audit scope, observations, findings, conclusions and status of the fiscal 2021 audit engagements. The following table categorizes the engagements listed in *Exhibit 1* (excluding external audit assistance).

Fiscal 2021 engagements:	Completed reports			In process	Total
	Reviewed and accepted	Completed but not yet reviewed/ accepted	For information		
New and carryover	3	2	-	3	8
Audit Committee assistance	2	-	1	-	3
Follow-up	6	-	-	-	6
<b>Total</b>	12	1	1	3	17

The Audit Committee assistance engagements consisted of 1) the Whistleblower Hotline Program and related tracking reports (information only), 2) the annual report to the Hawai'i State Legislature noting no instances of material weaknesses or fraud and 3) the Audit Committee's annual report evaluating their effectiveness. Substantial audit work has been completed with respect to the in-process engagements. The in-process engagements are anticipated to be completed and presented to the Audit Committee during the first half of fiscal 2023.

For the completed engagements reviewed and accepted by the Audit Committee and completed engagements not yet reviewed and accepted, Internal Audit produced recommendations ranging from 1 to 13 for each engagement to mitigate identified operational, financial and compliance risks. The completed but not yet reviewed and accepted engagements consist of the Clery Act Compliance Review and Review of the UHM Warrior Recreation Center. With respect to the Clery project, the pending matter is final review of the report and management's response at the UH System level. Campus level reviews of the report are complete. The pending matter for the Warrior Recreation Center is finalization of management's response which is expected in late June 2022. Regarding the completed follow-up engagements reviewed and accepted by the Audit Committee, Internal Audit verified implementation or in-process implementation of corrective actions for 42 recommendations.



During the fiscal year ended June 30, 2022, Internal Audit also prepared and presented reports not included in the 2022 Audit Plan pursuant to requests from the Audit Committee. These reports are as follows:

- Audit Plan Development Report presented at the August 5, 2021 Audit Committee meeting
- An update to Internal Audit's Emergency Response Plan also presented at the August 5, 2021 Audit Committee meeting
- Audit Plan/Risk Management Integration report presented at the December 2, 2021 Audit Committee meeting

These reports were described above in the Audit Committee Meetings section of the Audit Committee's Annual Report.

### **Conclusion**

In connection with the fiscal 2022 audit engagements, Internal Audit did not identify conditions that we believe are material weaknesses. Common recommendations included in fiscal 2022 audit reports included improving compliance with University policies, establishing and/or updating University policies and/or internal procedures, improving the frequency of periodic financial reviews, documenting processes, and providing training.

Internal Audit recognizes the importance of building and sustaining effective relationships among the Audit Committee, University management and the external auditor. These relationships provide efficiencies and enhancements in the University's risk assessment and management processes and in the performance of internal and external audits. Accordingly, Internal Audit appreciates and thanks University management and staff for their cooperation and responsiveness in connection with the engagements summarized in *Exhibit 1*. Further, we thank the Audit Committee for their continued support of Internal Audit. Please call Glenn Shizumura at 956-7318 with any questions or comments with respect to the contents of this report.



## **Audit Resources & Competencies**

Internal Audit's staffing at the conclusion of the fiscal year ended June 30, 2022 consisted of its Director and three full-time staff auditors which was consistent with staffing as of July 1, 2021. Collectively, Internal Audit's professionals have a substantial number of years of auditing and accounting experience within both the University environment and the private sector. The audit experience of Internal Audit personnel at international public accounting firms approximates 45 years.

Internal Audit also employs University students majoring in accounting to provide student employees with the opportunity to experience auditing from an internal audit perspective in addition to an external audit perspective. Assistance on Internal Audit projects include researching leading practices of higher education institutions and preparing working papers documenting the results of this research, verifying the mathematical accuracy of schedules and financial statements, obtaining and analyzing financial information from the University's general ledger, reviewing the contents of electronic and manual audit files for completeness, etc. Student auditor tasks may also include research on new or recently revised accounting and auditing literature. The work product of this research is generally an oral presentation and PowerPoint slide presentation to Internal Audit staff and student auditors. Audit experience gained through their employment at Internal Audit has benefited and assisted student auditors obtain internship and/or full-time employment opportunities with international and local accounting firms.

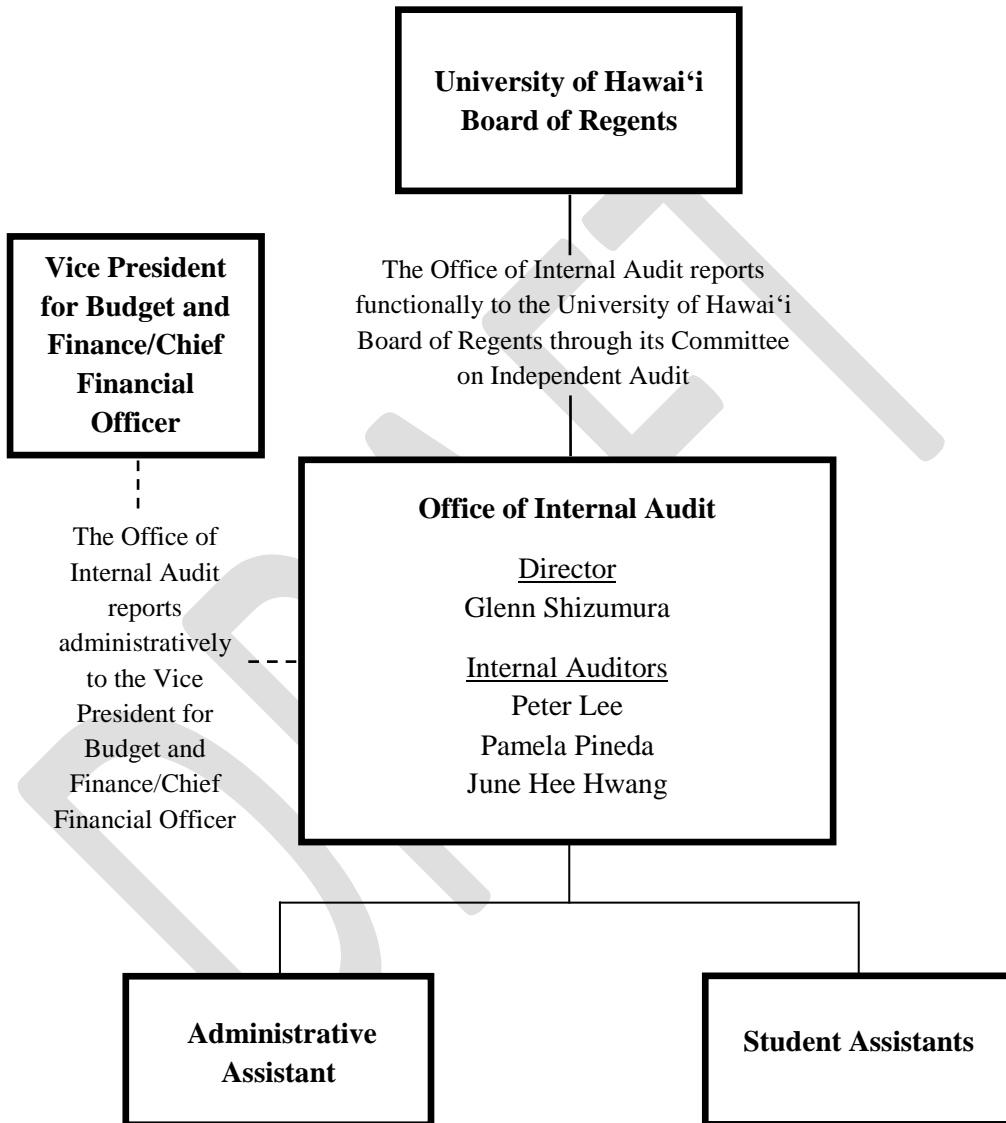
Internal Audit employed a total of two students during the year ended June 30, 2022. Historically, Internal Audit employs five – eight students during a typical academic year. Student employment fluctuations during an academic year results from student internships at downtown accounting firms and graduation. Internal Audit encourages these internships and reserves the student auditor position for the student upon the completion of their internship. The COVID-19 pandemic and the resulting remote class instruction mandate by the University from March 2020 to September 2021 and the hybrid instruction mandate that continues through the Spring 2022 semester decreased interest in the student auditor position as students choose to not come to campus for employment if their classes primarily consist of remote learning.

The administrative functions of Internal Audit are handled by a full-time Administrative Assistant and student auditors. Administrative duties consist primarily of the following:

- Provide information technology support.
- Manage the storage, back-up and security of Internal Audit's electronic files.
- Prepare and issue fiscal related documentation for procuring goods and processing payments.
- Coordinate work orders and auxiliary services.
- Maintain office supplies and equipment, including routine security maintenance on computers.
- File and archive internal and external audit reports.
- Manage office information flow.
- Prepare monthly and year-to-date financial reports to track and monitor Internal Audit expenses.
- Compare and analyze current year-to-date expenses to budget and prior year expenses.



## Office of Internal Audit Organization Chart July 1, 2021 – June 30, 2022





## Profile of the Office of Internal Audit

Name: Glenn Shizumura  
Title: Director  
Professional Designation: Certified Public Accountant (CPA) – Hawai‘i 1990  
Academic Qualification: Bachelor of Business Administration (BBA)  
Work Experience: 23 years Public Accounting/Ernst & Young

- Executive Director/Principal
- Industry expertise – public sector, real estate, retail, insurance and not-for-profit

12 years Director of Internal Audit/University of Hawai‘i

Name: Peter Lee  
Title: Internal Auditor  
Professional Designation: CPA - Hawai‘i 1995  
Academic Qualifications: BBA  
Work Experience: 9 years Public Accounting/Ernst & Young

- Senior Manager
- Industry expertise – public sector, insurance, retail, real estate, not-for-profit

8 years Manufacturing & Distribution/Trade West, Inc.  
10 years Insurance/Hawai‘i Employers’ Mutual Insurance Company, Inc.  
1 year Internal Audit/University of Hawai‘i

Name: Pamela Pineda  
Title: Internal Auditor  
Academic Qualifications: BBA  
Work Experience: 11 years Public Accounting/Deloitte

- Industry expertise – public sector (Single Audits, Uniform Guidance, OMB Compliance) and not-for-profit

3 years Internal Audit/University of Hawai‘i

Name: June Hee Hwang  
Title: Internal Auditor  
Academic Qualifications: BS/MBA in Accounting  
Work Experience: 2 years Public Accounting/Deloitte  
4 years Accounting/Various Investment Banks  
2 years Accounting Lecturer/HCC  
3 years Internal Audit/University of Hawai‘i



## Internal Audit Activity and Results

### Audit Plan

Internal Audit's fiscal 2022 Audit Plan was approved by the Audit Committee during its meeting held on June 2, 2021. The Audit Plan is a living document requiring continual monitoring and revision as conditions warrant. The Audit Plan was developed using a risk-based approach and considered Internal Audit's available resources. Criteria used in selecting audit projects include providing coverage of higher risk departments/units/functions including revenue generating operations (University Housing, student housing, parking operations, Community College food service operations, Bookstore operations, etc.) and Units (University campus, college, department, etc.) with identified cash receipts internal control matters (Bookstore operations, Vietnam Executive Masters of Business Administration program). Other audit projects result from areas of concern identified by the Board of Regents (BOR) and University management (Waikiki Aquarium, Maunakea, University of Hawai'i at West O'ahu – Review of Certain Kamehameha Schools Funded Programs, etc.). The following are also considered in preparing the Audit Plan:

- Matters discussed at periodic Audit Committee meetings.
- Meetings and discussions with certain members of University management.
- Observations and findings contained in historical reports issued by Internal Audit. Certain University departments and/or functions may be reviewed as a result of:
  - audit findings noted in departments and/or functions with similar operations and/or
  - unremediated audit findings.
- Review of the various University Internal Control and Business Issues Reports issued by the University's external auditors (Accuity).
- Meetings and discussions with Accuity with respect to sensitive audit areas.
- Regulatory compliance.

The following are the types of audit engagements generally performed by Internal Audit:

- **Financial audits and reviews** – determine the fairness, accuracy, and reliability of financial information presented in accordance with established or stated criteria. An example is the assistance provided by Internal Audit to the University's external auditor.
- **Attestation engagement** – examination, review, or agreed-upon procedures on a subject matter, or an assertion about a subject matter (including financial information). An example is a review of ASUH's financial statements.
- **Operational reviews** – evaluate an area, department, or functional operation with the objective of evaluating efficiency and effectiveness. Examples of operational review projects include the 1) Evaluation of Maunakea's Revised Management Structure 2) Review of the Waikiki Aquarium, 2) Review of the University Housing Program and 4) Review of University Bookstore System.
- **Compliance reviews** – assess the adherence to laws, regulations, policies and procedures. A compliance review may also include assessing compliance with the terms and conditions of contracts/agreements. Examples of compliance review projects include the 1) Clery Compliance Review, 2) Review of Revenue Bond Covenant and Policy Compliance, 3) Review of the University Housing Program and 4) Review of Clearing Accounts.





- **Follow-up audits** – generally performed during the year following the issuance of the report to identify and evaluate management’s actions in the implementation of corrective actions in response to a prior audit.

Internal Audit will also provide consultative services to University personnel when questions arise with respect to generally accepted accounting principles and its application, accounting and operational process analyses and related internal control matters. Internal Audit also provides guidance and collaborates with auditees in connection with their implementation of Internal Audit recommendations.

### **Audit Phases**

Internal Audit’s audit process commences with the above described Audit Plan. Summarized below are the typical audit phases utilized by Internal Audit in connection with each audit project. An overarching Internal Audit objective is frequent and constant communication with Unit personnel on an ongoing basis. Ongoing and effective communication is critical in validating potential audit issues/findings as well as determining feasible recommendations.

1. **Preliminary review:**  
Internal Audit gathers and reviews information to obtain a preliminary understanding of the operation, activity or process that will be audited. A preliminary assessment of risks relevant to the audit is conducted.
2. **Notification:**  
The Director of Internal Audit contacts appropriate University management regarding an audit project(s) that will impact their Unit. The audit purpose and objective, scope, time period covered by the audit, etc. are also discussed.
3. **Initial meeting:**  
An initial meeting is scheduled to establish the tone for the audit and to discuss the audit’s scope, objectives, timing and expectations. Internal Audit will also request the auditee to describe their Unit’s operations that will be impacted by the audit as well as available resources (personnel, facilities, systems, etc.) and any other issues or concerns.
4. **Planning:**  
Written documentation of relevant processes and controls is requested and analyzed. Internal Audit will generally perform a walk-through to confirm the documented processes and controls. Subsequent to the completion of the preliminary risk assessment, an audit plan/program with relevant audit procedures is developed to assist in the performance of an efficient and effective audit. Internal Audit has developed a quality assurance checklist to utilize on all engagements to ensure compliance with applicable professional authoritative literature and Internal Audit’s in-house policies.
5. **Fieldwork:**  
Fieldwork consists of gathering evidence and analyzing and evaluating that evidence pursuant to the audit program. Audit procedures are performed such that the most significant and high risk audit areas are completed first. Internal Audit utilizes Microsoft One Note to manage and electronically file audit documentation and workpapers. All engagement documentation and workpapers are reviewed by the designated supervisor(s).



6. Report draft:

The drafting of the audit report commences during the performance of fieldwork. Internal Audit schedules a meeting with Unit management to discuss the form and content of the draft report and provides a copy of the draft report concurrently with or subsequent to this meeting. From a timing perspective, Internal Audit generally provides the preliminary draft report to the auditee approximately four (4) weeks prior to the next scheduled Audit Committee meeting. The auditee is requested to provide draft report comments by an agreed upon due date of receiving the initial draft report. Internal Audit incorporates relevant and appropriate comments received by the auditee into a revised draft report.

7. Report distribution to the BOR Office:

Subsequent to agreeing with the auditee on a final draft report, the report will be forwarded to the BOR Office for distribution to Audit Committee members prior to the Audit Committee meeting. The report draft will be presented by the Director of Internal Audit at the Audit Committee meeting.

8. Management response:

Unit management is requested to provide a written response to findings and recommendations included in Internal Audit's report. Depending upon the timing of management's preparation of their written response, either the Director of Internal Audit or Unit management forwards the written response to the BOR Office for distribution to Audit Committee members. Unit management personnel are requested to attend the Audit Committee meeting to respond to Audit Committee member questions and comments.

9. Final report distribution:

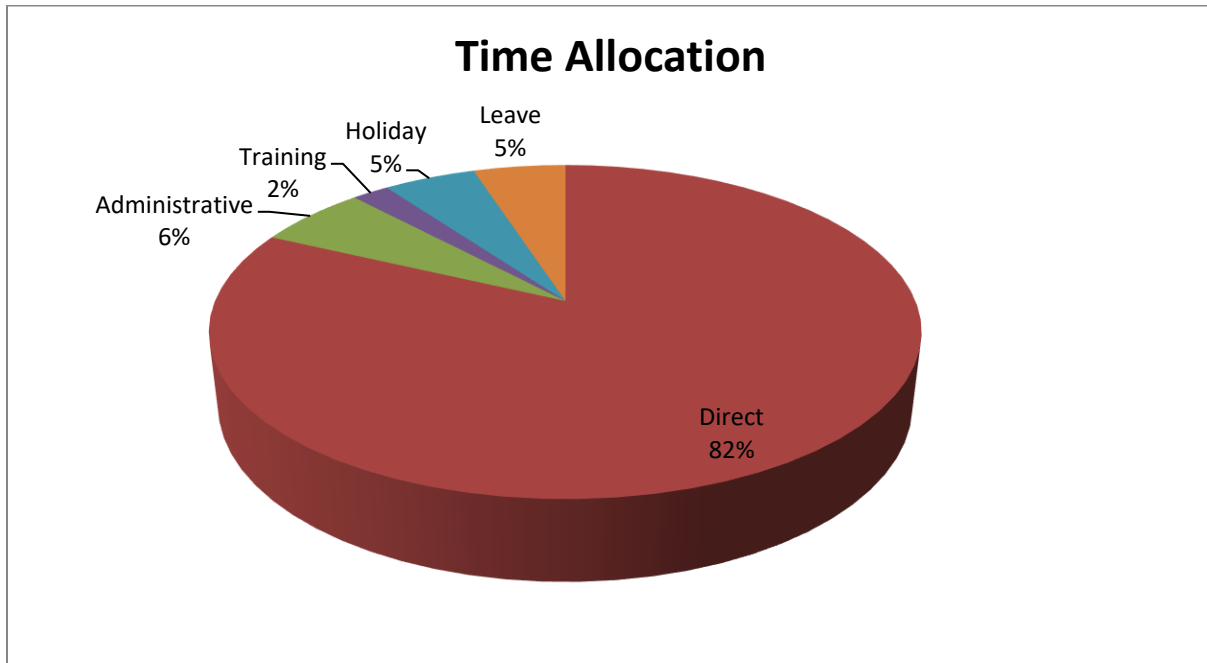
Subsequent to the Audit Committee's review and acceptance of the draft report, Internal Audit finalizes and distributes printed (if requested) and electronic copies of the report to Unit management and appropriate senior management personnel of the University.

10. Follow-up:

Approximately one year subsequent to audit report issuance, Internal Audit performs a follow-up audit to assess the implementation of Internal Audit's recommendations and Unit corrective action.

**Time Allocation**

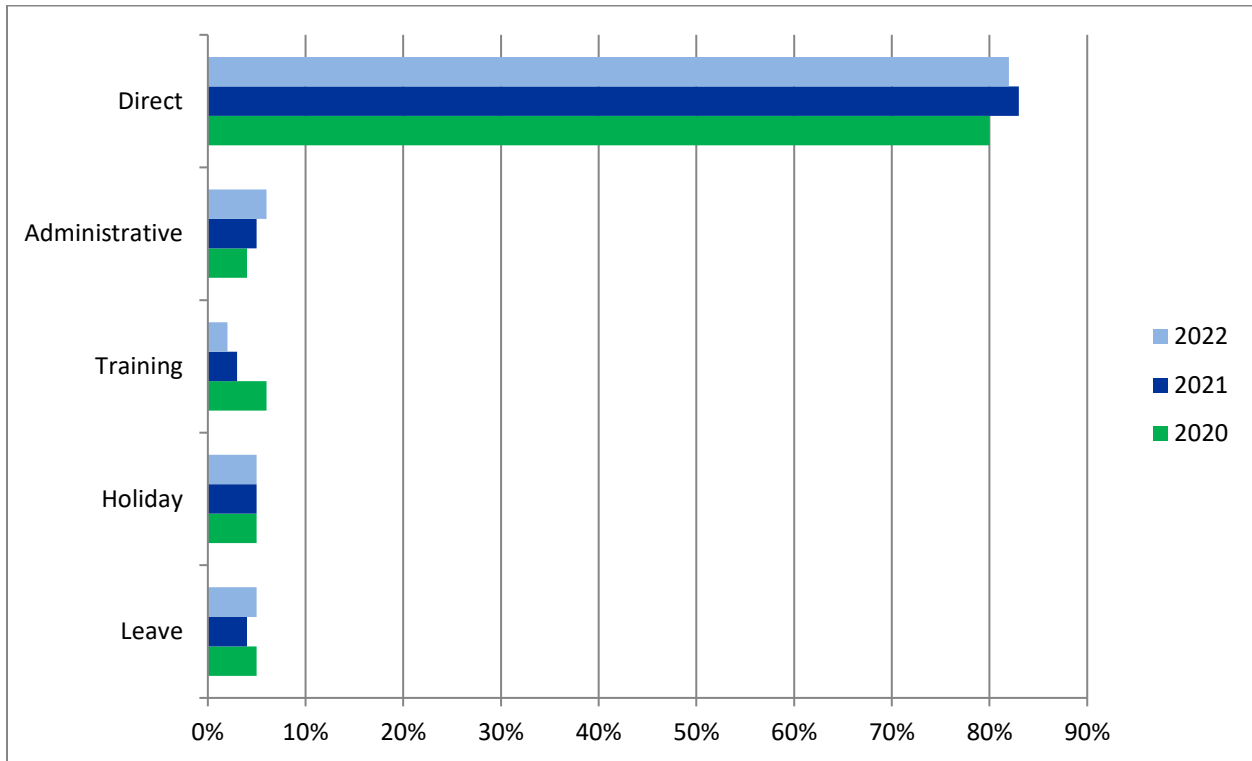
Similar to other professionals in accounting and auditing, Internal Audit tracks time spent on each project and task. The following chart summarizes the time allocation for the fiscal year ended June 30, 2022 (actual time through April 30<sup>th</sup> and estimate to complete through June 30<sup>th</sup>):



Administrative time primarily includes various human resource related functions (e.g., performance of employee evaluations, hiring of full-time and student auditors, review and approval of student auditor timesheets, etc.) and office management functions (e.g., review of current year-to-date expenses to budget and prior year expenses, engagement scheduling, etc.). Training time includes the reading of various professional organization periodicals (Association of College and University Auditors, National Association of College and University Business Officers, Journal of Accountancy, etc.) and participating in webinars and on-line courses relating to emerging accounting, auditing and operational issues primarily affecting governmental entities and higher education institutions.

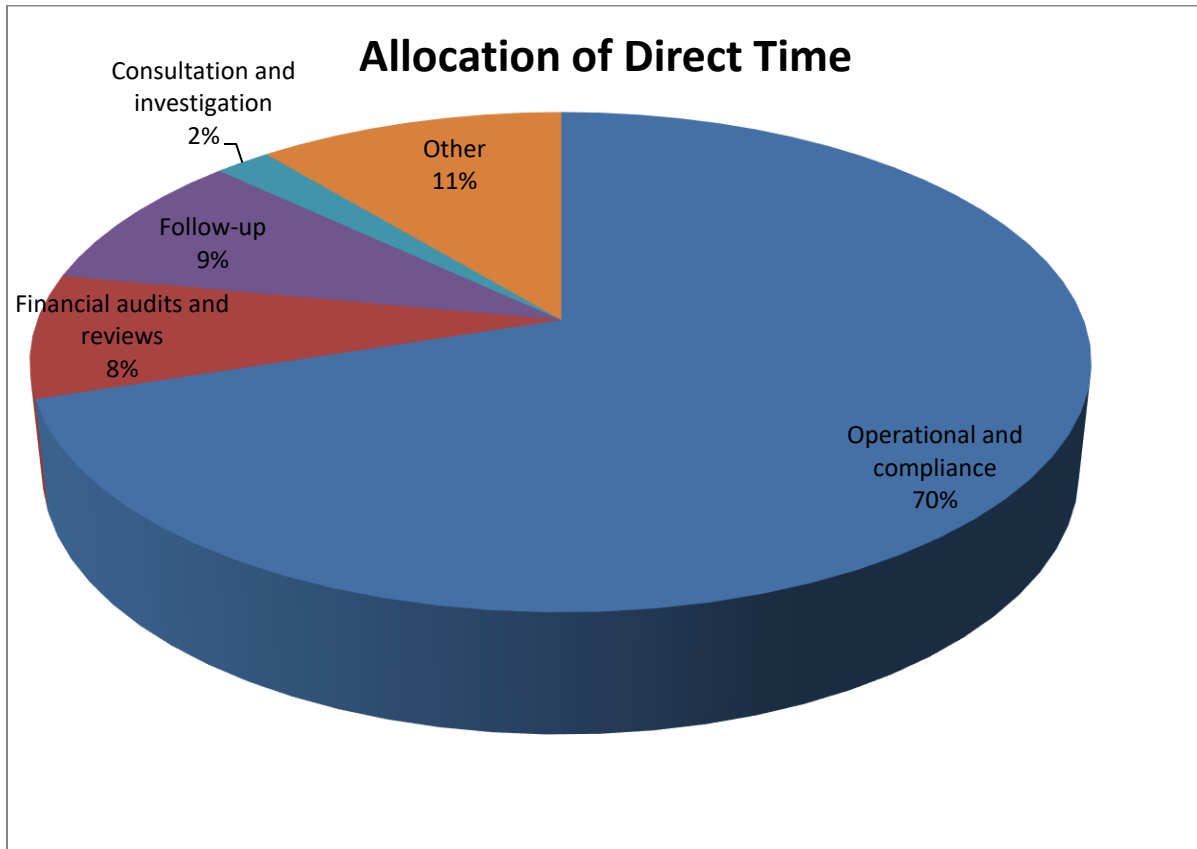
The following table and chart compare Internal Audit’s allocation of total time for the fiscal years ended June 30, 2022, 2021 and 2020:

	Fiscal Year Ended June 30,		
	2022	2021	2020
Direct	82%	83%	80%
Administrative	6%	5%	4%
Training	2%	3%	6%
Holiday	5%	5%	5%
Leave	5%	4%	5%
Total	100%	100%	100%



**Direct Time**

Direct time represents time incurred for audit engagements benefiting the University. The following chart summarizes the allocation of direct time by engagement type for the fiscal year ended June 30, 2022:



Other time represents audit related functions, such as preparing for and attending Audit Committee meetings and Audit Committee planning meetings, as well as the preparation of documents for the Audit Committee.

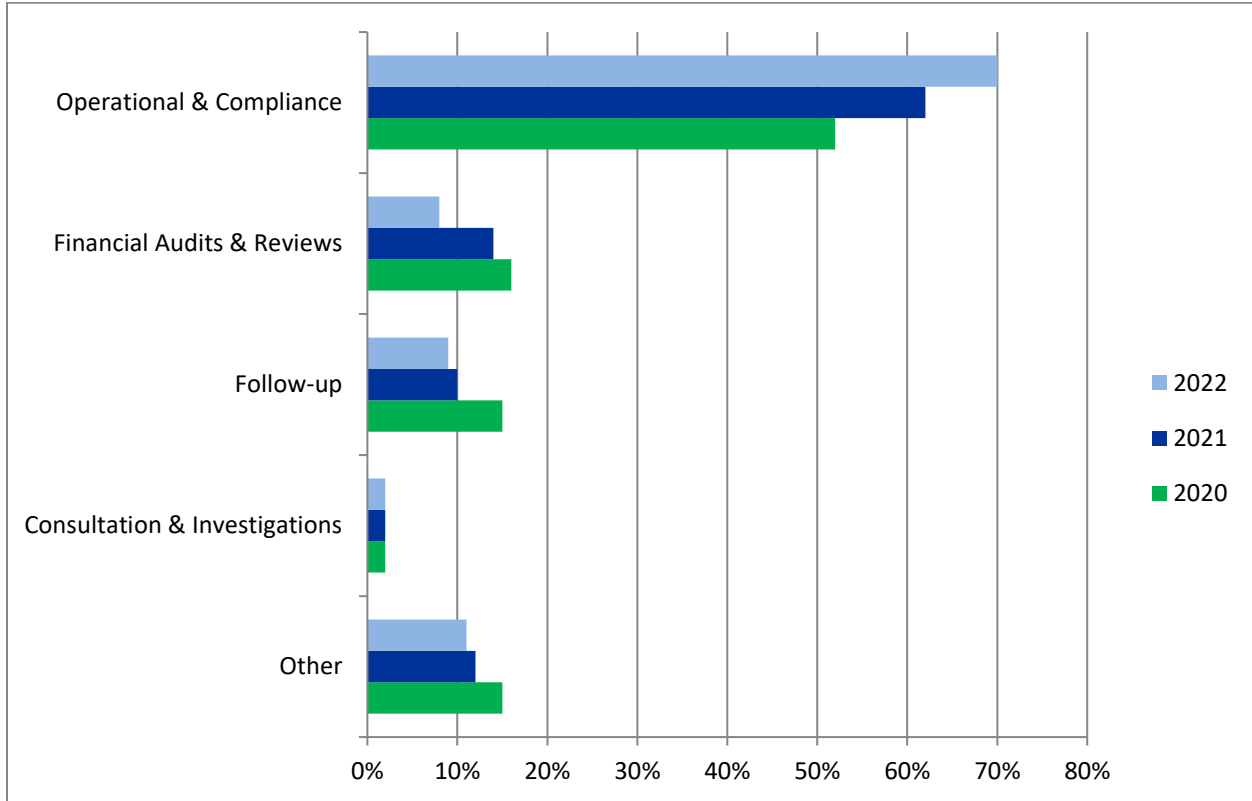
The following table and chart compare Internal Audit’s allocation of direct time for the fiscal years ended June 30, 2022, 2021, and 2020:

	Fiscal Year Ended June 30,		
	2022	2021	2020
Operational & Compliance	70%	62%	52%
Financial Audits & Reviews	8%	14%	16%
Follow-up	9%	10%	15%
Consultation & Investigations	2%	2%	2%
Other	11%	12%	15%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

The increase in Operational & Compliance time and decrease in Follow-up time for the three years ended June 30, 2022, 2021 and 2020 results from additional audit staff time requirements to address and resolve auditee recordkeeping and University policy non-compliance issues requiring the Director to perform the majority of audit procedures associated with the Follow-up projects. The decrease in Financial Audits &



Reviews time for the three years ended June 30, 2022, 2021 and 2020 results from reduced work requested by Accuity for compliance audits.



**Office of Internal Audit  
Summary of Audit Engagements  
Fiscal Year Ended June 30, 2022**

Engagement	Primary Objective(s)/ Audit Scope	Findings/Conclusions & Comments	Status
<b>EXTERNAL AUDIT ASSISTANCE</b>			
1. <b>University of Hawai'i Financial Reports</b> • Type: Financial • Period: Year ended June 30, 2021	Audits pursuant to federal requirements. • Provide audit assistance under the direction of Accuity, LLP (Accuity). • Provide support and assistance in connection with all audit reports. • Participate in periodic status meetings with Accuity.	Accuity's report noted: • Unmodified audit opinion. • No material weaknesses in internal controls over financial reporting.	• Complete. • Accepted by the Audit Committee on December 2, 2021.
2. <b>University of Hawai'i (Uniform Guidance) Reports</b> • Type: Compliance • Period: Year ended June 30, 2021		• Unmodified audit opinion • Total expenditures of federal awards - \$533 million. No material weaknesses in internal controls over financial reporting.	• Complete. • Accepted by the Audit Committee on December 2, 2021.
3. <b>UHM Athletics agreed-upon procedures (AUP) report</b> • Type: Attestation (NCAA agreed-upon procedures) • Period: Year ended June 30, 2021	AUP pursuant to NCAA regulations. • Provide AUP assistance under the direction of Accuity. Provide support and assistance in connection with the AUP report.	Accuity's report noted no exceptions.	• Complete. Accepted by the Audit Committee on December 2, 2021.

**Office of Internal Audit  
Summary of Audit Engagements  
Fiscal Year Ended June 30, 2022**

Engagement	Primary Objective(s)/ Audit Scope	Findings/Conclusions & Comments	Status
<b>AUDIT COMMITTEE ASSISTANCE</b>			
<p>4. <b>Whistleblower Hotline</b></p> <ul style="list-style-type: none"> <li>• Type: Audit Committee Assistance</li> <li>• Period: Ongoing</li> </ul>	<p>The Audit Committee is provided with “Whistleblower Tracking Reports” summarizing the type, nature, status, etc. of hotline reports received during their periodic meetings.</p>	<p>Most frequently reported complaints relate to human resource matters. Administrators continue to oversee the resolution of reported cases.</p>	<ul style="list-style-type: none"> <li>• Continuous.</li> <li>• Report provided for the December 2, 2021, April 7, 2022, and June 1, 2022 Audit Committee meetings.</li> </ul>
<p>5. <b>Audit Committee Reports – Annual Report to the Board of Regents (BOR) and Hawai‘i State Legislature</b></p> <ul style="list-style-type: none"> <li>• Type: Audit Committee Assistance</li> <li>• Period: July 1, 2020 – June 30, 2021</li> </ul>	<p>Assisting the Audit Committee prepare an annual report to the Board of Regents (BOR) and Hawai‘i State Legislature identifying 1) all instances of material weakness in internal controls and 2) all instances of fraud required by HRS §304A-321.</p>	<p>Annual report to the Hawai‘i State Legislature dated December 2021 noted no instances of material weaknesses in internal controls over financial reporting and no instances of fraud or illegal acts.</p>	<ul style="list-style-type: none"> <li>• Complete.</li> <li>• Accepted by the Audit Committee on December 2, 2021.</li> </ul>
<p>6. <b>Audit Committee Reports – Annual Report to the BOR</b></p> <ul style="list-style-type: none"> <li>• Type: Audit Committee Assistance</li> <li>• Period: July 1, 2021 – June 30, 2022</li> </ul>	<p>Assisting the Audit Committee prepare an annual report to the BOR regarding the Audit Committee’s effectiveness required by HRS §304A-321.</p>	<p>Annual report to the BOR notes that the Audit Committee fulfilled its HRS §304A-321 and Charter responsibilities for the fiscal year ended June 30, 2022.</p>	<ul style="list-style-type: none"> <li>• Complete.</li> <li>• To be presented at the June 1, 2022 Audit Committee meeting.</li> </ul>



**Office of Internal Audit  
Summary of Audit Engagements  
Fiscal Year Ended June 30, 2022**

Engagement	Primary Objective(s)/ Audit Scope	Condensed Conclusions & Comments	Management Response	Ongoing Audit Timeline	% Complete	Status
<b>INTERNAL AUDITS</b>						
<p>7. <b>Intercollegiate Athletics – University of Hawai‘i at Hilo</b></p> <ul style="list-style-type: none"> <li>• Type: Compliance</li> <li>• Period: July 1, 2021 to June 30, 2022</li> </ul>	<p>During Accuity’s agreed-upon procedures review pursuant to NCAA requirements for the UH Hilo for the year ended June 30, 2021, instances of non-compliance with NCAA requirements were identified regarding actual awards and incorrect housing status provided/applied to student athletes.. Assess UH Hilo Athletics status of corrective actions during the fiscal year 2022.</p>	<p>UHH Athletics implemented corrective actions such that the risks identified in the June 30, 2021 have been mitigated.</p>	<p>N/A</p>	<p>N/A</p>	<p>100%</p>	<ul style="list-style-type: none"> <li>• Complete</li> <li>• Accepted by the Audit Committee on December 2, 2021</li> </ul>
<p>8. <b>Clery Act Compliance</b></p> <ul style="list-style-type: none"> <li>• Type: Compliance</li> <li>• Period: Annual Security Reports due on October 1, 2021.</li> </ul>	<p>The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act is a federal statute, requiring all colleges and universities that participate in federal financial aid programs to maintain and disclose information about crime on and near their respective campuses. Compliance is</p>	<p>Internal Audit did not identify any material gaps and/or deficiencies in the respective campus’ process to prepare and submit the Annual Security Report and survey to the US Department of Education. Clery Act Compliance with the Clery Act varied widely by campus. Internal Audit identified</p>	<p>Written management responses were received from each campus concurring with Internal Audit’s conclusions and recommendations. UH System level review and management response is pending.</p>	<p>N/A</p>	<p>100%</p>	<ul style="list-style-type: none"> <li>• Complete.</li> <li>• To be presented in fiscal year 2023.</li> </ul>

**Office of Internal Audit  
Summary of Audit Engagements  
Fiscal Year Ended June 30, 2022**

Engagement	Primary Objective(s)/ Audit Scope	Condensed Conclusions & Comments	Management Response	Ongoing Audit Timeline	% Complete	Status
	monitored by the United States Department of Education (ED), which can impose civil penalties and suspend the institution from participating in federal student financial aid programs.	improvement opportunities at several campuses. Internal Audit also recommended that the University consider adopting a Clery Act policy. From a training perspective, Internal Audit recommended that the UHM Clery Coordinator train all campus Clery Coordinators, who then have the responsibility to train their respective campus personnel with Clery Act responsibilities (i.e. train the trainers) to ensure that training is consistent for all University campuses.				
<p>9. <b>UHM – Review of the Masters of Business Administration for Executives in Vietnam (VEMBA) Program</b></p> <ul style="list-style-type: none"> <li>• Type: Operational,</li> </ul>	As a result of various non-cash receipts related risks identified during Internal Audit’s fiscal year 2019 “Review of Cash Receipts Process” in connection with the VEMBA Program, Internal Audit’s objective is to review the VEMBA program’s processes, procedures and internal controls related to	VEMBA incurred operating losses of approximately half a million dollars for each of the three years ended June 30, 2020. Shidler should prepare written process documentation related to financial transactions processed by RCUH. Shidler should develop a process to monitor third-party compliance of all third-party agreements.	<p>Management response dated April 28, 2022 concurred with all conclusions and recommendations.</p> <p>Management response noted that the VEMBA will wind down its operations during the 2023 academic year.</p>	N/A	100%	<ul style="list-style-type: none"> <li>• Complete.</li> <li>• To be presented at the June 1, 2022 Audit Committee meeting.</li> </ul>

**Office of Internal Audit  
Summary of Audit Engagements  
Fiscal Year Ended June 30, 2022**

Engagement	Primary Objective(s)/ Audit Scope	Condensed Conclusions & Comments	Management Response	Ongoing Audit Timeline	% Complete	Status
Compliance, Financial <ul style="list-style-type: none"> <li>• Period: July 1, 2018 to June 30, 2020</li> </ul>	admissions, revenues and expenses in addition to compliance with University policies.					
10. <b>Warrior Recreation Center (WRC)</b>  <ul style="list-style-type: none"> <li>• Type: Operational, Financial</li> <li>• Period: July 1, 2019 – June 30, 2020</li> </ul>	Assess the WRC’s financial results and operations. Evaluate the processes, procedures and practices implemented to safeguard assets and ensure the health and safety of members.	Student Life and Development (SLD) leadership should evaluate and consider the cost/benefit of carving out and analyzing the financial results of the WRC on a stand-alone basis or at minimum evaluate the sufficiency of opt-in membership fees and service/rental fees to cover its associated costs.	Management response to be provided by June 30, 2022	N/A	100%	<ul style="list-style-type: none"> <li>• Complete.</li> <li>• To be presented in fiscal year 2023.</li> </ul>
11. <b>Maunakea</b>  <ul style="list-style-type: none"> <li>• Type: Operational</li> <li>• Period: As of April 7, 2022</li> </ul>	On August 20, 2020, the BOR approved an internal restructuring plan (Restructuring Plan) for Maunakea. The object of this audit is to evaluate the Restructuring Plan with respect to all advisory, operating and funding bodies involved in the	Internal Audit believes that the reorganized and restructured management of Maunakea is more streamlined and provides a better reporting structure when compared to the historical convoluted structure.	None required.	N/A	100%	<ul style="list-style-type: none"> <li>• Complete.</li> <li>• To be presented at the June 1, 2022 Audit Committee meeting.</li> </ul>

**Office of Internal Audit  
Summary of Audit Engagements  
Fiscal Year Ended June 30, 2022**

Engagement	Primary Objective(s)/ Audit Scope	Condensed Conclusions & Comments	Management Response	Ongoing Audit Timeline	% Complete	Status
	management of Maunakea in addition to the status of Corrective Actions to address recommendations included in historical audit reports by Internal Audit (September 2018) and the State Auditor (most recent dated July 2017).	Internal Audit also believes CMS has either completed or is in the process of meeting the Restructuring Plan’s objectives. In addition, Internal Audit has determined that all recommendations noted in historical State Auditor and Internal Audit reports have been properly addressed and/or implemented.				
<p><b>12. Public Private Partnership Compliance</b></p> <ul style="list-style-type: none"> <li>• Type: Compliance, operational</li> <li>• Period: Year ended June 30, 2021</li> </ul>	<p>The University’s two active P-3 projects are with Greystar Real Estate Partners, and Hunt Development Group and the University of Hawai‘i Foundation.</p> <p>The purpose of this audit is to verify compliance with Executive Policy (EP) 10.204, <i>Public Private Partnerships</i>, in addition to researching potential future issues that impact P-3 projects and measures that</p>	<p>Based on the procedures performed to date, the University complied with EP 10.204 and other relevant policies with respect to the University’s two active P-3 projects.</p> <p>The University’s P-3 project related processes and procedures (e.g. identifying, procuring, managing and monitoring) should be documented. A risk associated with P-3 projects is the developer’s inability to fulfill its financial,</p>	N/A	<ul style="list-style-type: none"> <li>• Kickoff meeting and requested information has been received</li> <li>• Researched and reviewed applicable University policies</li> <li>• Read relevant documents and agreements associated with the NOAA and Atherton projects</li> <li>• Continuing to research P-3 leading practices of other higher education institutions and leading practices documented in published articles and reports.</li> </ul>	80%	<ul style="list-style-type: none"> <li>• Drafting of report is in process.</li> </ul>

**Office of Internal Audit  
Summary of Audit Engagements  
Fiscal Year Ended June 30, 2022**

Engagement	Primary Objective(s)/ Audit Scope	Condensed Conclusions & Comments	Management Response	Ongoing Audit Timeline	% Complete	Status
	can be taken to mitigate these issues.	operational and maintenance obligations over the duration (typically 10 + years) of the P-3 project.				
<p><b>13. Gifts to the University</b></p> <ul style="list-style-type: none"> <li>• Type: Compliance operational, financial</li> <li>• Period: Three years ended June 30, 2021</li> </ul>	<p>University Administrative Procedure (AP) 8.620 <i>Gifts</i> states, the University shall direct gifts from donors to the University of Hawai'i Foundation (UHF). The University believes there are instances in which University departments have accepted gifts without engaging UHF. Enhancing the current gift policy may provide needed guidance to University campus and departmental leadership to mitigate the risk of policy non-compliance and the associated negative income tax consequences.</p>	<p>Internal Audit has confirmed with the University's Tax Manager of instances of non-compliance with the provisions of AP 8.620 and the Memorandum of Agreement between the University and UHF dated December 2018.</p> <p>Revisions to AP 8.620 may be warranted to provide guidance to the University campus and departmental leadership if there is a need and it is deemed acceptable for the University to accept gifts directly from donors without engaging UHF.</p>	<p>TBD</p>	<ul style="list-style-type: none"> <li>• Reviewed the University and UHF gift acceptance policies and procedures</li> <li>• Researching gift acceptance policies and procedures of other higher education institutions.</li> <li>• Consulting with University Tax Manager regarding potential income tax exposure of the University accepting gifts directly from donors</li> <li>• Read of the Memorandum of Agreement between UH and UHF dated December 2018.</li> </ul>	<p>60%</p>	<ul style="list-style-type: none"> <li>• Fieldwork is ongoing concurrently with drafting of the report.</li> </ul>

**Office of Internal Audit  
Summary of Audit Engagements  
Fiscal Year Ended June 30, 2022**

Engagement	Primary Objective(s)/ Audit Scope	Condensed Conclusions & Comments	Management Response	Ongoing Audit Timeline	% Complete	Status
<p>14. <b>Conflict of Interest (COI)</b></p> <ul style="list-style-type: none"> <li>• Type: Compliance</li> <li>• Period: July 1, 2019 – June 30, 2020</li> </ul>	<p>Evaluate compliance with University Administrative Procedure (AP) 5.504, <i>Procedures for Disclosing and Addressing Conflicts of Interest and Commitment</i>, dated August 11, 2014, AP 12.304 <i>Procedures for Disclosing and Addressing Conflicts of Interest Related with Extramurally-Funded Activities</i>, dated February 2019 and Executive Policy (EP) 12.214, <i>Conflicts of Interest and Commitment</i>, dated October 2014.</p> <p>Research leading practices with respect to identifying and mitigating instances of foreign influence.</p>	<p>Based on the procedures performed to date, the University complied with AP 5.504, AP 12.304 and EP 12.214</p> <p>COI training materials and communications (e.g., memos, emails, website, etc.) provide sufficient information (e.g. deadlines, how to submit COI disclosure forms, etc.) for University personnel to comply with University policies and procedures.</p> <p>The University should develop a process to assess if all University personnel required to complete a COI disclosure form have submitted the form.</p> <p>The University should develop a robust process to evaluate, monitor and manage the risks related to foreign influence.</p>	<p>TBD</p>	<ul style="list-style-type: none"> <li>• Performed inquires of Office of Research Compliance personnel and reviewed process and procedure narratives describing the University’s COI disclosure requirements.</li> <li>• Reviewed University training materials, notifications and communications.</li> <li>• Researched other University COI and foreign influence policies.</li> <li>• Read leading practices related to COI and foreign influence published by the Association of American Universities/Association of Public and Land-grant Universities and by the Joint Committee on the Research Environment</li> <li>• Discussed COI processes and procedures with select University Deans</li> </ul>	<p>80%</p>	<ul style="list-style-type: none"> <li>• Fieldwork is ongoing concurrently with drafting of the report.</li> </ul>

**Office of Internal Audit  
Summary of Audit Engagements  
Fiscal Year Ended June 30, 2022**

<b>Engagement</b>	<b>Primary Objective(s)/ Audit Scope</b>	<b>Condensed Conclusions &amp; Comments</b>	<b>Management Response</b>	<b>Ongoing Audit Timeline</b>	<b>% Complete</b>	<b>Status</b>
				<ul style="list-style-type: none"> <li>• Reviewed a sample of completed COI disclosure forms.</li> <li>• Reviewed online COI disclosure forms, employee and review user guides and FAQ for the new Quali Build system implemented in March 2022.</li> </ul>		

DRAFT

**Office of Internal Audit  
Summary of Audit Engagements  
Fiscal Year Ended June 30, 2022**

Engagement	Primary Objective(s)/ Audit Scope	Condensed Conclusions & Comments	Implementation Status	Ongoing Audit Timeline	% Complete	Status
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FOLLOW-UP						
<p>15. <b>Auditee Status – GASB 87</b></p> <ul style="list-style-type: none"> <li>• Type: Follow Up</li> <li>• Period: Through November 2021</li> </ul>	<p>Assess the implementation status of corrective action.</p>	<p>Seven (7) recommendations identified in the prior year for UH System.</p>	<p>All recommendations have been implemented.</p>	<p>N/A</p>	<p>100%</p>	<ul style="list-style-type: none"> <li>• Complete</li> <li>• Accepted by the Audit Committee on December 2, 2021</li> </ul>
<p>16. <b>Auditee Status – Check Disbursements less than \$2,500</b></p> <ul style="list-style-type: none"> <li>• Type: Follow Up</li> <li>• Period: Through April 2021</li> </ul>	<p>Assess the implementation status of corrective action.</p>	<p>Six (6) recommendations identified in the prior year.</p>	<p>All recommendations have been implemented.</p>	<p>N/A</p>	<p>100%</p>	<ul style="list-style-type: none"> <li>• Complete</li> <li>• Accepted by the Audit Committee on December 2, 2021</li> </ul>
<p>17. <b>Auditee Status – Real Property Management</b></p> <ul style="list-style-type: none"> <li>• Type: Follow Up</li> <li>• Period: Through March 2022</li> </ul>	<p>Assess the implementation status of corrective action.</p>	<p>Twelve (12) recommendations identified in the prior year.</p>	<p>All recommendations have been implemented.</p>	<p>N/A</p>	<p>100%</p>	<ul style="list-style-type: none"> <li>• Complete</li> <li>• Accepted by the Audit Committee on April 7, 2022</li> </ul>



**Office of Internal Audit  
Summary of Audit Engagements  
Fiscal Year Ended June 30, 2022**

Engagement	Primary Objective(s)/ Audit Scope	Condensed Conclusions & Comments	Implementation Status	Ongoing Audit Timeline	% Complete	Status
<p>18. <b>Auditee Status – Maunakea</b></p> <ul style="list-style-type: none"> <li>• Type: Follow Up</li> <li>• Period: Through May 2022</li> </ul>	<p>Assess the implementation status of corrective action.</p>	<p>Six (6) recommendations identified in the prior year</p>	<p>All recommendations have been implemented.</p>	<p>N/A</p>	<p>100%</p>	<ul style="list-style-type: none"> <li>• Complete</li> <li>• To be presented at the June 1, 2022 Audit Committee meeting</li> </ul>
<p>19. <b>Auditee Status – University Bookstore</b></p> <ul style="list-style-type: none"> <li>• Type: Follow Up</li> <li>• Period: Through June 2022</li> </ul>	<p>Assess the implementation status of corrective action.</p>	<p>Seven (7) recommendations identified in the prior year.</p>	<p>Four (4) recommendations implemented or in process to be implemented. Three (3) recommendations not implemented. The recommendations not implemented will be audited during the year ended June 30, 2023.</p>	<p>N/A</p>	<p>100%</p>	<ul style="list-style-type: none"> <li>• Complete</li> <li>• To be presented at the June 1, 2022 Audit Committee meeting</li> </ul>
<p>20. <b>Auditee Status – Waikiki Aquarium</b></p> <ul style="list-style-type: none"> <li>• Type: Follow-up</li> <li>• Period: Through May 2022</li> </ul>	<p>Assess the implementation status of corrective action.</p>	<p>Fifteen (15) recommendations identified in the prior year</p>	<p>Seven (7) recommendations implemented or in process to be implemented. Eight (8) recommendations not implemented. The recommendations not implemented will be audited during the year ended June 30, 2023.</p>	<p>N/A</p>	<p>100%</p>	<ul style="list-style-type: none"> <li>• Complete</li> <li>• To be presented at the June 1, 2022 Audit Committee meeting</li> </ul>



**UNIVERSITY  
of HAWAI'I  
SYSTEM**

UNIVERSITY OF HAWAII  
BOARD OF REGENTS

KALBERT K. YOUNG  
VICE PRESIDENT FOR BUDGET & FINANCE  
CHIEF FINANCIAL OFFICER

May 23, 2022

'22 MAY 25 P4:00

DTS 22500

TO: Randolph G. Moore  
Chairperson, Board of Regents

Benjamin Asa Kudo  
Chair, Committee on Independent Audit  
Board of Regents

VIA: David Lassner  
President

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

SUBJECT: CONTRACT TO PROVIDE AUDIT AND ACCOUNTING SERVICES AND  
APPROVAL OF THE SELECTION OF THE EXTERNAL AUDITOR FOR  
THE UNIVERSITY OF HAWAI'I FOR THE FISCAL YEARS ENDING  
JUNE 30, 2022 THROUGH JUNE 30, 2024

**SPECIFIC ACTIONS REQUESTED:**

Pursuant to Section 304A-321, Hawaii Revised Statutes, and Board of Regents Policy RP 8.201, the Board of Regents is requested to approve the selection of the external auditor and to authorize the Administration to enter into a contract with Accuity LLP to provide audit and accounting services to the University of Hawai'i (University).

**CONTRACT SCOPE OF WORK:**

If authorized, for the duration of the contract, Accuity LLP will be contracted to conduct audits of the financial statements of the University; compliance audits in accordance with the Office of Management and Budget (OMB) Uniform Guidance; review of the agreed upon procedures for the University of Hawai'i (UH) at Mānoa Intercollegiate Athletics to evaluate compliance with National Collegiate Athletics Association (NCAA) bylaws; provide audit assistance in the preparation of the financial statements report and footnotes schedule; preparation of supplemental schedules and financial statements for UH Mānoa, UH Hilo, UH West O'ahu, UH Maui College, and the Community College System; conduct a review of Bond System procedures and prepare summary schedules of activities and account balances; and for the year ending June 30, 2023, provide services in connection with agreed-upon procedures to assess the Statement of Revenues and Expenses of the UH Hilo Athletics Department for compliance with NCAA bylaws.

2444 Dole Street, Bachman Hall  
Honolulu, Hawai'i 96822  
Telephone: (808) 956-8903  
Fax: (808) 956-5286

An Equal Opportunity/Affirmative Action Institution

**RECOMMENDED EFFECTIVE DATE:**

Contract to be executed after authorization is granted by the Board of Regents.

**BACKGROUND:**

The previous audit contract, C180086, ended following the completion of the FY2021 audits. The Administration utilized the University's professional services procurement procedures to solicit, qualify, and select an audit and accounting services firm for the FY2022 - FY2024 University audit reviews and reporting requirements.

The University solicited and received letters of interest and statements of qualifications from three (3) audit and accounting services firms: Accuity LLP, KPMG LLP, and Plante & Moran, PLLC. All of the interested firms were found to be qualified for the work involved and the audit firm selection committee conducted individual reviews of the submitted proposals and scored each firm based on pre-established weighted evaluation criteria that considered respondents' experience, professional qualifications, prior audit work, proposed approach and services. The scoring results were accumulated and when tabulated, Accuity LLP was determined to be the first ranked firm by the selection committee members.

Subsequently, the Financial Management Office worked with Accuity LLP senior staff to develop a fee proposal based on the general audit review plans for the fiscal years ending June 30, 2022 through June 30, 2024. The fee proposal assumes University staff labor assistance provided by the Office of the Internal Auditor and includes inflationary increases as noted in the table below.

University of Hawaii  
 Audit Contract - Estimated Billing Hours and Amounts (IA Assistance)  
 FY2022-FY2024

	FY2022		FY2023		FY2024	
	Hours	Fee	Hours	Fee	Hours	Fee
Financial Statements	<a> 2,590.00	\$368,623.00	2,440.00	\$363,590.00	2,440.00	\$374,498.00
A-133 Compliance	2,190.00	292,787.00	2,190.00	301,570.00	2,190.00	310,618.00
Manoa Athletics AUP	370.00	53,199.00	370.00	54,795.00	370.00	56,439.00
Hilo Athletics AUP	-	-	180.00	25,717.00	-	-
Fin Statements Assistance	240.00	24,357.00	240.00	25,088.00	240.00	25,840.00
Supplemental Schedules	296.00	27,827.00	296.00	28,662.00	296.00	29,521.00
Bond System Review	55.00	5,375.00	55.00	5,536.00	55.00	5,702.00
	<b> 5,741.00	\$772,168.00	5,771.00	\$804,958.00	5,591.00	\$802,618.00
	<c>	\$ 134.50		\$ 139.48		\$ 143.56

<a> Includes 150 hours for FY2022 GASB 87 review  
 <b> Assumes 1,000 hrs of UH Internal Audit assistance each year  
 <c> Average rate per hour; inflationary increase of approx. 3% per year

**ACTIONS RECOMMENDED:**

It is recommended that the Board of Regents take the following actions:

1. Approve the selection of Accuity LLP as the external auditor to conduct the University audits for the fiscal years ending June 30, 2022 through June 30, 2024.
2. Authorize the University Administration to finalize and execute a contract with Accuity LLP for audit and accounting services in accordance with the terms and cost proposal above.

**UNIVERSITY OF HAWAI‘I**

**REVIEW OF MAUNAKEA**  
**Revised Management Structure**

April 2022

DRAFT



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University of Hawai'i  
Office of Internal Audit



May 20, 2022

To the University of Hawai'i Board of Regents

On February 22, 2018, the University's Board of Regents (BOR) adopted a resolution directing the Office of Internal Audit (Internal Audit) to conduct an audit of the University-related entities engaged in Maunakea stewardship and management. These University-related entities consisted of the University's Institute for Astronomy, the Office of Maunakea Management and Maunakea Observatories Support Services. Internal Audit issued a report dated September 2018 pursuant to this resolution. The report determined that these entities had developed processes and procedures to appropriately account for their respective financial transactions in connection with their management of Maunakea.

Previous audits of Maunakea have been conducted by the State of Hawai'i Office of the Auditor (State Auditor) in 1998 and 2005, with follow up audits occurring in 2014 and 2017. The State Auditor audits were primarily focused on the conservation and protection of Maunakea's natural resources.

On August 20, 2020, the BOR approved an internal restructuring plan (Restructuring Plan) for Maunakea. The new organization overseeing the management of Maunakea pursuant to the Restructuring Plan is titled the Center for Maunakea Stewardship (CMS). At the April 7, 2022 meeting of the BOR Committee on Independent Audit (Audit Committee), the Audit Committee approved the addition of an audit project to Internal Audit's Audit Plan for the year ended June 30, 2022. The objective of the audit project was to evaluate the status of the Restructuring Plan in addition to the status of Corrective Actions to address recommendations included in historical audit reports by Internal Audit (September 2018) and the State Auditor (most recent dated July 2017).

The accompanying report identifies and describes various University entities involved with Maunakea on a historical and current basis subsequent to the adoption of the Restructuring Plan. Internal Audit believes that the reorganized and restructured management of Maunakea is more streamlined and provides a better reporting structure when compared to the historical convoluted structure. Internal Audit also believes CMS has either completed or is in the process of meeting the Restructuring Plan's objectives. In addition, Internal Audit has determined that all recommendations noted in historical Internal Audit and State Auditor reports have been addressed and/or implemented.

Sincerely,

Glenn Shizumura  
Director

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## **I. Background**

According to the Maunakea Comprehensive Management Plan (CMP) approved by the State of Hawai‘i Board of Land and Natural Resources in April 2009, the University of Hawai‘i (University or UH) manages approximately 11,288 acres at the summit of Maunakea (referred to as the “Mauna Kea Science Reserve”) and approximately 19 acres at Halepōhaku (Hawaiian for “Stone House”) pursuant to leases with the State of Hawai‘i Department of Land and Natural Resources (DLNR). The Maunakea Observatories (MKOs or Observatories) are located within the Science Reserve. Halepōhaku consists of the Onizuka Center for International Astronomy (commonly referred to as the Visitor Information Station (VIS), which includes the First Light Bookstore (FLBS)), and a support facility for the Observatories with lodging, dining facilities, offices, meeting rooms and recreational areas. (NOTE: In this report, “Maunakea” may refer to the dormant volcano /mountain in general or specifically to the UH-managed lands as described above. The intended meaning can be derived from the context surrounding its usage.)

On February 22, 2018, the University’s Board of Regents (BOR) adopted a resolution directing the Office of Internal Audit (Internal Audit) to conduct an audit of the University-related entities engaged in Maunakea stewardship and management. These University-related entities consisted of the University’s Institute for Astronomy (IfA), the Office of Maunakea Management (OMKM) and Maunakea Observatories Support Services (MKSS). Internal Audit issued a report dated September 2018 pursuant to this resolution. The report determined that these entities had developed processes and procedures to appropriately account for their respective financial transactions in connection with their management of Maunakea. The report also included several financial and operational recommendations.

Previous audits of Maunakea have been conducted by the State of Hawai‘i Office of the Auditor (State Auditor) in 1998 and 2005, with follow up audits occurring in 2014 and 2017. The State Auditor audits were primarily focused on the conservation and protection of Maunakea’s natural resources. The report noted that the University lacked administrative rule-making authority and that management plans needed to be updated to reflect current use and to provide increased transparency and accountability.

In June 2000, the BOR adopted a Master Plan (or MP) for Maunakea, which serves as a policy guide for University management of Maunakea, including protection of the cultural, natural and scientific resources. On January 20, 2022, the BOR adopted a new Master Plan to replace the 2000 Master Plan. The 2022 Master Plan serves as a framework for aligning land-use decisions, management actions, and educational programs in a way that strengthens connections to Maunakea by integrating traditional and contemporary knowledge and practice where possible. Its overarching goals are related to responsible stewardship, maintaining leadership in astronomy, diversifying educational pursuits and seeking balance among those who come to Maunakea.

The University’s management of Maunakea is the subject of House Bill 2024 introduced during the 2022 Hawai‘i State Legislative session. House Bill 2024 would remove the University’s management authority of Maunakea. On March 22, 2022, the Senate Higher Education Committee passed House Bill 2024 with several amendments. The Hawai‘i State Legislative passed this bill on May 3, 2022.

On November 6, 2019, the BOR adopted Resolution 19-03, *To Act on Items Relating to Maunakea Management*. An action item included in Resolution 19-03 requires the University to present to the BOR a reorganization and restructuring plan with respect to all advisory, operating and funding bodies involved in the management of Maunakea. On August 20, 2020, the BOR approved an internal restructuring plan (Restructuring Plan) for Maunakea. The new organization overseeing the management of Maunakea pursuant to the Restructuring Plan is titled the Center for Maunakea Stewardship. A December 10, 2021 meeting of the BOR’s Maunakea Permitted



**University of Hawai‘i**  
**Review of Maunakea**  
**April 2022**

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Interaction Group recommended that the BOR Committee on Independent Audit (Audit Committee) amend Internal Audit’s 2022 Audit Plan to include an audit of the Restructuring Plan.

At the April 7, 2022 Audit Committee meeting, the Audit Committee approved the addition of an audit project to Internal Audit’s Audit Plan for the year ended June 30, 2022. The objective of this audit project is to evaluate the status of the Restructuring Plan in addition to the status of Corrective Actions to address recommendations included in historical audit reports by Internal Audit (September 2018) and the State Auditor (most recent dated July 2017). An evaluation of the 2022 Master Plan and House Bill 2024 is beyond the scope of this audit. The accompanying pages of this report describes the work performed by Internal Audit to address these objectives in addition to Internal Audit’s corresponding conclusions.

## II. Work Performed

The following describes the audit procedures performed in connection with this audit. A substantial portion of Internal Audit’s work related to reading and analyzing documents in addition to interviewing and performing inquiries of personnel involved with the implementation and management of the Restructuring Plan. Personnel interviewed in connection with this audit are listed in *Appendix A – Key Personnel Consulted During the Course of the Audit*.

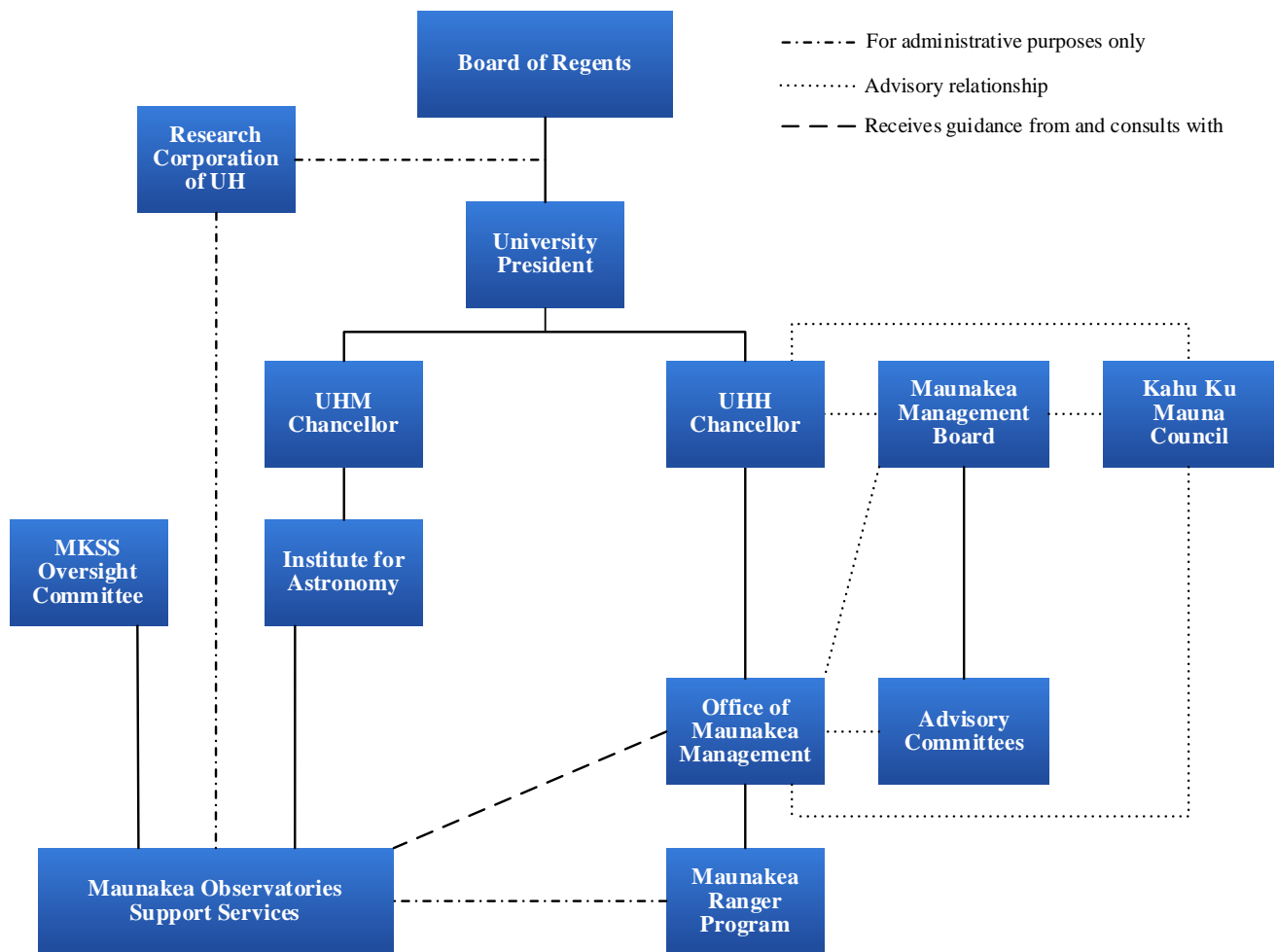
1. Perform inquiries with relevant personnel (University, Advisory Groups, etc.)
2. Read relevant documents including:
  - a) Restructuring Plan
  - b) Meeting minutes (Maunakea Management Board, Kahu Ku Mauna Council, Environment Committee, etc.)
  - c) Financial information including financial statements of the Center for Maunakea Stewardship
  - d) Historical State Auditor reports
  - e) Other relevant documents as deemed appropriate
3. Evaluate the implementation status of Corrective Actions related to recommendations included in historical audit reports issued by Internal Audit and the State Auditor.
4. Other procedures as deemed appropriate

### III. Observations and Analysis

#### A. Management structure

##### 1. Historical

The following illustrates the overall organizational chart of the entities related to the governance and management of Maunakea as presented in Internal Audit’s 2018 report:



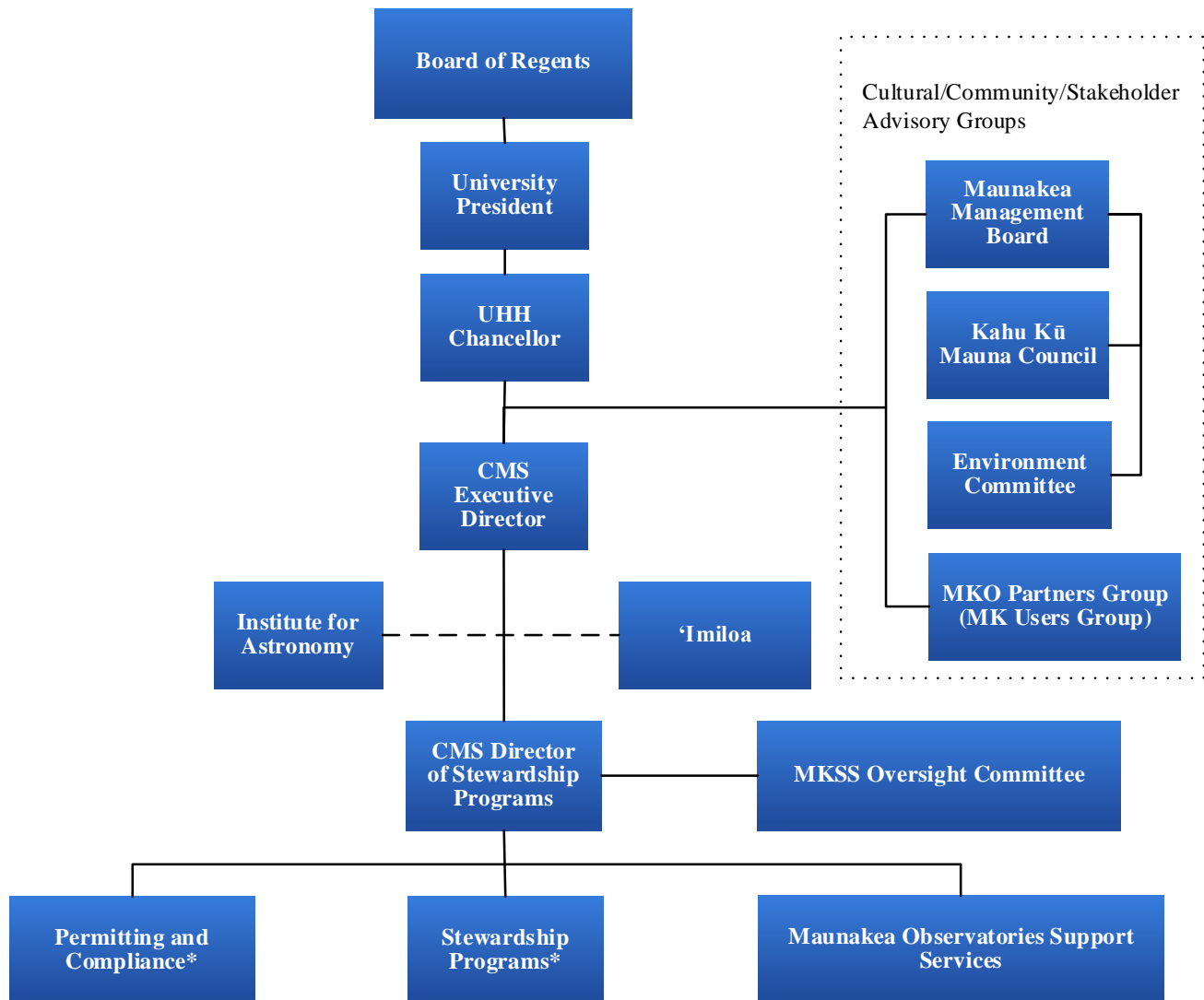
##### 2. Restructured

On November 6, 2019, the BOR adopted Resolution 19-03, *To Act on Items Relating to Maunakea Management*. An action item included in Resolution 19-03 requires the University to present to the BOR a reorganization and restructuring plan with respect to all advisory, operating and funding bodies involved in the management of Maunakea. In May 2020 (revised in August 2020), the University presented to the BOR a proposed internal restructuring plan for Maunakea. The new organization overseeing the management of Maunakea pursuant to

the Restructuring Plan is titled the Center for Maunakea Stewardship (CMS). The CMS mission statement as described on their website is as follows:

*The Center for Maunakea Stewardship works to achieve harmony, balance and trust in the sustainable management and stewardship of the Maunakea Science Reserve through extending Native Hawaiian and community involvement and programs that protect, preserve and enhance the cultural, natural, educational and scientific resources of Maunakea in a manner that integrates traditional Indigenous knowledge and modern science.*

The CMS organizational chart is presented below:



\*Shown here for descriptive purposes. Organization of these functions to be finalized by Director of Stewardship Programs.

### 3. Organization roles and responsibilities

#### a) Board of Regents

As described in the Background section of this report, the BOR adopted the 2000 Master Plan to serve as a policy guide for University management of Maunakea. This plan required the establishment of a community-based management structure on Hawai‘i Island. In accordance with the Master Plan, the University of Hawai‘i at Hilo (UH Hilo or UHH) Chancellor established OMKM on August 1, 2000. OMKM is the office initially charged with ensuring compliance with and implementation of the 2000 Master Plan.

On January 20, 2022, the BOR adopted a new Master Plan to replace the 2000 Master Plan. The 2022 Master Plan discusses the Restructuring Plan by stating that the restructuring establishes clearer lines of accountability and improved transparency within the University’s management operations of Maunakea. The BOR assigned the implementation of the 2022 Master Plan to CMS.

#### b) Office of Maunakea Management

OMKM was the office initially charged with ensuring compliance with and implementation of the 2000 Master Plan and the CMP. The CMP was approved by the State of Hawai‘i Board of Land and Natural Resources in April 2009. The Restructuring Plan transferred the responsibilities of OMKM to be consolidated with the other duties and responsibilities of the CMS Director of Stewardship Program. The Research Corporation of the University of Hawai‘i (RCUH) provided administrative support to OMKM and continues to provide administrative support to MKSS.

#### c) Cultural/Community/Stakeholder Advisory Groups

Under the Restructuring Plan, these advisory groups participate in strategic planning and policy discussions.

##### Maunakea Management Board (MKMB)

MKMB is comprised of seven (7) members nominated by the UH Hilo Chancellor and approved by the Board of Regents. MKMB is responsible for providing input on Maunakea operations and activities, developing policies, and reviewing and providing recommendations for land uses planned for the UH Management Areas. MKMB provides the community with a sustained, direct voice for the management of Maunakea. MKMB generally meets semi-monthly.

##### Kahu Ku Mauna Council (KKM)

KKM is a volunteer community-based council whose members are from the native Hawaiian community. KKM advises the Maunakea management structure (MKMB, CMS, UH Hilo Chancellor, etc.) on Hawaiian cultural matters affecting Maunakea. A member of KKM participates in discussions with the MKMB during their public meetings.

KKM serves Maunakea by offering a Hawaiian perspective to those entrusted with stewardship, guiding the protection of cultural practices and sites, recognition of intangible environmental and spiritual qualities, and nurturing co-existence.

KKM currently consists of six (6) members that meet semi-monthly.

##### Environment Committee (EC)

The Environment Committee was formed to advise and provide expertise on environmental issues for

CMS and MKMB, with the goal of protecting natural resources. The development of the Mauna Kea Natural Resources Management Plan (NRMP) was initiated as a project of the Environment Committee.

The number of EC members has not been formalized. The EC generally meets monthly. Eleven (11) members regularly attend these meetings.

#### MKO Partners Group

An MKO Partners Group is expected to be established to provide input to CMS. This group will be composed of representatives from all of the Observatories.

#### **d) CMS Executive Director (ED)**

The ED oversees the integration, coordination, and strategic implementation of the MP, CMP, and Administrative Rules (AR). A major responsibility of the ED is to manage planning and decision-making processes to ensure that the broad range of issues, interests, and concerns expressed by the community and stakeholders are being heard and that a balancing of interests is attempted. These interests include but are not limited to cultural, environmental, social, economic, legal, and regulatory matters.

The ED provides leadership in building the internal and external partnerships required to engage and weave a cohesive, collaborative management network with stakeholders and the community.

#### *Functions*

- Manages policy and planning activities and ensures balanced consideration and integration of stakeholder interests
- Provides oversight of the implementation for all plans, strategy, and operational activities
- Ensures ongoing regulatory and legal review
- Manages revenues and expenses involved in University operations on Maunakea
- Works with other University offices to secure financial and legal support
- Government and community relations
- Fosters and coordinates access to Maunakea for non-astronomy research and academic programming across the University and with community partners

#### **e) CMS Director of Stewardship Programs (DSP)**

The DSP replaces the OMKM Director and oversees the operations of Maunakea Observatories Support Services pursuant to the Restructuring Plan. The DSP is responsible for the implementation of the programmatic and operational functions required to fulfilling the University’s Maunakea stewardship responsibilities. These responsibilities include ensuring compliance with approved plans and policy and regulatory requirements, implementation of University strategy, managing the permitting and programmatic activities of the unit, and in collaboration with the ED support engagement with the MKMB, KKM, and EC.

The permitting and stewardship functions depicted under the DSP is for discussion purposes only. A future task of the DSP will be to finalize the permitting and stewardship functions depicted under the DSP in consultation with staff and the ED.

#### *Functions*

- Oversees all stewardship operations, including permitting and project review processes, cultural/natural resource stewardship programs and activities, and Halepōhaku (or HP) operations.
- Works collaboratively with ED, IfA, ‘Imiloa, and the MKOs to ensure compliance with the Master

Plan, CMP, AR, and regulatory requirements.

- In collaboration with the ED, facilitates and supports the CMS advisory groups
- Establishes and maintains key partnerships with county, state, federal and international stakeholders

**f) Institute for Astronomy**

IfA is a research unit of University of Hawai‘i at Mānoa (UHM) that does not formally report to the ED. The dotted lines in the organizational map indicate that communication and coordination of the activities listed will be in collaboration with the CMS management team under the leadership of the ED. The IfA Director, serving as the Scientific Cooperation Lead, is a key member of the CMS management team.

*Functions*

- Establishes and maintains a process for ongoing communication and consultation with the MKOs, especially as it pertains to policy, strategy, and applicable operational matters.
- Provides advocacy for astronomy interests statewide, and for University and the MKOs in particular
- Develops and coordinates University/MKO operational and programmatic collaborations
- Provides leadership in developing partner agreements for approval by the ED, UHH Chancellor, University President, or BOR as appropriate based on organizational, legal, or delegated authority (e.g., cooperative agreements, subleases, fiscal agreements, etc.)
- Establishes and maintains key partnerships with county, state and federal agencies, and international organizations.

**g) ‘Imiloa Astronomy Center**

‘Imiloa is an educational unit of UHH that did not participate in the governance and management of Maunakea prior to the Restructuring Plan. ‘Imiloa has developed the expertise to create unique culture-based educational experiences for residents and visitors alike that is cross-disciplinary, multi-sensory, and which respond to community interests and needs. The dotted lines in the Restructuring Plan’s organizational chart indicate that communication and coordination of ‘Imiloa activities will be in collaboration with the CMS management team under the leadership of the ED.

*Functions*

The Director of ‘Imiloa serves as the Cultural Education Lead, is a key member of the CMS management team and would provide strategic leadership of the following functions and activities on behalf of the CMS and University:

- VIS operations - provide content/program development expertise to support the expansion of educational activities at the VIS and HP. Support staff training of VIS personnel.
- Develops and implements new, “high-touch” programs targeting resident and visitor groups using HP and VIS facilities.
- Continues and expands support for CMS outreach through curriculum/program development that can be deployed across CMS functions.
- In partnership with the MKOs, coordinate and conduct educational outreach on behalf of astronomy and the University.
- Establish and maintains key partnerships with county, state, federal and international stakeholders.

**h) Maunakea Shared Services Committee (MKSSC)**

Formerly named the MKSS Oversight Committee (MKSSOC), MKSSC is composed of representatives from all of the Observatories, including those owned and operated by IfA. Each Observatory pays into accounts held by RCUH that are used to fund MKSS activities, including road maintenance, snow

removal, facilities maintenance and management at Halepōhaku common utilities and the VIS (the RCUH provides administrative services to MKSS (payment processing, disbursements, etc.) in exchange for a 3.2% administrative fee.

MKSSC establishes the budget for the expenditure of extramural funds the MKOs contribute to support HP and VIS operations and associated administrative functions. MKSSC also provides input into operational policies and practices at HP and the VIS. However, since these specific functions (HP and VIS) operate under RCUH, the University (through its role as Principal Investigator) continues to have an oversight role in ensuring that these operations comply with RCUH and University policy. The Principal Investigator role is shared between the IfA Director (or designee) and the DSP.

**i) MKSS**

MKSS manages the daily logistical activities on Maunakea. MKSS was established in April 1979 by IfA to perform the following:

- Provide a range of support services responsive to the needs of the user community (including the University) that has astronomical facilities on Maunakea.
- Broaden the scope of services as necessary and desirable, including the requirements of new facilities that may be approved for location on Maunakea.
- Minimize operating costs by precluding the duplication of support services and facilities needed by the Observatories.
- Develop a management structure that will provide efficient and responsive support services on a basis equitable to each user.

The support services provided by MKSS include food and lodging, provision of electrical power and water, transportation services, auxiliary services and library services. MKSS is a separate division within IfA and operates through RCUH with an objective of recovering the actual cost of operations with no provision for profits. RCUH provides administrative services to MKSS including the recordation of accounting transactions, procuring goods and services from vendors and disbursing the related payment, processing payroll, reconciling cash receipts, etc.

#### **4. Comparison**

The significant changes between the September 2018 and August 2020 organizational charts are summarized below:

**a. Leadership**

Management of Maunakea was previously a shared responsibility of the UHM Chancellor and UHH Chancellor through their respective organizations of IfA and OMKM. Accordingly, MKSS historically reported to IfA and received guidance and consultation from OMKM. Currently, leadership is centralized under the CMS ED. Currently, MKSS has sole reporting responsibility to the CMS DSP.

**b. Accounting/administrative functions and support services**

As referenced above, accounting and administrative functions was a historically shared oversight responsibility of OMKM and IfA. MKSS historically and currently provides support services to all MKOs. MKSS services include the following:

- Operates and manages the VIS, FLBS and Halepōhaku
- Operates and maintains the utility department, weather center and communication center
- Performs road maintenance and snow removal
- Maintains fuel tanks and water tanks



- Provides general administration (accounting, procurement, and human resources) services for all provided support services

MKSS continues to operate through RCUH.

**c. Education and advisory**

‘Imiloa historically did not participate in the management and/or stewardship of Maunakea. As previously noted, ‘Imiloa participates in the stewardship of Maunakea by coordinating and providing education on behalf of astronomy and the University in addition to establishing and maintaining relationships with key stakeholders. Per BOR Resolution 19-03, Maunakea educational programming is now assigned to ‘Imiloa which is attached to UH Hilo. ‘Imiloa has the lead program/curriculum development responsibilities that support CMS’s staff/vendor/visitor training and public outreach responsibilities.

**B. Restructuring objectives**

As described in the Background section, the Audit Committee approved the addition of an audit project to Internal Audit’s Audi Plan for the year ended June 30, 2022 to evaluate the status of the Restructuring Plan in addition to the status of Corrective Actions to address recommendations included in historical audit reports by Internal Audit (September 2018) and the State Auditor (most recent dated July 2017). This section of the report evaluates the status of the restructuring objectives. The following objectives were identified in the August 2020 Restructuring Plan:

- Improve lines of management accountability and financial transparency
- Organize UH functions around mission-critical activities
- Clarify UH’s regulatory, stewardship, and advocacy roles by separating those functions in our organization
- Leverage and optimize existing networks and partnerships
- Broaden, diversify, and elevate stakeholder input into decision-making
- Maintain governance continuity and minimize disruption as much as possible

Internal Audit reviewed documents and performed inquiries with various CMS personnel and certain board members of MKMB and KKM (see Appendix A). Since the EC is a segment of MKMB, separate inquiries with the EC was not deemed relevant. No inquiries were performed with the MKO Partners Group since this group is not yet formally established. The results of Internal Audit’s review of documents and inquiries are documented below.

**1. Improve lines of management accountability and financial transparency.**

Status

a. Improve lines of management accountability

As described in the prior section, both the UHM Chancellor and UHH Chancellor provided historical oversight. Currently, all stewardship and operations are managed through the DSP then ED, who is a direct report to the UHH Chancellor. The advisory groups believe that the lines of management accountability are improved.

b. Improve financial transparency

Commencing with the quarter ending December 31, 2021, a quarterly CMS Statement of Revenues and Expenses (CMS Financial Statements) is prepared by MKSS combining the financial results of CMS

and MKSS. From a historic perspective, these financial statements combine the financial results of OMKM and MKSS which historically were not presented on a combined basis.

The Combined Statement of Revenues and Expenses include supporting financial statements of CMS and MKSS. The CMS financial information is segregated by funding source:

- TFSF (Tuition and fees special fund)
- RTRF (Research training and revolving funds)
- RCUH
- MK Lands (includes revenue from tour group operators and Thirty Meter Telescope lease rent)

The MKSS financial information is segregated into cost centers including:

- Food and lodging
- Visitor station
- Rangers
- Facilities
- Road/snow
- Weather station
- Administrative
- Other services

These MKSS cost centers mirror the cost centers historically included in MKSS financial statements distributed quarterly to the MKO’s documenting the costs incurred to operate the HP facilities and the Maunakea lands. However, the current presentation combines certain cost centers (road maintenance and snow removal from roads are now a single cost center) to simplify the presentation.

Drafts of the CMS Financial Statements have been distributed to the ED, DSP and MKSS Oversight Committee for their review and comments. Finalization of the form and content in addition to determining the distribution of the CMS Financial Statements are pending.

Historically, the advisory groups have received financial information when requested. One advisory group believes financial transparency can be improved if financial information was readily available.

### Conclusion

- a. Completed.
- b. Ongoing. As of the date of this report, CMS continues to revise the draft financial statements based on comments received from stakeholders. A final draft is anticipated to be provided at the June 2022 MKSSC meeting. A decision regarding the distribution of the financial statements is also pending.

## **2. Organize UH functions around mission-critical activities.**

### Status

Mission critical activities are activities whose failure or disruption would cause the operations at Maunakea to a halt. These activities are primarily performed by CMS on an overall basis and separately by MKSS and ‘Imiloa. The overall mission critical activities include cultural/natural resource management, planning/permitting/compliance, and education/outreach. As described in the prior section, MKSS is responsible for all HP field operations (facilities, food & lodging, the VIS, utilities, etc.) and administrative functions (accounting, procurement, and human resources). ‘Imiloa has the lead program/curriculum

development responsibilities that support CMS’s staff/vendor/visitor training and public outreach responsibilities. The Maunakea Rangers role of compliance was added as a mission critical activity pursuant to the adoption and approval of Chapter 20 - 26 of the Hawai‘i Administrative Rules, “*Public and Commercial Activities on Mauna Kea Lands*” by Governor Ige on January 23, 2020. These Maunakea Administrative Rules provide the Maunakea Rangers with the authority to enforce and issue citations for any violation of the Maunakea Administrative Rules. The advisory groups agree with the CMS determination that MKSS, ‘Imiloa and the Maunakea Rangers perform the mission critical activities.

These activities are channeled to the DSP and ED then ultimately the UHH Chancellor. Accordingly, the DSP oversees the operations of MKSS and the overall implementation of the Plan. The ED provides executive leadership whose role is to identify strategic priorities and focus on external/stakeholder relations. The ED is also currently managing and monitoring the update to the CMP. The CMP update was issued for public comment on March 1, 2022 and is expected to be forwarded to the BOR for approval in May 2022. The CMP will be submitted immediately to the Board of Land and Natural Resources after BOR approval.

Conclusion  
Completed.

**3. Clarify UH’s regulatory, stewardship, and advocacy roles by separating these functions in our organization.**

Status

Regulatory:

As previously described, the ED oversees the integration, coordination and strategic implementation of the MP, CMP and Administrative Rules. Previously, this role was the responsibility of OMKM and IfA.

Stewardship:

The DSP has primary responsibility for stewardship. Previously, OMKM and IfA had this role with primary responsibility falling on MKSS.

Advocacy:

The advocacy role is the responsibility of the cultural/community/stakeholder advisory groups along with ‘Imiloa.

In connection with the restructuring, the role of the advisory groups was elevated to reinforce the importance of their participation and feedback to University decision-making with respect to Maunakea. Pursuant to the Restructuring Plan, the advisory groups now have a direct line of communication to the UHH Chancellor. Internal Audit was informed that the UHH Chancellor attends all MKMB meetings. EC and KKM meeting decisions and outcomes are communicated to the UHH Chancellor via MKMB or and/or the CMS ED. Previously, the advisory groups reported to both the UHH Chancellor and OMKM.

The advisory groups are the formal mechanism for the public to participate in CMS’s planning and policy development. The ED informed Internal Audit that the Restructuring Plan included input from the advisory groups and that certain advisory groups are also currently restructuring.

The advisory groups confirmed their participation in providing input with respect to the Restructuring Plan and believe that CMS is effective in overseeing the regulatory and stewardship components. However, the level of advisory group input included in the Restructuring Plan differed. One of the advisory groups

believed the two months to provide input should have been extended. An advisory group also believes greater emphasis should be placed on conservation of Maunakea’s natural resources.

Conclusion

Completed. Internal Audit believe the revised structure promotes better and improved coordination amongst stakeholders.

**4. Leverage and optimize existing networks and partnerships.**

Status

Examples of existing networks and partnerships provided by the ED are described below. The advisory groups confirmed the ED’s description below and also confirmed that CMS’ relationships with these networks and partnerships are effective.

a. Emergency Response:

CMS maintains strong working relationships with 1) DLNR’s Division of Conservation and Resources Enforcement (DOCARE), 2) Hawai‘i County Police, Fire and EMS departments, 3) and Pōhakuloa Emergency Response.

CMS has conducted outreach to all their emergency response partners to introduce their new leadership and plans to host periodic information sharing meetings that support coordination and understanding across jurisdictions.

b. Stewardship:

CMS coordinates a volunteer program involving the public and the MKOs in invasive species and trash removal efforts. CMS participates in DLNR’s Division of Forestry and Wildlife (DOFAW) and Maunakea Watershed Alliance Partnership stewardship activities. CMS is also supporting a DOFAW pilot program in silversword propagation at our new greenhouse. CMS also partners and/or engages with UHH, UHM, and external faculty to conduct research on flora, fauna, archaeological, hydrogeological, climate, and other topics that support our stewardship activities. A recent example of the positive impact of these collaborations is the discovery of Ua‘u nestings on Department of Hawaiian Homes Lands (DHHL) through CMS sponsored field studies. Ua‘u are an endangered native seabird not seen on Maunakea in over 65 years.

CMS is working with the State of Hawai‘i Department of Transportation (DOT) on access management measures at the VIS, Maunakea Access Road improvements to enhance safety, and safety signage on the DOT owned roadway below our UH managed lands. CMS is also consulting with DLNR’s Na Ala Hele Trails Program on interpretive and safety signage at the VIS to tap their expertise in signage and to ensure consistency with DLNR language and esthetics.

c. Education/Outreach:

CMS participates in and supports a range of education and outreach programs that are joint efforts between IfA, ‘Imiloa, CMS, and the MKOs. CMS is enhancing employee training through partnerships with UHH faculty and cultural practitioners from the community who serve as subject matter experts to build interpretive knowledge and skills of CMS staff personnel.

Under the Restructuring Plan, ‘Imiloa is tasked with a lead role in developing and coordinating education programs involving the MKOs, IfA, CMS, UHH, and community groups. Such a lead role did not exist

in the past. A plan is under development to establish a community benefits program that ‘Imiloa is coordinating that will bring increased resources to support education and outreach through new sublease terms.

‘Imiloa has completed the new staff/vendor training video (<https://hilo.hawaii.edu/maunakea/stewardship/orientation>) and is now developing a visitor training video. The Restructuring Plan also allows CMS to focus on implementing public outreach programs that are supported by the curriculum and subject matter expertise of ‘Imiloa and the MKOs.

The advisory groups believe the addition of ‘Imiloa was very beneficial from a Maunakea education standpoint.

#### Conclusion

Ongoing. The restructured organization provides CMS with improved coordination amongst existing networks and partnerships.

### **5. Broaden, diversify, and elevate stakeholder input into decision-making.**

#### Status

As described in #3 above, the role of the advisory groups pursuant to the Restructuring Plan were elevated to reinforce the importance of their participation and feedback to University decision-making with respect to Maunakea.

The ED stated that the advisory groups are consulted on all projects, plans, and policies that comprise and guide CMS. CMS’s objective is to have the advisory groups provide input to the UHH Chancellor on guidance requested by the University with respect to management plans, policies, major projects, and strategic issues. The advisory groups confirmed that they have been consulted on projects, plans and policies that would impact Maunakea.

An advisory group’s goal is to expand membership to allow the formation of sub-committees. An advisory group also believes the existing group of stakeholders should be expanded to include stakeholders with natural resource conservation expertise.

#### Conclusion

Ongoing.

### **6. Maintain governance continuity and minimize disruption as much as possible.**

#### Status

The Restructuring Plan streamlined and simplified the roles and responsibilities of organizations and personnel involved with the management of Maunakea without negatively impacting governance nor creating major disruptions. The UHH Chancellor overseeing all organizations involved with the management of Maunakea should allow quicker and consistent decisions regarding the management of Maunakea.

CMS believes a stable governance structure is essential to securing a new master lease. Without continuity and stability, the likelihood of securing a new master lease is reduced significantly.

The advisory groups stated that the CMS ED and DSP have maintained governance continuity and minimized disruption while implementing the Restructuring Plan.

Conclusion  
Completed

### C. Status of Corrective Actions

Maunakea has been subjected to various audits performed by the State Auditor and the University’s Office of Internal Audit. The purpose of this section is to evaluate the status of implementing corrective actions pursuant to the recommendations made in each audit report:

1. Office on Internal Audit – report dated September 2018

- a. MKSS should consider consulting and collaborating with RCUH to determine whether accounting system enhancements are available to allow for a more efficient recordation of transactions initially recorded into the RCUH system into the Denali system.

*Completed.*

*Discussions with RCUH and MKSS management personnel confirmed the consultation and collaboration. It was concluded that system enhancements to the Denali system would not provide efficiencies in the recordation of RCUH transactions.*

- b. Internal Audit noted that payroll registers for historical fiscal years (in excess of one year) are not maintained by RCUH. Accordingly, MKSS should monitor the status of RCUH’s proposed system enhancement to archive historical payroll registers.

*Completed.*

*Discussions with RCUH and MKSS management personnel confirmed that RCUH maintains historical MKSS payroll information. Internal Audit was also informed that RCUH implemented a new electronic timesheet system in 2021.*

- c. MKSS should consider improving its documentation in regards to transfers between cost centers to ensure the flow of financial information is complete and accurate. Each transfer made should include clear documentation as to which expense accounts the transfer is being made to and from in the related cost centers.

*Completed.*

*MKSS has implemented additional budget codes within the MKSS internal accounting system to more clearly document and track transfers between related cost centers.*

- d. In connection with the process of obtaining the new land authorization, OMKM and IfA should initiate discussions with the Observatories with respect to allocating a portion of Ranger Program costs to all Observatories given the increase of this cost since 2000 and since the services provided by the Rangers benefit all entities operating at Halepōhaku and within the Science Reserve, including the Observatories. The sharing of this cost would also allow RTRF and tuition special funds provided to OMKM from the University to be used for other purposes.

*In process.*

*New sublease terms with the Observatories will include a charge for Ranger program costs.*

- e. Determine if the commercial tour operator per passenger charge (\$6) is sufficient to recover the costs incurred by OMKM and MKSS in servicing these passengers.

*In process.*

*In July 2020, the University's Travel Industry Management (TIM) program completed their engagement to assess the commercial tour fees operations on Maunakea. TIM is currently performing a visitor survey at the VIS which was put on hold due to COVID and its impact to visitor travel. The TIM assessment determined that the commercial tour operators were willing to pay a rate per passenger ranging from \$15- \$34. Plans to renew current commercial tour operator permits are on hold pending the outcome of HB2024.*

- f. IfA should consult with the University's Financial Management Office to determine the applicability of GASB 83 related to the future decommissioning of the four Observatories owned by the University. If GASB 83 accounting entries must be recorded, discussions should commence estimating the value of each Asset Retirement Obligation.

*Completed.*

*Adoption of GASB 83 was reflected in the University's financial statements for the year ended June 30, 2019. The estimated decommissioning costs reflected in these financial statements was \$10.8 million.*

2. State Auditor Report No. 14-07 dated August 2014

- a. UH should adopt administrative rules governing public and commercial activities as soon as possible, but no later than 2017.

*Completed.*

*The BOR adopted the administrative rules on November 6, 2019 with Governor Ige approving the administrative rules on January 13, 2020 with an effective date of January 23, 2020.*

- b. UH should obtain the UH Board of Regents' approval for the conditions and fee schedule included in commercial tour use permits issued by UH-Hilo via a Board of Regents open public meeting pursuant to Chapter 92, HRS.

*Completed.*

*At its January 20, 2005 meeting, the BOR authorized OMKM to issue permits and collect fees from commercial tour operators.*

- c. UH should determine whether unauthorized fees collected since FY2007 should be returned to commercial tour operators.

*The University previously disagreed and continues to disagree with this comment.*

- d. UH should complete CMP management actions, the implementation of which under the CMP implementation plan is scheduled as "immediate," as soon as possible, but no later than the end of 2016.

*Completed.*

*All CMP management actions are completed.*

- e. UH should further its efforts to renew general leases for UH-managed lands on Maunakea by continuing to work with DLNR and proceeding with the Environmental Impact Statement (EIS) process under Chapter 343, HRS.

*In process.*

*CMS anticipates releasing the EIS for a new general lease to the public in late 2022. CMS is currently in consultation with DLNR with respect to the process and schedule for submitting a new general lease application to the BLNR in late 2022. Plans to proceed are pending the outcome of HB2024.*

- f. UH should renegotiate with existing sublessees to amend subleases to include provisions that address stewardship issues, as modeled by the provisions in the 2014 TMT sublease, following execution of the new general leases for UH-managed lands on Maunakea.

*In process.*

*A new general lease must be approved prior to sublease negotiations.*



#### **IV. Overall Observations and Conclusions**

This report identified and described various University entities involved with Maunakea on a historical and current basis subsequent to the adoption of the Restructuring Plan. Internal Audit believes that the reorganized and restructured management of Maunakea is more streamlined and provides a better reporting structure when compared to the historical convoluted structure.

Based on the work performed, Internal Audit believes CMS has either completed or is in the process of meeting the Restructuring Plan’s objectives. Interviews with leaders of the various advisory groups support Internal Audit’s conclusions. In addition, Internal Audit has determined that all recommendations noted in historical State Auditor and Internal Audit reports have been properly addressed and/or implemented.

Appendix A

Key Personnel Consulted During the Course of the Audit

<b>Name</b>	<b>Position</b>	<b>Department</b>
Bonnie Irwin	Chancellor	University of Hawai‘i at Hilo
Gregory Chun	Executive Director	CMS
Nahua Guilloz	Director of Stewardship Programs	CMS
David Lonborg	Interim Associate Director	IfA
Stewart Hunter	General Manager	MKSS
Karie Klein	Accountant	CMS
Julie Leialoha	Vice President and Secretary	MKMB
Shane Akoni Nelsen	Chair	KKM
Tana Staub	HR Manager	RCUH

**UNIVERSITY OF HAWAI‘I AT MĀNOA**  
**REVIEW OF UNIVERSITY BOOKSTORE SYSTEM**

**Status of Corrective Action**

April 2022

DRAFT



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University of Hawai'i  
Office of Internal Audit



UNIVERSITY  
of HAWAII®  
SYSTEM

May 19, 2022

To the University of Hawai'i Board of Regents  
and  
University of Hawai'i Vice President for Administration

The Office of Internal Audit (Internal Audit) issued a report titled “Review of University Bookstore System” dated January 29, 2021. This report identified various financial and operational issues in connections with the operations of the University of Hawai'i (University) Bookstore System (Bookstore). The January 2021 report concluded that these issues negatively impacted Bookstore management from obtaining timely, accurate and complete financial and operational information that could be relied upon to measure and manage the Bookstore's operations.

The Bookstore prepared a written response dated May 27, 2021 concurring with Internal Audit's conclusions and describing the Bookstore's plan of corrective actions. Both Internal Audit's report and management's response were reviewed and accepted by the University's Board of Regents' Committee on Independent Audit (Audit Committee) on June 2, 2021.

While corrective actions addressing the risks and challenges of certain financial and operational risks have been implemented, the timely preparation of accurate and complete financial information and the analysis of such information for operational purposes is still in process. Accordingly, Internal Audit will include in its Audit Plan for the fiscal year 2023, an audit project to assess the Bookstore's corrective action status of Internal Audit's recommendations that have not been implemented.

Sincerely,

Glenn Shizumura  
Director

## **I. Background / Objectives**

The University of Hawai‘i (University) Bookstore System (Bookstore) consists of nine campus bookstores selling educational materials, electronics, H-logo branded merchandise, supplies and other goods. All Bookstore accounting functions are the responsibility of the University of Hawai‘i Mānoa (UHM) Bookstore. The Bookstore utilizes a point-of-sale (POS) system to manage and gather financial information for significant components of its operations (sales, cost of sales, receivables, inventory, etc.). As of July 1, 2019, the Bookstore transitioned from the Missouri Book Services (MBS) POS system to the Prism Retail Business Solutions (PrismRBS) POS system.

The Office of Internal Audit (Internal Audit) issued a report titled “Review of University Bookstore System” dated January 29, 2021. This report identified financial and operational issues including undetected and unreconciled financial information differences between the Bookstore’s POS system and University Kuali Financial System (KFS), a lack of managing and monitoring inventory gross margins, the inability to identify and explain significant and/or unusual month-to-month and year-to-year financial account balance fluctuations, significant receivable balances in addition to the inability to provide requested receivable reports, the inability to provide reports supporting inventory balances and adjustments, and the inability to explain and lack of documentation supporting the rental textbook program. Internal Audit concluded that these issues prevented the preparation of accurate and complete financial and operational information that Bookstore management could rely upon to measure and manage the Bookstore’s operations.

The Bookstore prepared a written response dated May 27, 2021 concurring with Internal Audit’s conclusions and describing the Bookstore’s plan of corrective actions. Both Internal Audit’s report and management’s response were reviewed and accepted by the University’s Board of Regents’ Committee on Independent Audit (Audit Committee) on June 2, 2021.

The purpose of this report is to evaluate the implementation status of Internal Audit’s recommendations.

## **II. Corrective Action Status**

This section evaluates the corrective action status of Internal Audit’s recommendations and includes: 1) a condensed summary of observations and recommendations presented in Internal Audit’s January 2021 report, 2) a condensed overview of management’s response, 3) an evaluation of the status of corrective action and 4) Internal Audit’s conclusion.

### **A. PrismRBS / Accounting processes**

#### **Internal Audit Observations and Recommendations**

##### *Observations:*

Accounting processing and reporting issues associated with the PrismRBS financial management system installed as of July 1, 2019 persists through 2021. These issues include the inability of Bookstore personnel to perform the following:

- Determine, review and analyze inventory and the transactions associated with inventory
- Prepare accurate and complete financial reports
- Identify and explain significant and/or unusual month-to-month and year-to-year account balance fluctuations
- Demonstrate the journal entries to record rented textbook transactions (rental, cost basis adjustment, restocking to the sales floor, etc.) in PrismRBS and explain the factors in determining the rental price computation for rented used books

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Internal Audit also noted that financial information generated from PrismRBS as well as MBS (in 2019 and 2018) did not agree to and were not reconciled to KFS account balances for sales, cost of sales, gross margin, accounts receivable and ending inventory.

These issues prevent the Bookstore from generating financial and operational information that management can rely upon to measure and manage the Bookstore’s operations including inventory pricing, acquisition costs, product mix, re-ordering levels and obsolescence. Internal Audit believes these issues are attributable to Bookstore personnel lacking a thorough understanding of the accounting functions of PrismRBS in addition to accounting process deficiencies.

With respect to inventory, Internal Audit noted improvements are warranted in the analysis of inventory gross margins (and its sales and cost of sales components) against historical results and targets. Current gross margin targets must also be expanded to match with the inventory classes reflected in the PrismRBS system.

*Recommendations:*

Internal Audit recommends that the Bookstore engage PrismRBS to provide consultation services to Bookstore management and fiscal personnel to address the lack of financial information as well as enhance their understanding of the functionalities and capabilities of PrismRBS. With respect to rented textbooks, Internal Audit recommends the Bookstore establish textbook rental prices to maximize revenue and not a perceived resale amount to Nebraska Book Company (NBC). In addition, accounting policies should be established to address the following:

- Journal entries upon textbook rental, the return of the rented textbook and sale of the rented textbook to a customer or NBC
- The number of semesters that a textbook is rentable
- Rental pricing and amortization of the cost basis of the textbook for each semester the textbook is rentable

Since KFS represents the University’s record keeping system for financial transactions in addition to supporting the University’s financial statements, Internal Audit recommends the Bookstore compare PrismRBS and KFS account balances within 30 days of month-end to assess the completeness and accuracy of the recorded financial information. The comparison should be documented and reviewed monthly by Bookstore management

Proper inventory management is critical in maximizing sales and profits. Accordingly, Internal Audit recommends that Bookstore fiscal personnel prepare a monthly written report documenting the reasons for unusual and/or significant fluctuations on a month-to-month and year-to-year basis for the following:

- Sales and costs of sales
- Inventory purchases and ending inventory
- Gross margin percentage by inventory class

This written report must also be reviewed monthly by Bookstore management.

**Management Response**

The Bookstore concurs that the incomplete implementation of its new point of sale (“POS”) system, PrismRBS, has left a considerable gap affecting its financial reporting and monitoring capabilities. While the system has been tested and verified to ensure the integrity in capturing and processing daily transactions, the final implementation of the financial reporting capabilities and financial management tools remains incomplete. Resources have already been realigned to prioritize and finalize this phase of the PrismRBS implementation. Upon completion, we anticipate that the Bookstore will have the tools to efficiently implement regular reconciliations and monitoring tools.

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Relative to the Internal Auditor’s recommendations on the textbook rental program, policies and procedures will be enhanced to provide better clarity on the structure of the program. The current policies and procedures of the textbook rental program are not accurate and may have contributed to a miscommunication between the Bookstore staff and Internal Auditor. The administration of NBC’s rental program does not subject the Bookstore to any additional business risk.

**Evaluation and status**

The following tables provide financial information presented in Internal Audit’s January 2021 report in addition to financial information for the year ended June 30, 2021 to assist in the evaluation of corrective action implementation. Internal Audit requested the June 30, 2021 financial information on March 23, 2022. Bookstore personnel provided this information on April 14, 2022.

**Table 1: Revenues and Expenses (Unaudited)**

<b><u>(in 000’s)</u></b>	<b>For the year ended June 30,</b>			
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Revenues</b>				
Sales	\$11,646	\$ 15,087	\$ 17,663	\$20,280
Cost of sales	(9,243)	(10,078)	(12,973)	(15,058)
Gross margin	2,403	5,009	4,690	5,222
Other	10	27	130	79
Total revenues	2,413	5,036	4,820	5,301
<b>Expenses</b>				
Payroll	3,677	4,531	4,603	4,446
Ceded land payments	40	201	225	162
Bank service charges	119	196	214	232
Freight and delivery	219	98	62	68
Outside services	25	96	74	135
Utilities	58	78	72	73
Other	150	198	234	316
Total expenses	4,288	5,398	5,484	5,432
<b>Expenses in excess of revenues</b>	<b>\$(1,875)</b>	<b>\$ (362)</b>	<b>\$ (664)</b>	<b>\$ (131)</b>

**Table 2: Bookstore / KFS comparison – Sales and Cost of Sales**

<b><u>(in 000’s)</u></b>	<b>For the year ended June 30,</b>			
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Sales</b>				
PrismRBS	\$11,646	\$15,087	\$17,663	\$20,280
KFS	11,615	14,931	17,510	20,188
Variance	\$ 31	\$ 156	\$ 153	\$ 92
<b>Cost of sales</b>				
PrismRBS	\$ 9,243	\$10,078	\$12,973	\$15,058
KFS	10,502	10,885	13,157	15,029
Variance	\$(1,259)	\$ (807)	\$ (184)	\$ 29
<b>Gross margin</b>				
PrismRBS	\$ 2,403	\$5,009	\$4,690	\$5,222
KFS	1,113	4,046	4,353	5,159
Variance	\$ 1,290	\$ 963	\$ 337	\$ 63

Bookstore personnel provided a schedule comparing the Prism and KFS balances illustrated in Table 2. The schedule reconciling the Prism to KFS Cost of Sales balances included adjustments to accounts receivable and accounts payable that would appear to be unusual and possibly inappropriate reconciling adjustments for Cost

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of Sales. Accordingly, the accuracy of the Cost of Sales balances reflected in Table 2 should be analyzed further by Bookstore personnel.

**Table 3: Sales/Cost of Sales by Product Line**

(in 000's)	For the years ended June 30,											
	2021			2020			2019			2018		
	Sales	COS	GM%	Sales	COS	GM%	Sales	COS	GM%	Sales	COS	GM%
Textbooks	\$2,137	\$1,594	25%	\$4,146	\$2,537	39%	\$6,590	\$5,036	24%	\$9,119	\$6,825	25%
IDAP	2,896	2,437	16%	2,300	1,934	16%	1,867	1,611	14%	924	806	13%
Textbook rental	146	-	100%	141	60	57%	855	609	29%	1,108	796	28%
eBook	507	427	16%	443	366	17%	12	-	100%	8	-	100%
Tradebooks	88	58	34%	158	96	39%	182	112	38%	212	131	38%
Emblematics	1,089	708	35%	2,234	1,053	53%	2,427	1,156	52%	2,252	1,144	49%
Supplies	1,361	1,018	25%	1,919	1,139	41%	2,496	1,535	39%	2,647	1,698	36%
Non merch.	235	-	100%	220	-	100%	237	-	100%	270	-	100%
Computers	3,151	2,991	5%	2,922	2,749	6%	3,324	3,211	3%	3,853	3,710	4%
Campus Solutions	27	9	69%	105	33	69%	144	73	49%	151	101	34%
Kulanui Cafe	9	1	84%	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$11,646</b>	<b>\$9,243</b>	<b>21%</b>	<b>\$14,588</b>	<b>\$9,967</b>	<b>32%</b>	<b>\$18,134</b>	<b>\$13,343</b>	<b>27%</b>	<b>\$20,544</b>	<b>\$15,211</b>	<b>26%</b>
<b>Table 1</b>	<b>11,646</b>	<b>9,243</b>		<b>15,087</b>	<b>10,078</b>		<b>17,663</b>	<b>12,973</b>		<b>20,280</b>	<b>15,058</b>	
Variance	\$ -	\$ -		\$ (499)	\$ (111)		\$ 471	\$ 370		\$ 264	\$ 153	

**Table 4: Bookstore / KFS Comparison - Inventory**

As of June 30,	2021	2020	2019	2018
PrismRBS	\$ 3,499,948	\$ -	\$ 4,414,987	\$ 5,148,513
KFS	3,524,803	5,416,681	4,327,820	5,124,462
Variance	\$ ( 24,855)	\$ (5,416,681)	\$ 87,167	\$ 24,051

The Bookstore did not provide Internal Audit with a Prism inventory balance as of June 30, 2020. Internal Audit determined that the difference as of June 30, 2021 related H-zone inventory that was recorded in KFS but not in Prism.

Internal Audit recommendations consisted of the following:

1. Engage PrismRBS to provide consultation services to Bookstore management and fiscal personnel to address the lack of financial information as well as enhance their understanding of the functionalities and capabilities of PrismRBS.

*Status*

*Bookstore personnel informed Internal Audit that videoconference meetings have occurred with PrismRBS personnel since September 2019.*

2. With respect to rented textbooks, the Bookstore should establish textbook rental prices to maximize revenue and understand the related journal entries recorded in PrismRBS.

*Status*

*Bookstore personnel provided documentation for a sample of rented textbook transactions selected by Internal Audit supporting the recordation of rented textbook transactions in PrismRBS. The documentation*



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*indicated that the sum of the revenue earned from renting the textbook and value of the credit memo received from returning the textbook to NBC exceeded the acquisition cost of the textbook.*

3. Compare PrismRBS and KFS account balances within 30 days of month-end to assess the completeness and accuracy of the recorded financial information.

*Status*

*Comparison was not performed within 30 days.*

4. Prepare a monthly written report documenting the reasons for unusual and/or significant fluctuations on a month-to-month and year-to-year basis for the following:
  - Sales and costs of sales
  - Inventory purchases and ending inventory
  - Gross margin percentage by inventory class

This written report must also be reviewed monthly by Bookstore management

*Status*

*The Bookstore prepared month-to-month comparisons of sales/costs of sales, inventory purchases/ending inventory and gross margins by inventory class. However, these comparisons were not performed on a year over year basis as recommended in Internal Audit’s January 2021 report.*

**Conclusions**

Consultation with Prism personnel, determination of the financial impact of rented textbooks and the month-to-month comparisons of certain financial accounts have been completed. However, the fiscal year end comparison of Prism to KFS was not performed timely and the year-year financial comparisons were not performed.

Table 1 illustrates a Bookstore (Prism) year ended June 30, 2021 gross margin of \$2,403,000 resulting in a net loss of \$1,875,000. Table 2 illustrates a KFS year ended June 30, 2021 gross margin of \$1,113,000 (\$1,290,000 less than Prism). Accordingly, the resulting Bookstore net loss for the year ended June 30, 2021 as reflected in KFS approximates \$3,165,000 (gross margin difference of \$1,290,000 plus Prism net loss of \$1,875,000). The significant net losses suggest enhanced management and monitoring of sales, cost of sales and inventory is warranted.

**B. Receivables**

**Internal Audit Observations and Recommendations**

*Observations:*

The Bookstore’s receivable balance as of June 30, 2020, 2019 and 2018 consists of the following:

<b>As of June 30,</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Accounts receivable	\$ 319,676	\$ 526,673	\$ 484,376
Credit memos	343,734	523,106	508,865
Chargebacks	938,147	600,126	603,555
<b>Total</b>	<b>\$1,601,557</b>	<b>\$1,649,905</b>	<b>\$1,596,796</b>

Of the total June 30, 2020 receivable balance of \$1.6 million, approximately \$750,000 is in excess of 121 days outstanding.

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The significant and aged receivable balances indicate that Bookstore personnel are not adequately managing and monitoring their receivable balances. Accordingly, the Bookstore is expending University funds to purchase inventory rather than applying outstanding credit memos and chargebacks in acquiring inventory.

*Recommendations:*

Internal Audit recommends that Bookstore management prepare a written plan to improve the collection of receivables. Components of this plan may include requesting vendors to process a check payable to the University as well as policies ensuring that fiscal personnel constantly and consistently follow up with vendors to receive credit memos associated with chargebacks and apply outstanding credit memos to future purchases.

**Management Response**

The Bookstore concurs with the Internal Auditor in the need to implement a plan to ensure the collectability of receivables. It should be noted, however, that on June 30, 2020, there was a lapse in the normal monitoring controls in place over Bookstore receivables due to the incomplete implementation of its new POS system, PrismRBS. Ordinarily, Bookstore generates monthly receivable aging reports for regular follow-up; however, these reports were not available after the POS system transition.

Since then, Bookstore fiscal staff have been validating data conversion in PrismRBS as part of testing and finalizing monthly aging reports. To that end, approximately \$180,000 of chargebacks and credit memos aged 121+ days have been identified to be in error due to data migration issues between the old and new systems.

Relative to the \$1,281,881 of outstanding credit memos and chargebacks identified on June 30, 2020, only \$351,679 remains outstanding to date. Furthermore, the entire \$351,679 outstanding balance are credit memos that will be applied to future purchases.

**Evaluation and Status**

The following tables provide financial information presented in Internal Audit’s January 2021 report in addition to financial information for the year ended June 30, 2021 to assist in the evaluation of corrective action implementation with respect to receivables.

**Table 5: Bookstore KFS Comparison – Receivables**

<b>As of June 30,</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>As of February 28, 2022</b>
<b>PrismRBS:</b>					
Accounts receivable	\$ 358,872	\$ 319,676	\$ 526,673	\$ 484,376	\$ 2,989,942
Credit memos	609,972	343,734	523,106	508,865	136,966
Chargebacks	218,805	938,147	600,126	603,555	186,154
Total per PrismRBS	<u>1,187,649</u>	<u>1,601,557</u>	<u>1,649,905</u>	<u>1,596,796</u>	<u>3,313,062</u>
<b>KFS:</b>					
Accounts receivable	812,660	673,268	552,398	435,713	Not available
Credit memos/chargebacks	<u>828,777</u>	<u>1,515,632</u>	<u>1,123,232</u>	<u>1,112,420</u>	Not available
Total per KFS	<u>1,641,437</u>	<u>2,188,900</u>	<u>1,675,630</u>	<u>1,548,133</u>	
<b>Variance:</b>					
Accounts receivable	(453,788)	(353,592)	(25,725)	48,663	
Credit memos/chargebacks	<u>-</u>	<u>(233,751)</u>	<u>-</u>	<u>-</u>	
Total variance	<b>A</b> <u>(453,788)</u>	<u>\$(587,343)</u>	<u>\$(25,725)</u>	<u>\$ 48,663</u>	

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Table 6: Aging of Bookstore Accounts Receivable (Source: PrismRBS)

As of June 30,	Number of Days Outstanding					TOTAL
	0 - 30	31 - 60	61 - 90	91 - 120	121+	
2021	\$(20,892) <b>B</b>	\$ 9,268	\$ 1,795	\$229,644	\$139,057 <b>B</b>	\$358,872
2020	137,576	16,639	9,412	3,590	152,459	319,676
2019	289,221	38,928	58,616	13,503	126,405	526,673
2018	278,350	39,395	2,092	9,020	155,519	484,376
<b>As of Feb. 28, 2022</b>	\$ 996,856	\$174,667	\$347	\$(5,883) <b>B</b>	\$1,823,955	\$2,989,942

Table 7: Aged Credit Memos and Chargebacks (Source: PrismRBS)

As of June 30,	Aging (days)					TOTAL
	0 - 30	31 - 60	61 - 90	91 - 120	121+	
<b>2021</b>						
Credit memos	\$ 51,292	\$ 6,052	\$13,431	\$ 56,390	\$482,807 <b>B</b>	\$609,972
Chargebacks	104,960	17,031	4,619	45,447	46,748	218,805
<b>Total</b>	<b>\$156,252</b>	<b>\$23,083</b>	<b>\$18,050</b>	<b>\$101,837</b>	<b>\$529,555</b>	<b>\$828,777</b>
<b>2020</b>						
Credit memos	\$ 2,632	\$ 5,189	\$ 27,825	\$ 25,024	\$283,064	\$ 343,734
Chargebacks	136,704	112,382	255,259	130,697	303,105	938,147
<b>Total</b>	<b>\$139,336</b>	<b>\$117,571</b>	<b>\$283,084</b>	<b>\$155,721</b>	<b>\$586,169</b>	<b>\$1,281,881</b>
<b>2019</b>						
Credit memos	\$ 82,857	\$ 98,834	\$104,213	\$ 91,515	\$145,687	\$ 523,106
Chargebacks	236,359	209,527	82,060	29,299	42,881	600,126
<b>Total</b>	<b>\$319,216</b>	<b>\$308,361</b>	<b>\$186,273</b>	<b>\$120,814</b>	<b>\$188,568</b>	<b>\$1,123,232</b>
<b>2018</b>						
Credit memos	\$ 45,934	\$132,506	\$149,993	\$ 98,324	\$ 82,108	\$ 508,865
Chargebacks	243,984	189,462	90,297	58,820	20,992	603,555
<b>Total</b>	<b>\$289,918</b>	<b>\$321,968</b>	<b>\$240,290</b>	<b>\$157,144</b>	<b>\$103,100</b>	<b>\$1,112,420</b>
<b>As of Feb. 28, 2022</b>						
Credit memos	\$ 19,002	\$734	\$15,067	\$ -	\$ 102,163	\$ 136,966
Chargebacks	78,046	16,228	5,786	17,919	68,175	184,154
<b>Total</b>	<b>\$97,048</b>	<b>\$16,962</b>	<b>\$20,853</b>	<b>\$17,919</b>	<b>\$170,338</b>	<b>\$323,120</b>

**A:** Management’s response dated May 2021 stated that the \$587,343 PrismRBS/KFS receivable variance as of June 30, 2020 was attributable to receivables associated with Interactive Digital Access Program (IDAP) sales recorded to student Banner accounts. Bookstore personnel stated the June 30, 2021 PrismRBS/KFS difference also results from IDAP sales recorded to student Banner accounts. Bookstore personnel have stated that the IDAP sales associated with these receivables are recorded in PrismRBS. However, they could not provide an explanation as to the non-recording of the receivables in PrismRBS.

The below IDAP description was included in Internal Audit’s January 2021 report.

*The IDAP program commenced in Fall 2016 to provide digital educational materials at a lower cost (up to 70% less than a new physical textbook) to students. In addition to an electronic version of a textbook*

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*(ebook), IDAP course materials can include digital homework assignments and interactive features such as tutorials, search functions, and multimedia links to support the learning experience.*

*University faculty notify the Bookstore’s textbook department upon determining that their course material for an upcoming semester will be delivered through IDAP. The Bookstore collaborates with the admissions and records office of the respective campus to determine the enrollment of IDAP delivered courses then coordinates the availability of IDAP materials with publishers. The Bookstore then emails students informing them that IDAP charges will be added to their University Banner account. If a student drops the class or opts out of receiving the IDAP material for the course, the student’s University Banner account will be credited.*

*Internal Audit reviewed contracts related to the IDAP program and noted that terms and conditions varied amongst the publishers, but typically required payments from the Bookstore System to the publisher based on a percentage of the retail price subsequent to the last date a student can drop a class or opt out of receiving IDAP material.*

**B:** The gross receivable balances per KFS as of June 30, 2021 has decreased from June 30, 2020 but increased as of February 28, 2022 to approximately \$3 million. In addition, the balances in excess of 121 days outstanding remain significant. Bookstore personnel could also not explain the reason for the receivable credit balances.

Bookstore personnel provided reports documenting the \$3 million receivable balance on April 1, 2022. On April 18, 2022, Bookstore personnel stated that the \$3 million receivable balance was in error subsequent to Internal Audit inquiries questioning the reasonableness of the balance. The corrected receivable balance per Bookstore personnel approximates \$523,000. Bookstore personnel stated the difference was attributable to undetected accounting errors associated with IDAP transactions.

### **Conclusions**

Bookstore personnel providing Internal Audit with a February 28, 2022 receivable balance subsequently deemed incorrect indicates that Bookstore personnel must enhance their understanding of PrismRBS’ functionality in the recordation of receivables. In addition, Bookstore management should implement procedures to monitor receivable balances on a monthly basis as well as prepare a written plan to improve the collection of receivables.

## **C. Outsourcing of operations**

### **Internal Audit Observation and Recommendation**

#### *Observation:*

The Bookstore has recognized operating losses for the past several years. As noted in this section, the Bookstore continues to encounter challenges with PrismRBS financial management system in addition to other financial and operational challenges.

#### *Recommendation*

University senior management with direct oversight of the Bookstore’s operations should consider contracting its operations to a vendor specializing in higher education bookstores such as Barnes and Noble College Booksellers or the Follett Higher Education Group. Advantages provided by a vendor may include:

- Management and oversight by a vendor that specializes only in college and university bookstores
- Technology and support systems (inventory, point-of-sale, and online services) to manage bookstore operations and finances
- Provide a positive financial contribution

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- Policies, experience, and tools to increase customer satisfaction
- Understands current trends in the collegiate bookselling marketplace especially with respect to expected changes in the text- and trade-book markets
- Provides professional systems, processes, and organizational resources to manage all aspects of the Bookstore’s operations
- Upgrade and sustain the Bookstore’s website

Internal Audit understands that University senior management with direct oversight of the Bookstore’s operations are investigating contracting the Bookstore’s operations to a vendor. We recommend the continuation of this investigation and also recommend that consideration be given to ensure the continued employment of current Bookstore staff when evaluating vendors.

**Management Response**

The outsourcing of campus bookstores is an evolving trend that the UH Bookstore team has been closely monitoring to determine whether it could actually enhance overall service to its customers or improve the efficiencies of its operations. Recent financial surveys conducted by the National Association of College Stores, a trade association that covers 4,000 campuses across the United States and Canada, indicate that contracted bookstore operations, referred to as leased bookstores or leased operations in the industry, have not resulted in any significant change in the financial trajectory of campus bookstore operations. In fact, recent renewal of the leases amongst peer bookstores has seen more restrictive contract terms from the contractor including minimum profit guarantees, significant reductions in risk transfer, and the unilateral ability to migrate to a textbook solution that captures 100% of campus course material sales.

The decision to outsource bookstore operations on any campus requires a comprehensive evaluation of not only the financial viability of a campus bookstore, but more importantly the appetite of faculty to participate in a more centralized and structured course material environment. The Bookstore will continue to monitor and evaluate these opportunities to maximize business viability without compromising the service to students.

**Status**

Internal Audit was informed that Bookstore management plans to meet with Follett Higher Education Group personnel in August 2022.

**Conclusion**

As noted in this report, Bookstore management continues to face challenges with respect to the utilization and generation of financial information from PrismRBS. As described in conclusions section of Section II.A., the Bookstore continues to incur financial losses. Accordingly, University senior management must assess the advantages and disadvantages of outsourcing the Bookstore’s operations in comparison to internally operating the Bookstore over the long term.



**UNIVERSITY  
of HAWAI'I**  
MĀNOA

Campus Services

UNIVERSITY OF HAWAI'I  
BOARD OF REGENTS

22500F

May 26, 2022

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**TO:** Benjamin Kudo  
Chair, Board of Regents Committee on Independent Audit

**VIA:** David Lassner  
President

**VIA:** Jan Gouveia   
Vice President for Administration

**FROM:** Kevin Ishida   
Interim Associate Vice President for Administration  
Interim Director of Campus Services

**SUBJECT:** Response to April 2022 Status of Corrective Action of January 2021 Review of the University Bookstore System

Management for the University of Hawai'i Bookstore ("Bookstore"), Mānoa Campus Services Department ("Campus Services"), and the Office of the Vice President for Administration ("OVPA") (collectively, "Management") appreciates the opportunity to respond to the April 2022 Status of Corrective Action (the "Status Review") following the January 2021 Review of the Bookstore System (the "Review").

Following the University's Board of Regents' Committee on Independent Audit's review and acceptance of the Review on June 2, 2021, Management began implementation of the recommendations set forth in the Review. This is consistent with the Status Review, which acknowledges that while corrective actions addressing the risks and challenges of certain financial and operational risks have been implemented, the timely preparation of accurate and complete financial information and the analysis of such information for operational purposes is still in process.

Management recognizes that it had not completed all recommended monthly reconciliations and annual comparisons at the time the Office of Internal Audit ("OIA") requested this information. However, Management is committed to generating the following regular reports:

1. Monthly comparison of sales in KFS and Prism
2. Monthly comparison of purchases in KFS and Prism
3. Monthly documentation of unusual and/or significant fluctuations in month-to-month sales and costs of sales in the Prism system

1951 East-West Road  
Honolulu, Hawai'i 96822  
Telephone: (808) 956-2980  
Fax: (808) 956-4450

4. **Monthly documentation of unusual and/or significant fluctuations in month-to-month inventory purchases in the Prism system**
5. **Monthly documentation of unusual and/or significant fluctuations month-to-month gross margin percentages by inventory class in the Prism system**
6. **Annual comparison of sales and cost of sales in KFS and Prism**
7. **Annual sales and cost of sales by product line in the Prism system**
8. **Annual comparison of inventory in KFS and Prism**

**By December 2022, Management will strive to generate all monthly reports within one week of end-of-month and, complete all reviews and reconciliations within two weeks thereafter.**

**Additionally, Management appreciates the OIA questioning the treatment of IDAP transactions within Prism. Management is committed to consulting with the OIA to develop a Standard Operating Procedure (“SOP”) that properly records IDAP transactions as it relates to inventory, cost of sales, revenue, and/or receivables. Management anticipates that the SOP will be complete by December 2022.**

**Finally, Management agrees to continue evaluating current trends and best practices regarding bookstore operations in a manner that prioritizes the best interest of students.**

**UNIVERSITY OF HAWAI‘I AT MANOĀ**

**WAIKĪKĪ AQUARIUM**

**Status of Corrective Actions**

March 2022

DRAFT



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University of Hawai'i  
Office of Internal Audit





UNIVERSITY  
of HAWAII®  
SYSTEM

March 24, 2022

To the University of Hawai'i Board of Regents  
and  
The University of Hawai'i at Mānoa Provost

In May 2021, the University of Hawai'i Office of Internal Audit (Internal Audit) issued a report titled *University of Hawai'i at Mānoa Review of the Waikīkī Aquarium* dated January 29, 2021. This report and the Waikīkī Aquarium's (Aquarium) response, dated April 28, 2021 were reviewed and accepted by the University of Hawai'i Board of Regents' Committee on Independent Audit (Audit Committee) on May 6, 2021.

In connection with the audit, Internal Audit reviewed the Aquarium's financial results, and related significant processes and procedures, performed inquiries and reviewed documents supporting significant sources of revenues, evaluated compliance with applicable University policies and procedures and reviewed financial information and agreements with affiliated entities. As a result, Internal Audit identified various financial, operational and compliance risks and challenges.

The financial and operational risks and challenges included the performance of incompatible financial duties by Aquarium personnel, lack of comparing and reconciling financial information from Aquarium financial systems to the University's Kualī Financial System and inconsistent preparation of accurate and complete financial results. Internal Audit also noted instances of non-compliance with various University policies and procedures and uncertainties regarding the resolution of the Aquarium's wastewater discharge system. Recommendations to address these risks and challenges were included in Internal Audit's January 29, 2021 report.

Internal Audit noted that corrective actions addressing certain risks and challenges including the segregation of incompatible duties and comparing and reconciling financial information from Aquarium financial systems to the University's Kualī Financial System and preparation of accurate and complete financial results have been implemented. However, the risks and challenges associated with the implementation of procedures to gift shop inventory adjustments, recordation of third-party vendor payments on behalf of the Aquarium and ensuring compliance with University policies and procedures are either not implemented or are in process of resolution. Accordingly, Internal Audit will include in its Audit Plan for the fiscal year 2023, an audit project to assess the Aquarium's corrective action status of Internal Audit's recommendations that have not been implemented.

Sincerely,

Glenn Shizumura  
Director

## **I. Background**

Founded in 1904 and administered by the University of Hawai‘i (University) at Mānoa (UHM) since 1919, the Waikīkī Aquarium (Aquarium) is located on the shoreline of Waikīkī Beach across from Kapi‘olani Park. According to the Aquarium website, the Aquarium has in excess of 500 exhibits displaying more than 3,500 marine specimens. The Aquarium’s exhibits, education programs, and research focus on the unique aquatic life of Hawai‘i and the tropical Pacific.

Revenue is generated primarily from admission fees, facility rental for events and sales from its gift shop. Personnel cost, utilities and food for exhibits are the largest operating expenses. Revenues in excess (deficient) of expenses for fiscal years 2020, 2019 and 2018 were approximately \$(531,000), 298,000 and \$(43,000) respectively.

From March 2020 the Aquarium was closed as a result of the COVID-19 pandemic, re-opened in late June 2020 and closed for a second time in late August 2020. The Aquarium, including its gift shop, re-opened again on July 1, 2021 with limited services (e.g. no private events) and subject to the applicable operating guidelines (e.g., capacity limits, face masks, etc.) required by the State of Hawaii and City and County of Honolulu COVID-19 emergency orders. The operating hours at re-opening were daily from 9:00a.m. to 4:30p.m. except on the day of the Honolulu Marathon and Christmas Day, consistent with its pre-pandemic operating schedule.

As noted in the *University of Hawai‘i at Mānoa Review of the Waikiki Aquarium* report issued by the Office of Internal Audit (Internal Audit) dated January 2021, Internal Audit identified various financial, operational and compliance risks and challenges including the performance of incompatible financial duties by Aquarium personnel, the lack of comparing and reconciling financial information from Aquarium financial systems to the University’s Kualī Financial System (KFS), inconsistent preparation of accurate and complete financial results, non-compliance with various University policies and procedures and uncertainties regarding the resolution of the Aquarium’s wastewater discharge system.

## **II. Corrective Action Status**

This section evaluates the corrective action status of Internal Audit’s recommendations. A condensed summary of Internal Audit’s observations and recommendations, management’s response, status of corrective actions and Internal Audit’s conclusion are described below.

### **A. Segregation of duties**

#### Internal Audit Observation and Recommendation

The Visitor Services Supervisor and Events Coordinator perform incompatible duties within the admissions and private event rental processes, respectively. Custody of assets (sales proceeds), recording of transactions, and comparing proceeds to recorded transactions performed by a single employee result in a lack of segregation of duties and increase the risk of errors or fraud related to these revenue sources. The gift shop may experience a similar segregation of duties issue upon its re-opening with the Assistant Manager as a result of the dismissal of the Manager.

The Administrative Officer should assign any two of the three duties performed by the Visitor Services Supervisor and Events Coordinator to other Aquarium fiscal personnel. If reassignment of incompatible duties is not practical, the Administrative Officer should perform a daily comparison of admission and private event fees recorded in the Aquarium’s Altru POS system (Altru) with KFS. The Administrative Officer must also ensure adequate segregation of duties upon re-opening of the gift shop.

Management Response

The Aquarium agrees with Internal Audit’s recommendation and is in the process of formulating a plan to separate two of three duties mentioned to other responsible staff. The plan will be completed for implementation prior to reopening both the Aquarium and gift shop. Hiring exceptions to fill cashier and front desk manager positions necessary to re-open the Aquarium will be submitted next month; filling these positions will allow for separation of duties.

Status

The Administrative Officer compares sales reports from its admissions and the gift shop systems to sales recorded in KFS on a daily basis. Differences are investigated with accounting adjustments recorded as deemed necessary. Temporary employees (less than 90 days) have been hired in the gift shop in order to improve the segregation of incompatible duties.

Conclusion

Corrective action implemented.

**B. Altru POS system (Altru)**

Internal Audit Observation and Recommendation

Admission fees recorded in Altru and KFS did not agree. These differences could not be explained by the Administrative Officer and would have been detected if Aquarium personnel compared transactions summarized in Altru and posted in KFS on a monthly basis. The asserted Altru limitations requiring online ticket sales proceeds to be credited to a Friends of the Waikiki Aquarium (FOWA) bank account appear unreasonable. Private event rental fees are also processed by Altru. However, and contrary to the posting of admission fees to KFS, private event rental fees are posted to KFS from a manual spreadsheet.

Internal Audit recommends that the Administrative Officer compare and investigate differences related to transactions summarized in Altru and posted to KFS to ensure accurate recordation of sales proceeds. The Administrative Officer should also consult with Altru to determine a solution allowing online admission sales proceeds to be credited directly to the University bank account. Consistent with admission fees, private event fees processed in Altru should be used as the accounting source for recording private event fees to KFS.

Management Response

The Aquarium agrees with Internal Audit’s recommendations. An additional process will be added to end of day balancing to include daily sales reports including private event proceeds for verification purposes. Initial discussions have begun with the FOWA staff as well as Altru representatives to assist in processing all online sales to the University bank account. At the time the Altru system was installed, the software did not have the capability to direct specific transactions to multiple banks.

Status

The Administrative Officer performs a daily comparison of transactions summarized in Altru and posted in KFS. Differences are investigated with accounting adjustments recorded as deemed necessary.

The Aquarium has consulted with Altru representatives and is in the process of selecting a new vendor to replace its Altru system. As a result, the Aquarium has elected not to install the Altru upgrade to enable online ticket sales to be directed to the University bank account. Accordingly, online ticket sales proceeds will continue to be credited to the FOWA bank account then remitted to the Aquarium until a new system is installed.

**University of Hawai‘i at Manoa**  
**Waikiki Aquarium Status of Corrective Actions**  
**March 2022**

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Conclusion

Corrective action implemented with respect to comparing and investigating differences between Altru and KFS. Online ticket sale proceeds deposited to the University’s bank account has been investigated and is expected to be resolved with the implementation of a new POS system.

**C. Operating deficit**

Internal Audit Observation and Recommendation

The Aquarium projects a cashflow deficit for the year ended June 30, 2021 and has incurred historical operating deficits. However, the Aquarium has not developed a plan to address these deficits and the potential ongoing financial and operational challenges (i.e., restrictions on group size and social distancing requirements) presented by COVID-19. The development of a plan to address the Aquarium’s current and potential ongoing financial and operational challenges is critical. Immediate consultation with University senior leadership is warranted.

Management Response

The Aquarium concurs with the recommendation. The Aquarium apprised University senior leadership of COVID-related financial impacts last Spring, and continues to work with the Office of the Provost, the Office of the Vice Chancellor for Administration, Finance, and Operations, and others to address both financial and operational challenges.

Additionally, as soon as the program was launched, the Aquarium applied for a federal Shuttered Venue Operators Grant, administered by the Small Business Administration (SBA). Possible special appropriations from the State Legislature may also materialize. Federal Higher Education Emergency Relief Funds awarded to UH Manoa under the CARES Act and subsequent COVID-related relief bills (CRRSAA, ARPA) are available to replenish lost revenues if other sources are insufficient.

Status

Approximately \$3 million in COVID-19 related relief funds were awarded to the University for the Aquarium by the SBA (\$2 million) and State of Hawaii COVID-19 State Recovery Funds (\$1 million). The \$1 million from the State of Hawaii was received in December 2021 and is being used for staffing and utility expenses. The Aquarium informed Internal Audit that the University has received the \$2 million from the SBA. However, the University has not allocated these proceeds to the Aquarium as of the date of this report.

Aquarium financial reports for fiscal year 2021 present expenses in excess of revenue \$696,000 versus the projected deficiency of \$887,000 noted in Internal Audit’s January 2021 report. The Aquarium projects revenue in excess of expenses for fiscal year 2022 amounting to approximately \$200,000 inclusive of the receipt of the \$1 million COVID-19 State Recovery Funds.

Conclusion

Corrective action implemented for the near term as a result of the receipt of COVID-19 relief funds. Internal Audit believes that the Aquarium must still develop a plan to address potential ongoing financial and operational challenges for fiscal years subsequent to 2022.

**D. Financial analysis**

Internal Audit Observation and Recommendation

The Aquarium has not evaluated the adequacy of private event rental fees and luau revenues to cover the associated expenses. With respect to the gift shop, the Administrative Officer does not review and analyze financial results including comparing actual to target gross margins on a periodic or annual basis. Accordingly, it is uncertain if these revenue sources are providing a financial benefit to the Aquarium. The Aquarium has also not quantified the financial impact of admission fee discounts to determine if the discounts increase

**University of Hawai‘i at Manoa**  
**Waikiki Aquarium Status of Corrective Actions**  
**March 2022**

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revenues and profits. The Aquarium also does not prepare accurate and complete financial reports as well as monthly budget to actual reports.

The Aquarium must evaluate the adequacy of private event rental fees and luau revenues to cover the associated expenses to determine if the amounts charged provide the Aquarium with sufficient profit or any profit. The Administrative Officer must also prepare periodic and annual financial reports for the gift shop to analyze financial results including comparing actual to target gross margins on a periodic or annual basis. The Aquarium must also quantify the financial impact of admission fee discounts to determine if the discounts increase revenues and profits. Based on the results of these evaluations and analyses, the Aquarium must determine if any adjustments or revisions to pricing and operations are warranted.

Management Response

The Aquarium concurs with the recommendations, and a detailed breakeven analysis will be conducted to determine profitability of our private events and luau. This will be completed prior to resuming the luau and private events.

At the conclusion of the annual gift shop inventory, a review and recap of sales pricing and gross margins will be undertaken to include considerations for allocating common expenses such as utilities, security and space. The purpose of this review is to ensure our pricing and profit margins are maximized. At least quarterly, product sales reports will be reviewed to assess product flow, length of time in inventory and pricing. Additionally, monthly sales/revenue reports will be reviewed and distributed to Department Heads and gift shop personnel.

The primary purpose for offering discounts from a marketing/revenue perspective is to drive interest in visiting the Aquarium from a segment of visitors that can choose other venues. This would also include in-kind marketing promotions with a specific value placed on the promotion.

We currently review and assess our discount programs with our Kiosk survey and Altru sales reports providing details on redemption and continued viability. These discounts were primarily reduced fees targeted for specific groups.

Status

The Aquarium has suspended private event facility rentals and is in the process of soliciting a new luau vendor. The Aquarium is also in the process of evaluating the appropriate pricing for these events.

With respect to the gift shop, the Administrative Officer has not prepared financial results or compared actual gross margins with target gross margins on a periodic or annual basis. The Aquarium has eliminated all discounts except military, FOWA, Outrigger, AAA, firefighter and reciprocal list (other aquariums and museums) discounts.

Conclusion

Corrective action implemented for admission fee discounts and in process for private event facility rentals and luau events. Corrective action not implemented related to the gift shop.

**E. Processes and procedures**

Internal Audit Observation and Recommendation

The Aquarium lacks processes and procedures related to the invoicing and recording of luau revenues to KFS. In addition, gift shop inventory adjustments are not required to be reviewed and approved by the Administrative Officer. Accordingly, the risk of potential errors increases with respect to luau revenues and gift shop inventory.

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**Waikiki Aquarium Status of Corrective Actions**  
**March 2022**

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In order to decrease the risk of potential errors with respect to luau revenues, the Aquarium should develop processes and procedures related to the invoicing and recording of luau revenues to KFS. Process and procedures may include requiring the Administrative Officer to review all luau invoices and calculated luau revenues, compare luau invoices to KFS on a monthly basis and develop a method to assign unique and sequential numbers to invoices. With respect to gift shop inventory, the Administrative Officer should review and approve inventory adjustments to the NCR POS system.

Management Response

We agree with the potential risks identified by Internal Audit. A process and procedure will be developed according to the “Call for Offerors” procurement currently being reviewed for a luau vendor, including required monthly sales reports and appropriate verifications from the vendor. These reports will assist the Events Coordinator in preparing their invoice. The Fiscal Administrative Assistant and/or Administrative Officer will verify the invoices and ensure monies received match the invoice, and will address any differences with the Events Coordinator. The payment will then be posted to KFS. Implementation of this recommendation will occur when the luau concession resumes.

An additional procedure will be included in the gift shop’s operating manual to include a section on inventory adjustments, requiring an additional person to review and approve.

Status

Processes and procedures have not been developed for the invoicing and recording luau revenues to KFS. Additionally, the Aquarium had not implemented a procedure requiring the Administrative Officer to review and approve inventory adjustments to the NCR POS system. In a March 2022 meeting with the Administrative Officer to discuss the status of corrective actions, Internal Audit reiterated its recommendation that the Administrative Officer approve inventory adjustments to the NCR POS system. The Aquarium subsequently revised its procedures to include the approval of inventory adjustment by the Administrative Officer on a go forward basis.

Conclusion

Corrective actions not implemented.

**F. FOWA and University of Hawai‘i Foundation (UHF)**

Internal Audit Observation and Recommendation

Net assets of the FOWA may represent an additional source of funding for the Aquarium. However, the Aquarium has not secured a funding commitment from the FOWA. Additionally, the Aquarium does not monitor the FOWA’s compliance with the terms and conditions of the Aquarium/FOWA Memorandum of Understanding (MOU) or reflect FOWA and UHF payments (capital improvements and expenses) directly to vendors on behalf of the Aquarium in KFS or the Aquarium’s financial reports.

Collaboration with FOWA to secure funding commitments, as well as pursuing other sources of revenue to support the operations of the Aquarium will assist in addressing the operating deficit. The Aquarium should also establish processes and procedures to monitor the FOWA’s compliance with the terms and conditions of the MOU to ensure the Aquarium is receiving the required financial support.

The Administrative Officer should, at minimum, record FOWA and UHF vendor payments made on behalf of the Aquarium in the Aquarium’s internal financial reports to provide a comprehensive representation of the Aquarium’s net position and results of operations. Exclusion of these on behalf payments may result in improper budgeting guidance for subsequent years.

Management Response

The Aquarium concurs with this recommendation, and in October 2020, the Provost formed an Aquarium Renewal Task Force, whose role is to plan, fund and coordinate Aquarium renewal and renovation issues moving forward. The Provost, Aquarium Director, and FOWA Chairperson sit on this task force. The terms of the MOU and any budgetary CIP and other commitments for the upcoming year can be addressed at these meetings. Discussions regarding fundraising to pay for renovation of the Aquarium’s public galleries and improvements to the wastewater discharge system are ongoing.

Status

The Aquarium has not established processes and procedures to monitor FOWA’s compliance with the terms and conditions of the MOU to ensure the Aquarium is receiving the required financial support. FOWA and UHF vendor payments made on behalf of the Aquarium remain unrecorded in either the Aquarium’s internal financial reports or KFS.

Conclusion

Corrective actions not implemented.

**G. Executive Policies and Administrative Procedures**

Internal Audit Observation and Recommendation

The Aquarium does not monitor its financial results in accordance with Administrative Procedure (AP) 8.025 or the Aquarium’s functional statement. Monthly internal financial and budgetary statements are not prepared, transactions and accounts are not reconciled from Aquarium sub-systems to KFS on a regular basis and reporting of transactions lack accuracy and completeness. The Aquarium is also in noncompliance with various University policies and procedures with respect to the use of the Aquarium’s facilities for private events, luau and photography services as follows:

- Executive Policy (EP) 8.200 - exclusion of terms and conditions required in the facilities use agreement and insurance coverage templates
- EP 11.202 – no University approval and vendor/customer liquor commission license for the service of alcoholic beverages
- AP 1.200 – facility rental competes with privately owned facilities; no University approval for not utilizing the University’s food and beverage vendor
- AP 8.230 –luau and photography agreements not reviewed and approved by Office of Procurement Management
- AP 8.400 – lack of indemnification clauses and minimum insurance coverage requirements
- AP 8.710 – indefinite retention and storage of credit cardholder data

Noncompliance with University policies and procedures exposes the University to significant financial, operational, and reputational risk that would be mitigated by adherence to these requirements. The prevalence of verbal agreements creates additional issues of enforcing agreed upon terms and conditions.

Preparation of accurate and complete financial reports (financial results and budget to actual) on a monthly and annual basis is critical for financial planning, assessing operations and determining future strategies. These reports should be distributed to appropriate University personnel for review and comment. In addition, transactions and accounts recorded to Aquarium sub-systems must be reconciled to KFS on a monthly and annual basis. Reconciliations will assist in the detection of errors in Aquarium financial reports or transactions posted to KFS.

The Aquarium must become more knowledgeable with respect to University policies and procedures and ensure compliance with all applicable policies and procedures impacting the Aquarium’s operations. Immediate

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consultation with OGC, Office of Risk Management (ORM), and Office of Procurement Management (OPM) personnel should occur as issues arise.

Management Response

The Aquarium projects revenue and expenditure budgets annually in accordance with instructions from the Manoa Budget Office. We examine budget to actual revenues and expenditures on a quarterly basis and provide explanations of variances to Manoa Budget Office as needed, following up with any necessary adjustments to projections for the remainder of the year. Additionally, monthly financial condition reports will be provided to Department Heads for review and in formulating revenue and cost savings strategies.

As discussed above in the “Altru” section, an additional balancing process will be implemented to reconcile Altru sales to the KFS transactions daily. The daily cash/credit card receipt report and sales report derived from Altru will be attached for verification and accuracy. In addition to disseminating the monthly financial condition reports to Department Heads, a monthly sales reconciliation including gift shop sales will be performed to ensure the sub systems are balancing to KFS.

With respect to compliance with University policies and procedures, the Aquarium concurs with the recommendation, and staff has already identified corrective measures, including consulting with OGC, ORM, and OPM personnel.

Status

Monthly financial results are prepared, reconciled to KFS and distributed to the Aquarium Director and department leaders for review and comment on a monthly basis. Budget to actual results are reviewed monthly by the Administrative Officer.

The Aquarium informed Internal Audit of its intention to comply with all EPs and APs identified in Internal Audit’s recommendation prior to resuming private event facility rentals and luau events. This includes usage of the OGC approved facility use agreement, obtaining appropriate food and alcohol service waivers, consultation with OGC and ORM as required and shredding of facility rental agreements with cardholder data.

Conclusion

Corrective actions for financial results implemented and pending for EP and AP compliance.

**H. Wastewater discharge**

Internal Audit Observation and Recommendation

The Aquarium has incurred a significant financial obligation with respect to its discharge of salt water. Current financial results indicate an inability to pay these obligations. The Aquarium must determine its total financial obligation and identify a source of funding. Consultation with University leadership and OGC is essential.

Management Response

Regulatory issues regarding wastewater discharge at the Aquarium has been the subject of numerous meetings with the City and County Department of Environmental Services and the State Department of Health involving the Aquarium, UH Environmental Health and Safety Office, the UH Office of Project Delivery and OGC.

Planning already underway includes the design and planning components of wastewater system modifications to better measure water flow.

Status

University leadership was consulted as evidenced by the Vice President of Administration’s FY 2022-2023 6-Year Capital Improvement Project (CIP) Supplemental Budget Request requesting \$11.5 million to remediate



**University of Hawai‘i at Manoa**  
**Waikiki Aquarium Status of Corrective Actions**  
**March 2022**

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the salt water discharge issue. The Board of Regents (BOR) Committee on Planning and Facilities reviewed and recommended BOR approval of this CIP Supplemental Budget Request at its November 4, 2021 meeting. The CIP Supplemental Budget Request was approved by the BOR at its November 18, 2021 meeting. The Vice President of Administration informed the Committee on Planning and Facilities at the November 4, 2021 meeting that the University anticipates receiving the \$11.5 million during the fiscal year ended June 30, 2023. These funds would supplement \$1.5 million and \$600,000 appropriated by the State of Hawaii Legislature in FY22 and FY21, respectively.

Conclusion

Corrective action implemented.

DRAFT

**UNIVERSITY OF HAWAI‘I AT MĀNOA**

**REVIEW OF THE MASTERS OF BUSINESS ADMINISTRATION FOR  
EXECUTIVES IN VIETNAM PROGRAM**

July 2021

DRAFT



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University of Hawai'i  
Office of Internal Audit



UNIVERSITY  
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July 21, 2021

To the University of Hawai'i Board of Regents  
and  
The Dean of the University of Hawai'i at Mānoa Shidler College of Business

The Vietnam Executive Masters of Business Administration (VEMBA) program is a two-year graduate program operated by the Shidler College of Business (Shidler) and hosted at two Vietnam universities: Phenikaa University in Hanoi and International University in Ho Chi Minh City (HCMC). This engagement was the result of potential VEMBA improvement opportunities identified in a historical audit engagement.

This engagement encountered significant challenges resulting from Shidler's inability to provide requested audit information by agreed upon due dates in addition to the unavailability of Shidler fiscal personnel responding to Office of Internal Audit (Internal Audit) inquiries. Accordingly, the accompanying report is a partial assessment of the VEMBA program. However, this partial assessment did identify financial, operational and compliance risks associated with the VEMBA program.

The financial risks include VEMBA incurring operating losses for each of the three years ended June 30, 2020 ranging from \$476,000 to \$598,000 in addition to 15 of the last 20 years. Risks from an operational and financial perspective include the lack of a process and method to allocate financial results by Vietnam university and the lack of a requirement for the preparation of interim (e.g. semi-annual) and year-end Statements of Revenues and Expenses to manage and monitor financial results. Internal Audit also noted that Shidler does not record earned revenues and incurred expenses to the Kuali Financial System (KFS) if these revenues and expenses are initiated and recorded by the Research Corporation of the University of Hawai'i (RCUH) on behalf of Shidler. Internal Audit recommendations to mitigate these risks include Shidler initiating actions to significantly decrease or eliminate the recurring operating losses. Other recommendations consist of preparing written process documentation to enhance the accuracy, completeness and timeliness of financial transactions recorded to KFS, developing a method to reasonably and rationally allocate revenues and expenses by Vietnam campus, requiring the preparation of interim (e.g. semi-annual) and year-end Statements of Revenues and Expenses and recording RCUH initiated transactions to Shidler's KFS accounts.

With respect to compliance risks, Internal Audit noted that Shidler does not monitor third-party compliance with the terms and conditions of various agreements. Accordingly, Internal Audit recommends that Shidler develop a process to monitor third party compliance with the terms and conditions of all third-party agreements. Internal Audit also believes that Shidler should evaluate if certain services currently performed by third-parties could be performed by an existing University of Hawai'i office.

In connection with Internal Audit's follow-up VEMBA audit, Internal Audit will assess implementation of VEMBA corrective actions in addition to completing audit procedures that were not completed due to the non-receipt of requested audit information or the unavailability of Shidler fiscal personnel.

Sincerely,

Glenn Shizumura  
Director

## I. Background / Objectives

The Office of Internal Audit (Internal Audit) issued a “Review of the Cash Receipts Process” report dated March 2019 that identified opportunities for internal control and process improvements with respect to the cash receipts process and compliance with Administrative Procedure (AP) 8.701, *Receipting and Depositing of Funds Received by the University*, for certain University of Hawai‘i (University) Cash Collection Locations (CCLs). The Shidler College of Business (Shidler) and more specifically the Masters of Business Administration for Executives in Vietnam (VEMBA) program was a selected CCL in connection with the “Review of the Cash Receipts Process” audit. In addition to identifying VEMBA process improvement opportunities (e.g., more efficient collection and timely deposit of application fees, recording application fees as revenue at the time amounts are earned, etc.), Internal Audit noted that the VEMBA program incurred operating losses of approximately \$480,000 and \$352,000 in fiscal years 2018 and 2017, respectively.

The process improvement opportunities have been addressed through the implementation of corrective actions as noted in Internal Audit’s Cash Receipts follow-up report dated March 2020. However, analyzing financial results was not an objective of the “Review of the Cash Receipts Process”. Accordingly, objectives of this audit include analyzing VEMBA’s financial results in addition to evaluating VEMBA’s significant processes, procedures and internal controls.

### A. Program Description, Origin and Organization

#### 1. Description

The VEMBA program is a 21-month graduate program operated by Shidler. VEMBA graduates receive a University MBA degree identical to graduates of Shidler’s Executive Master of Business Administration (EMBA) program. According to the Shidler website, the curriculum for the VEMBA and EMBA programs are identical. The VEMBA program began in 2001 in Hanoi and 2007 in Ho Chi Minh City (HCMC) with instruction at the following Vietnam universities:

- International University - Vietnam National University located in HCMC (contract duration is March 31, 2017 to March 31, 2022)
- Phenikaa University (previously known as Thanh Tay University) (contract duration is August 1, 2017 to August 1, 2022) located in Hanoi

VEMBA’s website states that more than 900 VEMBA alumni hold key business positions both globally and in Vietnam. VEMBA students consist of Vietnam citizens and expatriates.

#### 2. Origin

The VEMBA Faculty Director stated that the VEMBA program was the result of a grant to the University of Hawai‘i at Mānoa (UHM) College of Business (now known as the Shidler College of Business) during the 1990’s to fund faculty travel to Vietnam for the purpose of training Vietnamese instructors to teach business courses to Vietnamese students. Upon expiration of this grant, the Dean of Shidler stated that Shidler selected Vietnam for its international MBA program to be consistent with Shidler’s mission for international excellence as the business school of choice in the Asia-Pacific region. The Dean of Shidler also stated that the Vietnam selection was influenced by a lack of competition in Vietnam from other United States higher education business schools while significant competition existed in other Asian countries such as China.

### B. Accreditation

Shidler is accredited by the Association to Advance Collegiate Schools of Business (AACSB) and is included in UHM accreditation by the Western Association of Schools and Colleges (WASC) Senior College and University Commission. The AACSB accreditation is specific to Shidler and its programs such as the VEMBA and EMBA programs. The WASC accreditation encompasses all UHM programs, courses, departments and schools conferring

**University of Hawai‘i at Mānoa**  
**Review of the Vietnam Executive MBA Program**  
**July 2021**

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bachelors, masters and doctorate degrees. The WASC accreditation includes off-campus programs such as VEMBA.

1. AACSB

In March 2021, the AACSB extended Shidler’s accreditation through academic year 2025-2026. Internal Audit reviewed the AACSB Peer Review Team Report for Business Accreditation (AACSB Review) dated December 2020 which noted the VEMBA program “is an exemplar of the Shidler mission and strategy, bringing together several themes: international partnerships, academic excellence and a focus on pan-Pacific education and impact.” The AACSB Review also noted areas of concern with respect to financial resources and faculty qualifications.

The Dean of Shidler informed Internal Audit that AACSB did not require a written response describing the timing and planned corrective actions to address the areas of concern and that all areas of concern will be addressed prior to the next accreditation review.

2. WASC

WASC has scheduled a review of the UHM accreditation status in November 2021. The objective of WASC’s review is to determine if an extension of WASC’s UHM accreditation is appropriate. WASC’s prior review was in 2011 which extended the UHM accreditation for 10 years. In preparation for the WASC review, a steering committee composed of the University President, Vice President of Administration and UHM Provost as well as other UHM faculty, staff, administrators and students has been established. The Dean of Shidler stated that the WASC review did not identify any areas of concern for Shidler.

## **II. Timeline**

This section provides a timeline of the VEMBA audit from audit commencement to the date of this report. As described below, a significant amount of requested audit information is pending.

A. August 2019 – January 2020

Since the commencement of the VEMBA audit in August 2019, recurring and prolonged delays from Shidler personnel providing requested information within the agreed upon time periods and responding to Internal Audit inquiries hindered the performance and completion of this audit. In September 2019, Internal Audit met with VEMBA personnel and reviewed and discussed a preliminary information request listing with proposed due dates by month end. Internal Audit called and e-mailed Shidler personnel in October 2019 to inquire as to the status of the requested audit information and proposed due dates discussed at the September 2019 meeting. Shidler’s e-mailed response noted the requested audit information would be available in late November 2019. No information was provided by Shidler in November 2019. In December 2019, Internal Audit left a voicemail for the VEMBA Faculty Director regarding matters discussed during the September 2019 meeting. No information was provided by Shidler in December 2019 through January 2020.

B. February 2020 – June 2021

In February 2020, Internal Audit met with the Dean of Shidler to discuss receiving better cooperation from Shidler fiscal personnel. Internal Audit was informed that fiscal personnel had other tasks of a higher priority than the audit and would provide requested audit information when possible. Internal Audit did not receive any audit information or correspondence from Shidler during the next several months. In June 2020, Internal Audit contacted the UHM Provost to request assistance in obtaining a commitment from Shidler regarding the receipt of requested audit information in addition to the availability of Shidler personnel to respond to Internal Audit inquiries. The UHM Provost informed Internal Audit that the current priority for the Dean of Shidler was preparation for the Fall 2020 semester and fiscal 2021 budget and requested a deferral for the receipt of requested audit information until

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July 2020. In July 2020, Internal Audit corresponded with and received correspondence from the UHM Provost noting his expectation that Shidler would be responsive to Internal Audit’s requests. Internal Audit received limited audit information (e.g., VEMBA and EMBA financial reports for fiscal years 2017 – 2019, incomplete process and procedure narratives, third party agreements) from late July through September 2020. In October 2020, Shidler fiscal personnel notified Internal Audit via email that its personnel would be unavailable for the VEMBA audit until December 2020. Internal Audit received subsequent Shidler fiscal personnel e-mails extending the December 2020 date to January 2021 and again to April 30, 2021.

Internal Audit called Shidler fiscal personnel in May 2021 and was informed that no additional audit information was available and agreed that Shidler would review and accept an audit report prepared based on the information provided to Internal Audit to date. The Dean of Shidler was copied on all emails noting the continued unavailability of Shidler personnel. A draft of the VEMBA audit report was provided to Shidler on May 27, 2021.

Internal Audit called and e-mailed Shidler fiscal personnel in June 2021 regarding the status of their review of the draft report provided in May 2021. The Dean of Shidler responded that the review was in process and suggested a meeting to discuss the report.

**C. July 2021**

On July 6, 2021, Internal Audit met with the Dean of Shidler, VEMBA Faculty Director and Shidler fiscal personnel via Zoom to discuss the above noted pending information in addition to the draft VEMBA report provided on May 27, 2021. Additional information received as a result of this meeting included revenue and expense account descriptions, student enrollment counts by semester/session, verification of Shidler’s AACSB accreditation and preliminary fiscal year 2021 cash basis revenues and expenses. This additional information has been incorporated into this report.

**D. Report content**

As of the date of this report, Shidler has not provided significant audit information documented in Internal Audit’s various information request listings. A sample of the audit information requested but not received include the following

1. Written documentation of Shidler’s significant processes with respect to the VEMBA program. The documentation should provide a basic understanding of the process and the related risks and controls that affect the initiation, recording, processing, and reporting of transactions to in the University’s general ledger (KFS). The documentation should also identify Shidler personnel performing a procedure or control by job title and the frequency of performance of the procedure or control.
2. Explanations (written or verbal) of the composition and year-to-year fluctuations of various VEMBA account balances.
3. Documentation supporting the managing and monitoring of third-party agreements in addition to the business purpose of certain agreements.

Since Internal Audit was not provided with the audit information referenced above, the accompanying report is a preliminary assessment of the VEMBA program. However, this report does describe and provide recommendations with respect to financial, operational and compliance risks identified by Internal Audit associated with the VEMBA program.

### **III. Financial Results**

Tables 1, 2 and 3 presents financial results for the VEMBA and EMBA programs for the years ended June 30, 2020, 2019 and 2018. Table 2 presents VEMBA’s financial results by Vietnam university campus. EMBA’s financial results

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presented in Table 3 are included for comparative purposes as the course curriculum and conferred degree for the EMBA program are identical to VEMBA. The reference column noted in Tables 1, 2 and 3 corresponds to certain VEMBA and EMBA accounts discussed in section *III. D. Account Description and Analysis*.

Shidler provided VEMBA (by Vietnam campus and in the aggregate) and EMBA financial results for the years ended June 30, 2019 and 2018 but did not provide financial results for fiscal year 2020. Internal Audit noted that Shidler prepared the June 30, 2019 and 2018 financial results by combining financial accounts from KFS and the Research Corporation of the University of Hawai‘i (RCUH). Accordingly, Internal Audit utilized the same RCUH and KFS financial accounts to compile the VEMBA and EMBA financial results for the year ended June 30, 2020. In July 2021, the Dean of Shidler and Shidler fiscal personnel concurred with the year ended June 30, 2020 VEMBA and EMBA financial results compiled by Internal Audit and presented in Tables 1 and 3.

Shidler fiscal personnel informed Internal Audit that the VEMBA and EMBA financial transactions initiated and recorded by RCUH are not recorded by Shidler personnel in KFS. Pursuant to worksheets provided by Shidler, the VEMBA Statements of Revenues and Expenses presented in Table 1 include revenues earned by Shidler approximating \$740,000 and expenses incurred by Shidler approximating \$1,200,000 but recorded to RCUH accounts for each of the fiscal years ended June 30, 2020, 2019 and 2018. Shidler worksheets also note that the EMBA Statements of Revenues and Expenses presented in Table 3 include revenues earned by Shidler approximating \$700,000 and expenses incurred by Shidler approximating of \$430,000 but recorded to RCUH accounts for each of the fiscal years ended June 30, 2020, 2019 and 2018, respectively. See section *IV. Significant Processes, Procedures and associated Internal Controls* for further discussion.

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A. VEMBA Financial Results (combined)

Table 1

**VEMBA Program**  
**Statements of Revenues and Expenses (Unaudited)**  
**For the Three Years Ended June 30,**

	Ref.	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Revenues</b>				
Tuition and fees	1	\$ 710,518	\$ 769,992	\$ 795,476
<b>Expenses</b>				
Salaries and related costs	2	598,627	689,531	640,552
Vietnam service and facility use fees	3	318,852	418,655	423,956
Employee foreign travel	4	121,397	117,536	110,650
Outreach College fees	5	101,850	79,880	52,750
RCUH administrative fees		30,312	39,432	37,877
Bad debt		11,290	17,820	2,668
Non-employee travel - foreign		-	-	2,619
Other		4,349	5,018	4,391
Total expenses		<u>1,186,677</u>	<u>1,367,872</u>	<u>1,275,463</u>
<b>Operating loss</b>		<u>(476,159)</u>	<u>(597,880)</u>	<u>(479,987)</u>
Net transfers in	6	<u>320,000</u>	<u>145,500</u>	<u>583,038</u>
<b>Change in Net Position</b>		<u><u>\$ (156,159)</u></u>	<u><u>\$ (452,380)</u></u>	<u><u>103,051</u></u>



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B. VEMBA Financial Results (by campus)

Table 2

**VEMBA Program- Hanoi and HCMC  
Statements of Revenues and Expenses (Unaudited)  
For the Three Years Ended June 30,**

(\$ in 000's)	Ref.	HCMC			Hanoi			Combined		
		2020	2019	2018	2020	2019	2018	2020	2019	2018
<b>Revenues</b>										
Tuition and fees	1	\$ (59)	\$ 18	\$ 61	\$ 769	\$ 752	\$ 735	\$ 710	\$ 770	\$ 796
<b>Expenses</b>										
Salaries and related costs	2	-	-	37	598	690	604	598	690	641
Vietnam service and facility use fees	3	-	-	4	319	419	420	319	419	424
Employee foreign travel	4	-	-	7	121	117	103	121	117	110
Outreach College fees	5	65	50	33	37	30	20	102	80	53
RCUH fees		-	-	2	30	39	36	30	39	38
Bad debt		9	13	-	3	5	3	12	18	3
Other		-	-	-	4	5	7	4	5	7
Total expenses		74	63	83	1,112	1,305	1,193	1,186	1,368	1,276
<b>Operating loss</b>		<b>(133)</b>	<b>(45)</b>	<b>(22)</b>	<b>(343)</b>	<b>(553)</b>	<b>(458)</b>	<b>(476)</b>	<b>(598)</b>	<b>(480)</b>
Net transfers in	6	76	-	(111)	244	146	694	320	146	583
<b>Change in Net Position</b>		<b>\$ (57)</b>	<b>\$ (45)</b>	<b>\$ (133)</b>	<b>\$ (99)</b>	<b>\$ (407)</b>	<b>\$ 236</b>	<b>\$ (156)</b>	<b>\$ (452)</b>	<b>\$ 103</b>

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C. EMBA Financial Results

Table 3

**EMBA Program**  
**Statements of Revenues and Expenses (Unaudited)**  
**For the Three Years Ended June 30,**

	Ref.	2020	2019	2018
<b>Revenues</b>				
Tuition and fees	1	\$700,202	\$655,341	\$812,657
<b>Expenses</b>				
Salaries and related costs	2	274,998	259,380	243,926
Residence weekend	7	81,040	88,156	(1,175)
Outreach College fees	5	24,510	33,840	12,960
Classroom refreshments	8	34,482	29,931	35,089
Participant course materials	9	50,861	25,409	40,068
RCUH fees		13,522	13,790	11,009
Parking		8,213	6,048	8,638
Employee domestic travel	4	6,674	3,593	3,223
Other		10,022	18,434	14,270
Total expenses		504,322	478,581	368,008
<b>Operating income</b>		195,880	176,760	444,649
Net transfers out	6	(75,000)	(166,150)	(412,766)
<b>Change in Net Position</b>		\$120,880	\$ 10,610	\$ 31,883

D. Account Description and Analysis

As described in section II. *Timeline*, Internal Audit was not provided with the purpose and composition for certain revenue and expense accounts including explanations for year-to-year variances. In addition, Internal Audit was informed that Shidler lacks a method to allocate revenues and expenses between Vietnam university campuses. Accordingly, Shidler personnel were unable to provide explanations regarding the year over year variability and unusual account balances (minimal HCMC revenue and expenses as well as a tuition debit balance for fiscal year 2020) by Vietnam university campus. Internal Audit’s inquiries and audit issues associated with certain significant accounts are discussed below:

1 *Tuition and fees*

VEMBA tuition is \$480/credit hour and EMBA tuition is \$1,102/credit hour for the Fall 2019 entrance class. Fees represent application fees and late registration fees. Tuition for VEMBA excludes textbooks while tuition for EMBA includes textbooks.

2 *Salaries and related costs*

Represents faculty compensation. Shidler indicated salary expense variance between VEMBA and EMBA corresponds to the student headcount (see Table 6) differential. Internal Audit was not provided with the faculty headcount and pay ranges to assess the reasonableness of the expense. See additional discussion regarding salaries at section IV. C. *Salaries and operating expenses*.

3 *Vietnam service and facility use fees*

Expense represents fees for services (marketing, operational support, student services, etc.) provided by CSC Vietnam, (see section V. *Third Party Agreements*) as well as fees to utilize the campuses of Phenikaa University in Hanoi and International University in HCMC. Shidler did not explain year-to-year variances and

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the lack of Vietnam service and facility use fees for the HCMC campus during 2020 and 2019 as noted in Table 2.

*4 Employee travel*

Internal Audit was informed by Shidler personnel that travel of Shidler faculty to Vietnam for in-person instruction is typically for a period of three days to three weeks. Expenses are subject to RCUH travel policies and include airfare, lodging and meals. RCUH travel policies require approval of expenses by Shidler fiscal personnel. Shidler fiscal personnel stated the amount of foreign travel expenses conform with the Federal Allowable Rates established by the U.S. Department of State. Shidler did not describe how compliance with the Federal Allowable Rates is monitored or explain the purpose of EMBA employee domestic travel expense.

*5 Outreach College fees*

Outreach College (OC) provides Shidler administrative support services in exchange for a service fee pursuant to a Memorandum of Agreement as described in section V. *Third Party Agreements*. The OC fees range from \$25 - \$50 per student per credit hour.

*6 Net transfers*

Net transfers result from funds transferred between Shidler’s graduate programs (VEMBA, EMBA, Distance Learning EMBA, Master of Human Resource Management, Master of Science in Finance, Master of Science in Information Systems and Master of Science in Marketing) to ensure each graduate program has sufficient operating funds. Accordingly, graduate programs with a fund surplus (e.g., EMBA) provide operating funds to graduate programs with a deficit (e.g., VEMBA). The Dean of Shidler stated that he approves all transfers and that the collective operating results of Shidler’s graduate programs generally result in an operating surplus.

*7 Residence weekend*

According to the Shidler website, residence weekend attendance is mandatory and consists of day and evening classes over a four-day period at the beginning of the first semester. The purpose of residence weekend is to enhance class cohesion and interaction while discussing executive management issues at an off-campus location. Accordingly, costs such as meals and lodging are included in this account. VEMBA residence weekend expenses were approximately \$20,000 per year and included in Vietnam service and facility use fees. Previous residence weekend events were held for VEMBA at the Emeralda Resort in Ninh Binh, Vietnam and for EMBA at the Turtle Bay Resort in Kahuku, Hawai‘i.

*8 Classroom refreshments*

The Shidler website states EMBA classes are held every Tuesday evening and all day on alternating Saturdays. A light dinner is provided on Tuesday with a light breakfast, lunch and refreshments provided on Saturdays. Shidler personnel did not provide the account classification of classroom refreshments expense for VEMBA (Tables 1 and 2).

*9 Participant course materials*

Shidler stated that participant course materials consist primarily of textbooks. As described above in the “Tuition and fees” discussion, a student’s EMBA tuition covers the cost of textbooks.

As illustrated in Tables 1 and 2, VEMBA has incurred annual operating losses (before net transfers in) of approximately \$500,000 for each of the three years ended June 30, 2020, 2019 and 2018. The Dean of Shidler stated that VEMBA has incurred operating losses for 15 of the last 20 years and believes annual operating losses of \$200,000 - \$300,000 to be within an acceptable range as an investment in the VEMBA program. Shidler stated that the VEMBA program is a component of Shidler’s overall objective to be recognized for its excellence in international business. However, Shidler was unable to describe or provide quantitative or qualitative factors specific to the VEMBA program supporting the benefit of the VEMBA program’s recurring operating losses to

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the University or the State of Hawai‘i. Shidler personnel stated that initiatives for increasing donations from VEMBA alumni are ongoing in order to manage VEMBA’s operating losses.

In July 2021, Shidler provided Internal Audit with a fiscal year 2021 VEMBA cash basis statement of revenues and expenses resulting in operating income of \$325,000 before net transfers in. Shidler asserted the significant change from historical operating results was the result of increased enrollment and a reduction of expenses related to the temporary suspension of in-person classes due to COVID-19. Shidler did not provide documentation supporting this assertion.

**Conclusion and recommendations**

VEMBA has incurred operating losses for each of the three years ended June 30, 2020 and 15 of the last 20 years per the Dean of Shidler. Given that the beneficiary of the VEMBA program is Vietnam and that Shidler was unable to describe the quantitative or qualitative benefits to the University in particular and the State of Hawai‘i in general, Internal Audit believes Shidler must initiate actions to significantly decrease or eliminate the recurring operating losses.

A component to managing and monitoring financial results is the preparation of interim and year-end Statements of Revenues and Expenses. As previously noted, Shidler fiscal personnel did not prepare a Statement of Revenues and Expenses for the year ended June 30, 2020 and were unable to explain the purpose, composition and year-to-year variances of various revenue and expense accounts. Shidler fiscal personnel also lack a method to allocate VEMBA revenues and expenses between the Hanoi and HCMC campuses. Internal Audit believes managing and monitoring financial results by Vietnam campus is critical for purposes of evaluating the overall financial results of the VEMBA program.

Internal Audit recommends Shidler prepare interim (e.g. semi-annual) and year-end Statements of Revenues and Expenses for VEMBA (combined and by Hanoi and HCMC campus) and EMBA. Internal Audit also recommends that Shidler develop a method that reasonably and rationally allocates revenues and expenses by Vietnam campus. The Statements of Revenues and Expenses should be accompanied with a written, analysis of year-to-year variances greater than a pre-determined percentage (e.g.10%) when compared to the corresponding period of the prior year. Preparation, review and analysis of financial results on a timely basis will provide Shidler leadership with information to monitor and control operating expenses including fees to third parties, evaluate the financial performance at each of the Vietnam university campuses and determine if the financial objectives of the VEMBA and EMBA programs will be attained. See additional discussion below in section *IV.D.* regarding Shidler’s *Financial Reporting and Monitoring* process.

## **IV. Significant Processes, Procedures and associated Internal Controls**

VEMBA’s significant processes include the following:

- application and admission of students
- tuition and cash receipts
- salaries and operating expenses
- financial reporting and monitoring

Internal Audit reviewed Shidler’s procedures and associated internal controls in connection with these processes. This evaluation is described below. A review of EMBA’s process, procedures and internal controls was not within the scope of this audit. Thus, the EMBA information presented in this section is only for comparison to VEMBA. As indicated in section *II. Timeline*, Internal Audit did not receive all requested information from Shidler including information describing and supporting Shidler’s processes and associated internal controls in connection with VEMBA’s significant processes. Accordingly, the significant processes described below identify gaps in the processing of transactions as well as internal control deficiencies. These gaps and internal control deficiencies are summarized in the “Conclusions and recommendations” section.

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A. Application and admission of students

Prospective students submit VEMBA application packages by mail or e-mail to the respective Director of Operations at either the Hanoi or HCMC campus. The application package must include a signed and completed application form, copy of the applicants’ undergraduate diploma and transcripts, Test of English as a Foreign Language (TOEFL) or International English Language Testing System (IELTS) scores and letters of recommendation.

VEMBA applicants are initially screened by Hanoi or HCMC campus reviewers and then reviewed and approved/rejected by a committee (consistent with the EMBA program) comprised of four Shidler faculty members chaired by the VEMBA Faculty Director. In addition, Internal Audit was informed that the Vietnamese government must review and approve all applicants. Internal Audit was informed that since the VEMBA program’s inception, the Vietnamese government has never rejected an applicant accepted by the VEMBA program. Internal Audit requested but was not provided the criteria used by Hanoi or HCMC campus reviewers for the initial screening of applicants or the purpose of the involvement of the Vietnamese government in the application process.

The Shidler EMBA and VEMBA websites summarize the admission guidelines as follows:

**Table 4: Shidler EMBA vs. VEMBA Admission Guidelines**

Guidelines	Stated Guideline for:	
	EMBA	VEMBA
3.0+ Grade Point Average (GPA)	Yes	Yes
Undergraduate degree	Yes	Yes
Graduate Management Admission Test (GMAT) or Graduate Record Examinations (GRE) score	Yes	No <sup>(1)</sup>
5+ years of full-time work experience	Yes	Yes
Resume	Yes	Yes
Statement of Objectives/ Essay	Yes	Yes
Two letters of recommendation	Yes	Yes
Interview	Yes	Yes
Official transcript(s)	Yes	Yes
TOEFL or IELTS scores	Applicable to international students only	Yes. TOEFL iBT score of 61+ or IELTS score of 5.5+ (may be waived)
Application fee	\$100	\$100

Source: EMBA and VEMBA websites

(1) Internal Audit was informed by the VEMBA Faculty Director that the GMAT is not required for VEMBA due to the limited availability of taking the exam in Vietnam (i.e., the GMAT is only offered in HCMC on a periodic basis). Internal Audit was informed that the GMAT was replaced with a written essay and 1-hour interview conducted by the VEMBA Director. Internal Audit was also informed by the Dean of Shidler that the GMAT is not an admission requirement of the UHM Graduate Division. Shidler’s website notes that graduate programs such as a Master of Science in Finance, Information Systems or Marketing Management and Master of Human Resource Management do not have a GMAT requirement.

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Shidler emails Admission Letters to applicants accepted into the VEMBA program. Subsequent to the applicant accepting the offer of admission, the applicant receives a letter providing the applicant with credentials to create their University e-mail account and password at the University’s Username Management web page. Shidler then establishes an account for the student in Banner (University’s student information system) and the University’s Student Tracking and Reporting (STAR) system. Students register for classes and monitor their academic progress via the STAR system.

Subsequent to registering for VEMBA classes, STAR notifies the student of tuition and fee charges. Students are not required to pay at completion of registration but are required to pay prior to the start of the semester/session. Students receive an e-mail with tuition/fee due date information.

**B. Tuition and cash receipts**

The 21-month VEMBA program curriculum commences every Fall semester whereas the EMBA program commences during the Fall semester in alternate years. The programs include two mandatory summer sessions (during alternate years for EMBA). Both the VEMBA and EMBA programs offer the same core and elective courses. Internal Audit was informed by the Dean of Shidler that tuition for the VEMBA program is based on Vietnam market conditions and is higher priced when compared to other post-graduate programs in Vietnam. A VEMBA and EMBA tuition comparison is presented in Table 5. The tuition for resident and non-resident EMBA students is identical.

**Table 5: VEMBA and EMBA 21-month Program Tuition**

<b>Fall 2019 entrance class</b>	<b>VEMBA</b>	<b>EMBA</b>
Credit hours	48	48
Cost per credit	\$ 480	\$ 1,102
Total	\$ 23,040	\$ 52,896

*Source: Shidler website*

Students enroll for the VEMBA and EMBA programs by cohort (group of students that begin and continue through a program together). Student headcounts in Table 6 were provided by Shidler personnel and represent the number of registered students by semester or summer session. Internal Audit was informed that the number of registered VEMBA students varies due to attrition (i.e., unsatisfactory grades, financial constraints, etc.) and student movement between cohorts. The VEMBA program allows students to register for courses with a different cohort during another semester/session if the student has a scheduling conflict and is unable to attend the course with their cohort. The EMBA program consists of one cohort for each 21-month program.

**Table 6: Student headcount**

	<b>Academic Year</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>VEMBA</b>			
Fall	140	108	97
Spring	120	96	82
Summer	114	84	64
<b>EMBA</b>			
Fall	27	29	34
Spring	27	29	30
Summer	27	-	29

*Source: Shidler*

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The process to collect tuition/fees and reflect the cash collected in Banner varies by campus (Hanoi or HCMC).

1. Hanoi

a. Student payment

Hanoi students pay their tuition/fees directly to the University via credit card or check. These payments are processed and deposited to the University’s general bank account by the UHM Cashiers Office. The student’s Banner account reflects the payment which then updates KFS.

b. Sponsor payment

Students must notify Shidler of the amount of tuition/fees that will be paid by a sponsor (individual or organization). Tuition/fees not paid by the sponsor is the responsibility of the student. Shidler invoices the sponsor with instructions to wire transfer payment to the VEMBA RCUH account. The Shidler invoice notes that RCUH only accepts wire transfers as a form of payment. RCUH notifies Shidler weekly of tuition/fees receipts and Shidler provides the cash receipt information to OC (see section V. *Third Party Agreements*) weekly. OC has access to Banner and records cash receipts from sponsors to the students’ Banner account. Shidler personnel did not explain why sponsor payments could not be sent directly to and processed by the UHM Cashiers Office or the reason for OC’s involvement in this process.

2. HCMC

Under the terms of the agreement between Shidler and International University (see section V. *Third Party Agreements*), HCMC students and sponsoring organizations are provided written instructions via e-mail to pay tuition/fees to International University. Internal Audit was informed by Shidler fiscal personnel that International University is a public university and is required by the Vietnamese government to collect tuition/fees for courses offered by foreign higher education institutions, such as Shidler. Shidler provides International University with a list of enrolled students and the amount of tuition/fees due from each student. Similar to Hanoi, HCMC students sponsored by third parties notify Shidler of the sponsoring organization and sponsorship amount. Shidler invoices the sponsor with instructions to remit payment on behalf of the sponsored student to International University via wire transfer, cash or credit card.

International University deposits the cash received to a HCMC account in a Vietnamese bank then provides a list of cash collected by enrolled student to Shidler on a monthly basis. Shidler provides the list of cash collected by enrolled student to OC for recordation to Banner. Cash collected in the HCMC bank account is wire transferred to the VEMBA RCUH account at the end of the Fall and Spring semesters and Summer session.

Shidler personnel did not explain why tuition/fees collected by International University could not be sent to the UHM Cashiers Office or the reason for OC’s involvement in this process.

C. Salaries and operating expenses

VEMBA and EMBA faculty are employed and paid by RCUH (see section V. *Third Party Agreements*). VEMBA and EMBA instructors consist of Shidler faculty and faculty from the mainland.

The Dean of Shidler stated that VEMBA and EMBA faculty payroll is processed and paid through RCUH to provide Shidler with greater flexibility in determining compensation rates to incentivize faculty to instruct VEMBA and EMBA courses. The Dean of Shidler stated that all compensation rates paid to VEMBA and EMBA faculty require his approval. Shidler personnel could not describe the process to record VEMBA and EMBA payroll to KFS, the process to provide cash to RCUH to pay VEMBA and EMBA employees and the process and controls to ensure the accuracy of VEMBA and EMBA payroll.

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All VEMBA and EMBA expenses, except for OC fees, are paid and processed by RCUH (see section V. *Third Party Agreements*). Shidler fiscal personnel electronically approve all expenses by reviewing VEMBA and EMBA expense transactions recorded in the RCUH system on a monthly basis via read-only access.

**D. Financial reporting and monitoring**

Shidler fiscal personnel prepare separate annual expense budgets for VEMBA and EMBA based on prior year expenses. Budgets are reviewed and approved by the Dean of Shidler prior to submission to the Mānoa Budget Office. However, Shidler does not compare actual financial results to the approved budget on either an interim or annual basis.

The absence of a budget to actual financial analysis is consistent with Shidler’s lack of a process and procedures in connection with the preparation of interim and year-end Statements of Revenues and Expenses. The lack of a budget to actual financial results analysis coupled with no process and procedures to prepare Statements of Revenues and Expenses impairs Shidler’s ability to effectively manage and monitor financial results. As previously described in section III. *Financial Results*, the Dean of Shidler believes annual operating losses of \$200,000 - \$300,000 to be within an acceptable range as an investment in the VEMBA program. Internal Audit believes the Dean of Shidler would be unable to monitor the attainment of this financial objective with the lack of processes and procedures associated with the preparation of a budget to actual financial results analysis and Statements of Revenues and Expenses.

Shidler personnel informed Internal Audit that all VEMBA and EMBA financial transactions initiated and recorded by RCUH are recorded to RCUH revolving accounts (Note: Revolving accounts expend funds for goods/services such that the expended funds are replenished/recovered through charges for goods/services or through transfers from other accounts). Shidler personnel believe that RCUH revolving account transactions are not required to be recorded to KFS. Accordingly, VEMBA and EMBA earned revenues aggregating \$4.3 million and incurred expenses aggregating \$4.9 million for the three years ended June 30, 2020 are not recorded to KFS. Internal Audit was informed that the University’s Financial Management Office records a cumulative year-end accounting entry to reflect the revenues and expenses for RCUH revolving accounts (which include VEMBA and EMBA) in the University’s fiscal year-end financial statements. However, this adjustment does not push down the revenues and expenses to KFS accounts associated with a University campus department or school.

**Conclusions and recommendations**

Shidler lacks documentation describing the process flow and related controls with respect to their significant processes. In addition, Shidler fiscal personnel were unable to describe procedures performed for various process gaps identified by Internal Audit. The non-recording of VEMBA and EMBA earned revenues and incurred expenses associated with RCUH revolving accounts to Shidler KFS accounts results in internal Shidler financial reports generated from KFS lacking significant revenues and expenses.

Internal Audit recommends Shidler fiscal personnel prepare written process documentation of Shidler’s significant processes to enhance the accuracy, completeness and timeliness of financial transactions recorded to KFS. The process documentation should provide a basic understanding of the process and the related risks and controls that affect the initiation, recording, processing, and reporting of transactions to KFS. The documentation should also identify Shidler personnel performing a procedure or control by job title and the frequency of performance of the procedure or control. Shidler leadership should read and evaluate the completed process documentation for process gaps and control deficiencies with an emphasis on ensuring that all VEMBA and EMBA transactions are properly recorded to KFS. Identified gaps and deficiencies should be remediated immediately.

A management control to evaluate the accuracy and completeness of financial transactions recorded to KFS is the review of interim and year-end budget to actual financial analysis reports in addition to Statements of Revenues and Expenses. Accordingly, Shidler personnel should prepare and submit these reports to Shidler leadership



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for review and evaluation. The preparation and submission of these reports should be concurrent with the written year-to-year variance analysis of VEMBA and EMBA Statements of Revenues and Expenses as described in section *III. Financial Results, Conclusion and recommendation*.

Internal Audit believes all VEMBA and EMBA earned revenues and incurred expenses should be included in Shidler’s interim and year-end financial reports. Accordingly, Shidler should consider recording the VEMBA and EMBA RCUH revolving account revenue and expense transactions to Shidler’s KFS accounts to provide Shidler leadership with complete and accurate financial information to manage and monitor Shidler’s financial results.

## **V. Third Party Agreements**

Shidler informed Internal Audit of agreements with third parties in connection with the VEMBA program. The engaged third parties and a summary of the terms and conditions of the related agreements are described below. Shidler stated that the identified third parties and related agreements represent all VEMBA program third party agreements.

Internal Audit requested documentation supporting financial (i.e., accuracy of fees paid to third parties and tuition collected) and operational (i.e., performance of services, compliance with applicable laws in Vietnam, etc.) compliance with various terms and conditions in each of the respective agreements. Shidler personnel stated that no procedures are performed to assess compliance.

### **A. Vietnam universities**

#### **1. Phenikaa University (Hanoi)**

Effective August 1, 2017, Shidler entered into a Memorandum of Agreement (MOA) with Thanh Tay University (renamed Phenikaa University on November 21, 2018) in Hanoi, Vietnam. The MOA is effective for five years with the option to extend the MOA for an additional five years if agreed to by both parties. The MOA was signed by the UHM Chancellor and Dean of Shidler and the Thanh Tay University Provost and Dean. Terms and conditions include:

- The VEMBA and EMBA degree curriculums are the same.
- Shidler shall be responsible for providing all teaching services, providing learning materials to students and all logistical services such as accommodations and transportation of faculty
- Phenikaa University shall be responsible for ensuring the VEMBA program is executed in compliance with applicable laws and maintaining a valid license from the Vietnam Ministry of Education and Training.

The MOA also includes revenue sharing as a percentage of tuition:

- Shidler retains approximately 98% of tuition collected to cover academic costs, travel expenses for Shidler faculty and administrative personnel, marketing/admission/award related expenses for facilities rent, logistics and other supporting activities.
- Approximately 2% of tuition collected is payable to Phenikaa University by the 20<sup>th</sup> day of the month following each quarter end date (i.e., April 20<sup>th</sup> for the quarter ended March 31<sup>st</sup>.)

#### **2. International University (HCMC)**

Shidler entered into a MOA dated January 1, 2013 (amended March 31, 2017) with International University in HCMC, Vietnam. The MOA is effective through March 31, 2022 and may be extended for an additional five years if agreed to by both parties. The amendment was signed by the UHM Chancellor, Dean of Shidler, the International University Rector and Dean of School of Business. Terms and conditions of the MOA, as amended, include:

- Shidler is responsible for recruitment, teaching and student administration and will continue to collaborate with International University as a partner in offering the VEMBA program.
- International University will provide Shidler with logistical support for delivery of the VEMBA program.

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- International University shall collect all student fees (i.e., admission, tuition, etc.), keep track of student payment status and wire funds in U.S. dollars to the University three times a year at the end of each semester/session. Shidler and International University will each pay 50% of bank transfer fees.
- International University will retain five percent of fees collected to pay applicable Vietnam taxes and provide Shidler written documentation that applicable taxes have been paid
- Shidler owes International University five percent of total student fees collected.

Internal Audit was informed that all amounts owed to both Phenikaa University and International University are processed and paid by RCUH and classified as Vietnam service and facility use fees in VEMBA’s Statements of Revenues and Expenses presented in Table 1.

**B. RCUH**

RCUH is administratively attached to the University and provides various services to the Shidler VEMBA and EMBA programs pursuant to an Internal Agreement (dated June 28, 1996, amended in 2001 and 2007 and restated as of July 27, 2017) signed by the University President and RCUH Executive Director. These services are described in prior sections of this report and include the collection of tuition as well as the processing and payment of expenses including faculty payroll. RCUH was established by the State of Hawai‘i legislature in 1965 and is provided flexibility in the hiring of personnel and the procurement and payment of goods and services.

RCUH’s administrative fee is based on a percentage of the funds disbursed for program expenses at rates of 2.9%, 3.2% and 3.2% for fiscal years June 30, 2020, 2019 and 2018. Table 8 illustrates Internal Audit’s recalculation of VEMBA’s RCUH administrative fee.

**Table 8: VEMBA RCUH Administrative Fee**

	<b>Fiscal year ended June 30</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
RCUH funds disbursed	\$1,075,537	\$1,271,672	\$1,221,544
Administrative fee rate	2.9%	3.2%	3.2%
RCUH fee (recalculated)	31,191	40,694	39,089
RCUH admin. fees (Table 1)	30,312	39,432	37,877
Difference	\$ 879	\$ 1,262	\$ 1,212

In 2021, the State of Hawai‘i Legislature adopted Senate Resolution No. 148 requesting that the University convene a task force to review the University’s arrangement for services with RCUH. The task force is also requested to submit a report of its findings and recommendations to the State of Hawai‘i Legislature at least 20 days prior to the commencement of the 2022 Legislative Session.

**C. CSC**

Shidler and RCUH have entered into an Agreement for Services with CSC (CSC Agreement), a Vietnamese company, to provide marketing, operational support, student services, and coordination of residence weekend for the VEMBA program in exchange for an administrative fee of 8.88% of expenses paid by CSC. Operational support expenses include coordination and payment of facility use fees, utilities and compensation to CSC staff in Vietnam. The CSC Agreement is renewable annually and signed by the RCUH Executive Director, the Dean of Shidler, and CSC President.

The CSC Agreement limits expenses paid by CSC to budgeted amounts documented in the CSC Agreement. Expenses anticipated to be in excess of the budgeted amount require prior written authorization from RCUH. The budgeted expenses documented in the CSC Agreement for the fiscal years ended June 30, 2020, 2019, and 2018, are \$262,075, \$334,545 and \$334,486, respectively.

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Pursuant to the CSC Agreement, CSC submits an annual expense report to Shidler documenting VEMBA expenses paid by CSC on behalf of Shidler. However, CSC does not submit monthly expense reports to Shidler that is also required by the CSC Agreement. CSC also submits periodic invoices to Shidler for reimbursement of VEMBA expense payments. These invoices are not accompanied with a listing of expenses supporting the invoiced amount. Shidler subsequently authorizes RCUH to reimburse CSC for their payment of VEMBA expenses. Shidler authorizes RCUH to reimburse CSC periodically during the year without documentation supporting CSC paid VEMBA expenses. In addition, Shidler does not compare the annual expense report to the CSC Agreement budgeted amounts. The invoices and annual expense report include the CSC administrative fee.

Shidler also did not provide Internal Audit with access to invoices from third parties paid by CSC supporting the expenses included on the CSC expense reports. Accordingly, Internal Audit was unable to evaluate the reasonableness and accuracy of expenses paid by CSC and whether or not these expenses were included in the CSC Agreement budget.

**Table 9: CSC Expenses and Fees**

	<b>For the three years ended June 30,</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>VEMBA expenses processed by CSC for:</b>			
-HCMC	\$152,180	\$261,262	\$272,248
-Hanoi	101,298	92,357	150,858
Total actual expenses (a)	253,478	353,619	423,106
Budgeted expenses per CSC Agreement for:			
-HCMC	148,425	239,536	229,119
-Hanoi	113,650	95,009	105,367
Total budgeted expenses (b)	262,075	334,545	334,486
Actual expenses over (under) budgeted expenses (a-b)	\$(8,597)	\$19,074	\$88,620
Total actual expenses	\$253,478	\$353,619	\$423,106
Administrative fee @ 8.88%	8.88%	8.88%	8.88%
Calculated CSC administrative fee	22,509	31,401	37,571
CSC Administrative fee per CSC invoice	\$22,570	\$27,378	\$40,991
Difference	\$ 61	\$(4,023)	\$3,419

*Source: Calculated by Internal Audit from information provided by Shidler*

The above table notes that CSC processed expenses for the fiscal years ended June 30, 2019 and 2018 exceeded budgeted expenses pursuant to the CSC Agreement. Shidler did not provide RCUH’s written authorization supporting CSC’s processing of expenses in excess of budget.

**D. Outreach College**

OC provides administrative support services to Shidler graduate programs pursuant to a Memorandum of Agreement (MOA) effective from Fall 2017 through Summer 2020. This MOA was preceded by a MOA effective from Fall 2014 to September 2017 and extended from Fall 2020 to Summer 2023. Internal Audit noted the administrative support services provided by OC were consistent amongst the three MOAs. Administrative support services to be performed by OC per the MOA’s include:

- Providing course approval forms and processing course registration
- Assisting students with admission and registration
- Assisting students in processing tuition payments

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- Promoting Shidler programs on the OC website
- Processing all payment documents, deposits and refunds and preparing financial statements

Shidler personnel informed Internal Audit that OC provides services consistent with the MOA. However, Internal Audit was not provided documentation supporting OC’s processing of deposits and refunds and the preparation of financial statements. Additionally, the VEMBA program information posted on the OC website was not accurate. The OC website describes VEMBA as a 27 credit hour program rather than a 48 credit hour program. In addition, the start date for the next entrance class was listed as Fall 2020 as of the date of this report.

Internal Audit believes the services performed by OC are consistent with services already provided to students by the University and Shidler. The Dean of Shidler was unable to explain why the University and Shidler could not perform these services without the assistance of OC.

#### Conclusions and recommendations

Shidler does not monitor third party financial and operational compliance with the terms and conditions in each of the respective agreements. This lack of monitoring increases the financial and operational risks associated with the agreements that could result in financial losses and the non-performance of services by third parties that would negatively impact Shidler and its reputation. Accordingly, Internal Audit recommends that Shidler develop a process to monitor third party compliance with the terms and conditions of all third-party agreements.

The University’s task force report pursuant to Senate Resolution No. 148 may impact the services RCUH presently performs for Shidler. Shidler leadership must actively consult with University leadership to determine and assess alternatives for the services presently provided by RCUH prior to the completion of the task force report.

As noted above, Internal Audit believes the services performed by OC are consistent with services already provided to students by the University and Shidler. Internal Audit recommends that the Dean of Shidler evaluate this agreement to determine if the services provided by OC cannot be performed by an existing University office such as the UHM Cashiers Office for the collection and processing of cash receipts. Consultation with the Dean of OC should be considered.

## **VI. Overall Conclusions and Recommendations**

The conclusions and recommendations presented in this report are reflective of Shidler’s inability to provide a significant amount of requested audit information to Internal Audit. The conclusions and recommendations in this section are arranged to correspond to the conclusions and recommendations described in Sections III – V of this report.

### **A. Financial results**

VEMBA has incurred operating losses for each of the three years ended June 30, 2020 ranging from \$476,000 to \$598,000. The Dean of Shidler also stated that VEMBA has incurred operating losses during 15 of the last 20 years. Accordingly, it appears that UHM is subsidizing the operating losses incurred in Vietnam. Given that the beneficiary of the VEMBA program is Vietnam and that Shidler was unable to describe or provide quantitative or qualitative factors specific to the VEMBA program that benefits the University or State of Hawai‘i, Internal Audit believes Shidler must initiate actions to significantly decrease or eliminate the recurring operating losses.

### **B. Significant processes, procedures and associated internal controls**

Shidler lacks documentation for and is unable to describe the process flow and related controls with respect to their significant processes including those to ensure that VEMBA transactions processed by RCUH are accurately recorded to KFS.

Internal Audit recommends Shidler fiscal personnel prepare written process documentation of Shidler’s significant processes to enhance the accuracy, completeness and timeliness of financial transactions recorded in KFS. The process documentation should provide a basic understanding of the process and related risks and controls that affect the initiation, recording, processing and reporting of transactions to KFS as well as the Shidler personnel performing the procedure and its frequency. Shidler leadership should read and evaluate the completed process documentation to ensure all VEMBA transactions are properly recorded to KFS and all process gaps and control deficiencies identified are remedied.

Shidler’s financial reporting and monitoring process lacks a method to allocate financial results by Vietnam campus and a requirement for the preparation of interim (e.g. semi-annual) and year-end Statements of Revenues and Expenses. As a result of these process deficiencies, Shidler did not prepare accurate Statements of Revenues and Expenses by Vietnam campus or a Statement of Revenues and Expenses for fiscal year ended June 30, 2020. Shidler was also unable to explain the purpose, composition and year-to-year variances of various revenue and expense accounts. The preparation of interim and year-end financial results is a critical component to managing and monitoring actual financial performance with expectations.

Internal Audit recommends that Shidler develop a method to reasonably and rationally allocate financial results by Vietnam campus and require the preparation of interim (e.g. semi-annual) and year-end Statements of Revenues and Expenses for VEMBA (combined and by campus) and EMBA. The Statements of Revenues and Expenses should be accompanied with written analysis of year-to-year variances greater than a pre-determined percentage (e.g. 10%) when compared to the corresponding period of the prior year. In addition, Shidler should prepare interim and annual budget to actual financial results analyses. Preparation, review and analysis of financial results on a timely basis will provide Shidler leadership with information to monitor expenses and evaluate the accuracy and completeness of financial reports. Shidler should consider recording VEMBA and EMBA RCUH revolving account transactions to Shidler’s KFS accounts such that Shidler’s financial reports will include all earned revenues and incurred expenses for analysis by Shidler leadership.

#### C. Third Party Agreements

Shidler does not monitor third party financial and operational compliance with the terms and conditions in each of the respective agreements. The lack of monitoring increases the risks of potential financial losses and non-performance of services by third parties that could negatively impact Shidler and its reputation. Internal Audit recommends that Shidler develop a process to monitor third party compliance with the terms and conditions of all third-party agreements.

Shidler’s third party agreements include services performed for Shidler by RCUH and OC. Services performed by RCUH may be impacted by the University task force report pursuant to Senate Resolution No. 148. Shidler leadership must actively consult with University leadership to determine and assess alternatives for the services presently provided by RCUH prior to the completion of the University’s task force report. Internal Audit also recommends Shidler evaluate its agreement with OC to determine if the services performed by OC cannot be performed by an existing University office.

As described in Section II.D. *Report content*, Shidler did not provide Internal Audit with requested audit information including:

- Written documentation of Shidler’s significant processes with respect to the VEMBA program.
- Explanations (written or verbal) of the composition and year-to-year fluctuations of various VEMBA account balances.
- Documentation supporting the managing and monitoring of third-party agreements in addition to the business purpose of certain agreements.

The lack of this information corresponds to the audit findings described in this section. In connection with Internal Audit’s follow-up VEMBA audit, Internal Audit intends to evaluate the composition and year-to-year fluctuations of VEMBA’s account balances, perform a detailed analysis and assessment of VEMBA’s processing procedures and internal controls for significant processes to identify process gaps and deficiencies and assess third party agreement compliance. Internal Audit will also evaluate VEMBA’s financial results for the year ended June 30, 2021.

However, the completion of Internal Audit’s follow-up audit during the fiscal year ended June 30, 2022 is subject to a commitment from Shidler personnel to provide requested audit information to address the above mentioned matters on a timely basis and their availability to respond to Internal Audit inquiries.

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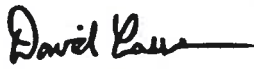
**V. Vance Roley**

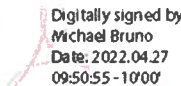
Dean


First Hawaiian Bank Chair  
of Leadership and Management

April 28, 2022

TO: Regent Benjamin Kudo  
Chair, Committee on Independent Audit

VIA: David Lassner   
President

VIA: Michael Bruno   
Provost  
Michael Bruno  
Date: 2022.04.27  
09:50:55 -10'00'

FROM: V. Vance Roley   
Dean and First Hawaiian Bank Chair of Leadership and Management  
V. Vance Roley  
Date: 2022.04.26 16:44:32 -10'00'

SUBJECT: Response to the July 2021 Office on Internal Audit Review of the Masters of  
Business Administration for Executive in Vietnam program (VEMBA)

The purpose of this memo is to provide responses to the Office of the Internal Audit's report on the college's VEMBA program. We are thankful to the auditors for their effort to provide a detailed report and helpful recommendations. We are also appreciative of their patience during the process. The college takes the report recommendations seriously and has started to implement many of them.

Since the issuance of the Internal Audit review, two major changes have impacted the operation of Shidler's Executive MBA programs and the VEMBA program in particular. First, a new Executive Policy 12.207, Research Corporation of the University of Hawaii, was implemented effective January 2022. This EP clarified that tuition and fee revenue generating activities cannot be operated via RCUH. Shidler has drafted a transition plan to move the Shidler Executive MBA programs out of RCUH during Academic Year 2022 - 2023. The plan calls for transition of revenue and expenditures, including personnel and contractual arrangements, from RCUH to KFS during FY 2023.

Independent of this operational change, Shidler has announced that the VEMBA program will be discontinued. This decision was made due to challenges in finding succession leadership for the program, and in response to recent changes in the educational landscape in Vietnam. The program will continue through AY 2022 - 2023 in order to teach out the existing students; new students will not be accepted for Fall 2022.

This response to the audit report reflects the operational changes discussed above. The first section of this memo provides additional information to clarify some of the statements in the audit report. The second section addresses the college's planned action to address the recommendations stipulated in the report.

## 1. CLARIFICATIONS

### Operating losses (and profits) (page 2 of report and "Financial Results" pages 4-9)

The report noted operating losses in 2017 and 2018. While these losses were significant, it was unusual and circumstantial as it occurred unexpectedly and beyond the control of the college. During the time period used for the internal report, VEMBA had the Foreign Trade University (FTU) as our hosting institution. Unfortunately, FTU ran into a number of administrative problems that caught the attention of the Ministry of Education and the media, leading to the change of leadership<sup>1</sup>. VEMBA had to abruptly find a new academic partner. The change was consequential, requiring the search for a new university partner, a lengthy and costly license application, a replacement of local recruitment staff, classroom relocation, and a sharp temporal drop of students' enrolment. Unlike most businesses, VEMBA could not temporarily stop the program due to the enrollment of existing students. With the new partner, the new classroom location, a more conducive learning environment, enrollments have gradually gone back up, and the college expects to close fiscal year 2021 with significant positive financial results.

### Tuition and fees

VEMBA tuition was approved by the BOR. VEMBA current tuition is the second highest in Vietnam. The Royal Melbourne Institute of Technology (RMIT) from Australia is VEMBA's top competitor. Its current tuition is \$551/credit, and it has been losing enrollment.

Tuition is set based on the market's ability to pay. The program started in 2001 when Vietnam's income per capita was \$404<sup>2</sup>, and VEMBA tuition was approximately \$15,000. The college did gradually increase tuition to \$23,040. In 2020, Vietnam's economy improved much, but its income per capita remained low, just more than 4% of that of the U.S. (\$2,785 vs. \$63,543).

The VEMBA program had planned to increase the tuition in 2017 to \$24,000 from \$23,040. Due to increased competition, soft market conditions, Shidler got approval from the President's office in 2017 to temporarily hold the tuition increase. Since the program is now planned to be closed out, the tuition rate will remain unchanged for the program's final year.

### Salaries and related costs (page 8; section D.2.)

Looking at most recent data, VEMBA instructors' compensation per a three-credit course ranges between \$7,500 to \$14,500, with an average of \$11,037. Just as points of reference, VEMBA recently hired two qualified and senior instructors from San Diego State and the University of

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<sup>1</sup> <https://giaoduc.net.vn/giao-duc-24h/nguyen-hieu-truong-dai-hoc-ngoai-thuong-thua-nhan-co-sai-lam-post158031.gd>  
(translation: former president of the Foreign Trade University admits there was mishaps)

<sup>2</sup> World Bank data: <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=VN>



Illinois at Chicago. Their compensations for a similar course are \$14,000 and \$23,000 at their respective institutions.

Employee travel (point 4, page 9)

The Executive Education Office of the College monitors expenses for travel to Vietnam. We only allow for the lowest economy airfare costs and the Federal Lodging rates are used to set the maximum amount allowed. VEMBA has negotiated contracts with hotels nearby the campuses (Hanoi and Ho Chi Minh City) with costs effectively lower than that of the federal government's rates.

Classroom refreshments (point 8, page 9)

The budget allocated to refreshments for VEMBA classes are \$2.50 for each tea break (12 times), and \$8.50 (2 times) for each course.

## 2. RESPONSES TO INTERNAL AUDIT REPORT OVERALL CONCLUSIONS AND RECOMMENDATIONS

### A. Financial results

From Internal Audit Report:

“It appears that UHM is subsidizing the operating losses incurred in Vietnam. Given that the beneficiary of the VEMBA program is Vietnam and that Shidler was unable to describe or provide quantitative or qualitative factors specific to the VEMBA program that benefits the University or State of Hawaii, Internal Audit believes Shidler must initiate actions to significantly decrease or eliminate the recurring operating losses.”

Responses:

The other Shidler executive education programs run through RCUH are subsidizing the VEMBA program when losses occur. However, we agree with the recommendations to initiate actions to reduce or eliminate the operating losses. In fact, we have taken a number of corrective actions:

1. For Fall 20 to Fall 21, overall compensation for the pools of instructors have reduced by approximately 25% (from \$14,500 to \$11,037 per course), or \$100K per year.
2. Thanks to COVID-19, all VEMBA courses -- with the exception of two taught by local hires -- have been offered online. This has resulted in a significant savings in travel costs; an approximate savings of \$120K (from 35 trips)
3. With online teaching, VEMBA has been able to offer courses for both locations at the same time (Hanoi and HCMC). The first test was actually conducted in 2017. We tried another course (Negotiation) in June 2021. At least three more courses are planned with combined cohorts in AY 2021-2022. This would result in approximately \$40K in savings, depending on specific faculty compensation and the number of combined courses.

Approximately, 60% of expenses are compensation for faculty and staff in Hawaii.

Responsible Persons: Dean, Faculty Director

**B. Significant processes, procedures and associated internal controls**

**From Internal Audit Report:**

**“Shidler lacks documentation for and is unable to describe the process flow and related controls with respect to their significant processes including those to ensure that VEMBA transactions processed by RCUH are accurately recorded to KFS.”**

**Responses:**

**The VEMBA program will be discontinued with the close of AY 2022 – 2023. Existing contracts supporting the program are in place through RCUH and will be extended through program completion to ensure seamless operation through close out. Processes are being developed to move fiscal operations for all other Executive MBA programs to KFS. However, the VEMBA program will continue to operate under existing processes via RCUH during the closeout year**

Responsible Persons: Administrative Office, Fiscal Supervisor for Executive Education Center

**From Internal Audit Report:**

**“Internal Audit recommends Shidler fiscal personnel prepare written process documentation of Shidler’s significant processes to enhance accuracy, completeness and timeliness of financial transactions recorded in KFS. The process documentation should provide a basic understanding of the process and related risks and controls that affect the initiation, recording, processing and reporting of transactions to KFS as well as the Shidler personnel performing the procedure and its frequency. Shidler leadership should read and evaluate the completed process documentation to ensure all VEMBA transactions are properly recorded to KFS and all process gaps and control deficiencies are remedied.”**

**Responses:**

**The VEMBA program will be discontinued with the close of AY 2022 – 2023. Existing contracts supporting the program are in place through RCUH and will be extended through program completion to ensure seamless operation through close out. Processes are being developed to move fiscal operations for all other Executive MBA programs to KFS. However, the VEMBA program will continue to operate under existing processes via RCUH during the closeout year**

Responsible Persons: Dean, Administrative Office, Fiscal Supervisor for Executive Education Center

**From Internal Audit Report:**

**“Internal Audit recommends that Shidler develop a method to reasonably and rationally allocate financial results Vietnam campus and require the preparation of interim (e.g. semi-annual) and year-end Statements of Revenue and Expenses for VEMBA (combined and by campus) and EMBA. The Statements of Revenue and Expenses should be accompanied with written analysis of year-to-year variances greater than a pre-determined percentage (e.g. 10%) when compared to the corresponding**

period of the prior year. In addition, Shidler should prepare interim and annual budget to actual financial results analyses. Preparation, review and analysis of financial results on a timely basis will provide Shidler leadership with information to monitor expenses and evaluate the accuracy and completeness of financial reports. Shidler should consider recording VEMBA and EMBA RCUH revolving account transactions to Shidler's KFS accounts such that Shidler's financial reports will include all earned revenues and incurred expenses for analysis by Shidler leadership."

**Responses:**

We agree with the Internal Audit's recommendation. We acknowledge that the current booking practices are cumbersome and confusing making reporting unnecessarily complicated and time-consuming. Shidler used to have an excel-based internal reporting system by cohort and by location. We will create an additional reporting system to allow us to better monitor expenses. The only source of revenues is tuition fees with the number of students locked in at the beginning of each cohort. We agree that semi-annual and year-end financial statements need to be prepared and analyzed with respect to annual budget to actual results and year-to-year variances greater than 10%.

**Responsible Persons:** Faculty Director, Administrative Officer, Fiscal Supervisor for Executive Education Center

**Corrective Action Completion Date:** the goal is December 31, 2022. Corrective actions cannot be taken until we increase staffing and expertise in our Fiscal Office. The office is currently at half strength with two vacant positions, and the highest band APT is at band B which is not sufficient for the complexity of our operations. We hope to remedy this situation by Fall 2022.

**C. Third-party Agreements**

**From Internal Audit Report:**

"Shidler does not monitor third party financial and operational compliance with the terms and conditions in each of the respective agreements. The lack of monitoring increases the risks of potential financial losses and non-performance of services by third parties that could negatively impact Shidler and its reputation. Internal Audit recommends that Shidler develop a process to monitor third party compliance with the terms and conditions of all third-party agreements."

**Responses:**

We agree that we need to develop a process to monitor third party compliance with agreements. Compliance with the terms and conditions of the agreements is in fact monitored, but there is no formal process currently.

**Responsible Persons:** Faculty Director, Fiscal Supervisor for Executive Education Center

**Corrective Action Completion Date:** the goal is December 31, 2022. Corrective actions cannot be taken until we increase staffing and expertise in our Fiscal Office. The office is currently at half strength with two vacant positions, and the highest band APT is at band B which is not sufficient for the complexity of our operations. We hope to remedy this situation by Fall 2022.

**From Internal Audit Report:**

“Shidler’s third party agreements include services performed for Shidler by RCUH and OC. Services performed by RCUH may be impacted by the University task force report pursuant to Senate Resolution No. 148. Shidler leadership must actively consult with University leadership to determine and assess alternatives for the services presently provided by RCUH prior to the completion of the University’s task force report. Internal Audit also recommends Shidler evaluate its agreement with OC to determine if the services performed by OC cannot be performed by an existing University office.”

**Responses:**

The introduction of the new EP 12.207 clarified that tuition and fee revenue generating activities cannot be operated via RCUH. In response to this change, Shidler has drafted a transition plan for moving the Executive MBA programs, including the VEMBA program, out of RCUH. As AY 2022 – 2023 will be the final year of the VEMBA program, VEMBA operations will continue under the existing RCUH and OC agreements for this closeout year.

**Responsible Persons:** Dean, Faculty Director, Administrative Officer, Fiscal Supervisor for Executive Education

**From Internal Audit Report:**

“However, the completion of Internal Audit’s follow-up audit during the fiscal year ended June 30, 2022 is subject to a commitment from Shidler personnel to provide requested audit information to address the above mentioned matters on a timely basis and their availability to respond to Internal Audit Inquiries.”

**Responses:**

Our Fiscal Office has been understaffed during the past year, and they are at half the normal staff size currently. They cannot keep up with the normal workflow. We also lack the necessary expertise given the complexity of our organization. We anticipate that staffing issues will be resolved by Fall 2022 and hope to be able to address on a timely basis any follow up matters that arise.



UNIVERSITY  
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Office of the Vice President for Research and Innovation

UNIVERSITY OF HAWAII  
BOARD OF REGENTS


DTS 22500


22 MAY 25 P4:00


May 23, 2022

**MEMORANDUM**

**TO:** Benjamin Kudo, Chairperson  
BOR Committee on Independent Audit

**VIA:** David Lassner   
President

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

**FROM:** Vassilis L. Syrmos   
Vice President for Research and Innovation

**SUBJECT: BOR COMMITTEE ON INDEPENDENT AUDIT AGENDA MATERIALS FOR JUNE MEETING**

Please find attached the following agenda item that will be discussed at the June 1, 2022 BOR Committee on Independent Audit meeting:

**IV. Agenda Item:**

Update: Review of University of Hawai'i (UH) Revolving Funds at the Research Corporation of the University of Hawai'i (RCUH) – *\*VPRI PowerPoint presentation*

Office of the Vice President for Research and Innovation



UNIVERSITY  
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## Update: Review of University of Hawai'i (UH) Revolving Funds at the Research Corporation of the University of Hawai'i (RCUH)

BOR Committee on Independent Audit

June 1, 2022

# Agenda

- ▶ Initial Screening Results
- ▶ Next steps

# Review of Existing Revolving Accounts: Criteria Overview

## Meets

- ▶ Offering technical shop type, specialized facilities, or personnel services
- ▶ Conducting workshops or conferences
- ▶ Selling commodities generated under research projects or conferences; journals

## Does not meet

- ▶ Accepting and conducting sponsored research or training grants or contracts via revolving fund
- ▶ Conducting a for profit activity
- ▶ Conducting instruction or student activity for degree or credit
- ▶ Idle activities



# Results of Screening

	# of Accounts	FYTD Revenues	FYTD Expenses	Cash Balance
Meets	256	\$17,159,741	\$13,243,083	\$15,758,895
Does Not Meet	<u>104</u>	<u>\$ 2,908,494</u>	<u>\$ 3,887,922</u>	<u>\$ 5,369,019</u>
Total	360	\$20,068,235	\$17,131,006	\$21,127,914

Note: Balances as of January 31, 2022

\*Of the 256 revolving funds accounts that meet the criteria, 191(75%) have a positive cash balance totaling \$21,145,075 and 36(14%) have a deficit balance totaling \$5,387,079

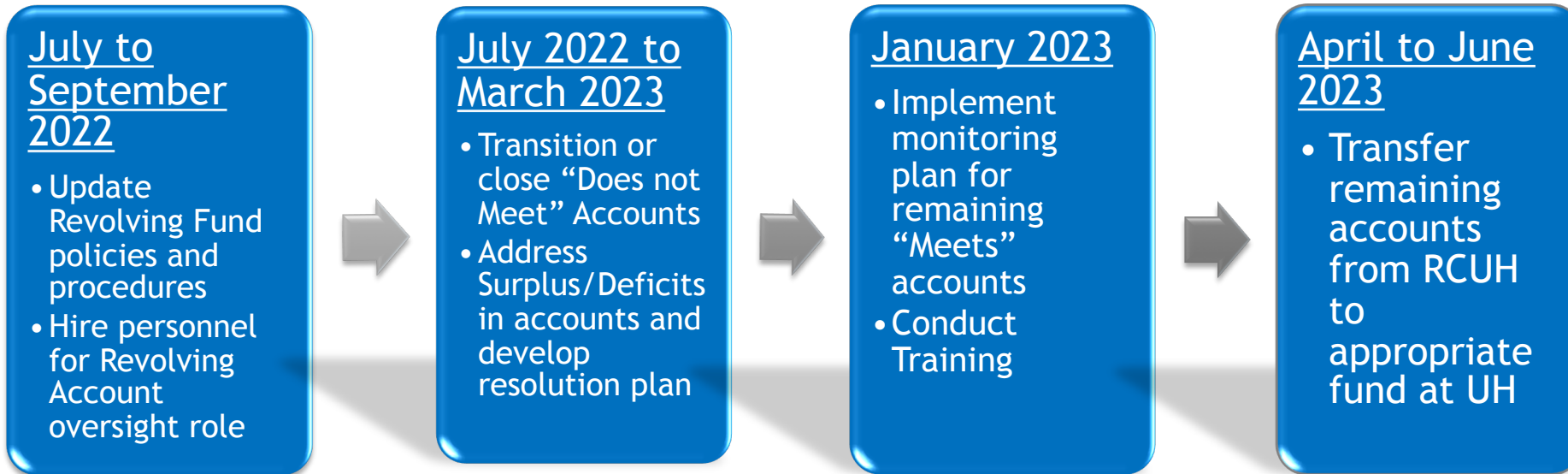
# Next Step: Address “Does not Meet” Accounts

Reason	Solution
Sponsored research or training activity	Process as an extramural award through ORS
For profit activity	Open under Commercial Enterprises Revolving Fund
Instruction or student activity	Treat like other instructional or student activity programs at UH and record tuition and fee revenue to Tuition and Fee Special Fund or appropriate student activity accounts
Idle account	Close

# Additional Steps

- ▶ Revise all applicable policies and procedures to clarify allowable revolving fund activities, address treatment of surplus/deficits and implement monitoring and enforcement procedures
- ▶ Develop action plan to reduce surplus or clear deficit in accounts
  - ▷ Create tiered approach to reducing surplus based on balances and nature of activity
- ▶ Develop procedures to move accounts from RCUH to UH with internal service orders to RCUH for personnel and procurement transactions
- ▶ Develop and conduct training on the revised process as well as refreshers on recharge center rate setting and management for faculty, staff and RCUH
- ▶ Transfer remaining accounts from RCUH to appropriate fund at UH (i.e. UH Auxiliary Enterprise Special Fund)

# Timeline



**Office of Internal Audit**  
**Audit Project Status**  
**As of June 1, 2022**

Project Description	Audit Phase									Comments
	Preliminary review	Notification and initial meeting	Planning	Fieldwork	Report drafting	Auditee reviewing draft report	Mngmt preparing draft report	Rpt distributed to the AC	AC reviewed and accepted rpt	
<b>External Audit Assistance</b>										
1 Financial stmnts, compliance, NCAA AUP										Assistance completed.
<b>Audit Committee Assistance</b>										
2 Whistleblower hotline										Hotline monitored continuously. Rpts presented at periodic AC mtgs.
3 Audit Committee Report - MW Fraud										Presented at the 12/02/21 AC mtg.
4 Audit Committee Report - AC Annual rpt										To be presented at the 6/01/2022 AC meeting.
<b>Audits</b>										
<b>Carryover</b>										
5 Vietnam Executive MBA program										To be presented at the 6/01/2022 AC meeting.
6 Warrior Recreation Center										Report completed. Mgt preparing response..
7 Conflict of Interest										Fieldwork substantially complete. Drafting report.
<b>New</b>										
8 UHH - Athletics										Presented at the 12/02/21 AC mtg.
9 Clery Act compliance										Report completed. Campus responses completed. System review/response pending.
10 Public Private Partnership compliance										Fieldwork substantially complete. Drafting report.
11 Gifts to the University										Fieldwork ongoing.
<b>Supplemental</b>										
12 Maunakea Restructuring Plan										To be presented at the 6/01/2022 AC meeting.
<b>Corrective Action Status</b>										
13 Check disb. less than \$2,500							N/A			Presented at the 12/02/21 AC meeting.
14 Maunakea							N/A			Included in Maunakea Restructuring Plan rpt.
15 GASB St 87							N/A			Presented at the 12/02/21 AC mtg.
16 Waikiki Aquarium							N/A			To be presented at the 6/01/2022 AC meeting.
17 Real Property Lease Mgt							N/A			Presented at the 04/07/2022 AC meeting.
18 University Bookstore							N/A			To be presented at the 6/01/2022 AC meeting.
19 Vietnam Executive MBA program	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	VEMBA program closing.

**University of Hawaii**  
**Whistleblower Summary Report**  
**As of May 24, 2022**

Unit	June 15, 2016 (inception) - May 24, 2022			July 1, 2021 - May 24, 2022		
	Total	Open	Closed	Total	Open	Closed
System	45	0	45	4	0	4
UH Manoa	303	8	295	63	5	58
UH Hilo	128	4	124	11	4	7
UH West Oahu	12	0	12	1	0	1
Maui College	18	1	17	1	1	0
Kapiolani CC	78	0	78	5	0	5
Leeward CC	15	2	13	8	2	6
Honolulu CC	22	0	22	4	0	4
Windward CC	18	0	18	0	0	0
Hawaii CC	46	0	46	6	0	6
Kauai CC	9	1	8	3	1	2
CC System	1	0	1	0	0	0
<b>Total</b>	<b>695</b>	<b>16</b>	<b>679</b>	<b>106</b>	<b>13</b>	<b>93</b>

Unit	July 1, 2020 - June 30, 2021			July 1, 2019 - June 30, 2020		
	Total	Open	Closed	Total	Open	Closed
System	8	0	8	6	0	6
UH Manoa	49	2	47	43	1	42
UH Hilo	8	0	8	12	0	12
UH West Oahu	4	0	4	1	0	1
Maui College	3	0	3	4	0	4
Kapiolani CC	4	0	4	19	0	19
Leeward CC	1	0	1	0	0	0
Honolulu CC	4	0	4	4	0	4
Windward CC	1	0	1	3	0	3
Hawaii CC	11	0	11	6	0	6
Kauai CC	1	0	1	1	0	1
CC System	1	0	1	0	0	0
<b>Total</b>	<b>95</b>	<b>2</b>	<b>93</b>	<b>99</b>	<b>1</b>	<b>98</b>

Unit	July 1, 2018 - June 30, 2019			June 15, 2016 (inception) - June 30, 2018		
	Total	Open	Closed	Total	Open	Closed
System	9	0	9	18	0	18
UH Manoa	45	0	45	103	0	103
UH Hilo	50	0	50	47	0	47
UH West Oahu	2	0	2	4	0	4
Maui College	4	0	4	6	0	6
Kapiolani CC	7	0	7	43	0	43
Leeward CC	3	0	3	3	0	3
Honolulu CC	1	0	1	9	0	9
Windward CC	5	0	5	9	0	9
Hawaii CC	7	0	7	16	0	16
Kauai CC	1	0	1	3	0	3
CC System	0	0	0	0	0	0
<b>Total</b>	<b>134</b>	<b>0</b>	<b>134</b>	<b>261</b>	<b>0</b>	<b>261</b>

**University of Hawaii**  
**Whistleblower Tracking Report**  
**June 15, 2016 - May 24, 2022**

Case #	Campus	Classification	Submitted by (Y/N)		Date	Date	Description
			Employee	Student	Opened	Closed	
<b>Days open: less than 30 days</b>							
704	Leeward CC	Employment and HR	Y	N	05/18/22	-	Identical to case #700.
700	Leeward CC	Employment and HR	Y	N	05/10/22	-	Inappropriate behavior by staff personel. Addtl info requested.
696	Maui College	Student Affairs	Y	Y	04/28/22	-	Exam date postponed. Addtl info requested.
693	Kauai CC	Other	Y	N	04/26/22	-	Employee allegedly stealing University property.
<b>Days open: 31 - 60 days</b>							
688	UH - Hilo	Health and Safety	N	Y	04/14/22	-	Employee feeding chickens
<b>Days open: 61 - 90 days</b>							
686	UH - Manoa	Employment and HR	Y	N	03/12/22	-	Continuous renewal of interim position.
682	UH - Hilo	Employment and HR	N	Y	03/08/22	-	Unprofessional behavior by former supervisor.
679	UH - Manoa	Employment and HR	Y	Y	02/28/22	-	Unprofessional/inappropriate behavior by faculty.
<b>Days open: Over 91 days</b>							
678	UH - Hilo	Employment and HR	Y	N	02/21/22	-	Staff member improperly trains and does not supervise employees.
675	UH - Hilo	Student Affairs	Y	N	02/14/22	-	Unsafe and unresolved complaints at student housing..
665	UH - Manoa	Employment and HR	N	N	01/20/22	-	Faculty member strongly supports the TMT.
642	UH - Manoa	Health and Safety	N	Y	10/04/21	-	Student became ill from class materials.
633	UH - Manoa	Employment and HR	Y	N	09/18/21	-	Faculty utilizing student internships inappropriately.
583	UH - Manoa	Employment and HR	Y	N	03/20/21	-	Employees not working and inappropriately using facilities
520	UH - Manoa	Employment and HR	N	-	08/31/20	-	Inappropriate behavior by faculty.
447	UH - Manoa	Employment and HR	Y	-	11/04/19	-	Inappropriate behavior by faculty. Investigation ongoing.
<b>Closed cases</b>							
703	UH - Manoa	Other	Y	N	05/17/22	05/17/22	Complaint is not related to the University.
702	UH - Manoa	Financial	N	N	05/14/22	05/19/22	Inproper application of stipend. Office of the Provost is resolving.
701	UH - Manoa	Student Affairs	N	Y	05/12/22	05/13/22	Faculty arrived late for final exam. Forwarded to Dean. Resolved.
699	UH - Manoa	Student Affairs	N	Y	05/02/22	05/13/22	Identical to case #690
698	UH - Manoa	Student Affairs	N	Y	05/02/22	05/13/22	Identical to case #690
697	UH - Manoa	Student Affairs	N	Y	05/02/22	05/03/22	Identical to case #690
695	UH - Manoa	Student Affairs	N	Y	04/27/22	05/02/22	Identical to case #690
694	UH - Manoa	Research	Y	Y	04/27/22	05/13/22	Intl research students lack agmts. Addtl info requested, none rec'd.
692	UH - Manoa	Student Affairs	N	Y	04/26/22	05/02/22	Identical to case #690
691	UH - Manoa	Student Affairs	N	Y	04/26/22	04/26/22	Identical to case #690
690	UH - Manoa	Student Affairs	N	Y	04/25/22	04/26/22	Timing of final/midterm exams contrary to academic calendar. Resolved.
689	Leeward CC	Student Affairs	N	Y	04/19/22	05/11/22	Faculty arrives late for class. No violation
687	UH - Manoa	Student Affairs	N	Y	03/17/22	03/24/22	Unfair treatment of student housing resident. Resolved.
685	UH - Hilo	Health and Safety	Y	Y	03/11/22	04/11/22	Unresponsive Health Center personnel. Resolved.

**University of Hawaii**  
**Whistleblower Tracking Report**  
**June 15, 2016 - May 24, 2022**

Case #	Campus	Classification	Submitted by (Y/N)		Date	Date	Description
			Employee	Student	Opened	Closed	
684	UH - Manoa	Financial	N	Y	03/10/22	03/10/22	Evening call from UHF soliciting donations. Resolved.
683	UH - Manoa	Health and Safety	Y	Y	03/08/22	03/11/22	Faculty not wearing a mask. Resolved.
681	UH - Manoa	Student Affairs	N	Y	03/04/22	04/14/22	Inappropriate social media postings. Addtl info requested, none rec'd.
680	UH - Manoa	Employment and HR	Y	N	03/02/22	03/24/22	Incomplete and insufficient information for investigation.
677	UH - Manoa	Student Affairs	N	Y	02/19/22	03/08/22	Underage students consuming alcohol off campus. Resolved.
676	UH - Manoa	Student Affairs	N	Y	02/18/22	03/01/22	Incorrect assessment of student fees. Resolved.
674	Kauai CC	Information Technology	Y	N	02/06/22	03/01/22	Faculty using UH e-mail system inappropriately. Action taken.
673	UH - Manoa	Health and Safety	N	Y	02/02/22	02/02/22	Unsanitary bathroom at resident hall. Action taken.
672	Leeward CC	Information Technology	Y	N	02/01/22	02/14/22	Distribution of unsolicited e-mail. No violation.
671	UH - Hilo	Health and Safety	Y	N	01/28/22	01/28/22	Complaint via phone rescinded by caller.
670	Honolulu CC	Other	N	N	01/27/22	01/28/22	Complaint via phone terminated by caller before providing complaint info.
669	UH - Manoa	Health and Safety	Y	Y	01/24/22	01/28/22	Glass bottle dropped from dorm lanai. Forwarded to Student Housing,
668	System	Property/Facilities	Y	N	01/24/22	03/23/22	Complaint against the management of Maunakea. No violation.
667	UH - Manoa	Employment and HR	Y	N	01/24/22	03/25/22	Unreasonable work requirement. Action taken.
666	UH - Hilo	Property/Facilities	Y	N	01/21/22	01/28/22	Employee using UH vehicle inappropriately. Action taken.
664	UH - Hilo	Health and Safety	N	Y	01/20/22	02/22/22	Faculty member opposes vaccine mandate. Action taken
663	Kapiolani CC	Student Affairs	N	Y	01/20/22	03/31/22	Inconsistent financial aid info provided to reporter. No violation
662	Honolulu CC	Health and Safety	N	Y	01/20/22	01/21/22	Faculty member not wearing mask while instructing. Action taken.
661	UH - Manoa	Employment and HR	Y	N	01/13/22	03/25/22	Staff members involved in inappropriate relationship. Action taken.
660	Leeward CC	Student Affairs	N	Y	01/12/22	03/07/22	Poor class instruction. No violation.
659	UH - Manoa	Athletics	N	N	01/11/22	02/16/22	Head football coach is disrespectful, Action taken
658	UH - Manoa	Student Affairs	N	Y	01/06/22	01/12/22	Faculty member instruction is biased. Resolved.
657	UH - Manoa	Employment and HR	N	N	01/03/22	01/27/22	Faculty nepotism. No violation.
656	UH - Manoa	Health and Safety	N	Y	12/16/21	12/23/21	Student resident is COVID positive. Action taken.
655	UH - Hilo	Employment and HR	N	Y	12/14/21	01/18/22	Full time staff has another full time job. Action taken.
654	Leeward CC	Health and Safety	Y	N	12/03/21	01/11/22	Staff member lost a master set of keys. No violation.
653	UH - West Oahu	Other	Y	N	11/24/21	12/07/21	Staff member reserving parking stall. Action taken.
652	System	Information Technology	N	N	11/21/21	12/02/21	Receiving sapm e-mail from a hawaii.edu acct. Resolved.
651	UH - Manoa	Health and Safety	Y	Y	11/19/21	12/17/21	Noncompliance with the mask mandate. No violation.
650	Honolulu CC	Employment and HR	Y	N	11/16/21	01/20/22	Employee disagreement. No violation.
649	Leeward CC	Employment and HR	Y	N	11/03/21	03/31/22	Employee harassment. Action taken.
648	UH - Manoa	Health and Safety	N	Y	10/31/21	11/12/21	COVID guidelines non-compliance by former student.
647	UH - Hilo	Health and Safety	N	Y	10/26/21	11/03/21	COVID guidelines non-compliance. Resolved.
646	Leeward CC	Employment and HR	Y	N	10/21/21	11/02/21	Inappropriate e-mail sent by faculty member. No violation.
645	Hawaii CC	Student Affairs	N	N	10/14/21	10/22/21	Disagreement on student's grade. No violation
644	Kauai CC	Employment and HR	Y	N	10/12/21	03/31/22	Employee unfairly terminated. Complaint withdrawn.
643	UH - Manoa	Health and Safety	Y	N	10/07/21	10/26/21	COVID guidelines non-compliance. Resolved.
641	UH - Manoa	Health and Safety	N	Y	09/30/21	10/04/21	COVID guidelines non-compliance at dorms. VP Student Svcs notified.
640	UH - Manoa	Employment and HR	Y	N	09/28/21	12/20/21	Non-compliance with recruitment process. Action taken.



**University of Hawaii**  
**Whistleblower Tracking Report**  
**June 15, 2016 - May 24, 2022**

Case #	Campus	Classification	Submitted by (Y/N)		Date	Date	Description
			Employee	Student	Opened	Closed	
639	UH - Manoa	Health and Safety	N	Y	09/28/21	10/19/21	Elevator not working. Addtl info requested, none rec'd.
638	UH - Manoa	Employment and HR	N	Y	09/23/21	12/20/21	Identical to case# 637.
637	UH - Manoa	Employment and HR	N	N	09/21/21	12/20/21	Unprofessional/inappropriate behavior by faculty. Action taken.
636	UH - Manoa	Employment and HR	Y	N	09/21/21	09/24/21	Unprofessional/inappropriate behavior by employee. Action taken
635	Hawaii CC	Research	Y	N	09/21/21	10/08/21	Inappropriate coordination of response to inquiries. No violation.
634	Kapiolani CC	Employment and HR	Y	N	09/19/21	12/23/21	Employee discussing religion. Action taken.
632	UH - Manoa	Student Affairs	N	Y	09/16/21	09/24/21	Students smoking marijuana.Forwarded to student housing to investigate
631	UH - Manoa	Student Affairs	N	Y	09/15/21	09/20/21	Unauthorized personnel in student housing. Investigated and resolved.
630	Hawaii CC	Other	N	Y	09/15/21	09/24/21	Lack of electric vehicle parking stalls. Investigated, no violation.
629	UH - Manoa	Health and Safety	N	Y	09/14/21	09/20/21	Alleged assault. Investigated and resolved.
628	UH - Manoa	Health and Safety	N	Y	09/07/21	09/08/21	Non-compliance with COVID protocols. Investigated and closed.
627	UH - Manoa	Health and Safety	N	Y	09/04/21	09/20/21	Non-compliance with COVID protocols. Investigated and closed.
626	UH - Manoa	Health and Safety	N	Y	09/03/21	09/07/21	Non-compliance with COVID protocols. Investigated and closed.
625	UH - Manoa	Health and Safety	N	N	09/03/21	12/17/21	Unsanitary dorms. Action taken
624	Hawaii CC	Other	N	N	09/01/21	09/01/21	U.S. and Hawn flags not displayed. Investigated, flagpoles under repair.
623	UH - Manoa	Student Affairs	N	Y	08/31/21	09/14/21	Inconsistent grading. Investigated and resolved.
622	UH - Manoa	Health and Safety	N	Y	08/30/21	09/01/21	Non-compliance with COVID protocols. Investigated and closed.
621	UH - Manoa	Health and Safety	N	Y	08/28/21	09/01/21	Non-compliance with COVID protocols. Investigated and closed.
620	UH - Manoa	Employment and HR	Y	N	08/28/21	09/20/21	Employee disclosed confidential info. Addtl info requested, none recd.
619	UH - Manoa	Student Affairs	N	Y	08/26/21	08/27/21	Departmental office not open during business hours. Resolved.
618	Kapiolani CC	Student Affairs	N	Y	08/26/21	03/31/22	Student financial aid account is inaccurate. No violation
617	Kapiolani CC	Health and Safety	Y	N	08/25/21	10/13/21	Faculty engages in unsafe activities. Matter resolved,
616	Hawaii CC	Health and Safety	N	Y	08/25/21	10/13/21	Faculty disregarding COVID 19 safety protocols. Matter resolved.
615	UH - Manoa	Health and Safety	N	Y	08/25/21	08/27/21	Unvaccinated student not tested for COVID is on campus. Resolved
614	UH - Manoa	Employment and HR	Y	N	08/25/21	09/14/21	Employee vaccine mandate is unlawful. No violation.
613	UH - Manoa	Health and Safety	N	Y	08/25/21	09/02/21	Identical to case #612.
612	UH - Manoa	Health and Safety	N	Y	08/25/21	09/02/21	UHM student vaccination mandate is unlawful. No violation.
611	UH - Manoa	Health and Safety	N	N	08/24/21	09/01/21	Unsanitary dorms. Vice Provost Students Svcs notified.
610	UH - Manoa	Health and Safety	Y	N	08/24/21	09/01/21	Unvaccinated employee. Investigated and resolved.
609	UH - Hilo	Health and Safety	N	Y	08/24/21	08/27/21	Non-compliance with COVID protocols. Investigated and closed.
608	UH - Manoa	Health and Safety	Y	N	08/23/21	08/27/21	Non-compliance with COVID protocols. Investigated and closed.
607	UH - Manoa	Health and Safety	N	Y	08/19/21	09/01/21	Elevator not working. Addtl info requestred, none received.
606	System	Property/Facilities	N	N	08/06/21	09/28/21	Procurement non-compliance. Investigated, no violation.
605	Kapiolani CC	Employment and HR	Y	N	08/06/21	12/23/21	Employee not working. Action taken.
604	UH - Manoa	Health and Safety	N	Y	08/06/21	09/01/21	Student followed on campus. Addtl info requested, none received.
603	Honolulu CC	Employment and HR	Y	N	08/04/21	08/31/21	Employee misused confidential information. Investigated, no violation.
602	System	Financial	Y	N	07/30/21	09/08/21	Employee paid late. Investigated, no violation.
601	UH - Manoa	Employment and HR	N	N	07/16/21	09/29/21	Hiring unqualified applicant. Addtl info requested, none provided.
600	Hawaii CC	Employment and HR	Y	N	07/06/21	08/06/21	Wrongful termination. Investigated and closed.

**University of Hawaii**  
**Whistleblower Tracking Report**  
**June 15, 2016 - May 24, 2022**

Case #	Campus	Classification	Submitted by (Y/N)		Date	Date	Description
			Employee	Student	Opened	Closed	
599	UH - Manoa	Employment and HR	N	Y	07/06/21	08/06/21	Inappropriate actions by faculty. Addtl info requested, none received.
598	UH - Manoa	Employment and HR	Y	Y	06/30/21	06/30/21	Unporofessional faculty. Previously investigated and resolved.
597	UH - Manoa	Employment and HR	Y	Y	06/30/21	06/30/21	Hiring unqualified personnel. Identical to case #578.. No violation.
596	UH - Manoa	Student Affairs	N	Y	06/27/21	07/16/21	Student reated unfairly. Referred to Office of Student Conduct.
595	UH - Manoa	Employment and HR	Y	N	06/24/21	07/06/21	Unporofessional faculty. Previously investigated and resolved.
594	UH - Manoa	Information Technology	N	N	05/19/21	11/29/21	Inappropriate use of IT equipment. No violation.
593	System	Health and Safety	N	N	05/19/21	06/24/21	Disagrees with vaccine mandate. No violation.
592	UH - Manoa	Employment and HR	Y	N	05/15/21	03/25/22	Supervisors are not competant. Action taken.
591	Maui College	Employment and HR	Y	N	05/07/21	06/07/21	Supervisors are unprofessional. Investigated, no violation.
590	UH - Manoa	Employment and HR	Y	N	05/07/21	05/22/21	Employee performing work above his qualifications. Action taken.
589	System	Employment and HR	N	N	05/06/21	08/05/21	Employee promotes not-for-profit entity. Investgiated, no violation.
588	UH - Manoa	Health and Safety	Y	N	05/06/21	05/07/21	Employee not wearing mask. Investigated and resolved.
587	UH - Hilo	Student Affairs	N	Y	04/27/21	06/07/21	Student used offensive term during Zoom.. Investigated, action taken.
586	UH - Manoa	Student Affairs	N	Y	04/17/21	05/06/21	Unfair grading and poor behavior by professor.Investigated and resolved.
585	CC System	Employment and HR	Y	N	04/13/21	04/30/21	Nepotism. Investigated, no violation.
584	UH - Manoa	Research	N	N	04/01/21	05/18/21	Assertion that professor discredited reporters work. No violation.
582	UH - Manoa	Health and Safety	Y	N	03/12/21	03/16/21	Trash in parking structure. Investigated and resolved
581	UH - Manoa	Student Affairs	N	Y	03/11/21	03/25/21	Identical to case 580
580	UH - Manoa	Student Affairs	N	Y	03/11/21	03/25/21	Marijuana use in dorms. Investigated and action taken.
579	UH - Manoa	Student Affairs	N	Y	03/11/21	03/25/21	Marijuana use by student. Investigated and action taken.
578	UH - Manoa	Employment and HR	Y	N	03/10/21	05/13/21	Hiring unqualified personnel. Employee was qualified. No violation.
577	Hawaii CC	Employment and HR	N	Y	03/08/21	03/29/21	Identical to case 576.
576	Hawaii CC	Employment and HR	N	Y	03/06/21	03/29/21	Inappropriate management. Addtl info requested, none received.
575	Kauai CC	Student Affairs	N	N	03/06/21	03/11/21	Unfair exams. Investigated, no violation.
574	UH - Hilo	Student Affairs	N	Y	03/06/21	04/08/21	Disruptive student. Addtl info requested, none received.
573	UH - Manoa	Health and Safety	Y	Y	03/05/21	05/06/21	Non-resident in dorms. Investigated and resolved.
572	Hawaii CC	Financial	N	Y	03/05/21	04/01/21	Lack of disclosure of financial info to student. Investigated, no violation.
571	UH - Manoa	Health and Safety	Y	Y	03/05/21	05/06/21	Student drinking alcohol on campus. Investigated, action taken.
570	Kapiolani CC	Employment and HR	Y	N	03/05/21	04/06/21	Employee working remotely. Investigated, no violation.
569	Hawaii CC	Employment and HR	Y	N	03/02/21	03/05/21	Employee working remotely. Investigated, no violation.
568	UH - Manoa	Health and Safety	Y	Y	02/27/21	03/11/21	Student asserts misclassification for vaccine. Investigated, no violation.
567	UH - Manoa	Employment and HR	Y	N	02/27/21	03/25/21	Worker not performing duties. Investigated and action taken.
566	UH - Manoa	Health and Safety	Y	Y	02/26/21	03/05/21	Students smoking in lab room. Investigated and action taken.
565	UH - West Oahu	Student Affairs	Y	Y	02/24/21	05/07/21	Student paid for goods/svcs not rec'd. Addtl info requested, none rec'd.
564	UH - Manoa	Employment and HR	Y	N	02/17/21	01/29/22	Non-compliance with hiring policies. Action taken.
563	UH - Manoa	Financial	N	Y	02/11/21	02/19/21	Approval of courses receiving VA benefits. Investigated, resolved.
562	UH - Manoa	Other	N	N	02/10/21	03/01/21	Inappropriate photos. Inveestigation referred to Title IX office.
561	UH - Manoa	Health and Safety	Y	N	01/29/21	02/08/21	Untimely notification of student with COVID-19. Imvestigated, resolved
560	UH - Manoa	Student Affairs	N	Y	01/26/21	01/27/21	Inappropriate video posted on-line.Investigated, no violation.

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Case #	Campus	Classification	Submitted by (Y/N)		Date	Date	Description
			Employee	Student	Opened	Closed	
559	System	Employment and HR	Y	-	01/15/21	01/22/21	Non-compliance with hiring policies. Investigated, no violation.
558	UH - Manoa	Student Affairs	N	-	01/13/21	01/25/21	Student inappropriately receiving financial aid. Investigated, no violation.
557	UH - Manoa	Employment and HR	N	-	01/13/21	05/18/21	Incompetant personnel.Addtl info requested, none rec'd.
556	Kapiolani CC	Employment and HR	N	-	01/02/21	03/02/21	Personnel working a second job. Investigated, no violation.
555	System	Research	Y	-	12/15/20	01/19/21	Performing research w/o proper aproval. Investigated, no violation.
554	System	Employment and HR	Y	-	12/13/20	01/22/21	Non-compliance with hiring policies. Investigated, no violation.
553	UH - Manoa	Health and Safety	Y	-	12/07/20	12/15/20	Police officer on campus not wearing a mask. Resolved.
552	Kapiolani CC	Employment and HR	N	-	11/15/20	12/22/20	Personnel working a second job. Investigated, no violation.
551	UH - Manoa	Employment and HR	Y	-	11/17/20	4/18/2021	Employees required to work on campus. Investigated and action taken.
550	UH - Manoa	Other	Y	-	11/09/20	11/23/20	Individual inappropriately obtaining goods.Addtl info requested, none rec'd.
549	Honolulu CC	Employment and HR	Y	-	10/29/20	11/09/20	Unfair treatment of employees. Investigated, no violation.
548	System	Employment and HR	Y	-	10/26/20	01/22/21	Hiring unqualified personnel. Investigated, no violation.
547	Hawaii CC	Information Technology	N	-	10/26/20	11/09/20	Inappropriate use of UH e-mail. Investigated, action taken.
546	Windward CC	Employment and HR	Y	-	10/22/20	01/21/21	Unprofessional treatment of employees. Imvestigated, resolved
545	UH - Hilo	Employment and HR	Y	-	10/15/20	11/23/20	Employee working from home. Investigated and action taken.
544	UH - Hilo	Property/Facilities	Y	-	10/15/20	11/19/20	Building code violation. Investigated, action taken.
543	UH - Manoa	Employment and HR	N	-	10/14/20	01/26/21	Inappropriate behavior by faculty. Investigated, action taken.
542	UH - Hilo	Employment and HR	Y	-	10/14/20	11/23/20	Disclosure of confidential information. Addtl info requested, none rec'd.
541	Honolulu CC	Information Technology	N	-	10/10/20	11/09/20	Inappropriate content on Twitter account. Investigated, no violation.
540	UH - Manoa	Health and Safety	N	-	10/09/20	11/02/20	Non-compliance with COVID-19 rules. Addtl info requested, none rec'd.
539	UH - Manoa	Employment and HR	Y	-	10/04/20	04/24/21	Poor management of staff and facilities. Investigated and resolved.
538	System	Employment and HR	Y	-	09/30/20	02/03/21	Unresponsiveness of campus management. Investigated, no violation.
537	UH - Manoa	Health and Safety	N	-	09/24/20	10/29/20	Non-compliance with COVID-19 rules. Resolved, action taken.
536	UH - West Oahu	Health and Safety	N	-	09/23/20	11/17/20	Homeless on UHWO property. Investigated, not UHWO property.
535	Maui College	Health and Safety	N	-	09/17/20	12/08/20	Violation of COVID-19 rules. Investigated, no violation.
534	UH - Manoa	Employment and HR	Y	-	09/12/20	11/23/20	Casual hire employee laid off. Investigated, action taken.
533	UH - Manoa	Employment and HR	Y	-	09/12/20	11/23/20	Redundant administrator job description. Investigated, no redundancy.
532	UH - Manoa	Employment and HR	Y	-	09/11/20	07/12/21	Poor leadership by supervisor. Investigated, action taken.
531	Honolulu CC	Employment and HR	Y	-	09/09/20	09/11/20	Faculty contract not renewed. Investigated, no violation.
530	Hawaii CC	Health and Safety	N	-	09/09/20	09/15/20	Non-compliance with COVID-19 rules. Investigated, resolved.
529	Kapiolani CC	Employment and HR	Y	-	09/09/20	12/08/20	Employee unwilling to assist fellow employee. Investigated, no violation.
528	Leeward CC	Employment and HR	Y	-	09/03/20	11/09/20	Approval pending for "Work from Home" request. No violation.
527	UH - Manoa	Employment and HR	Y	-	09/02/20	09/17/20	Untimely approval of timesheet. Investigated, action taken.
526	UH - Hilo	Health and Safety	N	-	09/01/20	10/26/20	Non-compliance with COVID-19 rules. Investigated, action taken.
525	UH - Manoa	Employment and HR	Y	-	08/31/20	11/23/20	Approved "Work from Home" requests not returned. Resolved.
524	UH - Manoa	Student Affairs	N	-	08/31/20	12/01/20	Academic grievance. Addtl info requested, no response.
523	Honolulu CC	Student Affairs	N	-	08/31/20	09/08/20	Unfair policy to obtain resident status. Investigated, no violation.
522	UH - Manoa	Health and Safety	N	-	08/31/20	09/18/20	Non-compliance with COVID-19 rules. Invetigated, action taken.
521	UH - Manoa	Employment and HR	Y	-	08/31/20	03/25/22	Vacant position not filled as promised. No violation.

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			Employee	Student	Opened	Closed	
519	UH - Manoa	Other	N	-	08/31/20	09/01/20	Students snap chat account. Not University related. Closed.
518	UH - Manoa	Health and Safety	Y	-	08/31/20	09/18/20	Non-compliance with COVID-19 rules. Investigated, action taken.
517	Hawaii CC	Employment and HR	Y	-	08/31/20	09/02/20	Incorrect instructor teaching listed course. Investigated, no violation.
516	UH - Manoa	Health and Safety	N	-	08/31/20	08/31/20	Students violating housing policies. Referred to Office of Judicial Affairs.
515	UH - Manoa	Health and Safety	N	-	08/24/20	09/18/20	Non-compliance with COVID-19 rules. Inveatigated, action taken.
514	UH - Hilo	Student Affairs	N	-	08/20/20	03/01/21	Hold placed on student acct preventing enrollment. Investigated, resolved.
513	System	Employment and HR	Y	-	08/19/20	01/22/21	Hiring unqualified personnel. Investigated, no violation.
512	UH - West Oahu	Employment and HR	Y	-	08/10/20	12/22/20	Faculty also employed off campus. Investigatedm no violation.
511	System	Information Technology	N	-	07/29/20	09/09/20	Inappropriate e-mail. Investigated, action taken.
510	UH - West Oahu	Student Affairs	N	-	07/23/20	09/21/20	Academic grievance. Investigated, resolved.
509	UH - Hilo	Employment and HR	Y	-	07/20/20	08/19/20	Exclusionary and discriminatory behavior. Investigated, action taken.
508	UH - Manoa	Health and Safety	N	-	07/20/20	11/23/20	Lack of transparency Addtl info requested, no response.
507	Hawaii CC	Financial	N	-	07/13/20	12/15/20	Misrepresentation of info to obtain financial aid. Investigated, no violation.
506	Hawaii CC	Employment and HR	N	-	07/11/20	08/31/20	Lack of confidentiality. No violation.
505	Hawaii CC	Financial	Y	-	07/05/20	11/19/20	Misrepresentation of information to obtain financial aid. No violation.
504	Hawaii CC	Employment and HR	N	-	07/04/20	07/13/20	Lack of confidentiality. No violation.
503	UH - Manoa	Property/Facilities	Y	-	06/26/20	07/14/20	Misuse of property. Investigated and resolved.
502	Hawaii CC	Employment and HR	Y	-	06/19/20	10/01/20	Elimination of employee position Investigated, no violation.
501	Hawaii CC	Student Affairs	N	-	06/13/20	08/30/20	Security not performing a thorough investigation. No violation.
500	System	Information Technology	N	-	06/13/20	09/08/20	Use of copyrighted video. Addtl info requested, none received.
499	UH - Manoa	Employment and HR	Y	-	06/07/20	10/06/20	Conflict of interest. Addtl info requested, none received.
498	UH - Hilo	Other	N	-	06/05/20	07/01/20	Inappropriate Instagram posting Investigated and resolved.
497	Honolulu CC	Employment and HR	Y	-	06/03/20	11/16/20	Inappropriate faculty promotion. Mo policy/procedure violations.
496	UH - Manoa	Student Affairs	N	-	05/09/20	05/22/20	Insufficient time for final exam. Case referred to dept chair.
495	UH - Manoa	Health and Safety	Y	-	04/29/20	06/23/20	Mandatory lab class during COVID. Investigated and resolved
494	UH - Manoa	Employment and HR	N	-	04/23/20	06/29/20	Outside employment. Misuse assets. Investigated and resolved.
493	UH - Manoa	Health and Safety	N	-	04/22/20	05/22/20	Guest in dorms during COVID pandemic. Imvestigated, action taken.
492	UH - Manoa	Employment and HR	Y	-	04/20/20	10/06/20	Poor behavior by Graduate Director. Addtl info requested, none received.
491	Honolulu CC	Employment and HR	N	-	04/17/20	05/27/20	Unqualified instructor. Addtl info requested, none received.
490	Maui College	Employment and HR	Y	-	04/15/20	05/17/20	Faculty not paid agreed upon amt. Investigated and resolved.
489	UH - Manoa	Student Affairs	Y	-	04/03/20	04/22/20	Academic grievance forwarded to Department Chair.
488	Windward CC	Employment and HR	Y	-	04/02/20	05/07/20	Outside employment. Investigated, no violation.
487	System	Health and Safety	Y	-	03/19/20	04/03/20	Working during COVID 19 s/n/b "essential".\Referred to UH FAQ.
486	UH - Hilo	Health and Safety	Y	-	03/16/20	04/23/20	Lack of transparency re: COVID 19. Investigated, resolved.
485	Kapiolani CC	Employment and HR	Y	-	03/05/20	04/24/20	Unauthorized decisions by staff personnel. Investigated, no violation.
484	UH - Manoa	Employment and HR	Y	-	03/05/20	04/14/20	Inappropriate hiring practices. Investigated, action taken.
483	UH - Manoa	Other	N	-	03/05/20	03/13/20	Falsified anoymous letter. Investigated in 2010. Case closed.
482	Hawaii CC	Employment and HR	Y	-	03/02/20	03/25/20	Inappropriate hiring practices. Investigated, no violation
481	Hawaii CC	Property/Facilities	N	-	03/02/20	08/31/20	Improper use of University vehicle.Investigated, no violation.

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Case #	Campus	Classification	Submitted by (Y/N)		Date	Date	Description
			Employee	Student	Opened	Closed	
480	UH - Manoa	Information Technology	Y	-	03/01/20	03/23/20	Unauthorized access to personal info. Addtl info requested, not recd.
479	UH - Manoa	Student Affairs	N	-	02/22/20	04/28/20	Unruly dorm roommates. Investigated and resolved.
478	Kapiolani CC	Other	Y	-	02/21/20	02/24/20	Identical to case #471.
477	Kapiolani CC	Other	Y	-	02/21/20	02/24/20	Identical to case #471.
476	UH - Hilo	Employment and HR	Y	-	02/12/20	03/17/20	Employee discussing confidential info. Investigated, resolved.
475	Kapiolani CC	Employment and HR	Y	-	02/12/20	12/08/20	Employees not working. Investigated, no violation.
474	UH - Manoa	Information Technology	Y	-	02/12/20	02/19/20	Inappropriate e-mail. Investigated, no violation.
473	Kapiolani CC	Other	Y	-	02/11/20	02/24/20	Identical to case #471.
472	Honolulu CC	Employment and HR	Y	-	02/11/20	08/31/20	Unprofessional behavior at dept mtg. Investigated, no violation.
471	Kapiolani CC	Other	Y	-	02/07/20	02/24/20	Faculty disagrees with Staff Council decision. No violation.
470	Kapiolani CC	Employment and HR	Y	-	02/06/20	05/07/20	Employees not working. Investigated, no violation.
469	Maui College	Property/Facilities	Y	-	01/31/20	03/05/20	Improper disposal of furniture. Investigated, no violation.
468	Kapiolani CC	Employment and HR	Y	-	01/30/20	03/05/20	Abuse of leave system. Addtl info requested, not provided.
467	Hawaii CC	Employment and HR	Y	-	01/21/20	05/06/20	Poor behavior from co-workers. Addtl info requested, not provided.
466	UH - West Oahu	Financial	Y	-	01/16/20	09/06/20	Inaccurate classification of student as resident. Investigated and resolved.
465	UH - Hilo	Student Affairs	N	-	01/15/20	02/12/20	Unfair treatment of students. Investigated, action taken.
464	System	Property/Facilities	Y	-	01/13/20	11/23/20	Inappropriate purchase of equipment. Investigated, resolved.
463	UH - Hilo	Student Affairs	N	-	01/13/20	02/04/20	Dorm resident is not student. Investigated and resolved.
462	Kapiolani CC	Employment and HR	Y	-	01/06/20	07/13/20	Inappropriate outside employment. Investigated, no violation.
461	UH - Manoa	Health and Safety	N	-	01/06/20	01/07/20	Smoking on campus. Resolved.
460	UH - Hilo	Employment and HR	Y	-	12/29/19	12/30/19	Identical to case #459.
459	UH - Hilo	Employment and HR	Y	-	12/18/19	01/12/20	Employee selling food at campus parking lot. Investigated, resolved.
458	UH - Manoa	Employment and HR	N	-	12/18/19	02/12/20	Reporter did not describe complaint. Closed for lack of info.
457	Kapiolani CC	Employment and HR	Y	-	12/15/19	09/22/20	Screening committee misconduct. Investigated, resolved.
456	UH - Manoa	Employment and HR	Y	-	12/08/19	04/22/20	Best candidate not hired. Investigated, appropriate action taken.
455	Windward CC	Student Affairs	N	-	12/04/19	12/13/19	Identical to case #452.
454	UH - Manoa	Student Affairs	N	-	12/02/19	08/25/20	Academic grievance. Investigated and action taken.
453	UH - Manoa	Employment and HR	Y	-	12/02/19	01/16/20	Unprofessional supervisors. Investigated and action taken.
452	Windward CC	Student Affairs	N	-	12/01/19	12/13/19	Disclosure of confidential student info. Investigated, no violation.
451	Honolulu CC	Health and Safety	Y	-	11/17/19	12/31/19	Hazardous materials. Investigated, no violation.
450	UH - Manoa	Financial	Y	-	11/18/19	12/03/19	Use of vendor approved lists. Addtl info requested but not received.
449	UH - Manoa	Student Affairs	N	-	11/16/19	11/19/19	Cheating on exam. Investigated and resolved.
448	UH - Hilo	Employment and HR	Y	-	11/12/19	12/16/19	Employees are not working. Investigated and action taken.
446	UH - Manoa	Student Affairs	N	-	10/24/19	11/08/19	Identical to case 444.
445	UH - Manoa	Student Affairs	N	-	10/24/19	10/24/19	Identical to case 444.
444	UH - Manoa	Student Affairs	N	-	10/19/19	10/24/19	Foreign student illegally working in Hawaii. Resolved.
443	UH - Manoa	Research	Y	-	10/18/19	01/16/20	Inappropriate travel. Investigated and no violation.
442	UH - Manoa	Student Affairs	N	-	10/17/19	10/24/19	Smoking in dorms. Investigated and resolved.
441	System	Financial	Y	-	10/16/19	10/17/19	Misuse of parking pass. Investigated and resolved.

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			Employee	Student	Opened	Closed	
440	UH - Manoa	Student Affairs	N	-	10/14/19	10/24/19	Student not attending class. Addtl info requested but not rec'd.
439	UH - Manoa	Employment and HR	N	-	10/11/19	11/04/19	Title IX matter. Addtl info requested but not rec'd
438	System	Health and Safety	Y	-	10/08/19	11/12/19	Ladder not compliant with OSHA. Resolved.
437	UH - Manoa	Employment and HR	Y	-	10/04/19	01/07/20	Uncompensated student employee. Investigated and no violation
436	UH - Manoa	Health and Safety	Y	-	10/04/19	10/06/19	Mold in showers. Investigated and remediated.
435	Kapiolani CC	Employment and HR	Y	-	10/04/19	02/24/20	Inappropriate comments by faculty. Investigated and no violation.
434	UH - Hilo	Other	Y	-	09/25/19	09/25/19	Reporter commends job performed by janitors.
433	UH - Manoa	Health and Safety	N	-	09/20/19	09/25/19	Knives in dorm room. Investigated and resolved.
432	UH - Manoa	Employment and HR	N	-	09/16/19	09/18/19	Employee not using earphones in library
431	Kapiolani CC	Research	Y	-	09/11/19	09/17/19	Misuse of grant funds. Investigated and no violation.
430	UH - Manoa	Student Affairs	N	-	09/09/19	09/10/19	Foreign student did not register for courses.
429	UH - Manoa	Employment and HR	Y	-	09/06/19	09/21/19	Employee not working. Investigated and no violation.
428	UH - Manoa	Other	Y	-	09/06/19	09/13/19	Facility non-compliance (identical to case 427)
427	UH - Manoa	Other	Y	-	09/06/19	09/13/19	Facility non-compliance. Non-compliance matters addressed.
426	UH - Hilo	Health and Safety	Y	-	09/05/19	09/06/19	Smoking on campus
425	Kauai CC	Health and Safety	N	-	09/03/19	10/15/19	Drugs on campus. Investigated and resolved.
424	UH - Manoa	Other	N	-	08/31/19	09/30/19	Disclosure of private information. Addtl info requested, not provided.
423	Kapiolani CC	Employment and HR	Y	-	08/30/19	08/30/19	HIPAA allegation. No violation.
422	Kapiolani CC	Employment and HR	Y	-	08/28/19	09/30/19	Gift to employee. Insufficient info to support allegation.
421	System	Other	Y	-	08/28/19	09/25/19	Scheduled periodic meetings revised to "as needed". No violation.
420	Maui College	Student Affairs	N	-	08/27/19	10/01/19	Title IX matter forwarded to Title IX coordinator and resolved.
419	UH - Hilo	Employment and HR	Y	-	08/27/19	09/17/19	Promotion deferred. Investigated and resolved.
418	Maui College	Employment and HR	Y	-	08/27/19	09/27/19	Supervisor rude to employees. Allegation addressed and resolved.
417	Kapiolani CC	Health and Safety	Y	-	08/27/19	09/30/19	Smoking on campus
416	Kapiolani CC	Employment and HR	Y	-	08/27/19	10/03/19	Identical to case 413
415	UH - Manoa	Student Affairs	N	-	08/27/19	09/18/19	Title IX issue when student was entrolled at a different school.
414	Kapiolani CC	Employment and HR	Y	-	08/27/19	01/06/20	Full time employee has outside employment. No violation.
413	Kapiolani CC	Employment and HR	Y	-	08/27/19	10/03/19	Employees not working scheduled time. Investigated and action taken.
412	UH - Manoa	Health and Safety	Y	-	08/22/19	09/12/19	Improper storage of chemicals. No violation.
411	UH - Manoa	Employment and HR	Y	-	08/09/19	09/14/19	Employee not working 8 hrs. Investigated and no violation.
410	Kapiolani CC	Research	Y	-	08/02/19	08/06/19	Misuse of funds. No violation.
409	System	Employment and HR	Y	-	07/03/19	02/18/20	Hiring practices. No violation.
408	UH - Hilo	Employment and HR	Y	-	07/13/19	08/20/19	Security guard targeting employee. Investigated and resolved.
407	UH - Manoa	Other	N	-	07/13/19	07/15/19	Complaint does not involve the University.
406	Hawaii CC	Employment and HR	N	-	07/10/19	08/05/19	Supervisor difficult to work with. Investigated and no violation.
405	UH - Manoa	Property/Facilities	Y	-	07/03/19	10/17/19	Inappropriate use of University vehicle. Investigated and action taken.
404	UH - Manoa	Health and Safety	Y	-	06/29/19	01/08/20	Harrassment. Investigated, action taken.
403	UH - Hilo	Property/Facilities	N	-	05/31/19	05/31/19	Facility rental fee. Investigated and resolved.
402	UH - Manoa	Other	Y	-	05/11/19	09/29/19	Employee accountability/competence. Addtl info requested, not recd.

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			Employee	Student	Opened	Closed	
401	UH - Hilo	Property/Facilities	N	-	05/07/19	05/22/19	Transferred equipment to a different office. Investigated and resolved.
400	UH - Manoa	Employment and HR	Y	-	05/06/19	01/23/20	Conflict of interest. No violation.
399	UH - Manoa	Employment and HR	Y	-	05/06/19	07/03/19	Inaccurate reporting. Investigated and resolved.
398	UH - Hilo	Employment and HR	Y	-	05/05/19	05/23/19	Identical to case 397.
397	UH - Hilo	Employment and HR	Y	-	05/05/19	05/08/19	Conflict of interest. Investigated and no conflict.
396	UH - Manoa	Employment and HR	Y	-	05/02/19	01/08/20	Disrespectful supervisor. Investigated and resolved.
395	Leeward CC	Employment and HR	N	-	05/01/19	05/16/19	Inappropriate survey. Investigated and no policy violation.
394	Windward CC	Health and Safety	N	-	04/24/19	10/04/19	Smoking on campus.
393	UH - Manoa	Health and Safety	Y	-	04/08/19	04/10/19	Smoking on campus.
392	UH - Manoa	Employment and HR	N	-	04/04/19	05/07/19	Similar to case #390. Investigated and resolved.
391	Windward CC	Health and Safety	N	-	04/03/19	10/04/19	Smoking on campus.
390	UH - Manoa	Employment and HR	N	-	04/03/19	05/02/19	Inappropriate comments by faculty. Addtl info. reqstd but not recd
389	UH - Hilo	Employment and HR	Y	-	03/29/19	07/25/19	Favortism exhibited by supervisor. Investigated and no violation.
388	UH - Manoa	Health and Safety	N	-	03/28/19	04/04/19	Smoking on campus.
387	UH - Manoa	Employment and HR	Y	-	03/27/19	05/01/19	Service animal. No violation.
386	UH - Hilo	Property/Facilities	Y	-	03/25/19	07/25/19	Frequency of work related text messages on personal cell phone
385	UH - Hilo	Employment and HR	N	-	03/22/19	05/31/19	Inadequate leadership. Investigated and resolved.
384	Honolulu CC	Employment and HR	Y	-	03/19/19	03/28/19	Faculty complaint.
383	UH - Manoa	Employment and HR	Y	-	03/18/19	04/13/19	Employee not working 8 hrs. Investigated and resolved.
382	System	Information Technology	Y	-	03/14/19	03/21/19	Inappropriate University e-mails.
381	UH - Manoa	Employment and HR	Y	-	03/07/19	04/01/19	Employee absent from work
380	UH - Manoa	Other	N	-	03/06/19	03/19/19	Calls to UH Alumni requesting donations. No violation.
379	System	Employment and HR	Y	-	03/05/19	05/07/19	Employee working two separate positions. No violation.
378	Kauai CC	Employment and HR	N	-	02/28/19	10/15/19	Faculty unresponsive to e-mails. No violation.
377	UH - Hilo	Employment and HR	Y	-	02/28/19	05/31/19	Poor computer support. Investigated and resolved.
376	UH - Hilo	Employment and HR	Y	-	02/28/19	05/31/19	Employee not working 8 hrs. Investigated and resolved.
375	UH - Hilo	Student affairs	N	-	02/27/19	04/11/19	False allegations against student. Forwarded to Office of EEO.
374	UH - Manoa	Other	Y	-	02/25/19	02/26/19	Non-payment of scholarship check. Resolved with check prep.
373	Kapiolani CC	Employment and HR	N	-	02/25/19	12/31/19	Employee working on personal projects. Investigated and resolved.
372	UH - Manoa	Student affairs	Y	-	02/15/19	05/13/19	Inappropriate actions by student. Addtl info requested but not recd
371	UH - Manoa	Student affairs	Y	-	02/14/19	02/19/19	Unfair sanctions. No violation
370	UH - Manoa	Other	Y	-	02/14/19	02/19/19	Property confiscated. No violation.
369	UH - Manoa	Information Technology	Y	-	02/13/19	02/19/19	Technology equipment compromised
368	UH - Manoa	Health and Safety	N	-	02/08/19	02/11/19	Smoking on campus. Resolved
367	Windward CC	Employment and HR	N	-	02/08/19	10/27/21	Workplace complaints. Title IX Office investigating.
366	UH - Hilo	Other	N	-	02/07/19	03/07/19	Inappropriate Facebook post. Investigated and resolved.
365	Maui College	Student affairs	N	-	02/06/19	02/13/19	Identical to Case #363.
364	UH - Hilo	Employment and HR	Y	-	02/06/19	04/11/19	Inappropriate faculty behavior. Investigated and resolved.
363	Maui College	Student affairs	N	-	02/04/19	02/13/19	Treatment of student. No violation.

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Case #	Campus	Classification	Submitted by (Y/N)		Date	Date	Description
			Employee	Student	Opened	Closed	
362	UH - West Oahu	Student affairs	N	-	01/26/19	02/25/19	Revocation of financial aid. Investigated and resolved.
361	UH - Manoa	Student affairs	Y	-	01/23/19	02/26/19	Inappropriate faculty behavior. Investigated and resolved.
360	UH - Hilo	Property/Facilities	N	-	01/18/19	05/31/19	Facility use form no longer available on-line. Investigated and resolved.
359	UH - Hilo	Health and Safety	Y	-	01/17/19	01/23/19	Security personnel not performing duties. Investigated and resolved.
358	Kapiolani CC	Employment and HR	Y	-	01/17/19	04/17/19	Faculty working at another job. No violation.
357	UH - Hilo	Employment and HR	N	-	01/16/19	05/31/19	Faculty treatment of student. Investigated and resolved.
356	UH - Hilo	Employment and HR	N	-	01/15/19	02/20/19	Lack of classes. Investigated and resolved.
355	Hawaii CC	Employment and HR	N	-	01/08/19	10/03/19	Service animal. Investigated and resolved.
354	Kapiolani CC	Employment and HR	Y	-	01/07/19	01/09/19	Unfair faculty course assignments. No policy violation.
353	Kapiolani CC	Employment and HR	Y	-	01/07/19	02/28/19	Poor behavior by employee. No violation.
352	UH - Hilo	Employment and HR	N	-	12/24/18	05/31/19	Office closing early. Investigated and resolved.
351	UH - Hilo	Athletics	N	-	12/12/18	04/11/19	Sports camps. Investigated and resolved.
350	UH - Manoa	Health and Safety	Y	-	12/07/18	10/21/19	Unsafe behavior toward employee. Investigated and resolved.
349	UH - Manoa	Employment and HR	Y	-	12/06/18	09/10/19	Employee discrimination. Investigated and resolved.
348	UH - Hilo	Research	Y	-	12/04/18	01/23/19	Research integrity. Investigated and action taken.
347	UH - Hilo	Other	N	-	12/03/18	01/14/19	Signage not displayed. Addtl informaton requested but not received.
346	UH - Hilo	Health and Safety	N	-	12/02/18	12/27/18	Inappropriate advice from Health Services employee.
345	UH - Hilo	Property/Facilities	N	-	12/01/18	01/14/19	Inadequate facilities. Investigated and resolved.
344	Kapiolani CC	Employment and HR	Y	-	11/30/18	08/31/20	Identical to case #343
343	Kapiolani CC	Employment and HR	Y	-	11/30/18	08/31/20	Employee discrimination. Investigated and closed.
342	Kapiolani CC	Employment and HR	Y	-	11/29/18	12/10/18	Outdated personnel policies to be updated.
341	Hawaii CC	Student affairs	N	-	11/29/18	10/03/19	Student reprimanded. No violation.
340	UH - Hilo	Property/Facilities	N	-	11/28/18	01/14/19	Change in facility rental fee. Investigated and resolved.
339	UH - Manoa	Financial	N	-	11/27/18	01/07/19	Non-payment of invoice. Payment made and case closed.
338	UH - Hilo	Employment and HR	N	-	11/21/18	01/14/19	Employees not working. Investigated and action taken.
337	UH - Hilo	Health and Safety	N	-	11/18/18	12/27/18	Improperly located smoke detectors and students smoking.
336	UH - Hilo	Health and Safety	N	-	11/17/18	12/27/18	Inappropriate advice from Health Services employee.
335	UH - Manoa	Property/Facilities	Y	-	11/16/18	11/30/18	Dump truck parked inappropriately. Addtl info requested.
334	UH - Manoa	Other	N	-	11/12/18	02/16/19	Inappropriate use of internet. Investigated and resolved.
333	UH - Hilo	Athletics	N	-	11/12/18	04/11/19	Mgt of sports camps, meal allowances. Investigated and resolved.
332	UH - Hilo	Other	N	-	11/11/18	11/27/18	Poor program management reviewed and resolved.
331	UH - Hilo	Property/Facilities	N	-	11/09/18	01/14/19	Change in facility rental fee. Resolved
330	UH - Hilo	Property/Facilities	N	-	11/06/18	11/27/18	Signage not displayed. Plan for displaying sign in development stage.
329	UH - Hilo	Property/Facilities	N	-	11/04/18	01/14/19	Lack of response for facility rental. Resolved.
328	UH - Manoa	Health and Safety	N	-	10/26/18	11/19/18	Smoking on campus. Contacted Office of Public Safety. Resolved.
327	UH - Hilo	Student Affairs	N	-	10/18/18	11/26/18	Faculty was unprofessional to student. Reviewed and action taken.
326	UH - Manoa	Employment and HR	N	-	10/17/18	02/16/19	Faculty complaint. Investigated and resolved.
325	UH - Manoa	Student Affairs	N	-	10/12/18	10/12/18	Confidentiality of student homework. Referred to Dept Chair.
324	Maui College	Employment and HR	Y	-	10/11/18	04/17/19	Staff vacation. Investigated and resolved.



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323	UH - Hilo	Employment and HR	Y	-	10/09/18	12/04/18	Management decisions. Reviewed and action taken.
322	Windward CC	Employment and HR	Y	-	09/30/18	11/14/18	Lack of privacy. Reviewed and action taken.
321	System	Employment and HR	N	-	09/26/18	10/25/18	Inappropriate hiring of employee. Investigated and no violation.
320	UH - Manoa	Other	Y	-	09/25/18	09/27/18	Health of Waikiki Aquarium marine animals
319	UH - Hilo	Health and Safety	Y	-	09/19/18	10/23/18	Employees riding in bed of truck.
318	System	Employment and HR	Y	-	09/19/18	09/25/18	Identical to case #312.
317	Maui College	Employment and HR	Y	-	09/18/18	11/29/18	Supervisor is unprofessional. No violation.
316	System	Employment and HR	Y	-	09/18/18	09/25/18	Identical to case #312.
315	UH - Manoa	Other	N	-	09/18/18	09/18/18	Receiving e-mails from unknown hawaii.edu address.
314	System	Employment and HR	Y	-	09/17/18	09/25/18	Identical to case #312.
313	Hawaii CC	Employment and HR	Y	-	09/15/18	12/11/18	Lack of confidentiality. No violation.
312	System	Employment and HR	Y	-	09/14/18	09/25/18	Lack of transparency in hiring of personnel. No violation.
311	UH - Manoa	Employment and HR	Y	-	09/14/18	02/15/19	Employee accountability/competence. Addtl info requested, not recd
310	UH - Hilo	Health and Safety	N	-	09/13/18	10/23/18	Identical to case #298.
309	UH - Hilo	Health and Safety	N	-	09/12/18	10/23/18	Identical to case #298.
308	UH - Hilo	Health and Safety	N	-	09/12/18	10/23/18	Identical to case #298.
307	UH - Hilo	Health and Safety	N	-	09/12/18	10/23/18	Identical to case #298.
306	UH - Hilo	Health and Safety	N	-	09/12/18	10/23/18	Identical to case #298.
305	Hawaii CC	Employment and HR	Y	-	09/12/18	09/14/18	Conflict of interest. Investigated and no conflict.
304	Hawaii CC	Employment and HR	Y	-	09/12/18	04/22/19	Conflict of interest. Investigated and no conflict.
303	UH - Manoa	Financial	Y	-	09/11/18	01/07/20	Improper fees. Investigated and resolved.
302	UH - Hilo	Health and Safety	N	-	09/10/18	10/23/18	Identical to case #298.
301	UH - Hilo	Health and Safety	N	-	09/10/18	10/23/18	Identical to case #298.
300	UH - Hilo	Health and Safety	N	-	09/10/18	10/23/18	Identical to case #298.
299	UH - Hilo	Health and Safety	N	-	09/10/18	10/23/18	Identical to case #298.
298	UH - Hilo	Health and Safety	N	-	09/10/18	10/23/18	Door not opened during campus lockdown.
297	UH - Hilo	Health and Safety	Y	-	09/10/18	09/11/18	Locking of doors during campus lockdown
296	Windward CC	Research	Y	-	09/10/18	04/29/19	Use of grant funds.
295	UH - Hilo	Employment and HR	Y	-	09/09/18	09/11/18	Employee promotion
294	UH - Manoa	Research	N	-	09/07/18	05/02/19	Use of grant funds. Addtl info requested but not provided.
293	UH - Manoa	Employment and HR	Y	-	09/06/18	03/01/19	Improper doc. of vacation/sick leave. Investigated and resolved.
292	Hawaii CC	Employment and HR	Y	-	09/05/18	09/07/18	Alleged conflict of interest. Investigated and no conflict.
291	UH - Hilo	Employment and HR	Y	-	09/05/18	10/10/18	Inappropriate hiring of employee
290	UH - Manoa	Employment and HR	N	-	09/04/18	03/01/19	Faculty behavior. Investigated and resolved.
289	UH - West Oahu	Employment and HR	Y	-	09/04/18	10/31/18	Distribution of cultural information. No violation.
288	System	Health and Safety	Y	-	08/30/18	09/06/18	Smoking on campus
287	Leeward CC	Employment and HR	N	-	08/27/18	11/14/18	Faculty behavior. No violation by faculty.
286	UH - Manoa	Health and Safety	N	-	08/27/18	09/04/18	Student providing possibly tainted food.
285	Leeward CC	Health and Safety	N	-	08/27/18	09/17/18	Smoking on campus

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			Employee	Student	Opened	Closed	
284	UH - Manoa	Other	N	-	08/27/18	11/13/18	Videoring student. Reviewed and action taken.
283	UH - Hilo	Property/Facilities	N	-	08/23/18	01/14/19	Facility rental quote not provided. Investigated and resolved
282	UH - Manoa	Health and Safety	N	-	08/21/18	08/27/18	Smoking on campus
281	Hawaii CC	Other	Y	-	08/20/18	09/04/18	Campus club requesting donations
280	System	Other	Y	-	08/20/18	09/25/18	Faculty policy inquiry. Addtl info requested but not provided.
279	UH - Manoa	Other	Y	-	08/10/18	08/13/18	Disposition of cancelled meal plan. Investigated and no violation.
278	UH - Hilo	Property/Facilities	N	-	07/28/18	09/12/18	Sharing of student facility.
277	UH - Manoa	Employment & HR	Y	-	07/24/18	09/07/18	Lack of confidentiality
276	UH - Manoa	Other	Y	-	07/23/18	08/10/18	Unfair treatment of vendors. Addtl info requested but not provided
275	UH - Manoa	Employment & HR	Y	-	07/21/18	08/09/18	Falsifying information. Office of VC AA resolved matter.
274	UH - Manoa	Employment & HR	Y	-	07/21/18	07/28/18	Conflict of interest. Office of VCAA resolved matter.
273	UH - Manoa	Employment & HR	Y	-	07/20/18	11/13/18	Staff not working 8 hr days. Addtl info requested but not provided
272	UH - Manoa	Health and Safety	Y	-	07/18/18	08/03/18	Inappropriate and untimely vacuuming.
271	UH - Hilo	Employment & HR	Y	-	07/13/18	09/12/18	Identical to case #263.
270	Hawaii CC	Employment & HR	Y	-	06/22/18	08/02/18	Title IX. Complaint withdrawn by reporter.
269	Hawaii CC	Student Affairs	Y	-	06/22/18	07/11/18	Students sharing hotel room. No violation.
268	UH - Hilo	Other	N	-	06/19/18	11/27/18	Signage not displayed. Plan for displaying sign in development stage.
267	UH - Hilo	Employment & HR	Y	-	06/12/18	07/22/18	Inappropriate travel investigated and action taken.
266	System	Employment & HR	Y	-	06/08/18	07/27/18	Treatment of subordinates.
265	UH - Hilo	Student Affairs	N	-	06/05/18	10/15/18	Treatment of students. Appropriate action taken.
264	UH - Manoa	Employment & HR	Y	-	05/22/18	07/14/18	Employees working inefficiently. Internal procedures revised.
263	UH - Hilo	Employment & HR	N	-	05/21/18	09/12/18	Office periodically opens late.
262	UH - Hilo	Employment & HR	N	-	05/19/18	07/22/18	Poor behavior of staff. Action taken.
261	Leeward CC	Employment & HR	Y	-	05/18/18	06/27/18	Conflict of interest investigated and action taken.
260	UH - Manoa	Student Affairs	N	-	05/17/18	05/18/18	Social media postings by student not enrolled at UH.
259	UH - Manoa	Employment & HR	N	-	05/15/18	07/21/18	Inappropriate travel investigated and action taken.
258	UH - Hilo	Other	Y	-	05/14/18	06/19/18	Untimely e-mail responses. Reviewed and action taken.
257	Windward CC	Employment & HR	Y	-	05/09/18	04/17/19	Staff behavior. No violation
256	UH - Hilo	Employment & HR	Y	-	05/02/18	06/19/18	Faculty behavior. Action taken.
255	Kapiolani CC	Employment & HR	Y	-	04/30/18	05/01/18	Lack of confidentiality. No violation.
254	Kapiolani CC	Employment & HR	Y	-	04/30/18	06/27/18	Staff competency investigated. No violation.
253	System	Health and Safety	N	-	04/29/18	05/10/18	Soil issue. No violation.
252	UH - Hilo	Employment & HR	N	-	04/26/18	04/30/18	Inappropriate letter of recommendation. No violation.
251	System	Employment & HR	Y	-	04/24/18	07/30/18	Poor behavior of staff. Action taken.
250	Hawaii CC	Health and Safety	Y	-	04/20/18	05/15/18	Alcohol complaint investigated and action taken.
249	UH - Manoa	Employment & HR	Y	-	04/19/18	06/06/18	Poor behavior of staff. Addtl info. requested but not provided.
248	UH - Manoa	Employment & HR	Y	-	04/18/18	06/06/18	Staff utilizing UH resources. Action taken.
247	System	Information Technology	N	-	04/16/18	04/18/18	Inappropriate use of UH network investigated. No violation.

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246	UH - Manoa	Employment & HR	Y	-	04/08/18	05/16/18	Faculty not performing job investigated and action taken.
245	UH - Manoa	Employment & HR	Y	-	04/02/18	06/06/18	Employee service awards complaint reviewed and resolved.
244	UH - Manoa	Health and Safety	Y	-	03/31/18	07/02/18	Alcohol complaint investigated and resolved.
243	System	Employment & HR	Y	-	03/22/18	06/13/18	Compensation inquiry. Addtl info. requested but not provided.
242	UH - Manoa	Health and Safety	N	-	03/21/18	04/02/18	Complaint against volunteer investigated. No violation.
241	Kapiolani CC	Employment & HR	Y	-	03/20/18	04/02/18	Faculty textbook purchase. No violation.
240	Windward CC	Employment & HR	Y	-	03/18/18	03/22/18	Outside employment. No violation.
239	UH - West Oahu	Employment & HR	Y	-	03/16/18	04/26/18	Staff disagreement. Action taken.
238	UH - Hilo	Other	N	-	03/16/18	04/11/18	Costs for faculty living off island investigated and action taken.
237	UH - Hilo	Employment & HR	N	-	03/16/18	04/11/18	Faculty competency.
236	UH - Manoa	Employment & HR	Y	-	03/14/18	03/27/18	Faculty complaint. Addtl info. requested but not provided.
235	UH - Hilo	Employment & HR	Y	-	03/09/18	04/12/18	Against the appointment of an interim dean.
234	UH - Manoa	Employment & HR	N	-	03/02/18	03/20/18	Faculty complaint. Action taken.
233	UH - Manoa	Employment & HR	Y	-	03/02/18	04/05/18	Hiring practice. Addtl info. requested but not provided.
232	UH - Manoa	Other	Y	-	03/01/18	03/01/18	Process to distribute documents.
231	UH - Manoa	Health and Safety	Y	-	02/23/18	02/23/18	Identical to case #230.
230	UH - Manoa	Health and Safety	Y	-	02/23/18	02/23/18	Individual smoking on campus. Forwarded to Public Safety.
229	Hawaii CC	Employment & HR	Y	-	02/22/18	04/22/19	Inappropriate employee communication. No violation.
228	UH - Manoa	Other	Y	-	02/22/18	03/12/18	Flag presentation at facility.
227	UH - Manoa	Employment & HR	Y	-	02/20/18	02/24/18	No report submitted.
226	UH - Manoa	Other	Y	-	02/14/18	03/08/18	Protocol non-compliance at the Warrior Rec Center.
225	UH - Manoa	Employment & HR	Y	-	02/10/18	03/30/18	Faculty not performing job duties investigated and action taken.
224	UH - Hilo	Employment & HR	N	-	02/01/18	02/12/18	Untimely meeting notification.
223	UH - Hilo	Student Affairs	N	-	01/31/18	02/06/18	Identical to case 221.
222	UH - Hilo	Student Affairs	N	-	01/30/18	02/06/18	Identical to case 221.
221	UH - Hilo	Student Affairs	N	-	01/30/18	02/06/18	Guinea pig in dorm room reviewed and resolved.
220	UH - Manoa	Employment & HR	N	-	01/29/18	03/27/18	Faculty comment investigated and action taken.
219	UH - Manoa	Student Affairs	Y	-	01/29/18	03/08/18	Non-compliance with policies and regulations reviewed and resolved.
218	UH - Manoa	Athletics	Y	-	01/23/18	02/13/18	Non-compliance with policies and regulations reviewed and resolved.
217	Hawaii CC	Employment & HR	Y	-	01/20/18	01/22/18	Conflict of interest reviewed. No violation.
216	System	Employment & HR	Y	-	01/17/18	03/07/18	Staff not performing job investigated and action taken.
215	UH - Manoa	Health and Safety	N	-	01/17/18	01/17/18	Identical to case #213.
214	UH - Manoa	Health and Safety	N	-	01/16/18	01/17/18	Identical to case #213.
213	UH - Manoa	Health and Safety	N	-	01/16/18	01/16/18	Crowded classroom resolved by moving to a larger class.
212	UH - Manoa	Employment & HR	Y	-	01/15/18	02/24/18	Staff not performing job. Addtl info. requested but not provided.
211	UH - Hilo	Employment & HR	Y	-	01/13/18	02/11/18	Lack of confidentiality investigated and action taken.
210	Windward CC	Other	N	-	01/13/18	01/19/18	Inappropriate Facebook post.
209	UH - Manoa	Student Affairs	N	-	01/13/18	04/12/18	Alcohol and drug complaint. Investigated and resolved.
208	UH - Hilo	Athletics	N	-	01/12/18	02/14/18	Student athletes meal allowance investigated and resolved.

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Case #	Campus	Classification	Submitted by (Y/N)		Date	Date	Description
			Employee	Student	Opened	Closed	
207	UH - Manoa	Research	N	-	01/12/18	01/16/18	Non-compliance with policies, laws and regulations.
206	UH - Manoa	Health and Safety	Y	-	01/12/18	01/16/18	Smoking on campus. Forwarded to Public Safety.
205	UH - West Oahu	Health and Safety	N	-	01/12/18	02/05/18	Smoking on campus. No violation.
204	UH - Hilo	Employment & HR	Y	-	01/10/18	02/12/18	Inattentive staff investigated and action taken.
203	Hawaii CC	Employment & HR	N	-	01/08/18	03/22/18	Title IX. Addtl info. requested but not provided.
202	Kapiolani CC	Health and Safety	Y	-	01/02/18	01/08/18	Caution tape blocking flooded stairwell. Campus addressed matter
201	Hawaii CC	Employment & HR	Y	-	12/27/17	07/31/18	Required certification investigated and corrected.
200	UH - Hilo	Employment & HR	Y	-	12/20/17	01/03/18	Staff certification. Addtl info requested but not provided
199	UH - Manoa	Student Affairs	N	-	12/14/17	12/22/17	Student cheated on exam. Forwarded to Office of Judicial Affairs.
198	Honolulu CC	Employment & HR	N	-	12/12/17	12/12/17	Inappropriate Facebook post.
197	Kapiolani CC	Health and Safety	Y	-	12/04/17	12/08/17	Equipment stored in hallways. Reviewed and resolved.
196	Kapiolani CC	Employment & HR	Y	-	12/04/17	01/10/18	Conflict of interest. No violation.
195	UH - Manoa	Other	Y	-	12/03/17	01/16/18	Addtl info. requested from reporter. Addtl info not provided.
194	Hawaii CC	Employment & HR	Y	-	11/27/17	01/16/18	Identical to case #190.
193	UH - Hilo	Employment & HR	Y	-	11/26/17	12/26/17	Competency of staff personnel.
192	Windward CC	Employment & HR	N	-	11/23/17	08/31/20	Title IX. Investigation completed and closed.
191	System	Employment & HR	N	-	11/19/17	01/12/18	Addtl info. requested from reporter. Addtl info not provided.
190	Hawaii CC	Employment & HR	Y	-	11/18/17	01/16/18	Inequitable work shifts. Reviewed and resolved.
189	Kapiolani CC	Employment & HR	Y	-	11/01/17	11/13/17	Policy violation allegation investigated. No violation.
188	UH - Hilo	Employment & HR	N	-	10/31/17	11/21/17	Identical to case #185.
187	UH - Hilo	Employment & HR	N	-	10/31/17	11/21/17	Identical to case #185.
186	UH - Hilo	Employment & HR	N	-	10/31/17	11/21/17	Identical to case #185.
185	UH - Hilo	Employment & HR	N	-	10/31/17	11/21/17	Competency of staff personnel.
184	UH - Hilo	Employment & HR	N	-	10/23/17	12/26/17	Staff personnel trips investigated and action taken.
183	System	Other	Y	-	10/18/17	01/11/18	Non-compliance with laws/regs. Addtl info requested not provided.
182	UH - Manoa	Financial	Y	-	10/17/17	12/06/18	Non-compliance with University policies. Reviewed and resolved.
181	Windward CC	Employment & HR	Y	-	10/12/17	01/09/18	Title IX. Addtl info. requested. Addtl info not provided.
180	UH - Manoa	Student Affairs	N	-	10/11/17	10/17/17	Academic grievance forwarded to departmental personnel.
179	UH - Hilo	Employment & HR	N	-	10/10/17	10/20/17	Staff not working 8 hr days investigated and action taken.
178	UH - Manoa	Student Affairs	N	-	10/09/17	10/18/17	Identical to case #177.
177	UH - Manoa	Student Affairs	N	-	10/09/17	10/18/17	Academic grievance forwarded to departmental personnel.
176	Honolulu CC	Information Technology	Y	-	10/09/17	11/28/17	Addtl info. requested from reporter. Addtl info not provided.
175	UH - Manoa	Employment & HR	Y	-	10/03/17	11/30/17	Service animal.
174	Kapiolani CC	Employment & HR	Y	-	09/14/17	11/14/17	Conflict of interest reviewed. No violation.
173	UH - Manoa	Financial	Y	-	09/13/17	10/17/17	Addtl info. requested from reporter. Addtl info not provided.
172	Kapiolani CC	Employment & HR	Y	-	09/13/17	11/14/17	Conflict of interest reviewed. No violation.
171	System	Employment & HR	Y	-	09/11/17	09/13/17	Conflict of interest reviewed and resolved.
170	UH - Manoa	Employment & HR	N	-	09/09/17	10/02/17	Addtl info. requested from reporter. Addtl info not provided.

**University of Hawaii**  
**Whistleblower Tracking Report**  
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Case #	Campus	Classification	Submitted by (Y/N)		Date	Date	Description
			Employee	Student	Opened	Closed	
169	Honolulu CC	Employment & HR	Y	-	09/05/17	10/19/17	Addtl info. requested from reporter. Addtl info not provided.
168	UH - Manoa	Other	N	-	09/03/17	09/05/17	Faculty comments investigated and action taken.
167	Kapiolani CC	Student Affairs	N	-	09/01/17	09/06/17	Free speech. Forwarded to departmental personnel.
166	UH - Manoa	Health and Safety	Y	-	09/01/17	09/08/17	Smoking allegation forwarded to departmental personnel.
165	UH - Manoa	Employment & HR	Y	-	09/01/17	10/25/17	Staff not performing job investigated and action taken.
164	Windward CC	Employment & HR	Y	-	08/25/17	09/13/17	Outside employment of staff investigated. No violation.
163	UH - Manoa	Student Affairs	Y	-	08/23/17	09/11/17	Academic grievance reviewed and resolved.
162	UH - Hilo	Employment & HR	N	-	08/21/17	09/14/17	Employee late to work investigated and action taken.
161	UH - Manoa	Other	N	-	08/19/17	08/21/17	No violation.
160	Maui College	Employment & HR	N	-	08/18/17	08/21/17	Staff behavior investigated and action taken.
159	UH - Hilo	Employment & HR	Y	-	08/18/17	10/02/17	Staff behavior investigated and action taken.
158	System	Employment & HR	Y	-	08/16/17	09/13/17	Hiring practice investigated. No violation.
157	UH - Manoa	Student Affairs	N	-	08/16/17	08/17/17	Academic grievance forwarded to departmental personnel.
156	Windward CC	Employment & HR	Y	-	08/15/17	08/21/17	Conflict of interest. No violation.
155	Windward CC	Employment & HR	Y	-	08/15/17	09/12/17	Staff comments investigated. No violation.
154	UH - Manoa	Employment & HR	Y	-	08/08/17	08/31/17	Addtl info. requested from reporter. Addtl info not provided.
153	System	Employment & HR	Y	-	08/07/17	09/10/17	Conflict of interest reviewed and resolved.
152	System	Other	Y	-	07/28/17	09/04/17	Expense reimbursement policy investigated. No violation.
151	UH - Manoa	Other	N	-	07/28/17	07/28/17	Argument at faculty housing
150	UH - Manoa	Employment & HR	Y	-	07/05/17	10/19/17	Full time faculty working part time.
149	Hawaii CC	Employment & HR	Y	-	07/03/17	11/29/17	Conflict of interest investigated and action taken.
148	UH - Manoa	Student Affairs	N	-	07/03/17	07/28/17	Academic dishonesty. Forwarded to Office of Judicial Affairs.
147	UH - Manoa	Employment & HR	Y	-	07/01/17	10/19/17	Addtl info. requested from reporter. Addtl info not provided.
146	Kapiolani CC	Other	Y	-	06/20/17	07/07/17	Misuse of facilities. Matter resolved.
145	Kapiolani CC	Student Affairs	Y	-	06/13/17	07/05/17	HR matter investigated. No violation.
144	Kapiolani CC	Employment & HR	Y	-	06/09/17	07/05/17	HR matter investigated. No violation.
143	UH - Manoa	Employment & HR	Y	-	06/09/17	02/02/18	HR allegation reviewed and resolved
142	Kapiolani CC	Other	N	-	05/23/17	12/11/17	Academic grievance. Reviewed with action taken.
141	UH - Manoa	Employment & HR	N	-	05/23/17	05/23/17	Allegation is identical to #133.
140	UH - Manoa	Employment & HR	Y	-	05/22/17	09/11/17	Hiring policy investigated with appropriate action taken.
139	UH - Manoa	Employment & HR	N	-	05/21/17	05/22/17	Allegation is identical to #133.
138	UH - Hilo	Employment & HR	N	-	05/21/17	05/21/17	Allegation is identical to #133.
137	UH - Manoa	Employment & HR	N	-	05/20/17	05/22/17	Allegation is identical to #133.
136	UH - Manoa	Employment & HR	N	-	05/20/17	05/22/17	Allegation is identical to #133.
135	UH - Manoa	Employment & HR	N	-	05/19/17	05/22/17	Allegation is identical to #133.
134	UH - Manoa	Employment & HR	N	-	05/19/17	05/19/17	Allegation is identical to #133.
133	UH - Manoa	Employment & HR	N	-	05/18/17	05/19/17	Free speech. Reviewed by administration and resolved.
132	Kapiolani CC	Other	Y	-	05/17/17	07/19/17	HR allegation reviewed and resolved
131	UH - Manoa	Employment & HR	N	-	05/15/17	05/18/17	Professor misrepresentation. Forwarded to appropriate office.

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Case #	Campus	Classification	Submitted by (Y/N)		Date	Date	Description
			Employee	Student	Opened	Closed	
130	System	Health & Safety	N	-	05/12/17	05/22/17	Improper use of University vehicle. Investigated and determined that vehicle is not owned by the University.
129	Honolulu CC	Employment & HR	Y	-	05/10/17	05/15/17	Conflict of interest. No violation.
128	Kapiolani CC	Health and Safety	N	-	05/03/17	09/07/17	HR allegation reviewed and resolved
127	UH - Manoa	Hiring policy	N	-	05/02/17	09/11/17	Hiring policy investigated. No violation.
126	UH - Manoa	Hiring policy	N	-	05/02/17	09/11/17	Hiring policy investigated. No violation.
125	Honolulu CC	Employment & HR	Y	-	05/01/17	06/27/17	HR matter.Addtl info. requested from reporter but not provided.
124	UH - Manoa	Student Affairs	Y	-	04/27/17	05/06/17	HR allegation reviewed and resolved
123	UH - Hilo	Employment & HR	Y	-	04/20/17	06/20/17	Procurement of goods/services reviewed and resolved.
122	UH - Manoa	Student Affairs	N	-	04/14/17	09/05/17	Bird in dorm room investigated and resolved.
121	UH - Manoa	Student Affairs	N	-	04/13/17	09/01/17	Title IX
120	UH - Manoa	Health & Safety	N	-	04/12/17	09/05/17	Title IX
119	Kapiolani CC	Student Affairs	Y	-	04/11/17	04/23/17	Former employee has campus keys. Reviewed by admin and resolved
118	Kapiolani CC	Other	Y	-	04/11/17	04/16/17	Former employee on campus.Reviewed by admin and resolved.
117	UH - Manoa	Other	Y	-	04/05/17	05/18/17	HR matter. Addtl info. requested from reporter but not provided.
116	Kapiolani CC	Employment & HR	N	-	03/24/17	03/28/17	Culinary operations. Matter resolved.
115	Kapiolani CC	Employment & HR	Y	-	03/21/17	03/31/17	Casual hiring policy. No violation.
114	Kapiolani CC	Other	Y	-	03/20/17	04/05/17	Hiring policy investigated. No violation.
113	Kapiolani CC	Employment & HR	Y	-	03/20/17	05/14/18	HR matter investigated. No violation.
112	Kapiolani CC	Student Affairs	N	-	03/15/17	03/05/18	Academic grievance. Investigation completed and resolved.
111	UH - Manoa	Student Affairs	Y	-	03/14/17	04/20/17	Vague allegation. Addtl info. requested. None rec'd.
110	UH - Manoa	Health & Safety	N	-	03/11/17	03/18/17	Academic grievance.
109	UH - Hilo	Health & Safety	Y	-	03/10/17	04/25/17	Casual hiring policy. Addtl info. requested. None rec'd.
108	Kapiolani CC	Employment & HR	Y	-	03/09/17	04/20/17	HR matter investigated. No violation.
107	UH - West Oahu	Health & Safety	N	-	03/03/17	03/06/17	Health center hours of operation. Signage at health center updated.
106	Kapiolani CC	Health & Safety	Y	-	03/02/17	03/01/17	Former empl loitering on campus. Reviewed by admin and resolved
105	System	Other	Y	-	03/01/17	04/04/17	Employee grievance investigated. No violation.
104	UH - Manoa	Employment & HR	Y	-	02/28/17	03/18/17	HR allegation reviewed and resolved
103	UH - Manoa	Other	N	-	02/17/17	02/23/17	Free speech. Reviewed by administration and resolved.
102	UH - Hilo	Employment & HR	Y	-	02/17/17	03/15/17	HR allegation reviewed and resolved
101	Kapiolani CC	Employment & HR	Y	-	02/16/17	03/12/17	HR allegation reviewed and resolved
100	Kapiolani CC	Health & Safety	Y	-	02/16/17	02/17/17	Policy violation allegation investigated. No violation.
99	Kapiolani CC	Employment & HR	Y	-	02/16/17	02/20/17	HR allegation reviewed and resolved
98	UH - Manoa	Health & Safety	Y	-	02/15/17	02/21/17	Inappropriate use of e-mail allegation investigated. No violation.
97	Hawaii CC	Employment & HR	Y	-	02/15/17	03/09/17	Improper paint disposal allegation investigated. No violation.
96	Kauai CC	Financial	Y	-	02/13/17	03/07/17	HR allegation reviewed and resolved
95	UH - Manoa	Employment & HR	Y	-	02/10/17	02/13/17	Inappropriate use of parking pass. Forwarded to appropriate dept.
94	Kapiolani CC	Student Affairs	Y	-	02/10/17	03/21/17	Addtl info. requested from reporter. Addtl info not provided.
93	Kapiolani CC	Employment & HR	Y	-	02/10/17	04/18/17	HR matter investigated. No violation.

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Case #	Campus	Classification	Submitted by (Y/N)		Date	Date	Description
			Employee	Student	Opened	Closed	
92	Kauai CC	Financial	Y	-	02/10/17	03/31/17	Service animals. Investigated and resolved.
91	Kapiolani CC	Other	Y	-	02/10/17	03/05/17	Outdated policies allegation reviewed and resolved.
90	Kapiolani CC	Employment & HR	Y	-	02/09/17	02/20/17	HR allegation reviewed and resolved
89	UH - Manoa	Athletics	N	-	02/08/17	02/08/17	Academic grievance.
88	Leeward CC	Student Affairs	Y	-	02/06/17	03/09/17	HR allegation reviewed and resolved
87	UH - Hilo	Employment & HR	N	-	02/05/17	02/08/17	Academic grievance
86	Kapiolani CC	Employment & HR	N	-	01/26/17	07/10/17	HR matter investigated. No violation.
85	Kapiolani CC	Property Facilities & Equipm	N	-	01/20/17	08/09/17	Poor classroom condition resolved to complainant satisfaction.
84	UH - Manoa	Employment & HR	Y	-	01/17/17	01/18/17	HR allegation forwarded to departmental personnel.
83	Hawaii CC	Employment & HR	Y	-	01/17/17	02/03/17	Free speech. Reviewed by administration and resolved.
82	Maui College	Other	N	-	01/15/17	02/03/17	Financial aid. Reviewed by administration and resolved.
81	UH - Hilo	Employment & HR	N	-	01/11/17	01/25/17	HR allegation reviewed and resolved
80	UH - Manoa	Employment & HR	N	-	01/11/17	01/12/17	Academic grievance
79	Kauai CC	Employment & HR	N	-	01/10/17	01/10/17	HR allegation reviewed and resolved
78	UH - Manoa	Other	N	-	01/09/17	01/10/17	Loud music
77	Kapiolani CC	Student Affairs	Y	-	01/09/17	09/25/17	HR matter under investigation
76	UH - Hilo	Employment & HR	Y	-	01/08/17	02/03/17	HR allegation reviewed and resolved
75	UH - Hilo	Property Facilities & Research	N	-	01/08/17	02/01/17	Federal reg. non-compliance. Reviewed by admin and resolved
74	Kapiolani CC	Research	Y	-	01/06/17	01/24/17	Former empl loitering on campus. Reviewed by admin and resolved
73	Kapiolani CC	Health & Safety	Y	-	01/05/17	03/29/17	HR allegation reviewed and resolved
72	UH - Hilo	Employment & HR	Y	-	12/26/16	01/25/17	HR allegation reviewed and resolved
71	UH - Hilo	Financial	Y	-	12/26/16	01/25/17	Compliance with UHF policies. Reviewed by admin and resolved.
70	UH - Manoa	Other	N	-	12/25/16	01/03/17	Addtl info. requested from reporter. Addtl info not provided.
69	UH - Manoa	Other	Y	-	12/23/16	01/05/17	HR allegation reviewed and resolved
68	UH - Manoa	Employment & HR	N	-	12/15/16	12/16/16	Allegation withdrawn by reporter
67	UH - Manoa	Employment & HR	Y	-	12/08/16	12/15/16	Use of handicap parking pass
66	UH - Manoa	Employment & HR	Y	-	11/17/16	12/28/16	Addtl info. requested from reporter. Addtl info not provided.
65	UH - Hilo	Other	Y	-	11/09/16	05/10/17	HR allegation reviewed and resolved
64	UH - Manoa	Employment & HR	Y	-	11/09/16	11/09/16	No-smoking policy
63	Hawaii CC	Employment & HR	N	-	10/30/16	12/04/16	Addtl info. requested from reporter. Addtl info not provided.
62	UH - Hilo	Employment & HR	Y	-	10/28/16	12/17/16	HR allegation reviewed and resolved
61	Honolulu CC	Employment & HR	N	-	10/26/16	10/26/16	HR allegation reviewed and resolved
60	Hawaii CC	Employment & HR	N	-	10/24/16	11/30/16	Addtl info. requested from reporter. Addtl info not provided.
59	Maui College	Property, Facilities & Equipm	Y	-	10/24/16	12/06/16	HR allegation reviewed and resolved
58	Honolulu CC	Other	Y	-	10/21/16	12/08/16	HR allegation reviewed and resolved
57	Maui College	Employment & HR	Y	-	10/21/16	12/06/16	HR allegation reviewed and resolved
56	Maui College	Health & Safety	Y	-	10/21/16	12/06/16	HR allegation reviewed and resolved
55	Maui College	Student Affairs	Y	-	10/21/16	12/06/16	HR allegation reviewed and resolved

**University of Hawaii**  
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Case #	Campus	Classification	Submitted by (Y/N)		Date	Date	Description
			Employee	Student	Opened	Closed	
54	UH - Hilo	Employment & HR	Y	-	10/20/16	12/01/16	HR allegation reviewed and resolved
53	Honolulu CC	Employment & HR	Y	-	10/19/16	12/06/16	Health insurance. Reviewed by administration and resolved.
52	UH - Manoa	Employment & HR	N	-	10/18/16	10/20/16	Unreconciled account balances. Reviewed and resolved by admin.
51	UH - Manoa	Other	Y	-	10/16/16	12/28/16	Addtl info. requested from reporter. Addtl info not provided.
50	UH - Hilo	Health & Safety	N	-	10/12/16	12/01/16	HR allegation reviewed and resolved
49	UH - Manoa	Other	Y	-	09/20/16	09/29/16	Cluttered stairwell
48	UH - Manoa	Employment & HR	Y	-	09/20/16	10/07/16	HR allegation reviewed and resolved
47	Windward CC	Information Technology	N	-	09/01/16	09/19/16	Addtl info. requested from reporter. Addtl info not provided.
46	UH - Hilo	Property, Facilities & Equipm	N	-	08/29/16	10/28/16	Free speech. Reviewed by administration and resolved.
45	UH - Hilo	Employment & HR	Y	-	08/27/16	09/18/16	HR allegation reviewed and resolved
44	UH - Manoa	Employment & HR	N	-	08/24/16	09/08/16	Alcohol complaint
43	Hawaii CC	Employment & HR	Y	-	08/24/16	09/27/16	HR allegation reviewed and resolved
42	UH - Manoa	Employment & HR	Y	-	08/22/16	11/22/16	HR allegation reviewed and resolved
41	UH - Manoa	Employment & HR	Y	-	08/19/16	10/03/16	Addtl info. requested from reporter. Addtl info not provided.
40	UH - Manoa	Employment & HR	N	-	08/18/16	09/29/16	HR allegation reviewed and resolved
39	UH - Manoa	Employment & HR	Y	-	08/17/16	09/29/16	HR allegation reviewed and resolved
38	UH - Manoa	Student Affairs	N	-	08/16/16	01/11/17	HR allegation reviewed and resolved
37	UH - Manoa	Employment & HR	N	-	08/08/16	08/20/16	Allegation withdrawn by reporter
36	System	Employment & HR	Y	-	08/04/16	09/26/16	Addtl info. requested from reporter. Addtl info not provided.
35	System	Other	Y	-	07/27/16	08/26/16	HR allegation reviewed and resolved
34	UH - Manoa	Employment & HR	Y	-	07/19/16	09/01/16	Use of general funds. Reviewed by administration and resolved.
33	Honolulu CC	Employment & HR	Y	-	07/14/16	09/19/16	Addtl info. requested from reporter. Addtl info not provided.
32	UH - Manoa	Research	N	-	07/14/16	07/18/16	Parking safety allegation reviewed by administration. No violation.
31	System	Employment & HR	Y	-	07/12/16	08/04/16	HR allegation reviewed and resolved
30	UH - Manoa	Other	N	-	07/11/16	07/14/16	HR allegation reviewed and resolved
29	UH - Manoa	HR matter under investigatio	N	-	07/11/16	07/18/16	Title IX
28	UH - Hilo	Other	N	-	07/05/16	07/06/16	HR allegation reviewed and resolved
27	UH - Hilo	Health & Safety	N	-	07/01/16	09/18/16	HR allegation reviewed and resolved
26	UH - Manoa	Health & Safety	Y	-	06/30/16	06/30/16	Dirty parking facility
25	Kapiolani CC	Employment & HR	Y	-	06/27/16	08/03/16	HR allegation reviewed and resolved
24	UH - West Oahu	Student Affairs	Y	-	06/21/16	08/30/16	HR allegation reviewed and resolved
23	Kapiolani CC	Student Affairs	Y	-	06/19/16	06/27/16	HR allegation reviewed and resolved
22	Kapiolani CC	Employment & HR	Y	-	06/17/16	04/19/16	HR allegation reviewed and resolved
21	Kapiolani CC	Employment & HR	Y	-	06/16/16	04/27/18	HR allegation reviewed and resolved
20	UH - Manoa	Employment & HR	Y	-	06/16/16	09/01/16	HR allegation reviewed and resolved
19	UH - Manoa	Student Affairs	Y	-	06/16/16	07/01/16	Allegation does not involve the University
18	UH - Hilo	Employment & HR	N	-	06/16/16	08/29/16	HR allegation reviewed and resolved
17	System	Property Facilities & Equipm	Y	-	06/16/16	07/20/16	Addtl info. requested from reporter. Addtl info not provided.



**University of Hawaii**  
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Case #	Campus	Classification	Submitted by (Y/N)		Date	Date	Description
			Employee	Student	Opened	Closed	
16	UH - Manoa	Other	Y	-	06/15/16	07/14/16	HR allegation reviewed and resolved
15	Leeward CC	Property Facilities & Equipm	Y	-	06/15/16	06/30/16	HR allegation reviewed and resolved
14	Kapiolani CC	Student Affairs	Y	-	06/15/16	06/16/16	Allegation was previously reported, resolved and closed.
13	Kapiolani CC	Other	Y	-	06/15/16	06/15/16	Information request.
12	UH - Manoa	Employment & HR	Y	-	06/15/16	08/09/16	Addtl info. requested from reporter. Addtl info not provided.
11	Hawaii CC	Health & Safety	N	-	06/15/16	02/22/17	HR allegation reviewed and resolved
10	UH - Manoa	Employment & HR	Y	-	06/15/16	06/15/16	Mold. Resolved by Work Coord Ctr and Envir Hlth & Safety Office

Cases #1 - #9 were test/pilot cases entered by administrators to familiarize themselves with the system.

**University of Hawaii**  
**Whistleblower Case Category**  
**As of May 24, 2022**

<b>Category</b>	<b>June 15, 2016 (inception) - May 24, 2022</b>		<b>July 1, 2021 - May 24, 2022</b>	
	<b>Cases</b>	<b>%</b>	<b>Cases</b>	<b>%</b>
Employment and HR	324	47%	29	27%
Health and Safety	127	17%	35	33%
Other	76	11%	7	6%
Student Affairs	96	14%	24	23%
Property/Facilities	26	4%	2	2%
Financial	16	2%	3	3%
Information Technology	13	2%	3	3%
Research	11	2%	2	2%
Athletics	6	1%	1	1%
<b>Total</b>	<b>695</b>	<b>100%</b>	<b>106</b>	<b>100%</b>

	<b>July 1, 2020 - June. 30, 2021</b>		<b>July 1, 2019 - June 30, 2020</b>	
	<b>Cases</b>	<b>%</b>	<b>Cases</b>	<b>%</b>
Employment and HR	46	48%	43	44%
Health and Safety	20	21%	13	13%
Other	4	4%	12	12%
Student Affairs	15	16%	17	17%
Property/Facilities	1	1%	5	5%
Financial	4	4%	4	4%
Information Technology	3	3%	3	3%
Research	2	2%	2	2%
Athletics	0	0%	0	0%
<b>Total</b>	<b>95</b>	<b>100%</b>	<b>99</b>	<b>100%</b>

	<b>July 1, 2018 - June 30, 2019</b>		<b>June 15, 2016 (inception) - June 30, 2018</b>	
	<b>Cases</b>	<b>%</b>	<b>Cases</b>	<b>%</b>
Employment and HR	59	44%	147	56%
Health and Safety	27	21%	32	12%
Other	17	13%	36	14%
Student Affairs	10	8%	30	12%
Property/Facilities	12	9%	6	2%
Financial	2	1%	3	1%
Information Technology	2	1%	2	1%
Research	3	2%	2	1%
Athletics	2	1%	3	1%
<b>Total</b>	<b>134</b>	<b>100%</b>	<b>261</b>	<b>100%</b>

**University of Hawaii  
Whistleblower Case Source  
As of May 24, 2022**

Source	June 15, 2016 (inception) - May 24, 2022		July 1, 2021 - May 24, 2022	
	Cases	%	Cases	%
Observation	269	39%	38	36%
Happened to reporter	195	28%	39	36%
Other	107	15%	16	15%
Heard it	45	7%	6	6%
Told to reporter by:				
Co-worker	52	7%	4	4%
Outside the University	11	2%	0	0%
Overheard it	16	2%	3	3%
	<b>695</b>	<b>100%</b>	<b>106</b>	<b>100%</b>

Source	July 1, 2020 - June 30, 2021		July 1, 2019 - June 30, 2020	
	Cases	%	Cases	%
Observation	44	46%	34	35%
Happened to reporter	27	29%	23	23%
Other	14	15%	17	17%
Heard it	2	2%	9	9%
Told to reporter by:				
Co-worker	5	5%	12	12%
Outside the University	0	0%	2	2%
Overheard it	3	3%	2	2%
	<b>95</b>	<b>101%</b>	<b>99</b>	<b>100%</b>

Source	July 1, 2018 - June 30, 2019		June 15, 2016 (inception) - June 30, 2018	
	Cases	%	Cases	%
Observation	52	39%	101	39%
Happened to reporter	40	30%	66	25%
Other	19	14%	41	16%
Heard it	10	8%	18	7%
Told to reporter by:				
Co-worker	6	4%	25	9%
Outside the University	5	4%	4	2%
Overheard it	2	1%	6	2%
	<b>134</b>	<b>100%</b>	<b>261</b>	<b>100%</b>

**University of Hawaii**  
**Whistleblower Reporter Type**  
**As of May 24, 2022**

<b>Reporter</b>	<b>June 15, 2016 (inception) - May 24, 2022</b>		<b>July 1, 2021 - May 24, 2022</b>	
	<b>Cases</b>	<b>%</b>	<b>Cases</b>	<b>%</b>
Employee	390	56%	44	42%
Non-employee	305	44%	62	58%
<b>Total</b>	<b>695</b>	<b>100%</b>	<b>106</b>	<b>100%</b>
Anonymous	576	83%	96	91%
Identified	119	17%	10	9%
<b>Total</b>	<b>695</b>	<b>100%</b>	<b>106</b>	<b>100%</b>

<b>Reporter</b>	<b>July 1, 2020 - June 30, 2021</b>		<b>July 1, 2019 - June 30, 2020</b>	
	<b>Cases</b>	<b>%</b>	<b>Cases</b>	<b>%</b>
Employee	49	52%	67	68%
Non-employee	46	48%	32	32%
<b>Total</b>	<b>95</b>	<b>100%</b>	<b>99</b>	<b>100%</b>
Anonymous	74	78%	86	87%
Identified	21	22%	13	13%
<b>Total</b>	<b>95</b>	<b>100%</b>	<b>99</b>	<b>100%</b>

<b>Reporter</b>	<b>July 1, 2018 - June 30, 2019</b>		<b>June 15, 2016 (inception) - June 30, 2018</b>	
	<b>Cases</b>	<b>%</b>	<b>Cases</b>	<b>%</b>
Employee	69	51%	161	62%
Non-employee	65	49%	100	38%
<b>Total</b>	<b>134</b>	<b>100%</b>	<b>261</b>	<b>100%</b>
Anonymous	104	78%	216	83%
Identified	30	22%	45	17%
<b>Total</b>	<b>134</b>	<b>100%</b>	<b>261</b>	<b>100%</b>

**Committee on Independent Audit**  
Annual Review for the 2021-2022 Academic Year

	Committee duties per bylaws	2021-2022 Committee Goals and Objectives	Projected Accomplishments			
			1 <sup>st</sup> Q Jul-Sept	2 <sup>nd</sup> Q Oct-Dec	3 <sup>rd</sup> Q Jan-Mar	4 <sup>th</sup> Q Apr-Jun
1	Advise the Board regarding the Board's responsibilities to oversee:					
	(a) the quality and integrity of the University's compliance with legal, regulatory and policy requirements, financial reporting and financial statements, and internal controls related to risks;	Reviewed and accepted intercollegiate athletics audit reports for UHM (12/2/21)		X		
		Reviewed and accepted Internal Control and Business Issues Report and corrective action responses (12/2/21)		X		
	(b) the function, disclosures, and performance of the University's compliance, internal control, and risk management systems regarding ethics and compliance, risk, finance, and accounting, and the adequacy of such systems; and	Received Audit Project Status Updates (8/5/21; 12/2/21; 4/7/22; 6/1/22)	X	X		X
		Reviewed and accepted the annual report to the Legislature on Material Weaknesses and Fraud (12/2/21)		X		
		Received Whistleblower reports (12/2/21; 4/7/22; 6/1/22)		X		X
		Received Enterprise Risk Management (ERM) update (12/2/21; 4/7/22)		X		X
		Designation of Committee Member Financial Expertise				
		Office of Risk Management FY 2021 Annual Report				
		Reviewed and accepted UHH Athletics status of corrective action (12/2/21)		X		
		Clery Act compliance report				
		Public-Private Partnership (P3) policy compliance verification audit				
		Gifts to the University audit				
		Reviewed and accepted Waikīkī Aquarium status of corrective action (6/1/22)				X

	Committee duties per bylaws	2021-2022 Committee Goals and Objectives	Projected Accomplishments			
			1 <sup>st</sup> Q Jul-Sept	2 <sup>nd</sup> Q Oct-Dec	3 <sup>rd</sup> Q Jan-Mar	4 <sup>th</sup> Q Apr-Jun
		Reviewed and accepted University Real Property Lease Management status of corrective action (4/7/22)				X
		Reviewed and accepted UH Bookstore status of corrective action (6/1/22)				X
		UHM Warrior Recreation Center				
		Reviewed and accepted the review of the Vietnam Executive MBA audit report (6/1/22)				X
		Conflict of Interest Management audit report				
		Reviewed and accepted status of corrective action report for check disbursements less than \$2,500 (12/2/21)		X		
		Reviewed and accepted status of corrective action report on the implementation status of GASB No. 87 Leases (12/2/21)		X		
		Reviewed and accepted the evaluation of the Maunakea revised management structure (6/1/22)				X
		Reviewed the University of Hawai'i Revolving Funds at RCUH (4/7/22) and an update on the Review (6/1/22)				X
	(c) the independent certified public accountant's qualification, independence and performance, as well as performance of the internal audit function.					
2	Review the annual internal audit plan and the extent to which it addresses high risk areas.	Approved the proposed Internal Audit Work Plan for 2022 – 2023 (6/1/22)				X

	Committee duties per bylaws	2021-2022 Committee Goals and Objectives	Projected Accomplishments			
			1 <sup>st</sup> Q Jul-Sept	2 <sup>nd</sup> Q Oct-Dec	3 <sup>rd</sup> Q Jan-Mar	4 <sup>th</sup> Q Apr-Jun
		Discussed Audit Plan and ERM Integration (12/2/21)		X		
		Approved an amendment to the Internal Audit Work Plan for 2021 – 2022 (4/7/22)				X
3	Review the annual report of the internal audit department and discuss significant issues of internal controls with the Internal Auditor and management.	Reviewed and accepted the draft Committee on Independent Audit Annual Report to the Board (6/1/22)				X
4	Discuss the planned scope of the annual independent audit with the independent certified public accountants and review the results of the audit with the independent certified public accountants and management.	Accuity Required Communications – Planning Phase				
5	Receive and review the annual certified financial reports with the independent certified public accountants and management.	Reviewed and accepted audited financial and compliance reports and corrective action responses (12/2/21)		X		
6	Recommend to the Board the certified public accountants to serve as the independent auditor, and their fees.	Approved external auditor contract (6/1/22)				X
7	Revise the scope of the annual audit, and approve any services other than audit and audit related services provided by the certified public accountants.					
8	Provide recommendations to the Board regarding approval of the internal audit mission statement, the committee's charter, and other governance					X

	Committee duties per bylaws	2021-2022 Committee Goals and Objectives	Projected Accomplishments			
			1 <sup>st</sup> Q Jul-Sept	2 <sup>nd</sup> Q Oct-Dec	3 <sup>rd</sup> Q Jan-Mar	4 <sup>th</sup> Q Apr-Jun
	documents related to both internal and external compliance and auditing activities at the University.					
9	<i>Committee Governance</i>	Reviewed committee work plan (8/5/21)	X			
		Reviewed Committee Charter (6/1/22)				X
		Reviewed committee's work for the year (6/1/22)				X
		Professional Development				
		Evaluated the Internal Auditor (6/1/22)				X
		Discussed Audit Plan Development and Effective Use of the Office of Internal Audit (8/5/21)	X			
		Received update on Office of Internal Audit Emergency Response Plan (8/5/21)	X			
		Received an update on Office of Internal Audit Electronic Data Recovery Plan (12/2/21)		X		



Item V.  
Executive Session

**ITEM TO BE  
DISCUSSED IN  
EXECUTIVE  
SESSION**