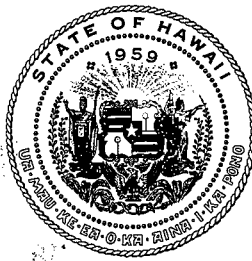


STATE OF HAWAII  
OFFICE OF THE AUDITOR  
465 S. King Street, Room 500  
Honolulu, Hawaii 96813-2917



LESLIE H. KONDO  
State Auditor

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February 13, 2018

DEPT. COMM. NO. 339

**VIA EMAIL & HAND DELIVERY** (senkouchi@capitol.hawaii.gov)

The Honorable Ronald D. Kouchi  
Senate President  
415 South Beretania Street  
Hawaii State Capitol, Room 409  
Honolulu, Hawaii 96813

Re: Audit of the Office of Hawaiian Affairs, Report No. 18-03

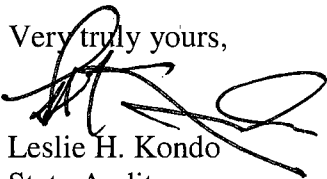
Dear President Kouchi:

We are enclosing a copy of our *Audit of the Office of Hawaiian Affairs*, Report No. 18-03, with the Auditor's Summary. The audit was performed pursuant to Section 10-14.55, Hawaii Revised Statutes, which requires the Office of the Auditor to conduct an audit of the Office of Hawaiian Affairs at least once every four years. Our audit evaluated Office of Hawaiian Affairs policies and actions regarding the use of its Fiscal Reserve, Grants, Sponsorships, and Trustee Allowances.

The report is accessible through our website at:  
<http://files.hawaii.gov/auditor/Reports/2018/18-03.pdf>.

If you have questions about the report, please contact me.

Very truly yours,



Leslie H. Kondo  
State Auditor

LHK:emo  
Enclosure

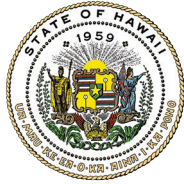
# Audit of the Office of Hawaiian Affairs

A Report to the Governor  
and the Legislature of  
the State of Hawai'i

Report No. 18-03  
February 2018



**OFFICE OF THE AUDITOR**  
STATE OF HAWAII



## OFFICE OF THE AUDITOR STATE OF HAWAII

### Constitutional Mandate

Pursuant to Article VII, Section 10 of the Hawai'i State Constitution, the Office of the Auditor shall conduct post-audits of the transactions, accounts, programs and performance of all departments, offices and agencies of the State and its political subdivisions.

The Auditor's position was established to help eliminate waste and inefficiency in government, provide the Legislature with a check against the powers of the executive branch, and ensure that public funds are expended according to legislative intent.

Hawai'i Revised Statutes, Chapter 23, gives the Auditor broad powers to examine all books, records, files, papers and documents, and financial affairs of every agency. The Auditor also has the authority to summon people to produce records and answer questions under oath.

### Our Mission

*To improve government through independent and objective analyses.*

We provide independent, objective, and meaningful answers to questions about government performance. Our aim is to hold agencies accountable for their policy implementation, program management and expenditure of public funds.

### Our Work

We conduct performance audits (also called management or operations audits), which examine the efficiency and effectiveness of government programs or agencies, as well as financial audits, which attest to the fairness of financial statements of the State and its agencies.

Additionally, we perform procurement audits, sunrise analyses and sunset evaluations of proposed regulatory programs, analyses of proposals to mandate health insurance benefits, analyses of proposed special and revolving funds, analyses of existing special, revolving and trust funds, and special studies requested by the Legislature.

We report our findings and make recommendations to the Governor and the Legislature to help them make informed decisions.

*For more information on the Office of the Auditor, visit our website:*  
<http://auditor.hawaii.gov>

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## Foreword

Our audit of the Office of Hawaiian Affairs was conducted pursuant to Section 10-14.55, Hawai‘i Revised Statutes, which requires the Auditor to conduct an audit of the Office of Hawaiian Affairs at least every four years.

We express our appreciation to the trustees, administrator and staff of the Office of Hawaiian Affairs, and other individuals whom we contacted during the course of our audit, for their cooperation and assistance.

Leslie H. Kondo  
State Auditor

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# Auditor's Summary

## Audit of the Office of Hawaiian Affairs

Report No. 18-03



PHOTO: OHA

**IN REPORT NO. 18-03**, *Audit of the Office of Hawaiian Affairs*, we found that the Office of Hawaiian Affairs (OHA) has created alternate funding processes that allow the agency to regularly direct money towards a multitude of programs, projects, and individuals. At first glance, these funding opportunities appear to be guided by policies, procedures, and guidelines designed to ensure that funds are distributed fairly and equitably. In reality, however, these expenditures and other forms of discretionary spending do not undergo the rigorous vetting, monitoring, and reporting requirements of OHA's formal grant process. Some are approved by the OHA Administration without Board of Trustee vote or even knowledge.

### What we found

In FY2015 and FY2016, OHA spent nearly double as much on discretionary disbursements (\$14 million) as it did on planned, budgeted, and properly publicized, vetted, and monitored grants (\$7.7 million). To fund these unplanned expenditures, OHA realigned its budget (by \$8 million) and drew from its Fiscal Reserve (\$6 million). We found that OHA has spent with little restraint, using Native Hawaiian Trust Fund moneys to pay for such things as the retirement benefits for a former trustee (\$56,300), political donations, an international conservation convention (\$500,000), as well as a beneficiary's rent (\$1,000), another beneficiary's funeral-related clothing expenses (\$1,000), and a trustee's personal legal expenses (\$1,500).

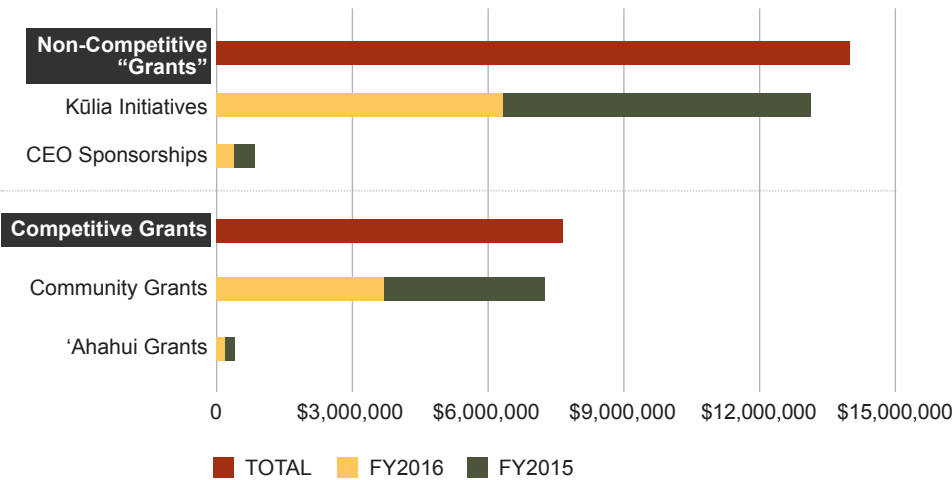
### Why did these problems occur?

OHA's vague rules guiding its discretionary spending are broadly interpreted, arbitrarily enforced, and at times, disregarded. For instance, we found several occasions in which OHA's chief executive officer (CEO) ignored "do not fund" recommendations from Administration personnel and funded Sponsorships, contrary to written guidelines. We also found significant irregularities in and abuse of OHA's Trustee Allowance process, which was originally established to cover incidental expenses for trustees to develop and maintain ongoing communication with beneficiaries and the general public, but has evolved to allow a broad range of expenditures. When we asked trustees, the CEO, and other officers about questionable expenditures, the consistent justification provided was that the money helps a Native Hawaiian or Hawaiian beneficiary, thus fulfilling OHA's mission to improve the conditions and well-being of Native Hawaiians and Hawaiians.

### Why do these problems matter?

The Fiscal Reserve, the source for much of OHA's discretionary spending, has been spent down rapidly in recent years. From FY2011 to FY2016, the Fiscal Reserve balance fell from \$15.1 million to a little more

Spending on non-competitive versus competitive awards



Source: Information provided by OHA's Transitional Assistance Program.

Fiscal Reserve

FUNDS THAT WERE BUDGETED but remain unspent at the end of the fiscal year stay in the Native Hawaiian Trust Fund and are designated as Fiscal Reserve.

than \$2 million, as the board spent the maximum \$3 million allowed under OHA policy each year. However, not only do OHA's spending irregularities pose risks — both great and small — to the Native Hawaiian Trust Fund, they appear to violate the OHA trustees' solemn fiduciary obligation to their beneficiaries that they will administer the trust fairly, equitably, and without self-interest. In other words, this form of behind-the-scenes giving is inherently inequitable to OHA's many other beneficiaries who may be in need of financial assistance, but are unaware of who and how to ask for help.

We acknowledge that trustees have broad discretion in determining whether a particular expenditure better the conditions of Native Hawaiians and Hawaiians, but their desire to provide assistance to a few should be tempered by their fiduciary duties to all of the beneficiaries, both present and future. Doing so would not only benefit Native Hawaiians and Hawaiians in the long term, it would help ensure that they are treated more equitably in the short term.

**"If an organization is denied funding by the administration of OHA, they can come to a trustee to seek funding for their project. There's something that can be self-defeating in having these two competing processes."**

— OHA trustee

Examples of Questionable Spending



Las Vegas Rodeo

On June 26, 2014, Trustee H circulated a memo to fellow board members, soliciting donations for the recipient to attend a Las Vegas rodeo competition. Trustee H donated \$1,000. Two others, Trustee A and Trustee G, responded with donations of \$500 and \$400 respectively.



Trustee to Trustee's Spouse

Trustee A donated \$1,000 to Trustee B for Trustee B's son's medical expenses. According to OHA's controller, it is possible that Trustee B was not aware that the funds were from OHA.



Spousal Support

Trustee B donated OHA funds to this community leadership program; Trustee B's spouse had been a participant in the program just three months before, from September 2013 – June 2014.



Fund DNC

Political contributions to the Democratic National Committee and the League of Women Voters made by Trustee C were allowed because they pre-dated OHA's March 4, 2014, policy statement.



# Chapter 1

## Background

**T**HE OFFICE OF HAWAIIAN AFFAIRS (OHA) holds a unique status. It is a State agency established by the State Constitution, independent of the executive branch. OHA has the primary responsibility to better the conditions for Native Hawaiians and Hawaiians. OHA is the principal agency responsible for the performance, development, and coordination of programs and activities relating to Native Hawaiians and Hawaiians. OHA's other purposes include assessing the policies and practices of other State agencies impacting the Hawaiian community and conducting advocacy efforts for the Hawaiian community.

### Board of Trustees

Hawai'i's constitution requires that OHA be governed by a board of at least nine trustees chosen by the State's electorate. Trustees serve staggered four-year terms. The board is led by a chairperson and a vice chairperson, and has two standing committees — the Committee on Resource Management and the Committee on Beneficiary Advocacy and Empowerment. The board also creates ad hoc committees as needed.

### Who is a . . .

#### “Native Hawaiian”

Descendant of not less than one-half part of the races inhabiting the Hawaiian Islands previous to 1778 . . . provided that the term identically refers to the descendants of such blood quantum of such aboriginal peoples which exercised sovereignty and subsisted in the Hawaiian Islands in 1778 and which peoples thereafter continued to reside in Hawai'i.

#### “Hawaiian”

Any descendant of the aboriginal peoples inhabiting the Hawaiian Islands which exercised sovereignty and subsisted in the Hawaiian Islands in 1778, and which peoples thereafter have continued to reside in Hawai'i.

Section 10-2, Hawai'i Revised Statutes

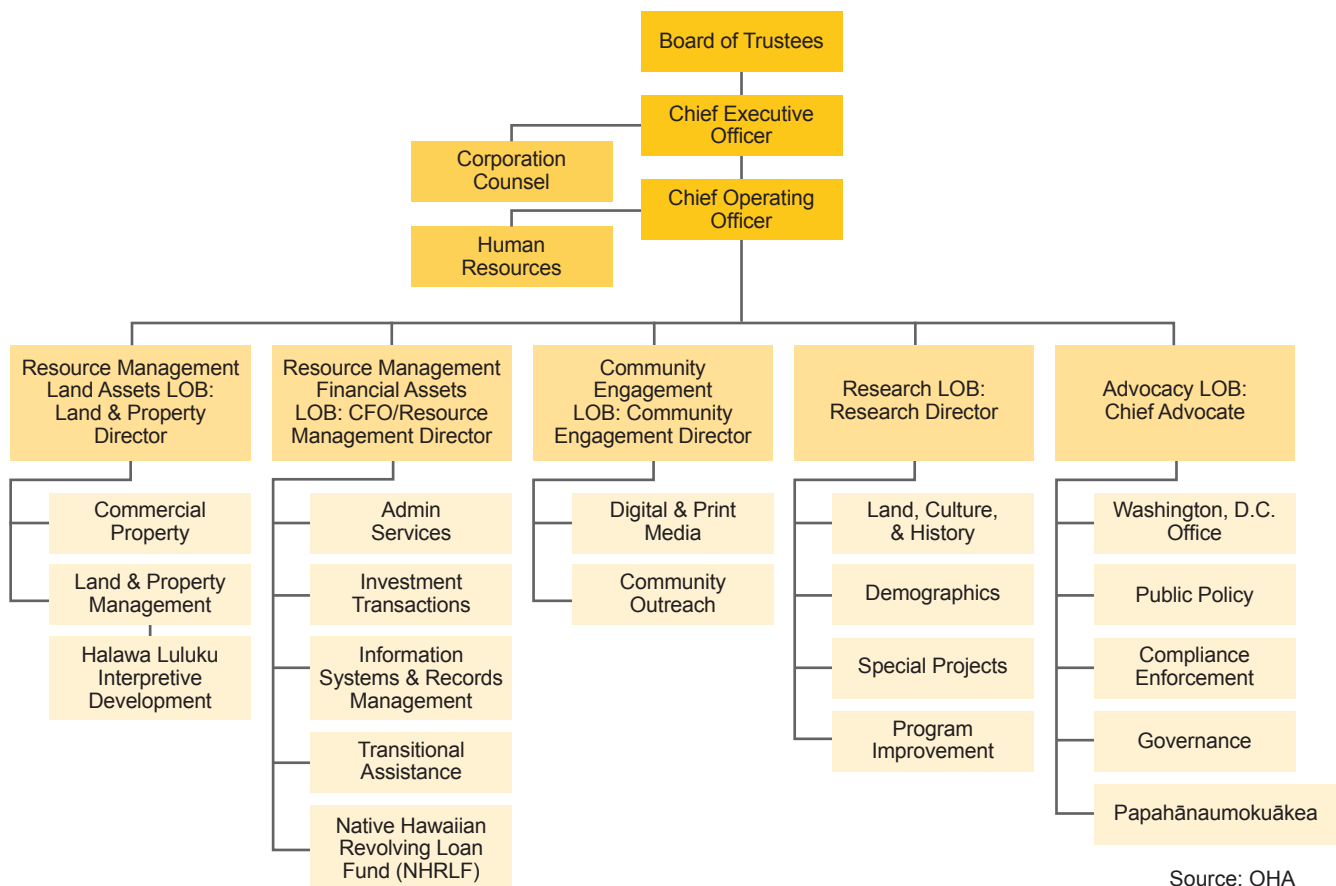


OHA trustees have fiduciary responsibilities, including a duty of prudence (to exercise reasonable care, skill, and caution); duty of loyalty (to act solely in the best interests of beneficiaries); duty of impartiality (to be impartial with respect to the various beneficiaries, in consideration of the diverse interests of present and future beneficiaries); and duty with respect to co-trustees (using reasonable care to prevent co-trustees from committing a breach of trust and to obtain redress if a breach occurs).

## Administration

An administrator — the chief executive officer (CEO) of OHA — is appointed by a majority of the board and leads OHA’s Administration. The CEO can be removed at any time by a two-thirds vote of the board. The CEO is assisted by a chief operating officer (COO) and the directors of five divisions, which OHA refers to as “lines of business” (LOB): (1) Advocacy, (2) Community Engagement, (3) Research, (4) Resource Management: Financial Assets, and (5) Resource Management: Land Assets. As of December 2016, OHA had 179 positions. Exhibit 1.1 details OHA’s organization.

**Exhibit 1.1**  
**OHA Organization Chart**



Source: OHA

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## The Fiduciary Duty of a Trustee – Beneficiaries Above All Else

**FIDUCIARY DUTY** is the highest duty recognized under the law. In fact, the word “fiduciary” is from the Latin *fiducia*, meaning “trust.” From that word flows the power and obligation to act for the beneficiaries of the trust under circumstances which require total trust, good faith, and honesty.

OHA trustees have been given a “solemn trust obligation and responsibility” via establishment of the Native Hawaiian Trust Fund. This responsibility was reiterated in the very first section of Hawai‘i law establishing OHA:

**§10-1 Declaration of purpose.** (a) The people of the State of Hawaii and the United States of America as set forth and approved in the Admission Act, established a public trust which includes among other responsibilities, betterment of conditions for native Hawaiians. The people of the State of Hawaii reaffirmed their solemn trust obligation and responsibility to native Hawaiians and furthermore declared in the state constitution that there be an office of Hawaiian affairs to address the needs of the aboriginal class of people of Hawaii.

Trustees are held to this extreme fiduciary standard of conduct because they have legal control over property and other assets held for the benefit of another. A “trust” is exactly that: property held by those in a position of trust – “trustees” – for the benefit of others.

OHA trustees have fiduciary duties as established by statute and common law. These duties include, as detailed in this audit, the duties of prudence and impartiality. But the overriding principle governing their behavior is the general fiduciary duty to act solely in the interest of the beneficiaries of the trust, who are Native Hawaiians and Hawaiians, and completely without self-interest. As captured by U.S. Supreme Court Justice Benjamin Cardozo’s well-known quote on this highest of standard of conduct:

*Many forms of conduct permissible in a workaday world for those acting at arm’s length are forbidden to those bound by fiduciary ties. **A trustee is held to something stricter than the morals of the marketplace. Not honesty alone but the punctilio of an honor the most sensitive, is then the standard of behavior.** ... Only thus has the level of conduct for fiduciaries been kept at a level higher than that trodden by the crowd.*

Trustees are not held merely to act reasonably, as one is expected to act when dealing with another at arm’s length. As fiduciaries, OHA trustees have a much higher standard.

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**“A trustee is held to something stricter than the morals of the marketplace. Not honesty alone but the punctilio of an honor the most sensitive, is then the standard of behavior.”**

**– Menhard v. Salmon,  
249 N.Y. 458, 464  
(1928)**

## **OHA Funding and the Native Hawaiian Trust Fund**

OHA's funding sources include State general fund appropriations, ceded land revenue payments, Federal grants, and other miscellaneous income. The largest source of funding each year, though, is from the Native Hawaiian Trust Fund (or Trust Fund). Also known as the Public Land Trust Fund, the Native Hawaiian Trust Fund was established in 1981 to account for OHA's portion of revenues derived from ceded lands held in public trust. In 1980, the Legislature determined that 20 percent of ceded land revenues would go to OHA for the betterment of Native Hawaiians; however, the revenues were not allocated to OHA between 1980 and 1991. In 1993, the State of Hawai'i agreed to pay OHA approximately \$135 million in back revenues on ceded lands, including interest.

OHA's Board of Trustees has a fiduciary responsibility for the Trust Fund, which includes investing and managing trust assets as a prudent investor would. The board has invested its capital through numerous investment managers representing a variety of asset classes.

Investments held in the Native Hawaiian Trust Fund comprise a significant portion of OHA's total assets. Such assets are invested in mutual and commingled funds, private equity funds, hedge funds, government-backed securities, and other investment vehicles. Accordingly, OHA's assets and net assets are sensitive to fluctuations in the financial markets.

## **Approved Budget and Spending Limits**

The goal of the Native Hawaiian Trust Fund is to provide investment returns to sustain beneficiaries in perpetuity and further uphold OHA's mission. To ensure that trust resources are available for future spending, the Board of Trustees has established a spending policy that limits withdrawals from the fund in any given fiscal year to 5 percent of the Trust Fund's 20-quarter rolling average market value.

For FY2016, OHA had an approved budget of \$49.9 million, with the biggest single expenditure category being core personnel at \$14.4 million. Its spending limit, which represents the inflow of funds to OHA, totaled \$53.5 million; the biggest portion of cash inflow is its draw from the Native Hawaiian Trust Fund at \$17.3 million.

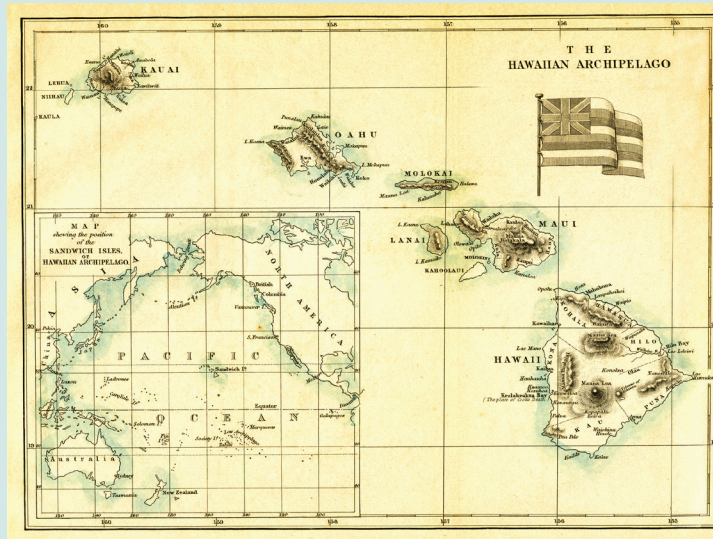


PHOTO: THINKSTOCK.COM

## What are Ceded Lands?

**CEDED LANDS**<sup>1</sup> refers to the approximately 1.8 million acres of land that was transferred, or ceded, to the United States at the time of the annexation of Hawai'i in 1898. These lands were the lands that had been categorized as "Crown Lands" and "Government Lands" by the Kingdom of Hawai'i. The Admission Act, which granted statehood to Hawai'i in 1959, returned the lands to the new State government and provided that they be held as a public trust. The act stated that management and disposition of such lands should be used as called for by the constitution and laws of Hawai'i.

As explained on OHA's website:

**In 1978, a Constitutional Convention was called to review and revise the functions and responsibilities of Hawai'i's government. At the convention, the Native Hawaiian Legislative Package was considered by the delegates. Among provisions incorporated into the new state constitution was the establishment of the Office of Hawaiian Affairs as a public trust, with a mandate to better the conditions of both Native Hawaiians and the Hawaiian community in general. OHA was to be funded with a pro rata share of revenues from state lands designated as "ceded."**

Section 5(f) of the Admission Act, directing the State to hold the lands in trust, listed the following five purposes:

1. The support of public education
2. The betterment of the conditions of Native Hawaiians as defined in the Hawaiian Homes Commission Act of 1920
3. The development of farm and home ownership
4. The making of public improvements
5. The provision of lands for public use

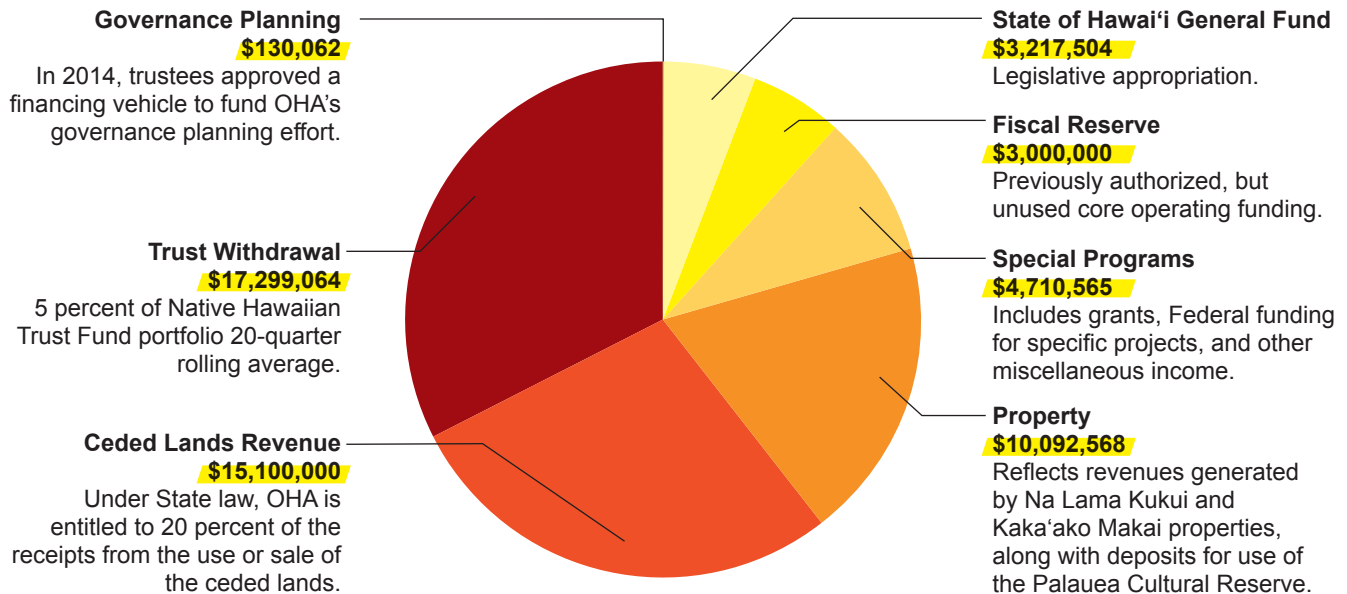
In 1980, the Legislature determined that 20 percent of ceded land revenues should be expended by OHA for the betterment of Native Hawaiians.

<sup>1</sup> Ceded lands include land that is part of the Public Land Trust. OHA receives 20 percent of the revenue derived from the Public Land Trust, and those funds are deposited into the Native Hawaiian Trust Fund. Although "ceded lands" is broader than those lands from which OHA receives revenue, we use that term in this report because we believe ceded lands is more broadly understood than the Public Land Trust.

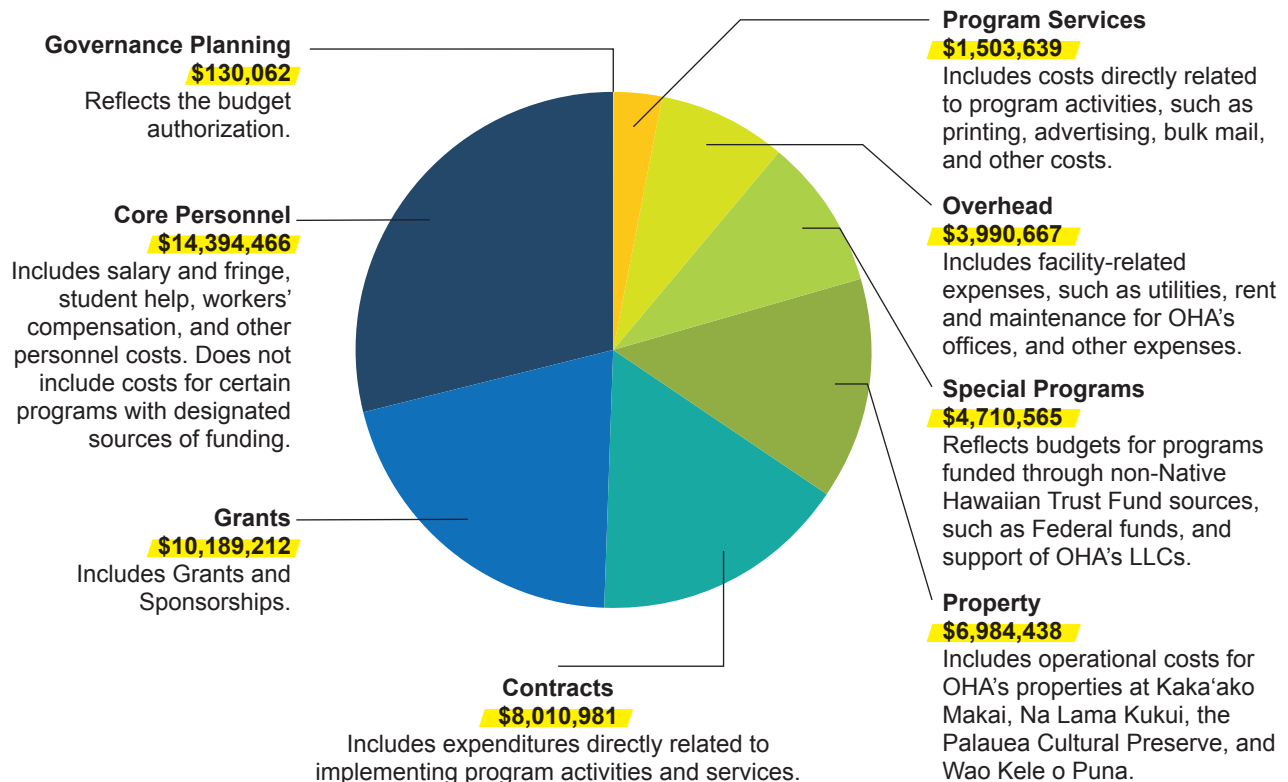


## FY16 Funding Sources and Expenditures

### FY2016 Spending Limit (funding sources or cash inflows)



### FY2016 Approved Budget (projected expenditures)



Source for both charts: OHA 2016 Annual Report

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## Impetus

This audit of OHA was conducted pursuant to Sections 10-14.55 and 23-7.5, Hawai‘i Revised Statutes (HRS). Section 10-14.55 requires the Auditor to conduct an audit of OHA at least every four years; this is our seventh report pursuant to this mandate. Section 23-7.5 requires the Auditor to report to the Legislature annually on each audit recommendation more than one year old that has not been implemented by the audited agency. A second part to this report will be issued separately and will respond to that requirement with respect to our 2013 Report No. 13-07, *Audit of the Office of Hawaiian Affairs and Report on the Implementation of State Auditor’s 2009 OHA Recommendations*.

## Prior Audits

Questions regarding the roles and activities of OHA’s Board of Trustees have been raised in each of the eight audits previously conducted by this office. This includes issues related to OHA’s real estate portfolio, investments, grants, possible misuse of funds by trustees, improper use of administrative staff, budgeting, and board structure and governance.

## Objectives of the Audit

1. Evaluate OHA policies and actions regarding use of its Fiscal Reserve, Grants, CEO Sponsorships, and Trustee Allowances.
2. Review and report on the status of OHA’s implementation of our 2013 audit recommendations.
3. Make recommendations as appropriate.

## Scope and Methodology

This audit focused on OHA’s management and finances for the specific areas identified for FY2015 and FY2016. Our review included relevant transactions and activities between July 1, 2014, and June 30, 2016.

We conducted interviews with current trustees, the CEO, the COO, line-of-business managers, corporation counsel, staff, third-party consultants, and other stakeholders. We reviewed laws, policies and procedures, grants, allowance reports, board minutes, and other documentation as appropriate; and selected a sample of Kūlia

Initiative grants, Trustee Allowances, CEO Sponsorships, and Fiscal Reserve uses to test for compliance with applicable policies, procedures, agreements, and other relevant criteria.

Our audit was performed from November 2016 through May 2017 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions. We believe the evidence we obtained provides such a basis for our findings and conclusions based on our audit objectives.

The audit began during a time of turmoil that thrust OHA into headlines and news broadcasts. Beginning in December 2016 and continuing into February 2017, media coverage described rancor, charges of unethical behavior, and dysfunction as trustees clashed over leadership changes. That period included an effort to buy out the CEO's contract, who the then-board chairperson criticized for spending too much, allowing excessive staff travel, and hiring unqualified personnel. One trustee disclosed that 33 staff complaints had been filed against one of the trustees supporting the measure and that OHA's then-Chief Financial Officer was leaving the organization because of her difficulties working with the trustee.

Media reports, as well as our own interviews with OHA trustees and Administration, found that distrust extended to several areas of OHA operations. Leaks of internal and confidential information to the media have also been a problem. In addition, beneficiaries have criticized OHA and the way the agency spends money.



## The High Cost of Litigation

*Recent lawsuits and settlement involving OHA and its trustees have been costly. All costs are as of March 30, 2017.*

### **Akana v. Machado, et al.**

**\$788,675**

On September 13, 2013, an OHA trustee sued the then-board chairperson and the other trustees, as well as several unnamed defendants, for access to information, alleging that OHA's current practices and procedures for providing records were inconsistent with purposes of the public disclosure law. In turn, the board countersued that trustee for disclosing confidential information without board approval. The case was settled in November 2017, with each party agreeing to pay their own legal costs and a written apology from the OHA trustee to the other board members. Of the total cost, OHA paid more than \$528,000 in attorneys' fees and costs, with its insurance carrier paying more than \$260,000.

### **Akina, et al. v. State of Hawai'i**

**\$901,112**

In a complaint filed on August 13, 2015, the plaintiffs challenged an election organized by Na'i Aupuni, a nonprofit corporation created to conduct an election to elect delegates to a Native Hawaiian constitutional convention. One of the plaintiffs in the lawsuit was later elected to the OHA Board of Trustees and subsequently withdrew from the lawsuit in March 2017 to avoid any appearance of a conflict of interest. According to OHA's corporation counsel, the plaintiffs filed a motion requesting roughly \$300,000 in attorneys' fees that was under review by the Federal district court. OHA's corporation counsel expects that whatever decision is rendered, it will be appealed by the losing party, resulting in continuing legal costs for OHA.

### **Kawananakoa v. Lindsey, Crabbe, et al.**

**\$4,691**

The lawsuit involves a dispute regarding the legitimacy of the CEO's contract that the board approved in 2016 and alleges that the CEO's contract was executed by the then-board chairperson without approval by the rest of the board. Defendants filed a motion to dismiss, and the case was subsequently dismissed in January 2018.

### **Trustee Complaint Settlement**

**\$50,000**

On November 7, 2016, OHA agreed to pay a \$50,000 settlement to a former OHA employee to resolve a complaint against a trustee.

### **Trask v. Apo, et al.**

On March 3, 2017, a lawsuit was filed by an OHA beneficiary and former trustee against a current trustee for the use of OHA funds to pay for the above November 2016 settlement. As of March 30, 2017, OHA had not been served with a complaint and reported no legal costs at that time. Defendants filed a motion to dismiss the complaint in May 2017, and the case was subsequently dismissed in July 2017.

Source: OHA





PHOTO: OFFICE OF THE AUDITOR

## Chapter 2

### Discretionary Spending Without Much Discretion: Audit of the Office of Hawaiian Affairs

**T**HE OFFICE OF HAWAIIAN AFFAIRS (OHA) is a unique State agency with an important mission: improve the conditions and well-being of Native Hawaiians and Hawaiians. To accomplish this, the agency disburses funds through grants to individuals and organizations for such things as Native Hawaiian student scholarships; loans to help start businesses, improve homes, consolidate debts, and continue education; and Hawaiian-focused charter schools, among many other things. For much of its existence, OHA provided this funding primarily through a formal, strict, and competitive grant-making process outlined in State law.

However, over time, OHA has created alternate funding processes, which allow the agency to regularly direct money towards a multitude of programs, projects, and individuals. At first glance, these funding opportunities appear to be guided by policies, procedures, and guidelines designed to ensure that funds are distributed fairly and equitably. In reality, these expenditures and other forms of discretionary

**OHA has created alternate funding processes, which allow the office to regularly direct money towards a multitude of programs, projects, and individuals that are exempt from the rigorous vetting, monitoring, and reporting requirements of its formal grant process.**



## Competitive vs. Non-competitive Awards

**OHA'S GRANT-MAKING EFFORTS**, intended to support its mission to better the conditions of Native Hawaiians and Hawaiians, features four types of funding opportunities: Community Grants, 'Ahahui Grants, Kūlia Initiatives, and CEO Sponsorships. However, requirements for these awards vary widely. For example, Community Grants, which deliver programmatic services, and 'Ahahui Grants, which support community events, are both solicited and vetted through a rigorous competitive process that is guided by State law. (Our report on OHA's Community and 'Ahahui Grants Programs will be issued at a later date.) Both are also required to be monitored and evaluated.

On the other hand, Kūlia Initiatives, which are awarded to organizations for programmatic services that do not qualify for Community Grants, and CEO Sponsorships, which support community events, are neither solicited nor publicized. Instead, these non-competitive awards are initiated by a trustee or OHA Administration on behalf of a potential recipient. In addition, Kūlia Initiatives (also referred to within the agency as "Board Initiatives") and CEO Sponsorships undergo an administrative review that is less stringent than those required for Community and 'Ahahui Grants.

For purposes of this report, we have used OHA's classifications.

spending do not undergo the rigorous vetting, monitoring, and reporting requirements of OHA's formal grant process. Some are approved by OHA Administration without Board of Trustee vote or even knowledge.

Affording themselves such wide latitude, OHA's trustees and Administration have used Native Hawaiian Trust Fund moneys to pay for such things as the retirement benefits for a former trustee, political events, an international conservation convention, as well as a beneficiary's rent, another beneficiary's funeral-related clothing expenses, and a trustee's personal legal expenses. When we asked OHA trustees, the chief executive officer (CEO), and other officers about these and other questionable expenditures, the consistent justification provided was that the money helped a Native Hawaiian or Hawaiian beneficiary.

We question whether disbursing trust funds to an individual beneficiary for his or her personal expenses, and the acquiescence of such spending by other trustees is consistent with each trustee's fiduciary duty to the many other trust beneficiaries. We also question whether certain disbursements to themselves or to other trustees is consistent with State law.

With seemingly incomplete and inconsistent understanding of their fiduciary responsibilities, little to no clear guidelines, and lax enforcement of existing policies, OHA has spent with limited restraint. In FY2015 and FY2016, OHA spent almost twice as much on these types of discretionary disbursements (\$14 million) than it did on planned, budgeted, and properly publicized, vetted, and monitored grants (\$7.7 million). To fund these unplanned, discretionary expenditures, OHA realigned its budget (\$8 million) and drew from its Fiscal Reserve (\$6 million). OHA's Fiscal Reserve reached its peak in FY2006, when its balance exceeded \$23 million. However, from FY2011 to FY2016, the Fiscal Reserve balance fell from \$15.1 million to a little more than \$2 million, as the board consistently authorized spending the maximum amount allowed under OHA policy each year.

We also found significant irregularities in and abuse of OHA's Trustee Allowance process, which was originally established to cover incidental expenses for trustees to develop and maintain ongoing communication with beneficiaries and the general public, but has evolved to allow a broad range of expenditures. While these expenditures represent a small fraction of OHA's overall spending, they are indicative of the agency's vague rules guiding its discretionary spending, which are broadly interpreted, arbitrarily enforced, and at times disregarded.

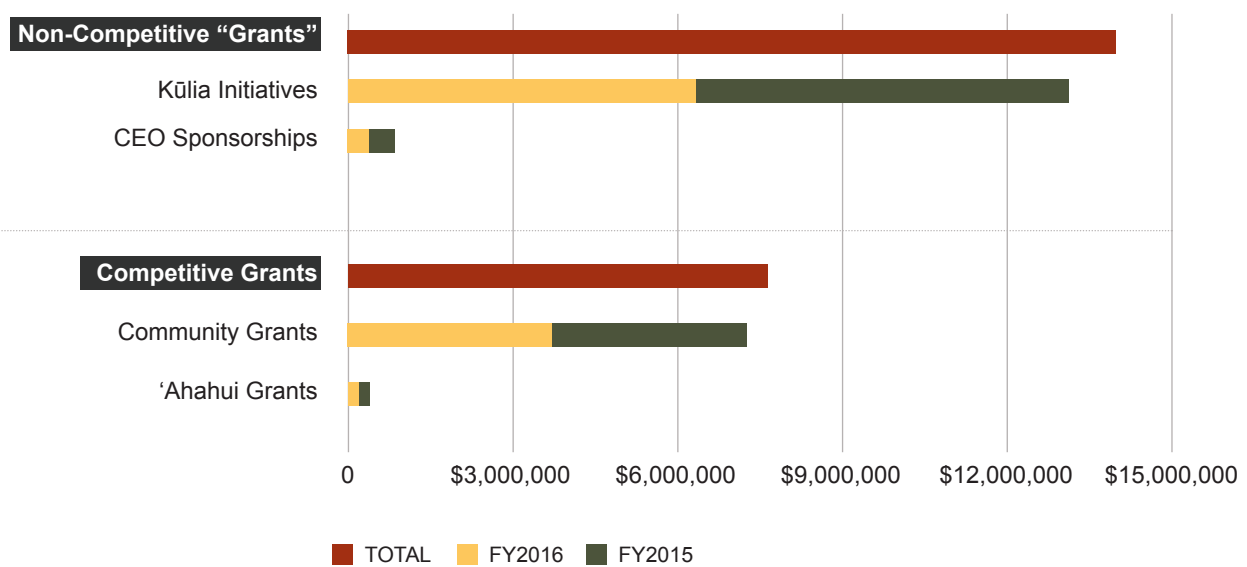
In short, we found that at OHA a wide variety of award opportunities are available to those who know how and who to ask. Not only do these irregularities pose risks — both great and small — to the Native Hawaiian Trust Fund, they appear to violate OHA trustees’ solemn obligation to their beneficiaries that they will administer the trust fairly, equitably, and without self-interest.

## Summary of Findings

1. In FY2015–2016, spending on loosely administered, non-competitive Kūlia Initiatives was nearly double of what OHA spent on closely vetted, competitive grants. Additionally, the Fiscal Reserve, the source of much of the funding for OHA’s discretionary spending, lacks a clear policy guiding its use and has been spent down rapidly.
2. CEO Sponsorships are subject to minimal oversight and are often approved based on personal discretion, despite written guidelines.
3. Rules governing Trustee Allowances are broad and arbitrarily enforced, leading to many instances of questionable spending.

### Exhibit 2.1

#### Spending on non-competitive versus competitive awards



Source: OHA



## Call to Duty

**TRUSTEES MUST** exercise their fiduciary responsibilities in managing and spending trust assets. Fundamental fiduciary duties include prudence, loyalty, and impartiality, but trustees are subject to other duties, such as a duty to administer the trust in accordance with its terms and applicable law.

### Duty of Prudence

Trustees have a duty to administer the trust as a prudent person would and do so with reasonable care, skill, and caution.

### Duty of Loyalty

Trustees have a duty to administer the trust solely in the interest of the beneficiaries and should be mindful of conflicts between their fiduciary duties and personal interests.

### Duty of Impartiality

Trustees have a duty to administer the trust impartially with respect to the various beneficiaries of the trust. Trustees should manage the trust investments for income that is reasonably appropriate to the purposes of the trust, while considering present and future beneficiary interests.

## Kūlia Initiatives

### *Spending on Loosely Administered, Non-Competitive Awards Is Nearly Double of What OHA Spends on Competitive Grants.*

Like OHA's Community and 'Ahahui Grants, Kūlia Initiatives provide funding support to eligible organizations whose programs align with OHA's mission and benefit the Hawaiian community. (See sidebar on page 14 for discussion on OHA grants.) However, unlike the two other grant types, Kūlia Initiatives are unplanned and, therefore, unbudgeted, falling outside of OHA's annual grants funding cycle. As a result, OHA funds Kūlia Initiatives by either realigning OHA's core operating budget or by drawing from the Fiscal Reserve.

In our audit, we found that the guidelines and procedures for proper use and administration of Kūlia Initiatives are not clearly understood by trustees and have been poorly implemented by OHA Administration. In addition, the guidelines that determine when the Fiscal Reserve can be used have been amended by the Board of Trustees over the years to expand allowable uses and facilitate spending. In FY2015 and FY2016, the Board of Trustees authorized the use of the Fiscal Reserve to fund items such as capital improvements, scholarships for nursing students, retirement benefits for a former trustee, a conservation convention in Hawai'i, and a trip to New Zealand to retrieve a Hawaiian cape and helmet. Over that two-year period, OHA funded a total of \$13.1 million in Kūlia Initiatives (with \$3 million each year funded from the Fiscal Reserve), nearly double the amount of money spent on Community and 'Ahahui Grants combined (\$7.7 million).

## Exhibit 2.2

Guidelines and procedures for administration of Kūlia Initiatives are not clearly understood by trustees and are poorly implemented by OHA Administration.

### The Kūlia Initiatives Process

#### Application/Funding Request

Application may be submitted for consideration throughout the year. They should include the following information:

- **Organization information**;
- **Description of alignment** with OHA's vision and Strategic Priority/Result;
- **Description of project** including objectives, activities, timeline, outcomes, etc.;
- **Description of benefit** to the Hawaiian Community;
- **Explanation** of why the request is not made through Community Grants Program process;
- **Detailed project budget**, including OHA funding and any match funding, as applicable; and
- **Support Documents**, including IRS letter of determination and Certificate of Vendor Compliance from Hawai'i Compliance Express.

**Despite having** documented and approved Grants Program Operating Procedures since 2015, trustees we interviewed were unsure if OHA had a formal Kūlia Initiatives process in place.

**Kūlia Initiatives** are non-competitive (not solicited by OHA). Only a trustee, the Administration, or staff can make a request on behalf of the potential recipient.

#### Review

**OHA's Grants Staff makes the initial assessment** to ensure the application is eligible and contains all required information. According to OHA's *Grants Program Standard Operating Procedures*, the assessment is based on the following:

- **Compliance** and good standing with OHA;
- **Alignment** to OHA's Strategic Priority;
- **Demonstrated need** and benefit to Hawaiian community;
- **Achievable** and measurable results;
- **Justified** and relevant budget;
- **Explanation** of why request not considered by the Grants Staff;
- **Potential negative impact** if OHA does not fund; and
- **Leveraging opportunity** to maximize OHA funding.

**According to** the Grants Manager, Kūlia Initiatives receive a " cursory review" by Grants Staff.

**We reviewed** two Kūlia Initiatives applications each for FY2015 and FY2016, and found that all four did not undergo review by the Grants Staff. Instead, the request appeared as board action items for the Board of Trustees' consideration.

#### Recommendation/Contracting/Monitoring/Evaluation

The completed assessment is forwarded to the Grants Manager who reviews and signs off on the assessment before forwarding it to the **CEO**, who must approve the request before it can go to the board for a vote. If the CEO or the Board of Trustees decides not to fund, the Grants Staff drafts a denial letter, which is signed by the Grants Manager and sent to the applicant requestor. If the CEO and the Board approve the award, the Grants Staff handle the process of contracting, monitoring, and evaluating the Grant.

**According to** OHA Grants Specialist, the CEO has the authority to approve grants (Kūlia, 'Ahahui, and CEO Sponsorships) under \$25,000 without Board of Trustee involvement.

Source: OHA's *Grants Program Standard Operating Procedures*.

## Trustees' Fiduciary Obligations

**FUNDAMENTAL TO** trustees' fiduciary obligations is the duty of prudence. This duty requires trustees to exercise reasonable care, skill, and caution in managing the trust, including making decisions to disburse trust funds diligently and on an informed basis. Trustees are also expected to reasonably cooperate with other trustees and to actively and prudently participate in administering the trust.

Additionally, each trustee has a duty with respect to co-trustees and must take reasonable steps to stop other trustees' actions that are inconsistent with the purpose and intent of the trust or that may otherwise constitute a breach of trust. If a breach by a trustee occurs, this duty further requires other trustees to address and rectify that trustee's misconduct.

## Kūlia Initiative guidelines and processes are unfamiliar to trustees and not followed by the Administration.

Despite having documented and approved procedures since 2015, some of the trustees were unsure if OHA had a formal Kūlia Initiatives process in place. For the Kūlia Initiatives we reviewed, trustees had varying degrees of familiarity with the projects. In addition, some trustees noted that they felt that they needed to support the project being funded either to "save face" when funds had been verbally committed or because the project was a "good one." For at least two of these projects, trustees said they felt "sandbagged" or "surprised" because the Administration had already committed to funding the request. With the board having discretion over such large amounts of funding, it is concerning that trustees would approve this level of spending without a full understanding of the project, as well as the potential impacts on OHA's financial health, especially given their fiduciary responsibilities.

Although the board created a vetting process to instill discipline in how they approve Kūlia Initiatives, we found that the Administration has not implemented these processes or followed its policies and procedures on a consistent basis. For example, according to OHA's *Grants Program Standard Operating Procedures*, the Administration forwards funding requests to its Grants Staff, who reviews them and makes recommendations based on the merit of the proposed project and its support of OHA's mission. (See sidebar on page 17 for further discussion on the Kūlia Initiatives process.) However, we reviewed two Kūlia Initiative applications each for FY2015 and FY2016, and found that all four did not undergo such a review. Instead, the requests appeared as board action items for Board of Trustees consideration. Subsequently, all four applications were approved during board meetings, three of which were funded in whole or in part using the Fiscal Reserve.

## OHA continues to lack a clear policy guiding the use of its Fiscal Reserve.

On October 31, 2000, the Board of Trustees amended the *Native Hawaiian Trust Fund Spending Policy* to establish the Fiscal Reserve, which it defined as "any funds available but not spent in previous fiscal years, held within the Native Hawaiian Trust Fund." However, the amendment only created the Fiscal Reserve; it did not elaborate upon the terms and conditions under which the funds could be utilized. The Fiscal Reserve's first balance in 2002, based upon audited and allowable FY2001 expenditures, was \$719,142. The following year, nearly \$2 million was added to the balance.

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In 2003, the board established withdrawal guidelines which stated that the Fiscal Reserve was designed to provide money if an emergency exists. The board defined an emergency as “an unforeseen combination of circumstances calling for immediate action.” The board was also made aware that, the larger the Fiscal Reserve grows, “the more it becomes a target for increased spending.”

In 2009, the Board of Trustees revised its *Native Hawaiian Trust Fund Spending Policy’s Fiscal Reserve Withdrawal Guidelines* after concluding that OHA’s use of the Fiscal Reserve was not meeting its definition of an emergency. However, instead of clarifying its policy to settle conflicting views of the Fiscal Reserve, the board broadened the withdrawal criteria, creating multiple triggers for its use:

1. **Budget stabilization:** To address funding shortfalls caused by downturns in the economy that affect fund investment value; reduction in State funds; or a reduction in ceded land payments;
2. **Unpredicted one-time payments:** For funding requests that are not included in OHA’s budget and are non-recurring;
3. **Capital acquisitions:** To purchase non-investment land or other capital assets not earmarked in OHA’s budget; and
4. **Special circumstances:** There may be special circumstances which will require the use of funds in excess of the categories and limitations noted above.

## Fiscal Reserve

**FUNDS THAT WERE BUDGETED** but remain unspent at the end of the fiscal year stay in the Native Hawaiian Trust Fund and are designated as Fiscal Reserve. The amount designated as Fiscal Reserve carries over to the following fiscal year.

When the Fiscal Reserve was first established in 2000, it was referred to as a “rainy day fund.” In 2009, OHA unofficially identified it as a source of funding for Kūlia Initiatives and other funding requests. Whenever the use of Fiscal Reserve funds is authorized, money is drawn from the Native Hawaiian Trust Fund. At least six trustee votes are needed to authorize the use of the Fiscal Reserve, and the board may authorize up to \$3 million in expenditures using the Fiscal Reserve each fiscal year.

In an effort to establish a formal vetting process, a trustee in December 2013 ordered OHA's CEO and Chief Financial Officer (CFO) to provide specific information to the board when they considered a request to use the Fiscal Reserve. OHA's current policy requires that each request must include, at a minimum, the following information:

1. Originator of the request;
2. Specific "authorized use" provision (budget stabilization, unpredicted one-time payments, capital acquisitions);
3. Special circumstances (if applicable);
4. Explanation why the request could not be funded through OHA's operating budget;
5. Urgency of the request and the impact on OHA should the request be denied or a decision is delayed; and
6. Letter or proposal attachment that details the request.

The Board of Trustees also established a spending limit of \$3 million annually and included a provision that the board could use the Fiscal Reserve for reasons outside of the guidelines, provided eight of nine trustees voted in favor. Although the 2009 and 2014 additions to the guidelines imply a more disciplined use of the Fiscal Reserve, we found this not to be the case. For example, the inclusion of the unpredicted one-time payment as a trigger allows for almost any request to be approved. In addition, OHA's vetting process for Fiscal Reserve authorizations is loosely administered.

Given the lack of clarity in the Fiscal Reserve Guidelines, and the apparent disparities in trustees' and the Administration's understanding of those guidelines, OHA should clarify, in writing, the goals of the Fiscal Reserve and when it is appropriate to use it, to ensure that spending is aligned with the purpose and intent of Fiscal Reserve.

### **The one-time payment provision allows for almost any Fiscal Reserve request to be approved.**

Under the unpredicted, one-time payment provision in the Fiscal Reserve guidelines, the board is allowed to pay for events or opportunities as long as they are non-recurring and "have not been contemplated in the budget process, and cannot wait to be included in the next budget cycle." The CEO and multiple trustees agreed the language is broad and could be interpreted to apply to a wide variety of unbudgeted funding requests.

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While the CEO acknowledged that using the Fiscal Reserve taps the Trust Fund at a higher rate than intended and mainly serves as a funding source for Kūlia Initiatives, we noted that the Administration also requested funding under the one-time payment provision on at least two occasions in our sample of 10 Fiscal Reserve items from FY2015 and FY2016:

- In October 2014, the Administration’s request to use \$500,000 was approved by the board to pay for costs associated with the 2016 International Union for the Conservation of Nature’s World Conservation Congress (IUCN Congress) held in Honolulu.
- In December 2015, the board approved \$100,000 to pay for costs associated with a trip to New Zealand by a group that included OHA trustees and Administration to retrieve a Hawaiian feathered cape and helmet. The request was made by the Administration because it had insufficient funds in its travel budget to pay for the trip.

### **Nine out of the 10 action items for Fiscal Reserve funding we tested lacked required information.**

As noted earlier in this report, specific information in each action item for Fiscal Reserve authorization was required beginning in 2013 to help ensure discipline in its use. One trustee told us this would help “cover our okoles” by providing a record that justifies the board’s use of the Fiscal Reserve. To assess whether the minimum required information was included in accordance with OHA guidelines, we tested a sample of 10 Board of Trustee agenda action items requesting funding through the Fiscal Reserve, which were approved by the Board of Trustees during FY2015 and FY2016. We found that only one – a FY2016 request for \$803,764 to cover an OHA payroll shortfall due to a State fringe benefits increase – clearly included all the required information. The action item explained why OHA’s operating budget could not be used and identified the specific authorized use category. It also identified specific impacts on OHA’s operations if funding was not provided: program cuts, hiring freezes, and possible layoffs.

The remaining nine action items we tested were missing multiple items, including two — \$500,000 for the IUCN Congress and \$100,000 for the trip to New Zealand — that provided only proposal letters as support for the funding requests. The information most frequently missing from or unclear in the action items were: (1) authorized use; (2) why the request could not be funded through the budget; and (3) urgency and impact to OHA. These three requirements are arguably the most important of the six criteria, since they directly address the need and urgency of the request and the impact it will have on OHA if funding is not provided.



### **Trustees voted on action items based on factors outside of Fiscal Reserve guidelines.**

During our review, several trustees told us that even though they voted for certain requests, they did not believe the use of the Fiscal Reserve was appropriate or in accordance with the guidelines:

- According to one trustee, using the Fiscal Reserve to pay retirement benefits for an ex-trustee was not appropriate, but it brought closure to an “injustice.” According to another trustee, “Most of us were leading with our hearts rather than with our heads.”
- Another trustee believed it was wrong to use the Fiscal Reserve for capital improvement work at Lunalilo Home, but added, “Who would go on record opposing senior housing?”
- Another trustee told us many of the requests in our sample did not meet the Fiscal Reserve guidelines, “but the reality is the demands and needs of our people are great.” The trustee added that they are aware “there’s that pot of money or bucket of money sitting here,” indicating that it was tempting to use the Fiscal Reserve when trustees receive numerous funding requests from beneficiaries.

The board authorized spending from the Fiscal Reserve from FY2012 to FY2016, providing funding for a wide variety of events and programs. They included:

- \$197,468 and \$400,000 to Lunalilo Home and Trust for renovation and furnishings for an elder care facility.
- \$300,000 to help fund a worldwide canoe expedition by the Polynesian Voyaging Society LLC.
- \$100,000 for the Senator Daniel K. Akaka Regent Scholarship Endowment.
- \$75,000 to support an initiative of the Lieutenant Governor’s Office to provide after-school programs for middle school students.
- \$56,300 to a former OHA trustee who was not eligible for State retirement benefits.

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Even though four trustees told us the intent of the Fiscal Reserve was not for grants or sponsorships, the board used the Fiscal Reserve to fund grants half of the time from FY2012 to FY2016.

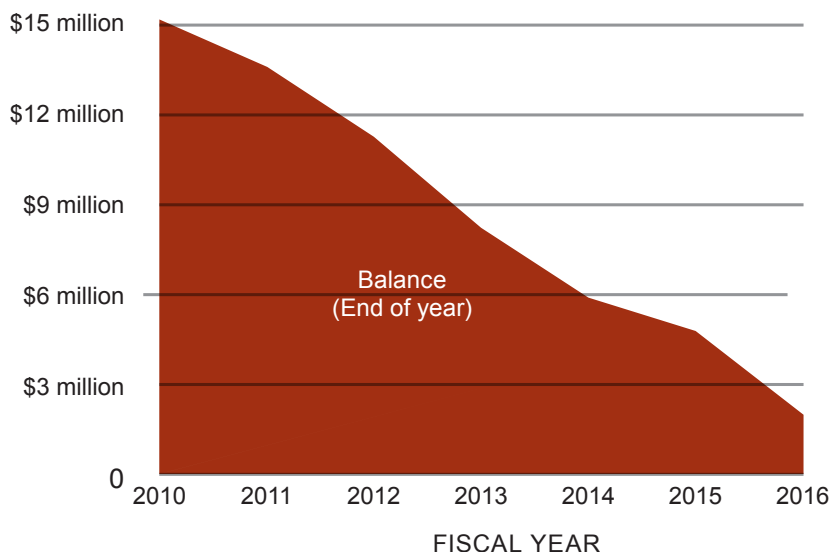
We recommend OHA review the Fiscal Reserve guidelines and clarify the intent and purpose of the Fiscal Reserve. Further, we also recommend OHA assess whether the authorized uses of the Fiscal Reserve are written too broadly, do not ensure discipline in the use of the Fiscal Reserve, and do not account for the potential impact its use may have on the short- and long-term health of the Trust Fund.

### **The Fiscal Reserve has been spent down rapidly.**

OHA's Fiscal Reserve reached its peak in FY2006 when its balance exceeded \$23 million, thanks to a one-time "catch-up" ceded land payment of \$17.5 million. The board approved the recommendation of the then-CEO to lapse the funds into the Fiscal Reserve. In 2012, OHA's then-CFO cautioned the trustees to temper their use of the Fiscal Reserve, which amounted to more than \$33 million over a six-year period.

From FY2011 to FY2016, the board has authorized the use of the Fiscal Reserve to the maximum allowable level of \$3 million in five of those six years. As a result, the Fiscal Reserve's balance fell more than 86 percent during that period, from \$15.1 million to a little more than \$2 million.

#### **Exhibit 2.3 Fiscal Reserve Balance, FY2011 – FY2016**



Source: OHA



The acting CFO and the CEO noted that each use of the Fiscal Reserve results in a withdrawal from the Native Hawaiian Trust Fund that is in addition to the five percent withdrawn from the Trust Fund for its budget.

### **OHA does not monitor Trust Fund withdrawals to evaluate possible impacts to the fund.**

The acting CFO also told us that the Fiscal Office ensures OHA is in compliance with its spending policy by not spending more than what OHA budgets. He added that OHA is limited to using five percent of the Trust Fund's average market value for its budget, and as long as they do not spend more than OHA's total operating budget (which comes from a variety of sources, including state general funds and federal funds), OHA is in compliance with its spending policy. The acting CFO noted that the spending policy does not establish any Trust Fund withdrawal limits, and indicated that the Fiscal Office does not track the withdrawal rate or reconcile the spending of moneys from the Trust Fund.

Practically speaking, this means that OHA can withdraw more than five percent in a given year, which it has done every year since FY2011, in part due to its use of Fiscal Reserve funds. However, OHA's FY2015 financial statements and its 2016 annual report described the five percent threshold as the maximum amount that can be withdrawn each fiscal year from OHA's Trust Fund. If that is the case, then the agency has consistently surpassed that limit for the past six years. For example, in FY2013 alone, the withdrawal rate from the Trust Fund exceeded 7.5 percent, or about \$9.5 million more than the five percent spending limit.

### **Exhibit 2.4 Spending Limit Versus Actual Withdrawals**

<b>Fiscal Year</b>	<b>Five Percent Spending Limit</b>	<b>Withdrawn from Trust Fund</b>	<b>Withdrawal Rate</b>
2011	\$18.8 million	\$19.032 million	5.06%
2012	\$18.7 million	\$19.6 million	5.24%
2013	\$18.5 million	\$28 million	7.55%
2014	\$17.9 million	\$24.5 million	6.82%
2015	\$17.1 million	\$18 million	5.26%
2016	\$17.3 million	\$18 million	5.1%

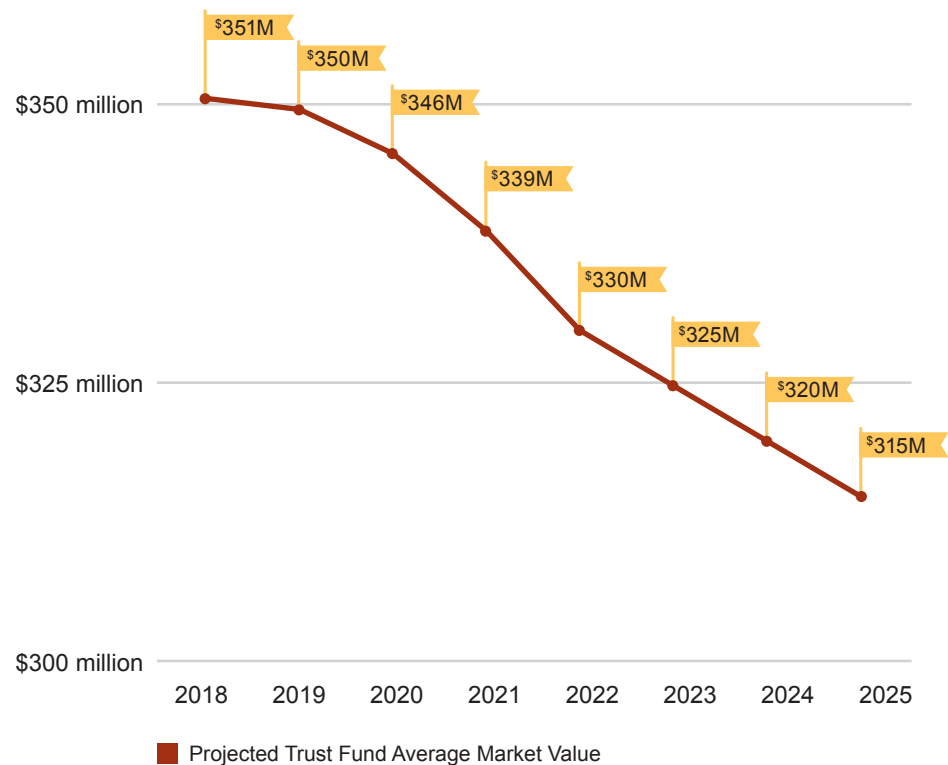
Source: OHA

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OHA's Fiscal Office explained that actual drawdowns from the Trust Fund are based on cash needs. OHA receives funding from State general funds, ceded land payments, property revenues, and special programs, including some Federal funds, but these moneys are not always received in advance. At times, when OHA has not yet received sufficient funds for its anticipated spending needs, cash will be drawn down from the Trust Fund to manage the expected cash needs.

The acting CFO also said he understood the primary goal of the five percent limit was to achieve a consistent level of sustainable spending. However, it is unclear whether this goal is achievable when the rate at which funds are withdrawn from the Trust Fund consistently exceeds that limit. We recommend OHA clarify whether the five percent limit is an actual limit on the amount of trust funds OHA may withdraw from the Trust Fund each year or whether it applies to the total that may be used from the Trust Fund for its annual budget. If the latter, we recommend OHA discuss whether a withdrawal limit should be established in consideration of the long-term health of the Trust Fund.

### Exhibit 2.5 Projected Trust Fund 20-Quarter Rolling Average Market Value



Projections were performed as of February 13, 2017, by OHA's Financial Assets Division and are subject to change based on the performance of the financial markets.

Given that projections provided by OHA's Investment Management Staff show the returns from OHA's largest source of revenue will steadily decline over the next several years — as shown in Exhibit 2.5 above — it may be prudent to monitor the rate at which moneys are withdrawn from the Trust Fund to assess whether there are any resulting risks to the Trust Fund's long-term health. The data may help ensure the trustees fulfill their fiduciary duties, which include exercising prudent administration of the Trust Fund by taking into account the value of the Trust Fund and stability of income flow when making decisions in the investment, management, protection, and distribution of trust property. To that end, we further recommend that trustees and OHA Fiscal Staff consult with its Investment Staff when presenting a request that would require the use of the Fiscal Reserve.

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## CEO Sponsorships

### ***Policies and Procedures Not Followed, Recommendations Ignored***

According to OHA's *Grants Program Standard Operating Procedures*, CEO Sponsorships, which have a maximum award amount of \$25,000, provide funding support to eligible organizations whose missions align with OHA's vision and strategic plan, whose programs and services benefit the Native Hawaiian community, and whose events offer OHA valuable public relations and recognition benefits. However, this funding opportunity is not intended to support events that would otherwise qualify as 'Ahahui Grants.

Like other OHA grants, CEO Sponsorships have procedures governing usage; however, we found that the Administration does not consistently follow these policies and procedures. For instance, the Grants Staff is responsible for vetting CEO Sponsorships, with written procedures guiding the "fund" or "do not fund" recommendations. Eligible events could include award dinners, fundraisers, or community events, but we found several occasions where the CEO disregarded "do not fund" recommendations from Grants Staff and funded the CEO Sponsorship requests, contrary to written guidelines. We question whether these uses of CEO Sponsorships are in line with the intent of OHA's mission and consistent with trustees' fiduciary duties.

Also, the CEO is authorized to move funds (or "adjust") between budget line items, often without Board of Trustee approval, even when the CEO Sponsorships budget has been exhausted. The CEO is delegated the authority to approve budget adjustments that fall within 10 percent of the *total* budget within their span of control. This is evident in increases in the CEO Sponsorships budget. In FY2015, the initial budget for CEO Sponsorships was \$65,000, but the final awarded amount was \$285,499. For FY2016, the budget was \$100,000, with final awards at \$210,700. And while the FY2015 budget adjustment was approved by the board, corporation counsel noted that the CEO could have approved this movement of funds without board approval per OHA policy.

**Exhibit 2.6**

Administration does not consistently follow OHA's own Sponsorship policies and procedures.

**CEO Sponsorship Process**

**According to the Grants Manager,** OHA did not have a formal process for Sponsorships until 2014.

**Application/Letter of Request**

Sponsorships do not require that a formal application be submitted in response to a solicitation. Interested applicants submit a letter of request that should include the following:

- **Organization** information
- **Description of alignment** with OHA's vision and Strategic Plan
- **Description of benefit** to the Hawaiian Community
- **Funding request** and event overview
- **Recognition benefits** offered to OHA
- **Funding Information/Budget**

There is no submittal deadline. Application requests are considered throughout the year as they are received. These requests should be submitted to the CEO. **Once the Sponsorship budget has been fully expended for the fiscal year, all subsequent requests will be sent a letter of inability to fund.**

**The CEO** is authorized to move funds between budget line items, even when the Sponsorship budget has been exhausted. In FY2015, the initial budget for CEO Sponsorships was \$65,000, but the final awarded amount was \$285,499. For FY2016, the budget was \$100,000 but final awards totaled \$210,700.

**Review**

Grants Staff conduct a review of Sponsorship requests as they are received from the CEO. **Requests will be assessed based on alignment to OHA Strategic Plan, benefit to the Hawaiian community, recognition benefits offered to OHA, and relevance/appropriateness of budget.**

**Of the 17** Sponsorships we reviewed from FY2015 and FY2016, we found 5 that were not recommended for funding by Grants Staff but were approved by the CEO/COO.

**Recommendation**

The completed Sponsorship Review Form is forwarded for approval via the Transitional Assistance Program Manager and Line of Business Director. **Per the Delegation of Authority, the CEO has final award approval.**

**According to the Grants Manager,** Sponsorships are generally for one-time events or promotional events, such as a dinner for the trustees, so his staff doesn't place the same level of monitoring emphasis on Sponsorships.

**Award**

**The OHA Sponsorship award processing does not require the execution of an agreement on any reporting.** Upon award decision, applicants are notified of decisions and payments processed as appropriate.

The absence of agency-wide tracking of Sponsorships and no communication between the program and other departments regarding the distribution of these funds increases the risk of awarding repeat grantees and provides opportunities for applicants to "double-dip" on funding opportunities.

Source for Sponsorship guidelines and procedures is OHA's *Grants Program Standard Operating Procedures*. Textboxes contain brief audit findings and observations.

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## **CEO has repeatedly overruled Grants Staff's "do not fund" recommendations.**

We judgmentally selected a sample of CEO Sponsorships for testing, reviewing the files for eight CEO Sponsorships in FY2015 and nine in FY2016. Of the 17, we found that five of the CEO Sponsorships reviewed by Grants Staff were given a "do not fund" recommendation based on established procedures, yet were approved by the CEO or COO for funding. The following describes the exceptions noted:

### **FY2015: Hi'ilei Aloha for Ahaino School of Native Arts – \$20,000**

The Ahaino School of Native Arts, located in Moloka'i, submitted a CEO Sponsorship request packet, which included the organization's mission statement, an expenditure report for FY2014 budget in the amount of \$20,000, and Department of Commerce and Consumer Affairs Certificate of Good Standing. However, the organization did not have IRS tax-exempt status, an OHA requirement. Moreover, per OHA's procedures, programmatic services — in this case, educating in traditional Hawai'i arts — are ineligible to be considered for CEO Sponsorships. Nevertheless, documentation shows that the CEO wanted this project to be funded, despite the deficiencies noted. Since Ahaino School did not comply with certain OHA requirements for receiving CEO Sponsorship funds, moneys were subsequently directed to Hi'ilei Aloha, an OHA-created LLC, for the requested purpose.

## **OHA's Limited Liability Companies**

**OHA HAS A NUMBER** of Limited Liability Companies (LLCs). An LLC is a separate and distinct entity that can open a bank account, do business, and get a tax ID number under its own name. One of the primary advantages of an LLC is that its owners (called members), under most circumstances, are not personally liable for the debts and liabilities of the LLC. As LLCs are a relatively new legal construct, it is unsettled whether OHA's LLCs are State organizations subject to laws applicable to State agencies, like the State Procurement Code, the State Ethics Code, the Sunshine Law, and the Uniform Information Practices Act.

OHA is the sole member of both Ho'okele Pono LLC and Hi'ilei Aloha LLC and its subsidiaries. Hi'ilei Aloha LLC focuses on promoting, developing, and supporting culturally-appropriate opportunities that benefit Native Hawaiians. It supports three sub-entity LLCs: Hi'ipaka LLC was created by Hi'ilei Aloha LLC in 2007 to manage Waimea Valley;

Hi'ipaka LLC holds title to Waimea Valley and manages its daily activities; and Hi'ipoi LLC was created by Hi'ilei Aloha LLC in 2008 to manage Makaweli Poi Mill on Kaua'i. After several years of struggle, it was decided in 2012 to turn over the poi mill to a Native Hawaiian group based on Kaua'i. Hi'ipoi LLC has been inactive since then. Hi'ikualono LLC was created in 2010 and has been inactive since formation.

Ho'okele Pono LLC was created in 2011, along with its sub-entity called Ho'okipaipai LLC. Both LLCs are economic development non-profit organizations. Currently, Ho'okipaipai LLC houses a federal economic development program called the Hawai'i Procurement Technical Assistance Center, which is designed to help local businesses obtain government contracts and is sponsored by the U.S. Department of Defense's Defense Logistics Agency.

## Following the Code

### THE STATE ETHICS CODE

establishes standards of conduct for legislators, State employees, and members of State boards. OHA trustees and employees are subject to and must comply with the State Ethics Code.

The State Ethics Code's conflicts of interest provisions prohibit trustees and employees from taking action in their official positions – which includes making decisions, approving or disapproving requests, and offering recommendations – that directly affect: (1) a business in which *they, their spouse, or their dependent children* have an ownership interest; (2) a business which employs *them, their spouse, or their dependent children*; (3) a business in which *they, their spouse, or their dependent children* owe money to; (4) a business in which *they, their spouse, or their dependent children* serve as a director or officer, regardless of whether the business is a for-profit or non-profit organization and even where such service is unpaid.

The State Ethics Code also prohibits trustees and employees from using or attempting to use their position to secure or grant for themselves or for someone else any special privilege, exemption, advantage, contract, or treatment that has no clear State purpose. Called the “fair treatment” law, trustees and employees are not entitled to special benefits simply because of their official State position.

### FY2015: Hi‘ipaka for Waimea Valley Concert Series – \$25,000 + \$2,000

Hi‘ipaka LLC was created by Hi‘ilei Aloha LLC, the OHA-created LLC that manages Waimea Valley (see sidebar on OHA LLCs on page 29). In FY2014, a request was made by Hi‘ipaka LLC to sponsor Waimea Valley’s summer concert series, which was approved by the CEO with the notation that \$25,000 would come from the FY2015 budget. In FY2015, another request was made for that year’s summer concert series. Although CEO Sponsorship evaluation procedures were not yet in place in FY2014, in FY2015, the event was rated “low” on areas of OHA Strategic Results, Benefit to Hawaiians, and Budget. Grants Staff also noted “Funding not recommended” based on the evaluation and that the FY2015 Sponsorship budget was fully expended. Despite this, funds were moved from another budget line item to partially fund the event. We also note that the CEO, the CFO and the COO are the managers of Hi‘ipaka LLC. (See discussion on State Ethics Code at left.)

### FY2016: Asian & Pacific Islander American Health Forum for Washington, D.C. Health Conference – \$25,000

The Asian & Pacific Islander Health Forum received funding to sponsor its health conference in Washington, D.C. Because it was unclear how much of the conference would address Native Hawaiian health issues, it was rated “low” on areas of OHA Strategic Results and Benefit to Hawaiians. No budget was submitted with the request and funding was not recommended by the Grants Staff. However, the CEO adjusted the Sponsorships budget and approved the request. He did this prior to the verification of availability of funds.

### FY2016: Kailapa Community Association – \$2,000

The Kailapa Community Association requested operational funds of \$24,999 and described various community projects it had completed in its submission. OHA Grants Staff gave a “low” rating in the areas of OHA Strategic Results and Benefit to Hawaiians. In addition, no budget was submitted with the request and funding was not recommended. However, included in the application file was an email from the CEO’s senior executive assistant to the then-chairperson of the Board of Trustees, forwarding Kailapa Community Association’s request and asking if he would provide Trustee Allowance funds in support. Also included in the file was a post-it note that read: “If chair is willing to donate...I would be willing to contribute matching...” The then-board chairperson noted that he would donate \$2,000, and the CEO also awarded a Sponsorship of \$2,000.



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**FY2016: The Biographical Research Center for the production of *This Native Daughter* promotional trailer – \$20,000**

The project – a fundraising and promotional trailer for a documentary on Hawaiian activist Haunani-Kay Trask – was declined for CEO Sponsorship funding in both FY2015 and FY2016 because it was for the creation of a product, which is disallowed by OHA’s CEO Sponsorship guidelines. It was rated “low” on areas of OHA Strategic Results, Benefit to Hawaiians, and Budget. However, included in the CEO Sponsorship file was an e-mail to the CEO from an individual tied to the project, which read: “...because our project has been given the shaft based on something other than its merits. Will you, as the CEO, please do the right thing by ‘This Native Daughter’ now, at this critical moment in its progress?” Also included were e-mails from OHA’s CEO to CFO noting, “These are the primary requests that I committed to.”

These five “do not fund” recommendations were based on a lack of funding in the OHA budget and ineligibility under CEO Sponsorship guidelines. The Administration’s position on these specific items was that they went to worthwhile events that benefitted Hawaiian people or organizations, or that they came as specific requests from trustees to fund. While this may be the case, it is contrary to OHA’s established procedures, which were put in place to ensure spending was controlled and aligned with OHA’s mission.

Another CEO Sponsorship of concern was \$2,585 for a table at the governor’s inauguration celebration in FY2015, a political event. According to OHA’s corporation counsel, the request was made by a trustee. While the CEO Sponsorship review process was not yet in place at the time, this is contrary to the CEO’s memos dated March 4, 2014; March 6, 2014; April 17, 2014; and June 1, 2016, which were distributed to trustees and Administration personnel, reminding them of their ethical duties with respect to campaign contributions.

CEO Sponsorships comprise less than 1 percent of spending within OHA’s annual \$50 million budget. However, they do provide insight into OHA’s discretionary spending habits, which often require budgets to be adjusted or supplemented with Fiscal Reserve moneys.

**Lack of coordinated effort in distribution of sponsorship funds may hinder accountability.**

Sponsorships are administered by OHA’s Grants Staff as well as other lines of business and programs within OHA. The Grants Staff only tracks the CEO Sponsorships that it processes and does not track Sponsorships administered by other programs. OHA Administration



also does not formally track the Sponsorships it awards on an agency-wide basis.

This lack of comprehensive tracking and coordination between OHA's lines of business may lead to instances of entities receiving multiple Sponsorship awards for the same or similar requests. We reviewed Sponsorship listings for FY2015 and FY2016, and found that of the 178 total Sponsorship recipients in that two-year period, seven of them received at least one Sponsorship through both the Grants Staff and another program in the same year. OHA currently does not have any guidelines restricting the number or dollar amount of Sponsorships that an organization can receive each fiscal year from OHA. Without such formal guidelines and a coordinated effort to manage Sponsorship awards, OHA cannot ensure that funds are equitably distributed to maximize benefits to Native Hawaiians and Hawaiians, and achieve its strategic priorities.

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## Trustee Allowances

### ***Rules Are Broad and Arbitrarily Enforced, Resulting in Many Instances of Questionable Spending.***

Although Trustee Allowances comprise a small portion of OHA's overall spending, we found those expenditures to be reflective of the office's vague rules, lack of transparency, and increased spending. The Trustee Allowances were originally created in 1991 to cover incidental costs that trustees incurred to develop and maintain ongoing communications with beneficiaries and the general public, as well as to promote a broader understanding of Hawaiian issues and to encourage participation in the resolution of those issues. At the time, \$7,200 was distributed to each trustee annually, and trustees were required to report their respective use of the allowance on a quarterly basis. Since then, Trustee Allowances have evolved to allow a much broader range of expenditures, and the total dollar amount of the annual allowance has grown to \$22,200.

More importantly, we found that these expenditures are illustrative of trustees' understanding (or misunderstanding) of their collective responsibilities and fiduciary obligation to administer the trust fairly, equitably, and without self-interest. Trustees use their respective allowances as they, individually, deem appropriate, without the consent, or even knowledge, of other trustees. When we asked trustees about questionable expenditures, the consistent justification was that the money was helping a Hawaiian beneficiary. We question whether giving money to an individual beneficiary meets trustees' fiduciary duty to the present *and* future beneficiaries of the trust.

### **Unclear and incomplete guidance.**

Overall, we found that the policies and procedures in the *Executive Policy Manual of the Board of Trustees of the Office of Hawaiian Affairs* are inconsistent, contradictory, and include undefined terminology, which is subject to varying interpretations by trustees and the Administration. It is also incomplete. The manual, last revised in 2012, is missing the new fund policy and procedures (2013) and the new Code of Conduct and Sanctions for Violations of the Code of Conduct (2016). We note that the *Executive Policy Manual* is required to be updated as needed, but no less than annually, by adding new or amended policies and removing abolished policies. OHA also requires that all trustees annually sign statements affirming their compliance with their official oath of office and provisions of the Code of Conduct. Several trustees we interviewed were not aware of this requirement.

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**“If an organization is denied funding by the administration of OHA, they can come to a trustee to seek funding for their project. There’s something that can be self-defeating in having these two competing processes.”**

— OHA trustee

## Trustee Allowances: Increased Funds and Broadened Uses



**June 28, 1991**

**Allowance: \$7,200**

Trustee Allowances created to cover incidental expenses incurred by trustees to develop and maintain an ongoing communication network with beneficiaries and the general public, to promote a broader understanding of Hawaiian issues, and to encourage participation in the resolution of those issues.



**December 5, 2013**

**Allowance: \$22,200**

The Board of Trustees combines the Trustee Sponsorship Fund with the Trustee Allowance Fund and broadly expands its use. Allowable expenditures now included such things as **“support for beneficiaries in their personal quest for self-improvement”** and **“compassionate assistance...for emergencies/times of need including funeral services, vision/hearing aids, dentures, personal care items, wheel chairs.”** The new policy also specifies disallowed expenditures such as “any services provided and goods received for the personal benefit of the trustee and/ or immediate family members” and “grants and donations to religious and faith-based organizations for religious activities.”



**March 15, 2016**

**Allowance: \$22,200**

The board amends its bylaws, replacing provisions for trustee censure with a trustee Code of Conduct and Sanctions for Violations of the Code of Conduct. The Code consists of fiduciary responsibilities and applicable laws, and would become a stand-alone executive policy. Code violations may result in the board instituting sanctions, including removing a trustee's use of his or her allowance or requiring third party administration of the Trustee Allowance. Trustees are provided a copy of the Code at their official oath of office. They are required to annually reaffirm, in writing, their compliance with the provisions of the Code.



**May 31, 2016**

**Allowance: \$22,200**

The CFO develops and the CEO and board chairperson approve internal guidelines/procedures for Trustee Allowances that **specify additional disallowed expenditures: alcohol, prior fiscal year expenditures, political contributions, and foreign currency exchange deficits;** require trustees to use standardized forms for reporting donations, sponsorships, and meals; and require an original receipt/ invoice, copy of a check, credit card receipt, and documentation noted as “cash” as acceptable supporting documentation.

Source: OHA

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## Trustees increased the amount of annual funding, broadening allowable expenses.

In November 2013, the board approved the creation of the Trustees' Sponsorship and Annual Allowance Fund, which combined two trustee discretionary spending funds to enhance the capacity for trustees "to immediately communicate and maintain communications with beneficiaries," which according to the board was necessary because of OHA's increasingly complex and diverse projects. However, that is not how the Fund has recently been used. In addition, some trustees previously expressed a desire to increase allowable expenditures, enabling them to select a sponsorship recipient who would otherwise not qualify for an OHA Grant. Meanwhile, trustees neither vote on each other's use of the allowance nor are they even aware of these expenditures, which seems inconsistent with each trustee's fiduciary duty to ensure that trust assets are used in accordance with the terms of the trust.

## Vague policies leave room for broad interpretation of allowable uses.

With the expansion of allowable expenditures and the large increase in the total dollar amount of the allowances came new OHA policies to regulate the Trustees' Sponsorship and Annual Allowance Fund. Under the policies, each trustee is required to diligently and prudently expend those trust funds in a fair and impartial manner for beneficiaries consistent with their fiduciary responsibilities and compliant with policies and procedures.

Some trustees have asked the then-CFO, then-controller, and then-corporation counsel for advice on allowable expenditures and actions. OHA Administration has said that it is the nature of the Fund to allow trustees the flexibility to use their allowances as they see fit, albeit with discretion. As such, we found that policies and procedures are so broad and expansive that they do not expressly prohibit specific expenditures or actions. Administration describes the policies as "vague" and nearly impossible to monitor for compliance in part because the Administration's reviews are performed after-the-fact.

We found that two trustees did not use their current year allowance funds because they were unclear about the guidelines. One expressed confusion about allowable usage and the way Allowance funds are disbursed to trustees, describing the process as "strange" and "too much trouble." The other trustee expressed concerns about the ethical issues regarding an elected official's ability to use allowances for purposes of beneficence in which they garner personal goodwill from the electorate.

## Getting the Allowance

**ON THE FIRST** working day of the fiscal year, OHA arranges for the issuance of a check for the board-approved allowance to each trustee. Each trustee uses their own discretion in determining what to do with their allowance check. Neither OHA policy nor guidelines require that the check be cashed and/or deposited into an account dedicated to OHA business. **In other words, the Trustee Allowance can, and at times was, deposited into trustees' personal accounts, commingling OHA funds with trustees' personal funds.** Trustees are required to submit quarterly expenditure reports to the CEO (or his designee), who reviews each expenditure for compliance with the policies governing the use of Trustee Allowances. If the expenditure is disallowed, trustees must reimburse the amount and amend their expenditure report. Any unspent amounts at the end of each year must be returned to OHA.

Furthermore, some trustees and the Administration stated that when the Administration attempts to hold trustees accountable for expenditures it finds to be questionable, some trustees verbally harass and “beat up on our staff” who are responsible for administering Trustee Allowances.

In the absence of specific policies and procedures, and without trustees having a clear understanding of their fiduciary duties, there is increased potential for questionable activities. It is essential that trustees be mindful that the trust funds belong to OHA’s beneficiaries, and not to them; and as such, must keep the trust funds they manage separate and apart from their personal funds.

**Trustees spent their allowances in disallowed or questionable ways on numerous occasions.**

The policy states that expenditures using Trustee Allowances may be disallowed because they are contrary to OHA’s mission to better the conditions of Hawaiians or because they contravene OHA’s policy or the law. We judgmentally selected a sample of Trustee Allowances to review for compliance with this policy. We selected one quarter from each fiscal year, for each trustee, and reviewed 100 percent of trustee’s spending in that quarter.

We found trustees spent their discretionary funds for personal benefit, religious activities, expenses associated with lawsuits, and other questionable expenses, as well as situations in which multiple trustees gave money to a single beneficiary. Examples of these types of spending are included below. Appendix A lists the full sample of Trustee Allowances that we tested.

## Being a Trustee Has Its Benefits

**UNDER THEIR FIDUCIARY DUTY** to the beneficiaries of the Native Hawaiian Trust Fund, trustees must administer the trust solely in the interest of those beneficiaries and must be mindful of conflicts between those duties and personal interests. As previously noted, in December 2013, OHA specifically disallowed expenditures for “any service provided and goods received for the personal benefit of the trustee and/or immediate family members.” In addition, the State Ethics

Code prohibits a trustee from making decisions in his or her capacity as a trustee that directly affect an organization in which the trustee serves as a director or officer, whether or not he or she is paid to serve on the board. In our review of Trustee Allowances, we found numerous instances in which trustees made donations or purchases that directly or indirectly benefited them, a spouse, or an organization they were affiliated with.



### Legal Fees

Trustee C used the allowance to pay for legal expenses incurred in a **personal lawsuit** against other OHA trustees.



### Spousal Support

Trustee B donated OHA funds to this community leadership program; Trustee B's spouse had been a participant just three months before, from September 2013 – June 2014.



### Football Fan

Trustee B has supported the organization since 2014, becoming a steering committee member in 2016. The donation was approved because trustee received no financial benefit from the organization, another apparent misinterpretation of the State Ethics Code. Trustee has since resigned from the committee.

09/30/13	\$1,500	Attorney fees
02/04/14	\$400	“Image fee” for American Indian Alaska Native Tourism Association (AIANTA)
03/03/14	\$175.17	Euro exchange fee (currency exchange)
06/12/14	\$1,000	AIANTA sponsorship
07/10/14	\$218	Reimbursement for upgrade of United Airlines flight
07/15/14	\$249	Hawaiian Airlines Premium Club membership fee
09/10/14	\$1,000	Donation to Leadership Kauaʻi annual fundraising campaign
11/11/14	\$1,200	Booth fee for AIANTA conference
11/28/14	\$3,000	Donation to the National Museum of the American Indian
12/30/14	\$2,500	Silver Sponsorship to Polynesian Football Hall of Fame Dinner
01/09/15	\$276.01	Bank fee for overdrawn account, overlap of OHA allowance checks
09/09/15	\$209.41	Installation of Canary Home Security System
10/29/15	\$2,500	Silver Sponsorship for Polynesian Football Hall of Fame Dinner
01/25/16	\$500	Two tickets to Polynesian Football Hall of Fame Dinner
05/10/16	\$2,000	Sponsorship for 18th Annual AIANTA conference



### Tourism Supporter

Trustee C has been AIANTA's Pacific Region Representative since 2012. According to the State Ethics Code, members of State boards are prohibited from taking action in their official positions that directly affects a business in which they, their spouse, or their dependent children serve as a director or officer, regardless of whether the business is a for-profit or non-profit organization.



### On Boards

Trustee E was a board member of the National Museum of the American Indian at the time of the donation. OHA's corporation counsel cleared the funding because it was given to the organization and not the board of directors or a specific individual. As far as corporation counsel knew, the trustee was a non-paid board member of the museum and did not receive a stipend to attend board meetings. Both justifications appear to be incorrect interpretations of the State Ethics Code.

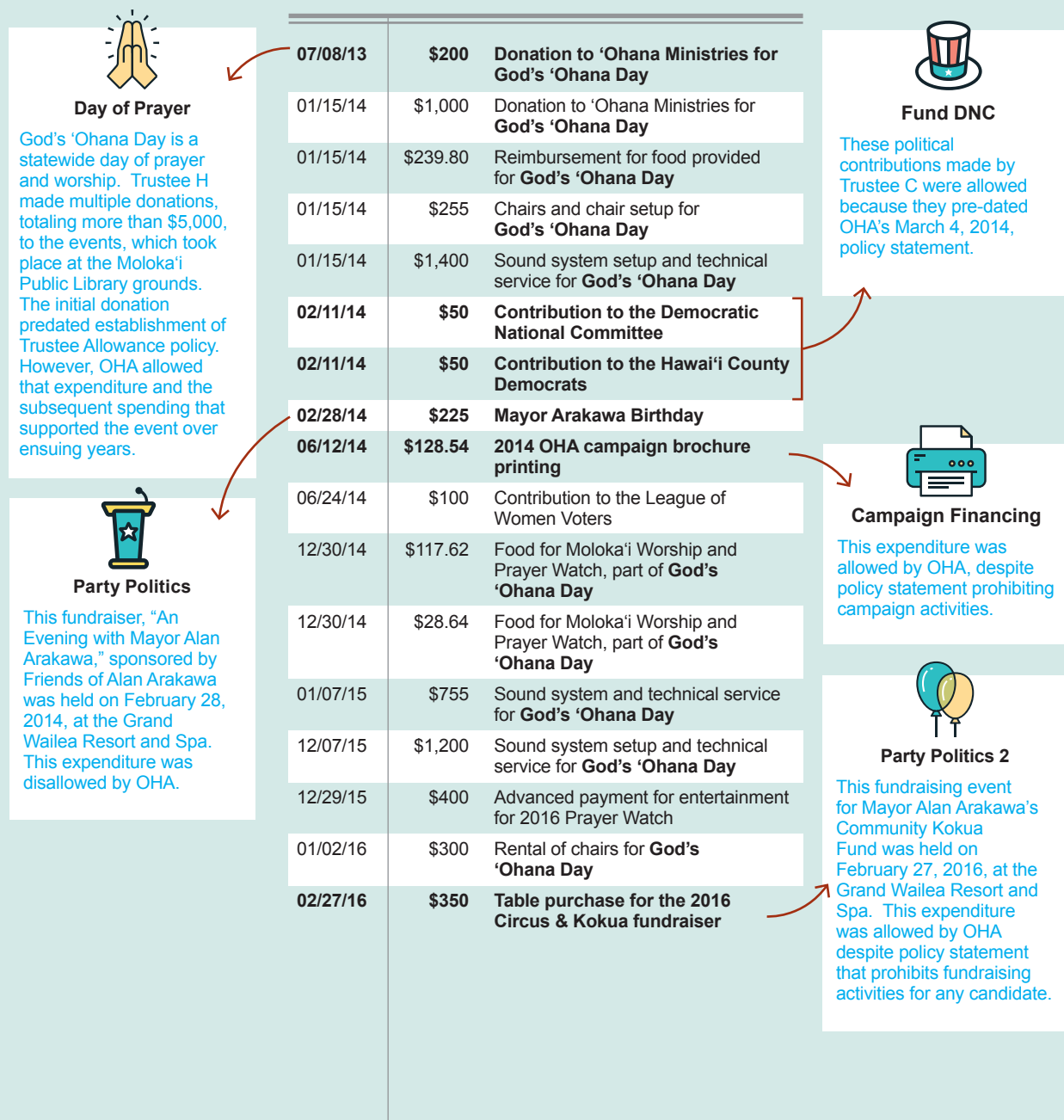


## Church and State

**SINCE NOVEMBER 2013**, OHA's Trustee Allowance policy has specifically disallowed grants and donations to religious and faith-based organizations for religious activities. On March 4, 2014, OHA issued a policy statement regarding trustees running for re-election and OHA employees running for Office of Trustee. According to the statement, employees are not permitted to use OHA time, equipment, material, premises, personnel, postage, e-mail, communication devices, or messenger services

for campaign-related purposes. In addition, employees are not permitted to use their official title, position, or authority to confer special advantage to any political candidate or campaign. Moreover, employees are not permitted to use OHA time to engage in, organize, promote, or actively participate in fundraising activities for any candidate.

In May 2016, OHA also expanded its disallowed expenditures to include political contributions.



## Good Intentions, Bad Policy?

**EVEN THOUGH** the general purpose of OHA's Trustee Sponsorship and Annual Allowance Fund is to "immediately communicate and maintain communications with beneficiaries through electronic media and traditional communications methods," in December 2013, OHA broadly expanded allowable expenditures for Trustee Allowances to include compassionate assistance to

beneficiaries. This includes "support for beneficiaries in their personal quest for self-improvement" and "compassionate assistance for emergencies/times of need (including funeral services, vision/hearing aids, dentures, personal care items, wheel chairs)." The following expenditures were allowed by OHA on the basis that they were not expressly prohibited by OHA policy.



### Las Vegas Rodeo

On June 26, 2014, Trustee H circulated a memo to fellow board members, soliciting donations for the recipient to attend a Las Vegas rodeo competition. Trustee H donated \$1,000. Two others, Trustee A and Trustee G, responded with donations of \$500 and \$400, respectively.



### KOA – HNL – KOA

Trustee G used the allowance to reimburse several individuals for airfare and parking expenses incurred during their trial against the State Department of Land and Natural Resources.



### Trustee to Trustee's Spouse

Trustee A donated \$1,000 to Trustee B for son's medical expenses. According to OHA's then-controller, it is possible that Trustee B was not aware that the funds were from OHA.

07/01/14	\$500	Donation to Honolulu Community College for the purchase of cosmetology kit and uniform for student
08/01/14	\$700	Same student as above
08/27/14	\$1,000	<b>Travel and other expenses for recipient to compete in Miss Rodeo America pageant in Las Vegas</b>
08/27/14	\$400	Same as above
09/03/14	\$500	Same as above
09/29/14	\$385	DNA testing for recipient
06/26/14	\$200	<b>Donation for cultural exchange program to the Cook Islands</b>
07/01/14	\$200	Same as above
08/01/14	\$500	Same as above
11/05/14	\$198.30	<b>Reimbursement of costs for travel between Kona and Honolulu</b>
11/06/14	\$600	Partial rent payment for recipient
11/23/14	\$1,000	Sponsorship for a trip to Japan
02/10/15	\$1,000	Compassionate donation to recipient for rent and utilities
02/13/15	\$5,000	<b>Compassionate donation for travel expenses</b>
06/02/15	\$62.82	Purchase of guitar case for recipient
07/16/15	\$1,000	Donation for Culture Moloka'i Tour performance
08/28/15	\$1,000	Funeral expenses, including purchase of matching outfits for family of deceased.
10/01/15	\$750	Donation for higher education costs
10/21/15	\$309	<b>Reimbursement of costs for travel between Kona and Honolulu</b>
10/22/15	\$500	Sponsorship of two players to participate in 2015 Thanksgiving Cup in San Diego
11/25/15	\$250	Donation to support participation in Heritage Music Festival at Disneyland
04/22/16	\$1,000	<b>Beneficiary assistance for medical expenses for another trustee's son</b>
06/29/16	\$1,000	Donation to recipient for Queen Lili'uokalani Keiki Hula Competition



### Cultural Exchange

Recipient wrote a letter to all trustees requesting funds to help her visit programs in New Zealand related to a project she was doing for 'Ōlelo Hawai'i. Trustee H responded, saying the expenditure was like a student reward to visit Maori-speaking schools, similar to a cultural exchange. On June 26, 2014, Trustee H circulated a memo to fellow board members, soliciting donations for the recipient to attend a cultural exchange program to the Cook Islands. The recipient had raised \$1,000, but needed an additional \$2,000. Trustee H donated \$500. Two others, Trustee C and Trustee E, each donated \$200.



### Travel and Lost Wages

The \$5,000 donation from Trustee C covered travel expenses — airfare, room, ground transportation, and food — and lost wages for the recipient, who accompanied her daughter to a follow-up appointment at Stanford University Medical Center. **At the time, the recipient was employed as the office manager of Trustee C's spouse.**

## Food: Essential and Reasonable

**IN OCTOBER 2016**, OHA created its Food Purchase Policy, which it updated a month later, but had not finalized at the close of our audit fieldwork in May 2017. The purpose of the policy is to define parameters and provide cost guidelines under which OHA trustees and employees can purchase food that align with OHA's fiduciary responsibility of administering trust funds. One trustee said s(he) uses the Allowance to purchase food for staff who the trustee considers to be beneficiaries. According to the policy, food should be purchased only when deemed necessary to help facilitate the related OHA business. In addition, the policy states that all purchasers have a legal responsibility for the proper use of OHA funds and OHA has an obligation to ensure that all expenditures are essential, and reasonable, and support the agency's mission.

The policy defines reasonable as the amount that would "normally be spent in that specific situation." It suggests that food purchases per recipient be

limited to: \$10 for breakfast; \$15 for lunch; and \$20 for dinner, including food and beverage. Further questions to consider when considering the reasonableness of a purchase are:

- Could the amount spent be comfortably defended under public scrutiny?
- Would you be free from worry if the expense was selected for audit?
- Would you be comfortable explaining to a beneficiary that you used his/her money this way?

The purchase of alcohol or reimbursement of alcohol purchased is not allowed under any circumstances.

The following is a listing of food purchases that do not appear to meet OHA's definition of reasonable. These meals were purchased by trustees during FY2015 – FY2016, before the proposed guidelines were drafted.

07/02/14	\$70.72	Cupcakes and utensils for party (Sam's Club)	01/19/15	\$61.31	Lunch with then Speaker of the House, Joe Souki (MW Restaurant)
07/03/14	\$268.59	Going away party for secretary (1132 Café & Catering)	01/29/15	\$97.38	Lunch with beneficiaries (MW Restaurant)
09/15/14	\$1,955.74	OHA Community Dinner, food expenses (Courtyard Marriott at King Kamehameha's Kona Beach Hotel)	04/10/15	\$151.14	Food for Mauna Kea demonstrators (Sam's Club)
09/24/14	\$395.81	Dinner for Protect Kaho'olawe meeting (Elsa's Kitchen)	04/12/15	\$149.79	Musubi for Mauna Kea demonstrators (KO Shop)
09/25/14	\$181.14	Meeting with beneficiary (Uncle's Fish Market)	04/15/15	\$125.65	Pastries for meeting (Leonard's Bakery)
10/01/14	\$117.59	Meeting with beneficiary (Ono Hawaiian Foods)	04/21/15	\$133.87	Lunch with Protect Kaho'olawe Fund budget analyst (Kincaid's) [alcohol purchased]*
10/04/14	\$50.55	Refreshments for office (Costco)	05/01/15	\$207.44	Meeting with Hawai'i Island beneficiaries regarding Mauna Kea (California Pizza Kitchen) [alcohol purchased]*
10/23/14	\$114.58	Meeting with [Beneficiary Name] (Yanagi Sushi)	06/08/15	\$126.98	Meeting with Washington, D.C. Civic Club members (Old Ebbitt Grill)
11/30/14	\$143.08	Meeting with Hawaiian leaders (Kula Bistro)			
12/02/14	\$463.59	Meeting with beneficiary (Gyotaku)			
01/12/15	\$84.16	Lunch meeting with member of Queen Emma Hawaiian Civic Club (MW Restaurant)			

\* The alcohol portion of this food expenditure was disallowed by the Administration.

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## **Administration allowed noncompliant spending.**

The trustees are not the only ones at fault for misspent Allowance funds. Trustees file a report of their respective expenditures with the Administration;<sup>1</sup> however, we found that in many cases, questionable or noncompliant expenditures were allowed by the Administration. Although each expenditure may be small relative to OHA's total budget, the overall pattern of questionable spending of Trustee Allowances, which are trust funds, reflects indifference towards money held for trust beneficiaries. The trustees' questionable use of Trustee Allowances may erode public confidence in elected officials entrusted with the oversight and management of public trust lands and the use of public trust funds. Potential violations of the State's Ethics Code and campaign spending laws may weaken or damage public perception of OHA and confidence in its trustees. Perhaps most importantly, the inappropriate use of trust funds may be resulting in trustees committing breaches of trust and fiduciary duties. To ensure these trust funds are used prudently in a fair and impartial manner for OHA beneficiaries, well-defined policies and procedures, together with the enforcement of sanctions, are necessary.

## **Procedural errors did not result in corrective action.**

In some situations, there were clear violations of procedures, yet no corrective action was taken either by the board chairperson or the Administration. For example, procedures require trustees to submit quarterly reports to the Administration within 15 calendar days of quarter end. The Fiscal Office reviews reports and has the authority to deny expenses that are not in compliance with guidelines. Trustees receive their annual Allowance at the start of each fiscal year provided that quarterly expenditure reports for all prior quarters are current, and any unexpended funds are returned for the quarter ending June 30. Non-compliance is reportable to the board chairperson, and "other appropriate authorities."<sup>2</sup> In FY2015 and FY2016, there were three and four late submissions, respectively. We also found two instances in which unused funds were not returned at the end of the year, contrary to procedures. According to the Administration, the failure to return funds was a result of OHA changing from a calendar year to a fiscal year, and trustees' misunderstanding of when funds were due. In these situations, there were no consequences or sanctions against the trustees who violated procedures.

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<sup>1</sup> This expenditure report includes a signed certification statement by trustees certifying the report "contains expenditures *exclusively* intended to develop and maintain an ongoing communication network with beneficiaries, promote an understanding of Hawaiian issues, and/or encourage participation in the resolution of these issues."

<sup>2</sup> According to OHA corporation counsel, "other appropriate authorities" refers to the CEO, COO, corporation counsel, and other OHA managers. Other trustees, officers, and staff we interviewed were unaware of whom it referred to.

**“I was raised to know a Hawaiian by looks, heart, the way they speak, or just by them telling me they are Hawaiian.... Us local people can tell. We know each other’s racial background. It’s built within us.”**

— OHA trustee

## Trust Issues

*When it comes to Trustee Allowances, OHA has limited assurance that funds are being distributed to Native Hawaiians and Hawaiians.*

**OHA’S MISSION** is to improve the conditions and well-being of Native Hawaiians and Hawaiians. So how does the agency ensure that its grants and donations are being given to these beneficiaries?<sup>1</sup> For the agency’s Community Grants, grantees are required to submit a statement in their reports to OHA affirming the Hawaiian ancestry of all eligible participants served under the grant award. This requires the completion of an OHA “Verification of Hawaiian Ancestry” form, which lists the names of all participants and the method of verification for each person, such as the presentation of a birth certificate or an OHA Hawaiian Registry card.<sup>2</sup> The verification form must be completed every quarter during the two-year grant term.

However, when it comes to Trustee Allowances, no such verification is done prior to trustees distributing the funds to requestors. When we asked trustees if they verified requestors’ Hawaiian ancestry, one trustee replied that he may ask the question on occasion, but if the requestor’s name is Hawaiian, he doesn’t make an inquiry. Another trustee told us that trustees are not qualified to make that determination, while another did not ask. The remaining six trustees told us that they just know who is Hawaiian.

According to OHA, the Trustee Allowance policy is intended to give trustees the flexibility to reach out to more beneficiaries that would not otherwise be able to get funding through OHA Grants or loans. The Administration acknowledged that such donations are typically “individually driven,” supported only by letter or e-mail requests from individuals. The then-acting CFO also indicated that Trustee Allowance funds are distributed with the understanding that the trustee is the grantee. However, by relying on intuition rather than documentation or other confirmation to determine if a requestor is Native Hawaiian or Hawaiian, OHA may be straying from, rather than expanding on, its mission.

<sup>1</sup> According to Section 10-2, HRS, beneficiaries of the public trust entrusted upon OHA are defined as Native Hawaiians and Hawaiians.

<sup>2</sup> Per Section 10-19, HRS, OHA shall establish and maintain a registry of all Hawaiians wherever such persons may reside. Inclusion of persons in the Hawaiian registry shall be based upon genealogical records sufficient to establish the person’s descent from the aboriginal peoples inhabiting the Hawaiian Islands in 1778.

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A violation of the OHA Code of Conduct may result in the board instituting sanctions through the board counsel, including the offending trustee not having use of a Trustee Allowance, or requiring third-party administration of the Trustee Allowance Fund. We found that the board has not sanctioned a trustee for violations of the OHA Code of Conduct as it relates to Trustee Allowances. One trustee stated the board has no “desire” to use its power to sanction trustees, while another trustee stated, “I think our sanctions are kind of weak, and we are not doing our job of calling out certain trustees who have a tendency of going outside the box. We should, really, be the ones to execute these sanctions, and we are not doing that.” As fiduciaries, each trustee has a duty to use reasonable care to prevent a co-trustee from committing a breach of trust and, if a breach of trust occurs, to obtain redress. It may be considered a breach of trust for a trustee to not report or prevent wrongdoing by a co-trustee.

We note that in May 2016, the board chairperson and CEO implemented internal guidelines and procedures for Trustee Sponsorship and Annual Allowance Fund transactions occurring on or after July 1, 2016 (i.e., FY2017). These guidelines and procedures disallow alcohol, prior fiscal year expenditures, political contributions, and foreign currency exchange deficits. In addition, trustees are required to provide original receipts and must use the Administration’s standardized forms for all donations, Sponsorships, and meals. Furthermore, unused Allowance amounts as of June 30th of each year must be returned to OHA, along with the fourth quarter expenditure report by July 15th. For FY2017, the Administration drafted guidelines for procedures on using Allowances for OHA staff meals. This, in part, addresses some of the issues highlighted above, but it remains to be seen if enforcement will be carried out.

## Conclusion

Improving the conditions and well-being of Native Hawaiians and Hawaiians is OHA’s mission. During our audit, this mission was the consistent response — from both trustees and the Administration — when we inquired about questionable expenditures. Whether it was \$500,000 for a conservation conference in Honolulu, \$20,000 for the production of a trailer for a documentary film, or \$1,000 to pay for a former co-worker’s rent and utility bills, the ultimate justification was that the expenditures were in one way or another improving the conditions and well-being of Hawaiians and, in many cases, an individual Hawaiian.

While we recommend OHA amend, clarify, and reconsider its policies, procedures, and guidelines for its Kūlia Initiatives, Fiscal Reserve, CEO

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**As fiduciaries, each trustee has a duty to use reasonable care to prevent a co-trustee from committing a breach of trust and, if a breach of trust occurs, to obtain redress. It may be considered a breach of trust for a trustee to not report or prevent wrongdoing by a co-trustee.**



Sponsorships, Trustee Allowances, and other types of discretionary spending, we strongly urge the Board of Trustees to address the central issue of whether these types of spending fulfill OHA's mission. We acknowledge that trustees have broad discretion in determining whether a particular expenditure better the conditions of Native Hawaiians and Hawaiians, but their desire to provide assistance should be tempered by their fiduciary duties to the trust beneficiaries, which include acting impartially, considering the interests of both present and future beneficiaries. Doing so would not only benefit Native Hawaiians and Hawaiians in the long-term, it would help ensure that they are treated more equitably in the short-term.

## **Recommendations**

### **OHA Board of Trustees**

#### **1. In general:**

- a. Require trustees and trustee staff to attend regular training that includes, but is not limited to:
  - i. Fiduciary duties and other responsibilities of trustees;
  - ii. State Ethics Code, Chapter 84, HRS;
  - iii. Sunshine Law, part I of Chapter 92, HRS; and
  - iv. Uniform Information Practices Act (Modified), Chapter 92F, HRS.
- b. Ensure that OHA policies and procedures, applicable to trustees and the Administration, align and are consistent with OHA's mission, trustees' fiduciary duties, and State laws.
- c. Develop a clearly defined process by which trustees must hold each other individually accountable for actions that are inconsistent with their collective fiduciary duties and responsibilities to trust beneficiaries and for violations of State laws.
- d. Provide greater transparency into OHA's administration of trust assets, including OHA's fiscal year budgets and actual expenditures, specific information regarding the Grants, Sponsorships, and other funding awarded by OHA, OHA's investment portfolio holdings and returns, and expenditures by trustees using Trustee Allowances. Consider posting such information on OHA's website or some other similarly accessible public portal.
- e. Consider requiring board approval of all Grants, Sponsorships, and other funding awarded by OHA and/or that use Native Hawaiian Trust Fund assets.

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- f. Require the Administration to develop a master list of all OHA Grants, Sponsorships, and other funding awarded, including the name of the individual, group, or organization receiving the funds, the amount of the award, and the approving or granting entity within OHA (such as the board, CEO, or line of business).
  - g. Consider developing policies regarding the maximum number and maximum total dollar amount of Grants, Sponsorships, and other funding awarded to the same individual, group, or organization during a fiscal year or other determined period.

**2. With respect to Kūlia Initiatives:**

- a. Determine and clearly define the purpose of Kūlia Initiatives.
- b. Review, update, and amend policies related to Kūlia Initiatives, as needed, to align with the defined purposes of Kūlia Initiatives. Such policies and procedures should clearly describe the types of spending for which Kūlia Initiatives are appropriate (as opposed to the purposes of other OHA funding support mechanisms, such as Community and 'Ahahui Grants).
- c. Consider including in OHA's annual budget a board-determined amount to fund Kūlia Initiatives.
- d. Ensure that the purpose and use of Kūlia Initiatives aligns and is consistent with: (a) OHA's mission; (b) OHA's policies and procedures; (c) trustees' fiduciary duties; and (d) State laws.

**3. With respect to the Fiscal Reserve:**

- a. Determine and clearly define the purpose of the Fiscal Reserve, considering the original intent of the reserve, as well as the board's current intent for maintaining a reserve.
- b. Review, update, and amend policies and procedures related to the Fiscal Reserve, including OHA's Spending Policy and Fiscal Reserve Guidelines, as needed, to align with the defined purpose of the Fiscal Reserve. Such policies and procedures should clearly describe the circumstances in and purposes for which the Fiscal Reserve can be used.
- c. Clarify and clearly define the purpose of the 5 percent spending limit, and determine whether it is necessary to establish a withdrawal rate limit to ensure the health and sustainability of the Native Hawaiian Trust Fund.

- d. Work with the Administration, including OHA's Investment Management staff, to determine and obtain the financial information necessary for the board to assess the short- and long-term impacts to the Native Hawaiian Trust Fund when considering use of the Fiscal Reserve.
- e. For each action item considering use of the Fiscal Reserve, ensure the Administration clearly includes the specific information as required by the Fiscal Reserve Guidelines and necessary for the board's decision-making.
- f. Ensure that the purpose and use of the Fiscal Reserve aligns and is consistent with: (a) OHA's mission; (b) OHA's policies and procedures; (c) trustees' fiduciary duties; and (d) State laws.

**4. With respect to CEO Sponsorships:**

- a. Determine and clearly define the purpose of CEO Sponsorships.
- b. Review, update, and amend policies and procedures related to CEO Sponsorships, as needed, to align with the defined purpose of CEO Sponsorships. Such policies and procedures should clearly describe the circumstances in and purposes for which CEO Sponsorships can be used.
- c. Consider restricting the Administration's ability to independently adjust the fiscal year budget, once approved by the board, to fund or otherwise support CEO Sponsorships.
- d. Ensure that the purpose and use of CEO Sponsorships aligns and is consistent with: (a) OHA's mission; (b) OHA's policies and procedures; (c) trustees' fiduciary duties; and (d) State laws.

**5. With respect to Trustee Allowances:**

- a. Amend the Trustee Allowances policy to restrict the use of Trustee Allowances to expenses incurred by trustees relating to their communication with beneficiaries and the public, as was the original purpose of the Trustee Allowances, and reduce the Trustee Allowances to an amount determined by the board to be reasonably necessary for that purpose.
- b. Prohibit the use of Trustee Allowances to provide financial support, direct or otherwise, to individuals, groups, or organizations. Require requests for financial support by individuals, groups, or organizations to be approved by the board and funded through a program other than Trustee Allowances.

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- c. Work with the Administration to more clearly define procedures related to the use and administration of Trustee Allowances.
  - d. Require trustees to seek reimbursement of expenses; do not disburse the total amount of Trustee Allowances to trustees at the beginning of the fiscal year or otherwise advance any funds to trustees.
  - e. Review and amend, as needed, the sanctions established in the Code of Conduct for violations of Trustee Allowance policies and procedures and establish a process to ensure enforcement of sanctions to appropriately address such violations.
  - f. Ensure that the purpose and use of Trustee Allowances aligns and is consistent with: (a) OHA's mission; (b) OHA's policies and procedures; (c) trustees' fiduciary duties; and (d) State laws.

## **OHA Administration**

### **1. In general:**

- a. Require the Administration to attend regular training that includes, but is not limited to:
  - i. Fiduciary duties and other responsibilities of trustees;
  - ii. State Ethics Code, Chapter 84, HRS;
  - iii. Sunshine Law, part I of Chapter 92, HRS; and
  - iv. Uniform Information Practices Act (Modified), Chapter 92F, HRS.
- b. Support trustees in performing their fiduciary duties and other responsibilities by, among other things, providing financial documents and other information in a timely manner as requested by individual trustees.

### **2. With respect to Kūlia Initiatives:**

- a. Ensure that the board and the Administration adhere to and comply with the board-adopted policies and procedures for Kūlia Initiatives.
- b. Ensure that OHA's use of Kūlia Initiatives aligns and is consistent with: (a) OHA's mission; (b) OHA's policies and procedures; (c) trustees' fiduciary duties; and (d) State laws.

### **3. With respect to the Fiscal Reserve:**

- a. Ensure each proposed use of the Fiscal Reserve is consistent with the Fiscal Reserve Guidelines and the board-stated purpose of the Fiscal Reserve.

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

**4. With respect to CEO Sponsorships:**

- a. Adhere to Grants Staff recommendations regarding the Administration's requests to fund CEO Sponsorships.
- b. If the Administration is allowed to adjust the budget to fund Sponsorships, obtain board approval before doing so, and provide the board with specific information about the proposed funding request to inform trustees' decision-making.

**5. With respect to Trustee Allowances:**

- a. Monitor and review trustees' use of Trustee Allowances and ensure expenditures using Trustee Allowances comply with the Trustee Allowances policy.
- b. Establish procedures to more clearly define the Administration's role and procedures for administering and monitoring the use of Trustee Allowances.
- c. Report to the board the specific expenditures approved and reimbursed to each trustee using Trustee Allowances.
- d. Create a formal appeal process for trustees to request a second determination of whether they are entitled to reimbursement of expenses using Trustee Allowances, for instance, through staff whose regular duties do not involve review and approval of Trustee Allowances.

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# Office of the Auditor's Comments on the Office of Hawaiian Affairs' Response

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**WE PROVIDED A DRAFT OF THIS REPORT** to the Office of Hawaiian Affairs (OHA) on January 29, 2018, and met with Board of Trustees Chairperson Colette Y. Machado, Chief Executive Officer Kamanaʻopono M. Crabbe, and other OHA officials and staff on February 6, 2018, to discuss our audit findings and recommendations. OHA offered its written response to the draft report on February 7, 2018, which is included as Attachment 1.

OHA appears to generally agree with our findings and recommendations. OHA represents that it has already taken steps that address some of the findings. For example, OHA reports that the board's Resource Management Committee created Fiscal Sustainability Plan working groups to examine and recommend improvements to OHA's spending policies and Fiscal Reserve guidelines; that, on February 7, 2018, the board amended its policy on budget realignment to prohibit any adjustments to the board-approved biennium budget for Grants and CEO Sponsorships; and that trustees have reimbursed certain expenses paid using their respective Trustee Allowances. Chairperson Machado also states her intention to seek a moratorium on the use of Fiscal Reserve funds, CEO Sponsorships administered by the Grants Staff, and trustee Sponsorships under the Trustee Sponsorship and Annual Allowance Fund (or TSAAF).

Although we are encouraged by OHA's early efforts to address certain audit findings, we are compelled to note that OHA's response is silent on the core issue of the report: the trustees' misunderstanding of their individual and collective fiduciary responsibilities to the beneficiaries of the trust. We believe that regular training for trustees and the Administration on fiduciary duties and applicable State laws is imperative and should begin immediately.



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**STATE OF HAWAI'I  
OFFICE OF HAWAIIAN AFFAIRS  
560 N. Nimitz Highway  
Honolulu, Hawai'i 96817**

February 7, 2018

**VIA E-MAIL: [lao.auditors@hawaii.gov](mailto:lao.auditors@hawaii.gov)**

Mr. Leslie H. Kondo  
Office of the Auditor  
State of Hawai'i  
Kekūanaō'a Building  
465 S. King Street, Room 500  
Honolulu, Hawaii 96813

**RE:   Audit of the Office of Hawaiian Affairs  
      Response to Draft Auditor's Report**

Dear Mr. Kondo:

The Office of Hawaiian Affairs ("OHA") thanks the Office of the Auditor, State of Hawai'i ("Auditor") for its diligent work in developing this report.

OHA is proud of our substantial contributions to the Lāhui and to all Hawai'i since the agency was established in 1980. Our advocacy and funding have helped to protect Native Hawaiian rights, preserve traditional cultural practices, and advance the socio-economic well-being of our beneficiaries.

However, we appreciate that this audit is intended to help OHA improve so that we can better fulfill our mandate of bettering the conditions of Native Hawaiians, a community that the rest of the State has historically neglected. We fully understand that

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the daunting challenges our beneficiaries face – as well as our sweeping mandate – require our commitment to continuous improvement and progress. We know we must do better.

OHA acknowledges the Auditor's findings that we must endeavor to institute and enforce disciplined spending through clearly defined, objective, and responsible policies and protocols. This will better enable OHA to uphold its solemn trust obligations to our beneficiaries. OHA will review and give serious consideration to the Auditor's recommendations, some of which are already being addressed by OHA, as discussed below.

Given the seriousness of several of the Auditor's findings, I propose that the Board immediately adopt moratoriums on the use of Fiscal Reserve funds as well on the use of Trustee Sponsorships and Sponsorships until the Board approves amendments that address concerns relating to those policies.

Again, we mahalo you for your assistance in making us better, and please know that OHA is committed to the change necessary to best serve our people.

#### **OHA MUST BALANCE MEETING ITS FIDUCIARY OBLIGATIONS WITH THE UNREMITTING CALLS FOR KŌKUA FROM OUR PEOPLE**

As the Auditor is well aware, OHA is a semi-autonomous entity whose mission includes advocating on behalf of and for the betterment of Native Hawaiians. The Standing Committee Report No. 59 of the 1978 Constitutional Convention, explained that "[t]he status of the Office of Hawaiian Affairs is to be unique and special" and that it "will be independent of the executive branch." OHA's unique constitutional and statutory mandates serve to guide the agency in fulfilling this mission. OHA recognizes and appreciates its dual responsibilities: (1) to grow and preserve trust assets for the benefit of future generations of Native Hawaiians, but (2) to also efficiently and effectively expend or otherwise use trust assets to meet the present and substantial needs of Native Hawaiians and our communities. It is this broader duty that OHA continually balances in the decision-making by the Board of Trustees ("Board") and by Administration.

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It is worth repeating: the needs of our beneficiaries are substantial, with Native Hawaiians falling behind the State and other ethnic groups in countless socio-economic, health, education and other indicators. See OHA's Native Hawaiian Data Book at <http://www.ohadatabook.com/>. The requests for funding to OHA from organizations seeking to provide critical services to meet the needs above far exceed our resources.

While we are fully committed to implementing improvements to our spending policies and protocols, we note that most of the grant and sponsorship expenditures that the Auditor questioned were consistent with the agency's constitutional and statutory responsibilities to meet the overwhelming needs of our community – a community that the rest of the State is not specifically focused on. While the Auditor has found that some of these expenditures fall outside of our policies, these policies may indeed be too rigid or too high of a barrier to ensure OHA meets its constitutional and statutory obligations. For example, while the Auditor found that the \$597,468 in trust funds we provided to Lunalilo Home and Trust for much-needed capital improvements fell outside of our Fiscal Reserve Policy, the need to care for our kūpuna and support an Ali'i trust falls squarely within our constitutional and statutory obligations. This just illustrates OHA's challenge of balancing our fiduciary responsibilities to manage our trust with answering the unrelenting calls for kōkua from our people. We do accept, however, that our policies should be revisited to enable us to better balance our fiduciary duties to the trust and our duties to meaningfully and timely serve our beneficiaries.

**SINCE AUDIT REPORT NO. 13-07, OHA HAS PARTIALLY OR FULLY IMPLEMENTED THE AUDITOR'S RECOMMENDATIONS REGARDING LAND PLANNING AND GRANT MONITORING**

Audit Report No. 13-07 focused on the acquisition and management of OHA's real estate holdings and administration of its Community and 'Ahahui Grants. The Auditor reviewed OHA's management and finances for the previous three fiscal years (FY2010-FY2012), which included review of real estate transactions and relevant activities between July 1, 2006 and June 30, 2012. The Auditor made recommendations for consideration by the Board, Chief Executive Officer ("CEO"), Land Management Division, and Transactional Assistance Program ("TAP"). At the Auditor's request during this subject audit, OHA reported on the status of recommendations from Audit Report No. 13-07 implemented by OHA and provided the Auditor with supporting documentation. OHA

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has partially or fully implemented all of the Auditor's recommendations. As indicated by the Auditor, it will address the recommendations of Audit Report No. 13-07 in a separate report to be issued later. OHA will provide a written response to that second report consistent with the Auditor's instructions.

**RECOGNIZING DEFICIENCIES IN ITS SPENDING POLICIES AND PROTOCOLS, OHA HAS PROACTIVELY IMPLEMENTED CHANGES CONSONANT WITH THE AUDITOR'S CURRENT RECOMMENDATIONS**

As the Auditor was gathering information, reviewing documents, and preparing its report, OHA took proactive steps to implement change through its Fiscal Sustainability Plan ("FSP") working groups. On March 23, 2017, OHA approved the procurement of an external auditor to examine OHA's financial condition and that of its LLCs. Most recently, OHA approved a policy amendment that limits the CEO's budget adjustment discretion. Collectively, these efforts will put OHA on the path to better managing and maintaining the health of its financial resources and other assets so that the agency may continue to address both the present and future needs of Native Hawaiians.

**OHA's FSP Addresses the Native Hawaiian Trust Fund Spending Policy, Fiscal Reserve Withdrawal Guidelines, and Other Spending Policies.**

On March 29, 2017, the Board approved the Resource Management ("RM") Committee's recommendation to create the FSP Working and Implementation Advisory Committee ("FSP Advisory Committee"). Subsequently, RM Committee Chair, Trustee Hulu Lindsey created collaborative FSP working groups comprised of Trustees, Administration, and subject matter experts to address the following priority areas: OHA's Spending Policy; Real Estate Investments; Legal and Taxable Structures; OHA's Relationship with the Department of Hawaiian Homelands; and Pension Benefits.

The FSP working groups held meetings in September through November 2017. On October 26, 2017, the FSP working groups provided a status report on their findings and possible solutions to the FSP Advisory Committee. Beginning this year, the FSP working groups will resume their brainstorming meetings to develop and narrow down possible solutions; meet with key stakeholders for input; and develop short-term and

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long-term plans that (a) identify the monetary sources and staffing needs for implementation and (b) assess the risks of potential challenges and how to address them. Where policy changes are required, the FSP working groups will draft proposed action items for consideration by the FSP Advisory Committee and subsequent review by the RM Committee and the Board.

In particular, the FSP Spending Policy working group has met to discuss improvements to the spending policy and fiscal reserve guidelines that include but are not limited to clearer definitions, purposes, and procedures; specifics for periodic policy review; alignment with budget planning; a maximum cap; and an appropriate spending rate to serve OHA’s objectives.

The FSP Spending Policy and Real Estate Investments working groups have also met to discuss improvements to the Native Hawaiian Trust Fund Investment Policy Statement (“IPS”) and consideration of an investment policy statement that would apply to OHA’s real estate investments. These discussions are consonant with the fiscal reserve and spending recommendations of the Auditor.

The review, modification, and/or creation of fiscal and investment policy statements for Board approval will take time and a concerted effort amongst the FSP working groups. I propose that OHA impose a moratorium on the use of Fiscal Reserve funds until specific policy changes are approved by the Board upon recommendations from the FSP Spending Policy working group.

OHA will thoroughly consider the Auditor’s recommendations as they relate to OHA’s fiscal sustainability and management of the Trust. OHA intends to solidify the financial health of the Trust through prudent and responsible policy and decision-making.

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**OHA's Ad Hoc Committee On Grants and Sponsorships Will Recommend Policy Changes for Administrative Guidance and Fiscal Accountability on Grants, Sponsorships, and Trustee Allowances.**

On August 1, 2017, the Board approved the appointment of members to an Ad hoc Committee on Grants and Sponsorships. This Ad hoc committee has been charged with the following tasks:

- to review Strategic Plan priorities and current policies and how they guide the grant and sponsorship process;
- assess the existing grant making programs; assess the grant applicant review and scoring process and awarding process;
- review and assess the occurrence of repeat awardees and the amount of the grant award allocation;
- review the outreach made to the community to better inform beneficiaries of grant availability and requirements;
- provide recommendations to improve the grant making process;
- solicit, develop, and provide recommendations for Kūlia Grant criteria;
- review and assess the process in which sponsorships are awarded and breakdown the levels of sponsorships;
- present findings and recommendations to the Board; and
- identify, develop, and recommend policies as necessary for approval by the Board.

From its inception, this Ad hoc committee intended to review and address all of OHA's grants and sponsorships, including Kūlia Initiatives, Sponsorships, and Trustee Allowances which is administered under the Trustee Sponsorship and Annual Allowance Fund ("TSAAF").

Current policies give the Board discretionary authority to fund Kūlia Initiatives and to provide sponsorships to support beneficiaries who may not qualify or otherwise compete for grants. In light of the Auditor's preliminary findings, Trustees have personally addressed some of the allowances questioned by the Auditor by taking immediate action, which has included in some instances, repaying the Trust.



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Current board policies give the CEO discretionary authority to approve sponsorships up to \$25,000 to eligible organizations for community events. Recognizing the need to institute more disciplined spending in this area, on February 7, 2018, the Board approved Action Item RM 18-01 that amends the OHA Board of Trustees Executive Policy Manual section 3050 Fiscal – Biennium Budget Realignment and Adjustments paragraph 3.5.f. This amendment, effective July 1, 2018, limits the CEO’s budget adjustment discretion from 10% of the total budget to either the lesser of \$100,000 or 5% of each budget category. It also disallows any budget adjustments in or out of Grants and Sponsorships after the Board approves the biennium budget.

Under the guidance of this Ad hoc committee, OHA will strive to reach a balance between the need to equitably and objectively put more funds into program services, projects and events that directly benefit our Native Hawaiian communities and the need to administratively enforce compliance and reporting of the use of funds for these purposes. I propose that OHA impose an immediate moratorium on Trustee Sponsorships under TSAAF and Sponsorships that are administered through TAP (upon approval of the Chief Operating Officer), until specific policies are approved by the Board upon recommendations from the Ad hoc committee on Grants and Sponsorships. OHA recognizes that integral to any policy changes it may implement must be its duty to better serve and improve the conditions of Native Hawaiians.

OHA appreciates the Auditor’s recommendations as to Kūlia Initiatives, Sponsorships, and Trustee Allowances and is committed to implementing the appropriate changes that reflect increased transparency and accountability in these policies and procedures.

#### **SUBSEQUENT EVENTS RESULT IN POSITIVE PROJECTIONS FOR THE AVERAGE MARKET VALUE OF THE NATIVE HAWAIIAN TRUST FUND**

As the Auditor indicated in its report and at Exhibit 2.5, the figures and subsequent projections of the average market value of the Native Hawaiian Trust Fund (“NHTF”) were as of February 13, 2017. The chart in Exhibit 2.5 of page 16 was based on the assumption of continued net losses in the value of the portfolio. The poor market environment and negative outlook caused this assumption to be a conservative estimate.

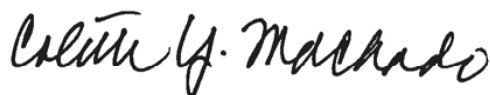
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For the year ended December 31, 2017, the NHTF gained 15.65%. In 2017, the Board approved the benchmarks for all asset classes improving the portfolio's efficiency and selection of a Hedge Fund manager whose strategy complements the NHTF. With these modifications and the favorable economic environment, OHA's updated projections for the average market value of the NHTF are provided in the attached Exhibit 1 and is submitted as an update to the Auditor's Exhibit 2.5.

#### **OHA REMAINS COMMITTED TO CONTINUOUS IMPROVEMENT AND PROGRESS**

The Auditor's report was thorough, balanced, and helpful. To continue to be the change that it wants to be and better the conditions of our people, OHA must continuously improve. The findings and recommendations will help keep OHA on that pathway to change.

‘O wau iho nō,

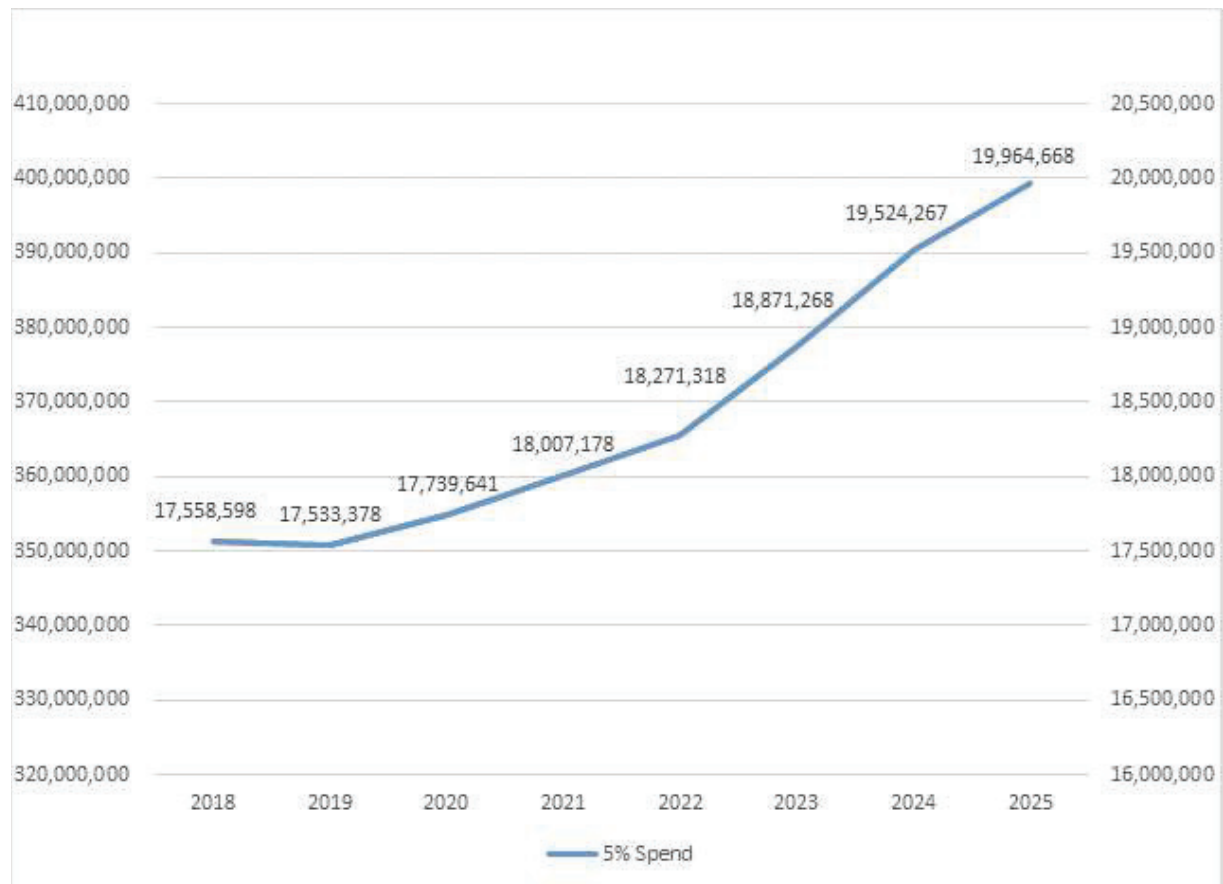


Colette Y. Machado, Trustee  
Chairperson, Board of Trustees

Enclosure: Exhibit 1

cc: OHA Board of Trustees, w/encl.  
OHA Ka Pouhana, Chief Executive Officer, w/encl.

## EXHIBIT 1 – UPDATED PROJECTED TRUST FUND 20Q ROLLING MARKET AVERAGE VALUE



Source: OHA

## Appendix A

### Trustee Allowance Expenditures

For each trustee, we selected one quarter in FY2015 and one quarter in FY2016 and reproduced below all of their respective expenditures using the Trustee Allowance for those quarters. Zero amounts indicate submissions that were either disallowed by the Administration or retracted by trustees due to insufficient documentation.

DATE	PAYEE	AMOUNT	DESCRIPTION
<b>Trustee A</b>			
05/20/16	Kanu O Ka Aina Learning 'Ohana	\$1,700.00	Donation
05/19/16	USPS Uptown	\$47.00	Postage stamps
05/16/16	Kanu O Ka Aina Learning 'Ohana	\$300.00	Donation
05/01/16	River of Life Mission	\$1,000.00	Donation for meals
04/28/16	Waikiki Community Center	\$2,400.00	Donation for 31st Duke Kahanamoku Beach Challenge on 04/24/16
04/22/16	[Trustee Spouse Name]	\$1,000.00	Beneficiary assistance for medical expense
04/03/16	River of Life Mission	\$1,600.00	Donation
03/09/16	Danny Kaleikini Foundation	\$2,500.00	Sponsorship of National Kidney Foundation of Hawai'i's Capital Campaign event held on 03/31/16 at the Honolulu Country Club
09/10/15	Mauna Kea Legal Defense Fund	\$500.00	Donation for Legal Defense Fund for Mauna Kea
04/18/15	[Beneficiary Name]	\$314.14	Native Hawaiian Chamber of Commerce Silent Auction
03/01/15	The 'Iolani Guild	\$200.00	Sponsorship-donation
02/19/15	Missing Vendor	\$67.34	Makana-lei for awardees/students-Hoomaikai event 03/06/15
02/18/15	Lunalilo Scholars Project	\$6,000.00	Sponsorship-donation Hawaiian student
02/18/15	Missing Vendor	\$25.07	Makana-lei for awardees/students-Hoomaikai event 03/06/15
02/16/15	Missing Vendor	\$0.00	Flower lei for Honpa Hongwanji
02/14/15	Don Quijote	\$21.46	Makana
02/14/15	Hilton Hawaiian Village	\$8.00	Parking for Honpa Hongwanji Living Treasure event on 2/14/15
02/12/15	Hui Aloha Aina Momona	\$500.00	Sponsorship-donation kalo
02/09/15	Zippy's	\$16.02	Meeting with beneficiary [Beneficiary Name]
02/02/15	Oceanic Time Warner	\$0.00	Fax/phone to receive info from/for OHA
01/30/15	Office Depot	\$49.00	Stamps to mail info to beneficiaries
01/29/15	MW Restaurant	\$97.38	Beneficiary lunches [Beneficiary Name]
01/28/15	Flower Fair	\$112.88	Makana for [Trustee Name] floral wreath award to Hongwanji 2/14/15
01/26/15	Ahahui Ka'ahumanu	\$1,000.00	Sponsorship-Anniversary donation for 110th Ann.
01/25/15	Avast	\$0.00	Protection for computer
01/23/15	Pictures Plus	\$0.00	Trustee credential display
01/19/15	MW Restaurant	\$61.31	Speaker Souki lunch
01/19/15	Batik Designs	\$0.00	Office décor
01/16/15	Koho's Grill & Bar	\$0.00	Beneficiary meeting
01/16/15	Koho's Grill & Bar	\$0.00	Beneficiary meeting
01/12/15	MW Restaurant	\$84.16	Beneficiary meeting with [Beneficiary Name] May-Queen Emma Hawaiian Civic Club
01/12/15	Don Quijote	\$0.00	Beneficiary donation to kids

DATE	PAYEE	AMOUNT	DESCRIPTION
01/10/15	Sierra Club	\$500.00	Sponsorship-GMO donation-benef. [Beneficiary Name]
01/08/15	Matters of Taste	\$18.83	Beneficiary meeting with Steph Sofos-expert real estate appraiser-Kaka'ako consultant
01/06/15	The Mandalay	\$0.00	Beneficiary meeting
01/06/15	Flower Fair	\$0.00	Makana
09/03/14	Miss Rodeo Hawai'i Pageant	\$500.00	Donation toward expenses for [Beneficiary Name], Miss Rodeo Hawai'i, to participate in the Miss Rodeo America Pageant in Las Vegas in December
09/03/14	Wai'anae Hawaiian Civic Club	\$1,000.00	Sponsorship for 2nd Annual [Beneficiary Name] Memorial Golf Tournament to benefit the E Ala Voyaging Academy
09/03/14	Native Hawaiian Legal Corporation	\$2,500.00	Table sponsorship for Ho'omalu Ka Lehua I Ka Wao 40th Anniversary Celebration to benefit the Native Hawaiian Legal Corporation
09/03/14	Shidler Alumni Association Hall of Honor	\$2,500.00	Table sponsorship for students of Shidler Business College to attend Hall of Honor Awards event
08/01/14	Honolulu Community College	\$700.00	Donation toward purchase of cosmetology kit & uniform for student [Beneficiary Name]
08/01/14	Waikiki Community Center	\$3,000.00	Table sponsorship for 2014 Na Mea Makamae o Waikiki Kahiau Awards benefit for the Waikiki Community Center
07/30/14	Prince Kūhiō Hawaiian Civic Club	\$1,000.00	Table sponsorship for 2014 Kalaniana'ole Scholarship Pa'ina
07/29/14	Zippy's Nimitz	\$182.40	Donation to purchase lunch for Boys and Girls Club of Hawai'i, Wai'anae Chapter
<b>Trustee B</b>			
01/25/16	Polynesian Football Hall of Fame	\$500.00	Two (2) Celebration Dinner tickets
11/25/15	[Beneficiary Name]	\$250.00	Donation to support participation in the Heritage Music Festival at Disneyland in March 2016
11/25/15	[Beneficiary Name]	\$400.00	Donation to support Anahola (Piilani Mai Ke Kai) community work days to clean up undeveloped land
11/25/15	Friends of Hawai'i Charities - Pu'uwai Canoe Club	\$350.00	Donation to support the Pu'uwai Outrigger Canoe Club Programs
11/12/15	[Beneficiary Name]	\$500.00	Donation to purchase ingredients as chef for Malama Honua Hokule'a World Sail
11/12/15	Flags Importer	\$373.26	100 Hawai'i flags for La Kuokoa celebrations to support Hawaiian culture
11/06/15	Hawai'i Athletes in Action (HAIA) Foundation	\$200.00	Hole sponsor for the 10th Annual Smooth Operators Charity Golf Tournament Fundraiser on 12/04/15 at Hawai'i Prince Golf Course
11/06/15	Hawai'i State FCU	\$28.00	Stop payment fee for lost check #1058 dated 10/20/15 to HAIA Foundation
11/06/15	Pacific Justice & Reconciliation Center	\$500.00	Donation to support the center's programs for the community on the Wai'anae Coast and in Chinatown
11/05/15	Hawai'i Elite Baseball	\$1,000.00	Sponsorship of the 5th Annual Garden Island Showcase & Clinic on 12/20/15 at Hanapepe Stadium
11/04/15	Friends of King Kaumualii	\$500.00	Donation to the capital campaign to erect a bronze life-size statue of King Kaumualii

DATE	PAYEE	AMOUNT	DESCRIPTION
10/29/15	Polynesian Football Hall of Fame	\$2,500.00	Silver sponsorship for Polynesian Football Hall of Fame 2016 Celebration Dinner on 01/29/16 at the Hawai'i Convention Center
10/29/15	Malama Mahaulepu	\$250.00	Donation to support the preservation of culturally and environmentally important Mahaulepu
10/22/15	[Beneficiary Name]	\$500.00	Sponsorship of 2 Native Hawaiian players to participate in the 2015 Surf Thanksgiving Cup in San Diego on 11/27/15-11/29/15
10/12/15	[Trustee Name]	\$87.58	Reimbursement for Liliha Bakery lunch meeting with [Beneficiary Names (4)]
10/12/15	Aloha Council Boy Scouts of America	\$250.00	Hole sponsor for 2nd Annual 27-Hole Tee-Off for Scouting Challenge on 10/27/15 at Hawai'i Prince Golf Club
10/01/15	[Beneficiary Name]	\$750.00	Donation for higher education costs
10/01/15	Halau Ka Lei Mokihana O Leinaala	\$500.00	Sponsorship of Halau Ka Lei Mokihana o Leinaala 2015 Hoike on 10/03/15 at the Kaua'i War Memorial Convention Hall
10/01/15	Kapa'a High School Craft Club	\$250.00	Donation for the purchase of arts and crafts supplies
10/01/15	[Beneficiary Name]	\$600.00	Sponsorship of 12th Annual Halloween Block Party (Community 'Ohana Night) for the Native Hawaiian community
12/30/14	Polynesian Football Hall of Fame	\$2,500.00	Donation for silver sponsorship
12/19/14	[Trustee Aide Name]	\$20.00	Lei for [Trustee Name]
12/19/14	[Trustee Aide Name]	\$114.00	Lei for 2014 OHA Investiture
12/19/14	[Trustee Aide Name]	\$34.00	Lei for 2014 OHA Service Award
12/08/14	Pictures Plus	\$94.43	Frames/Mats for the Garden Island article re: Leadership Kaua'i
11/24/14	Kaua'i Realty	\$600.00	Rent payment for [Beneficiary Name]
11/14/14	Island Art & Screen Printing	\$548.95	Shirts for LA Kuokoa celebrations
11/13/14	Flags Flying	\$48.17	Hawaiian flag pins for La Kuokoa Celebrations
11/13/14	Flags Importer	\$391.35	Hawaiian flag pins for La Kuokoa Celebrations
11/08/14	Costco	\$38.92	Refreshments for Kaua'i Office
11/08/14	Costco	\$87.09	Leis for 2014 living treasures of Kaua'i and Ni'ihau
11/08/14	Kaua'i Museum	\$50.00	Puolu bundle to cover cost connected with social and charitable function
11/03/14	[Trustee Aide Name]	\$19.60	Reimbursement for postage stamps
10/16/14	[Trustee Aide Name]	\$86.90	Reimbursement for flowers for [Beneficiary Name] funeral on 10/18/14
10/16/14	Milan's Lei Flower & Gift	\$48.47	Reimbursement for leis for recognition for [Trustee Name] retirement
10/16/14	[Trustee Aide Name]	\$63.00	Reimbursement for leis for recognition for [Trustee Name] retirement
10/15/14	Cornolum Commercials	\$17.50	Lauhala bags for makana distribution
10/14/14	[Beneficiary Name]	\$350.00	Donation for Kapahi Annual Halloween 'Ohana Block Party
10/12/14	Costco	\$412.94	Nikon Camera w/SD card and Warranty
10/09/14	Pacific Business News	\$193.00	156 PBN subscription issue
10/06/14	Office Depot	\$90.31	Supplies for office
10/04/14	Costco	\$50.55	Refreshments for Kaua'i Office
10/03/14	Wal-Mart	\$35.97	Supplies for office

DATE	PAYEE	AMOUNT	DESCRIPTION
10/02/14	Costco	\$68.77	Refreshments for Honolulu Office Meetings
10/01/14	Eat Catering & Café	\$62.79	Lunch meeting with High Tech Youth Network re OHA grants
09/10/14	Leadership Kaua'i	\$1,000.00	Donation to annual fundraising campaign
09/10/14	[Beneficiary Name]	\$50.00	Reimbursement of property tax payment for learning center
08/13/14	[Trustee Aide Name]	\$82.93	Na Pali Coastline Canvas
08/07/14	Star Advertiser	\$25.00	Reprint of the garden island
07/25/14	Picture Plus	\$41.83	Frame for Kaua'i Nui Kua Papa sign
07/20/14	Queen Emma Hawaiian Civic Club	\$50.00	Pala'oa Kahili pen holder
07/17/14	Picture Plus	\$130.13	Frame for maps of Kaua'i
07/15/14	Kaua'i Museum Gift Shop	\$13.95	Kaua'i Island Maps
06/25/14	Russell's Business Advertising	\$735.08	Padfolios - makana/giveaways to visitors/dignitaries
06/24/14	Russell's Business Advertising	\$578.92	Polo Shirts for community/bot meetings and makana/giveaways to dignitaries
06/23/14	[Trustee Aide Name]	\$182.22	Reimbursement for charging station for meetings
05/22/14	[Trustee Aide Name]	\$233.66	Reimbursement for frames and mats for certificates
04/16/14	Damien Alumni Assn	\$480.00	2014 Golf Tournament
03/03/14	Diversified Awards & Engraving	\$170.00	Donation for five trophies for the 8th Annual Amateur Modeling Competition
02/26/14	Anahola Farmers & Ranchers	\$850.00	Donation for IRS 501(c)(3) application fee
02/04/14	[Beneficiary Name]	\$100.00	Labor and materials (Koa Wood) - Koa Kahili Stand
<b>Trustee C</b>			
06/30/16	[Beneficiary Name] Family	\$100.00	Donation
06/30/16	Oceanic Time Warner	\$133.55	Communications
06/27/16	[Beneficiary Name] Family	\$100.00	Donation
06/25/16	[Beneficiary Name]	\$100.00	Donation in memory of the late [Beneficiary Name]
06/25/16	Halau Ku Mana	\$500.00	Donation - Papa Hāna Noeau
06/25/16	Ka Makua Mau Loa Church	\$1,250.00	Donation to building fund
06/25/16	St. Augustine Church	\$1,300.00	Donation to the Damien Museum
06/22/16	Verizon	\$141.49	Communications
06/15/16	TAPACOM	\$90.00	Communications
06/15/16	MCI	\$14.44	Communications
06/15/16	Hawaiian Telcom	\$35.43	Communications
06/06/16	Eastside Masonry & Excavation LLC	\$250.00	Donation for Lunalilo Home patio project
06/06/16	Oceanic Time Warner Cable	\$133.55	Communications
06/06/16	Verizon	\$134.42	Communications
06/05/16	St. Augustine Church	\$1,000.00	Donation for Aunt Carmen's Soup Kitchen
06/01/16	Wai'alaie Kahala Post Office	\$28.20	Postage
05/17/16	Hawaiian Telcom	\$35.43	Communications
05/15/16	[Beneficiary Name]	\$50.00	Donation
05/15/16	MCI	\$14.44	Communications



DATE	PAYEE	AMOUNT	DESCRIPTION
05/10/16	AIANTA	\$2,000.00	Jasper level sponsorship of the 18th Annual American Indian Tourism Conference In Tulallp, WA on 09/12/16-09/14/16
05/10/16	Zippy's Vineyard	\$41.41	Lunch meeting with Hubert Minn, Board of Education Chair re: charter schools
05/10/16	Princess Kaiulani Hawaiian Civic Club	\$700.00	Donation
05/09/16	Oceanic Time Warner Cable	\$133.55	Communications
05/09/16	Verizon	\$150.36	Communications
04/16/16	MCI	\$14.44	Communications
04/16/16	Hawaiian Telcom	\$35.43	Communications
09/09/15	Verizon	\$209.41	Communications-Canary Home Security
07/01/15	TAPA Communication	\$90.00	Web hosting 7/1/15 to 9/30/15
06/27/15	The Family of [Beneficiary Name]	\$100.00	Funeral Donation
06/27/15	St Augustine	\$1,157.00	Feed the homeless program
06/25/15	AIANTA	\$300.00	7/1/15-6/30/16 AIANTA business/org dues
06/19/15	The [Beneficiary Name] Family	\$100.00	Funeral Donation
06/16/15	MCI	\$14.38	06/5/15 statement date phone bill
06/16/15	USPS	\$36.40	First class mail parcel
06/13/15	Hawaiian Telcom	\$35.34	06/04/15 telephone bill
06/10/15	Verizon	\$148.29	5/23/15 telephone bill
06/03/15	USPS	\$11.90	1-day mail parcel
06/02/15	Easy Music Center	\$62.82	Guitar Case purchased for [Beneficiary Name]
06/02/15	Hui Makaala Scholarship Fund	\$75.00	Ticket for [Beneficiary Name] to attend Hui Makaala Scholarship Fund
06/01/15	The Cookie Corner	\$26.18	Hookupu for [Beneficiary Name]
05/28/15	USPS	\$31.36	Forever Stamps
05/21/15	Hawaiian Accessories Office	\$219.00	Hookupu for Renaissance Academy students
05/15/15	MCI	\$14.38	05/5/15 statement date phone bill
05/15/15	Hawaiian Telcom	\$35.34	05/04/15 telephone bill
05/10/15	Verizon	\$154.48	4/23/15 telephone bill
05/10/15	St Francis Hospital	\$100.00	Donation to St Francis Hospital
04/21/15	Kincaid's Restaurant	\$133.87	Lunch with PKF Budget Analyst
04/15/15	Leonard's Bakery	\$125.65	Pastry for ARM meeting
04/13/15	MCI	\$14.38	04/5/15 statement date phone bill
04/12/15	KO Shop	\$149.79	Musubi for Mauna Kea Demonstrators
04/10/15	Sams Club	\$151.14	Food for demonstrators on Mauna Kea
04/04/15	Verizon	\$245.98	3/23/15 telephone bill
04/04/15	USPS	\$6.00	First class mail parcel
04/01/15	OHA	\$400.00	Return of check issued to [Trustee Name] in 3rd QTR
03/20/15	Pictures Plus	\$0.00	Framed certification for office?
02/19/15	[Trustee Name]	\$0.00	Reimbursement
02/13/15	[Beneficiary Name]	\$5,000.00	Compassionate donation for medical bills
02/10/15	Zippy's	\$61.83	Birthday Celebration for staff
02/10/15	[Beneficiary Name]	\$1,000.00	Compassionate donation to [Beneficiary Name] for utilities and rent
11/11/14	AIANTA	\$1,200.00	Booth fee for Berlin Convention 2015

DATE	PAYEE	AMOUNT	DESCRIPTION
10/28/14	Hawaiian Airlines	\$50.00	Seat change fee
10/20/14	AIANTA	\$300.00	2014-2015 ANATA dues
10/06/14	[Trustee Name]	\$105.00	Reimbursement for change of seating
09/14/14	Museum	\$73.00	Nations within book and three bracelets
09/04/14	[Beneficiary Name]	\$261.78	Wooden canoe paddle to present at AIANTA
07/31/14	Airport Services	\$179.04	AM express
07/29/14	Dollar Tree Store & United	\$34.88	Food and supplies
07/29/14	Verizon Wireless	\$21.19	Data cable for iPhone 5
07/26/14	Longs Drugs	\$13.33	Wrapping paper for gifts for DOJ DOI meeting
07/18/14	Apple Store	\$146.49	Power station and case for iPhone 5S
07/18/14	Verizon Wireless	\$282.68	iPhone 5S (broke phone from before)
07/15/14	Hawaiian Airlines	\$249.00	Premier club membership fee
07/03/14	1132 Café & Catering	\$268.59	Going away party for secretary
07/02/14	Sams Club	\$70.72	Cupcakes and utensils for party
07/01/14	[Beneficiary Name]	\$200.00	Donation to [Beneficiary Name] to travel abroad to Cook Islands
07/01/14	Honolulu Community College	\$500.00	Donation to [Beneficiary Name] for a cosmetology kit
06/24/14	League of Women Voters	\$100.00	Donation
06/12/14	AIANTA	\$1,000.00	Sponsorship
06/12/14	Tapa Communication	\$128.54	Campaign 2014 brochure printing
04/21/14	Pictures Plus	\$96.18	Framed picture for Trustee's office
04/12/14	Kahala	\$36.65	Screen Protector for iPad
04/01/14	Honolulu Civic Club of Honolulu	\$3,000.00	Donation for the annual Holoku Ball
03/25/14	[Beneficiary Name]	\$76.80	Euro Exchange Fee
03/03/14	Euro Exchange	\$175.17	Euro Exchange Fee
02/21/14	Longs	\$34.53	Adapters for Europe Trip
02/11/14	DNC	\$50.00	Political Contribution
02/11/14	Hawai'i County Democrats	\$50.00	Political Contribution
02/04/14	AIANTA	\$400.00	Image Fee for ITB - Booth Photo Fee
01/14/14	USPS	\$16.29	Certified mail to AIANTA
01/07/14	[Beneficiary Name]	\$31.35	Flowers for Office
09/30/13	Eric Seitz	\$1,500.00	OHA case lawsuit attorney fees
<b>Trustee D</b>			
06/30/16	Ke Kula O Samuel M. Kamakau	\$1,200.00	Support for weekly 'aina-based classroom visits to Papahana Kuaola
06/29/16	Hawaiian Music Hall of Fame	\$1,175.00	Donation to help offset the cost of developing a master plan for a performing arts center
06/24/16	Inspirational Hawai'i	\$293.19	Website update, part 5
06/16/16	Hawaiian Insights	\$952.88	Website update, social media content, research, and various other duties
06/15/16	MainStreet Design	\$410.00	Install WordPress on website and web layout
06/06/16	Honau Creative	\$187.50	Graphic work for web banner development
05/26/16	Hawaiian Insights	\$890.05	Website update, address security breach, calendar sync and research
05/25/16	The Kalaimoku Group	\$366.49	Email, website, social media consulting

DATE	PAYEE	AMOUNT	DESCRIPTION
05/18/16	The Hawaiian Civic Club of Wahiawā	\$1,000.00	Donation for maintenance and up-keep of Kukaniloko Birthstones State Monument
05/12/16	Kahua Ola Hou	\$1,000.00	Sponsorship of the Aloha Aina Cultural Education Weekend Event on 05/13/16-05/15/16
05/04/16	Daughters of Hawai'i	\$300.00	2 tickets to "An Evening in Nuuanu", a benefit for Daughters of Hawai'i, on 05/29/16
04/29/16	Historic Hawai'i Foundation	\$250.00	Donation to support a pianist for the 50th Anniversary Celebration of the National Historic Preservation Act on 05/06/16
04/29/16	Hawaiian Historical Society	\$250.00	Donation to support ongoing projects
04/15/16	Rising Tide	\$600.00	Constant Contact and Email Blast management
04/14/16	Hawaiian Music Hall of Fame	\$1,250.00	Lei of Stars Event table of 10 on 05/01/16
03/09/16	Danny Kaleikini Foundation	\$2,500.00	Sponsorship of the National Kidney Foundation of Hawai'i's Capital Campaign Gala on 03/31/16 at the Honolulu Country Club - Ginger level table of 8
02/25/16	Hawaiian Civic Club of Honolulu	\$700.00	Sponsorship of the Holoku Ball 2016 on 03/19/16 at the Royal Hawaiian Hotel (4 tickets)
11/18/14	Kalaimoku Group	\$1,000.00	Nov 14 marketing website, e-newsletter
11/18/14	Kalaimoku Group	\$1,000.00	Dec 14 marketing website, e-newsletter
11/05/14	First Hawaiian Bank	\$30.00	Stop Payment Fee
11/05/14	Alliant Institute on Violence	\$2,000.00	Hawaiian protocol lei, Hawaiian speakers honorarium @ conference
10/21/14	Ka Lei Maile Alii HCC	\$300.00	Donation for refreshments for participants in Pono econ workshop
10/09/14	Kalaimoku Group	\$1,047.12	Sept 14 marketing website, e-newsletter
10/09/14	Kalaimoku Group	\$1,047.12	Oct 14 marketing website, e-newsletter
02/26/14	[Beneficiary Name]	\$2,000.00	Sovereignty Dialogue TV series
<b>Trustee E</b>			
05/24/16	Bishop Museum	\$250.00	Membership renewal
05/24/16	DL Consulting	\$780.00	Website hosting for 2016 calendar year
05/24/16	DL Consulting	\$1,935.00	Upgrades to website and domain name renewals
05/24/16	Pai Foundation	\$3,000.00	Donation for Festival of Pacific Arts Guam 2016
05/24/16	Hawaiian Music Hall of Fame	\$200.00	Donation for "Lei of Stars" event on 05/01/16
05/24/16	Paepae O Heeia	\$400.00	Maryknoll School cultural visit fee to He'eia Fishpond
05/24/16	Obun Hawai'i Inc	\$1,036.65	Printing of Beneficiary Information 2015
05/24/16	Obun Hawai'i Inc	\$1,036.65	Printing of Beneficiary Information 2014
03/14/16	1132 Café and Catering	\$208.06	Lunch for Maryknoll School students during visit and video shoot at OHA on 03/14/16
03/14/16	The Friends of 'Iolani Palace	\$634.75	Admissions for Maryknoll School visit to 'Iolani Palace on 04/14/16
01/27/16	Lunalilo Home	\$100.00	Donation for 2016 Annual Lū'au Fund Drive
01/27/16	Hawaiian Civic Club of Honolulu	\$200.00	Donation for 2016 Annual Scholarship Fund Drive
01/27/16	Bishop Museum	\$500.00	Donation for 2016 Annual Fund Drive
01/27/16	'Olelo Community Media	\$100.00	Sponsorship for 13th Annual 'Olelo Youth Xchange Student Video Competition
01/21/16	Waimea Valley	\$430.00	Admissions to Waimea Valley for Maryknoll School 2nd grade class visit on 01/22/16

DATE	PAYEE	AMOUNT	DESCRIPTION
01/21/16	Waimea Valley	\$460.00	Admissions to Waimea Valley for Maryknoll School 5th grade class visit on 10/27/15
12/16/14	[Beneficiary Name]	\$200.00	Compassionate Assistance to beneficiary
11/28/14	National Museum of America	\$3,000.00	Donation to the NMAI Annual Fund Drive
11/28/14	Hawaiian Civic Club of Wahiawā	\$200.00	Support Civic Club Mission
10/16/14	[Beneficiary Name]	\$118.80	Leis for [Trustee Name] and Family
10/01/14	Pacific Buddhist Academy	\$1,750.00	Donation to the 9th Annual Lighting Our Way banquet
07/29/14	Nānākuli Housing	\$7,000.00	Sponsorship for on going case management
06/27/14	Alu Like	\$1,500.00	Alu Like Programs
06/26/14	[Beneficiary Name]	\$200.00	Cultural Exchange Program
<b>Trustee F</b>			
06/29/16	[Beneficiary Name]	\$1,000.00	Donation for Queen Lili'uokalani Keiku Hula Competition on 07/21/16-07/23/16
02/27/16	Mayor Arakawa Community Kokua Fund	\$350.00	Table purchased to attend Mayor Arakawa Community Kokua fund
11/20/15	Utage Restaurant	\$34.45	Meeting with aid [Trustee Name]
09/29/15	Pai Foundation	\$500.00	Donation for Aloha Aina Project
09/26/15	Lin's Lei Shop	\$50.26	Makana for beneficiaries [Beneficiary Name] opening at Mamiya Theatre
09/24/15	Halau Na Kipuupuu	\$1,000.00	Donation for Culture Moloka'i Tour Performance
09/23/15	AT&T	\$243.08	Telecommunications Bill
09/21/15	Tokyo Tei Restaurant	\$38.33	Meeting with beneficiary
09/18/15	Pau Hāna Grill & Bar	\$25.42	Meeting with kanaka
09/08/15	Shiono at Mauna Lani	\$131.61	Meeting with Ka'ahumanu Members - Big Island
08/28/15	Native Intelligence	\$89.90	Makana
08/26/15	Zippy's Vineyard	\$23.77	Meeting with Beneficiary
08/25/15	Tokyo Tei Restaurant	\$34.38	Meeting with Beneficiary
08/23/15	Serpicos Maui	\$98.07	Meeting with Hawaiian Educators
08/23/15	[Beneficiary Name]	\$500.00	Donation for funeral costs
08/23/15	AT&T	\$235.83	Telecommunications Bill
08/22/15	Likeline	\$53.80	Meeting with Beneficiaries
08/22/15	Lita's Leis & Flower Shop	\$104.00	Beneficiary Funeral [Beneficiary Name]
08/19/15	Takamiya Market	\$66.56	Poi for Community mtg staff dinner
07/23/15	New Eagle Café	\$41.13	Meeting with Beneficiaries
07/23/15	AT&T	\$154.99	Telecommunications Bill
07/16/15	Halau O Kealaokamaile	\$1,000.00	Donation for Culture Moloka'i Tour Performance
07/06/15	Tokyo Tei Restaurant	\$38.38	Meeting with beneficiary
06/25/15	Hoku Brewery	\$43.70	Staff Meeting with Aide [Trustee Aide Name]
06/23/15	Waiohuli Community Association	\$1,000.00	Sponsorship - Waiahulu Homestead Scholarship
06/20/15	Likeline	\$30.44	Meeting with beneficiary
06/14/15	Costco	\$54.12	Meal for Community Advisory Meeting 6/15/2015
06/08/15	Old Ebbitt Grill	\$126.98	Meeting with Washington D.C. Civic Club Members
06/07/15	Homemade-Moloka'i	\$29.16	Aha Moku Meeting with Beneficiaries [Beneficiary Names (2)]

DATE	PAYEE	AMOUNT	DESCRIPTION
06/03/15	Hoku Brewery	\$29.14	Meeting with beneficiary
05/12/15	Costco	\$23.88	Refreshments for HAO Meeting on 5/13/2015
05/01/15	California Pizza Kitchen	\$207.44	Meeting with Big Island beneficiaries re: Maunakea
12/22/14	Tante's Island Cuisine	\$48.47	Maui staff meeting
12/19/14	Maui Tribe Productions	\$1,000.00	Sponsorship for royal order of Kamehameha Kahekili chapter
12/18/14	Zippy's	\$46.28	Meeting with beneficiary
12/18/14	Hard Rock Café	\$74.35	Meeting with beneficiary
12/17/14	Nice Day	\$36.40	Meeting with beneficiary
12/15/14	Asian Cuisine & Sports Bar	\$40.31	Meeting with aide [Trustee Aide Names (2)]
12/08/14	Costco	\$79.84	Cooked for BOT & Staff
12/08/14	Foodland	\$53.60	Cooked for BOT & Staff
12/05/14	Lin's Lei Shop	\$25.13	Makana for Native Hawaiian Hospitality
12/04/14	Ichiban the Restaurant	\$31.66	Meeting with aide [Trustee Aide Name]
12/02/14	Gyotaku	\$463.59	Meeting with beneficiary
12/02/14	Don Quijote	\$34.30	Christmas tree lights for office
12/02/14	City Mill	\$99.46	Christmas tree for office
11/30/14	Kula Bistro	\$143.08	Meeting with Hawaiian leaders
11/25/14	Service Rentals	\$342.07	Sponsorship of two portable toilets
11/24/14	AT&T	\$163.90	Telephone bill
11/23/14	[Beneficiary Name]	\$1,000.00	Sponsorship to Japan
11/22/14	Tokyo Tei	\$63.65	Meeting with beneficiary
11/21/14	Likelike	\$28.82	Meeting with admin staff person
11/20/14	Gyotaku	\$38.30	Meeting with beneficiary
11/19/14	Fisher Hawai'i	\$52.06	Office supplies
11/17/14	[Beneficiary Name]	\$120.00	Sponsorship - DLNR gathering for [Beneficiary Name] retirement luncheon
11/17/14	Lin's Lei Shop	\$31.41	Lei for [Beneficiary Name] DLNR
11/17/14	Flags Flying	\$81.67	Hawaiian flag to replace Keaukaha flag
11/07/14	Lin's Lei Shop	\$43.97	Makana for beneficiary
11/05/14	[Beneficiary Name]	\$208.30	Communication counsel & editorial services
10/30/14	Waikoloa Beach Marriott	\$246.75	Meeting with beneficiary
10/28/14	[Beneficiary Name]	\$375.00	Poster sponsorship for Hawn Heritage Forum
10/24/14	AT&T	\$163.90	Telephone bill
10/23/14	Yanagi Sushi	\$114.58	Meeting with [Beneficiary Name]
10/23/14	Kui Momona Aina Aloha	\$1,500.00	Sponsorship to purchase tools and host workshops in Maui
10/22/14	Tanaka Saimin	\$53.14	Meeting with [Trustee Aide Name] and [Trustee Name]
10/21/14	CPK	\$85.78	Meeting with beneficiary
10/16/14	Lin's Lei Shop	\$36.65	Makana for [Trustee Name] retirement
10/16/14	Lin's Lei Shop	\$60.73	Makana for [Trustee Name] retirement
10/10/14	Tokyo Tei	\$41.97	Meeting with beneficiary
10/06/14	Zippy's	\$50.42	Meeting with beneficiary
10/04/14	IHOP	\$51.42	Meeting with beneficiary
10/02/14	Zippy's	\$39.06	Meeting with beneficiary

DATE	PAYEE	AMOUNT	DESCRIPTION
10/01/14	Ono Hawaiian Foods	\$117.59	Meeting with beneficiary
09/29/14	[Beneficiary Name]	\$385.00	DNA testing for beneficiary
09/27/14	Zippy's	\$27.09	Meeting with beneficiary
09/25/14	Uncle's Fish Market	\$181.14	Meeting with beneficiary
09/23/14	Zippy's	\$16.60	Meeting with beneficiary
02/28/14	Mayor Arakawa Birthday	\$225.00	Mayor Arakawa Birthday
<b>Trustee G</b>			
11/10/15	[Beneficiary Name]	\$249.00	Reimbursement of airfare and parking costs associated with travel for the DLNR non-compliance with "clean-up" lease conditions on the Pohakuloa state leases trial on 09/27/15-10/03/15 in Honolulu
11/02/15	Bank of Hawai'i	\$30.00	Stop payment fee for check #1237 dated 10/21/15 to [Beneficiary Name]
10/21/15	[Beneficiary Name]	\$309.00	Reimbursement of airfare and parking costs associated with travel for the DLNR non-compliance with "clean-up" lease conditions on the Pohakuloa state leases trial on 09/27/15-10/03/15 in Honolulu
09/23/15	Waimea Hawaiian Homesteaders Association	\$7,000.00	Moving the Waimea Nui Project forward
09/17/15	[Trustee Aide Name]	\$16.45	Beverages for the Hawai'i Island Mauna Kea Site Visit on 9/9/2015
09/16/15	[Beneficiary Name]	\$200.00	Booth fee, chairs, and incidentals for the Order of Kamehameha I to participate in 'Onipa'a Celebration 2015 at 'Iolani Palace
09/08/15	Earl's	\$236.98	Bento Lunches for Hawai'i Island Mauna Kea Site Visit on 9/9/2015
11/21/14	[Beneficiary Name]	\$310.60	Travel reimbursement between Kona and Honolulu for [Beneficiary Name] hearing on 11/12/14
11/21/14	[Beneficiary Name]	\$234.79	Travel reimbursement between Kona and Honolulu for [Beneficiary Name] hearing on 11/12/14
11/05/14	[Beneficiary Name]	\$198.30	Travel & parking reimbursement between Kona and Honolulu for Pohakuloa Hearing on Motion for Summary Judgment in Honolulu on 10/16/14
09/29/14	'Olelo Community Media	\$100.00	Donation to 'Olelo 25th Anniversary Volunteer Gala
09/29/14	Kohala Institute	\$500.00	Tuition assistance for Grace Learning Journey
09/24/14	Hale O Na Ali'i O Hawai'i	\$2,500.00	Sponsorship for Hale O Na Ali'i O Hawai'i, Halau O Kalākaua 64th Annual Convention at Sheraton Kona Resort on 09/25/14-09/27/14
09/16/14	Umeke's	\$327.76	Lunch for Hawai'i Island site visit
09/15/14	Courtyard Marriott at King Kamehameha's Kona Beach Hotel	\$1,955.74	OHA Community Dinner Food expense on 09/17/14
09/12/14	Friends of the Library Waikoloa Region	\$100.00	Donation to Fifth Annual 5K Walk/Run for Literacy on 11/08/14
09/11/14	Waimea Hawaiian Homesteaders Association	\$4,000.00	To fund educational activities for the hula drama "Hanau Ke Ali'i" by Halau Na Kipu'upu'u

DATE	PAYEE	AMOUNT	DESCRIPTION
08/27/14	Miss Rodeo Hawai'i Pageant	\$400.00	Assist Moloka'i beneficiary [Beneficiary Name] with travel and other expenses associated with the Miss Rodeo America Pageant in Las Vegas on 11/28/14-12/07/14
08/18/14	Kailapa Community Association	\$1,000.00	Airfare, meals, and lodging for Native Hawaiian Convention in Honolulu at the Hawai'i Convention Center on 09/30/14-10/02/14
08/18/14	Makuu Farmers Association	\$2,000.00	Supplies for beneficiaries for damages caused by Tropical Storm Iselle
08/18/14	Hawai'i Council Association of Civic Clubs	\$3,825.00	Rental fee of Hulihee Palace on 10/29/14
07/28/14	Moku O Kohala Royal Order of Kamehameha I	\$1,000.00	Kamehameha Day celebration Items - check reissuance (lost check from prior quarter)
07/28/14	[Beneficiary Name]	\$1,108.00	Sponsorship for DOI meetings in WA and AZ
03/13/14	[Beneficiary Name]	\$242.35	Reimbursement for air transportation from Kona to Honolulu to testify
02/26/14	[Beneficiary Name]	\$189.40	Reimbursement for air transportation from Hilo to Honolulu to testify
<b>Trustee H</b>			
01/02/16	[Beneficiary Name]	\$300.00	Rental of chairs for statewide worship & prayer watch
12/29/15	[Beneficiary Name]	\$400.00	Advanced payment for entertainment for musical interlude as part of 2016 Prayer Watch
12/23/15	[Trustee Name]	\$178.02	Reimbursement for 2 3'x6' premium banners for Hoolehua and Kalamaula Homesteads
12/22/15	Communities in Schools	\$1,000.00	Donation to 25th Anniversary Kaulana o Waipahu event on 03/05/16
12/15/15	[Trustee Name]	\$310.42	Reimbursement for 2 6'x3' display boards for Kalamaula and Hoolehua homesteads
12/10/15	Moloka'i Plumerias	\$112.50	Leis for OHA Service Awards on 12/10/15
12/07/15	Lohea Audio	\$1,200.00	Sound system setup and technician service for 09/30/15 [Beneficiary Name], 12/11/15 Community Gathering and Trauma Workshop and 01/02/16 Prayer Watch
11/30/15	Lei Entertainment	\$300.00	Sound system for kūpuna activity day "E Aloha Aku I Na Kūpuna, No Ko Lokou Aloha Mua 'Ana Mai" on 12/04/15 at Kulana Oihi Complex, Moloka'i
11/25/15	Malama Na Pua Learning Center	\$1,000.00	Donation
11/25/15	[Trustee Name]	\$151.59	Reimbursement for gift basket items for kūpuna honorees at the Association of Hawaiian Civic Clubs 56th Convention at the Hyatt Regency Maui on 11/08/15-11/15/15
11/12/15	NHAP-Maui Council	\$1,000.00	Donation to Association of Hawaiian Civic Club's 56th Convention at the Hyatt Regency Maui on 11/08/15-11/15/15
11/10/15	Moloka'i Plumerias	\$112.50	Leis for kūpuna honorees at the Annual Association of Hawai'i Civic Club Convention hosted by Maui Council on 11/08/15-11/15/15
11/07/15	UCC Topside Bazaar	\$100.00	Donation
11/07/15	UCC Topside Bazaar	\$102.50	Makana to make gift baskets for kūpuna honorees as part of Hoolehua Hawaiian Civic Club's contribution to Annual Association of Hawai'i Civic Club hosted by Maui Council on 11/08/15-11/15/15



DATE	PAYEE	AMOUNT	DESCRIPTION
10/28/15	Nippon Bento	\$162.30	Lunch for UH students and OHA staff presenters during their OHA Talk Story visit on 10/28/15
10/26/15	Moloka'i Porta Potties	\$281.26	2 portable toilet rentals for KUA Limu Hui meeting on Moloka'i on 10/16/15-10/19/15
10/26/15	[Trustee Name]	\$579.06	Reimbursement for 3 standard size banners and 2 X-pop banners with stands for Hoolehua-Palaau Moloka'i Homestead 90th Anniversary
10/20/15	[Trustee Name]	\$144.26	Reimbursement for food purchased for KUA Limu Hui meeting on Moloka'i on 10/15/15-10/18/15
10/18/15	[Beneficiary Name]	\$300.00	Rental fee for County of Maui Kilohana Community Center for East Moloka'i community group to hold meetings to discuss CPAC-Moloka'i Community Plan findings and recommendations
10/15/15	Waialua Congregational Church	\$700.00	Support for the KUA Limu Hui meeting on Moloka'i on 10/15/15-10/18/15
10/14/15	Ko Shop LLC	\$122.37	Lunch for Ka Ohana O Kalaupapa for their design workshop in OHA Boardroom on 10/17/15
09/22/15	Laaui Lapaau O Moloka'i	\$1,000.00	Donation for Purchase of a Tractor
08/28/15	[Beneficiary Name]	\$1,000.00	Ha'i Aloha to the Family of the Late [Beneficiary Name]
07/31/15	Costco Wholesale	\$146.57	Purchase of Fans and Shredder for Trustee's Office on Moloka'i
01/07/15	Lohea Audio	\$755.00	Sound system and Technical Service for Community Event
12/30/14	Misaki	\$117.62	Food donation to Moloka'i Worship & Prayer Watch event on 1/3/15
12/30/14	Misaki	\$28.64	Food donation to Moloka'i Worship & Prayer Watch event on 1/3/15
10/11/14	Walmart	\$106.08	Car air freshener
10/10/14	Sams Club	\$76.21	Office Supplies - Trash bags, wipes, air freshener
09/29/14	Elsa's Kitchen	\$395.81	Dinner for protect Kaho'olawe meeting in Moloka'i
09/29/14	Misaki	\$130.85	Refreshments for protect Kaho'olawe meeting in Moloka'i
09/29/14	Protect Kaho'olawe	\$1,000.00	Donation to the protect Kaho'olawe fund
09/29/14	Moloka'i Plumeria	\$50.00	Donation of leis for the presenters of Kaho'olawe meeting
09/25/14	[Beneficiary Name]	\$500.00	Ha'i Aloha [Beneficiary Name]
09/11/14	Hoolehua Hawaiian Civic Club	\$500.00	Donation to civic club scholarship program
09/11/14	Youth Led Multimedia Hawai'i	\$1,000.00	Sponsorship to help youth with multimedia projects
09/05/14	Hoa Aina O Makaha	\$500.00	Sponsorship of benefit dinner in native Hawaiian community
09/02/14	[Beneficiary Name]	\$1,500.00	Donation to Peace Hawai'i
09/01/14	[Beneficiary Name]	\$200.00	Donation for airfare to attend living limu traditions workshop
08/27/14	Miss Rodeo Hawai'i Pageant	\$1,000.00	Assist Moloka'i beneficiary with Rodeo In Las Vegas
08/27/14	Kua	\$1,000.00	Donation to KUA to assist with their living limu traditions workshop
08/22/14	Misaki	\$77.76	Lunch/lunch supplies for community meeting in Kalamaula Moloka'i

DATE	PAYEE	AMOUNT	DESCRIPTION
08/18/14	Elsa's Kitchen	\$291.65	Lunch for community meeting in Kalamaula Moloka'i
08/13/14	Y Hata	\$687.95	Purchase of pans to feed homeless on Moloka'i
08/04/14	Elsa's Kitchen	\$218.72	Lunch for meeting with beneficiaries for Hui Aloha Aina O Mana'e on Moloka'i
08/01/14	[Beneficiary Name]	\$500.00	Donation to [Beneficiary Name] to travel abroad to Cook Islands
08/01/14	Hoolehua Homesteaders Association	\$2,000.00	Donation to community group for scholarship fund
08/01/14	Kaunakakai School	\$1,000.00	Donation to fund 5th grade students at Kaunakakai School In Moloka'i
04/30/14	[Beneficiary Name]	\$27.44	Reimbursement for poi shipped to Moloka'i for DHH
04/13/14	[Beneficiary Name]	\$268.30	Reimbursement for upgrade of television and delivery to Moloka'i
04/06/14	Walmart	\$896.34	Purchase of two LED TV for community meeting give away
02/03/14	Picture Plus	\$411.07	Frames for items received from Daniel Inouye
02/03/14	Picture Plus	\$102.57	Koa trays and frames for OHA office
01/31/14	Oreck	\$282.67	Vacuum for Moloka'i office
01/24/14	Sams Club	\$121.74	Cleaning supplies for Moloka'i OHA office
01/15/14	Ohana Ministries Inc.	\$1,000.00	Donation to community group
01/15/14	[Trustee Name]	\$239.80	Reimbursement for food provided for God's Ohana Day
01/15/14	[Beneficiary Name]	\$255.00	Chair setup and chairs for God's Ohana Day
01/15/14	Lohea Audio	\$1,400.00	Sound system setup and technical service for God's Ohana Day
07/08/13	Ohana Ministries	\$200.00	Donation to community event for community event
<b>Trustee I</b>			
01/09/15	Bank of Hawai'i	\$276.01	Bank Fee from being overdrawn, overlap of OHA allowance checks (1/9/15) quarter 3
11/06/14	[Beneficiary Name]	\$600.00	Rent payment. To assist with [Beneficiary Name] and Ohana rent for November 2014
07/10/14	[Trustee Name]	\$218.00	Reimbursement for a personal credit card charge to upgrade United Airlines flights
11/06/14	[Beneficiary Name]	\$600.00	Rent payment. To assist with [Beneficiary Name] and Ohana rent for November 2014
07/10/14	[Trustee Name]	\$218.00	Reimbursement for a personal credit card charge to upgrade United Airlines flights

